

# 2021 ANNUAL REPORT



寶龍地產控股有限公司

POWERLONG REAL ESTATE HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

Stock code : 1238





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# GROUP INTRODUCTION



Powerlong Real Estate Holdings Limited (1238.HK) (the “**Company**” or “**Powerlong**”) and its subsidiaries (collectively, the “**Group**”) are dedicated to developing and operating comprehensive commercial real estate projects. On 14 October 2009, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). On 30 December 2019, Powerlong Commercial Management Holdings Limited (9909.HK) (“**Powerlong CM**”), a subsidiary of the Company, was listed on the Main Board of the Stock Exchange, as the first service provider in commercial management and operation on the Stock Exchange that operated based on an asset-light model.

As at 31 December 2021, the Group had developed, owned and operated 220 real estate projects. Its commercial projects cover the three series of “Powerlong One Mall”, “Powerlong City” and “Powerlong Plaza” products, while its residential projects cover various formats including middle and high class commodity housings and villas, complemented by high-standard office buildings, hotels and apartment projects with comprehensive service support. With its multidimensional and diversified business scope, Powerlong has been improving the retail supporting facilities in and thereby enhancing the quality of local cities. From supporting the urbanization of the People’s Republic of China (“**China**” or the “**PRC**”) to its integration into the Yangtze River Delta, Powerlong has always followed closely the strategic direction at the PRC’s national level and focused on city clusters, which enjoy policy back-up under the PRC’s macro strategy and which are highly vivid in their economic development. While fulfilling the growing demand for complex real estate in the PRC, Powerlong has provided various job opportunities to the society and realized people’s demands and dreams for their lives.

The successful development of the Group is attributable to the innovative vision of the Chairman of the Board, Mr. Hoi Kin Hong, who has instilled his insights and visions since the beginning of the Group’s corporate development and driven its evolvement along the way. Adhering to the corporate mission of “creating space full of love”, and upholding the corporate values of “simple, truthful, prosper together, forward forever”, the Group will continue to uphold the belief of “honest, modest, innovative, devoted”, to build the Group into a well-respected, century-lasting and world-leading operator of city space, and create values for its customers, staff, shareholders and society.

# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Hoi Kin Hong (Chairman of the Board)  
Mr. Hoi Wa Fong (Chief executive officer)  
Mr. Xiao Qing Ping  
Ms. Shih Sze Ni Cecilia  
Mr. Zhang Hong Feng

### Non-executive Director

Ms. Hoi Wa Fan

### Independent Non-executive Directors

Mr. Ngai Wai Fung  
Mr. Mei Jian Ping  
Mr. Ding Zu Yu

## AUDIT COMMITTEE

Mr. Ngai Wai Fung (Chairman)  
Mr. Mei Jian Ping  
Mr. Ding Zu Yu

## REMUNERATION COMMITTEE

Mr. Mei Jian Ping (Chairman)  
Mr. Hoi Wa Fong  
Mr. Ding Zu Yu

## NOMINATION COMMITTEE

Mr. Hoi Kin Hong (Chairman)  
Mr. Mei Jian Ping  
Mr. Ding Zu Yu

## JOINT COMPANY SECRETARIES

Ms. Hai Di  
Ms. Suen Pui Chun Hannah

## AUTHORIZED REPRESENTATIVES

Mr. Hoi Wa Fong  
Ms. Suen Pui Chun Hannah

## REGISTERED OFFICE

P.O. Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

## PLACE OF BUSINESS IN HONG KONG

Unit 5603, 56th Floor  
The Center  
99 Queen's Road Central  
Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

Powerlong Tower  
1399 Xinzhen Road  
Minhang District  
Shanghai  
PRC  
Postal Code: 201101

## PRINCIPAL SHARE REGISTRAR

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

## HONG KONG SHARE REGISTRAR

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

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited  
Bank of Communication Co., Ltd.  
Agricultural Bank of China Limited  
Bank of China Limited  
China Construction Bank Corporation  
China Minsheng Banking Corp., Ltd.  
The Bank of East Asia Limited  
China CITIC Bank Corporation Limited  
Postal Savings Bank of China Co., Ltd.  
Tai Fung Bank Limited

## AUDITOR

Elite Partners CPA Limited  
Certified Public Accountants  
10th Floor, 8 Observatory Road  
Tsim Sha Tsui, Kowloon, Hong Kong

## HONG KONG LEGAL ADVISOR

Sidley Austin

## WEBSITE

[www.powerlong.com](http://www.powerlong.com)

# MILESTONES AND AWARDS

## JAN

- Successful issuance of additional US\$100 million 5.95% senior notes due 2025
- Established first presence in Zhongshan

## APR

- Corporate rating upgraded to BB- by the international rating agency S&P, with stable outlook

## MAY

- Became constituent stock of the MSCI China Index
- Shanghai Powerlong's credit rating upgraded to AAA by Dagong, with stable outlook

## JUNE

- Successful opening of Wenling Powerlong Plaza, Zhuji Powerlong Plaza and Zhoushan Powerlong Plaza
- Established first presence in Foshan
- Successful issuance of US\$200 million 4.9% senior notes due 2026



## SEP

- Successful opening of Wenzhou Airport Powerlong Plaza

## OCT

- Successful opening of Ningbo Gaoxin Powerlong Plaza and Ningbo Fenghua Powerlong Plaza

## NOV

- The green finance framework successfully recognized by the international rating agency S&P
- Successful opening of Zhuhai Gaoxin Powerlong Plaza, Yixing Powerlong Plaza and Yiwu Qingkou Powerlong Plaza

## DEC

- Successful issuance of additional US\$150 million 6.25% senior notes due 2024
- Successful issuance of additional US\$135 million 5.95% senior notes due 2025
- Successful opening of Yancheng Jianhu Powerlong Plaza, Huizhou Rongcan Powerlong Plaza, Lanxi Powerlong Plaza and Hangzhou Jinnan Powerlong Plaza







- 2021 Property Brands with Steady Growth – Powerlong Real Estate (awarded by chinatimes.net.cn)
- 2021 Property Enterprises with City Responsibilities – Powerlong Real Estate (awarded by China Property Today)
- 2021-2022 Role Model for Rural Area Revitalization – Powerlong Xibian Rural Area Revitalization Project (awarded by The Economic Observer)
- 18th (2021) Blue Chips Annual Conference – Top 100 Blue Chips Enterprises – Powerlong Real Estate (awarded by The Economic Observer)
- 18th (2021) Blue Chips Annual Conference – Top 10 Enterprises with Best Profitability – Powerlong Real Estate (awarded by The Economic Observer)
- 11th IF China Commercial Real Estate Summit – Enterprises with Outstanding Brand Values – Powerlong Real Estate (awarded by The Economic Observer)
- 11th IF China Commercial Real Estate Summit – Benchmarking Projects with Outstanding Commercial Operations – Hangzhou Binjiang Powerlong City (awarded by The Economic Observer)
- Chinese Offshore Banks Global Summit 2020 – Outstanding Issuers (Property Sector) of Offshore Chinese Debts – Powerlong Real Estate (awarded by 97 Duration Finance)
- Pioneering Private-operated Enterprises in Fujian Province Combating COVID-19 – Powerlong Group (awarded by Fujian Province Federation of Industry and Commerce and Fujian Province Guangcai Promotion Society)
- Combat against COVID-19 Medal – Shanghai Powerlong (awarded by All-China Federation of Industry and Commerce)
- 2021 China Value Real Estate General List of Ranking – Annual Value Real Estate Enterprises – Powerlong Real Estate (awarded by National Business Daily)
- China Real Estate Forum for Top 100 of the Time – 2021 Best City Operator – Powerlong Real Estate (awarded by Shidai Weekly)
- The 21st Century Golden-Brick Evaluation on Competitiveness of Real Estate – 2021 Outstanding Influential Real Estate Enterprise – Powerlong Real Estate (awarded by 21st Century Business Herald)
- 10th Finance Sector China Pioneer “Golden Wisdom Award” Annual Event – Property “Liu Li Appraisal” Green Development Award (awarded by “Financial Sector”)
- 5th Golden HK Stock Annual Award-giving Ceremony – Best Real Estate Company – Powerlong Real Estate (awarded by Zhitong Finance)
- 2021 2nd Listed Real Estate Developers Award for Financial Soundness – Tao Zhu Gong Awards – Powerlong Real Estate (awarded by Property Sector Capital Forum)
- Golden Building Award – 2021 Property Brands with Best Media Recognition – Powerlong Real Estate (awarded by Property Sector Capital Forum)
- Golden Building Award – 2021 Listed Property Enterprises with Best Investment Value – Powerlong Real Estate (awarded by Property Sector Capital Forum)
- 7th Property Value Forum – 2020 Brands with Core Strengths – Powerlong Real Estate (awarded by people.cn)
- New Vision Ceremony 2021 by Focus.cn – Influential Real Estate Company – Powerlong Real Estate (awarded by focus.cn)
- 2021 List of Finely-selected Housing – Real Estate Enterprises with Best Brand Influence – Powerlong Real Estate (awarded by news.163.com)
- 2021 Sina Finance Golden Qilin Selection of Best Companies Listed in HK and US – Listed Companies with Best Corporate Responsibilities – Powerlong Real Estate (awarded by Sina Finance)

## PERSONAL AWARDS RECEIVED BY MR. HOI KIN HONG

- 11th Chinese Charity Award (awarded by the Ministry of Civil Affairs of the People’s Republic of China)
- 2021 Top 100 Contributors to the Real Estate Industry in China (awarded by China Enterprise Evaluation Association, Tsinghua University Institute of Real Estate Studies, China Index Academy)
- 2021 Contributors to the Real Estate Brands in China (awarded by China Enterprise Evaluation Association, Tsinghua University Institute of Real Estate Studies, China Index Academy)

## PERSONAL AWARDS RECEIVED BY MR. HOI WA FONG

- 2021 Top 10 Gold-Medal CEO of China Real Estate Listed Companies (awarded by China Enterprise Evaluation Association, Tsinghua University Institute of Real Estate Studies, China Index Academy)
- 11th IF China Commercial Real Estate Summit – Key Persons of the Year (awarded by The Economic Observer)

# CHAIRMAN'S STATEMENT



Facing the intense international competition, as a PRC enterprise, the Company strives to keep up its business growth rate and quality standards so as to stay aligned with the economic development of the country. The Group will be persistent in its pursuit of better performance.

**HOI KIN HONG**  
*Chairman*

## DEAR SHAREHOLDERS,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of the Company, I am pleased to present to all shareholders the audited consolidated annual results of the Group for the year ended 31 December 2021. Amidst the ongoing effect of a long-term mechanism in the real estate market and the overall stability of the real estate market, the Group precisely comprehended the market trend and made substantial achievement in pushing ahead its strategic moves.

During the year ended 31 December 2021, the Group recognized a revenue of approximately Renminbi (“**RMB**”) 39,902 million and profit attributable to owners of the Company of approximately RMB5,992 million, representing a year-on-year increase of approximately 12.4% and decrease of approximately 1.7%, respectively. Basic earnings per share was RMB144.7 cents. The Board recommended the payment of a final dividend (with scrip option) of HK10.0 cents per ordinary share for the year ended 31 December 2021 (the “**Final Dividend**”). Together with the interim dividend of HK18.0 cents per ordinary share for the six months ended 30 June 2021, the total dividend for the year ended 31 December 2021 amounted to HK28.0 cents per ordinary share.

## CONTRACTED SALES HITTING ANOTHER RECORD HIGH

For the year ended 31 December 2021, the Group's contracted sales amounted to approximately RMB101,227 million, representing a year-on-year growth of approximately 24.1% as compared to the corresponding period in 2020.

The Group's contracted sales recorded a year-on-year increase, primarily attributable to: (i) the Group's adherence to the strategic focus on the Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area and intensive expansion in specific cities; (ii) the Group's ongoing efforts in strengthening its product research and development and the precise positioning of its products, and its commitment to quality and emphasis on customer experience in developing its products; (iii) the continual optimization of management structure, the formation of multidimensional management platform, the reduction of intermediate levels of hierarchy, and thus the substantial enhancement of management efficiency; (iv) the continual refinement of management, adjusting the pace of supply according

to market conditions and basing production on sale; and (v) the continual enhancement in sales capability and the localized sales strategies adopted by the Group to accommodate local market needs and satisfy the requirements of the local governments of the PRC. The Group's ability to handle large projects was further strengthened, with 10 projects each of which achieving contracted sales of more than RMB2 billion. During the year ended 31 December 2021, the key contributing projects of the Group (together with its associates and joint ventures) were located in Ningbo, Hangzhou, Haikou, Nanjing, Jinhua, Wenzhou, Xiamen, Wuxi, Zhuhai and Shanghai.

## REMARKABLE STRENGTHS IN THE APPROACH TO EXPANSION OF LAND BANK

The Group will continue to adhere to and optimize the “1+1+N” development strategy, focusing on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area while exploring other premium regions that offer opportunities; and to precisely lay out strategic plans and grasp the policy directions in a timely manner, in strict adherence to the principle of value investment. The Group remained diversified in its land acquisition channels and added 29 parcels of quality land during the year ended 31 December 2021.

As at 31 December 2021, the Group had 220 projects across China, including 158 projects in the Yangtze River Delta, accounting for 71.8% of the Group's portfolio nationwide, with the Group's precise planning in strategic key cities, value investment with reasonable costs, perseverance in diversified expansion, as well as extension in resource integration and strategic cooperation with leading enterprises in the industry.

As at 31 December 2021, the Group had a quality land bank amounting to a total GFA of approximately 36.5 million square meters, which is sufficient to support the Group's own property development pipeline for the forthcoming three to five years. To date, approximately 67.1% of the land bank of the Group is located in the Yangtze River Delta region. From the perspective of the geographical location of the Group's land bank, current land bank in the first-tier, new first-tier and second-tier cities represents an aggregate of 81.1% of the Group's land bank under development and held for future development. The Group is confident that its quality land resources will continuously drive the Group's long-term and healthy development.

## NEW OPPORTUNITIES IN COMMERCIAL MANAGEMENT AND OPERATION

The listing of Powerlong CM on the Main Board of the Stock Exchange on 30 December 2019 has made Powerlong CM the first service provider in commercial management and operation on the Stock Exchange that operated based on an asset-light model. The Group will capitalize on such opportunity and focus on building up the core competence of Powerlong CM, uplift its organizational capability in commercial management and operation, and achieve leap-frog development in commercial management and operation.

During the year ended 31 December 2021, the Group completed and commenced operation of eleven new shopping malls, alongside the successful commencement of operation of two asset-light projects operated and managed by the Group. As at 31 December 2021, the Group held and managed 59 commercial plazas and managed eight asset-light projects, outperforming other industry players in terms of quantity and GFA of managed projects.

Having entered the commercial real estate industry for 18 years, the Group has been awarded TOP 10 Brands of China Commercial Real Estate Companies (中國商業地產公司品牌價值十強) for eleven consecutive years. Powerlong Plazas operated by the Group have been awarded TOP 10 Brands of China Commercial Real Estate Projects (中國商業地產項目品牌價值十強) for twelve consecutive years.

## ONGOING IMPROVEMENT IN THE STRUCTURE AND COSTS OF FINANCING

In optimizing debt structure, the Group has diversified its financing channels in order to maintain the finance costs at a relatively low level. During the year ended 31 December 2021, despite the relatively tight financing environment for the real estate industry, the Group's consolidated effective interest rate slightly decreased to 6.42% when compared to that in the previous year, primarily due to tight control over finance costs.

As at 31 December 2021, cash and cash equivalents and restricted cash of the Group amounted to RMB25,068 million, and the loans maturing within one year amounted to RMB22,023 million, securing sound liquidity.

## OUTLOOK

Driven by numerous austerity policies, the real estate industry of China is undergoing a reform process of rational comeback of stability, whilst the real estate industry's pivotal support to the overall economy and its role in improving quality of living will remain unchanged. It is anticipated that in 2022, the resilience of China's economy, the general keynote of "stability prevails; properties being for residential dwellings instead of speculation; and adoption of city-specific policies" and the regathering of market confidence will provide strong momentum to drive the continual steady growth of the real estate industry. On the other hand, under the differentiations among cities and driven by the new landscape of the real estate industry featured by debt reduction, deleveraging and high-quality development, property developers will have more precise deployment among cities, grasp the needs of different customer bases in a more fine-tuned manner, pay more attention to quality enhancement and customer experience, seek to upgrade and rejuvenate under new opportunities and new challenges, and achieve ongoing stable operation as well as sustainable and high-quality development.

Faced with the new market opportunities and challenges, the Group has rolled out a policy of "generating intrinsic value and attaining perfection", in realizing the notion of "fully benchmarked, zero inventory, sound operation and strong elements" for its operation and management. From within the enterprise, the Group will excavate more areas for value enhancement and business growth. The Group will hold firm to principles of quality and responsibilities, foster the optimization and upgrade of products and services, and support the steady, healthy and sustainable development of the industry.

Following market upsurge in the first half of 2021 and the deep adjustments in the second half of the same year for the real estate industry, the Group has assessed the situation based on its own development needs. In 2022, the focus will be on 10 key tasks as follows: "Uplifting empowerment, refining strategic elements, exemplifying commercial values, targeting destocking in sales, engaging in highly-focused investments, securing capital security, overall coordination of operation, showcasing of technology and quality, enhancement of cost system, and expedited growth of secondary segments". The Group will ceaselessly enhance and

optimize its “commercial + residential” standardized system covering product modules, technology management, construction standards and process management. Based upon customers’ aspiration to and needs for good living, the Group will seek to attain perfection in each and every segment of process, solidify product quality by detailed management, and deliver products which are finely fabricated.

The Group will continue to adhere to and optimize the “1+1+N” development strategy, focusing on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area while exploring other premium regions that offer opportunities, to expand its premium land bank and lay solid foundation for its sustainable, healthy and high-quality development. In key regional hubs, the Group will strengthen market tracking and research, adhere to more precise and fine-tuned product positioning, and strictly comply with the principle of value investment in acquiring land bank.

The Group will continue to integrate and consolidate its significant resources with the aim of opening eleven shopping malls in 2022. It will continue to uphold its customer-and quality-centered philosophy, fabricate high-quality products of superior standard, leverage upon technology empowerment to create the ecology of Powerlong CM, uplift the quality and efficiency of project management holistically, and create commercial spaces with love. The Group will continue to further expand the commercial operational service segment by way of strategic acquisitions and asset-light management output.

The Group will continue to foster a steady and safe system of financial control, with continual efforts on enhancing and optimizing the digitized development of financial management for better financial effectiveness and better internal financial control. Meanwhile, the Group will control the overall debt scale, optimize its financing structure, constantly enhance its financing capability and lower its financing cost.

The Group will proactively promote the parallel development of both its talents and the enterprise, and call for employees’ pragmatism and revamped re-definition of themselves. The Group will mobilize individuals for the betterment of their self-worth; re-engineer process for the enhancement of working efficiency; and provide multidimensional incentives for building an elite team. The Group will continue to uphold a human resources strategy of “unlocking potential and pooling of talent”; establish a platform and create opportunities for the career development of its staff, with a view to realizing mutual growth and benefits.

The Group will adhere to the corporate mission of “creating space full of love”, follow the corporate values of “simple, truthful, prosper together, forward forever”, and continue to live up to the corporate philosophy of “honest, modest, innovative and devoted”. It will firmly gather the wisdom and power of all fellow folks of Powerlong, to build the Group into a well-respected, century-lasting and world-leading commercial operator of city space, with a view to continually creating new values for its customers, employees, shareholders and society.

## APPRECIATION

This year marked the twelfth anniversary of the Company’s listing on the Main Board of the Stock Exchange. In tandem with the overall development of China’s real estate market and the continual achievement of the operating goals of the Group, the Company also achieved leap-frog enhancement in its corporate governance and value creation, which would not have been possible without the strenuous support of the community at large. On behalf of the Board, I would like to express my gratitude to the Company’s shareholders (the “**Shareholders**”), investors, customers and business partners for their trust and support, and to the staff members for their devotion and perseverance. The Group will remain firm on its beliefs, continue to provide products and services of ever better quality to its customers, create better return for its Shareholders and investors, and create better value for the society.

**Hoi Kin Hong**

*Chairman*

29 April 2022

# OVERVIEW OF BUSINESS

Total GFA of approximately

**68.6**  
million sq.m.



# CHINA

**Shanghai**



## OVERVIEW

### Property Development

As at 31 December 2021, the Group owned and operated 220 property development projects which are at different phases of development. The Group currently has 81 fully completed projects, among which 14 are located in Shanghai Municipality, 30 in Zhejiang Province, 13 in Jiangsu Province, 2 in Anhui Province, 7 in Shandong Province, 2 in Tianjin Municipality, 1 in Henan Province, 1 in Sichuan Province and 11 in Fujian Province. The Group had 139 projects under development or held for future development, among which 3 are located in Shanghai Municipality, 57 in Zhejiang Province, 35 in Jiangsu Province, 5 in Guangdong Province, 4 in Anhui Province, 5 in Shandong Province, 3 in Tianjin Municipality, 4 in Henan Province, 3 in Jiangxi Province, 1 in Chongqing Municipality, 3 in Hubei Province, 15 in Fujian Province and 1 in Hainan Province.

### Property Investment

As at 31 December 2021, the Group held investment properties, mainly shopping malls, with a total GFA of approximately 7,286,508 square meters. These shopping malls are located in Shanghai Municipality; Hangzhou, Shaoxing, Ningbo and Jinhua in Zhejiang Province; Nanjing, Zhenjiang, Wuxi, Changzhou, Suqian

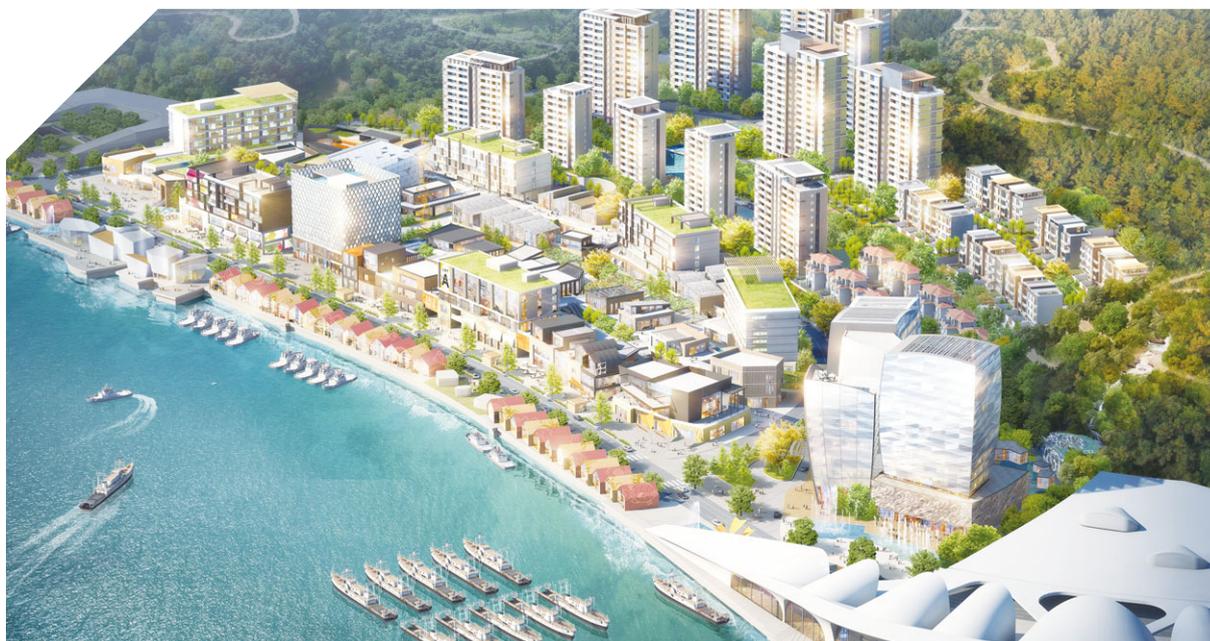
and Yancheng in Jiangsu Province; Bengbu and Fuyang in Anhui Province; Yantai, Tai'an, Qingdao in Shandong Province; Tianjin Municipality; Zhengzhou, Luoyang and Xinxiang in Henan Province; Chongqing Municipality; and Fuzhou, Xiamen, Quanzhou and Zhangzhou in Fujian Province.

### Commercial Operational Services and Residential Property Management Services

The Group provides commercial operation and residential property management services to the projects developed by the Group and other third parties. For commercial operation service, it includes market positioning and business tenant sourcing services, commercial operation and management services and other value-added services. For residential property management service, it includes pre-sale management service, property management service and community value-added services.

### Hotel Development

The Group continued to develop its hotel business as a source of long-term recurring income, including the core businesses of international branded hotels and self-owned branded chain hotels. As at 31 December 2021, the Group owned and managed eight international branded hotels and twelve self-owned branded chain hotels.



## GFA (AS AT 31 DECEMBER 2021)

As at 31 December 2021, the development status of the property projects of the Group was as follows:

Province/ municipality	Project	Type	Total GFA ('000 sq.m.)	Properties completed ('000 sq.m.)	Properties under development ('000 sq.m.)	Properties held for future development ('000 sq.m.)
Shanghai Municipality	Shanghai Baoyang Powerlong Plaza (上海寶楊寶龍廣場)	Commercial	270	270	-	-
	Shanghai Caolu Powerlong Plaza (上海曹路寶龍廣場)	Commercial	170	170	-	-
	Shanghai Fengxian Powerlong Plaza (上海奉賢寶龍廣場)	Commercial	179	179	-	-
	Shanghai Fengxian Situan Powerlong Plaza (上海奉賢四團寶龍廣場)	Commercial/ residential	211	64	147	-
	Shanghai Hongqiao Powerlong Land (上海虹橋寶龍天地)	Commercial/ residential	308	308	-	-
	Shanghai Jiading Powerlong Plaza (上海嘉定寶龍廣場)	Commercial	193	193	-	-
	Shanghai Jiading Powerlong Land (上海嘉定寶龍天地)	Commercial	155	-	155	-
	Shanghai Jiuting Center (上海九亭中心)	Commercial	301	301	-	-
	Shanghai Lingang Powerlong Plaza (上海臨港寶龍廣場)	Commercial	86	86	-	-
	Shanghai Lingang Powerlong Mansion (上海臨港寶龍世家)	Commercial/ residential	85	85	-	-
	Shanghai Luodian Powerlong Plaza (上海羅店寶龍廣場)	Commercial	36	36	-	-
	Shanghai Maqiao Longhu Tianlang (上海馬橋龍湖天琅)	Commercial	145	145	-	-
	Shanghai Qibao Powerlong City (上海七寶寶龍城)	Commercial	383	383	-	-
	Shanghai Qingpu Powerlong Plaza (上海青浦寶龍廣場)	Commercial	348	348	-	-
	Shanghai Wujing Powerlong Plaza (上海吳淞寶龍廣場)	Commercial	91	91	-	-
	Shanghai Wujing Powerlong Plaza Phase II (上海吳淞寶龍廣場二期)	Commercial	83	83	-	-
	Shanghai Yangpu District Huanchuang Centre (上海楊浦環創中心)	Commercial	173	-	173	-
Sub-total	17	-	3,217	2,742	475	-
Zhejiang Province	Ningbo TOD Fengyong New Town 1-18/21 Land Lot Jinyuan (寧波TOD奉甬新城1-18/21地塊錦園)	Residential	46	46	-	-
	Ningbo TOD Fengyong New Town 3-02 Land Lot Qinxueyuan (寧波TOD奉甬新城3-02地塊沁學園)	Residential	78	78	-	-
	Ningbo TOD Fengyong New Town 3-05 Land Lot Shengyuan (寧波TOD奉甬新城3-05地塊升園)	Residential	61	-	61	-
	Ningbo TOD Fengyong New Town 3-08 Land Lot Yongyuan (寧波TOD奉甬新城3-08地塊雍園)	Residential	73	73	-	-
	Ningbo TOD Fengyong New Town 3-14 Land Lot Yunshang Jiayuan (寧波TOD奉甬新城3-14地塊雲尚嘉園)	Commercial/ residential	321	321	-	-
	Ningbo TOD Fengyong New Town 3-18 Land Lot Shuoyuan (寧波TOD奉甬新城3-18地塊碩園)	Commercial/ residential	127	-	127	-
	Ningbo TOD Fengyong New Town 4-17 Land Lot Longchen Jingting (寧波TOD奉甬新城4-17地塊龍宸璟庭)	Commercial/ residential	214	-	214	-
	Ningbo TOD Fengyong New Town 4-22 Land Lot Lanqin Jingting (寧波TOD奉甬新城4-22地塊瀾沁璟庭)	Commercial/ residential	120	-	120	-
	Ningbo TOD Fengyong New Town 4-23 Land Lot Chiyuan (寧波TOD奉甬新城4-23地塊弛園)	Residential	130	-	130	-

Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
	Ningbo Powerlong Sanjiang Palace (寧波寶龍三江觀邸)	Residential	143	143	-	-
	Ningbo Powerlong Mansion (寧波寶龍世家)	Residential	120	120	-	-
	Ningbo Powerlong Land (寧波寶龍天地)	Commercial	63	63	-	-
	Ningbo Powerlong One Mall (寧波寶龍一城)	Commercial/ residential	529	-	529	-
	Ningbo Fenghua Dacheng Road Project (寧波奉化大成路項目)	Commercial/ residential	206	-	206	-
	Ningbo Gaoxin Powerlong Plaza (寧波高新寶龍廣場)	Commercial	351	351	-	-
	Ningbo Jiangbei Powerlong Plaza (寧波江北寶龍廣場)	Commercial/ residential	284	93	191	-
	Ningbo Jiangbei Cicheng Huguang Tianyue (寧波江北慈城湖光天樾)	Commercial/ residential	105	-	105	-
	Ningbo Ninghai Powerlong Land (寧波寧海寶龍天地)	Commercial/ residential	103	-	103	-
	Ningbo Wenchuanggang Project (寧波文創港項目)	Commercial/ residential	420	-	420	-
	Ningbo Wujiangkou Jianghuicheng (寧波五江口江匯城)	Commercial/ residential	679	-	679	-
	Ningbo Xiangshan Powerlong Land (寧波象山寶龍天地)	Commercial/ residential	184	-	184	-
	Ningbo New Long Island Garden (寧波新長島花園)	Residential	221	221	-	-
	Ningbo Yinzhou Powerlong Plaza (寧波鄞州寶龍廣場)	Commercial	134	134	-	-
	Ningbo Yuyao Project Land Lot A-1 (寧波余姚項目地塊A-1)	Commercial/ residential	125	-	125	-
	Ningbo Yuyao Project Land Lot A-2 (寧波余姚項目地塊A-2)	Commercial/ residential	106	106	-	-
	Hangzhou Binjiang Powerlong City (杭州濱江寶龍城)	Commercial	394	394	-	-
	Hangzhou Dajiangdong Powerlong Plaza (杭州大江東寶龍廣場)	Commercial/ residential	483	483	-	-
	Hangzhou Donghu City (杭州東湖城)	Residential	279	279	-	-
	Hangzhou Fuyang Powerlong Plaza (杭州富陽寶龍廣場)	Commercial	193	193	-	-
	Hangzhou Gongshu Powerlong Plaza (杭州拱墅寶龍廣場)	Commercial	200	-	200	-
	Hangzhou Jinnan Powerlong Plaza (杭州錦南寶龍廣場)	Commercial/ residential	230	68	162	-
	Hangzhou Tech City Powerlong Plaza (杭州科技城寶龍廣場)	Commercial	344	-	344	-
	Hangzhou Lin'an Baiyuan Jingshe (杭州臨安柏源晶舍)	Commercial/ residential	185	-	185	-
	Hangzhou Lin'an Powerlong Plaza (杭州臨安寶龍廣場)	Commercial/ residential	404	404	-	-
	Hangzhou Lin'an Powerlong Rongxin Xinshidi (杭州臨安寶龍融信新世邸)	Commercial/ residential	137	137	-	-
	Hangzhou Lin'an Linqi Yunfu (杭州臨安臨栖雲府)	Residential	86	-	86	-
	Hangzhou Qingshan Lake Powerlong Plaza (杭州青山湖寶龍廣場)	Commercial/ residential	501	-	501	-

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Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
	Hangzhou Xiasha Powerlong Plaza (杭州下沙寶龍廣場)	Commercial	357	357	-	-
	Hangzhou Xiaoshan Powerlong Plaza (杭州蕭山寶龍廣場)	Commercial	223	223	-	-
	Hangzhou Yuhang Xingchuan Cheng (杭州餘杭星創城)	Commercial/ residential	721	-	721	-
	Jinhua Jinyi Powerlong Plaza (金華金義寶龍廣場)	Commercial/ residential	602	-	602	-
	Jinhua Lanxi Powerlong Plaza (金華蘭溪寶龍廣場)	Commercial/ residential	361	131	230	-
	Jinhua Pan'an Powerlong Land (金華磐安寶龍天地)	Commercial/ residential	315	315	-	-
	Jinhua Wuyi Project (金華武義項目)	Residential	204	-	-	204
	Jinhua Yiwu Powerlong Hongxing Tianpo (金華義烏寶龍紅星天鈞)	Commercial/ residential	346	346	-	-
	Jinhua Yiwu Meide Powerlong Mansion (金華義烏美的寶龍世家)	Commercial/ residential	285	285	-	-
	Jinhua Yiwu Mentha Garden (金華義烏薄荷花苑)	Commercial/ residential	286	286	-	-
	Jinhua Yiwu Qingkou Powerlong Plaza (金華義烏青口寶龍廣場)	Commercial/ residential	301	301	-	-
	Jinhua Yiwu Zhong'an Powerlong Plaza (金華義烏眾安寶龍廣場)	Commercial/ residential	212	154	58	-
	Jinhua Yongkang Powerlong Plaza (金華永康寶龍廣場)	Commercial/ residential	351	351	-	-
	Shaoxing Keqiao Hangyuefu (紹興柯橋杭越府)	Commercial/ residential	383	-	383	-
	Shaoxing Keqiao Longxi Project (紹興柯橋龍禧項目)	Commercial	185	56	129	-
	Shaoxing Keqiao Xinglan Cheng (紹興柯橋星瀾城)	Commercial/ residential	487	-	487	-
	Shaoxing Paojiang Powerlong Plaza (紹興袍江寶龍廣場)	Commercial/ residential	571	571	-	-
	Shaoxing Shangyu Cao'e Scenic Area Project (紹興上虞曹娥景區項目)	Commercial/ residential	150	-	150	-
	Shaoxing Xinchang Powerlong Guangyu Jinyuanfu (紹興新昌寶龍廣宇錦源府)	Commercial/ residential	165	165	-	-
	Shaoxing Zhuji Powerlong Plaza (紹興諸暨寶龍廣場)	Commercial/ residential	348	116	232	-
	Shaoxing Zhuji Century Bay (紹興諸暨世紀江灣)	Residential	229	-	229	-
	Shaoxing Pingshui 2020-03 Land Lot Project (紹興平水2020-03地塊項目)	Residential	58	-	58	-
	Shaoxing Pingshui 2020-06 Land Lot Project (紹興平水2020-06地塊項目)	Residential	75	-	75	-
	Wenzhou Emerald World Project (溫州翡翠天地)	Residential	317	-	317	-
	Wenzhou Airport Powerlong Plaza (溫州空港寶龍廣場)	Commercial/ residential	480	40	440	-
	Wenzhou Rui'an Jinzishan Project (溫州瑞安巾子山項目)	Commercial/ residential	680	-	-	680
	Wenzhou Rui'an Tanghe Shangpin (溫州瑞安塘河上品)	Commercial/ residential	396	-	396	-
	Wenzhou Future City No. 1 (溫州未來城壹號)	Commercial/ residential	400	-	400	-
	Wenzhou Cangnan Project (溫州蒼南項目)	Commercial/ residential	426	-	-	426

Province/ municipality	Project	Type	Total GFA ('000 sq.m.)	Properties completed ('000 sq.m.)	Properties under development ('000 sq.m.)	Properties held for future development ('000 sq.m.)
	Taizhou Jiaojiang Powerlong City (台州椒江寶龍城)	Commercial/ residential	336	-	336	-
	Taizhou Duqiao Powerlong Plaza (台州杜橋寶龍廣場)	Commercial/ residential	281	-	281	-
	Taizhou Luqiao Project Land Lot No. 5 (台州路橋項目地塊5)	Commercial/ residential	170	-	170	-
	Taizhou Luqiao Project Land Lot No. 6 (台州路橋項目地塊6)	Commercial/ residential	37	-	37	-
	Taizhou Tiantai Yuehu Lanting (台州天台越湖蘭庭)	Residential	88	-	88	-
	Taizhou Wenling Powerlong Plaza (台州溫嶺寶龍廣場)	Commercial/ residential	370	109	261	-
	Taizhou Wenling Chengxi Zhonghua Road Project (台州溫嶺城西中華路項目)	Residential	41	-	-	41
	Taizhou Wenling Daxi Town Project Phase 2 (台州溫嶺大溪鎮項目二期)	Commercial/ residential	193	-	-	193
	Taizhou Wenling Longyu Huating (台州溫嶺龍譽華庭)	Residential	184	-	184	-
	Taizhou Wenling City XQ070120 Project (台州溫嶺市XQ070120項目)	Residential	167	-	-	167
	Taizhou Wenling City XQ070123 Project (台州溫嶺市XQ070123項目)	Residential	50	-	-	50
	Zhoushan Powerlong Plaza (舟山寶龍廣場)	Commercial/ residential	335	78	257	-
	Zhoushan Dinghai Powerlong Land (舟山定海寶龍天地)	Commercial/ residential	85	85	-	-
	Zhoushan Dinghai Cuican Mansion (舟山定海璀璨世家)	Commercial/ residential	89	-	89	-
	Zhoushan Putuo Powerlong Donghaiyu (舟山普陀寶龍東海府)	Commercial/ residential	55	-	55	-
	Zhoushan Putuo Powerlong Land (舟山普陀寶龍天地)	Commercial/ residential	251	215	36	-
	Huzhou Wuxing Powerlong Xuhuicheng (湖州吳興寶龍旭輝城)	Commercial/ residential	309	-	309	-
	Huzhou Changxing Powerlong Mansion (湖州長興寶龍世家)	Commercial/ residential	190	190	-	-
	Huzhou Changxing Powerlong Mansion Phase 2 (湖州長興寶龍世家二期)	Residential	160	66	94	-
	Jiaxing Haining Powerlong Mansion (嘉興海寧寶龍世家)	Residential	119	119	-	-
	Jiaxing Pinghu Xincang Project (嘉興平湖新倉項目)	Residential	148	-	148	-
Sub-total	87	-	21,951	8,266	11,924	1,761
Jiangsu Province	Nanjing Powerlong Land (南京寶龍天地)	Commercial	68	-	68	-
	Nanjing Fenghui Project Phase 1 (南京鳳匯項目一期)	Commercial/ residential	166	-	166	-
	Nanjing Fenghui Project Phase 2 (南京鳳匯項目二期)	Commercial/ residential	160	-	160	-
	Nanjing Gaochun Powerlong Plaza (南京高淳寶龍廣場)	Commercial/ residential	235	132	103	-
	Nanjing Gaochun Powerlong Plaza Phase 2 (南京高淳寶龍廣場二期)	Commercial/ residential	144	-	144	-
	Nanjing Jiangbei Powerlong City (南京江北寶龍城)	Commercial	325	-	-	325
	Nanjing Jiangning Powerlong Plaza (南京江寧寶龍廣場)	Commercial	232	3	53	176
	Nanjing Jiangning Jimaoyue (南京江寧金茂悅)	Residential	288	100	188	-
	Nanjing Liuhe Powerlong Plaza (南京六合寶龍廣場)	Commercial/ residential	393	-	137	256
	Nanjing Xuanwu Powerlong City (南京玄武寶龍城)	Commercial/ residential	579	-	579	-

## OVERVIEW OF BUSINESS

Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
	Nanjing Yaohua New City Project (南京堯化新城項目)	Commercial	332	–	–	332
	Nanjing Qixia Fenghui Center (南京栖霞匯中心)	Commercial	384	–	384	–
	Nanjing Qixia Xinsengwei Project (南京栖霞新生圩項目)	Commercial/ residential	296	–	296	–
	Wuxi Powerlong Plaza (無錫寶龍廣場)	Commercial	287	287	–	–
	Wuxi Powerlong Mansion (無錫寶龍世家)	Commercial/ residential	445	247	152	46
	Wuxi Liangxi Project (無錫梁溪項目)	Residential	123	–	123	–
	Wuxi Xinwu Powerlong Plaza (無錫新吳寶龍廣場)	Commercial	314	–	314	–
	Wuxi Yixing Project Land Lot A (無錫宜興項目地塊A)	Commercial/ residential	214	39	175	–
	Wuxi Yixing Project Land Lots C-G (無錫宜興項目地塊C-G)	Commercial/ residential	426	264	162	–
	Wuxi Yuqi Powerlong Riverside Garden (無錫玉祁寶龍湖畔花城)	Commercial/ residential	346	346	–	–
	Wuxi Xuxiang Project (無錫徐巷項目)	Residential	109	–	–	109
	Xuzhou Powerlong Palace (徐州寶龍觀邸)	Residential	154	154	–	–
	Xuzhou Fengxian Powerlong Mansion (徐州豐縣寶龍世家)	Commercial/ residential	622	–	622	–
	Xuzhou Fenghuang Yuanzhe (徐州鳳凰源著)	Residential	124	124	–	–
	Xuzhou Pizhou Powerlong Plaza (徐州邳州寶龍廣場)	Commercial/ residential	917	–	–	917
	Changzhou Powerlong Plaza (常州寶龍廣場)	Commercial	1,078	637	312	129
	Changzhou Jinfeng Heming (常州錦鳳合鳴)	Commercial/ residential	331	224	107	–
	Changzhou Liyang Project (常州溧陽項目)	Residential	183	–	33	150
	Yancheng Powerlong Plaza (鹽城寶龍廣場)	Commercial	493	493	–	–
	Yancheng Chengdong Powerlong Plaza (鹽城東寶龍廣場)	Commercial/ residential	466	432	34	–
	Yancheng Tinghu Powerlong Plaza (鹽城亭湖寶龍廣場)	Commercial/ residential	326	–	326	–
	Suzhou Changshu Guli Mingshi Haoting (蘇州常熟古里名仕豪庭)	Residential	179	179	–	–
	Suzhou Changshu Mocheng Project (蘇州常熟莫城項目)	Commercial/ residential	235	–	235	–
	Suzhou Changshu Xinzhuang Guanxi Heyuan (蘇州常熟辛莊觀溪和園)	Residential	191	191	–	–
	Suzhou Bay Tianpo (蘇州蘇州灣天鉞)	Residential	367	367	–	–
	Suzhou Taicang Powerlong Land (蘇州太倉寶龍天地)	Commercial	289	267	–	22
	Suzhou Zhangjiagang Project (蘇州張家港項目)	Residential	149	–	149	–
	Zhenjiang Powerlong International Garden (鎮江寶龍國際花園)	Residential	382	382	–	–
	Zhenjiang Yuefu (鎮江樾府)	Commercial/ residential	238	84	154	–
	Zhenjiang Powerlong Plaza (鎮江寶龍廣場)	Commercial	245	245	–	–
	Yangzhou Powerlong Plaza (揚州寶龍廣場)	Commercial	231	231	–	–
	Yangzhou Guangling Powerlong Plaza (揚州廣陵寶龍廣場)	Commercial/ residential	210	–	42	168
	Yangzhou Canal Powerlong Palace (揚州運河寶龍觀邸)	Commercial/ residential	273	–	273	–

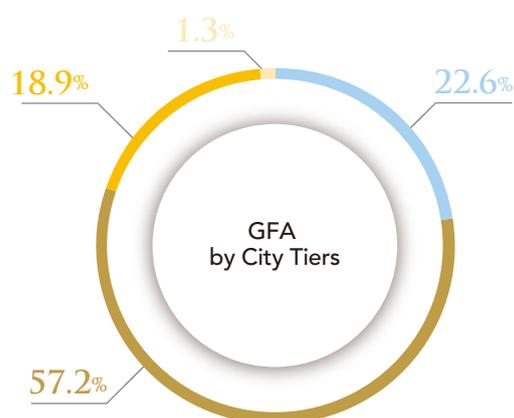
Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
	Sujian Powerlong Plaza (宿遷寶龍廣場)	Commercial	486	486	-	-
	Nantong Tianpo Garden (南通天鈞花園)	Commercial/ residential	470	270	200	-
	Huai'an Powerlong Mansion (淮安寶龍世家)	Commercial/ residential	269	269	-	-
	Huai'an Powerlong Land (淮安寶龍天地)	Commercial	149	59	90	-
	Taizhou Powerlong Mansion (泰州寶龍世家)	Residential	296	-	296	-
Sub-total	48	-	15,219	6,512	6,077	2,630
Anhui Province	Fuyang Powerlong Plaza (阜陽寶龍廣場)	Commercial	758	758	-	-
	Xuancheng Wanlinghu Project (宣城宛陵湖項目)	Commercial/ residential	520	-	48	472
	Bengbu Powerlong Plaza (蚌埠寶龍廣場)	Commercial	512	512	-	-
	Bozhou Nanhu Project (亳州南湖項目)	Commercial/ residential	471	-	291	180
	Chuzhou Tianchang Project (滁州天長項目)	Commercial/ residential	396	-	269	127
	Suzhou Lingbi Powerlong Mansion (宿州靈璧寶龍世家)	Residential	243	-	87	156
Sub-total	6	-	2,900	1,270	695	935
Guangdong Province	Zhuhai Beiwei Powerlong Plaza (珠海北圍寶龍廣場)	Commercial/ residential	508	-	429	79
	Zhuhai Gaoxin Powerlong City (珠海高新寶龍城)	Commercial/ residential	391	160	165	66
	Zhuhai Jinwan Powerlong City (珠海金灣寶龍城)	Commercial/ residential	566	-	250	316
	Zhongshan Qijiang Project (中山岐江項目)	Commercial/ residential	603	-	357	246
	Foshan Dali Project (佛山大瀝項目)	Commercial/ residential	524	-	-	524
Sub-total	5	-	2,592	160	1,201	1,231
Shandong Province	Qingdao Chengyang Powerlong Plaza (青島城陽寶龍廣場)	Commercial	778	778	-	-
	Qingdao Jimo Powerlong Plaza (青島即墨寶龍廣場)	Commercial	618	618	-	-
	Qingdao Jimo Emerald Garden (青島即墨翡翠花園)	Commercial/ residential	272	6	266	-
	Qingdao Jiaozhou Powerlong Plaza (青島膠州寶龍廣場)	Commercial	335	335	-	-
	Qingdao Jiaozhou Powerlong Land (青島膠州寶龍天地)	Commercial	284	164	-	120
	Qingdao Licang Powerlong Plaza (青島李滄寶龍廣場)	Commercial	369	369	-	-
	Yantai Haiyang Powerlong Mansion (煙台海陽寶龍世家)	Commercial/ residential	596	69	131	396
	Yantai Haiyang Powerlong Land (煙台海陽寶龍天地)	Commercial	408	139	-	269
	Yantai Laishan Powerlong Plaza (煙台萊山寶龍廣場)	Commercial	169	169	-	-
	Yantai Penglai Powerlong Plaza (煙台蓬萊寶龍廣場)	Commercial	347	347	-	-
	Dongying Powerlong Land (東營寶龍天地)	Commercial	455	263	-	192
	Tai'an Powerlong Plaza (泰安寶龍廣場)	Commercial	273	273	-	-
Sub-total	12	-	4,904	3,530	397	977

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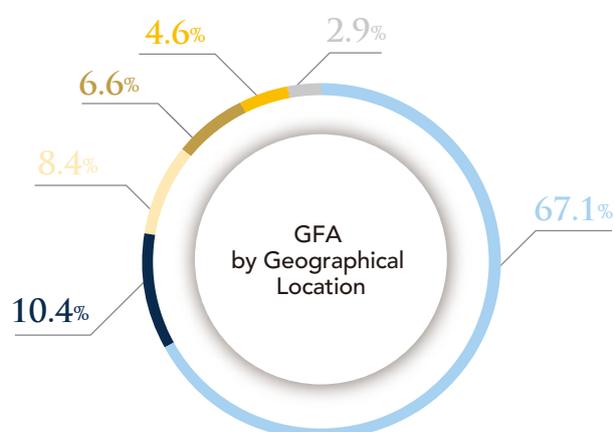
Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
Tianjin Municipality	Tianjin North Green Area Project (天津北綠地項目)	Commercial	110	–	–	110
	Tianjin Beitang Jiuli Qingchuan (天津北塘九里晴川)	Residential	262	142	120	–
	Tianjin Binhai Powerlong Plaza (天津濱海寶龍廣場)	Commercial	776	776	–	–
	Tianjin Yujiapu Powerlong Plaza (天津于家堡寶龍廣場)	Commercial	357	357	–	–
	Tianjin Yujing City (天津榆景城)	Residential	295	198	97	–
Sub-total	5	–	1,800	1,473	217	110
Henan Province	Luoyang Powerlong Plaza (洛陽寶龍廣場)	Commercial	1,365	1,358	7	–
	Luoyang Longmen Road Project (洛陽龍門路項目)	Commercial/ residential	163	–	–	163
	Luoyang Wangchunmen Street Project (洛陽望春門街項目)	Commercial/ residential	123	–	–	123
	Xinxiang Powerlong Plaza (新鄉寶龍廣場)	Commercial	1,231	1,093	138	–
	Zhengzhou Powerlong Plaza (鄭州寶龍廣場)	Commercial	252	252	–	–
Sub-total	5	–	3,134	2,703	145	286
Jiangxi Province	Nanchang Hi-tech Project (南昌高新項目)	Commercial/ residential	803	–	803	–
	Nanchang Jiulonghu Project (南昌九龍湖項目)	Commercial/ residential	1,013	–	1,013	–
	Jingdezhen Powerlong Plaza (景德鎮寶龍廣場)	Commercial/ residential	514	–	514	–
Sub-total	3	–	2,330	–	2,330	–
Hubei Province	Wuhan Powerlong Plaza (武漢寶龍廣場)	Commercial/ residential	383	–	383	–
	Wuhan Caidian Sino-French Project (武漢蔡甸中法項目)	Commercial/ residential	349	–	148	201
	Wuhan Qiaokou Project (武漢橋口項目)	Commercial	291	–	291	–
Sub-total	3	–	1,023	–	822	201
Chongqing Municipality	Chongqing Hechuan Powerlong Plaza (重慶合川寶龍廣場)	Commercial	621	618	3	–
Sub-total	1	–	621	618	3	–
Sichuan Province	Bazhong Powerlong Pavilion (巴中寶龍名邸)	Residential	178	178	–	–
Sub-total	1	–	178	178	–	–
Fujian Province	Quanzhou Anhai Powerlong Haoyuan (泉州安海寶龍豪苑)	Residential	54	54	–	–
	Quanzhou Anxi Powerlong Plaza (泉州安溪寶龍廣場)	Commercial	332	332	–	–
	Quanzhou Jinjiang Powerlong Plaza (泉州晉江寶龍廣場)	Commercial	771	771	–	–
	Quanzhou Jinjiang Powerlong Golden Jiayuan (泉州晉江寶龍金色家園)	Residential	144	144	–	–
	Quanzhou Jinjiang Powerlong Mansion (泉州晉江寶龍世家)	Commercial/ residential	159	159	–	–
	Quanzhou Jinjiang Xintang Powerlong Mansion (泉州晉江新塘寶龍世家)	Commercial/ residential	191	191	–	–

Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
	Quanzhou Jinjiang Yuncheng (泉州晉江雲城)	Commercial/ residential	346	140	206	-
	Quanzhou Taishang Powerlong Plaza (泉州台商寶龍廣場)	Commercial/ residential	672	124	548	-
	Quanzhou Yongchun Powerlong Plaza (泉州永春寶龍廣場)	Commercial/ residential	383	383	-	-
	Quanzhou Luojiang District Majia Town Project No. 1 Land Lot (泉州洛江區馬甲鎮項目1號地塊)	Residential	139	-	-	139
	Quanzhou Luojiang District Majia Town Project No. 2 Land Lot (泉州洛江區馬甲鎮項目2號地塊)	Residential	154	-	-	154
	Xiamen Powerlong One Mall (廈門寶龍一城)	Commercial	383	321	62	-
	Xiamen Powerlong Lakeside Mansion (廈門寶龍御湖官邸)	Commercial/ residential	78	78	-	-
	Xiamen Tong'an Powerlong Plaza (廈門同安寶龍廣場)	Commercial	638	-	638	-
	Zhangzhou Powerlong General Avenue No. 1 (漳州寶龍將軍一號)	Residential	111	111	-	-
	Zhangzhou Longwen Powerlong Plaza (漳州龍文寶龍廣場)	Commercial/ residential	222	222	-	-
	Zhangzhou Changtai A2 Land Lot Project (漳州長泰A2地塊項目)	Residential	90	-	-	90
	Zhangzhou Changtai Health Town (漳州長泰健康小鎮)	Commercial/ residential	380	-	-	380
	Fuzhou Powerlong Plaza (福州寶龍廣場)	Commercial	228	228	-	-
	Fuzhou Lianjiang Project (福州連江項目)	Residential	190	-	190	-
	Fuzhou Lianjiang Project Phase 2 (福州連江項目二期)	Commercial/ residential	87	-	-	87
	Fuzhou Yongtai Powerlong Mansion (福州永泰寶龍世家)	Residential	124	-	124	-
	Fuzhou Yongtai Phase 2 Project (福州永泰二期項目)	Commercial/ residential	175	-	-	175
	Ningde Fuding Powerlong Mansion Land Lot A (寧德福鼎寶龍世家地塊A)	Commercial/ residential	179	176	3	-
	Ningde Fuding Powerlong Mansion Land Lot B (寧德福鼎寶龍世家地塊B)	Commercial/ residential	203	153	50	-
	Nanping Wuyishan Powerlong Plaza (南平武夷山寶龍廣場)	Commercial/ residential	205	-	205	-
Sub-total	26	-	6,638	3,587	2,026	1,025
Hainan Province	Haikou Global 100 Powerlong City (海口環球100寶龍城)	Commercial/ residential	2,059	1,007	145	907
Sub-total	1	-	2,059	1,007	145	907
Total	220	-	68,566	32,046	26,457	10,063

## LAND BANK (AS AT 31 DECEMBER 2021)



City Tiers	GFA '000 square meters	Percentage %
First-Tier Cities	475	1.3
New First-Tier Cities	8,235	22.6
Second-Tier Cities	20,892	57.2
Third/Fourth-Tier Cities	6,918	18.9
<b>Total</b>	<b>36,520</b>	<b>100.0</b>



Geographical Location	GFA '000 square meters	Percentage %
Yangtze River Delta	24,497	67.1
Central and Western Region	3,787	10.4
West Strait Economic Zone	3,051	8.4
Guangdong-Hong Kong-Macau Bay Area	2,432	6.6
Bohai Rim	1,701	4.6
Hainan	1,052	2.9
<b>Total</b>	<b>36,520</b>	<b>100.0</b>

SHOPPING MALLS IN OPERATION

SHANGHAI



SHANGHAI BAOYANG POWERLONG PLAZA

**Shanghai Baoyang**

Powerlong Plaza

Opening Date:  
December 2019

Area:  
Approximately  
74,000  
square meters <sup>Note</sup>

**Shanghai Qingpu**

Powerlong Plaza

Opening Date:  
September 2018

Area:  
Approximately  
61,000  
square meters <sup>Note</sup>

**Shanghai Wujing**

Powerlong Plaza

Opening Date:  
July 2017

Area:  
Approximately  
25,000  
square meters <sup>Note</sup>

**Shanghai Qibao**

Powerlong City

Opening Date:  
October 2016

Area:  
Approximately  
67,000  
square meters <sup>Note</sup>

**Shanghai Jiading**

Powerlong Plaza

Opening Date:  
October 2016

Area:  
Approximately  
74,000  
square meters <sup>Note</sup>

**Shanghai Baoshan**

Powerlong Plaza

Opening Date:  
December 2015

Area:  
Approximately  
14,000  
square meters <sup>Note</sup>

**Shanghai Lingang**

Powerlong Plaza

Opening Date:  
December 2015

Area:  
Approximately  
24,000  
square meters <sup>Note</sup>

**Shanghai Fengxian**

Powerlong Plaza

Opening Date:  
November 2015

Area:  
Approximately  
41,000  
square meters <sup>Note</sup>

**Shanghai Caolu**

Powerlong Plaza

Opening Date:  
December 2013

Area:  
Approximately  
31,000  
square meters <sup>Note</sup>

Note: Underground parking spaces excluded.

SHOPPING MALLS IN OPERATION

TIANJIN



TIANJIN BINHAI POWERLONG PLAZA

**Tianjin Binhai**

Powerlong Plaza

Opening Date:  
December 2019

Area:  
Approximately  
38,000  
square meters <sup>Note</sup>

**Tianjin Yujiapu**

Powerlong Plaza <sup>Note 1</sup>

Opening Date:  
December 2014

Area:  
Approximately  
34,000  
square meters <sup>Note</sup>

JIANGSU PROVINCE



WUXI YIXING POWERLONG PLAZA

**Wuxi Yixing**

Powerlong Plaza

Opening Date:  
November 2021

Area:  
Approximately  
40,000  
square meters <sup>Note</sup>

**Yancheng Chengdong**

Powerlong Plaza

Opening Date:  
December 2020

Area:  
Approximately  
78,000  
square meters <sup>Note</sup>

**Nanjing Gaochun**

Powerlong Plaza

Opening Date:  
December 2019

Area:  
Approximately  
59,000  
square meters <sup>Note</sup>

**Yangzhou**

Powerlong Plaza

Opening Date:  
January 2017

Area:  
Approximately  
51,000  
square meters <sup>Note</sup>

**Changzhou**

Powerlong Plaza

Opening Date:  
June 2016

Area:  
Approximately  
107,000  
square meters <sup>Note</sup>

**Zhenjiang**

Powerlong Plaza

Opening Date:  
September 2015

Area:  
Approximately  
69,000  
square meters <sup>Note</sup>

**Suqian**

Powerlong Plaza

Opening Date:  
September 2011

Area:  
Approximately  
121,000  
square meters <sup>Note</sup>

**Yancheng**

Powerlong Plaza

Opening Date:  
September 2011

Area:  
Approximately  
135,000  
square meters <sup>Note</sup>

**Wuxi Wangzhuang**

Powerlong Plaza

Opening Date:  
October 2010

Area:  
Approximately  
112,000  
square meters <sup>Note</sup>

Note: Underground parking spaces excluded.

Note 1: Tianjin Yujiapu Powerlong Plaza has reopened in December 2020.

SHOPPING MALLS IN OPERATION

SHANDONG PROVINCE



QINGDAO JIAOZHOU POWERLONG PLAZA

**Yantai Laishan**

Powerlong Plaza  
Opening Date:  
December 2016

Area:  
Approximately  
39,000  
square meters <sup>Note</sup>

**Yantai Penglai**

Powerlong Plaza  
Opening Date:  
November 2016

Area:  
Approximately  
44,000  
square meters <sup>Note</sup>

**Qingdao Jiaozhou**

Powerlong Plaza  
Opening Date:  
February 2015

Area:  
Approximately  
76,000  
square meters <sup>Note</sup>

**Tai'an**

Powerlong Plaza  
Opening Date:  
September 2012

Area:  
Approximately  
36,000  
square meters <sup>Note</sup>

**Qingdao Jimo**

Powerlong Plaza  
Opening Date:  
December 2011

Area:  
Approximately  
122,000  
square meters <sup>Note</sup>

**Qingdao Licang**

Powerlong Plaza  
Opening Date:  
December 2011

Area:  
Approximately  
111,000  
square meters <sup>Note</sup>

**Qingdao Chengyang**

Powerlong Plaza  
Opening Date:  
October 2009

Area:  
Approximately  
209,000  
square meters <sup>Note</sup>

FUJIAN PROVINCE



XIAMEN POWERLONG ONE MALL

**Quanzhou Taishang**

Powerlong Plaza  
Opening Date:  
December 2020

Area:  
Approximately  
106,000  
square meters <sup>Note</sup>

**Zhangzhou Longwen**

Powerlong Plaza  
Opening Date:  
December 2020

Area:  
Approximately  
32,000  
square meters <sup>Note</sup>

**Xiamen**

Powerlong One Mall  
Opening Date:  
September 2018

Area:  
Approximately  
122,000  
square meters <sup>Note</sup>

**Quanzhou Jinjiang**

Powerlong Plaza  
Opening Date:  
December 2013

Area:  
Approximately  
129,000  
square meters <sup>Note</sup>

**Quanzhou Anxi**

Powerlong Plaza  
Opening Date:  
December 2010

Area:  
Approximately  
55,000  
square meters <sup>Note</sup>

**Fuzhou**

Powerlong Plaza  
Opening Date:  
April 2007

Area:  
Approximately  
95,000  
square meters <sup>Note</sup>

Note: Underground parking spaces excluded.

SHOPPING MALLS IN OPERATION

ZHEJIANG PROVINCE



ZHOUSHAN PUTUO POWERLONG PLAZA

**Hangzhou Jinnan**

Powerlong Plaza

Opening Date:  
December 2021

Area:  
Approximately  
44,000  
square meters <sup>Note</sup>

**Jinhua Lanxi**

Powerlong Plaza

Opening Date:  
December 2021

Area:  
Approximately  
90,000  
square meters <sup>Note</sup>

**Jinhua Yiwu Qingkou**

Powerlong Plaza

Opening Date:  
November 2021

Area:  
Approximately  
52,000  
square meters <sup>Note</sup>

**Ningbo Fenghua**

Powerlong Plaza

Opening Date:  
October 2021

Area:  
Approximately  
36,000  
square meters <sup>Note</sup>

**Ningbo Gaoxin**

Powerlong Plaza

Opening Date:  
October 2021

Area:  
Approximately  
45,000  
square meters <sup>Note</sup>

**Wenzhou Airport**

Powerlong Plaza

Opening Date:  
September 2021

Area:  
Approximately  
30,000  
square meters <sup>Note</sup>

**Shaoxing Zhuji**

Powerlong Plaza

Opening Date:  
June 2021

Area:  
Approximately  
74,000  
square meters <sup>Note</sup>

**Taizhou Wenling**

Powerlong Plaza

Opening Date:  
June 2021

Area:  
Approximately  
77,000  
square meters <sup>Note</sup>

**Zhoushan**

Powerlong Plaza

Opening Date:  
June 2021

Area:  
Approximately  
70,000  
square meters <sup>Note</sup>

**Hangzhou Dajiangdong**

Powerlong Plaza

Opening Date:  
November 2020

Area:  
Approximately  
45,000  
square meters <sup>Note</sup>

**Jinhua Yongkang**

Powerlong Plaza

Opening Date:  
November 2020

Area:  
Approximately  
64,000  
square meters <sup>Note</sup>

**Hangzhou Qingshan Lake**

Powerlong Plaza Phase I

Opening Date:  
October 2020

Area:  
Approximately  
98,000  
square meters <sup>Note</sup>

**Ningbo Yinzhou**

Powerlong Plaza

Opening Date:  
December 2019

Area:  
Approximately  
52,000  
square meters <sup>Note</sup>

**Hangzhou Lin'an**

Powerlong Plaza

Opening Date:  
November 2019

Area:  
Approximately  
57,000  
square meters <sup>Note</sup>

**Shaoxing Paojiang**

Powerlong Plaza

Opening Date:  
September 2019

Area:  
Approximately  
30,000  
square meters <sup>Note</sup>

**Hangzhou Binjiang**

Powerlong Plaza

Opening Date:  
December 2016

Area:  
Approximately  
130,000  
square meters <sup>Note</sup>

**Hangzhou Fuyang**

Powerlong Plaza

Opening Date:  
December 2015

Area:  
Approximately  
22,000  
square meters <sup>Note</sup>

**Hangzhou Xiaoshan**

Powerlong Plaza

Opening Date:  
December 2015

Area:  
Approximately  
65,000  
square meters <sup>Note</sup>

**Hangzhou Xiasha**

Powerlong Plaza

Opening Date:  
November 2014

Area:  
Approximately  
22,000  
square meters <sup>Note</sup>

Note: Underground parking spaces excluded.

## SHOPPING MALLS IN OPERATION

### ANHUI PROVINCE



FUYANG POWERLONG PLAZA

#### Fuyang

Powerlong Plaza

Opening Date:  
December 2017

Area:  
Approximately  
107,000  
square meters <sup>Note</sup>

#### Bengbu

Powerlong Plaza

Opening Date:  
December 2009

Area:  
Approximately  
182,000  
square meters <sup>Note</sup>

### HENAN PROVINCE



LUOYANG POWERLONG PLAZA

#### Xinxiang

Powerlong Plaza

Opening Date:  
September 2012

Area:  
Approximately  
85,000  
square meters <sup>Note</sup>

#### Luoyang

Powerlong Plaza

Opening Date:  
December 2011

Area:  
Approximately  
133,000  
square meters <sup>Note</sup>

#### Zhengzhou

Powerlong Plaza

Opening Date:  
December 2009

Area:  
Approximately  
108,000  
square meters <sup>Note</sup>

### GUANGDONG PROVINCE



ZHUHAI GAOXIN POWERLONG PLAZA

#### Zhuhai Gaoxin

Powerlong Plaza

Opening Date:  
November 2021

Area:  
Approximately  
85,000  
square meters <sup>Note</sup>

### CHONGQING



CHONGQING HECHUAN POWERLONG PLAZA

#### Chongqing Hechuan

Powerlong Plaza

Opening Date:  
December 2014

Area:  
Approximately  
74,000  
square meters <sup>Note</sup>

Note: Underground parking spaces excluded.

## HOTELS

### SHANGHAI



ARTELS+ COLLECTION LINGANG SHANGHAI

#### ARTELS+ Wujing Shanghai

Opening Date: December 2017

Number of Rooms (Suites): 210

Address:

No. 1, Lane 39, Shangyi Road,  
Wujing, Minhang District,  
Shanghai, China

#### ARTELS+ Collection Lingang Shanghai

Opening Date: June 2017

Number of Rooms (Suites): 184

Address:

No. 3127, Hongyin Road, Pudong  
District, Shanghai, China

#### Le Meridien Shanghai Minhang

Opening Date: October 2016

Number of Rooms (Suites): 241

Address:

No. 3199, Caobao Road,  
Minhang District,  
Shanghai, China

#### Radisson Exhibition Center Shanghai

Opening Date: May 2016

Number of Rooms (Suites): 226

Address:

No. 1550, Xin Fu Zhong Road,  
Qingpu District, Shanghai, China

#### Radisson Blu Shanghai Pudong Jinqiao

Opening Date: January 2016

Number of Rooms (Suites): 196

Address:

No. 2, Lane 2449, Jinhai Road,  
Pudong District, Shanghai, China

### FUJIAN PROVINCE



HOTEL W XIAMEN

#### Hotel W Xiamen

Opening Date: November 2021

Number of Rooms (Suites): 293

Address:

No. 1599, Lvling Road,  
Siming District, Xiamen  
Fujian Province, China

#### ARTELS Anxi Quanzhou

Opening Date: September 2015

Number of Rooms (Suites): 98

Address:

No. 17, Jian'an Avenue,  
Chengxiang, Anxi, Quanzhou,  
Fujian Province, China

HOTELS

JIANGSU PROVINCE



ARTELS+ HUAI'AN

**ARTELS+  
Huai'an**

Opening Date:  
June 2017

Number of Rooms  
(Suites): 92

Address:  
No. 180  
Guangzhou Road,  
Huai'an, Jiangsu  
Province, China

**Aloft  
Yancheng**

Opening Date:  
December 2013

Number of Rooms  
(Suites): 299

Address:  
No. 99 South Yingbin  
Road, Tinghu District,  
Yancheng, Jiangsu  
Province, China

**Four Points  
by Sheraton  
Taicang Suzhou**

Opening Date:  
June 2010

Number of Rooms  
(Suites): 446

Address:  
No. 288 East  
Shanghai Road,  
Taicang, Suzhou,  
Jiangsu Province,  
China

CHONGQING



ARTELS+ COLLECTION HECHUAN CHONGQING

**ARTELS+ Collection  
Hechuan Chongqing**

Opening Date: May 2018

Number of Rooms (Suites): 253

Address:  
No. 223 Puyan Road,  
Hechuan, Chongqing, China

ANHUI PROVINCE



WYNDHAM GRAND PLAZA ROYALE  
POWERLONG FUYANG

**Wyndham Grand Plaza Royale  
Powerlong Fuyang**

Opening Date: December 2018

Number of Rooms (Suites): 178

Address:  
No. 1000 intersection between Fuwang Road and  
Huaihe Road Yingzhou District, Fuyang  
Anhui Province, China

## HOTELS

### SHANDONG PROVINCE



ARTELS+ AND JUNTELS PENGLAI YANTAI

#### ARTELS+ Penglai Yantai

Opening Date: July 2020  
Number of Rooms (Suites): 164  
Address:  
No. 2 Haibin Road, Penglai District, Yantai, Shandong Province, China

#### JUNTELS Penglai Yantai

Opening Date: May 2020  
Number of Rooms (Suites): 80  
Address:  
No. 2 Haibin Road, Penglai District, Yantai, Shandong Province, China

#### ARTELS Qingdao

Opening Date: December 2011  
Number of Rooms (Suites): 170  
Address:  
No. 689, Qingshan Road, Licang District, Qingdao, Shandong Province, China

#### Four Points by Sheraton Chengyang Qingdao

Opening Date: February 2011  
Number of Rooms (Suites): 303  
Address:  
No. 271 Wenyang Road, Chengyang District, Qingdao, Shandong Province, China

#### JUNTELS Tai'an

Opening Date: December 2010  
Number of Rooms (Suites): 300  
Address:  
No. 6 Daidao'an Road, Taishan District, Tai'an, Shandong Province, China

### ZHEJIANG PROVINCE



JUNTELS BINJIANG HANGZHOU

#### JUNTELS Binjiang Hangzhou

Opening Date: December 2017  
Number of Rooms (Suites): 175  
Address:  
Block 3, Powerlong City, No. 3867 Binsheng Road, Puyan Jiedao, Hangzhou, Zhejiang Province, China

#### ARTELS+ Fuyang Hangzhou

Opening Date: November 2017  
Number of Rooms (Suites): 161  
Address:  
next to No. 997 Wenju Street, 1/F Powerlong Plaza, Fuyang District, Hangzhou, Zhejiang Province, China

### HENAN PROVINCE



ARTELS+ Xinxiang

#### ARTELS+ Xinxiang

Opening Date: August 2020  
Number of Rooms (Suites): 168  
Address:  
Southeast corner of the junction of Jinsui Avenue and Xin'er Street, Hongqi District, Xinxiang, Henan Province

# MANAGEMENT DISCUSSION AND ANALYSIS



Generating Intrinsic Value  
and Attaining Perfection!

**HOI WA FONG**  
CEO

## BUSINESS REVIEW

For the year ended 31 December 2021, the Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) commercial operation and residential property management; and (iv) other property development related businesses. During the year under review, property development remained as the main revenue stream of the Group.

### Property Development

For the year ended 31 December 2021, the contracted sales of the Group together with its associates and joint ventures amounted to approximately RMB101,227 million (2020: approximately RMB81,551 million), representing an increase of approximately 24.1% as compared with the corresponding period in 2020. In 2021, the contracted sales area of the Group together with its associates and joint ventures amounted to 6,410,452 square meters (2020: 5,327,291 square meters), representing an increase of approximately 20.3% as compared with the corresponding period in 2020.

For the year ended 31 December 2021, the Group's contracted sales recorded a year-on-year increase, primarily attributable to: (i) the Group's adherence to the strategic focus on the Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area and intensive expansion in specific cities; (ii) the Group's ongoing efforts in strengthening its product research and development and the precise positioning of its products, and its commitment to quality and emphasis on customer experience in developing its products; (iii) the continual optimization of management structure, the formation of multidimensional management platform, the reduction of intermediate levels of hierarchy, and thus the substantial enhancement of management efficiency; (iv) the continual refinement of management, adjusting the pace of supply according to market conditions and basing production on sale; and (v) the continual enhancement in sales capability and the localized sales strategies adopted by the Group to accommodate local market needs and satisfy the requirements of the local governments of the PRC. The Group's ability to handle large projects was further strengthened, with 10 projects each of which achieving contracted sales of more than RMB2 billion. During the year ended 31 December 2021, the key contributing projects of the Group (together with its associates and joint ventures) were located in Ningbo, Hangzhou, Haikou, Nanjing, Jinhua, Wenzhou, Xiamen, Wuxi, Zhuhai and Shanghai.

Set forth below is the distribution of the Group's contracted sales during the year ended 31 December 2021:

For the year ended 31 December 2021			
Distribution	Sales area sq.m.	Sales amount RMB'000	Average selling price RMB/sq.m.
Commercial	1,164,888	16,453,399	14,124
Residential	5,245,564	84,774,048	16,161
Total	6,410,452	101,227,447	15,791

### Property Investment and Commercial Operational and Residential Property Management

To generate a stable and recurring income, the Group has also retained and operated certain commercial properties for leasing. As at 31 December 2021, the Group had an aggregate gross floor area (“GFA”) of approximately 7,286,508 square meters (2020: approximately 5,642,485 square meters) held as investment properties (including properties completed and under construction), representing an increase of approximately 29.1% as compared with 2020.

During the year ended 31 December 2021, the Group (together with its associates and joint ventures) has completed and commenced operation of eleven new shopping malls. The following Powerlong plazas successfully commenced operation on the following dates: Wenling Powerlong Plaza and Zhuji Powerlong Plaza on 11 June 2021; Zhoushan Powerlong Plaza on 25 June 2021; Wenzhou Airport Powerlong Plaza on 30 September 2021; Ningbo Fenghua Powerlong Plaza and Ningbo Gaoxin Powerlong Plaza on 30 October 2021; Yiwu Qingkou Powerlong Plaza, Yixing Powerlong Plaza and Zhuhai Gaoxin Powerlong Plaza on 27 November 2021; Lanxi Powerlong Plaza on 27 December 2021; and Hangzhou Jinnan Powerlong Plaza on 31 December 2021.

During the year ended 31 December 2021, two of the asset-light projects operated and managed by the Group commenced operation. Huizhou Rongcan Powerlong Plaza and Yancheng Jianhu Powerlong Plaza successfully commenced operation on 22 December 2021.

With the Group’s enhanced ability of regionalized operation and management, increasing sophistication in tenant sourcing, upgraded tenant mix and continuous development of the commercial operation and management, as at 31 December 2021, the Group held and managed 59 commercial plazas and managed eight asset-light projects, with the number of commercial plazas in operation held and the floor area in operation and management both being amongst the forefront of the industry.

### Hotel Business

The Group continued to develop its hotel business as a source of its long-term recurring income with core businesses in operating international brand hotels and self-operated brand chain hotels.

As at 31 December 2021, the Group owned eight international brand hotels, namely Le Meridien Shanghai Minhang (上海閔行寶龍艾美酒店), Radisson Blu Shanghai Pudong Jinqiao (上海寶龍麗笙酒店), Radisson Exhibition Center Shanghai (上海國展寶龍麗筠酒店), Hotel W Xiamen (廈門W酒店), Four Points by Sheraton Taicang Suzhou (蘇州太倉寶龍福朋喜來登酒店), Four Points by Sheraton Qingdao, Chengyang (青島城陽寶龍福朋喜來登酒店), Aloft Yancheng (鹽城雅樂軒酒店) and Wyndham Grand Plaza Royale Powerlong Fuyang (阜陽寶龍溫德姆至尊豪廷大酒店), and also owned and operated twelve self-owned brand chain hotels, namely ARTELS Qingdao (青島寶龍藝築酒店), ARTELS Anxi Quanzhou (泉州安溪寶龍藝築酒店), ARTELS+ Huaian (淮安藝悅酒店), ARTELS+ Fuyang Hangzhou (杭州富陽藝悅酒店), ARTELS+ Collection Lingang Shanghai (上海臨港藝悅精選酒店), ARTELS+ Collection Hechuan Chongqing (重慶合川藝悅精選酒店), ARTELS+ Wujing Shanghai (上海吳涇藝悅酒店), ARTELS+ Xinxiang (新鄉藝悅酒店), JUNTELS Binjiang Hangzhou (杭州濱江藝珺酒店), JUNTELS Penglai Yantai (煙台蓬萊藝珺酒店), ARTELS+ Penglai Yantai (煙台蓬萊藝悅酒店) and JUNTELS Tai’an (泰安寶龍藝珺酒店).

### Land Bank Replenishment

The Group's strategy is to maintain a portfolio of land bank which is sufficient to support the Group's own property development pipeline for the forthcoming three to five years. In the future, the Group will continue to adhere to and optimize the "1+1+N" development strategy, focusing on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area while exploring other premium regions that offer opportunities; and to precisely lay out strategic plans and grasp the policy directions in a timely manner, in strict adherence to the principle of value investment.

As at 31 December 2021, the Group had a quality land bank amounting to a total GFA of approximately 36.5 million square meters, of which approximately 26.4 million square meters were properties under development and construction and approximately 10.1 million square meters were properties held for future development. The land bank under development will be used for the development of large-scale commercial and residential properties with quality residential properties, serviced apartments, office buildings and hotels. As at 31 December 2021, approximately 67.1% of the land bank of the Group is located in the Yangtze River Delta region.

During the year ended 31 December 2021, the Group upheld cautious and stringent standards on land investment decision, and the following prime land parcels were added to the Group's land bank:

Project Name	Land Nature	Site Area	Total GFA*	Attributable interest
		('000 sq.m.)	('000 sq.m.)	
Zhongsan Qijiang Xincheng Project (中山岐江新城項目)	Commercial/residential	167.3	538.0	50.6%
Shaoxing Pingshui 2020-03 Land Lot Project (紹興平水2020-03地塊項目)	Residential	24.2	36.2	26.5%
Shaoxing Pingshui 2020-06 Land Lot Project (紹興平水2020-06地塊項目)	Residential	33.8	48.9	26.5%
Fuzhou Lianjiang Phase 2 Project (福州連江二期項目)	Commercial/residential	29.2	64.3	39.7%
Nanjing Qixia District Xinchengwei Station Project (南京栖霞區新生圩站項目)	Commercial/residential	87.9	187.8	65.0%
Wenzhou Rui'an Jinzishan Project (溫州瑞安巾子山項目)	Commercial/residential	193.5	431.0	27.3%
Taizhou Wenling Chengxi Zhonghua Road Land Lot Project (台州溫嶺城西中華路地塊項目)	Residential	18.2	30.4	39.0%
Bozhou Nanhu Municipal Park North Side Land Lot Project (亳州南湖市政公園北側地塊項目)	Commercial/residential	245.3	470.6	89.2%
Taizhou Wenling Daxi Town Tielu New Area Land Lot Project (台州溫嶺市大溪鎮鐵路新區地塊項目)	Commercial/residential	39.5	138.3	23.4%
Chuzhou Tianchang Project (滁州天長項目)	Commercial/residential	147.9	261.7	100.0%
Wuhan Qiaokou Project (武漢橋口項目)	Commercial	37.5	212.4	77.9%
Xuancheng Wanlinghu South Side Land Lot Project (宣城宛陵湖南側地塊項目)	Commercial/residential	199.4	398.8	58.0%

Project Name	Land Nature	Site Area	Total GFA*	Attributable interest
		('000 sq.m.)	('000 sq.m.)	
Quanzhou Luojiang District Majia Town No. LJ2018-04-01 Land Lot Project (泉州市洛江區馬甲鎮LJ2018-04-01號地塊項目)	Residential	54.3	108.5	24.9%
Quanzhou Luojiang District Majia Town No. LJ2018-04-02 Land Lot Project (泉州市洛江區馬甲鎮LJ2018-04-02號地塊項目)	Residential	58.1	116.2	16.0%
Luoyang Longmen Road No. 31 Land Lot Project (洛陽龍門路31號地塊項目)	Commercial/residential	41.3	124.0	100.0%
Luoyang Wangchunmen Street No. 32 Land Lot Project (洛陽望春門街32號地塊項目)	Commercial/residential	21.2	91.2	100.0%
Suzhou Changshu Mocheng Street Commercial and Residential Land Lot Project (蘇州常熟莫城街道商住地塊項目)	Commercial/residential	53.9	156.9	95.0%
Zhangzhou Changtai A2 Land Lot Project (漳州長泰A2地塊項目)	Residential	47.8	62.2	65.6%
Foshan Dali Project (佛山大瀝項目)	Commercial/residential	119.0	358.2	46.7%
Taizhou Wenling XQ070120 Land Lot Project (台州溫嶺 XQ070120地塊項目)	Residential	51.8	124.3	22.6%
Taizhou Wenling XQ070123 Land Lot Project (台州溫嶺XQ070123地塊項目)	Residential	16.3	39.1	22.6%
Jiaxing Pinghu Xincang No. 22 Land Lot Project (嘉興平湖新倉22號地塊項目)	Residential	56.9	102.4	33.3%
Wuhan Caidian Sino-French Project (武漢蔡甸中法項目)	Commercial/residential	108.9	244.2	39.0%
Jinhua Wuyi County Development Zone Zhengaoshan Residential Land Lot Project (金華武義縣開發區真高山住宅地塊項目)	Residential	60.4	151.1	19.5%
Wenzhou Cangnan Complex Project (溫州蒼南綜合體項目)	Commercial/residential	108.5	303.9	88.8%
Fuzhou Yongtai Phase 2 Project (福州永泰二期項目)	Commercial/residential	54.2	129.5	63.1%
Changzhou Liyang Zhongguancun Zhennv Road North Land Lot Project (常州溧陽中關村貞女路北側地塊項目)	Residential	69.5	139.1	51.0%
Wuxi Xuxiang Project (無錫徐巷項目)	Residential	30.8	80.0	100.0%
Suzhou Lingbi Project (宿州靈璧項目)	Residential	77.8	194.6	100.0%
<b>Total</b>		<b>2,254.4</b>	<b>5,343.8</b>	

\* Total GFA excludes underground and car parking spaces.

## FINANCIAL REVIEW

### Revenue

Revenue of the Group mainly comprises income of property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the year ended 31 December 2021, the Group recorded a total revenue of approximately RMB39,902 million (2020: approximately RMB35,495 million), representing an increase of approximately 12.4% as compared with the corresponding period in 2020. This was attributable to the increase in income from each of the Group's business segments.

#### *Income of Property Sales*

During the year ended 31 December 2021, the Group strictly complied with its original schedule for the completion and delivery of the corresponding projects. The revenue from projects sold and delivered for the year ended 31 December 2021 amounted to approximately RMB35,035 million (2020: approximately RMB31,486 million), representing an increase of approximately 11.3% as compared with the corresponding period in 2020. This was mainly attributable to the increase in the sales of residential properties.

Set forth below are the details regarding the properties sold and delivered during the year ended 31 December 2021:

		For the year ended 31 December 2021		
Geographical Location		GFA sold and delivered (sq.m.)	Amount sold and delivered (RMB million)	Average selling price (RMB/sq.m.)
Yangtze River Delta	Commercial	656,768	6,165	9,387
	Residential	1,616,434	20,562	12,721
Hainan	Commercial	68,142	389	5,709
	Residential	191,022	2,658	13,915
Guangdong-Hong Kong- Macau Bay Area	Commercial	4,694	139	29,612
	Residential	64,107	1,410	21,994
Others	Commercial	111,776	547	4,894
	Residential	360,749	3,165	8,773
Total		3,073,692	35,035	11,398
Commercial		841,380	7,239	8,604
Residential		2,232,312	27,796	12,452

*Rental Income from Investment Properties and Income from Provision of Commercial Operational Services and Residential Property Management Services*

For the year ended 31 December 2021, the Group recorded rental income after elimination of intra-group transactions from investment properties of approximately RMB1,681 million (2020: approximately RMB1,562 million), representing an increase of approximately 7.6% as compared with the corresponding period in 2020.

For the year ended 31 December 2021, income from provision of commercial operational services and residential property management services was mainly derived from projects developed by the Group and other third parties. The net income after elimination of intra-group transactions amounted to approximately RMB2,027 million (2020: approximately RMB1,674 million), representing an increase of approximately 21.1% as compared with the corresponding period in 2020.

For the year ended 31 December 2021, the Group's rental income from investment properties and income from provision of commercial operational services and residential property management services totalled to approximately RMB3,708 million (2020: approximately RMB3,236 million), representing an increase of approximately 14.6% as compared with the corresponding period in 2020. In addition to the economies of scale brought by the increasing GFA of properties held and commercial and residential properties managed by the Group, the Group managed to match the local consumer demand and the Group's market penetration rate was increased as a result of the continuous enhancement of its commercial operating capability.

*Income from Other Property Development Related Businesses*

Income from other property development related businesses mainly comprises income from hotel operation and the provision of consultation services. For the year ended 31 December 2021, the Group recorded an income after elimination of intra-group transactions from other property development related businesses of approximately RMB1,160 million (2020: approximately RMB773 million), representing an increase of approximately 50.1% as compared with the corresponding period in 2020, mainly attributable to the year-on-year growth in income from hotel operations and the provision of consultation service.

### **Cost of Sales**

Cost of sales mainly represents the direct cost related to the property development of the Group. It comprises cost of land use rights, construction costs and decoration costs as well as other costs. Cost of sales for the year ended 31 December 2021 amounted to approximately RMB27,383 million (2020: approximately RMB22,680 million), representing an increase of approximately 20.7% as compared with the corresponding period in 2020, which was mainly due to the increase in the total properties sold and delivered, leading to an increase in the total costs.

### **Gross Profit and Gross Profit Margin**

For the year ended 31 December 2021, gross profit amounted to approximately RMB12,519 million (2020: approximately RMB12,816 million), representing a decrease of approximately 2.3% as compared with the corresponding period in 2020. Gross profit margin amounted to 31.4%, representing a decrease of approximately 4.7 percentage points from 36.1% for the corresponding period in 2020.

### **Fair Value Gains on Investment Properties**

For the year ended 31 December 2021, the Group recorded revaluation gains on investment properties of approximately RMB1,711 million (2020: approximately RMB2,096 million), representing a decrease of approximately 18.4% as compared with the corresponding period in 2020. The decrease in revaluation gains on investment properties was mainly attributable to the relatively moderate growth in the market rents of shopping malls.

### **Selling and Marketing Costs and Administrative Expenses**

The Group's selling and marketing costs and administrative expenses for the year ended 31 December 2021 amounted to approximately RMB3,304 million (2020: approximately RMB2,642 million), representing an increase of approximately 25.1% over the corresponding period in 2020, mainly attributable to the Group's business growth, leading to an expansion in the scale of sales and projects management. The Group will continue to exercise stringent control over expenses and costs whilst striving to continue with the Group's business expansion.

### **Share of Profit of Investments Accounted for Using the Equity Method**

For the year ended 31 December 2021, share of post-tax profit of investments accounted for using the equity method amounted to approximately RMB508 million (2020: approximately RMB667 million), representing a decrease of approximately 23.8% as compared with the corresponding period in 2020, which was mainly due to the decrease in net profit from joint ventures.

### **Income Tax Expenses**

The Group's income tax expenses for the year ended 31 December 2021 amounted to approximately RMB4,812 million (2020: approximately RMB4,468 million), representing an increase of approximately 7.7% as compared with the corresponding period in 2020, primarily due to the increase in PRC land appreciation tax.

### **Profit Attributable to Owners of the Company**

For the year ended 31 December 2021, the Group recorded profit attributable to owners of the Company of approximately RMB5,992 million (2020: approximately RMB6,093 million), representing a decrease of approximately 1.7% as compared with the corresponding period in 2020.

For the year ended 31 December 2021, basic earnings per share was approximately RMB144.7 cents (2020: approximately RMB147.1 cents), representing a decrease of approximately 1.6% as compared with the corresponding period in 2020.

Core earnings (being the profit excluding the fair value gains on investment properties, revaluation gains on completed properties held for sale transferred to investment properties and foreign exchange gains/losses on financing activities during the year under review) for the year ended 31 December 2021 reached approximately RMB5,152 million (2020: approximately RMB6,038 million), representing a decrease of approximately 14.7% as compared with the corresponding period in 2020.

Core earnings attributable to owners of the Company (being the profit excluding the fair value gains on investment properties, revaluation gains on completed properties held for sale transferred to investment properties and foreign exchange gains/losses on financing activities during the year under review) for the year ended 31 December 2021 reached approximately RMB3,766 million (2020: approximately RMB3,596 million), representing an increase of approximately 4.7% as compared with the corresponding period in 2020.

## LIQUIDITY AND FINANCIAL RESOURCES

### Cash Position

The long-term funding and working capital required by the Group are primarily derived from income generated from core business operations, bank borrowings and cash proceeds raised from issuance of bonds, which were used as working capital and for investment in property development.

The Group's cash and cash equivalents and restricted cash amounted to approximately RMB25,068 million in total as at 31 December 2021 (2020: approximately RMB28,276 million), representing a decrease of approximately 11.3% as compared with the end of 2020.

### Borrowings

Total borrowings of the Group as at 31 December 2021 was approximately RMB72,958 million (2020: approximately RMB66,567 million), representing an increase of approximately 9.6% as compared with the end of 2020. The Group's borrowings comprise bank and other borrowings of approximately RMB43,959 million, corporate bonds of approximately RMB8,994 million, short-term commercial papers of approximately RMB300 million, commercial mortgage backed securities (the "CMBS") of approximately RMB2,329 million, assets-backed securities (the "ABS") of approximately RMB1,276 million and senior notes of approximately RMB16,100 million.

Out of the total borrowings, approximately RMB22,023 million was repayable within one year, while approximately RMB50,935 million was repayable after one year.

On 11 January 2021, the Company completed the issuance of senior notes in an aggregate principal amount of US\$100 million at 102.656% of the principal amount that are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"), with a nominal interest rate of 5.95% per annum (consolidated and formed a single series with the US\$200 million 5.95% senior notes due 2025 issued by the Company on 30 October 2020 and the US\$100 million 5.95% senior notes due 2025 issued by the Company on 28 December 2020, both being listed on the SGX-ST), which will mature on 30 April 2025. Please refer to the announcements of the Company dated 4 January 2021 and 12 January 2021 for further details.

On 11 January 2021, Shanghai Powerlong Industrial Development Co. Ltd ("Shanghai Powerlong"), a wholly-owned subsidiary of the Company, issued the first tranche of corporate bonds for the year 2021 in an aggregate principal amount of RMB1,000 million, with a nominal interest rate of 6.60% per annum. Please refer to the announcement of the Company dated 12 January 2021 for further details.

On 25 January 2021, Shanghai Powerlong issued the first tranche of the super short-term commercial paper for the year 2021 in an aggregate principal amount of RMB440 million, with a nominal interest rate of 5.70% per annum and a maturity date of 23 October 2021. Please refer to the announcement of the Company dated 27 January 2021 for further details.

On 14 April 2021, the Company completed the issuance of senior notes in an aggregate principal amount of US\$200 million at 99.903% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 3.90% per annum, which will mature on 13 April 2022. Please refer to the announcement of the Company dated 15 April 2021 for further details.

On 16 April 2021, Shanghai Powerlong issued the second tranche of corporate bonds for the year 2021 in an aggregate principal amount of RMB1,500 million, with a nominal interest rate of 6.50% per annum. Please refer to the announcement of the Company dated 19 April 2021 for further details.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 13 May 2021, the Company completed the issuance of senior notes in an aggregate principal amount of US\$200 million at 99.127% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 4.90% per annum, which will mature on 13 May 2026. Please refer to the announcements of the Company dated 6 May 2021 and 14 May 2021 for further details.

On 4 June 2021, Shanghai Powerlong issued the first tranche of the medium-term notes for the year 2021 in an aggregate principal amount of RMB1,000 million, with a nominal interest rate of 5.80% per annum and a maturity date of 7 June 2024. Please refer to the announcement of the Company dated 7 June 2021 for further details.

On 10 June 2021, Shanghai Powerlong issued the third tranche of corporate bonds for the year 2021 in an aggregate principal amount of RMB470 million, with a nominal interest rate of 5.70% per annum. Please refer to the announcement of the Company dated 11 June 2021 for further details.

On 9 July 2021, the Company as the borrower, The Bank of East Asia, Limited, Macau Branch and Luso International Banking Limited ("**Luso Bank**") as the mandated lead arranger and coordinator, the financial institutions set out therein, as the original lenders and Luso Bank as the agent, and other parties thereto, entered into a facility agreement (the "**July 2021 Facility Agreement**") in relation to a 42-month term dual currency triple tranche loan facility in an amount of up to US\$200 million equivalent (which includes incremental facilities) (the "**July 2021 Term Loan Facility**"). Pursuant to the July 2021 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 9 July 2021 for further details of the July 2021 Term Loan Facility.

On 26 July 2021, the Company completed the issuance of senior notes in an aggregate principal amount of US\$200 million at 99.662% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 4.00% per annum, which will mature on 25 July 2022. Please refer to the announcement of the Company dated 28 July 2021 for further details.

On 9 August 2021, the Company as the borrower, Bank of China (Hong Kong) Limited, Bank of Communications (Hong Kong) Limited, The Bank of East Asia Limited and The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") as the mandated lead arranger and coordinator, the financial institutions set out therein as the original lenders and HSBC as the agent, and other parties thereto, entered into a facility agreement (the "**August 2021 Facility Agreement**") in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US\$210 million equivalent (which includes incremental facilities) (the "**August 2021 Term Loan Facility**"). Pursuant to the August 2021 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 9 August 2021 for further details of the August 2021 Term Loan Facility.

On 30 August 2021, Shanghai Powerlong issued the second tranche of the super short-term commercial paper for the year 2021 in an aggregate principal amount of RMB300 million, with a nominal interest rate of 5.00% per annum and a maturity date of 28 February 2022. Please refer to the announcement of the Company dated 2 September 2021 for further details.

On 5 October 2021, the Company completed the issuance of senior notes in an aggregate principal amount of US\$100 million at 100.00% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 5.00% per annum and a maturity date of 3 October 2022. For further details, please refer to the announcement of the Company dated 13 October 2021.

On 15 December 2021, the Company completed the issuance of senior notes in an aggregate principal amount of US\$150 million at 87.238% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 6.25% per annum (consolidated and formed a single series with the US\$200 million 6.25% senior notes due 2024 issued by the Company on 10 August 2020 and the US\$150 million 6.25% senior notes due 2024 issued by the Company on 29 September 2020, both being listed on the SGX-ST), which will mature on 10 August 2024. Please refer to the announcements of the Company dated 10 December 2021 and 17 December 2021 for further details.

On 23 December 2021, the Company completed the issuance of senior notes in an aggregate principal amount of US\$135 million at 83.074% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 5.95% per annum (consolidated and formed a single series with the US\$200 million 5.95% senior notes due 2025 issued by the Company on 30 October 2020, the US\$100 million 5.95% senior notes due 2025 issued by the Company on 28 December 2020 and the US\$100 million 5.95% senior notes due 2025 issued by the Company on 11 January 2021, all being listed on the SGX-ST), which will mature on 30 April 2025. Please refer to the announcements of the Company dated 20 December 2021 and 28 December 2021 for further details.

### Net Gearing Ratio

As at 31 December 2021, the Group had a net gearing ratio (which is calculated on the basis of total borrowings less cash and cash equivalents and restricted cash over total equity) of approximately 76.7% (31 December 2020: approximately 73.9%), representing an increase of 2.8 percentage points as compared with the corresponding period in 2020.

### Borrowing Cost

Total interest expenses as at 31 December 2021 amounted to approximately RMB5,193 million (2020: approximately RMB4,311 million), representing an increase of approximately 20.5% as compared with the end of 2020. The increase was mainly due to the increase in total borrowings. The effective interest rate decreased slightly from 6.44% for 2020 to 6.42% for 2021, due to tight control over finance costs. The Group will continue to implement stringent control over finance costs.

### Credit Policy

Trade receivables mainly arose from sale and leasing of properties. Receivables in relation to sale and leasing of properties are therefore settled in accordance with the terms stipulated in the sale and purchase agreements and lease agreements, respectively.

### Pledge of Assets

As at 31 December 2021, the Group pledged its property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash with carrying amount of approximately RMB103,261 million (2020: approximately RMB74,651 million) to secure borrowings of the Group. The total secured bank and other borrowings and CMBS as at 31 December 2021 amounted to approximately RMB46,043 million (2020: approximately RMB38,658 million). The ABS of RMB1,276 million were secured by the trade receivables of the Group. The senior notes issued by the Company are guaranteed and secured by share pledges of certain non-PRC subsidiaries and non-PRC joint ventures of the Group.

### Contingent Liabilities

As at 31 December 2021, the Group had no significant contingent liabilities.

### Financial Guarantees

The face value of the financial guarantees provided by the Group is analysed as below:

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	<b>32,685,377</b>	29,461,621
Guarantees for borrowings of joint ventures and associates	<b>1,234,831</b>	1,394,430
	<b>33,920,208</b>	30,856,051

### Commitments

(1) *Commitments for property development expenditures*

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Contracted but not provided for		
– Property development activities	<b>14,477,443</b>	14,102,853
– Acquisition of land use rights	<b>3,448,488</b>	5,954,026
	<b>17,925,931</b>	20,056,879

(2) *Leases commitments*

As at 31 December 2021, the Group did not have any material short-term lease obligations.

## BUSINESS RISK

The business of the Group is highly dependent on the performance of the PRC property market. Any property market downturn in China generally or in the cities and regions where the Group's property projects are located, or the lack of suitable land banks/reserves for project development could adversely affect the Group's business, results of operations and financial position. Further, property development is capital intensive in nature. Whilst the Group finances its property projects primarily through a combination of pre-sale and sales proceeds, borrowings from financial institutions and internal funds, if no adequate financing can be secured or there is any failure to renew the Group's existing credit facilities prior to their expiration, the Group's operation may adversely be impacted.

## FINANCIAL RISK

The financial risk management of the Group are set out in note 3 to the consolidated financial statements.

## FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. As at 31 December 2021, the Group's financial assets or liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollars or Hong Kong dollars, in the total amount of approximately RMB22,836 million. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to the shareholders of the Company (the "Shareholders") outside of the PRC. The Group currently does not engage in any hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

## SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this annual report, the Group did not hold any significant investments and did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2021.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group had not authorised any plans for other material investments or additions of capital assets as at 31 December 2021.

## EMPLOYEES AND EMOLUMENT POLICY

For the year ended 31 December 2021, the Group employed a total of 13,212 full-time employees (2020: 11,517 employees). The total staff costs of the Group for the year ended 31 December 2021 amounted to approximately RMB2,919 million. The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance. The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustments commensurate with the remuneration level in the industry. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**HOI Kin Hong**, aged 70, is an executive Director and the chairman of the Board. He is primarily responsible for the overall strategy and investment decisions of the Group. Mr. Hoi is a standing committee member of the Chinese People's Political Consultative Conference and of the Election Committee of the Macau Special Administrative Region of the People's Republic of China. Mr. Hoi founded Powerlong Group Development Co., Ltd. (the "**Xiamen Powerlong Group**") in 1992 and has served as its chairman since then. Since the establishment of Xiamen Powerlong Group, he has been engaged in the real estate development business, and has completed the development of several residential projects. He started to specialize in the development of commercial properties in 2003. Mr. Hoi has, for a number of times, been recognized as a Contributor to Real Estate Brands in China by the China Real Estate Top 10 Research Team since 2006. In addition, Mr. Hoi was also awarded various honours such as the Most Influential Entrepreneur in China (中國最具影響力企業家), China Celebrities Achievement Award "10 Outstanding Masters" (中華名人成就獎「十大傑出名人」), Top 30 People in motivating Chinese Economy over the 30 years of China's reformation (中國改革開放30年感動中國經濟30人), the Outstanding Leader in the Commercial Real Estate Industry in China (中國商業地產傑出領袖人物), China Top 100 Real Estate Entrepreneurs (中國房地產百強企業家), Contributor of China Top 100 Real Estate Entrepreneurs (中國房地產百強企業家貢獻人物), Charity Special Contribution Award of China (中國公益事業特別貢獻獎), Award for Excellence in the 20th Anniversary of China Guangcai Program Outstanding Contribution Award (光彩事業20周年突出貢獻獎), Top 10 People for commerce and community in Fujian (閩商公益十大人物) and "Tribute to 40th Anniversary of China Reform and Opening Up, Top 40 in 40 Years in the Real Estate Industry in China" (致敬中國改革開放40週年中國房地產40年40人時代人物), 11<sup>th</sup> Chinese Charity Award "Personal Contributor with Excellent Contribution to Charity in Areas Like Poverty Alleviation Efforts" and "Personal Contributor with Excellent Contribution to Charity in Areas Like Combat Against COVID-19" (第十一屆中華慈善獎「在脫貧攻堅等慈善領域作出突出貢獻的捐贈個人」和「在抗擊新冠肺炎疫情慈善領域作出突出貢獻的捐贈個人」). Mr. Hoi is the father of Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, an executive Director and a non-executive Director, respectively, and the father-in-law of Ms. Shih Sze Ni Cecilia, an executive Director.

**HOI Wa Fong**, aged 44, is an executive Director and chief executive officer of the Company. He is primarily responsible for the overall management of the business operations of the Group. Mr. Hoi Wa Fong is a member of All-China Federation of Returned Overseas Chinese, a director of China Overseas Friendship Association, the vice chairman of China Real Estate Chamber of Commerce, a standing committee member of Chinese People's Political Consultative Conference for the city of Shanghai and the vice-chairman of the Fujian Youth Federation. He graduated from the school of management of Xiamen University and received an EMBA degree from the Cheung Kong Graduate School of Business. He received a DBA degree from Singapore Management University in June 2021. He started to work as an intern in Xiamen Powerlong Group in 1999 and joined the Group upon graduation from Xiamen University in 2003. He held various positions of various Group companies including vice general manager, general manager, vice president, chief vice president and chief executive officer. Mr. Hoi Wa Fong is currently an executive director and chairman of the board of directors of Powerlong CM, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9909) and a subsidiary of the Company. He was awarded Annual Leaders in the Real Estate Industry in the PRC, Most Influential People in the Real Estate Industry in the PRC, Outstanding Individual Among Returned Overseas Chinese and Family Members, Top 10 Gold-Medal CEO of China Real Estate Listed Companies (中國房地產上市公司十大金牌CEO), Top 30 CEO in the Real Estate Industry in China (中國地產年度CEO 30強), China Commercial Real Estate Industry Outstanding Contribution Award (中國商業地產行業傑出貢獻獎), China Real Estate Achiever (中國房地產功勳人物), China Commercial Property Industry Leader (中國商業地產行業領軍人物), Achiever in Fostering the Building of Socialism with Chinese Characteristics (促進中國特色社會主義建設功勳人物), and so forth. Mr. Hoi Wa Fong is the son of Mr. Hoi Kin Hong, an executive Director and chairman of the Board, the spouse of Ms. Shih Sze Ni Cecilia, an executive Director and the brother of Ms. Hoi Wa Fan, a non-executive Director.

**XIAO Qing Ping**, aged 73, is an executive Director and the head of the office of the Board of Directors of the Company. Mr. Xiao is primarily responsible for assisting on the formulation of the Group's overall strategy and investment decisions. He was an officer of Jinjiang Bureau of Land Administration from 1997 to 1999. He has over 31 years of experience in administration management. He joined Xiamen Powerlong Group in October 2001 as vice president and head of administration. In November 2007, he resigned from his position in Xiamen Powerlong Group and joined the Group as an executive Director. He graduated from China Textile Political Distance Learning College in 1988, majoring in economic management.

**SHIH Sze Ni Cecilia**, aged 41, is an executive Director. Ms. Shih is involved in the strategic management of commercial operation of the Group. Ms. Shih graduated from Central Queensland University in Australia with a master's degree in arts administration, and obtained an EMBA degree from the Cheung Kong Graduate School of Business in September 2014. She joined Xiamen Powerlong Hotel in January 2003 as a director. She then joined Xiamen Powerlong Group in 2005 as a director and the general manager of the finance department. In November 2007, she held the positions of an executive Director, the general manager of the supervision department and the cost control centre. She has been involved in the strategy management of the commercial group under the Group since April 2011. Ms. Shih Sze Ni Cecilia is the daughter-in-law of Mr. Hoi Kin Hong, an executive Director and chairman of the Board, the wife of Mr. Hoi Wa Fong, an executive Director, and the sister-in-law of Ms. Hoi Wa Fan, a non-executive Director.

**ZHANG Hong Feng**, aged 54, is an executive Director, and an executive vice president and the general manager of business division 2 of the Company. Mr. Zhang is fully responsible for the operation and management of business division 2 and its subsidiary real estate companies. Mr. Zhang was a department manager of Tianyu Real Estate Company (天宇房地產公司), an assistant to the general manager of Anbao Real Estate Development Company Limited (安寶房地產開發有限公司), a deputy general manager of the real estate centre of Xiamen Powerlong Group, an executive director of Suzhou Powerlong Real Estate Development Company Limited (蘇州寶龍房地產發展有限公司), an executive director of Suqian Powerlong Property Development Company Limited (宿遷寶龍置業發展有限公司), a general manager of Suqian Powerlong Commercial Property Management Company Limited (宿遷寶龍商業物業管理有限公司), a general manager of Tianjin Powerlong City Company, a regional deputy general manager of the southern region, a general manager of project management centre, a vice president and a general manager of companies in other provinces and regions of the Group, a vice president of the Company and a general manager of operation management centre. He was responsible for the operation platform and the person-in-charge of operation management centre, cost control centre and technology development centre of the Company. He obtained a bachelor's degree in industrial electrical automation from Guangxi University in July 1989 and received an EMBA from Tongji University in December 2015. He joined the Company in December 2004 and was appointed as an executive Director on 14 October 2015.

## NON-EXECUTIVE DIRECTOR

**HOI Wa Fan**, aged 46, is a non-executive Director. Ms. Hoi is a director of Xiamen Powerlong Group. Since 2010, she has been managing director of Companhia de Construção e Investimento Predial Pou Long, Limitada (寶龍集團發展有限公司(澳門)) and is responsible for the overall management and business development of Companhia de Construção e Investimento Predial Pou Long, Limitada (寶龍集團發展有限公司(澳門)). Since 2020, Ms. Hoi has been executive director and Secretary General of Powerlong Foundation (寶龍公益基金會). Ms. Hoi is currently a non-executive director of Powerlong CM, the shares of which are listed on the Main Board of the Stock Exchange (HK stock code: 9909) and a subsidiary of the Company. Ms. Hoi is the daughter of Mr. Hoi Kin Hong, an executive Director and chairman of the Board, sister of Mr. Hoi Wa Fong, an executive Director, and sister-in-law of Ms. Shih Sze Ni Cecilia, an executive Director.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**NGAI Wai Fung**, aged 60, an independent non-executive Director. Mr. Ngai joined the Company as an independent non-executive Director in June 2008. He is currently the chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited, a specialty company secretarial, corporate governance and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. He has over 31 years of professional practice and senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and risk management, regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. Mr. Ngai had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. He is a member of the General Committee and the Chairman of Membership Services of Sub-Committees of the Chamber of Hong Kong Listed Companies. He was the President of Hong Kong Institute of Chartered Secretaries (currently known as The Hong Kong Chartered Governance Institute (HKCGI)) (2014-2015), an unofficial member of the Working Group on Professional Services under the Economic Development Commission of Hong Kong Special Administrative Region (2013-2018), a member of the Qualification and Examinations Board of the Hong Kong Institute of Certified Public Accountants (2013-2018) and 1st Batch of Finance Expert Consultants of Ministry of Finance of the P.R.C. (2016-2021). Mr. Ngai is currently the independent non-executive director of Bosideng International Holdings Limited (Stock Code: 3998.HK), BaWang International (Group) Holding Limited (Stock Code: 1338.HK), Beijing Capital Grand Limited (Stock Code: 1329.HK), TravelSky Technology Limited (Stock Code: 696.HK) and China Energy Engineering Corporation Limited (Stock Code: 3996.HK), all of which are companies listed on the Hong Kong Stock Exchange and/or the Shanghai Stock Exchange. Mr. Ngai is also an independent director of SPI Energy Co., Ltd., which is now listed on Nasdaq. Mr. Ngai was the independent non-executive director of Renco Holdings Group Limited (Stock Code: 2323.HK, formerly known as China HKBridge Holdings Limited) from March 2016 to April 2018, Yangtze Optical Fibre and Cable Joint Stock Limited Company (Stock Code: 6869.HK) from September 2014 to January 2020, Health and Happiness (H&H) International Holdings Limited (Stock Code: 1112.HK) from July 2010 to May 2020, SITC International Holdings Company Limited (Stock Code: 1308.HK) from September 2010 to October 2020, BBMG Corporation (Stock Code: 2009.HK) from November 2015 to May 2021 and China Communications Construction Company Limited (Stock Code: 1800.HK) from November 2017 to February 2022. He was an independent director of LDK Solar Co., Ltd. (listed on the OTC Pink Limited Information, Stock Code: LDKYQ) from July 2011 to April 2020.

Mr. Ngai is a fellow of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators), a fellow of the HKCGI, a fellow of Hong Kong Institute of Directors, a member of the Hong Kong Securities and Investment Institute and a member of the Chartered Institute of Arbitrators. Mr. Ngai received a doctoral degree in Finance from Shanghai University of Finance and Economics, a master's degree in Corporate Finance from the Hong Kong Polytechnic University, a bachelor honor degree in Laws from University of Wolverhampton in the United Kingdom and a master's degree in Business Administration from Andrews University of Michigan in the United States.

**MEI Jian Ping**, aged 62, is an independent non-executive Director. Mr. Mei joined the Company as an independent non-executive Director in June 2008. Mr. Mei has been a professor of finance at Cheung Kong Graduate School of Business since 2006. He was an assistant professor from 1990 to 1995 at New York University, and an associate professor of finance at the same university from 1996 to 2005. From 2003 to 2008, he was a visiting professor at Tsinghua University. Mr. Mei has been a director of Cratings.com Inc. since 1999. He has published a number of books and articles on topics related to finance. Mr. Mei received a bachelor's degree in mathematics from Fudan University in 1982, a master's degree in economics and a doctorate in economics (finance) from Princeton University in 1988 and 1990, respectively. He was appointed as an independent non-executive Director of the Company in June 2008. He was also appointed as an independent non-executive director of MIE Holdings Corporation (HK stock code: 1555) and China Rundong Auto Group Limited (HK stock code: 1365) in 2010 and 2014 respectively. He was appointed as an independent director of Cultural Investment Holdings Co., Ltd. (SH stock code: 600715; retired from office already) in 2016, an independent director of Dazzle Fashion Co Ltd (SH stock code: 603587) in 2018 and an independent director of Shanghai Shentong Metro Co., Ltd. (SH stock code: 600834) in 2020.

**DING Zu Yu**, aged 49, is an independent non-executive Director. Mr. Ding joined the Company as an independent non-executive Director in December 2014. He is currently an executive director and chief executive officer of E-House (China) Enterprise Holdings Limited (HK Stock Code: 2048). Save for the above, he had also held various positions in China Real Estate Information Group Co., Ltd (中國房產信息集團) in the past including as a co-president and an executive director from September 2009 to April 2012. Mr. Ding is currently an independent non-executive director of Greentown Management Holdings Company Limited (HK Stock Code: 9979) and SCE Intelligent Commercial Management Holdings Limited (HK Stock Code: 606). He was an independent director of Sanxiang Co., Ltd (三湘股份有限公司) (SZ stock code: 000863). He is also currently assuming important positions in other professional associations and bodies within the PRC real estate industry. He serves as an executive principal (執行院長) of the E-House Research and Training Institute (易居研究院). He is also an executive committee member of the China Real Estate Association (中國房地產協會), an adviser on the real estate market for the China's Ministry of Housing and Urban-Rural Development (國家住房和城鄉建設部) and a committee member of CPPCC of Shanghai (上海市政協委員). He was named as "Shanghai Outstanding Young Merchant" (上海傑出青年企業家) in 2012 and was named one of the "Top Ten Shanghai Young Merchants" (上海十大傑出青年企業家) for 2011 to 2012. He received his bachelor's degree in real estate economics in 1998 and his Ph.D. in economics in 2013 from the East China Normal University.

## SENIOR MANAGEMENT

**CHEN De Li**, aged 48, is an associate president of the Company. He was a director and co-president of Seazen Holdings Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601155) during the period from August 2016 to March 2020. From August 2010 to July 2016, Mr. Chen assumed various positions, among which including as an executive deputy general manager of the commercial management operational center of Dalian Wanda Commercial Real Estate Co., Ltd., vice president as well as general manager and executive vice president of the merchants center as well as general manager of operational center of Dalian Wanda Business Management Group Co., Ltd. and vice president as well as executive vice president of the business management headquarter and general manager of the integrated management center of Dalian Wanda Commercial Real Estate Co., Ltd. in the PRC. From June 2006 to August 2010, he served as a general manager of Singapore CapitalLand Capital Commercial China. For the period from September 2001 to May 2006, he was a general manager of Sichuan Huali Group Shunyuan Commercial Real Estate Company. From September 1997 to September 2001, he served as a general manager of Singapore Yilai Group Wuhan Company. Mr. Chen obtained an executive master's degree in business administration (EMBA) from The Southwestern University of Finance and Economics in Chengdu Sichuan, the PRC in December 2013. He is currently pursuing a doctoral degree of business administration (DBA) at the Western Business School, The Southwestern University of Finance and Economics of China in Chengdu Sichuan, the PRC. Mr. Chen joined the Company in June 2020, and was appointed as an executive director and chief executive officer of Powerlong CM (the shares of which are listed on HKEx; Stock Code: 9909).

**LIAO Ming Shun**, aged 58, is the vice president and the chief financial officer of the Company and manages the Group's financial management centre, fund management centre. Mr. Liao is responsible for the overall capital operation, financing, taxation and integrated financial control of the Company. He served senior management positions in various large-scale enterprises. Prior to joining the Company, he was the director, chief financial controller and general manager of the finance company of the Ministry of Agriculture of Fujian Province and Fujian Great World Enterprises Group Company Limited, the independent director of Fujian Dongbai Enterprise Group Company Limited (SH stock code: 600693), the vice secretary general of private branch of Fujian Accounting Institute, the secretary general of real estate branch of Fujian Taxpayers' Club. He obtained a bachelor's degree in rural finance from Fujian Agriculture and Forestry University, and was awarded a master's degree by the Graduate School of Chinese Academy of Social Sciences. He is also qualified as a Senior Accountant, Senior Economist, International Public Accountant (IPA), Certified Taxation Accountant (CTA), Financial Planner and the Judge Panel of the Committee of China's Corporate Financial Valuation Experts. He was awarded one of the "Top CFOs for 2012 by the Xinlicai Magazine of Ministry of Finance" (財政部新理財CFO 2012年度人物獎), "2013 China's Financial Value Leadership Award" (2013年度中國財務價值領軍人物獎), "2014 Huazun Award – Top 10 most Respected Brand Builders who promoted the economic development of the industry" (2014年華尊獎—推動行業經濟發展最受尊敬十大品牌人物), "2015 CFODC – China's Top 10 Capital Operators" (2015年CFO發展中心中國資本運營TOP 10人物), "2017 Asia 10 Brand Innovation Personality Award" (2017亞洲十大創新人物獎) awarded by the Asia Brand Ceremony Committee, "2019 China Financing Award (Hong Kong) – 'Best CFO'" (2019中國融資大獎(香港)「最佳財務總監」), "2020 China Real Estate Huabiao Award – 'Outstanding CFO of Property Developers'" (2020年中國地產華表獎「卓越房企CFO」), "CEFO JF Awards – '2020 Outstanding Strategy Execution Award'" (CEFO • 介浦獎「2020年度傑出戰略執行獎」) and "2021 CFO with Best Leadership in Property Sector" (2021年度地產最具領導力CFO). He joined the Company in August 2009.

**HONG Qun Feng**, aged 49, is the vice president and the general manager of business division one of the Company, is currently responsible for the overall business as well as operation and management of business division one. Prior to joining the Group, Mr. Hong was the assistant to the general manager of Xiamen Chengyi Property Development Co. (廈門誠毅房地產開發公司) and the founder and general manager of Xiamen Bairun Property Consulting Co. Ltd. (廈門百潤房地產顧問有限公司). He received an EMBA degree from SEM of Tongji University and an EMBA degree from Cheung Kong Graduate School of Business. He joined the Company in 2005, and has been the general manager of the Powerlong Land business division, general manager of Guangdong business division, etc., in charge of the overall business and operational management of the Powerlong Land business division and Guangdong business division successively.

**ZHANG Jun**, aged 45, is an executive vice president and the general manager of Zhejiang business division of the Company and is responsible for overall business as well as operation and management of the division. He served as the chief executive officer of Boee Real Estate Group Co., Ltd. (保億置業集團有限公司) and an assistant to president of Shanghai Forte Land Company Limited (復地(集團)股份有限公司) and a general manager of its subsidiary in Hangzhou company. He obtained a master's degree in business administration from Zhejiang University. He joined the Company in June 2016 and was the vice general manager of Powerlong Land business division, responsible for project development and operational management.

**HUANG Wen Zhong**, aged 51, is a vice president of the Company, general manager of capital management centre, and general manager of asset management centre. He is primarily responsible for the Company's capital market business, industrial investment, asset management and corporate governance of listed company. He has over 28 years of experience in the finance industry. Prior to joining the Company, he was the person-in-charge of the office of the board of Xiamen Commercial Bank, person-in-charge of the risk management department of the credit management division of Xiamen Commercial Bank, head of the Jimei sub-branch of Xiamen Bank, head of the Quanzhou branch of Xiamen Bank, and concurrently group head of the Haixi Finance Lease Company Limited Preparatory Group. He obtained a bachelor's degree from Fudan University and an EMBA degree from Xiamen University. He is also an economist. He joined the Company in June 2016.

**HUANG Yao Ming**, aged 48, is a vice president and the general manager of the investment development centre of the Company and is responsible for project expansion and acquisition of land reserve of the Company. Prior to joining the Company, he served senior positions of investment, expansion and management in various large-scale enterprises, where he was the general manager of investment department in Huali Property Group (華立地產集團), the chief investment officer of Xianjin Group Korean Company Limited (韓國株式會社現進集團), and the vice president of Shanghai Mingbang Investment Company (上海銘邦投資公司). He obtained a bachelor's degree in real estate operation and management from Shanghai Tongji University, and was awarded a master's degree in technical economics and management by Shanghai Tongji University. He is also qualified as a China Certified Real Estate Appraiser. He joined the Company in March 2010.

## DIRECTORS AND SENIOR MANAGEMENT

**SHEN Jian Zheng**, aged 53, is a vice president and general manager of the marketing management centre of the Company and is responsible for the overall marketing control of the Company. Prior to joining the Company, he served senior marketing management positions in various large-scale enterprises, where he was the assistant to the general manager of Longyan Lvhengxing Construction (龍岩龍興建設), the sales director of Xiamen Haifa Property (廈門海發房地產) and marketing director of Yuehua New Property Group (悅華新房產集團). He obtained a bachelor's degree in finance from Xiamen University. He joined the Company in August 2007.

**HAI Di**, aged 32, is a joint company secretary and the board secretary of the Company, responsible for company secretarial issues. Ms. Hai has approximately 8 years of experience in company secretarial issues. She served as the compliance supervisor in the office of the secretary of the board of directors of the Group from October 2014 to August 2018, and served as the manager of company secretarial team of Shui On Land Limited, a company listed on the Main Board of the Stock Exchange (HK stock code: 272), from August 2018 to November 2020. Ms. Hai obtained a Master Degree in Laws from University of London and a Bachelor Degree in Laws from Xiamen University. She re-joined the Company in November 2020.

### JOINT COMPANY SECRETARIES

**HAI Di** is a joint company secretary and the board secretary of the Company. For the biography of Ms. Hai Di, please refer to the section headed "Directors and Senior Management – Senior Management" above.

**SUEN Pui Chun Hannah** is a joint company secretary of the Company. Ms. Suen is a manager of corporate services of Vistra Corporate Services (HK) Limited, and has over 14 years of experience in providing a full range of company secretarial and compliance services. She is an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and an associate member of The Chartered Governance Institute in United Kingdom since 2019. Ms. Suen obtained a Master of Corporate Governance from The Open University of Hong Kong (currently known as The Hong Kong Metropolitan University) and a Bachelor of Arts (Hons) in Translation and Interpretation from The City University of Hong Kong. She was appointed as one of the joint company secretaries of the Company on 18 December 2020.

Save as otherwise disclosed, there is no relationship (including financial/business/family or other material/relevant relationship) between any members of the Board, senior management or substantial shareholders or controlling shareholders of the Company, and no other information relating to the Directors that are required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2021.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more values for its Shareholders. The Board continuously reviews and improves the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders. During the year ended 31 December 2021, the Company has applied the principles and complied with all applicable code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, as amended from time to time (the “CG Code”)<sup>(Note)</sup>.

## BOARD OF DIRECTORS

The Board’s major functions and duties are to oversee the management, businesses, strategic directions and financial performance of the Group as well as to maximize the financial performance of the Group and make decisions in the best interests of the Group. The Board is also fully responsible for the formulation of business plans and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The Board has delegated the authority and responsibilities to the management for the day-to-day operations of the Group. In addition, the Board has also established Board committees and has delegated various responsibilities to these Board committees as set out in their respective terms of reference.

In addition, the Board is responsible for performing the corporate governance duties set out in the then applicable code provision D.3.1 of the CG Code. For the year ended 31 December 2021, the Board has reviewed policies and practices of on corporate governance of the Company, monitored the training and continuous professional development of the Directors and senior management of the Company, ensured the Company’s policies and practices are in compliance with legal and regulatory requirements and reviewed the code of conduct applicable to the Directors and employees of the Company. The Board has also reviewed the Company’s compliance with the CG Code for the year ended 31 December 2021 and has made disclosures in this corporate governance report in accordance with the CG Code.

All Directors have separate and independent access to the Company’s senior management to fulfill their duties and, upon reasonable request in appropriate circumstances, all Directors can seek independent professional advice at the Company’s expense. The Board also has access to the joint company secretaries of the Company with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

### Composition of the Board

The Board currently consists of nine members, with five executive Directors, one non-executive Director and three independent non-executive Directors. During the year ended 31 December 2021, the Company had at all times complied with Rule 3.10 and Rule 3.10A of the Listing Rules. The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making. The Board believes that the non-executive Director and independent non-executive Directors have brought their independent judgment on issues in connection with the Group’s strategies, performance, conflict of interests and management process so that the interests of all Shareholders are considered and safeguarded.

The Company has received from each of the independent non-executive Directors an annual written confirmation on his/her independence pursuant to the requirements of the Listing Rules for the year ended 31 December 2021 and the Company considers them to be independent in accordance with the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules.

Save as disclosed in the section headed “Directors and Senior Management” in this annual report, the Board members have no financial, business, family or other material relationships with each other as at 31 December 2021.

Note: A new CG Code came into effect on 1 January 2022. As the period under review in this corporate governance report is for the year ended 31 December 2021, the CG Code described herein is the CG Code in effect during the year ended 31 December 2021.

### Practice and conducts of meetings

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For Board committee meetings, reasonable notice is given. An agenda and accompanying Board papers with complete and reliable information are sent to all Directors at least three days in advance of the Board meetings. Materials for Board committees meetings are sent in accordance with the terms of reference of the relevant Board committees.

The joint company secretaries of the Company are responsible for taking and keeping minutes of all Board and Board committees meetings, which record sufficient details of the matters considered by the Board and Board committees and decisions made, including any proposal raised by the Directors or dissenting views expressed. The minutes are kept by the joint company secretaries and are open for inspection by the Directors.

During the year ended 31 December 2021 and up to the date of this annual report, the Board consisted of the following Directors and attendance of each Director at the Board meetings and the annual general meeting of the Company held during the year ended 31 December 2021 is set out as follows:

	Attendance/ Number of Board meetings held during the year	Attendance/ Number of general meeting held during the year
<b>Executive Directors</b>		
Mr. Hoi Kin Hong (Chairman of the Board and the Nomination Committee)	5/5	1/1
Mr. Hoi Wa Fong (Chief Executive Officer)	5/5	1/1
Mr. Xiao Qing Ping	5/5	1/1
Ms. Shih Sze Ni Cecilia	5/5	1/1
Mr. Zhang Hong Feng	5/5	1/1
<b>Non-executive Director</b>		
Ms. Hoi Wa Fan	5/5	1/1
<b>Independent Non-executive Directors</b>		
Mr. Ngai Wai Fung (Chairman of the Audit Committee)	5/5	1/1
Mr. Mei Jian Ping (Chairman of the Remuneration Committee)	5/5	1/1
Mr. Ding Zu Yu	5/5	1/1

### Appointment and re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are governed by the Company's articles of association (the "**Articles of Association**"), a copy of which has been published on the Stock Exchange's website and the Company's website.

The term of appointment of each of the Directors are set out in the section headed "Report of the Directors — Directors and Directors' Service Contracts" in this annual report.

Under the Articles of Association, the Board is empowered to appoint any person as a director to fill the casual vacancy or as an additional director of the Board. The Board, with the recommendation of the nomination committee of the Company (the "**Nomination Committee**"), considers a candidate's experience, skill and knowledge and competency and ability to fulfill duty of care and diligence and fiduciary duty with reference to the Company's nomination policy and board diversity policy, the summaries of which are set out below. All Directors appointed to fill a casual vacancy are subject to election by shareholders at the first general meeting after their appointment, and every Director, including those appointed for a specific term, are subject to retirement by rotation at least once every three years. As such, no Director has a term of appointment longer than three years.

### Nomination Policy and Process for Nominating Directors

The Company has in place a nomination policy (the “**Nomination Policy**”) which sets out the selection criteria and procedures to be adopted when considering candidates to be appointed or re-elected as Directors. The Nomination Policy aims to nominate suitable candidates to the Board.

Pursuant to the Nomination Policy, the Nomination Committee shall identify suitable board candidates and make recommendation to the Board, after assessing a number of factors of a candidate, including but not limited to, character for integrity, accomplishment, experience and reputation in the real estate and other related industries, commitment in respect of available time and attention to the Group’s business, independence of proposed independent non-executive Directors and diversity in all aspects. The Board shall have the final decision in relation to its nomination of any candidates to stand for election at a general meeting.

The Nomination Committee will review the Nomination Policy and recommend revision, as appropriate, to the Board for consideration and approval.

### Board Diversity Policy

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) setting out the approach to achieve diversity on the Board and any measurable objectives that the Company has set for implementing the policy. The Company considered diversity of board members can be achieved through consideration of a number of aspects and measurable objectives, including but not limited to gender, age, ethnicity, language, cultural and educational background, professional experience, skills and knowledge. All Board appointments are based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates is based on a range of diversified perspectives, the ultimate decision will be made upon the merits of the selected candidates and their contribution to the Board.

### Directors’ Responsibilities for the Financial Statements

The Directors acknowledged their responsibilities for preparation of the consolidated financial statements for the financial year ended 31 December 2021 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group’s results and cash flows for the year ended 31 December 2021 and were properly prepared on a going concern basis in accordance with the applicable statutory requirements and accounting standards.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the “Independent Auditor’s Report” contained in this annual report.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Hoi Kin Hong is the chairman of the Board and Mr. Hoi Wa Fong is the chief executive officer of the Company. Responsibilities between the chairman of the Board and the chief executive officer of the Company are clearly divided and segregated to ensure a balance of power and authority and to reinforce their independence and accountability.

Mr. Hoi Kin Hong, being the chairman of the Board, is responsible for providing leadership to the Board and ensuring that the Board functions effectively, that the Directors receive adequate information which is complete and reliable in a timely manner, and that all the Directors are properly briefed on issues to be proposed at Board meetings. The chairman of the Board also encourages Directors to participate actively and to make a full contribution to the Board so that the Board acts in the best interests of the Group.

Mr. Hoi Wa Fong, being the chief executive officer of the Company, is responsible for the daily operations of the Group, execution of business policies, strategies, objectives and plans as formulated and adopted by the Board and leading the management of the Group.

## INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules and the relevant statutory requirements.

Directors are continually updated on the latest statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continual briefing and professional development trainings for the Directors will be arranged by the Company as necessary.

Pursuant to the then applicable code provision A.6.5 of the CG Code, the Company encourages all Directors to participate in continuing professional development in order to develop and refresh their knowledge and skills. During the year ended 31 December 2021, the Company had offered professional training to Directors by way of seminar. The training is summarized as follows:

Title of seminar: Issues Regarding Compliance Operation of Hong Kong Listed Real Estate Companies

Date of seminar: 21 December 2021

Presenter: Mr. Li Zhi Qiang, Founding Partner, Jin Mao Partners

Directors attended: Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni Cecilia, Mr. Zhang Hong Feng, Ms. Hoi Wa Fan, Mr. Ngai Wai Fung, Mr. Mei Jian Ping, Mr. Ding Zu Yu

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct for dealings in securities of the Company by the Directors. Specific enquiry has been made of all Directors and all Directors have confirmed that they had complied with the required standard as set out in the Model Code throughout the year ended 31 December 2021.

To comply with the then applicable code provision A.6.4 of the CG Code, relevant employees who are likely to be in possession of unpublished inside information of the Group or its securities due to their offices or employment, are also subject to compliance with written guidelines no less exacting than the Model Code.

During the year ended 31 December 2021, no incident of non-compliance with the Model Code and the written guidelines by the Directors and the relevant employees was noted by the Company to date.

## BOARD COMMITTEES

During the year ended 31 December 2021, the Board had three Board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees are established with defined written terms of reference approved by the Board which set out the Board committees' respective duties. Terms of reference of the Board committees are reviewed from time to time to cope with the latest amendments of the Listing Rules and the needs of the Company, and are available on the Stock Exchange's website and the Company's website.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, may seek independent professional advice in appropriate circumstances at the Company's expense.

## AUDIT COMMITTEE

During the year ended 31 December 2021, the Audit Committee comprised all independent non-executive Directors:

Mr. Ngai Wai Fung (**Chairman of the Audit Committee**)

Mr. Mei Jian Ping

Mr. Ding Zu Yu

Terms of reference of the Audit Committee were established pursuant to the requirements under Rule 3.21 of the Listing Rules and the then applicable code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are to:

- review the financial statements, reports and consider any significant or unusual items raised by the external auditor before submission to the Board;
- review and monitor the relationship with the external auditor of the Company by reference to the work performed by the external auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor;
- review the adequacy and effectiveness of the Company's financial controls, internal control system, risk management system and the associated procedures; and
- develop and review the Company's policies and practices on corporate governance and make recommendations to the Board.

The Audit Committee provides supervision over the risk management and internal control systems of the Group and the effectiveness of the internal audit function of the Company, and reports to the Board on any material issues and makes recommendations to the Board.

During the year ended 31 December 2021, the Audit Committee held two meetings to discuss and review the financial results of the Group for the year ended 31 December 2020 and the interim results of the Group for the six months ended 30 June 2021 and the related reports of the Company. The chief financial officer of the Company and representatives of the external auditor of the Company attended the meetings. In addition, the Audit Committee has (i) reviewed the effectiveness of the internal audit function of the Company to make recommendations to improve the Group's risk management and internal control systems; (ii) reviewed the independence and objectivity of the Company's external auditor and their remuneration, and made recommendation to the Board in respect of the re-appointment of the Company's external auditor; and (iii) reviewed the continuing connected transactions of the Group.

Attendance of individual members of the Audit Committee at the meetings held during the year ended 31 December 2021 is set out as follows:

<b>Audit Committee Members</b>	<b>Attendance/ Number of Audit Committee meetings held during the year</b>
Mr. Ngai Wai Fung	2/2
Mr. Mei Jian Ping	2/2
Mr. Ding Zu Yu	2/2

## REMUNERATION COMMITTEE

During the year ended 31 December 2021, the Remuneration Committee comprised three members, the majority of which are independent non-executive Directors:

Mr. Mei Jian Ping (**Chairman of the Remuneration Committee**)  
 Mr. Hoi Wa Fong  
 Mr. Ding Zu Yu

The Remuneration Committee has adopted written terms of reference prepared by reference to the requirements under the then applicable code provision B.1.2 of the CG Code. The primary functions of the Remuneration Committee are to (i) make recommendations to the Board in relation to the remuneration policy and structure of all Directors and senior management, and to establish a formal and transparent procedure for assessing performance of the Directors and determining the remuneration policy in respect of the Directors and senior management of the Company; (ii) make recommendations, if any, on the remuneration packages for the Directors and senior management of the Company; and (iii) review and approve management's remuneration proposals with reference to the Group's corporate goal and objectives from time to time.

During the year ended 31 December 2021, the Remuneration Committee held one meeting to (i) review the remuneration policy and structure of the Company; and (ii) review and consider the remuneration packages for the Directors and senior management of the Company.

Attendance of individual members of the Remuneration Committee at the meeting held during the year ended 31 December 2021 is set out as follows:

Remuneration Committee members	Attendance/ Number of Remuneration Committee meeting held during the year
Mr. Mei Jian Ping	1/1
Mr. Hoi Wa Fong	1/1
Mr. Ding Zu Yu	1/1

## NOMINATION COMMITTEE

During the year ended 31 December 2021, the Nomination Committee comprised three members, the majority of which were independent non-executive Directors:

Mr. Hoi Kin Hong (**Chairman of the Nomination Committee**)  
 Mr. Mei Jian Ping  
 Mr. Ding Zu Yu

The Nomination Committee has adopted written terms of reference prepared by reference to the requirement of the then applicable code provision A.5.2 of the CG Code. The primary functions of the Nomination Committee are to (i) review the structure, size and composition of the Board; (ii) identify individuals suitably qualified to become members of the Board and make recommendations on selection of individuals nominated for directorships; (iii) make recommendations to the Board on appointment or reappointment of Directors and succession planning for Directors; (iv) assess the independence of independent non-executive Directors; and (v) review the Nomination Policy and the Board Diversity Policy from time to time and as appropriate.

The Nomination Committee will assess the candidate based on criteria incumbent for acting as a Director such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities as a Director. The recommendations of the Nomination Committee will then be put to the Board for decision.

During the year ended 31 December 2021, the Nomination Committee held one meeting to (i) review the structure, size and composition of the Board; (ii) make recommendation to the Board in respect of the re-appointment of Directors; (iii) assess the independence of the independent non-executive Directors; and (iv) review the Nomination Policy and Board Diversity Policy, to ensure that it is in compliance with the Listing Rules and the CG Code.

The Nomination Committee considered that the Group achieved the objectives of its board diversity policy for the year ended 31 December 2021.

Attendance of individual members of the Nomination Committee at the meeting held during the year ended 31 December 2021 is set out as follows:

Nomination Committee members	Attendance/ Number of Nomination Committee meeting held during the year
Mr. Hoi Kin Hong	1/1
Mr. Mei Jian Ping	1/1
Mr. Ding Zu Yu	1/1

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility in maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests, and reviewing the effectiveness of the Company's internal control and risk management systems at least annually so as to ensure that internal control and risk management systems in place are adequate and cover all material controls, including financial, operational and compliance controls. The internal control and risk management systems of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement of loss.

The Group's internal control and risk management systems include a well-established organizational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to the individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Board from time to time. Each department is also required to keep the Board informed of the process used to identify, evaluate and manage significant risks, and of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis.

At the same time, the Company has established a supervisory department that performs internal audit function of the Company (the "**Supervisory Department**"). The Supervisory Department is particularly responsible for risk management, review and audit of the finance and operations of the Group regularly. The purpose of the work of the Supervisory Department is to ensure the adequacy and effectiveness of the internal control and risk management systems of the Group. For shortcomings of the Group's internal controls and accounting procedures which the external auditors has identified and reported to the Company, the Company would pay full attention to the recommendations made by the external auditors and make appropriate improvements.

The Supervisory Department reports to the Audit Committee and the Board annually based on the implementation of the risk management and internal control systems. The Audit Committee monitors the risk management and internal control systems of the Group and reports to the Board for any material matters and makes recommendations to the Board.

The Board has conducted a review and assessment of the effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management for the year ended 31 December 2021. The assessment was made by discussions with the management of the Company, its external and internal auditors and the review performed by the Audit Committee. The Board believes that the existing internal control and risk management systems are adequate and effective.

## DISSEMINATION OF INSIDE INFORMATION

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company's securities.

## ANNUAL REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the Directors and senior management of the Company is determined in accordance with the Company's remuneration policy and structure.

The Remuneration Committee is responsible for reviewing the Group's emolument policy and structure for remuneration for all the Directors and senior management of the Group, which were determined having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Pursuant to the then applicable code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2021 is set out as below:

Annual remuneration by band	Number of individuals
RMB800,001 and above	13
RMB600,001 to RMB800,000	3
RMB600,000 and below	3

Details of the remuneration of the Directors for the year ended 31 December 2021 are set out in note 43 to the financial statements. No Director has waived or has agreed to waive any emoluments during the year ended 31 December 2021.

During the year ended 31 December 2021, no director or any of the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office. Also, the Group did not pay consideration to any third parties for making available directors' services during the year.

## EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of external auditor of the Company about his reporting responsibilities on the Group's consolidated financial statements for the year ended 31 December 2021 is set out in the section headed "Independent Auditor's Report" in this annual report.

During the year ended 31 December 2021, the total fee paid/payable to the external auditor of the Company in respect of audit services and non-audit services is set out as follows:

Services rendered	(RMB million)
Audit services:	
Annual audit (including the review of interim results under Hong Kong Standard on Review Engagements 2410)	14.3
Non-audit services:	
Services rendered in respect of bonds issuance by the Group and others	6.11

## JOINT COMPANY SECRETARIES

Ms. Hai Di and Ms. Suen Pui Chun Hannah have been appointed as the joint company secretaries of the Company on 18 December 2020. Ms. Hai is the board secretary of the Company and Ms. Suen is a manager of corporate services of Vistra Corporate Services (HK) Limited. The primary contact person of Ms. Suen at the Company is Ms. Hai.

During the year ended 31 December 2021, Ms. Hai Di and Ms. Suen Pui Chun Hannah have undertaken not less than 15 hours of relevant professional training, respectively, in compliance with Rule 3.29 of the Listing Rules.

## SHAREHOLDER RELATIONS

The Company believes that by adopting a policy of disclosing clear and relevant information to the Shareholders through publication of announcements, notices, circulars, interim and final reports in a timely manner, the Company is able to establish an effective and appropriate relationship with its Shareholders. Further, the Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post. To enhance the Company's transparency, other information of the Company is also published at the Company's website at <http://www.powerlong.com>. In addition to publication of information, the annual general meeting of the Company provides a forum for communication between Shareholders and the Directors. The chairman of the Board personally chairs the annual general meeting to ensure Shareholders' views are communicated to the Board. In addition to the chairman of the Board, the chairmen of the Board committees, or in their absence, other members of the respective Board committees, are available to answer any queries that Shareholders may have. The chairman of the Board will propose separate resolutions for each issue to be considered at the annual general meetings. The annual general meeting proceedings are reviewed from time to time to ensure that the Company follows the best corporate governance practices and Shareholders' rights are preserved. Notice of annual general meeting is delivered to all Shareholders at least 21 days prior to the date of the meeting, setting out details of each proposal and other relevant information. At the beginning of the meeting, the procedures for demanding and conducting a poll will be explained by the chairman of the Board. Poll results are posted on the Company's website after the conclusion of the general meetings.

## PROCEDURES FOR SHAREHOLDERS TO REQUISITION AND CONVENE AN EXTRAORDINARY GENERAL MEETING (INCLUDING PROPOSING A RESOLUTION AT AN EXTRAORDINARY GENERAL MEETING)

Any two or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholders") shall at all times have the right, by a written requisition signed by the Eligible Shareholders concerned (the "Requisition"), to require the Board to convene an extraordinary general meeting, and/or to put any resolution so requisitioned to vote at such extraordinary general meeting.

Eligible Shareholders who wish to requisition the Board to convene an extraordinary general meeting for the purpose of proposing a resolution at the extraordinary general meeting must deposit the Requisition at the principle place of business of the Company in Hong Kong at Unit 5603, 56th Floor, The Center, 99 Queen's Road Central, Hong Kong, for the attention of the joint company secretaries or via e-mail at the e-mail address of the Company at boardteam@powerlong.com.

The Requisition must state clearly the names of the Eligible Shareholders concerned, specify the objects of the meeting, and be signed by the Eligible Shareholders concerned. The Eligible Shareholders must prove their shareholdings in the Company to the satisfaction of the Company.

The Company will check the Requisition and the identities and the shareholdings of the Eligible Shareholders will be verified with the Company's Hong Kong branch share registrar. If the Requisition is found to be proper and in order and in compliance with the Company's memorandum of association (the "**Memorandum**") and Articles of Association, the Board will within 21 days of the date of deposit of the Requisition, proceed duly to convene an extraordinary general meeting to be held within a further 21 days, for the purpose of putting any resolution(s) proposed by the Eligible Shareholders to vote at such extraordinary general meeting. However, if the Requisition has been verified as not in order and not in compliance with the Memorandum and Articles of Association, the Eligible Shareholders concerned will be advised of this outcome and accordingly, the Board will not convene an extraordinary general meeting and will not put any resolution(s) proposed by the Eligible Shareholders to vote at any such extraordinary general meeting or any other general meeting of the Company.

If within 21 days of the date of deposit of the Requisition, the Board has not advised the Eligible Shareholders that the Requisition is not in order and not in compliance with the Memorandum and Articles of Association, and the Board has failed to proceed to convene an extraordinary general meeting, the Eligible Shareholders themselves (or any one or more of the Eligible Shareholders who hold(s) more than one-half of the total voting rights of all the Eligible Shareholders who signed the Requisition) may proceed to convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Board in accordance with the Memorandum and Articles of Association, provided that the extraordinary general meeting so convened must be held before the expiration of three months from the date of deposit of the Requisition. All reasonable expenses incurred by the Eligible Shareholders concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholders concerned by the Company.



## CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2021, there was no change in the constitutional documents of the Company.

## INVESTOR RELATIONS OVERVIEW

As a responsible listed company, the Company is committed to maintaining dynamic communications with its shareholders and investors. The Company regularly updates the investors about its latest operations and financial performance through company website, corporate newsletters, site visits, one-on-one meetings, bank conferences and international roadshows.

In 2021, the Company was invited to participate in 21 Asian forums and conferences held by various investment banks and financial institutions meeting more than 600 investors. Investor relations activities not only are helpful in promoting bilateral communications between the Company and the public and acting as an effective channel for information exchange, but also further enhance transparency of the Company in the capital market, thereby improving investors' relationship of the Group.

The Company participated in the following major investor relations activities in 2021:

January 2021	BNP Paribas 2021 Asia Real Estate Conference
January 2021	UBS 2021 21st Greater China Online Seminar
January 2021	Barclays 2021 China Credit Corporate Day
March 2021	2021 JP Morgan Emerging Market Corporate Day
March 2021	Shenwan Hongyuan Non-deal Roadshow
March 2021	Industrial Securities Non-deal Roadshow
April 2021	Haitong Securities Spring Listco Exchange Fair
May 2021	2021 Bank of America Asia Pacific Financial, Real Estate Equities and Credit Conference
June 2021	CGS-CIMB 6th China/Hong Kong Real Estate/Property Management Industry Strategy Meeting
June 2021	Deutsche Bank 25th European Leveraged Finance Summit
June 2021	Industrial Securities 2021 Interim Strategy Meeting
June 2021	Credit Suisse China/Hong Kong Real Estate Corporate Day
June 2021	Citi's 2021 Asia Pacific Real Estate Investment Summit
June 2021	Jefferies 2021 China Real Estate and Financial Corporate Day
September 2021	Barclay China Investment Strategy Meeting
October 2021	2021 Bank of America Credit Conference
October 2021	JP Morgan Asia Credit Conference
October 2021	Nomura Asia High-yield Corporate Day
November 2021	2021 Citi's China Investment Summit
November 2021	2021 Bank of America Investor Conference
November 2021	Goldman Sachs 2021 China Investment Conference

Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number:	+852-2169 1955
By post:	8/F, Powerlong Tower, 1399 Xinzheng Road, Minhang District, Shanghai, China Unit 5603, 56/F, The Center, 99 Queen's Road Central, Hong Kong
Attention:	Mr. Liu Boyang/Ms. Zhang Shiyu
By email:	ir@powerlong.com

# REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in property development, property investment, commercial operational services and residential property management services, and other property development related services. Details of the principal activities of its principal subsidiaries are set out in note 41 to the consolidated financial statements.

## RESULTS

The business review and financial review of the Group for the year ended 31 December 2021 are set out in the sections of “Management Discussion and Analysis” of this annual report.

The results of the Group for the year ended 31 December 2021 are set out on pages 84 to 190 of this annual report.

## DIVIDEND

At the Board meeting held on 29 April 2022, the Board recommended the payment of the Final Dividend of HK10.0 cents per ordinary share of the Company (each a “**Share**”) for the year ended 31 December 2021, which is subject to approval by the Shareholders at the annual general meeting of the Company for the year ended 31 December 2021 (the “**Annual General Meeting**”) to be held on Friday, 17 June 2022. The Final Dividend, if approved by the Shareholders, will be paid on or around Friday, 21 October 2022 to the Shareholders whose names appear on the register of members of the Company after the close of business on Monday, 27 June 2022.

The Final Dividend will be offered with a scrip option for the Shareholders to elect, as an alternative, to receive the Final Dividend wholly or partly in the form of new fully paid Shares (the “**New Shares**”) in lieu of cash (the “**Scrip Dividend Scheme**”). The New Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the Company’s shares in issue on the date of allotment and issue of such shares, except that they will not be entitled to the Final Dividend. The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the Final Dividend at the Annual General Meeting and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be issued pursuant to the Scrip Dividend Scheme.

A circular containing details of the Scrip Dividend Scheme and relevant election form will be despatched to the Shareholders shortly after the Annual General Meeting.

In order to be qualified for the proposed Final Dividend for the year ended 31 December 2021, all transfer documents, accompanied by the relevant share certificates, must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 22 June 2022.

Together with the interim dividend of HK18.0 cents per Share for the six months ended 30 June 2021 paid on 15 December 2021, the total dividend for the year ended 31 December 2021 amounted to HK28.0 cents per Share.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividend.

## DIVIDEND POLICY

Any declaration of dividends will depend upon a number of factors including the Group's earnings and financial conditions, operation requirements, capital requirements and any other conditions that any other Directors may deem or are relevant and will be subject to the approval of the Shareholders. There can be no assurance that dividends of any amount will be declared or distributed in any given year.

## RESERVES

Details of movement in the reserves of the Group and the Company for the year ended 31 December 2021 are set out in the consolidated statement of changes in equity and in note 42(a) to the consolidated financial statements, respectively.

As at 31 December 2021, the reserves of the Company available for distribution were approximately RMB8 million (2020: approximately RMB114 million).

## SHARE CAPITAL

For the year ended 31 December 2021, the Company repurchased and cancelled 2,000,000 shares. For further details, please refer to the section headed "Report of the Directors – Purchase, Sale and Redemption of the Company's Listed Securities" in this annual report.

Details of movements in the share capital of the Group during the year ended 31 December 2021 are set out in note 20 to the consolidated financial statements.

## DEBENTURES

Details of the issuance of senior notes of the Company during the year ended 31 December 2021 are set out in the section headed "Management Discussion and Analysis" in this annual report.

## EQUITY-LINKED AGREEMENTS

The Company has not entered into any and had no subsisting equity-linked agreement for the year ended 31 December 2021.

## PENSION SCHEMES

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance, which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

As at 31 December 2021, the Group did not have any forfeited contributions that were utilised to reduce the level of contributions under its defined contribution scheme.

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights over shares of the Company under the Articles of Association or the laws of Cayman Islands where the Company is incorporated.

## **FIVE-YEAR FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 191 to 192 of this annual report.

## **BORROWINGS**

Particulars of borrowings of the Company and the Group as at 31 December 2021 are set out in note 23 to the consolidated financial statements.

## **PROPERTY AND EQUIPMENT**

Details of property and equipment of the Group are set out in note 6 to the consolidated financial statements.

## **BUSINESS REVIEW**

A review of the business of the Group during the year and a discussion of the Group's future business development are set out in the Chairman's Statement on pages 8 to 11 of this annual report. Description of possible risks and uncertainties facing the Company is set out in the Management Discussion and Analysis on pages 31 to 43 of this annual report. Particulars of important events affecting the Company that have occurred since the end of the financial year ended 31 December 2021 are set out in note 44 to the consolidated financial statements.

## **ENVIRONMENTAL PROTECTION AND COMPLIANCE WITH LAWS AND REGULATIONS**

The Group is committed to supporting the environmental sustainability. Being a property developer and city complex operator in the PRC, the Group is subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments. These include regulations on air and noise pollution and discharge of waste and water into the environment. Further details of the Group's environmental policies and performance will be set out in the Environmental, Social and Governance Report of the Group for the year ended 31 December 2021 to be published on the websites of the Company and the Stock Exchange in accordance with the Listing Rules.

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. During the year ended 31 December 2021, the Group had complied with relevant laws and regulations that have significant impact on the operations of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

## RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to its staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfies needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. The Group reinforces business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

### Executive Directors

Mr. Hoi Kin Hong (Chairman)  
 Mr. Hoi Wa Fong (Chief executive officer)  
 Mr. Xiao Qing Ping  
 Ms. Shih Sze Ni Cecilia  
 Mr. Zhang Hong Feng

### Non-executive Director

Ms. Hoi Wa Fan

### Independent Non-executive Directors

Mr. Ngai Wai Fung  
 Mr. Mei Jian Ping  
 Mr. Ding Zu Yu

## REPORT OF THE DIRECTORS

In accordance with article 16.18 of the Company's Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Xiao Qing Ping, Ms. Shih Sze Ni Cecilia and Ms. Hoi Wa Fan will retire from their offices as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the forthcoming Annual General Meeting.

Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni Cecilia and Mr. Zhang Hong Feng, the executive Directors and Ms. Hoi Wa Fan, the non-executive Director, have entered into service contracts with the Company for a term of three years commencing from 14 October 2021 to 13 October 2024. Mr. Ngai Wai Fung, Mr. Mei Jian Ping and Mr. Ding Zu Yu, the independent non-executive Directors, have entered into letters of appointment with the Company for a term of three years commencing from 14 October 2021 to 13 October 2024. None of the Directors, including Directors being proposed for re-election at the forthcoming Annual General Meeting, has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

### DIRECTORS' REMUNERATION

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular review by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate and will be determined in accordance with the Company's remuneration policy and structure.

Details of Directors' remuneration are set out in note 43 to the consolidated financial statements.

### 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 during the year ended 31 December 2021.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the note 43 to the consolidated financial statements and in the section headed "Connected Transactions" below, there was no other transaction, arrangement or contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2021.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2021 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### TAX RELIEF AND EXEMPTION

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

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, being the Directors, are interested in certain companies engaged in the hotel operation business, which is ancillary to the Company's core business, namely, commercial property development and operation. The hotels operated by such companies are Xiamen Powerlong Hotel (廈門寶龍大酒店) and Jinjiang Powerlong Hotel (晉江寶龍大酒店). These two hotels are operated independently and in individual mode different from that of the Group, while the hotels included in the Group's development projects are developed as part of the large-scale and multifunctional commercial complexes. As such, there are no actual or potential competition between these two hotels and the hotels to be included in the Group's development project. Details of Xiamen Powerlong Hotel and Jinjiang Powerlong Hotel are set out in the prospectus of the Company dated 25 September 2009 (the "**Prospectus**"). As at 31 December 2021, there were no changes in the above information as disclosed in the Prospectus.

Saved as disclosed above, as at 31 December 2021, none of the Directors or their respective associates had interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

Each of Skylong Holdings Limited, Sky Infinity Holdings Limited, Walong Holdings Limited, Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan has undertaken to the Company that, subject to the exceptions mentioned in the Prospectus, they will not engage in, and shall procure that their controlled affiliates (other than members of the Company) will not engage in any property development and hotel operation business in China. Details of the deed of non-competition (the "**Deed of Non-competition**") in favour of the Company are set out in the Prospectus.

The Company has received from Skylong Holdings Limited, Sky Infinity Holdings Limited, Walong Holdings Limited, Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan an annual confirmation that it/he/she had fully complied with its/his/her obligations under the Deed of Non-competition.

## INDEMNITY AND INSURANCE PROVISIONS

The Articles of Association provides that every Director shall be entitled to be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses as a result of any act or failure to act in carrying out his/her functions. Such provisions were in force during the course of the financial year ended 31 December 2021 and remained in force as of the date of this annual report. The Company has also arranged appropriate directors and officers liability insurance in respect of legal action against Directors.

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2021, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (i) were recorded in the register required to be kept by the Company under section 352 of the SFO; or (ii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### (1) Long position in the shares and the underlying shares of the Company

Name of Directors	Number of ordinary shares				Total	Approximate percentage of interests to the issued share capital of the Company (Note 1)
	Personal interests	Interests of spouse	Interests of a controlled corporation	Other interests		
Mr. Hoi Kin Hong	28,465,000	2,800,000	1,805,637,000 (Note 2)	–	1,836,902,000	44.37%
Mr. Hoi Wa Fong	8,988,000	503,400	–	597,568,000 (Note 3)	607,059,400	14.66%
Mr. Xiao Qing Ping	911,700	–	–	–	911,700	0.02%
Ms. Shih Sze Ni Cecilia	503,400	606,556,000	–	–	607,059,400	14.66%
Mr. Zhang Hong Feng	184,300	–	–	–	184,300	0.004%
Ms. Hoi Wa Fan	61,470,000	–	226,623,000 (Note 4)	–	288,093,000	6.96%

Notes:

- These percentages have been compiled based on the total number of issued shares (i.e. 4,140,403,000 shares) as at 31 December 2021.
- These shares are held by Skylong Holdings Limited, which is wholly and beneficially owned by Mr. Hoi Kin Hong. Pursuant to the SFO, Mr. Hoi Kin Hong is deemed to be interested in the shares held by Skylong Holdings Limited.
- These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held under The Sky Infinity Trust.
- These shares are held by Walong Holdings Limited and Mantong (HK) Trading Co., Ltd, which are wholly and beneficially owned by Ms. Hoi Wa Fan. Pursuant to the SFO, Ms. Hoi Wa Fan is deemed to be interested in the shares held by Walong Holdings Limited and Mantong (HK) Trading Co., Ltd.

**(2) Long position in the shares of associated corporations of the Company**

Name of Directors	Name of associated corporation	Number of ordinary shares					Approximate percentage of interests to the issued share capital of the Company (Note 1)
		Personal interests	Interests of spouse	Interests of a controlled corporation	Other interests	Total	
Mr. Hoi Wa Fong	Powerlong CM	–	–	45,000,000 (Note 2)	500,000 (Note 3)	45,500,000	7.08%
Ms. Shih Sze Ni Cecilia	Powerlong CM	–	45,500,000 (Note 4)	–	–	45,500,000	7.08%

Notes:

1. These percentages have been compiled based on the total number of issued shares of Powerlong CM (i.e. 642,900,000 shares) as at 31 December 2021.
2. Huihong Management (PTC) Limited (“**Huihong Management**”), the trustee of Huihong Trust, is wholly owned by Mr. Hoi Wa Fong. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares of Powerlong CM held by Huihong Management.
3. These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares of Powerlong CM held under the Sky Infinity Trust.
4. Ms. Shih Sze Ni Cecilia is the spouse of Mr. Hoi Wa Fong. Pursuant to the SFO, Ms. Shih Sze Ni Cecilia is deemed to be interested in the shares of Powerlong CM held by Mr. Hoi Wa Fong.

**(3) Long position in the debentures of the Company**

Name of Directors	Capacity/Nature of interests	Principal amount of the relevant debenture held	Approximate percentage of interests to the aggregate principal amount of the relevant debenture issued
Mr. Hoi Wa Fong	Settlor of discretionary trust (Note 3)	US\$1,500,000 (Note 1)	0.5%
		US\$3,500,000 (Note 2)	1.75%
Ms. Shih Sze Ni Cecilia	Interests of spouse (Note 4)	US\$1,500,000 (Note 1)	0.5%
		US\$3,500,000 (Note 2)	1.75%

Notes:

1. The US\$300,000,000 7.125% senior notes due 2022 issued by the Company are listed on SGX-ST, transferable and not convertible into shares of the Company. For details of the 7.125% senior notes due 2022, please refer to the announcement of the Company dated 5 November 2019.
2. The US\$200,000,000 3.9% senior notes due 2022 issued by the Company are listed on SGX-ST, transferable and not convertible into shares of the Company. For details of the 3.9% senior notes due 2022, please refer to the announcement of the Company dated 15 April 2021. The Company early repaid all outstanding principal amount of the 3.9% senior notes due 2022 on 6 April 2022.
3. These debentures are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor.
4. Ms. Shih Sze Ni Cecilia is the spouse of Mr. Hoi Wa Fong. Pursuant to the SFO, Ms. Shih Sze Ni Cecilia is deemed to be interested in the debentures of the Company held by Mr. Hoi Wa Fong.

Saved as disclosed above, as at 31 December 2021, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2021, the interests or short positions of the persons or corporations, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders	Capacity/Nature of interests	Total number of ordinary shares and underlying shares (Note 1)	Approximate percentage of interests in the Company (Note 2)
Skylong Holdings Limited (Note 3)	Beneficial owner	1,805,637,000	43.61%
Credit Suisse Trust Limited (Note 4)	Trustee	597,568,000	14.43%
Sky Infinity Family Limited (Note 4)	Interest in controlled corporation	597,568,000	14.43%
Sky Infinity Holdings Limited (Note 4)	Beneficial owner	597,568,000	14.43%
Wason Holdings Limited	Beneficial owner	246,201,000	5.95%
Walong Holdings Limited	Beneficial owner	209,444,000	5.06%

Notes:

- All the interests represent long positions.
- These percentages have been compiled based on the total number of issued shares (i.e. 4,140,403,000 shares) as at 31 December 2021.
- Skylong Holdings Limited is wholly and beneficially owned by Mr. Hoi Kin Hong.
- Sky Infinity Holdings Limited is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor.

Save as disclosed above, as at 31 December 2021, the Directors are not aware of any other person or corporation, other than a Director or chief executive of the Company, who had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no other contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a controlling shareholder had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2021.

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

During the year ended 31 December 2021, the Company repurchased 2,000,000 of its own shares on the Stock Exchange at a total consideration of approximately HK\$12,847,920.06, exclusive of commissions and other expenses. The Shares repurchased by the Company were cancelled on 23 September 2021. Details of the repurchases were as follows:

Date of repurchase	Number of Shares repurchased	Consideration per Share		Total consideration paid for repurchase HK\$
		Highest price paid HK\$	Lowest price paid HK\$	
19 August 2021	1,000,000	6.5	6.4	6,440,000
20 August 2021	1,000,000	6.47	6.25	6,407,920.06
<b>Total</b>	<b>2,000,000</b>			<b>12,847,920.06</b>

The share repurchases were made by the Board after considering the Company's cash flow from operational activities, which also reflected the confidence of the Board and the management team in the long-term strategy and the prospects of the Company.

Save as the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2021.

## CONNECTED TRANSACTIONS

Certain related party transactions set out in note 38 to the consolidated financial statements also constituted connected transactions of the Company under Chapter 14A of the Listing Rules (including certain transaction which are exempted from the connected transaction requirements under Rule 14A.76(1) of the Listing Rules). The following transactions are the non-exempted connected transactions of the Group during the year ended 31 December 2021, which are required to be disclosed in accordance with Chapter 14A of the Listing Rules and for which the requirements under Chapter 14A have been complied with.

### Acquisition of Approximately 8.3% in Shanghai Yueshang Information Technology Co., Ltd. ("Shanghai Yueshang")

On 27 May 2021, Shanghai Jiashang Digital Technology Company Limited ("**Shanghai Jiashang**", a wholly-owned subsidiary of Powerlong CM and a non-wholly owned subsidiary of the Company), Shenzhen Tencent Industrial Venture Capital Co., Ltd. ("**Shenzhen Tencent**"), the five core senior management shareholders of Shanghai Yueshang, Shanghai Shangyue Enterprise Management Center (LLP) and Shanghai Yueshang entered into a capital increase agreement (the "**Capital Increase Agreement**"), pursuant to which (i) Shanghai Jiashang agreed to make a capital contribution of RMB50,000,000 to Shanghai Yueshang; and (ii) Shenzhen Tencent agreed to make a capital contribution of RMB50,000,000 to Shanghai Yueshang. Upon completion of the capital increase, Shanghai Jiashang owned approximately 8.3% interests in Shanghai Yueshang and Shanghai Yueshang became accounted as an investment accounted for using the equity method of Powerlong CM and the Company. Details of the Capital Increase Agreement are set out in the announcement of the Company dated 27 May 2021.

As at the date of the Capital Increase Agreement, Shanghai Yueshang was owned as to 40.5% by Mr. Hoi Wa Fong, an executive Director and a substantial shareholder of the Company, with the remaining 59.5% interests being owned by other third parties who are independent of, and not connected with, the Company and its connected persons. Shanghai Yueshang is therefore an associate of Mr. Hoi Wa Fong and hence a connected person at the listed issuer level of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Capital Increase Agreement constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

## Continuing Connected Transactions

### (1) *Security Service Agreement with Fujian Ping An*

On 1 July 2010, the Company and Fujian Ping An Security Devices and Network Co., Ltd. ("**Fujian Ping An**") entered into a security service agreement (the "**Security Service Agreement**") for a term from 1 July 2010 to 31 December 2012. Pursuant to the Security Service Agreement, Fujian Ping An agreed to provide certain security intelligitization system services (the "**Security Services**") to the Group. Upon expiry of the term of the Security Service Agreement, the parties entered into a renewal agreement on 28 December 2012 for an extension of the term to 31 December 2015 (the "**2013 Security Service Agreement**"), further entered into a renewal agreement on 28 December 2015 for a further extension of the term to 31 December 2018 (the "**2016 Security Service Agreement**"), further entered into a renewal agreement on 27 December 2018 for a further extension of the term to 31 December 2021 (the "**2019 Security Service Agreement**") and further entered into a renewal agreement on 28 December 2021 for a further extension of the term to 31 December 2024 (the "**2022 Security Service Agreement**"). Details of the Security Service Agreement, 2013 Security Service Agreement, 2016 Security Service Agreement, 2019 Security Service Agreement and 2022 Security Service Agreement are set out in the announcements of the Company dated 1 July 2010, 28 December 2012, 28 December 2015, 27 December 2018 and 28 December 2021 respectively.

Fujian Ping An was owned as to 80% by Mr. Cai Guo Liang. Mr. Cai Guo Liang is a relative of Mr. Hoi Wa Fong, an executive Director and a substantial shareholder of the Company. Fujian Ping An is therefore an associate of Mr. Hoi Wa Fong and hence a connected person at the listed issuer level of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2019 Security Service Agreement and the 2022 Security Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to the 2022 Security Service Agreement, it is expected that the transaction amounts of the Group for each of the three financial years ending 31 December 2024 will not exceed RMB200,000,000, RMB205,000,000 and RMB220,000,000 respectively. During the year ended 31 December 2021, under the 2019 Security Service Agreement, the actual total transaction amounts in 2021 were RMB64,644,000, which did not exceed the annual cap for the year ended 31 December 2021 of RMB200,000,000.

### (2) *Digitalization Service Agreement with Shanghai Yueshang*

On 17 April 2020, the Company entered into a digitalization service agreement (the "**Digitalization Service Agreement**") with Shanghai Yueshang. Shanghai Yueshang agreed that it will provide digitalization technology services to the Group for a term of three years with retrospective effect from 1 January 2020 and ending on 31 December 2022 (both days inclusive). Details of the Digitalization Service Agreement are set out in the announcements of the Company dated 17 April 2020 and 6 May 2020 respectively.

As at the date of the Digitalization Service Agreement, Shanghai Yueshang was owned as to 45% by Mr. Hoi Wa Fong, an executive Director and a substantial shareholder of the Company, with the remaining 55% interests being owned by other third parties who are independent of, and not connected with, the Company and its connected persons. Shanghai Yueshang is therefore an associate of Mr. Hoi Wa Fong and hence a connected person at the listed issuer level of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Digitalization Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to the Digitalization Service Agreement, it is expected that the transaction amount of the Group for each of the three financial years ending 31 December 2022 will not exceed RMB45,000,000, RMB60,000,000 and RMB85,000,000, respectively. During the year ended 31 December 2021, under the Digitalization Service Agreement, the actual total transaction amounts in 2021 were RMB31,630,000, which did not exceed the annual cap for the year ended 31 December 2021 of RMB60,000,000.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company confirmed that the aforesaid continuing connected transactions have been entered into: (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing the respective transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Save as disclosed above, as at 31 December 2021, there were no other related party transactions or continuing related party transactions set out in note 38 to the consolidated financial statements which falls under the definition of “connected transaction” or “continuing connected transaction” and are subject to the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Further, the Company has complied with all applicable disclosure requirements in relation to the aforesaid connected transaction and continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

In accordance with Rule 14A.56 of the Listing Rules, the Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has provided a letter to the Board confirming that nothing has come to its attention that caused it to believe that the continuing connected transactions (i) have not been approved by the Board; (ii) were not, in all material aspects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; (iii) were not entered into, in all material aspects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the cap.

### DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

#### Facility Agreement dated 18 April 2018

On 18 April 2018, the Company as borrower and Tai Fung Bank Limited as lender entered into a facility agreement (the “**Term Loan Facility Agreement**”) in relation to a 3-year term loan facility amounting to HK\$200,000,000 (the “**Term Loan Facility**”). Pursuant to the Term Loan Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial ownership of not less than 40% of the entire issued share capital of the Company; and (iii) maintain management control of the Company. Details of the Term Loan Facility are set out in the announcement of the Company dated 18 April 2018. On 17 April 2021, the Term Loan Facility (including all accrued interest) was fully settled.

#### Facility Agreement dated 5 July 2018

On 5 July 2018, the Company as borrower, The Hongkong and Shanghai Banking Corporation Limited as the mandated lead arranger, the bookrunner and the agent, The Bank of East Asia Limited and Tai Fung Bank Limited each as the mandated lead arranger entered into a facility agreement (the “**2018 Facility Agreement**”) in relation to a 42-month term loan facility in an amount up to US\$305,000,000 (which includes an accordion feature) or the equivalent amount in other currencies (the “**2018 Facility**”). Pursuant to the 2018 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial ownership of not less than 40% of the entire issued share capital of the Company; and (iii) maintain management control of the Company. Details of the 2018 Facility Agreement are set out in the announcement of the Company dated 5 July 2018. On 6 January 2022, the 2018 Facility (including all accrued interest) was fully settled.

### Facility Agreement dated 8 July 2019

On 8 July 2019, the Company as the borrower, entered into a facility agreement with a group of lenders in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US\$200,000,000 (which includes an accordion feature) (the **"2019 Term Loan Facility"**). Pursuant to the 2019 Term Loan Facility, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial ownership of not less than 40% of the entire issued share capital of the Company; and (iii) maintain management control of the Company. Details of the 2019 Term Loan Facility are set out in the announcement of the Company dated 8 July 2019.

### Facility Agreement dated 13 May 2020

On 13 May 2020, the Company as the borrower, Industrial and Commercial Bank of China (Macau) Limited (**"ICBC Macau"**) as the arranger, ICBC Macau and the financial institutions set out therein, as the original lenders and ICBC Macau as the agent, and other parties thereto, entered into a facility agreement (the **"May 2020 Facility Agreement"**) in relation to a 42-month term dual currency triple tranche loan facility in an amount of up to US\$200 million equivalent (which includes incremental facilities) (the **"May 2020 Term Loan Facility"**). Pursuant to the May 2020 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 13 May 2020 for further details of the May 2020 Term Loan Facility.

### Facility Agreement dated 30 June 2020

On 30 June 2020, the Company as the borrower, China CITIC Bank International Limited, The Bank of East Asia, Limited and HSBC as the mandated lead arranger and bookrunner, the financial institutions set out therein, as the original lenders and HSBC as the agent, and other parties thereto, entered into a facility agreement (the **"June 2020 Facility Agreement"**) in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US\$300 million equivalent (which includes incremental facilities) (the **"June 2020 Term Loan Facility"**). Pursuant to the June 2020 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 30 June 2020 for further details of the June 2020 Term Loan Facility.

### Facility Agreement dated 9 July 2021

On 9 July 2021, the Company as the borrower, The Bank of East Asia, Limited, Macau Branch and Luso Bank as the mandated lead arranger and coordinator, the financial institutions set out therein, as the original lenders and Luso Bank as the agent, and other parties thereto, entered into the July 2021 Facility Agreement in relation to the July 2021 Term Loan Facility. Pursuant to the July 2021 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 9 July 2021 for further details of the July 2021 Term Loan Facility.

### Facility Agreement dated 9 August 2021

On 9 August 2021, the Company as the borrower, Bank of China (Hong Kong) Limited, Bank of Communications (Hong Kong) Limited, The Bank of East Asia Limited and HSBC as the mandated lead arranger and coordinator, the financial institutions set out therein as the original lenders and HSBC as the agent, and other parties thereto, entered into the August 2021 Facility Agreement in relation to the August 2021 Term Loan Facility. Pursuant to the August 2021 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 9 August 2021 for further details of the August 2021 Term Loan Facility.

As at 31 December 2021, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. During the year ended 31 December 2021, the Company had complied with all applicable code provisions in CG Code. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 51 to 61 of this annual report. The Company will continue to review and monitor its corporate governance practices to ensure compliance with CG Code.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2021 and up to the date of this annual report, the Company had maintained a sufficient public float of more than 25% of the Company's total number of issued shares as required under the Listing Rules.

## EVENTS AFTER THE REPORTING PERIOD

### Partial Repurchase and Repayment of Senior Notes

As of 31 March 2022, the Company had made partial repurchases of the US\$200,000,000 3.9% senior notes due 2022 issued by the Company and listed on the SGX-ST (the "Notes") in the aggregate principal amount of US\$32,950,000.

As of 6 April 2022, the Company has remitted all necessary funds to the trustee of the Notes for the repayment of all outstanding principal amount and accrued interest of the Notes at its maturity (the "Repayment"). There will be no outstanding Notes in issue after the Repayment.

Please refer to the announcements of the Company dated 25 February 2022, 28 February 2022, 31 March 2022 and 6 April 2022 for further details.

### Redemption of the 2020 Corporate Bonds

On 16 March 2022, Shanghai Powerlong deposited all necessary funds into the designated bank account of China Securities Depository and Clearing Corporation Limited for the redemption of the 2020 corporate bonds specialized in rental housing (Tranche 1) in the PRC (the "2020 Corporate Bonds") at maturity in full at their outstanding principal amount together with interest accrued to the maturity date. The 2020 Corporate Bonds were redeemed on 20 March 2022. Please refer to the announcement of the Company dated 16 March 2022 for further details.

Save as disclosed above and the event under the section headed "Auditor" in this annual report, the Group had no significant events occurred which have material impact on the performance and the value of the Group after the year ended 31 December 2021 and up to the date of this annual report.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales, and the aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases.

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholder (who to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interest in any of the five largest customers or suppliers of the Group.

## DONATIONS

Charitable and other donations made by the Group during the year ended 31 December 2021 amounted to RMB35 million (2020: approximately RMB69 million).

## AUDITOR

As disclosed in the announcement of the Company dated 24 March 2022, PricewaterhouseCoopers ("**PwC**") resigned as the auditor of the Company with effect from 24 March 2022. The Board resolved, having regard to the recommendation from the Audit Committee, to approve the appointment of Elite Partners CPA Limited ("**Elite Partners**") as the new auditor of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company. Accordingly, the consolidated financial statements for the year ended 31 December 2021 have been audited by Elite Partners. Save as disclosed above, there was no change in the external auditor of the Company for the three years preceding the date of this annual report. A resolution will be proposed at the forthcoming Annual General Meeting for the re-appointment of Elite Partners as the auditor of the Company.

The Company would like to provide certain clarification in relation to the resignation of PwC as auditor as noted in PwC's resignation letter.

### Background

In the course of its audit on the Company's consolidated financial statements for the year ended 31 December 2021, PwC obtained bank confirmations regarding two bank deposits (the "**Bank Deposits**") of two subsidiaries of the Company (the "**Relevant Subsidiaries**") from a bank (the "**Bank**"), pursuant to which the Bank Deposits were confirmed by the Bank as unrestricted deposits. However, upon subsequent telephone enquiry made by PwC with the confirmation letter handling department of the Bank, PwC was informed that such department did not handle the bank confirmations, and the relevant bank account numbers were under the restricted deposit category (the "**Inconsistencies**").

The Bank Deposits are a type of structured deposit product, where the principal of the Bank Deposits is 100% guaranteed by the Bank with the interest rate (the "**Interest Rate**") comprising a fixed rate plus a variable rate which is linked to the 1-year China Loan Prime Rate authorised by the People's Bank of China. The Bank Deposits are by nature similar to a fixed deposit, which had a term of not more than 12 months, during which early withdrawal is not allowed prior to the expiry of the term (the "**Restriction**"). This Restriction allows the Group to earn a higher interest rate than a deposit without the Restriction. The Bank Deposits were made for treasury purpose in accordance with the Group's treasury policy.

### The Company's view and clarification

The Company would like to clarify that the Group was not involved in the audit confirmation process apart from verifying the information in the bank confirmations before they were sent out by PwC, and that PwC received the responses from the Bank in the ordinary and usual course of the audit confirmation workstream. The Company was not in the position to explain the Inconsistencies without obtaining further clarification and response from the Bank. The Company had requested for clarification from the Bank and was informed by the Bank that it would provide its written response to audit confirmation request, which shall be taken as the official response of the Bank. According to the bank's response to audit confirmation request received by Elite Partners, the Bank Deposits were restricted deposits. As such, the Company believes that no further clarification is required in respect of the Inconsistencies.

## REPORT OF THE DIRECTORS

The Company would like to emphasize that the Inconsistencies would only affect the classification of the Bank Deposits as restricted cash or unrestricted cash in the consolidated financial statements of the Company. Regardless of whether the cash deposit account in question is regarded as a restricted or unrestricted account, the Bank Deposits would still be classified as bank deposits in the consolidated financial statements of the Company.

The Bank Deposits were classified as restricted cash under Note 18 (Restricted Cash) to the Company's audited consolidated financial statements in this annual report. As at 31 March 2022, RMB1,650 million of the Bank Deposits had matured, and the remaining RMB1,450 million (the "**Remaining Bank Deposits**") will mature in November 2022. The Remaining Bank Deposits only accounted for approximately 5.8% of the Group's cash and cash equivalents and restricted cash as at 31 December 2021 based on the Company's audited consolidated balance sheet as at 31 December 2021. The Group had sufficient working capital for its ordinary and usual course of business and placing of the Bank Deposits with the Restriction would not affect the overall liquidity of the Group from a cash flow management perspective and would not affect its operation at all.

### The Audit Committee's view

The Company discussed the matters relating to the Inconsistencies with the Audit Committee. The Audit Committee agreed with the Company's view that the underlying matter associated with the Bank Deposits did not amount to an audit issue for the purpose of the audit of the Group's annual results for the year ended 31 December 2021 and only concerned the classification of the Bank Deposits in the Group's financial statements as restricted or unrestricted bank deposits, and did not consider an investigation by the Group would be necessary in light of the COVID-19 pandemic situation faced by the Group. It also concurred with the Company's view that the placing of the Bank Deposits with the Bank would not affect the overall liquidity of the Group from a cash flow management perspective and would not affect its operation at all.

### Elite Partners' view

Elite Partners has received the information and explanation provided by the management of the Group regarding the Inconsistencies and the Bank Deposits, and performed the designated audit procedures to verify the management's explanation. Based on the audit procedures performed by it, Elite Partners agreed with the Company's classification of the Bank Deposits as restricted cash in the Company's consolidated financial statements as at 31 December 2021. Elite Partners has expressed a clean audit opinion on the Company's audited consolidated financial statements for the year ended 31 December 2021 in this annual report.

On behalf of the Board

**Hoi Kin Hong**  
*Chairman*

Hong Kong, 29 April 2022

# INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021



## To the Shareholders of Powerlong Real Estate Holdings Limited

*(incorporated in Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Powerlong Real Estate Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 84 to 190, which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of investment properties</b></p> <p>Refer to Notes 4(d) and 7 to the consolidated financial statements.</p> <p>The Group's investment properties are stated at fair value. As at 31 December 2021, the Group's investment properties amounted to RMB78.3 billion, which represents 32% of the Group's total assets, and the fair value gains on investment properties for the year ended 31 December 2021 amounted to RMB1.7 billion.</p> <p>Independent external valuations were obtained for certain of the Group's investment properties (including completed and under construction) in order to support management's estimates. The valuations of investment properties are dependent on certain key estimates and assumptions that require significant management judgement, including term yields and reversionary yields, fair market rents and fair market prices. The valuations of investment properties under construction are also dependent upon the estimated costs to complete.</p> <p>We paid significant attention to this area due to the material balance and fair value gain of investment properties to the Group's consolidated financial statements and the estimation of the valuations of investment properties subject to high degree of estimation uncertainty. The inherent risk in relation to this area is considered significant due to critical judgement involved in determining the critical estimates and assumptions used in the valuations.</p>	<p>Our procedures in relation to management's valuation of investment properties included:</p> <ul style="list-style-type: none"><li>(i) We obtained an understanding of the management's internal control and assessment process of the valuations of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud;</li><li>(ii) We evaluated the competence, capabilities and objectivity of the independent external valuer;</li><li>(iii) We involved our internal valuation specialist in assessing the appropriateness of methodologies used and the reasonableness of the key estimates and assumptions applied in the valuations, including term yields and reversionary yields, fair market rents and fair market prices. We compared the term yields, reversionary yields, market rents and market prices used in the valuations to our internally developed benchmarks, which are based on our recent experience and market research in the locations and segments of the Group's investment properties. We have also conducted a sensitivity analysis over the key assumptions;</li></ul>

Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>(iv) We checked the accuracy and relevance of the input data used in the valuations; and</p> <p>(v) For investment properties under construction, we assessed the reasonableness of management's estimates of costs to complete by checking the total budgeted construction costs against the signed contracts with vendors and actual construction costs of similar properties and tested the actual costs incurred up to date.</p> <p>We found the key estimates and assumptions used in the valuation of investment properties were supported by the available evidences.</p>

## OTHER INFORMATION

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

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

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

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, 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 HKSA's 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 HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

The engagement director on the audit resulting in this independent auditor's report is Mr. Leung Man Kin with Practising Certificate number P07174.

**Elite Partners CPA Limited**

*Certified Public Accountants*

10/F., 8 Observatory Road  
Tsim Sha Tsui  
Kowloon, Hong Kong

Hong Kong,  
29 April 2022

# CONSOLIDATED BALANCE SHEET

		31 December	
	Notes	2021 RMB'000	2020 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	6,228,971	5,221,769
Investment properties	7	78,329,755	58,243,338
Intangible assets		4,859	5,420
Goodwill		20,640	20,640
Investments accounted for using the equity method	16	9,769,743	7,642,200
Deferred income tax assets	24	1,109,849	800,680
Financial assets at fair value through profit or loss	14	558	313
Financial assets at fair value through other comprehensive income	15	299,081	439,057
Prepayments	13	571,656	1,269,164
Trade receivables	11	222,781	–
		<b>96,557,893</b>	<b>73,642,581</b>
<b>Current assets</b>			
Properties under development	9	70,865,579	48,719,297
Completed properties held for sale	10	16,833,381	14,589,666
Contract assets		557,363	406,338
Trade receivables	11	3,009,089	2,163,838
Other receivables	12	24,181,964	16,027,938
Prepayments	13	6,381,782	10,131,446
Prepaid taxes		1,411,024	865,430
Financial assets at fair value through profit or loss	14	189,924	308,983
Restricted cash	18	5,661,262	2,937,270
Cash and bank balances	19	19,407,192	25,338,726
		<b>148,498,560</b>	<b>121,488,932</b>
<b>Total assets</b>		<b>245,056,453</b>	<b>195,131,513</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital and share premium	20	36,779	36,795
Other reserves	21	1,808,496	1,582,187
Retained earnings		38,848,385	34,601,884
		<b>40,693,660</b>	<b>36,220,866</b>
<b>Perpetual capital instruments</b>	22	<b>519,781</b>	<b>519,781</b>
<b>Non-controlling interests</b>		<b>21,194,011</b>	<b>15,060,519</b>
<b>Total equity</b>		<b>62,407,452</b>	<b>51,801,166</b>

		31 December	
		2021	2020
		RMB'000	RMB'000
	Notes		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	23	50,934,930	45,899,678
Lease liabilities	8	2,349,586	675,920
Other payables	25	137,115	182,167
Deferred income tax liabilities	24	8,472,243	7,242,444
		<b>61,893,874</b>	54,000,209
<b>Current liabilities</b>			
Borrowings	23	22,022,693	20,667,678
Trade and other payables	25	46,378,690	35,229,517
Contract liabilities	26	38,925,437	22,757,332
Current income tax liabilities	27	13,238,405	10,462,611
Lease liabilities	8	189,902	213,000
		<b>120,755,127</b>	89,330,138
<b>Total liabilities</b>		<b>182,649,001</b>	143,330,347
<b>Total equity and liabilities</b>		<b>245,056,453</b>	195,131,513

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

The consolidated financial statements on pages 84 to 190 were approved and authorised for issue by the Board of Directors on 29 April 2022 and were signed on its behalf by:

**Hoi Kin Hong**  
Director

**Hoi Wa Fong**  
Director

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Notes	2021 RMB'000	2020 RMB'000
Revenue	5	39,902,461	35,495,300
Cost of sales	28	(27,383,411)	(22,679,514)
<b>Gross profit</b>		<b>12,519,050</b>	12,815,786
Fair value gains on investment properties – net	7	1,710,955	2,095,764
Selling and marketing costs	28	(1,392,470)	(1,096,220)
Administrative expenses	28	(1,911,870)	(1,545,590)
Impairment losses on financial assets – net		(241,415)	(150,002)
Other income and gains – net	30	1,390,342	184,226
<b>Operating profit</b>		<b>12,074,592</b>	12,303,964
Finance (costs)/income – net	31	(434,718)	312,433
Share of results of investments accounted for using the equity method	16	507,903	666,990
<b>Profit before income tax</b>		<b>12,147,777</b>	13,283,387
Income tax expense	32	(4,811,652)	(4,468,037)
<b>Profit for the year</b>		<b>7,336,125</b>	8,815,350
<b>Other comprehensive (expense)/income</b>			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences	21	(5,556)	(16,027)
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation gains on property and equipment transferred to investment properties, net of tax	21	–	92,203
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	21	(134,231)	42,688
<b>Total other comprehensive income for the year, net of tax</b>		<b>(139,787)</b>	118,864
<b>Total comprehensive income for the year</b>		<b>7,196,338</b>	8,934,214
<b>Profit attributable to:</b>			
Owners of the Company		5,992,099	6,093,216
Holders of perpetual capital instruments		38,000	50,979
Non-controlling interests		1,306,026	2,671,155
		<b>7,336,125</b>	8,815,350
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		5,852,312	6,212,080
Holders of perpetual capital instruments		38,000	50,979
Non-controlling interests		1,306,026	2,671,155
		<b>7,196,338</b>	8,934,214
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB cents per share)	33		
– Basic		144.7	147.1
– Diluted		144.7	147.1

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital and share premium RMB'000 (Note 20)	Other reserves RMB'000 (Note 21)	Retained earnings RMB'000	Total RMB'000	Holders of perpetual capital instruments RMB'000 (Note 22)	Non-controlling interests RMB'000	Total equity RMB'000
<b>Year ended 31 December 2021</b>							
Balance at 1 January 2021	36,795	1,582,187	34,601,884	36,220,866	519,781	15,060,519	51,801,166
Comprehensive income:							
Profit for the year	-	-	5,992,099	5,992,099	38,000	1,306,026	7,336,125
Other comprehensive expense for the year							
– Changes in the fair value of financial assets at fair value through other comprehensive income	-	(134,231)	-	(134,231)	-	-	(134,231)
– Currency translation differences	-	(5,556)	-	(5,556)	-	-	(5,556)
Total comprehensive income for the year	-	(139,787)	5,992,099	5,852,312	38,000	1,306,026	7,196,338
Transactions with owners:							
– Dividends	-	-	(1,745,596)	(1,745,596)	-	(78,388)	(1,823,984)
– Shares repurchased and cancelled	(16)	(10,925)	-	(10,941)	-	-	(10,941)
– Changes in ownership interests in subsidiaries without change of control	-	337,730	-	337,730	-	(353,211)	(15,481)
– Share award scheme – value of employee service	-	39,291	-	39,291	-	15,957	55,248
– Capital injection from non-controlling interests (Note 39)	-	-	-	-	-	4,541,846	4,541,846
– Capital withdrawal by non-controlling interests	-	-	-	-	-	(393,406)	(393,406)
– Change from joint ventures to subsidiaries (Note 40)	-	-	-	-	-	1,094,666	1,094,666
– Distribution to holders of perpetual capital instrument	-	-	-	-	(38,000)	-	(38,000)
Total transactions with owners	(16)	366,096	(1,745,596)	(1,379,516)	(38,000)	4,827,464	3,409,948
Balance at 31 December 2021	36,779	1,808,496	38,848,387	40,693,662	519,781	21,194,009	62,407,452

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Holders of perpetual capital instruments	Non-controlling interests	Total equity
	Share capital and share premium	Other reserves	Retained earnings	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 20)	(Note 21)			(Note 22)		
<b>Year ended 31 December 2020</b>							
Balance at 1 January 2020	719,088	1,669,289	29,451,835	31,840,212	820,364	6,246,452	38,907,028
Comprehensive income:							
Profit for the year	–	–	6,093,216	6,093,216	50,979	2,671,155	8,815,350
Other comprehensive income/(expense) for the year							
– Changes in the fair value of financial assets at fair value through other comprehensive income	–	42,688	–	42,688	–	–	42,688
– Revaluation gains on property and equipment transferred to investment properties	–	92,203	–	92,203	–	–	92,203
– Currency translation differences	–	(16,027)	–	(16,027)	–	–	(16,027)
Total comprehensive income for the year	–	118,864	6,093,216	6,212,080	50,979	2,671,155	8,934,214
Transactions with owners:							
– Dividends	(676,749)	–	(941,980)	(1,618,729)	–	(45,586)	(1,664,315)
– Shares repurchased and cancelled	(5,544)	–	–	(5,544)	–	–	(5,544)
– Share award scheme – value of employee service	–	13,097	–	13,097	–	5,319	18,416
– Capital injection from non-controlling interests	–	297,775	–	297,775	–	6,415,029	6,712,804
– Changes from joint ventures to subsidiaries	–	–	–	–	–	165,322	165,322
– Acquisition of a subsidiary	–	–	–	–	–	10,662	10,662
– Disposal of a subsidiary	–	–	–	–	–	(21,450)	(21,450)
– Capital withdrawn by non-controlling interests	–	–	–	–	–	(80,293)	(80,293)
– Changes in ownership interests in subsidiaries without change of control	–	(518,025)	–	(518,025)	–	(306,091)	(824,116)
– Redemption of perpetual capital instruments	–	–	–	–	(300,000)	–	(300,000)
– Distribution to holders of perpetual capital instruments	–	–	–	–	(51,562)	–	(51,562)
Total transactions with owners	(682,293)	(207,153)	(941,980)	(1,831,426)	(351,562)	6,142,912	3,959,924
Appropriation to statutory reserves	–	1,187	(1,187)	–	–	–	–
Balance at 31 December 2020	36,795	1,582,187	34,601,884	36,220,866	519,781	15,060,519	51,801,166

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
	Notes	2021 RMB'000	2020 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	35	10,006,594	(5,708,148)
PRC corporate income tax paid		(2,192,096)	(1,130,610)
PRC land appreciation tax paid		(1,135,302)	(1,078,574)
Interest paid		(4,736,098)	(4,095,819)
<b>Cash generated from/(used in) operating activities</b>		<b>1,943,098</b>	<b>(12,013,151)</b>
<b>Cash flows from investing activities</b>			
Cash acquired from change of joint ventures to subsidiaries	40	1,489,303	144,267
Net cash inflow in acquisition of a subsidiary		–	56
Net cash outflow in disposal of a subsidiary		–	(7,447)
Purchases of property and equipment		(460,050)	(383,990)
Purchases of right-of-use assets		(698,396)	(308,452)
Payments of construction fee and land use right of investment properties		(11,115,961)	(4,710,959)
Proceeds from disposal of property and equipment		10,219	9,394
Proceeds from disposal of investment properties		(1,617)	5,436
Purchases of financial assets at fair value through profit or loss		(62,000)	(88,504)
Proceeds from disposal of financial assets at fair value through profit or loss		103,479	–
Proceeds from disposal of joint ventures		653,558	–
Purchases of financial assets at fair value through other comprehensive income		(39,000)	–
Dividend received		–	332,278
Investments in joint ventures and associates		(2,878,235)	(2,179,761)
Cash advances made to joint ventures, associates and non-controlling interests		(12,011,591)	(6,169,513)
Collection of cash advances from joint ventures, associates and non-controlling interests		4,734,161	7,657,080
Interest received		512,957	462,101
Increase in bank deposits		(1,450,000)	–
Increase in other bank deposits with initial term of over three months and within one year		(1,650,000)	–
<b>Cash used in investing activities</b>		<b>(22,863,173)</b>	<b>(5,238,014)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
	Notes	2021 RMB'000	2020 RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		37,458,685	38,638,283
Repayments of borrowings		(32,493,168)	(26,524,943)
Restricted cash released from borrowings		896,370	1,151,042
Cash advances from parties controlled by ultimate controlling shareholders		1,488,834	1,914,212
Cash advances from joint ventures, associates and non-controlling interests		8,819,445	7,978,685
Repayment of cash advances to parties controlled by ultimate controlling interests		(671,937)	–
Repayments of cash advances to joint ventures, associates and non-controlling interests		(2,675,331)	(4,492,209)
Capital contribution from non-controlling interests		4,541,846	6,712,804
Changes in ownership interests in subsidiaries without change of control		(15,481)	(824,116)
Dividends paid		(1,972,864)	(1,664,315)
Distribution to holders of perpetual capital instruments		(38,000)	(51,562)
Redemption of perpetual capital instruments		–	(300,000)
Payment on repurchase and cancellation of shares		(10,941)	(5,544)
Principal elements and interest expenses of lease payments		(226,188)	(171,753)
<b>Cash generated from financing activities</b>		<b>15,101,270</b>	<b>22,360,584</b>
Net (decrease)/increase in cash and cash equivalents		(5,818,805)	5,109,419
Cash and cash equivalents at beginning of the year	19	25,338,726	20,305,545
Exchange losses on cash and cash equivalents		(112,729)	(76,238)
<b>Cash and cash equivalents at end of the year</b>	19	<b>19,407,192</b>	<b>25,338,726</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Powerlong Real Estate Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 18 July 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s principal activity is investment holding. The Company and its subsidiaries (together, the “Group”) is principally engaged in property development, property investment, provision of commercial operational services, provision of residential property management services and other property development related services in the People’s Republic of China (the “PRC”).

The ultimate holding company of the Company is Skylong Holdings Limited and the ultimate controlling shareholder of the Company is Mr. Hoi Kin Hong.

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 14 October 2009.

These consolidated financial statements are presented in thousand Renminbi (“RMB’000”), unless otherwise stated.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

- (i) *Compliance with Hong Kong Financial Reporting Standards (“HKFRSs”) and HKCO*  
The consolidated financial statements of the Group have been prepared in accordance with all applicable HKFRSs and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.
- (ii) *Historical cost convention*  
The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and investment properties which are carried at fair value.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

(iii) *Going concern basis*

As of 31 December 2021, the Group recorded a net current assets of RMB27,743.4 million, and the Group's current portion of borrowings amounted to RMB22,022.7 million, while its cash and bank balances (excluding restricted cash) amounted to RMB19,407.2 million. In view of the prevailing slow-down of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations.

In view of aforesaid mentioned, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) The Group is actively negotiating with several existing financial institutions on the renewal of certain borrowings. Subsequent to 31 December 2021, the Group has also been negotiating with various banks and financial institutions to secure new sources of financing.
- (ii) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.
- (iii) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2021. They are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2021. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

(iii) *Going concern basis (continued)*

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) the successful renewal of certain borrowings, and the successful obtaining of additional new sources of financing as and when needed; and
- (ii) the successful and timely implementation of the plans to accelerate the pre-sales and sales of its properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and control capital expenditures so as to generate adequate net cash inflows.

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

(iv) *Amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

(v) *New and amendments to HKFRSs in issue but not yet effective*

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

		Effective for annual periods beginning on or after
Amendment to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020	1 January 2022
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Company are in the process of assessing the potential impact of the new and amendments to HKFRSs but are not yet in a position to determine whether the new and amendments to HKFRSs will have a material impact on the Group's performance and financial position and on the disclosures. The new and amended HKFRSs may result in changes to how the Group's performance and financial position are prepared and presented in the foreseeable future.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Subsidiaries

#### 2.2.1 Consolidation

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

#### (a) Business combinations

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Subsidiaries (continued)

#### 2.2.1 Consolidation (continued)

- (b) Changes in ownership interests in subsidiaries without change of control  
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.
- (c) Disposal of subsidiaries  
When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

#### 2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Associates

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

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

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount to 'share of results of investments accounted for using the equity method' in the statement of comprehensive income.

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

Gains or losses on dilution of equity interest in associates are recognised in the consolidated statement of comprehensive income. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated statement of comprehensive income where appropriate.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of identifiable assets and liabilities of the joint venture is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

### 2.5 Segment reporting

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within 'Finance costs – net'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other income and gains – net'.

Changes in the fair value of debt securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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

(c) *Group entities*

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Property and equipment

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

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

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

Buildings	20-40 years
Motor vehicles	4-5 years
Furniture, fitting and equipment	3-25 years
Right-of-use assets	2-70 years

Furniture, fittings and equipment include assets received in the form of free store fit outs are recognised at their fair value. These assets and other leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

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

Assets under construction are stated at historical cost less any impairment loss. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights during the construction period, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land and commercial buildings held under leases are accounted for as investment properties when the rest of the definition of an investment property is met. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, representing open market value determined at each balance sheet date by external valuer. Property that is being constructed or developed for future use as investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flows projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Investment properties (continued)

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values of investment property are recognised as 'Fair value gains on investment properties – net' in the consolidated statement of comprehensive income.

Completed properties held for sale are transferred to investment properties when it is evidenced by the commencement 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 shall be recognised in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and charged directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is charged to the profit or loss.

### 2.9 Intangible assets

#### (a) Goodwill

Goodwill is measured as described in Note 2.2.1(a). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

#### (b) Customer relationship

Customer relationship acquired in a business combination are recognised at fair value at the acquisition date. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the expected life of 10 years for the customer relationship.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Impairment of non-financial assets

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

### 2.11 Financial assets

#### 2.11.1 Classification

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets (continued)

#### 2.11.2 Recognition, derecognition and measurement

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

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

#### (a) Debt instruments

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

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as and measured at amortised cost. A gain or loss on a debt investment measured at amortised cost which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest method.
- **FVOCI:** Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are classified as and measured at FVOCI. Movements in the carrying amount of these financial assets are taken through other comprehensive income, except for the recognition of impairment losses or reversals, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "Other income and gains – net" in the consolidated income statement. Interest income from these financial assets is recognised using the effective interest method. Foreign exchange gains and losses are presented in "Finance (costs)/income – net" and impairment losses or reversals are presented in "Other income and gains – net".
- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are classified as and measured at fair value through profit or loss. A gain or loss on a debt investment measured at fair value through profit or loss which is not part of a hedging relationship is recognised in profit or loss and presented in "Other income and gains – net" for the period in which it arises.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets (continued)

#### 2.11.2 Recognition, derecognition and measurement (continued)

##### (b) Equity investments

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

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

#### 2.11.3 Impairment

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

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 11 for further details.

Impairment on other financial assets at amortised cost is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Offsetting financial instruments

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

### 2.13 Properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Development cost of property comprises cost of land use rights, construction costs, borrowing costs on qualifying assets, and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

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

### 2.14 Trade receivables

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Contract assets and liabilities and costs for obtaining contracts

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

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

### 2.16 Cash and cash equivalents and restricted cash

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

Bank deposits which are restricted to use are included in 'Restricted cash'. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

### 2.17 Share capital

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

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

### 2.18 Perpetual Capital Instruments

Perpetual capital instruments with no contracted obligation to repay its principal or with contractual right to delay the payment of any distribution are classified as part of equity.

### 2.19 Trade and other payables

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Borrowings and borrowing costs

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

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

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

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

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

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

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

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Current and deferred income tax

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

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) *Deferred income tax*

Inside basis differences

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

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

Outside basis differences

Deferred income tax is provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(c) *Offsetting*

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

### 2.22 Employee benefits

(a) *Retirement benefits*

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

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

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Share-based payments

Share-based compensation benefits are provided to employees via the employee share incentive scheme.

#### *Share incentive scheme*

Equity-settled share-based payment transactions are share-based payment arrangement in which the Group received goods or services as consideration for its own equity instrument. The Group might receive goods or services but have no obligation to settle the transaction with the supplier, as the settlement will be made by a shareholder or another group entity, this transaction is also equity-settled share-based payment transaction.

For an equity-settled share-based payment transaction, the fair value of equity instrument granted is recognised as an employee benefits expense with a corresponding increase in equity.

During the vesting periods, the Group revises its estimates of the number of award shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to employee share-based compensation expense in the current year, with a corresponding adjustment to the employee share-based capital reserve.

### 2.24 Provisions

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and rendering of services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when specific criteria have been met for each of the Group's activities, as described below.

#### (a) Sales of properties

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

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

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

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

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

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

#### (b) Investment and operation of commercial properties

Revenues from investment and operation of commercial properties mainly include property lease income and revenues from hotel operations.

##### Property lease income

Property lease income from properties letting under operating leases is recognised on a straight line basis over the term of the lease.

##### Hotel operations

Revenues from hotel operations are recognised in the accounting period in which the related services are rendered.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Revenue recognition (continued)

(c) *Property management services*

Revenues from rendering of property management services are recognised in the accounting period in which the related services are rendered.

*Financial components*

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

### 2.26 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 30 below.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 31 below. Any other interest income is included in other income.

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

### 2.27 Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established.

### 2.28 Leases

Leases are recognised as a right-of-use asset (included in "Property and equipment" (Note 6) and "Investment properties" (Note 7)) and a corresponding liability at the date at which the leased asset is available for use by the Group.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.28 Leases (continued)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

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

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

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

To determine the incremental borrowing rate, the Group:

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.28 Leases (continued)

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

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

The right-of-use asset which was recognised as investment properties is carried at fair value at each reporting date after initial recognition and others being included in property and equipment is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 7). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

### 2.29 Dividend distribution

Dividend distribution to the owners of the Company is recognised as a liability in the Group's and the Company's financial statements in the reporting period in which the dividends are approved by the owners of the Company.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.30 Financial guarantee contracts

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

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

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

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

### 2.31 Earnings per share

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 3 FINANCIAL RISK MANAGEMENT

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

#### 3.1 Financial risk factor

(a) *Market risk*

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at 31 December 2021, major non-RMB assets and liabilities are cash and cash equivalents, restricted cash, FVOCI, FVPL, other payables and borrowings, which are denominated in Hong Kong dollar ("HK\$") or US dollar ("US\$"). Fluctuation of the exchange rate of RMB against HK\$ or US\$ could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	31 December	
	2021 RMB'000	2020 RMB'000
Financial assets		
– HK\$	647,212	1,044,122
– US\$	893,811	934,742
	<b>1,541,023</b>	1,978,864
Financial liabilities		
– HK\$	8,039,718	5,221,338
– US\$	16,337,490	14,169,950
	<b>24,377,208</b>	19,391,288

The aggregate net foreign exchange gains recognised in profit or loss were:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Net foreign exchange gains included in other income and gains	40,236	42,861
Foreign exchange gains on foreign currency borrowings included in finance costs	595,024	1,205,882
Total net foreign exchange gains recognised in profit before income tax for the year	<b>635,260</b>	1,248,743

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factor (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated financial items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% strengthened/weakened in RMB against the relevant currencies, the effect of post tax profit and net asset for the year is as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Increase/(decrease) in profit for the year:		
5% strengthened in RMB against the relevant currencies		
– HK\$	369,625	208,861
– US\$	772,184	661,760
	<b>1,141,809</b>	870,621
5% weakened in RMB against the relevant currencies		
– HK\$	(369,625)	(208,861)
– US\$	(772,184)	(661,760)
	<b>(1,141,809)</b>	(870,621)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

The Group's exposure to changes in interest rates is mainly attributable to its long-term borrowings. As at 31 December 2021, long-term borrowings of the Group bearing floating interest rates amounted to approximately RMB32,986,405,000 (2020: RMB27,430,659,000). If interest rates on borrowings at floating rates as at 31 December 2021 had been 50 basis point higher/lower with all other variables held constant, interest charges for the year would increase/decrease by RMB164,932,000 (2020: RMB137,153,000), most of which would have been capitalised in qualified assets.

(iii) Price risk

The Group is exposed to equity securities price risk in connection with the financial assets at FVOCI and financial assets at FVPL held by the Group. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements. If the price of equity securities the Group invested in had been 5% higher/lower, post tax profit for the year ended 31 December 2021 would increase/decrease by approximately RMB9,496,000 (2020: increase/decrease by approximately RMB15,449,000), as a result of more/less fair value gain on financial assets at fair value through profit or loss. Other comprehensive income would have been approximately RMB11,216,000 higher/lower (2020: RMB16,465,000 higher/lower).

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factor (continued)

(b) *Credit risk*

The Group is exposed to credit risk in relation to its contract assets, trade and other receivables, bank balances and restricted cash. The carrying amounts of contract assets, trade and other receivables, restricted cash and bank balances represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash transactions are limited to high-credit-quality institutions. Deposits are only placed with reputable banks.

For trade receivables and contract assets arisen from sales of properties, the Group closely monitors repayment progress of the customers in accordance with the terms as specified in the enforceable contracts. The Group has set up policies to ensure follow-up action is taken to recover overdue debts. The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 50% to 70% of the total purchase price of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is minimal. During the year ended 31 December 2021, the Group recognised impairment losses on trade receivables of RMB82,481,000 (2020: RMB37,491,000). Detailed disclosure of these guarantees is made in Note 36.

For trade receivables arisen from lease of properties, the Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, and the Group monitors the credit quality of receivables on an ongoing basis. Deposits may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract. The Group also regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

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

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factor (continued)

(b) *Credit risk (continued)*

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

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

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

(i) Trade receivables and contract assets

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

To measure the expected credit losses of trade receivables and contract assets, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition.

The expected loss rate of contract assets is assessed to be low and no loss allowance provision is made for contract assets during the year. The loss allowance provision of trade receivables as at 31 December 2021 and 2020 is set out in Note 11.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factor (continued)

(b) *Credit risk (continued)*

(ii) Other receivables

Other financial assets at amortised cost include other receivables from third parties and related parties. The Group has assessed that the expected credit losses for these receivables under the 12 months expected losses method.

For amounts due from related parties that are receivable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. As the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. For other categories of other receivables have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term, the Group considered them to have low credit risk, and thus the loss allowance is immaterial.

(c) *Liquidity risk*

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities, short-term and long-term borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options basing on its assessment of relevant future costs and benefits.

The table below set out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factor (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 31 December 2021</b>					
Borrowings	28,855,202	21,868,755	23,440,691	10,627,364	84,792,012
Trade and other payables (Note (a))	44,811,401	137,115	–	–	44,948,516
Lease liabilities	189,902	86,248	561,403	1,701,935	2,539,488
	<b>73,856,505</b>	<b>22,092,118</b>	<b>24,002,094</b>	<b>12,329,299</b>	<b>132,280,016</b>
<b>At 31 December 2020</b>					
Borrowings	24,010,961	16,549,193	24,557,487	14,718,442	79,836,083
Trade and other payables (Note (a))	34,281,515	118,207	63,960	–	34,463,682
Lease liabilities	221,669	76,449	201,921	896,500	1,396,539
	<b>58,514,145</b>	<b>16,743,849</b>	<b>24,823,368</b>	<b>15,614,942</b>	<b>115,696,304</b>

Note:

(a) It represents payables excluding salaries payables and other tax payables.

The Group also provides guarantees to secure repayment obligations of certain purchasers of the Group's property units and the principal of borrowings of the joint ventures and associates, which will have contractual cash flows only if the guaranteed purchasers, joint ventures or associates default the repayment (Note 36).

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents (Note 19) and less guarantee deposits for bank borrowings included in restricted cash (Note 18(b)). Total borrowings comprise senior notes, corporate bonds, commercial mortgage backed securities, assets-backed securities, short-term commercial papers, bank borrowings and other borrowings (Note 23). Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2021 and 2020 are as follows:

	31 December	
	2021 RMB'000	2020 RMB'000
Total borrowings (Note 23)	72,957,623	66,567,356
Less: cash and cash equivalents (Note 19)	(19,407,192)	(25,338,726)
Less: guarantee deposits for bank borrowings (Note 18(b))	(608,420)	(1,504,790)
Net debt	52,942,011	39,723,840
Total equity	62,407,452	51,801,166
Total capital	115,349,463	91,525,006
Gearing ratio	45.9%	43.4%

The increase in the gearing ratio during 2021 resulted primarily from the issuance of senior notes and bank and other borrowing.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 31 December 2021 and 2020.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>At 31 December 2021</b>				
Financial assets:				
Financial assets at fair value through profit or loss (Note 14)	11,589	116,335	62,558	190,482
Financial assets at fair value through other comprehensive income (Note 15)	–	–	299,081	299,081
Total	11,589	116,335	361,639	489,563
<b>At 31 December 2020</b>				
Financial assets:				
Financial assets at fair value through profit or loss (Note 14)	46,396	262,587	313	309,296
Financial assets at fair value through other comprehensive income (Note 15)	–	–	439,057	439,057
Total	46,396	262,587	439,370	748,353

There were no transfers between levels during the year (2020: same).

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (continued)

(a) *Financial instruments in level 1*

As at 31 December 2021, the Group's financial assets at fair value through profit or loss which are listed securities in Hong Kong, their fair value is based on their quoted market prices at the balance sheet dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These financial assets at fair value through profit or loss are included in level 1. The quoted market price used for financial assets held by the Group is the current bid price.

(b) *Financial instruments in level 2*

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

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

(c) *Financial instruments in level 3*

The fair value of financial instruments included in level 3 is disclosed in Note 15.

The judgements and estimates made in determining the fair value of the Group's non-financial assets that are recognised and measured at fair value (representing the investment properties) have been disclosed in Notes 4(d) and 7.

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivables and payables is either close to current market rates or the instruments are short-term in nature.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### (a) Income taxes and deferred taxation

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

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

### (b) PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC land appreciation taxes calculation and payments with most of local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these PRC land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### (c) Recoverability of contract assets and trade and other receivables

The management assesses the recoverability of contract assets, and trade and other receivables individually with reference to the past repayment history as well as subsequent settlement status. Allowances are applied to these receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of contract assets and trade and other receivables and the impairment charge in the years in which such estimate has been changed.

### (d) Fair value of investment properties

The Group assesses the fair value of its completed investment properties and investment properties under construction based on assessments determined by an independent and professional qualified valuer.

The best evidence of fair value of completed investment properties is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flows projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Investment properties under construction are carried at fair value when is considered to be reliably measurable. In order to evaluate whether the fair value of an investment property under development can be determined reliably, management considers certain factors, please refer to Note 2.8.

Management, after consulting independent qualified valuer, considers that the fair value of investment properties under construction as at 31 December 2021 can be measured at a reasonable accurate level. Therefore, these investment properties under construction as at 31 December 2021 were measured at fair value.

The fair value gains from completed investment properties and investment properties under construction are disclosed in Note 7.

## 5 SEGMENT INFORMATION

The executive directors, as the chief operating decision-makers (“CODM”) of the Group, review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, commercial operation and residential property management, and other property development related businesses. Other property development related businesses are mainly operations of hotels. As the CODM considers most of the Group’s consolidated revenue and results are attributable to the market in the PRC and the Group’s consolidated assets are substantially located in the PRC, no geographical information is presented.

Revenue consists of sales of properties, rental income of investment properties, income from provision of commercial operational services and residential property management services and other property development related businesses. Revenue of the year consists of the following:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Sales of properties	35,034,613	31,485,863
Rental income of investment properties	1,681,437	1,561,769
Income from provision of commercial operational services and residential property management services	2,026,622	1,674,459
Income of other property development related businesses	1,159,789	773,209
	<b>39,902,461</b>	<b>35,495,300</b>

## 5 SEGMENT INFORMATION (CONTINUED)

- (a) Segment results represent the profit earned by each segment without fair value (losses)/gains on financial assets at fair value through profit or loss, dividend income of financial assets, unallocated operating costs, finance (costs)/income – net and income tax expense. The segment results and other segment items for the year ended 31 December 2021 are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Group RMB'000
Gross segment revenue	35,034,613	1,819,437	2,463,996	1,202,075	40,520,121
Inter-segment revenue	–	(138,000)	(437,374)	(42,286)	(617,660)
Revenue	35,034,613	1,681,437	2,026,622	1,159,789	39,902,461
Share of post-tax (losses)/profits of joint ventures	(112,350)	–	1,407	–	(110,943)
Share of post-tax profits/(losses) of associates	634,159	–	–	(15,313)	618,846
Segment results	9,798,927	3,156,784	253,063	123,272	13,332,046
Fair value losses on financial assets at fair value through profit or loss					(77,335)
Unallocated operating costs					(672,216)
Finance cost – net					(434,718)
Profit before income tax					12,147,777
Income tax expense					(4,811,652)
Profit for the year					7,336,125
Amounts included in the measure of segment results:					
Depreciation and amortisation recognised as expenses	57,601	–	5,167	232,338	295,106
Fair value gains/(losses) on investment properties – net (Note 7)	–	1,813,041	(102,086)	–	1,710,955

## 5 SEGMENT INFORMATION (CONTINUED)

### (a) (continued)

The segment results and other segment items included in the profit for the year ended 31 December 2020 are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Group RMB'000
Gross segment revenue	31,485,863	1,667,926	1,921,238	800,204	35,875,231
Inter-segment revenue	–	(106,157)	(246,779)	(26,995)	(379,931)
Revenue	31,485,863	1,561,769	1,674,459	773,209	35,495,300
Share of post-tax profits/(losses) of joint ventures	304,116	–	(3,009)	–	301,107
Share of post-tax profits of associates	365,850	–	–	33	365,883
Segment results	10,386,981	3,226,859	293,011	(174,955)	13,731,896
Fair value gains on financial assets at fair value through profit or loss					12,817
Dividend income of financial assets					1,218
Unallocated operating costs					(774,977)
Finance income – net					312,433
Profit before income tax					13,283,387
Income tax expense					(4,468,037)
Profit for the year					8,815,350
Amounts included in the measure of segment results:					
Depreciation and amortisation recognised as expenses	60,806	–	5,741	212,959	279,506
Fair value gains/(losses) on investment properties – net (Note 7)	–	2,187,227	(91,463)	–	2,095,764

Sales between segments are carried out in accordance with the terms of the underlying agreements. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of comprehensive income.

## 5 SEGMENT INFORMATION (CONTINUED)

(b) Segment assets, liabilities and interests in joint ventures and associates as at 31 December 2021 and capital expenditure for the year then ended are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	142,843,678	77,432,465	4,877,578	8,977,976	(6,822,467)	227,309,230
Other assets						17,747,223
Total assets						245,056,453
Segment assets include:						
<i>Investments accounted for using the equity method:</i>						
– Interests in joint ventures	4,115,275	–	53,918	–	–	4,169,193
– Interests in associates	5,560,267	–	–	40,283	–	5,600,550
Segment liabilities	71,129,680	2,701,404	2,086,525	6,586,311	(6,822,467)	75,681,453
Other liabilities						106,967,548
Total liabilities						182,649,001
Amounts included in the measure of segment assets:						
Capital expenditure	350,927	14,440,833	53,615	943,104	–	15,788,479

Segment assets, liabilities and interests in joint ventures and associates as at 31 December 2020 and capital expenditure for the year then ended are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	114,108,767	59,670,436	4,461,571	6,850,757	(5,461,981)	179,629,550
Other assets						15,501,963
Total assets						195,131,513
Segment assets include:						
<i>Investments accounted for using the equity method:</i>						
– Interests in joint ventures	4,304,080	–	2,511	–	–	4,306,591
– Interests in associates	3,289,911	–	–	45,698	–	3,335,609
Segment liabilities	43,797,373	1,739,480	2,259,492	4,701,951	(5,461,981)	47,036,315
Other liabilities						96,294,032
Total liabilities						143,330,347
Amounts included in the measure of segment assets:						
Capital expenditure	94,149	3,872,238	509,792	676,954	–	5,153,133

## 5 SEGMENT INFORMATION (CONTINUED)

Segment assets are reconciled to total assets as follows:

	31 December	
	2021 RMB'000	2020 RMB'000
Segment assets	227,309,230	179,629,550
Other assets		
– Prepaid taxes	1,411,024	865,430
– Deferred income tax assets	1,109,849	800,680
– Unallocated cash and cash equivalents and restricted cash	4,429,896	5,796,947
– Other receivables from related parties (Note 38(d))	10,208,929	7,211,693
– Unallocated property and equipment	52,361	69,308
– Other corporate assets	45,601	9,552
– Financial assets at fair value through other comprehensive income	299,081	439,057
– Financial assets at fair value through profit or loss	190,482	309,296
Total assets	245,056,453	195,131,513

Segment liabilities are reconciled to total liabilities as follows:

	31 December	
	2021 RMB'000	2020 RMB'000
Segment liabilities	75,681,453	47,036,315
Other liabilities		
– Current income tax liabilities	13,238,405	10,462,611
– Deferred income tax liabilities	8,472,243	7,242,444
– Current borrowings	22,022,693	20,667,678
– Non-current borrowings	50,934,930	45,899,678
– Other payables to related parties (Note 38(d))	11,363,136	10,986,310
– Dividend payables to non-controlling interests	–	148,880
– Other corporate liabilities	936,141	886,431
Total liabilities	182,649,001	143,330,347

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

Segment assets consist primarily of property and equipment, investment properties, intangible assets, properties under development, completed properties held for sale, contract assets, receivables and cash and cash equivalents other than prepaid taxes, deferred income tax assets, unallocated cash and cash equivalents and restricted cash, other receivables from related parties, unallocated property and equipment, other corporate assets, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Segment liabilities consist of operating liabilities other than current income tax liabilities, deferred income tax liabilities, current borrowings, non-current borrowings, other payables to related parties, dividend payables to non-controlling interests and other corporate liabilities.

Capital expenditure comprises of additions to property and equipment (Note 6) and investment properties (Note 7).

## 6 PROPERTY AND EQUIPMENT

	Assets under construction RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Right-of use assets RMB'000	Total RMB'000
<b>Year ended 31 December 2021</b>						
Opening net book amount	796,745	2,766,023	9,296	127,733	1,521,972	5,221,769
Additions	589,409	-	899	16,441	698,396	1,305,145
Consolidations of entities previously held as joint ventures (Note 40)	-	-	-	530	-	530
Transfers	(659,437)	659,437	-	-	-	-
Disposals	-	-	(2,285)	(1,643)	-	(3,928)
Depreciation/amortisation charges	-	(204,325)	(4,814)	(15,995)	(69,411)	(294,545)
Closing net book amount	726,717	3,221,135	3,096	127,066	2,150,957	6,228,971
<b>At 31 December 2021</b>						
Cost	726,717	4,435,989	57,428	387,957	2,476,785	8,084,876
Accumulated depreciation/amortisation	-	(1,214,854)	(54,332)	(260,891)	(325,828)	(1,855,905)
Net book amount	726,717	3,221,135	3,096	127,066	2,150,957	6,228,971
<b>Year ended 31 December 2020</b>						
Opening net book amount	743,106	2,905,894	18,686	117,067	1,440,377	5,225,130
Additions	347,856	63,351	1,560	32,398	334,762	779,927
Transfer to investment properties	-	(298,127)	-	-	(198,199)	(496,326)
Consolidations of entities previously held as joint ventures	-	-	-	33	-	33
Acquisition of a subsidiary	-	-	213	89	-	302
Transfers	(294,217)	294,217	-	-	-	-
Disposals	-	(5,241)	(393)	(1,753)	-	(7,387)
Disposals of subsidiaries	-	-	(526)	(65)	-	(591)
Depreciation/amortisation charges	-	(194,071)	(10,244)	(20,036)	(54,968)	(279,319)
Closing net book amount	796,745	2,766,023	9,296	127,733	1,521,972	5,221,769
<b>At 31 December 2020</b>						
Cost	796,745	3,776,552	81,115	399,409	1,778,389	6,832,210
Accumulated depreciation/amortisation	-	(1,010,529)	(71,819)	(271,676)	(256,417)	(1,610,441)
Net book amount	796,745	2,766,023	9,296	127,733	1,521,972	5,221,769

## 6 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation/amortisation charges were included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Cost of sales	270,288	215,962
Selling and marketing costs	3,564	3,647
Administrative expenses	20,693	59,710
	<b>294,545</b>	279,319

Right-of-use assets comprise of cost of acquiring rights to use for certain lands, which are all located in the PRC, mainly for hotel buildings and other self-use buildings over fixed periods (2020: same).

As at 31 December 2021, property and equipment with a net book amount of RMB2,634,522,000 (2020: RMB2,266,167,000) were pledged as collateral for the Group's borrowings (Note 23).

Borrowing costs of RMB101,742,000 (2020: RMB61,509,000) have been capitalised in assets under construction for the year ended 31 December 2021.

The capitalisation rate of borrowings for the year ended 31 December 2021 was 6.17% (2020: 6.34%).

## 7 INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
<b>Year ended 31 December 2021</b>			
Opening net book amount	52,519,420	5,723,918	58,243,338
Additions	42,501	14,440,833	14,483,334
Consolidations of entities previously held as joint ventures (Note 40)	2,790,805	619,665	3,410,470
Transfer from completed properties held for sale	483,557	–	483,557
Transfers	5,272,300	(5,272,300)	–
Fair value gains – net	687,692	1,023,263	1,710,955
Disposals	(1,899)	–	(1,899)
At 31 December 2021	61,794,376	16,535,379	78,329,755
<b>Year ended 31 December 2020</b>			
Opening net book amount	46,578,183	4,506,458	51,084,641
Additions	540,434	3,832,772	4,373,206
Acquisition of a subsidiary	73,838	–	73,838
Transfer from property and equipment	496,326	–	496,326
Revaluation gains upon transfer from property and equipment	122,937	–	122,937
Transfers	3,925,704	(3,925,704)	–
Fair value gains – net	785,372	1,310,392	2,095,764
Disposals	(3,374)	–	(3,374)
At 31 December 2020	52,519,420	5,723,918	58,243,338

The following amounts have been recognised in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Rental income (Note 5)	1,681,437	1,561,769
Direct operating expenses arising from investment properties that generate rental income	(545,981)	(392,712)
Direct operating expenses arising from investment properties that do not generate rental income	(205,475)	(162,933)

Investment properties as at 31 December 2021 are held in the PRC on leases between 10 to 50 years (2020: 10 to 50 years).

Borrowing costs of RMB686,325,000 (2020: RMB360,655,000) have been capitalised in investment properties under construction for the year ended 31 December 2021. The capitalisation rate of borrowings for the year ended 31 December 2021 was 6.17% (2020: 6.34%).

## 7 INVESTMENT PROPERTIES (CONTINUED)

As at 31 December 2021, investment properties of RMB45,882,632,000 (2020: RMB36,383,376,000) were pledged as collateral for the Group's borrowings (Note 23).

The fair value of the investment properties are expected to be realised through rental income. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties.

### (i) Fair value hierarchy

An independent valuation of the Group's certain completed investment properties and investment properties under construction was performed by the independent and professionally qualified valuer, to determine the fair value of the investment properties as at 31 December 2021. The revaluation gains or losses are included in 'fair value gains on investment properties – net' in the statement of comprehensive income.

As at 31 December 2021, as certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group are included in level 3 of the fair value measurement hierarchy.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. No transfers to or out of fair value hierarchy levels during the year.

### (ii) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2021 by independent professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's reporting dates.

At each financial year end, the finance department:

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

## 7 INVESTMENT PROPERTIES (CONTINUED)

### (iii) Valuation techniques

Completed investment properties comprise of commercial properties and car parks. For commercial properties, fair values are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

For car parks, valuations are determined using the direct comparison methods. The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. Given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the selling price such as property size, locations.

Fair values of the investment properties under development are generally derived using the residual method. This valuation method is essentially a means of valuing the land 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 as at the date of valuation.

The Group has also used the sale comparison approach by making reference to the sales transactions or asking price evidences of comparable properties as available in the market to cross check the valuation result.

Fair values of the right-of-use assets of commercial properties held under leases are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

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

## 7 INVESTMENT PROPERTIES (CONTINUED)

### (iii) Valuation techniques (continued)

	Property Category	Fair value at 31 December 2021 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	
Completed investment properties	Commercial properties	56,770,509	Term and reversionary method	Term yields	4.0%-6.5%	The higher the term yields, the lower the fair value, and vice versa	
				Reversionary yields	4.5%-6.0%	The higher the reversionary yields, the lower the fair value, and vice versa	
				Market rents (RMB/square meter/month)	56-354	The higher the market rents, the higher the fair value, and vice versa	
	Car parks	5,023,867	Direct comparison	Market price (RMB/per car park)	35,000-400,000	The higher the market price, the higher the fair value, and vice versa	
Investment properties under construction	Commercial properties	15,635,594	Residual method	Market rents (RMB/square meter/month)	45-145	The higher the market rents, the higher the fair value, and vice versa	
				Reversionary yields	5.0%-6.0%	The higher the market yields, the lower the fair value, and vice versa	
				Budgeted construction costs to be incurred (RMB/sq.m.)	622-3,829	The higher the budgeted construction costs to be incurred, the lower the fair value, and vice versa	
				Developer's profit (%)	5.0%-20.0%	The higher the developer's profit, the lower the fair value, and vice versa	
		Car parks	899,785	Residual method	Market price (RMB/per car park)	38,000-127,000	The higher the market price, the higher the fair value, and vice versa
					Budgeted construction costs to be incurred (RMB/sq.m.)	339-2,073	The higher the budgeted construction costs to be incurred, the lower the fair value, and vice versa
				Developer's profit (%)	5.0%-15.0%	The higher the developer's profit, the lower the fair value, and vice versa	

## 7 INVESTMENT PROPERTIES (CONTINUED)

### (iii) Valuation techniques (continued)

	Property Category	Fair value at 31 December 2020 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	
Completed investment properties	Commercial properties	48,241,541	Term and reversionary method	Term yields	4.0%-6.5%	The higher the term yields, the lower the fair value, and vice versa	
				Reversionary yields	5.0%-7.0%	The higher the reversionary yields, the lower the fair value, and vice versa	
				Market rents (RMB/square meter/month)	56-354	The higher the market rents, the higher the fair value, and vice versa	
	Car parks	4,277,879	Direct comparison	Market price (RMB/per car park)	35,000-400,000	The higher the market price, the higher the fair value, and vice versa	
Investment properties under construction	Commercial properties	5,215,087	Residual method	Market rents (RMB/square meter/month)	45-145	The higher the market rents, the higher the fair value, and vice versa	
				Reversionary yields	5.0%-6.0%	The higher the market yields, the lower the fair value, and vice versa	
				Budgeted construction costs to be incurred (RMB/sq.m.)	622-3,829	The higher the budgeted construction costs to be incurred, the lower the fair value, and vice versa	
				Developer's profit (%)	5.0%-20.0%	The higher the developer's profit, the lower the fair value, and vice versa	
		Car parks	508,831	Residual method	Market price (RMB/per car park)	38,000-127,000	The higher the market price, the higher the fair value, and vice versa
					Budgeted construction costs to be incurred (RMB/sq.m.)	339-2,073	The higher the budgeted construction costs to be incurred, the lower the fair value, and vice versa
				Developer's profit (%)	5.0%-15.0%	The higher the developer's profit, the lower the fair value, and vice versa	

## 8 LEASES

### (i) Amounts recognised in the consolidated balance sheet relating to leases

	31 December	
	2021 RMB'000	2020 RMB'000
<b>Right-of-use assets</b>		
Property and equipment	2,150,957	1,521,972
Investment properties	2,098,695	692,388
	<b>4,249,652</b>	<b>2,214,360</b>
<b>Lease liabilities</b>		
Current	189,902	213,000
Non-current	2,349,586	675,920
	<b>2,539,488</b>	<b>888,920</b>

### (ii) Amounts recognised in the consolidated statement of comprehensive income relating to leases

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
<b>Depreciation and amortisation charges (Note 6)</b>		
Land use rights	(55,873)	(39,164)
Other properties	(13,538)	(15,804)
	<b>(69,411)</b>	<b>(54,968)</b>
Fair value losses relating to investment properties	102,086	91,463
Interest expense (included in finance cost)	104,026	35,595
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	18,026	14,163
Expense relating to variable leases payments not included in lease liabilities (included in cost of goods sold)	6,164	7,576
Cash outflows for lease payments and short-term leases (including principal elements and relevant interest expenses)	244,214	185,916

## 9 PROPERTIES UNDER DEVELOPMENT

	31 December	
	2021 RMB'000	2020 RMB'000
Properties under development include:		
– Construction costs and capitalised expenditures	14,771,033	10,634,408
– Interests capitalised	5,766,162	4,814,063
– Land use rights	50,328,384	33,270,826
	<b>70,865,579</b>	48,719,297

The properties under development are all located in the PRC and expected to be completed within an operating cycle. The relevant land use rights in the PRC are on leases of 40 to 70 years.

As at 31 December 2021, properties under development of approximately RMB47,830,573,000 (2020: RMB28,307,574,000) were pledged as collateral for the Group's borrowings (Note 23).

The capitalisation rate of borrowings for the year ended 31 December 2021 was 6.17% (2020: 6.34%).

## 10 COMPLETED PROPERTIES HELD FOR SALE

The completed properties held for sale are all located in the PRC.

As at 31 December 2021, completed properties held for sale of approximately RMB5,780,849,000 (2020: RMB6,189,199,000) were pledged as collateral for the Group's borrowings (Note 23).

## 11 TRADE RECEIVABLES

	31 December	
	2021 RMB'000	2020 RMB'000
Trade receivables (Note (a))	3,384,614	2,259,611
– Third parties	3,377,871	2,218,069
– Related parties (Note 38(d))	6,743	41,542
Less: loss allowance (Note (b))	(152,744)	(95,773)
	<b>3,231,870</b>	2,163,838
Less: non-current portion		
Trade receivables – third parties	(222,781)	–
Current portion of trade receivables	<b>3,009,089</b>	2,163,838

**11 TRADE RECEIVABLES (CONTINUED)**

- (a) The majority of the Group's sales are derived from sales of properties and rental income. Proceeds in respect of sales of properties and rental income are to be received in accordance with the terms of related sales and purchase agreements and rental contracts.

The ageing analysis of gross trade receivables as at the respective balance sheet date is as follows:

	<b>31 December</b>	
	<b>2021</b> RMB'000	2020 RMB'000
Within 90 days	<b>1,821,856</b>	1,803,234
Over 90 days and within 180 days	<b>72,096</b>	86,589
Over 180 days and within 365 days	<b>1,164,454</b>	210,146
Over 365 days	<b>326,208</b>	159,642
	<b>3,384,614</b>	2,259,611

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2021, a provision of RMB152,744,000 was made against the gross amounts of trade receivables (2020: RMB95,773,000).

The closing loss allowance for trade receivables reconcile to the opening loss allowance as follows:

	<b>Year ended 31 December</b>	
	<b>2021</b> RMB'000	2020 RMB'000
At 1 January	<b>95,773</b>	46,074
Provision for impairment	<b>82,481</b>	57,491
Receivables written off during the year as uncollectible	<b>(20,035)</b>	(6,001)
Unused amount reverse	<b>(5,475)</b>	(1,791)
At 31 December	<b>152,744</b>	95,773

- (c) As at 31 December 2021 and 2020, the fair value of trade receivables approximated their carrying amounts. The maximum exposure to credit risk of the trade receivables at the reporting date was the carrying value of each class of receivables.
- (d) The Group's trade receivables are mainly denominated in RMB.

## 12 OTHER RECEIVABLES

	31 December	
	2021 RMB'000	2020 RMB'000
Deposits for acquisition of land use rights	127,699	363,435
Other receivables from:	24,318,382	15,758,805
– Related parties (Note 38(d))	10,208,929	7,211,693
– Non-controlling interests (Note (c))	8,239,995	5,302,505
– Other amounts due from third parties (Note (d))	5,869,458	3,244,607
Less: loss allowance	(264,117)	(94,302)
	<b>24,181,964</b>	16,027,938

- (a) The Group's other receivables are mainly denominated in RMB.
- (b) Included in other receivables from related parties are amounts due from joint ventures of approximately RMB2,166,646,000 (2020: RMB1,829,022,000) bearing interest at average rate of 7.44% per annum (2020: 7.34%) and repayable within one year.
- (c) Other receivables represent cash advances made to non-controlling interests, which are unsecured, interest free and repayable on demand.
- (d) Other receivables from third parties mainly consist of deposits for construction projects.
- (e) The carrying amounts of other receivables approximate their fair values. The maximum exposure to credit risk of the other receivables at the reporting date was the carrying value of each class of receivables.

## 13 PREPAYMENTS

	31 December	
	2021 RMB'000	2020 RMB'000
Acquisition of land use rights (Note (a))	6,095,191	10,995,180
Others (Note (b))	858,247	405,430
	<b>6,953,438</b>	11,400,610
Less: non-current portion		
Prepayments for acquisition of investment properties	(571,656)	(1,269,164)
Current portion of prepayments	<b>6,381,782</b>	10,131,446

- (a) Prepayments for land acquisitions are made in accordance with the payment terms as stipulated in the land acquisition contracts. The land acquisition costs which are contracted but not provided for are included in commitments (Note 37(a)).
- (b) Included in others was RMB499,647,000 for prepayments for property development as at 31 December 2021.

## 14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

FVPL comprise equity investments that are held for trading and equity investments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income.

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Opening amounts as at 1 January	309,296	207,662
Additions	62,000	88,504
Acquisition of a subsidiary	–	313
Fair value (losses)/gains (Note 30)	(77,335)	12,817
Disposals	(103,479)	–
Closing amounts as at 31 December	190,482	309,296
Less: non-current portion	(558)	(313)
Current portion of financial assets at fair value through profit or loss	189,924	308,983

FVPL comprise the following individual investments:

	31 December	
	2021 RMB'000	2020 RMB'000
Hong Kong listed equity securities	11,589	46,396
Investment funds	178,335	262,587
Others	558	313
	190,482	309,296

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Analysis of the sensitivity of the assets to foreign exchange and price risk is set out in Note 3.1.

## 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### (a) Classification and measurement

FVOCI comprise equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are long-term strategic investments and the Group considers this classification to be more relevant.

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Opening amounts as at 1 January	439,057	382,139
Additions	39,000	–
Net (losses)/gains recognised in other comprehensive income	(178,976)	56,918
Closing amounts as at 31 December	299,081	439,057

## 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

### (a) Classification and measurement (continued)

Equity investments at FVOCI comprise the following individual investments:

	31 December	
	2021 RMB'000	2020 RMB'000
Non-current unlisted securities:		
– Unlisted insurance company (Note (i))	245,571	424,284
– Other unlisted equity investments	53,510	14,773
	<b>299,081</b>	439,057

- (i) In 2015, the Group invested a total sum of RMB307,200,000 in an unlisted insurance company in the PRC for its 5% equity interest. As at 31 December 2021 and 2020, the fair value of this 5% equity interest was derived by using the market approach.

### (b) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Analysis of the sensitivity of the assets to foreign exchange and price risk is set out in Note 3.1.

## 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

There was no associate nor joint venture of the Group as at 31 December 2021 which, in the opinion of the executive directors, are material to the Group. For those individually immaterial associates and joint ventures that are accounted for using the equity method, amounts recognised in the consolidated balance sheet and the profit or loss are set out as below:

The amounts recognised in the balance sheet are as follows:

	31 December	
	2021 RMB'000	2020 RMB'000
Investments in joint ventures	4,169,193	4,306,591
Investments in associates	5,600,550	3,335,609
	<b>9,769,743</b>	7,642,200

**16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)**

The profits/(loss) recognised in the statement of comprehensive income are as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Joint ventures (Note (a))	(110,943)	301,107
Associates (Note (b))	618,846	365,883
	<b>507,903</b>	<b>666,990</b>

**(a) Joint ventures**

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Balance as at 1 January	4,306,591	3,867,223
Additions	1,365,114	841,700
Withdrawal	(169,548)	–
Dividends declared	–	(426,060)
Transfer to subsidiaries (Note 40)	(774,590)	(210,065)
Disposal	(419,580)	–
Share of (loss)/profit – net	(110,943)	301,107
Currency translation differences	(5,556)	(16,027)
Elimination of unrealised profits	(22,295)	(51,287)
Balance as at 31 December	<b>4,169,193</b>	<b>4,306,591</b>

The contingent liabilities relating to the Group's financial guarantee provided for the joint ventures are disclosed in Note 36. There is no commitment relating to the Group's interests in the joint ventures.

**(b) Associates**

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Balance as at 1 January	3,335,609	1,726,705
Additions	1,682,669	1,338,061
Acquisition of a subsidiary	–	1,000
Dividends declared	–	(85,000)
Share of profits – net	618,846	365,883
Disposals	–	(1,000)
Elimination of unrealised profits	(36,574)	(10,040)
Balance as at 31 December	<b>5,600,550</b>	<b>3,335,609</b>

The contingent liabilities relating to the Group's financial guarantee provided for the associates are disclosed in Note 36. There is no commitment relating to the Group's interests in the associates.

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

### Financial assets

	31 December	
	2021 RMB'000	2020 RMB'000
Financial assets at amortised cost:	<b>52,354,589</b>	46,104,337
Trade receivables	<b>3,231,870</b>	2,163,838
Other receivables excluding deposits	<b>24,054,265</b>	15,664,503
Restricted cash	<b>5,661,262</b>	2,937,270
Cash and bank balances	<b>19,407,192</b>	25,338,726
FVOCI	<b>299,081</b>	439,057
FVPL	<b>190,482</b>	309,296
	<b>52,844,152</b>	46,852,690

### Financial liabilities

	31 December	
	2021 RMB'000	2020 RMB'000
Financial liabilities at amortised cost:		
Borrowings	<b>72,957,623</b>	66,567,356
Trade and other payables excluding other tax and salaries payables	<b>44,948,516</b>	34,463,682
Lease liabilities	<b>2,539,488</b>	888,920
	<b>120,445,627</b>	101,919,958

**18 RESTRICTED CASH**

	31 December	
	2021 RMB'000	2020 RMB'000
Guarantee deposits for construction projects (Note (a))	1,772,104	1,335,299
Guarantee deposits for bank acceptance notes	70,000	–
Guarantee deposits for bank borrowings (Note (b))	608,420	1,504,790
Bank deposits	1,450,000	–
Other bank deposits with initial term of over three months and within one year (Note (c))	1,650,000	–
Others	110,738	97,181
	<b>5,661,262</b>	<b>2,937,270</b>
Denominated in:		
– RMB	5,579,502	2,853,106
– HK\$	81,760	84,164
	<b>5,661,262</b>	<b>2,937,270</b>

- (a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of presale proceeds of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.
- (b) As at 31 December 2021, the Group has placed cash deposits of approximately RMB608,420,000 (2020: RMB1,504,790,000) with designated banks as security for bank borrowings (Note 23).
- (c) The Group's other bank deposits represent bank deposits with initial term of over three months and within one year, which were denominated in RMB with expected rate of return of 1.65% per annum for the year ended 31 December 2021. The carrying amounts of other bank deposits approximate their fair values, as the impact of discounting is not significant.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

## 19 CASH AND BANK BALANCES

	31 December	
	2021 RMB'000	2020 RMB'000
Cash at bank and in hand:		
– Denominated in RMB	18,528,339	24,048,516
– Denominated in HK\$	115,824	405,879
– Denominated in US\$	762,904	884,331
– Denominated in MOP	125	–
	<b>19,407,192</b>	<b>25,338,726</b>

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

## 20 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
<b>Authorised:</b>				
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	30,000,000,000	–	–	–
<b>Issued and fully paid:</b>				
As at 1 January 2021	4,142,403,000	36,795	–	36,795
Shares repurchased and cancelled (Note (a))	(2,000,000)	(16)	–	(16)
As at 31 December 2021	4,140,403,000	36,779	–	36,779
As at 1 January 2020	4,143,903,000	36,809	682,279	719,088
Shares repurchased and cancelled (Note (b))	(1,500,000)	(14)	(5,530)	(5,544)
Dividends	–	–	(676,749)	(676,749)
As at 31 December 2020	4,142,403,000	36,795	–	36,795

- (a) During the year ended 31 December 2021, the Company repurchased an aggregate of 2,000,000 shares through the Stock Exchange at a total consideration of HK\$12,847,920 (equivalent to approximately RMB10,941,000). The aforesaid repurchased shares have been cancelled.
- (b) During the year ended 31 December 2020, the Company repurchased an aggregate of 1,500,000 shares through the Stock Exchange at a total consideration of HK\$6,243,920 (equivalent to approximately RMB5,544,000). The aforesaid repurchased shares have been cancelled.

## 21 OTHER RESERVES

	Merger reserve	Other reserves	Statutory reserves	Share-based compensation reserves	Revaluation reserves	Capital injection by non- controlling interests	Transaction with non- controlling interests	Total
	RMB'000 (Note (a))	RMB'000 (Note (b))	RMB'000 (Note (c))	RMB'000 (Note (d))	RMB'000 (Note (b))	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021	337,203	(12,470)	128,477	13,097	407,850	1,224,449	(516,419)	1,582,187
Changes in ownership interests in subsidiaries without change of control	-	-	-	-	-	-	337,730	337,730
Change in fair value of FVOCI, net of tax	-	-	-	-	(134,231)	-	-	(134,231)
Share award scheme – value of employee service	-	-	-	39,291	-	-	-	39,291
Currency translation differences	-	(5,556)	-	-	-	-	-	(5,556)
Shares repurchased and cancelled	-	(10,925)	-	-	-	-	-	(10,925)
Balance at 31 December 2021	337,203	(28,951)	128,477	52,388	273,619	1,224,449	(178,689)	1,808,496
Balance at 1 January 2020	337,203	3,557	127,290	-	272,959	926,674	1,606	1,669,289
Changes in ownership interests in subsidiaries without change of control	-	-	-	-	-	-	(518,025)	(518,025)
Change in fair value of FVOCI, net of tax	-	-	-	-	42,688	-	-	42,688
Revaluation gains on property and equipment transferred to investment properties, net of tax	-	-	-	-	92,203	-	-	92,203
Share award scheme – value of employee service	-	-	-	13,097	-	-	-	13,097
Appropriation to statutory reserves	-	-	1,187	-	-	-	-	1,187
Currency translation differences	-	(16,027)	-	-	-	-	-	(16,027)
Capital injection from non-controlling interests	-	-	-	-	-	297,775	-	297,775
Balance at 31 December 2020	337,203	(12,470)	128,477	13,097	407,850	1,224,449	(516,419)	1,582,187

### (a) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company from the controlling shareholders less the consideration paid to the controlling shareholders pursuant to the reorganisation undertaken in 2007 for preparation of listing of the Company on the Stock Exchange.

**21 OTHER RESERVES (CONTINUED)****(b) Other comprehensive income**

	Year ended 31 December 2021		
	Other reserves	Revaluation reserves	Total other comprehensive income
	RMB'000	RMB'000	RMB'000
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences (Note 16(a))	(5,556)	-	(5,556)
Items that will not be reclassified subsequently to profit or loss:			
Fair value losses on FVOCI – gross (Note 15)	-	(178,976)	(178,976)
Tax charge – deferred income tax	-	44,745	44,745
<b>Total other comprehensive income – net of tax</b>	<b>(5,556)</b>	<b>(134,231)</b>	<b>(139,787)</b>

	Year ended 31 December 2020		
	Other reserves	Revaluation reserves	Total other comprehensive income
	RMB'000	RMB'000	RMB'000
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences (Note 16(a))	(16,027)	-	(16,027)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gains on property and equipment transferred to investment properties	-	122,937	122,937
Fair value gains on FVOCI – gross (Note 15)	-	56,918	56,918
Tax charge – deferred income tax	-	(44,964)	(44,964)
<b>Total other comprehensive income – net of tax</b>	<b>(16,027)</b>	<b>134,891</b>	<b>118,864</b>

*Financial assets at FVOCI*

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income, as explained in Note 2.11. These changes are accumulated within the FVOCI reserve within equity. The Group will transfer amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

## 21 OTHER RESERVES (CONTINUED)

### (c) Statutory reserves

Pursuant to the relevant laws and regulations in the PRC and the provision of the articles of association of the Group's subsidiaries, the Group's subsidiaries which are registered in the PRC shall appropriate certain percentage of profit after tax (after offsetting any accumulated losses brought forward from prior years) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds. Depending on the natures, the reserve funds can be used to set off accumulated losses of the subsidiaries or distribute to owners in form of bonus issue.

### (d) Employee share award scheme

Powerlong Commercial Management Holding Limited ("Powerlong CM"), a subsidiary of the Group, was listed on the Stock Exchange on 30 December 2019 (the "listing"). On 24 November 2020, Powerlong CM granted 11,250,000 awarded shares under share award scheme to Mr. Chen Deli, the executive Director and the chief executive officer of Powerlong CM. The awarded shares will be transferred to Mr. Chen Deli after the relevant vesting conditions are fulfilled.

## 22 PERPETUAL CAPITAL INSTRUMENTS

	Principal RMB'000	Distribution RMB'000	Total RMB'000
Balance as at 1 January 2021	500,000	19,781	519,781
Redemption of perpetual capital instruments	–	–	–
Profit attributable to holders of perpetual capital instruments	–	38,000	38,000
Distribution to holders of perpetual capital instruments	–	(38,000)	(38,000)
Balance as at 31 December 2021	500,000	19,781	519,781
Balance as at 1 January 2020	800,000	20,364	820,364
Redemption of perpetual capital instruments	(300,000)	–	(300,000)
Profit attributable to holders of perpetual capital instruments	–	50,979	50,979
Distribution to holders of perpetual capital instruments	–	(51,562)	(51,562)
Balance as at 31 December 2020	500,000	19,781	519,781

The perpetual capital instruments do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the perpetual capital instruments are classified as equity instruments and recorded as part of equity in the consolidated balance sheet.

## 23 BORROWINGS

	31 December	
	2021 RMB'000	2020 RMB'000
Borrowings included in non-current liabilities:		
Senior notes (Note (a))	12,939,366	13,765,707
Corporate bonds (Note (b))	8,993,868	11,928,398
Commercial mortgage backed securities	2,329,278	2,341,364
Assets-backed securities	1,275,949	1,269,231
Bank borrowings (Note (c))	39,543,692	32,965,056
– secured	39,461,932	32,819,276
– unsecured	81,760	145,780
Other borrowings – secured (Note (d))	2,168,600	350,000
Less: current portion of non-current borrowings	(16,315,823)	(16,720,078)
	50,934,930	45,899,678
Borrowings included in current liabilities:		
Senior notes (Note (a))	3,160,562	–
Bank borrowings – secured (Note (c))	1,261,368	2,384,600
Other borrowings – secured (Note (d))	984,940	763,000
– secured	822,040	763,000
– unsecured	162,900	–
Short-term commercial papers	300,000	800,000
Add: current portion of long-term borrowings	16,315,823	16,720,078
	22,022,693	20,667,678
Total borrowings	72,957,623	66,567,356

**(a) Senior notes**

As at 31 December 2021, senior notes of RMB12,109,661,000 (2020: RMB12,924,867,000) was listed on the Singapore Exchange Securities Trading Limited which contain various early redemption options. The options are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption options was insignificant as at 31 December 2021 and 2020.

The Group's senior notes are guaranteed and secured by pledges of certain subsidiaries and non-PRC joint ventures.

**(b) Corporate bonds**

As at 31 December 2021, corporate bonds of RMB8,394,049,000 (2020: RMB10,030,811,000) are with the issuer's option to raise the coupon rate and the investor's option to sell back the bonds at the end of the second, third, fourth or fifth years. The options embedded in the corporate bonds are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above options was insignificant as at 31 December 2021 and 2020.

**(c) Bank borrowings**

As at 31 December 2021, bank borrowings of RMB40,723,300,000 (2020: RMB35,203,876,000) were secured by property and equipment (Note 6), investment properties (Note 7), properties under development (Note 9), completed properties held for sale (Note 10) and restricted cash (Note 18); the secured bank borrowings of RMB7,333,909,000 (2020: RMB5,612,354,000) were additionally guaranteed by certain related parties (Note 38(b)(iii)).

**23 BORROWINGS (CONTINUED)****(d) Other borrowings**

As at 31 December 2021, borrowings from other financial institutions of RMB2,990,640,000 (2020: RMB1,113,000,000) were secured by property and equipment (Note 6), investment properties (Note 7), properties under development (Note 9) and completed properties held for sale (Note 10).

**(e)** The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	6 months or less RMB'000	6-12 months RMB'000	1-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2021	23,045,944	30,413,961	16,168,432	3,329,286	72,957,623
At 31 December 2020	12,724,612	40,882,070	10,355,360	2,605,314	66,567,356

**(f)** The carrying amounts and fair value of the non-current borrowings are as follows:

	31 December 2021		31 December 2020	
	Carrying amount RMB'000	Fair Value RMB'000	Carrying amount RMB'000	Fair Value RMB'000
Senior Notes (Note (i))	10,212,322	9,087,756	9,685,392	10,153,814
Corporate bonds (Note (ii))	3,967,739	3,967,500	5,014,406	5,030,000
Commercial mortgage backed securities (Note (ii))	1,397,359	1,500,000	2,257,766	2,350,000
Assets-backed securities (Note (ii))	–	–	1,269,231	1,280,000
Bank borrowings (Note (iii))	33,188,910	33,188,910	27,322,883	27,322,883
Other borrowings (Note (iii))	2,168,600	2,168,600	350,000	350,000
	<b>50,934,930</b>	<b>49,912,766</b>	45,899,678	46,486,697

Notes:

- (i) The fair values were determined directly by reference to the price quotations published by Singapore Stock Exchange Limited on 31 December 2021 and 2020, using the pricing of dealing date and were within level 1 of the fair value hierarchy.
- (ii) The fair values of public bonds were determined by reference to the price quotations published on the last trading day of the year ended 31 December 2021 and were within level 1 of the fair value hierarchy. The fair values of non-public bonds were estimated based on cash flow discounted at the borrowing rate and were within level 2 of the fair value hierarchy.
- (iii) The fair values were estimated based on discounted cash flow using the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the balance sheet date and were within level 2 of the fair value hierarchy.

## 23 BORROWINGS (CONTINUED)

(g) The effective interest rates of borrowings are as follows:

	31 December	
	2021	2020
Senior notes	6.80%	7.18%
Corporate bonds	6.78%	7.24%
Commercial mortgage backed securities	5.76%	5.77%
Assets-backed securities	6.77%	6.87%
Bank and other borrowings	6.61%	5.86%
Short-term commercial papers	5.63%	5.68%

(h) The maturity of the borrowings is as follows:

	Within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>As at 31 December 2021</b>					
Senior notes	5,887,606	2,653,871	7,558,451	–	16,099,928
Corporate bonds	5,026,129	3,967,739	–	–	8,993,868
Commercial mortgage backed securities	931,919	1,397,359	–	–	2,329,278
Assets-backed securities	1,275,949	–	–	–	1,275,949
Bank and other borrowings	7,616,150	13,353,180	12,447,300	7,388,430	40,805,060
Other borrowings	984,940	762,900	650,000	755,700	3,153,540
Short-term commercial papers	300,000	–	–	–	300,000
	<b>22,022,693</b>	<b>22,135,049</b>	<b>20,655,751</b>	<b>8,144,130</b>	<b>72,957,623</b>
<b>As at 31 December 2020</b>					
Senior notes	4,080,315	2,779,912	6,905,480	–	13,765,707
Corporate bonds	6,913,992	3,519,048	1,495,358	–	11,928,398
Commercial mortgage backed securities	83,598	81,645	325,030	1,851,091	2,341,364
Assets-backed securities	–	1,269,231	–	–	1,269,231
Bank and other borrowings	8,026,773	6,581,184	12,715,466	8,026,233	35,349,656
Other borrowings	763,000	–	–	350,000	1,113,000
Short-term commercial papers	800,000	–	–	–	800,000
	<b>20,667,678</b>	<b>14,231,020</b>	<b>21,441,334</b>	<b>10,227,324</b>	<b>66,567,356</b>

**23 BORROWINGS (CONTINUED)**

(i) As at 31 December 2021 and 2020, the Group had the following undrawn borrowing facilities:

	31 December	
	2021 RMB'000	2020 RMB'000
Floating rate:		
– expiring within 1 year	242,271	1,020,300
– expiring beyond 1 year	9,752,910	5,197,346
Fixed rate:		
– expiring within 1 year	–	30,000
– expiring beyond 1 year	51,500	51,500
	<b>10,046,681</b>	<b>6,299,146</b>

**24 DEFERRED INCOME TAX**

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	31 December	
	2021 RMB'000	2020 RMB'000
Deferred income tax assets:		
To be realised after more than 12 months	374,970	427,482
To be realised within 12 months	734,879	373,198
	<b>1,109,849</b>	<b>800,680</b>
Deferred income tax liabilities:		
To be realised after more than 12 months	(7,906,960)	(6,673,448)
To be realised within 12 months	(565,283)	(568,996)
	<b>(8,472,243)</b>	<b>(7,242,444)</b>
	<b>(7,362,394)</b>	<b>(6,441,764)</b>

The net movements on the deferred income tax are as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
At 1 January	(6,441,764)	(5,923,369)
Recognised in income tax expense (Note 32)	129,174	(421,637)
Tax charge/(credit) relating to components of other comprehensive income (Note 21(b))	44,745	(44,964)
Consolidation of entities previously held as joint ventures	(1,094,549)	(50,548)
Acquisition of a subsidiary	–	(1,246)
At 31 December	<b>(7,362,394)</b>	<b>(6,441,764)</b>

## 24 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

### Deferred income tax assets

	Temporary difference on unrealised profit of inter- company transactions RMB'000	Tax losses RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	440,210	531,499	220,170	47,519	1,239,398
Credited to the income tax expense	181,182	320,919	10,115	56,956	569,172
At 31 December 2021	621,392	852,418	230,285	104,475	1,808,570
At 1 January 2020	338,439	522,068	90,876	15,425	966,808
Consolidations of entities previously held as joint ventures	–	6,630	–	–	6,630
Acquisition of a subsidiary	–	–	1,895	–	1,895
Credited to the income tax expense	101,771	2,801	127,399	32,094	264,065
At 31 December 2020	440,210	531,499	220,170	47,519	1,239,398

**24 DEFERRED INCOME TAX (CONTINUED)****Deferred income tax liabilities**

	Excess of carrying amount of land use right over the tax bases	Temporary difference on revaluation gains of investment properties	Temporary difference on revaluation of FVOCI	Temporary difference on right-of-use assets	Withholding tax on profit to be distributed in future	Temporary difference on interest capitalisation	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	(617,797)	(6,189,865)	(39,278)	(179,657)	(79,000)	(465,947)	(109,618)	(7,681,162)
Consolidations of entities previously held as joint ventures	(1,094,549)	-	-	-	-	-	-	(1,094,549)
Tax credited/(charged) to the income tax expense	328,082	(265,838)	-	(21,920)	-	(365,386)	(114,936)	(439,998)
Tax charge relating to components of other comprehensive income	-	-	44,745	-	-	-	-	44,745
At 31 December 2021	(1,384,264)	(6,455,703)	5,467	(201,577)	(79,000)	(831,333)	(224,554)	(9,170,964)
At 1 January 2020	(706,919)	(5,639,423)	(25,049)	(55,771)	(100,000)	(285,486)	(77,529)	(6,890,177)
Consolidations of entities previously held as joint ventures	(57,178)	-	-	-	-	-	-	(57,178)
Acquisition of a subsidiary	-	-	-	(1,740)	-	-	(1,401)	(3,141)
Tax credited/(charged) to the income tax expense	146,300	(550,442)	-	(122,146)	21,000	(180,461)	47	(685,702)
Tax charge relating to components of other comprehensive income	-	-	(14,229)	-	-	-	(30,735)	(44,964)
At 31 December 2020	(617,797)	(6,189,865)	(39,278)	(179,657)	(79,000)	(465,947)	(109,618)	(7,681,162)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB784,958,000 (2020: RMB436,997,000) in respect of losses amounting to RMB3,139,830,000 (2020: RMB1,747,989,000) that can be carried forward against future taxable income. The tax losses could be carried forward for a maximum of five years.

## 24 DEFERRED INCOME TAX (CONTINUED)

### Deferred income tax liabilities (continued)

Tax losses will expire in the following years:

Year	RMB'000
2021	66,731
2022	377,332
2023	461,149
2024	670,759
2025	1,563,859
	3,139,830

Deferred income tax liabilities of RMB4,141,479,000 (2020: RMB3,687,622,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings totalled RMB41,414,793,000 as at 31 December 2021 (2020: RMB36,876,216,000), as the Group does not have a plan to distribute these earnings out of the PRC.

## 25 TRADE AND OTHER PAYABLES

	31 December	
	2021 RMB'000	2020 RMB'000
Trade payables (Note (a))	16,197,293	13,183,955
– Related parties (Note 38(d))	40,273	25,800
– Third parties	15,014,075	12,890,578
– Notes payable – third parties	1,142,945	267,577
Other payables and accruals	23,839,652	17,500,555
– Related parties (Note 38(d))	11,363,136	10,986,310
– Non-controlling interests	6,503,912	3,824,565
– Third parties (Note (b))	5,972,604	2,689,680
Payables for retention fee	1,525,557	823,415
Value-added tax received in advance from customers	2,451,453	1,928,838
Interest payable	1,096,805	1,068,161
Payables for acquisition of land use rights	1,379	23,751
Other tax payables	1,403,666	734,129
Dividend payables to non-controlling interests	–	148,880
	46,515,805	35,411,684
Less: non-current portion		
Other payables – third parties	(137,115)	(182,167)
Current portion	46,378,690	35,229,517

**25 TRADE AND OTHER PAYABLES (CONTINUED)**

- (a) The ageing analysis of trade payables as at 31 December 2021 and 2020 based on invoice date is as follows:

	31 December	
	2021 RMB'000	2020 RMB'000
Within 90 days	6,674,871	8,993,850
Over 90 days and within 180 days	7,209,571	2,513,720
Over 180 days and within 365 days	889,272	1,217,702
Over 365 days and within 3 years	1,423,579	458,683
	<b>16,197,293</b>	13,183,955

- (b) Amounts represent mainly cash advances from independent third parties for joint development projects and deposits from property purchasers.
- (c) Group's trade and other payables were mainly denominated in RMB, except for the interest payables of RMB247,991,000 and RMB21,557,000 (2020: RMB314,023,000 and RMB21,860,000), which were denominated in US\$ and HK\$ respectively.
- (d) The fair value of trade and other payables approximate their carrying amounts.

## 26 CONTRACT LIABILITIES

	31 December	
	2021 RMB'000	2020 RMB'000
Contract liabilities		
– Related parties (Note 38(d))	8,522	74,209
– Third parties	38,916,915	22,683,123
	<b>38,925,437</b>	22,757,332

Contract liabilities mainly represent the receipts of the property sales. Such liabilities increased as a result of the business growth of the Group.

### (a) Revenue recognised in relation to contract liabilities

The following table set out the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	12,305,926	18,702,253

### (b) Unsatisfied performance obligations

The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as of 31 December 2021 and 31 December 2020.

## 27 CURRENT INCOME TAX LIABILITIES

The current income tax liabilities are analysed as follows:

	31 December	
	2021 RMB'000	2020 RMB'000
Current income tax liabilities		
– PRC corporate income tax payable	6,992,662	5,575,055
– PRC land appreciation tax payable	6,245,743	4,796,556
– PRC withholding tax payable	–	91,000
	<b>13,238,405</b>	10,462,611

**28 EXPENSES BY NATURE**

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Cost of properties sold – including construction cost, land cost and interest cost	<b>24,184,806</b>	20,156,143
Staff costs (including directors' emoluments)	<b>2,547,194</b>	1,672,436
Employee benefit expenditure – including directors' emoluments	<b>2,918,632</b>	1,942,297
Less: capitalised in properties under development, investment properties under construction and construction in progress	<b>(371,438)</b>	(269,861)
Taxes and other levies	<b>384,308</b>	262,581
Advertising costs	<b>860,610</b>	700,078
Subcontracting costs	<b>443,650</b>	459,513
Hotel operations expenses	<b>289,978</b>	296,977
Depreciation and amortisation	<b>295,106</b>	279,506
– Property and equipment (Note 6)	<b>225,134</b>	224,351
– Right-of-use assets (Note 6)	<b>69,411</b>	54,968
– Intangible assets	<b>561</b>	187
Utilities	<b>141,909</b>	138,303
Office related expenses	<b>111,483</b>	93,863
Donations	<b>34,564</b>	68,892
Rental expenses	<b>24,190</b>	30,237
Auditor's remuneration	<b>20,408</b>	11,666
– Audit services	<b>14,300</b>	8,000
– Non-audit services	<b>6,108</b>	3,666

## 29 STAFF COSTS

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Wages and salaries	2,384,079	1,696,547
Pension costs – statutory pension	418,444	171,320
Share award scheme – value of employee service	55,248	18,416
Other staff welfare and benefits	60,861	56,014
	<b>2,918,632</b>	<b>1,942,297</b>
Less: capitalised in properties under development, investment properties under construction and construction in progress	<b>(371,438)</b>	<b>(269,861)</b>
	<b>2,547,194</b>	<b>1,672,436</b>

## (a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year including four (2020: four) directors whose emoluments are reflected in the analysis presented in Note 43. The aggregate amounts of emoluments of the remaining one (2020: one) highest paid individual for the year ended 31 December 2021 and 2020 are set out below:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Share award scheme – value of employee service (Note 21(d))	55,248	18,416
Wages and salaries	2,500	700
Retirement scheme contributions	223	65
Fee	240	140
Discretionary bonus	300	–
Allowance	48	21
	<b>58,559</b>	<b>19,342</b>

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
Emolument bands (in HK\$)		
HK\$22,000,000 to HK\$23,000,000	–	1
HK\$71,500,001 to HK\$72,000,000	1	–

During the year ended 31 December 2021, no emolument was paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices (2020: nil).

## 29 STAFF COSTS (CONTINUED)

### (b) Pensions – defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income, with a maximum cap per employee per month.

## 30 OTHER INCOME AND GAINS – NET

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Fair value gains on the remeasurement of investments in joint ventures (Note 40)	558,355	37,919
Revaluation gains on completed properties held for sale transferred to investment properties	400,132	–
Gains on disposal of a joint venture	233,978	2,000
Interest income	169,693	82,241
Foreign exchange gains – net (Note (a))	40,236	42,861
Dividend income of financial assets at fair value through profit or loss	–	1,218
(Losses)/gains on disposal of investment properties	(3,516)	2,062
Fair value (losses)/gains on financial assets at fair value through profit or loss	(77,335)	12,817
Others	68,799	3,108
	<b>1,390,342</b>	<b>184,226</b>

- (a) Amount mainly represents the net losses on translation of foreign currency financial assets and liabilities from foreign currency into RMB at the prevailing year-end exchange rate. It does not include the exchange gain or loss of translation of borrowings which are included in the "finance (costs)/income – net" (Note 31).

**31 FINANCE COSTS/(INCOME) – NET**

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Interest expense:		
Borrowings	5,089,445	4,275,175
Lease liabilities	104,026	35,595
	<b>5,193,471</b>	4,310,770
Less: finance costs capitalised	(3,820,465)	(3,004,478)
Foreign exchange gains on borrowings – net	(595,024)	(1,205,882)
Finance costs	<b>777,982</b>	100,410
Interest income of bank deposits	(343,264)	(413,133)
Gains on early redemption of senior notes	–	290
Finance costs/(income) – net	<b>434,718</b>	(312,433)

**32 INCOME TAX EXPENSE**

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Current income tax:		
PRC corporate income tax	2,655,935	2,366,554
PRC land appreciation tax	2,284,891	1,679,846
	<b>4,940,826</b>	4,046,400
Deferred income tax:		
PRC corporate income tax	77,805	513,759
PRC land appreciation tax	(206,979)	(92,122)
	<b>(129,174)</b>	421,637
	<b>4,811,652</b>	4,468,037

The tax charge on other comprehensive income has been disclosed in Note 21(b).

**32 INCOME TAX EXPENSE (CONTINUED)**

The income tax on the profit before income tax of the Group differs from the theoretical amount that would arise using the enacted tax rate of the home country of the respective group entities as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Profit before income tax	12,147,777	13,283,387
Calculated at applicable corporate income tax rate	3,040,275	3,454,944
Effect of expenses not deductible for income tax	87,957	21,938
Effect of income not subject to income tax	(255,761)	(249,872)
Share of profits of investments accounted for using the equity method	(126,976)	(166,748)
Tax losses for which no deferred income tax asset was recognised	390,965	160,991
Utilisation of tax losses previously not recognised	(1,753)	(14,009)
PRC land appreciation tax deductible for PRC corporate income tax purposes	(400,967)	(396,931)
	<b>2,733,740</b>	<b>2,810,313</b>
PRC withholding income tax on profit to be distributed in the future	–	70,000
PRC land appreciation tax	2,077,912	1,587,724
	<b>4,811,652</b>	<b>4,468,037</b>

**PRC corporate income tax**

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for both years, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group entities located in Mainland China is 25%.

**PRC withholding income tax**

According to the new Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

## 32 INCOME TAX EXPENSE (CONTINUED)

### PRC land appreciation tax (“LAT”)

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

### Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company’s subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

### Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong for the year. The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

### 33 EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2021	2020
Profit attributable to owners of the Company (RMB'000)	5,992,099	6,093,216
Weighted average number of ordinary shares in issue (thousand shares)	4,141,135	4,142,654
Basic earnings per share (RMB cents per share)	144.7	147.1

#### (b) Diluted

Since there was no dilutive potential ordinary shares during the year ended 31 December 2021, diluted earnings per share is equal to basic earnings per share (2020: nil).

### 34 DIVIDENDS

The dividend paid in 2021 consists of (i) the payment of the 2020 final cash dividend of HK33.0 cents per ordinary share totalling HK\$1,366,993,000 (equivalent to RMB1,124,912,000) (2019 final cash dividend and the special dividend of HK31.0 cents per ordinary share totalling HK\$1,284,145,000), and (ii) 2021 interim dividend of HK18.0 cents per ordinary share in form of cash totalling HK\$745,272,000 (equivalent to RMB608,679,000) (2020 interim dividend: HK12.0 cents per ordinary share in form of cash totalling HK\$497,088,000).

The Board recommended the payment of a final dividend of HK10.0 cents per ordinary share. Total amount of final dividend would be HK\$414,040,000 (equivalent to approximately RMB338,519,000) which is calculated according to the ordinary shares in issue as of 31 December 2021. Such dividends is subject to approval by the shareholders at the Annual General Meeting on 17 June 2022. These consolidated financial statements do not reflect this dividend payable.

The final dividend will be offered with a scrip option for the shareholders of the Company to elect, as an alternative, to receive the final dividend wholly or partly in the form of new fully paid shares of the Company in lieu of cash (the "Scrip Dividend Scheme"). The new shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the Company's shares in issue on the date of allotment and issue of such shares, except that they will not be entitled to the final dividend. The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the Annual General Meeting and the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued pursuant to the Scrip Dividend Scheme.

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Proposed final dividends	338,519	1,150,516

**35 CASH FLOW INFORMATION****(a) Cash generated from operations**

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Profit before taxation	12,147,777	13,283,387
Adjustments for:		
Depreciation and amortisation	295,106	279,506
– Property and equipment (Note 6)	225,134	224,351
– Right-of-use assets (Note 6)	69,411	54,968
– Intangible assets	561	187
Fair value gains on investment properties – net (Note 7)	(1,710,955)	(2,095,764)
Impairment losses on financial assets – net	241,415	150,002
Share of results of investments accounted for using the equity method (Note 16)	(507,903)	(666,990)
Other income and gains-net (Note 30)	(1,390,342)	(184,226)
Finance costs/(income) – net (Note 31)	434,718	(312,433)
Share award scheme – value of employee service	55,248	18,416
Changes in operating capital:		
Properties under development and completed properties held for sale	(13,902,065)	(11,978,916)
Restricted cash	(520,362)	(723,197)
Trade and other receivables	1,434,027	(431,326)
Contract assets	(151,025)	(126,422)
Prepayments	3,832,141	(2,872,149)
Trade and other payables	2,699,312	479,873
Contract liabilities	7,049,502	(527,909)
Cash generated from/(used in) operation	<b>10,006,594</b>	(5,708,148)

**35 CASH FLOW INFORMATION (CONTINUED)****(b) Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those 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.

	Loan from related parties RMB'000	Borrowings RMB'000	Leases RMB'000	Total RMB'000
Net debt as at 1 January 2021	11,356,924	66,567,356	888,920	78,813,200
– Inflow from financing activities	8,829,246	37,458,685	–	46,287,931
– Outflow from financing activities	(8,823,034)	(32,493,168)	(226,188)	(41,542,390)
Consolidation of entities previously held as joint ventures (Note 40)	–	1,710,400	–	1,710,400
Acquisition – leases	–	–	1,772,730	1,772,730
Foreign exchange adjustments	–	(444,732)	–	(444,732)
Other changes (i)	–	159,082	104,026	263,108
Net debt as at 31 December 2021	11,363,136	72,957,623	2,539,488	86,860,247

	Loan from related parties RMB'000	Borrowings RMB'000	Leases RMB'000	Total RMB'000
Net debt as at 1 January 2020	5,956,236	55,263,081	429,833	61,649,150
– Inflow from financing activities	9,892,897	38,638,283	–	48,531,180
– Outflow from financing activities	(4,492,209)	(26,524,943)	(171,753)	(31,188,905)
Consolidations of entities previously held as joint ventures	–	232,500	–	232,500
Acquisition – leases	–	–	521,242	521,242
Acquisition of a subsidiary	–	–	74,003	74,003
Foreign exchange adjustments	–	(1,158,974)	–	(1,158,974)
Other changes (i)	–	117,409	35,595	153,004
Net debt as at 31 December 2020	11,356,924	66,567,356	888,920	78,813,200

- (i) Other changes mainly comprise of: i) amortisation of issuance costs of senior notes, corporate bonds, commercial mortgage backed securities and assets-backed securities, ii) finance expenses recognised of leases and iii) gains on early redemption of senior notes.

## 36 FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group is analysed as below:

	31 December	
	2021 RMB'000	2020 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	32,685,377	29,461,621
Guarantees for borrowings of joint ventures and associates (Note (b))	1,234,831	1,394,430
	<b>33,920,208</b>	<b>30,856,051</b>

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore the fair value of these financial guarantees is immaterial.

- (b) Amounts represent principal amounts of the loans of the joint ventures and associates guaranteed by the Group. The Directors consider that the fair value of these contracts at the date of inception was minimal, the repayment was on schedule and risk of default in payment was remote, therefore no provision has been made in the financial statements for the guarantees.

## 37 COMMITMENTS

### (a) Commitments for property development expenditures

	31 December	
	2021 RMB'000	2020 RMB'000
Contracted but not provided for:		
Properties development activities	14,477,443	14,102,853
Acquisition of land use rights	3,448,488	5,954,026
	<b>17,925,931</b>	<b>20,056,879</b>

### (b) Leases commitments

As at 31 December 2021 and 2020, the Group did not have any material short-term lease commitments.

## 38 RELATED PARTY TRANSACTIONS

### (a) Name and relationship with related parties

Name	Relationship
Skylong Holdings Limited	The ultimate holding company of the Company (incorporated in Cayman Islands)
Mr. Hoi Kin Hong	The ultimate controlling shareholder and also the director of the Company
The Controlling Shareholders, including Ms. Wong Lai Chan, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan	A close family member of ultimate controlling shareholder, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan are also the directors of the Company
Sky Infinity Holdings Limited	Shareholder of the Company and fully owned subsidiary of Mr. Hoi Kin Hong
Powerlong Group Development Co., Ltd. 寶龍集團發展有限公司	Controlled by the ultimate Controlling Shareholder
Xiamen Powerlong Information Industry Co., Ltd. 廈門寶龍信息產業發展有限公司	Controlled by the ultimate Controlling Shareholder
Fuzhou Powerlong Amusement Management Company Limited 福州寶龍樂園遊樂有限公司	Controlled by the ultimate Controlling Shareholder
Qingdao Powerlong Amusement Management Company Limited 青島寶龍樂園旅遊文化發展有限公司	Controlled by the ultimate Controlling Shareholder
Fujian Ping An Security Devices and Network Limited 福建平安報警網絡有限公司	Controlled by the ultimate Controlling Shareholder
Mantong (HK) Trading Co., Limited 萬通(香港)貿易有限公司	Controlled by the Controlling Shareholder
Shanghai Yueshang Information Technology Co., Ltd. 上海悅商資訊科技有限公司	Significantly influenced by the Controlling Shareholder
Tianjin Powerlong Jinjun Real Estate Co., Ltd. 天津寶龍金駿房地產開發有限責任公司	Joint venture of the Group
Hangzhou Xiaoshan Powerlong Property Co., Ltd. 杭州蕭山寶龍置業有限公司	Joint venture of the Group
Baohui Real Estate (Hong Kong) Holdings Limited 寶匯地產(香港)控股有限公司	Joint venture of the Group
Powerlong Golden Wheel Coral Company Limited 寶龍金輪珊瑚有限公司	Joint venture of the Group
Yangzhou Golden Wheel Powerlong Real Estate Co., Ltd. 揚州金輪寶龍置業有限公司	Joint venture of the Group
Tianjin Shunji Real Estate Development Co., Ltd. 天津順集置業有限公司	Joint venture of the Group
Ningbo Powerlong Huafeng Real Estate Development Co., Ltd. 寧波寶龍華豐置業發展有限公司	Joint venture of the Group
Shanghai Xiaofeng Enterprise Management Co., Ltd. 上海夏鋒企業管理有限公司	Joint venture of the Group
Shanghai Baozhan Real Estate Development Co., Ltd. 上海寶展房地產開發有限公司	Joint venture of the Group

## 38 RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Name and relationship with related parties (continued)

Name	Relationship
Nanjing Weirun Real Estate Development Co., Ltd. 南京威潤房地產開發有限公司	Joint venture of the Group
Ningbo Youngor Baolong Real Estate Co., Ltd. (formerly named Ningbo Youngor New Longland Real Estate Development Co., Ltd.) 寧波雅戈爾寶龍置業有限公司 (前稱寧波雅戈爾新長島置業有限公司)	Joint venture of the Group
Shanghai Baoshen Digital Technology Co., Ltd. 上海寶申數字科技有限公司	Joint venture of the Group
Shanghai Mijie Property Management Co., Ltd. 上海畢傑企業管理有限公司	Joint venture of the Group
Tianjin Yujing City Real Estate Development Co., Ltd. 天津愉景城置業有限公司	Joint venture of the Group
Tianjin Binhui Real Estate Co., Ltd. 天津濱輝置業有限公司	Joint venture of the Group
Qingdao Hailong Yilian Real Estate Co., Ltd. 青島海龍衣聯置業有限公司	Joint venture of the Group
Taizhou Huayi Real Estate Co., Ltd. 台州華懿置業有限公司	Joint venture of the Group
Taizhou Tianqu Real Estate Co., Ltd. 台州天衢置業有限公司	Joint venture of the Group
Pingyang Zhongji Lianye Real Estate Co., Ltd. 平陽中基聯業置業有限公司	Joint venture of the Group
Hangzhou Powerlong Taoyuan Real Estate Development Co., Ltd. 杭州寶龍桃源置業發展有限公司	Joint venture of the Group
Zhoushan Longyu Commercial Investment Co., Ltd. 舟山龍宇商業投資有限公司	Joint venture of the Group
Zhoushan Longyu Hotel Co., Ltd. 舟山龍宇大酒店有限公司	Joint venture of the Group
Shanghai Duxuan Enterprise Management Co., Ltd. 上海都綸企業管理有限公司	Associate of the Group
Quanzhou Shimao New Mileage Real Estate Co., Ltd. 泉州世茂新里程置業有限公司	Associate of the Group
Xuzhou Jinbi Real Estate Development Co., Ltd. 徐州金碧房地產開發有限公司	Associate of the Group
Nanjing Baomao Real Estate Co., Ltd. 南京寶茂置業有限公司	Associate of the Group
Hangzhou Zhanxiang Industrial Co., Ltd. 杭州展驥實業有限公司	Associate of the Group
Tianjin Hongyao Decoration Engineering Co., Ltd. 天津宏耀裝修工程有限公司	Associate of the Group
Changshu Shibao Real Estate Development Co., Ltd. 常熟世寶房地產開發有限公司	Associate of the Group
Quanzhou Shimao Shiyue Real Estate Co., Ltd. 泉州世茂世悅置業有限公司	Associate of the Group

**38 RELATED PARTY TRANSACTIONS (CONTINUED)****(a) Name and relationship with related parties (continued)**

Name	Relationship
Zhejiang Zhoushan Zhongzhou Real Estate Development Co., Ltd. 浙江舟山中軸置業有限公司	Associate of the Group
Jinhua Ruilin Real Estate Development Co., Ltd. 金華市瑞麟房地產開發有限公司	Associate of the Group
Zhenjiang Hengrun Real Estate Development Co., Ltd. 鎮江恒潤房地產開發有限公司	Associate of the Group
Yiwu Zhongyao Real Estate Development Co., Ltd. 義烏眾耀房地產開發有限公司	Associate of the Group
Quanzhou Shangquan Industrial Development Co., Ltd. 泉州市上泉實業發展有限公司	Associate of the Group
Suzhou Macalline Real Estate Co., Ltd. 蘇州紅星美凱龍房地產開發有限公司	Associate of the Group
Shanghai Hukang Property Management Co., Ltd. 上海湖康企業管理有限公司	Associate of the Group
Shanghai Hubang Real Estate Development Co., Ltd. 上海湖邦房地產有限公司	Associate of the Group
Zhejiang Lancheng Hongyi Youdao Construction Management Co., Ltd. 浙江藍城宏逸有道建設管理有限公司	Associate of the Group
Shaoxing Keqiao Juhang Real Estate Development Co., Ltd. 紹興柯橋聚杭房地產開發有限公司	Associate of the Group
Hangzhou Juyou Enterprise Management Co., Ltd. 杭州聚佑企業管理有限責任公司	Associate of the Group
Yiwu Juli Real Estate Development Co., Ltd. 義烏聚厲房地產開發有限公司	Associate of the Group
Zhoushan Juyou Real Estate Development Co., Ltd. 舟山聚佑房地產開發有限公司	Associate of the Group
Shanghai Taoxia Enterprise Management Co., Ltd. 上海濤峽企業管理有限公司	Associate of the Group
Zhejiang Huzhou Baohui Real Estate Development Co., Ltd. 浙江湖州寶輝房地產開發有限公司	Associate of the Group
Hangzhou Jiayi Real Estate Co., Ltd. 杭州嘉怡置業有限公司	Associate of the Group
Tiantai Maolong Real Estate Development Co., Ltd. 天臺茂龍房地產開發有限公司	Associate of the Group

**38 RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Transactions with related parties**

- (i) During the years ended 31 December 2021 and 2020, the Group had the following significant transactions with related parties:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
<b>Nature of transactions</b>		
<b>The Controlling Shareholders</b>		
Loan interests	–	17,788
<b>Controlled by the ultimate controlling shareholder</b>		
Rental income	7,819	4,321
Purchase of office equipment and security intelligentisation system services from related parties	64,644	33,479
Hotel accommodation service fee charged by a related party	–	14
<b>Significantly influenced by Controlling Shareholder</b>		
Purchase of digitalisation services	31,630	22,653
<b>Controlled by the Controlling Shareholders</b>		
Provision of construction service	10,092	–
Rental expenses	13,200	–
<b>Joint ventures</b>		
Sales of construction materials to joint ventures	90,959	21,710
Interest income from joint ventures	169,693	76,232
Consultation services provided to joint ventures	158,479	161,844
Commercial operational services and residential properties	35,237	–
Purchase of information technology from a joint venture	1,849	12,906
<b>Associates</b>		
Sales of construction materials to associates	44,178	2,415
Consultation services provided to associates	40,930	120,247
Commercial operational services and residential properties	15,086	–
Interest income from Associates	23,270	2,993

The above transactions were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed year.

**38 RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Transactions with related parties (continued)**

- (ii) The Group have provided guarantees for borrowings of certain joint ventures and associates of RMB1,234,831,400 as at 31 December 2021 (2020: RMB1,394,430,000) (Note 36).
- (iii) Certain related parties have provided guarantees for the Group's bank borrowings of RMB7,333,909,000 as at 31 December 2021 (2020: RMB5,612,354,000) (Note 23).
- (iv) In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

**(c) Key management compensation**

Key management compensation is set out below:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Key management compensation		
– Salaries and other employee benefits	26,845	17,496
– Pension costs	1,858	1,440
	<b>28,703</b>	18,936

**38 RELATED PARTY TRANSACTIONS (CONTINUED)****(d) Balances with related parties**

As at 31 December 2021, the Group had the following material balances with related parties:

	31 December	
	2021 RMB'000	2020 RMB'000
<b>Amounts due from related parties included in trade receivables (Note (i)):</b>		
Joint ventures	6,743	25,681
Associates	–	15,861
	<b>6,743</b>	<b>41,542</b>
<b>Amounts due from related parties included in other receivables (Note (iii)):</b>		
Controlled by the ultimate controlling shareholder	21,376	21,376
Joint ventures	7,722,673	4,058,535
Associates	2,464,880	3,131,782
	<b>10,208,929</b>	<b>7,211,693</b>
<b>Amounts due to related parties included in trade payables (Note (ii)):</b>		
Controlled by the ultimate controlling shareholder	31,603	16,315
Significantly influenced by the Controlling Shareholder	7,350	8,871
Joint ventures	208	614
Associates	1,112	–
	<b>40,273</b>	<b>25,800</b>
<b>Amounts due to related parties included in other payables (Note (iii)):</b>		
Controlled by the ultimate controlling shareholder	3,127,123	2,310,226
Joint ventures	4,511,708	5,654,953
Associates	3,724,305	3,021,131
	<b>11,363,136</b>	<b>10,986,310</b>

**38 RELATED PARTY TRANSACTIONS (CONTINUED)****(d) Balances with related parties (continued)**

	31 December	
	2021 RMB'000	2020 RMB'000
<b>Amounts due to related parties included in contract liabilities (Note (iv)):</b>		
The Controlling Shareholders	–	10,966
Joint ventures	<b>8,522</b>	41,073
Associates	–	22,170
	<b>8,522</b>	74,209

- (i) Amounts due from joint ventures and associates included in trade receivables are mainly derived from consulting services provided to joint ventures and associates.
- (ii) Amounts due to related parties included in trade payables are mainly derived from purchase of office equipment and security intelligentisation system services, which are unsecured, interest-free and to be settled according to contract terms.
- (iii) Amounts due from/to related parties included in other receivables/payables are cash advances in nature. Apart from amounts due from certain joint ventures are interest bearing (Note 12), others are unsecured, interest-free and receivable/repayable on demand.
- (iv) Amounts due to related parties included in contract liabilities mainly consist of advances paid for purchase of properties and consulting services.

**39 CAPITAL INJECTION FROM NON-CONTROLLING INTERESTS**

During the year ended 31 December 2021, the Group and certain independent third parties entered into certain cooperation agreements in relation to the establishment of property development companies. These property development companies are accounted for as subsidiaries of the Group, and capital contribution from the minority interest amounted to approximately RMB4,541,846,000.

#### 40 CHANGE FROM JOINT VENTURES TO SUBSIDIARIES

On 1 July 2021, the joint venture partners of Changzhou Chengyuan Property Development Co., Ltd. (“Changzhou Chengyuan”), Taizhou Pengmiao Real Estate Development Co., Ltd. (“Taizhou Pengmiao”), Yiwu Meilong Property Development Co., Ltd. (“Yiwu Meilong”), Lanxi Longrui Real Estate Development Co., Ltd. (“Lanxi Longrui”) and Ningbo Ronghui Property Development Co., Ltd. (“Ningbo Ronghui”) have transferred the controlling rights of the jointly controlled projects to the Group respectively. The investments in Changzhou Chengyuan, Taizhou Pengmiao, Yiwu Meilong, Lanxi Longrui and Ningbo Ronghui are deemed as having been disposed of, and were remeasured to fair value at the date of deemed disposal, the resulting gains of RMB558,355,000 from the remeasurement are recognised in the profit or loss in accordance with HKFRS 3 – Business Combinations.

Details of the purchase consideration, the net asset acquired and goodwill are as follows:

	Ningbo Ronghui RMB'000	Taizhou Pengmiao RMB'000	Lanxi Longrui RMB'000	Changzhou Chengyuan RMB'000	Yiwu Meilong RMB'000	Total RMB'000
<b>Total Consideration</b>						
Carrying amounts of the Group's investments in joint ventures	–	246,756	–	463,843	63,991	774,590
Fair value gains on the remeasurement of investments in joint ventures	110,277	136,074	105,119	102,821	104,064	558,355
Fair value of the investments in respective entity	110,277	382,830	105,119	566,664	168,055	1,332,945
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>						
Cash and cash equivalents	219,972	508,844	145,028	336,273	279,186	1,489,303
Trade and other receivables	1,305,487	–	387,974	1,180,166	626,827	3,500,454
Properties under development	1,884,865	2,010,433	652,870	1,440,582	963,154	6,951,904
Prepaid taxes	–	–	–	52,307	28,598	80,905
Prepayments	770	579	–	–	252	1,601
Property, plant and equipment	377	–	84	11	58	530
Investment properties	643,410	1,079,175	927,230	239,616	521,039	3,410,470
Deferred income tax assets	–	–	–	29	1,322	1,351
Trade and other payables	(444,606)	216,853	(231,729)	(259,115)	(181,025)	(899,622)
Contract liabilities	(2,747,340)	(2,197,505)	(1,291,309)	(1,570,924)	(1,311,525)	(9,118,603)
Borrowings	(445,400)	(840,000)	(210,000)	(5,000)	(210,000)	(1,710,400)
Current income tax liabilities	–	–	–	(83,481)	(139,517)	(222,998)
Deferred income tax liabilities	(201,308)	(189,409)	(204,949)	(219,358)	(242,260)	(1,057,284)
<b>Total identifiable net assets</b>	216,227	588,970	175,199	1,111,106	336,109	2,427,611
Non-controlling interests	(105,950)	(206,140)	(70,080)	(544,442)	(168,054)	(1,094,666)
Identifiable net assets attributable to the Company	110,277	382,830	105,119	566,664	168,055	1,332,945
<b>Goodwill</b>	–	–	–	–	–	–

The acquired business contributed revenue of RMB7,549,460,000 and net profit of RMB1,454,526,000 to the Group for the period from the acquisition date to 31 December 2021.

## 41 PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries of the Company at 31 December 2021 are set out below.

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
寶龍地產(香港)控股有限公司 Powerlong Real Estate (Hong Kong) Holdings Limited	Hong Kong 05 July 2007	Limited liability company	HK\$1	100%	–	Investment holding in Hong Kong
寶龍置地發展有限公司 Powerlong Land Development Limited	Hong Kong 03 October 2008	Limited liability company	HK\$100	82%	18%	Investment holding in Hong Kong
洪誠企業管理(香港)有限公司 Hongcheng Enterprise Management (Hong Kong) Limited	Hong Kong 15 July 2019	Limited liability company	HK\$100	100%	–	Investment holding in Hong Kong
鵬輝企業管理(香港)有限公司 Pengye Enterprise Management (Hong Kong) Limited	Hong Kong 01 August 2019	Limited liability company	HK\$100	100%	–	Investment holding in Hong Kong
紹興聚巒置業有限公司 Shaoxing Jurong Property Development Co., Ltd. (Note (b))	the PRC 29 April 2020	Limited liability company	RMB450,000,000	35%	65%	Property development and property investment in the PRC
珠海鵬灣置業有限公司 Zuhai Pengwan Property Development Co., Ltd. (Note (b))	the PRC 08 January 2020	Limited liability company	RMB50,000,000	45%	55%	Property development and property investment in the PRC
洛陽寶龍置業發展有限公司 Luoyang Powerlong Property Development Company Limited	the PRC 03 March 2006	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
寶龍集團(青島)置業發展有限公司 Powerlong Group (Qingdao) Property Development Co., Ltd.	the PRC 13 July 2006	Limited liability company	RMB660,000,000	100%	–	Property development, property investment and hotel operation in the PRC
寶龍星創實業(杭州)有限公司 Powerlong Xingchuang Industrial (Hangzhou) Co., Ltd. (Note (a))	the PRC 21 June 2016	Limited liability company	US\$149,424,383	42%	58%	Property development and property investment in the PRC
珠海寶龍置業有限公司 Zuhai Powerlong Property Development Co., Ltd.	the PRC 21 November 2019	Limited liability company	RMB10,000,000	90%	10%	Property development and property investment in the PRC

## 41 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
新鄉寶龍置業發展有限公司 Xinxiang Powerlong Property Development Co., Ltd.	the PRC 25 December 2007	Limited liability company	RMB293,833,329	100%	–	Property development property investment and hotel operation in the PRC
廈門寶龍實業有限公司 Xiamen Powerlong Industrial Development Co., Ltd.	the PRC 25 November 2013	Limited liability company	RMB300,000,000	100%	–	Property development property investment and hotel operation in the PRC
上海寶龍展飛房地產開發有限公司 Shanghai Powerlong Zhanfei Real Estate Development Co., Ltd.	the PRC 09 December 2013	Limited liability company	RMB1,000,000,000	100%	–	Property development, property investment and hotel operation in the PRC
晉江市晉龍實業發展有限公司 Jinjiang Jinlong Industrial Development Co., Ltd.	the PRC 20 December 2010	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
上海康睿房地產發展有限公司 Shanghai Kangrui Real Estate Development Co., Ltd.	the PRC 27 January 2014	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
宜興寶明房地產開發有限公司 Yixing Baoming Real Estate Development Co., Ltd. (Note (a))	the PRC 11 October 2019	Limited liability company	RMB200,000,000	48%	52%	Property development and property investment in the PRC
台州瓊懿實業有限公司 Taizhou Jingyi Industrial Co., Ltd	the PRC 29 July 2019	Limited liability company	RMB50,000,000	78%	22%	Property development and property investment in the PRC
上海聚凱企業管理有限公司 Shanghai Jukai Enterprise Management Co., Ltd.	the PRC 10 July 2018	Limited liability company	RMB1,000,000,000	95%	5%	Investment holding in the PRC
上海洪誠實業發展(集團)有限公司 Shanghai Hongcheng Industry Development (Group) Co., Ltd.	the PRC 17 October 2018	Limited liability company	RMB1,200,000,000	95%	5%	Investment holding in the PRC
福鼎寶龍英翠房地產有限公司 Fuding Powerlong Yingju Real Estate Development Co., Ltd.	the PRC 10 September 2018	Limited liability company	RMB100,000,000	52%	48%	Property development and property investment in the PRC

## 41 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
溫州寶信房地產開發有限公司 Wenzhou Baoxin Real Estate Development Co., Ltd.	the PRC 06 July 2018	Limited liability company	RMB50,000,000	100%	–	Property development and property investment in the PRC
常州寶龍置業發展有限公司 Changzhou Powerlong Property Development Co., Ltd.	the PRC 30 June 2008	Limited liability company	RMB572,141,200	100%	–	Property development and property investment in the PRC
宿遷寶龍置業發展有限公司 Suqian Powerlong Property Development Co., Ltd.	the PRC 10 December 2007	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
蚌埠寶龍置業有限公司 Bengbu Powerlong Property Development Co., Ltd.	the PRC 21 February 2006	Limited liability company	RMB10,500,000	100%	–	Property development and property investment in the PRC
青島寶龍房地產發展有限公司 Qingdao Powerlong Real Estate Development Co., Ltd.	the PRC 21 November 2007	Limited liability company	RMB44,000,000	100%	–	Property development and property investment in the PRC
福州寶龍貿易有限公司 Fuzhou Powerlong Trading Co., Ltd.	the PRC 21 October 2003	Limited liability company	RMB66,104,400	100%	–	Property development and property investment in the PRC
上海寶龍富閣房地產開發有限公司 Shanghai Powerlong Fumin Real Estate Development Co., Ltd.	the PRC 26 November 2015	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
杭州龍耀實業有限公司 Hangzhou Longyao Industrial Co., Ltd.	the PRC 03 August 2017	Limited liability company	US\$103,950,000	82%	18%	Property development and property investment in the PRC
寧波寶龍華隅置業發展有限公司 Ningbo Baolong Huayu Property Development Co., Ltd.	the PRC 13 June 2018	Limited liability company	RMB500,000,000	82%	18%	Property development and property investment in the PRC
紹興豪湖房地產開發有限公司 Shaoxing Haohu Real Estate Development Co., Ltd. (Note (a))	the PRC 25 October 2017	Limited liability company	RMB20,000,000	42%	58%	Property development and property investment in the PRC

## 41 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
上海寶龍芳駿房地產開發有限公司 Shanghai Powerlong Fangjun Real Estate Development Co., Ltd	the PRC 02 November 2016	Limited liability company	RMB50,000,000	100%	–	Property development and property investment in the PRC
淮安德百信置業有限公司 Huaian Debaixin Property Development Co., Ltd	the PRC 08 January 2010	Limited liability company	RMB281,600,000	100%	–	Property development and property investment in the PRC
廈門寶龍地產管理有限公司 Xiamen Powerlong Real Estate Management Co., Ltd	the PRC 16 October 2007	Limited liability company	RMB4,338,000	100%	–	Investment holding in the PRC
杭州華展房地產開發有限公司 Hangzhou Huazhan Real Estate Development Co., Ltd	the PRC 04 December 2013	Limited liability company	RMB1,000,000,000	100%	–	Property development and property investment in the PRC
鹽城寶龍置業發展有限公司 Yancheng Powerlong Property Development Co., Ltd.	the PRC 13 May 2008	Limited liability company	RMB204,924,000	100%	–	Property development, property investment and hotel operation in the PRC
寧波奉化寶龍華祥置業有限公司 Ningbo Fenghua Powerlong Huaxiang Property Development Co., Ltd.	the PRC 19 December 2017	Limited liability company	RMB50,000,000	82%	18%	Property development and property investment in the PRC
上海煦新企業管理有限公司 Shanghai Xuxin Enterprise Management Co., Ltd.	the PRC 26 September 2014	Limited liability company	RMB1,000,000	71%	29%	Property management in the PRC
上海寶謙商業經營管理有限公司 Shanghai Baoqian Commercial Management Co., Ltd.	the PRC 13 November 2014	Limited liability company	RMB1,000,000	71%	29%	Property management in the PRC
長影粵海(海南)房地產開發有限公司 Changying Yuehai (Hainan) Real Estate Development Co., Ltd. (Note (a))	the PRC 03 April 2014	Limited liability company	RMB50,000,000	38%	62%	Property development and property investment in the PRC
上海商盛投資管理諮詢有限公司 Shanghai Shangsheng Management Consulting Co., Ltd.	the PRC 15 December 2010	Limited liability company	US\$3,000,000	71%	29%	Investment holding in the PRC

## 41 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
義烏龍瑞房地產開發有限公司 Yiwu Longrui Real Estate Development Co., Ltd.	the PRC 21 November 2018	Limited liability company	RMB10,000,000	65%	35%	Property development and property investment in the PRC
浙江寶龍星匯企業管理有限公司 Zhejiang Powerlong Xinghui Enterprise Management Co., Ltd.	the PRC 12 October 2018	Limited liability company	RMB1,000,000,000	78%	22%	Investment holding in the PRC
上海寶龍實業發展(集團)有限公司 Shanghai Powerlong Industrial Development (Group) Co., Ltd. ("Shanghai Powerlong")	the PRC 22 February 2010	Limited liability company	RMB4,183,562,245	100%	-	Investment holding in the PRC
寧波遠大實業投資有限公司 Ningbo Yuanda Industrial Investment Co., Ltd.	the PRC 23 August 2011	Limited liability company	RMB200,000,000	90%	10%	Property development and property investment in the PRC
諸暨潤龍置業有限公司 Zhuji Runlong Property Development Co., Ltd.	the PRC 31 August 2018	Limited liability company	RMB809,230,000	97%	3%	Property development and property investment in the PRC
上海瑞龍投資管理有限公司 Shanghai Ruilong Investment Management Co., Ltd.	the PRC 08 June 2010	Limited liability company	RMB105,000,000	100%	-	Investment holding in the PRC
長影椰海(海南)房地產開發有限公司 Changying Yehai (Hainan) Real Estate Development Co., Ltd. (Note (a))	the PRC 02 April 2014	Limited liability company	RMB1,000,000	38%	62%	Property development and property investment in the PRC
南京寶龍康浚置業發展有限公司 Nanjing Powerlong Kangjun Property Development Co., Ltd.	the PRC 07 November 2017	Limited liability company	US\$50,000,000	82%	18%	Property development and property investment in the PRC
鹽城樂龍置業有限公司 Yancheng Yulong Property Development Co., Ltd.	the PRC 21 May 2018	Limited liability company	RMB50,000,000	65%	35%	Property development and property investment in the PRC
常熟寶龍房地產開發有限公司 Changshu Powerlong Real Estate Development Co., Ltd.	the PRC 27 July 2018	Limited liability company	RMB50,000,000	95%	5%	Property development and property investment in the PRC

## 41 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
寧波奉化寶龍華和置業有限公司 Ningbo Fenghua Powerlong Huahe Real Estate Co., Ltd.	the PRC 10 August 2018	Limited liability company	RMB50,000,000	78%	22%	Property development and property investment in the PRC
漳州寶龍英聚房地產有限公司 Zhangzhou Powerlong Yingju Real Estate Co., Ltd.	the PRC 16 July 2018	Limited liability company	RMB100,000,000	66%	34%	Property development and property investment in the PRC
永康中梁寶龍置業有限公司 Yongkang Zhongliang Property Development Co., Ltd. (Note (b))	the PRC 19 March 2018	Limited liability company	RMB50,000,000	29%	71%	Property development and property investment in the PRC
上海寶龍展飛房地產開發有限公司寶龍艾美酒店 Powerlong Le Méridien Hotel	the PRC 14 April 2016	Limited liability company	–	100%	–	Hotel operation in the PRC
泰州寶龍房地產有限公司 Taizhou Powerlong Real Estate Co., Ltd. (Note (b))	the PRC 14 January 2019	Limited liability company	RMB370,000,000	47%	53%	Property development and property investment in the PRC
無錫嘉御置業有限公司 Wuxi Jiayu Property Development Co., Ltd	the PRC 01 November 2017	Limited liability company	RMB200,000,000	67%	33%	Property development and property investment in the PRC
上海寶龍商業地產管理有限公司 Shanghai Powerlong Commercial Real Estate Management Co., Ltd	the PRC 29 June 2007	Limited liability company	RMB5,000,000	71%	29%	Investment holding in the PRC
常州誠遠置業發展有限公司 Changzhou Chengyuan Property Development Co., Ltd	the PRC 29 May 2019	Limited liability company	US\$122,448,979.59	51%	49%	Property development and property investment in the PRC
台州鵬發房地產開發有限公司 Taizhou Pengmiao Real Estate Development Co., Ltd	the PRC 15 May 2019	Limited liability company	RMB500,000,000	65%	35%	Property development and property investment in the PRC
義烏美龍置業有限公司 Yiwu Meilong Property Development Co., Ltd	the PRC 05 August 2019	Limited liability company	RMB30,000,000	52%	48%	Property development and property investment in the PRC

## 41 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
寧波融輝置業有限公司 Ningbo Ronghui Property Development Co., Ltd	the PRC 16 July 2019	Limited liability company	RMB20,000,000	51%	49%	Property development and property investment in the PRC
蘭溪龍瑞房地產開發有限公司 Lanxi Longrui Real Estate Development Co., Ltd	the PRC 18 October 2019	Limited liability company	RMB10,000,000	60%	40%	Property development and property investment in the PRC

## Notes:

- (a) The Group indirectly hold the equity interest in these companies through layers of holding structures and the Group has control over the board of directors of these companies who can make majority votes to decide the key financial and operating decisions of these companies. The proportion of equity interests as disclosed above represent the effective equity interests attributable to the Group.
- (b) The Group has controlled these entities through agreements entered into with certain minority shareholders pursuant to which the minority shareholders confirmed to act in accordance with the Group in decisions on key business and financing policies of these entities.
- (c) The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.
- (d) The names of certain of the companies referred to in these consolidated financial statements represent management's best effort in translation of the Chinese names of these companies as no English names have been registered or available. The subsidiaries established in the PRC in the above list are limited liability companies.
- (e) Except for Shanghai Powerlong, none of the subsidiaries had issued any debt securities at the end of the year.

**42 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY****Balance sheet of the Company**

	Note	31 December	
		2021 RMB'000	2020 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries		6,306,863	6,306,863
<b>Current assets</b>			
Amounts due from subsidiaries		23,100,650	18,559,207
Financial assets at fair value through profit or loss		738	1,014
Restricted cash		81,760	84,164
Cash and cash equivalents		381,531	1,115,432
		<b>23,564,679</b>	19,759,817
<b>Total assets</b>		<b>29,871,542</b>	26,066,680
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital and share premium		36,779	36,795
Retained earnings	(a)	8,269	113,950
<b>Total equity</b>		<b>45,048</b>	150,745
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		14,038,631	13,111,503
<b>Current liabilities</b>			
Borrowings		8,719,564	7,737,726
Other payables and accruals		2,454,606	1,644,808
Amounts due to subsidiaries		4,613,693	3,421,898
		<b>15,787,863</b>	12,804,432
<b>Total liabilities</b>		<b>29,826,494</b>	25,915,935
<b>Total equity and liabilities</b>		<b>29,871,542</b>	26,066,680

The balance sheet of the Company was approved by the Board of Directors on 29 April 2022 and was signed on its behalf by:

**Hoi Kin Hong**  
Director

**Hoi Wa Fong**  
Director

## 42 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY (CONTINUED)

### (a) Reserve movements of the Company

	(Accumulated losses)/ retained earnings RMB'000
<b>At 1 January 2020</b>	(309,977)
Profit for the year	1,365,907
Dividends	(941,980)
<b>As at 31 December 2020</b>	113,950
<b>At 1 January 2021</b>	<b>113,950</b>
Profit for the year	<b>1,650,840</b>
Shares repurchased and cancelled	<b>(10,925)</b>
Dividends	<b>(1,745,596)</b>
<b>As at 31 December 2021</b>	<b>8,269</b>

## 43 BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' and chief executive's emoluments

The remuneration of each director for the year ended 31 December 2021 are set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

	Wages and salaries RMB'000	Retirement scheme contributions RMB'000	Fee RMB'000	Allowance and Benefit RMB'000	Discretionary Bonuses RMB'000	Total RMB'000
<b>Executive directors</b>						
Mr. Hoi Kin Hong	1,080	-	240	-	300	1,620
Mr. Hoi Wa Fong	840	15	480	-	300	1,635
Mr. Xiao Qing Ping	720	30	240	114	300	1,404
Ms. Shih Sze Ni	600	11	240	-	-	851
Mr. Zhang Hong Feng	720	121	240	40	300	1,421
<b>Non-executive director</b>						
Ms. Hoi Wa Fan	680	-	308	-	300	1,288
<b>Independent non-executive directors</b>						
Mr. Ngai Wai Fung	-	-	250	-	-	250
Mr. Mei Jian Ping	-	-	250	-	-	250
Mr. Ding Zu Yu	-	-	250	-	-	250
	<b>4,640</b>	<b>177</b>	<b>2,498</b>	<b>154</b>	<b>1,500</b>	<b>8,969</b>

## 43 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

### (a) Directors' and chief executive's emoluments (continued)

The remuneration of each director for the year ended 31 December 2020 are set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

	Wages and salaries RMB'000	Retirement scheme contributions RMB'000	Fee RMB'000	Allowance and Benefit RMB'000	Discretionary Bonuses RMB'000	Total RMB'000
<b>Executive directors</b>						
Mr. Hoi Kin Hong	1,080	–	240	–	144	1,464
Mr. Hoi Wa Fong	600	15	480	–	144	1,239
Mr. Xiao Qing Ping	720	32	240	114	144	1,250
Ms. Shih Sze Ni	600	12	240	–	–	852
Mr. Zhang Hong Feng	720	107	240	40	144	1,251
<b>Non-executive director</b>						
Ms. Hoi Wa Fan	–	–	308	–	–	308
<b>Independent non-executive directors</b>						
Mr. Ngai Wai Fung	–	–	250	–	–	250
Mr. Mei Jian Ping	–	–	250	–	–	250
Mr. Ding Zu Yu	–	–	250	–	–	250
	3,720	166	2,498	154	576	7,114

During the years ended 31 December 2021 and 2020, no remuneration was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. Neither the Chief Executive Officer nor any of the directors waived any emoluments for the years ended 31 December 2021 and 2020.

### (b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits for the year ended 31 December 2021 (2020: nil).

### (c) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2021, the Group did not pay consideration to any third parties for making available directors' services (2020: nil).

### 43 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

**(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors**

The information about loans, quasi-loans and other dealings entered into by the company or subsidiary undertaking of the company, where applicable, in favour of certain connected entities of Mr. Hoi Kin Hong, a director of the holding company of the company, is as follows:

Name of the borrower	Nature of connection	Total amount payable	Outstanding/ aggregate outstanding amounts at the beginning of the year	Outstanding/ aggregate outstanding amounts at the end of the year	Maximum outstanding during the year	Amounts/ aggregate amounts fallen due but not been paid	Provisions/ aggregate provisions for doubtful/ bad debts made	Term	Interest rate
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>At 31 December 2021</b>									
Powerlong Group Development Co., Ltd.	Ultimately controlled by Mr. Hoi	21,376	21,376	21,376	21,376	-	-	Unsecured, interest-free and repayable on demand	nil
Total		21,376	21,376	21,376	21,376	-	-		
<b>At 31 December 2020</b>									
Powerlong Group Development Co., Ltd.	Ultimately controlled by Mr. Hoi	21,376	21,376	21,376	21,376	-	-	Unsecured, interest-free and repayable on demand	nil
Total		21,376	21,376	21,376	21,376	-	-		

**(e) Directors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### 44 EVENTS AFTER THE REPORTING PERIOD

- (a) As of 31 March 2022, the Company had made partial repurchases of the US\$200,000,000 3.9% senior notes due 2022 issued by the Company and listed on the SGX-ST (the "Notes") in the aggregate principal amount of US\$32,950,000.

As of 6 April 2022, the Company has remitted all necessary funds to the trustee of the Notes for the repayment of all outstanding principal amount and accrued interest of the Notes at its maturity. There will be no outstanding Notes in issue after the repayment.

Please refer to the announcements of the Company dated 25 February 2022, 28 February 2022, 31 March 2022 and 6 April 2022 for further details.

- (b) On 16 March 2022, Shanghai Powerlong deposited all necessary funds into the designated bank account of China Securities Depository and Clearing Corporation Limited for the redemption of the 2020 corporate bonds specialized in rental housing (Tranche 1) in the PRC (the "2020 Corporate Bonds") at maturity in full at their outstanding principal amount together with interest accrued to the maturity date. The 2020 Corporate Bonds were redeemed on 20 March 2022.

# FIVE-YEAR FINANCIAL SUMMARY

## CONSOLIDATED BALANCE SHEET

	31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
<b>Assets</b>					
Non-current assets	96,557,893	73,642,581	62,878,720	55,186,910	50,030,078
Current assets	148,498,560	121,488,932	99,618,235	76,867,630	45,460,670
<b>Total assets</b>	<b>245,056,453</b>	195,131,513	162,496,955	132,054,540	95,490,748
<b>EQUITY AND LIABILITIES</b>					
<b>Total equity</b>	<b>62,407,452</b>	51,801,166	38,907,028	32,804,940	29,474,189
<b>Liabilities</b>					
Non-current liabilities	61,893,874	54,000,209	46,743,690	40,716,605	30,513,779
Current liabilities	120,755,127	89,330,138	76,846,237	58,532,995	35,502,780
<b>Total liabilities</b>	<b>182,649,001</b>	143,330,347	123,589,927	99,249,600	66,016,559
<b>Total equity and liabilities</b>	<b>245,056,453</b>	195,131,513	162,496,955	132,054,540	95,490,748

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
<b>Revenue</b>	<b>39,902,461</b>	35,495,300	26,041,632	19,593,790	15,592,641
Cost of sales	(27,383,411)	(22,679,514)	(16,558,591)	(12,041,179)	(10,367,557)
<b>Gross profit</b>	<b>12,519,000</b>	12,815,786	9,483,041	7,552,611	5,225,084
Fair value gains on investment properties – net	<b>1,710,955</b>	2,095,764	2,394,403	2,500,520	2,135,356
Selling and marketing costs	(1,392,470)	(1,096,220)	(984,474)	(785,914)	(500,091)
Administrative expenses	(1,911,870)	(1,545,590)	(1,411,133)	(1,484,376)	(890,537)
Impairment (losses)/reversal on financial assets – net	(241,415)	(150,002)	(28,554)	3,676	(4,544)
Other income and gains – net	<b>1,390,342</b>	184,226	927,108	216,369	558,174
<b>Operating profit</b>	<b>12,074,592</b>	12,303,964	10,380,391	8,002,886	6,523,442
Finance income/(costs) – net	(434,718)	312,433	(899,775)	(1,376,659)	(572,618)
Share of results of investments accounted for using the equity method	<b>507,903</b>	666,990	375,755	187,234	197,359
<b>Profit before income tax</b>	<b>12,147,777</b>	13,283,387	9,856,371	6,813,461	6,148,183
Income tax expense	(4,811,652)	(4,468,037)	(3,838,474)	(3,165,812)	(2,280,440)
<b>Profit for the year</b>	<b>7,336,125</b>	8,815,350	6,017,897	3,647,649	3,867,743
<b>Other comprehensive (expense)/income</b>					
<i>Items that may be reclassified to profit or loss:</i>					
Change in fair value of available-for-sale financial assets, net of tax	–	–	–	–	30,193
Currency translation differences	(5,556)	(16,027)	4,736	15,079	(16,258)
<i>Items that will not be reclassified to profit or loss:</i>					
Revaluation gains on property and equipment transferred to investment properties, net of tax	–	92,203	–	–	–
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	(134,231)	42,688	25,259	158	–
<b>Total other comprehensive income for the year, net of tax</b>	<b>(139,787)</b>	118,864	29,995	15,237	13,935
<b>Total comprehensive income for the year</b>	<b>7,196,338</b>	8,934,214	6,047,892	3,662,886	3,881,678
<b>Profit attributable to:</b>					
Owners of the Company	<b>5,992,099</b>	6,093,216	4,041,116	2,837,007	3,336,752
Holders of Perpetual Capital Instruments	<b>38,000</b>	50,979	69,556	123,045	117,017
Non-controlling interests	<b>1,306,026</b>	2,671,155	1,907,225	687,597	413,974
	<b>7,336,125</b>	8,815,350	6,017,897	3,647,649	3,867,743
<b>Total comprehensive income attributable to:</b>					
Owners of the Company	<b>5,852,312</b>	6,212,080	4,071,111	2,852,244	3,350,687
Holders of Perpetual Capital Instruments	<b>38,000</b>	50,979	69,556	123,045	117,017
Non-controlling interests	<b>1,306,026</b>	2,671,155	1,907,225	687,597	413,974
	<b>7,196,338</b>	8,934,214	6,047,892	3,662,886	3,881,678
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB cents per share)					
– Basic	<b>144.7</b>	147.1	100.4	71.0	84.1
– Diluted	<b>144.7</b>	147.1	99.8	66.4	84.1

31 December

	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
<b>Proposed final dividends</b>	<b>338,519</b>	1,150,516	1,002,247	812,565	654,911

Certain figures have been reclassified to conform with the current year's presentation.



# ANNUAL REPORT

POWERLONG 2021

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