



融信中國控股有限公司  
RONSHINE CHINA HOLDINGS LIMITED

# 2021

ANNUAL REPORT

FORGE AHEAD WITH  
FAITH AND DETERMINATION



*(incorporated in the Cayman Islands with limited liability)*  
Stock Code: 3301

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ou Zonghong  
*(Chairman and Chief Executive Officer)*  
Ms. Yu Lijuan  
Ms. Zeng Feiyan  
Mr. Ruan Youzhi  
Mr. Zhang Lixin *(Chief Financial Officer)*

### Non-Executive Director

Ms. Chen Shucui

### Independent Non-Executive Directors

Mr. Ren Yunan  
Mr. Qu Wenzhou  
Mr. Ruan Weifeng

## AUDIT COMMITTEE

Mr. Qu Wenzhou *(Chairman)*  
Mr. Ren Yunan  
Mr. Ruan Weifeng

## REMUNERATION COMMITTEE

Mr. Ren Yunan *(Chairman)*  
Mr. Ou Zonghong  
Mr. Qu Wenzhou

## NOMINATION COMMITTEE

Mr. Ou Zonghong *(Chairman)*  
Mr. Qu Wenzhou  
Mr. Ruan Weifeng

## AUDITOR

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

## LEGAL ADVISERS

*As to Hong Kong law:*  
Sidley Austin

*As to Cayman Islands law:*  
Conyers Dill & Pearman

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG SHARE REGISTRAR

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

## REGISTERED OFFICE

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

## Corporate Information

**PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC**

Tower 2, Ronshine Sunkwan Center  
Lane 77, Shangkun Road  
Minhang District, Shanghai  
China

**PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 1210, 12th Floor, ICBC Tower  
3 Garden Road  
Central  
Hong Kong

**JOINT COMPANY SECRETARIES**

Mr. Yu Zuoyi  
Ms. Ng Wing Shan (Resigned on 31 March 2022)  
Ms. Lee Angel Pui Shan (Appointed on 31 March 2022)

**AUTHORISED REPRESENTATIVES**

Mr. Ou Zonghong  
Ms. Ng Wing Shan (Resigned on 31 March 2022)  
Ms. Lee Angel Pui Shan (Appointed on 31 March 2022)

**PRINCIPAL BANKERS**

Bank of China Limited

Agricultural Bank of China Limited

Industrial and Commercial Bank of China Limited

**WEBSITE**

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

**STOCK CODE****STOCK**

HKEx: 3301

**BOND**

US\$688,000,000 8.75% Senior Notes due 2022

Common Code: 197676078

ISIN: XS1976760782

US\$415,000,000 8.95% Senior Notes due 2023

Common Code: 203146973

ISIN: XS2031469732

US\$316,000,000 8.10% Senior Notes due 2023

Common Code: 209094916

ISIN: XS2090949160

US\$410,000,000 7.35% Senior Notes due 2023

Common Code: 218930387

ISIN: XS2189303873

US\$166,000,000 6.75% Senior Notes due 2024

Common Code: 221151488

ISIN: XS2211514885

US\$250,500,000 7.1% Senior Notes due 2025

Common Code: 229030884

ISIN: XS2290308845

# MAJOR HONOURS AND AWARDS



## Corporate Brand

1. “No. 3 among China Real Estate Development Enterprises of 2021 in Comprehensive Development” (16 March 2021, issued by the China Real Estate Association, China Real Estate Appraisal Center of Shanghai E-house Real Estate Research Institute)
2. “Top 21 China Real Estate Enterprises in Brand Value” (23 September 2021, issued by the China Real Estate Association, China Real Estate Appraisal Center of Shanghai E-house Real Estate Research Institute)
3. “China’s Influential Green Real Estate Enterprises of the Year 2021” (September 2021, issued by Guandian Property and Guandian Index Academy)
4. “Social Responsibility Benchmark Enterprise of the Year 2021” (September 2021, issued by the 21st Century Business Herald)
5. Ronshine Group was awarded the title of “Real Estate Developers with Best Value of the Year” (26 October 2021, issued by National Business Daily)
6. “No. 5 in the Top 100 Chinese Real Estate Enterprises in Product Quality” (31 December 2021, issued by Kinpan.com.)

## Sustainable Development

1. The Fifth Golden HK Stocks “Best ESG” Award (6 January 2021, issued by Zhitong Caijing)
2. “2021 ESG Enterprises with Best Investment Value” (December 2021, issued by the International Financial News under the People’s Daily)
3. “2021 China’s ESG Responsible Property Enterprise” (8-10 September 2021, issued by Leju Financial Research Institute)

## Major Honours and Awards



## Star Projects

1. **Shanghai Rongxin Xuhui Century One Mile (上海融信旭輝世紀古美)**  
 “Special Jury Award” in 12th APDC Asia Pacific Design Awards for Elite (November 2021)
2. **Nanjing Rongxin Qinglan (南京融信青瀾)**  
 Platinum Award in the TITAN Property Awards (early October 2021, issued by International Awards Associate (IAA))
3. **Fuzhou China Legend (福州海月江潮)**  
 The first prize of “Fujian Outstanding Engineering Geotechnical Survey & Design Award” and the third prize of “Architecture Design of The Architectural Society of China” (6 August 2021, issued by Fujian Engineering & Consulting Association)
4. **Suzhou The Art of Minimalist (蘇州大境風華)**  
 The Platinum Award in the Muse Design Awards (September 2021, Muse Design Awards)
5. **Hangzhou Yunlan Mansion (杭州雲瀾天第府)**  
 The Gold Award in the Muse Design Awards (September 2021, Muse Design Awards)
6. **Ronshine Wenzhou Hai Yue Qing Feng (溫州融信海月清風)**  
 2020 GLOBAL EXCELLENCE AWARDS FINALIST IIDA (May 2021, issued by IIDA)

# CHAIRMAN'S STATEMENT



*China Trend (Fuzhou)*

## Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**” or “**Ronshine**”, together with its subsidiaries, the “**Group**”), I am pleased to present the annual results of the Group for the year ended 31 December 2021 (the “**Year**”).

## Market Review

In 2021, the global economy gradually recovered from the impact of the 2019 coronavirus disease (“**COVID-19**”) pandemic. China's economy improved steadily by virtue of the remarkable results yielded from the effective prevention and control of the pandemic and the impetus of internal circulation policies. This high-quality development delivered fruitful results and marked a positive start to the 14th Five-Year Plan. China's gross domestic product (“**GDP**”) grew by 8.1% in 2021, exceeding RMB100 trillion for the second consecutive

year, not only reflecting the strength and resilience of the Chinese economy, but also further enhancing the status of the Chinese economy in the global economic landscape. The Chinese economy continued to drive global economic growth despite the complex and volatile international situation.

During the Year, under the guidance of the 14th Five-Year Plan, the central government adhered to the positioning of “housing is for living, not for speculation”, and fully implemented the strategy of “stabilizing land prices, housing prices and related expectations” to promote the stable and healthy development of the real estate market. Due to the market downturn in the second half of the Year, real estate developers were gradually exposed to industry risks such as debt defaults and a further credit crunch. The central government prudently implemented a financial management system to actively prevent and reduce debt risks. The sales of China's real estate market

## Chairman's Statement



Shanghai Century One Mile (上海世紀古美)

experienced an overall stable and healthy development, presenting a high trend followed by a low trend during the Year. According to data from the National Bureau of Statistics, the real estate market maintained positive sales growth in 2021, with annual sales of commodity housing amounting to RMB18,193.0 billion, representing a year-on-year increase of 4.8%, and sales area of 1,794.33 million square meters (“sq.m.”), representing an increase of 1.9% compared with last year.

## Business Review

In 2021, amid the challenges of the overall economic slowdown and the re-emergence of the pandemic, the Group unwaveringly upheld its vision of “becoming a leading, high-quality property developer and service provider offering an ideal lifestyle”, and implemented its strategic policy of “focus, balance and alliance with giants”, while prioritizing product quality and seeking progress and stability. With accurate insights into the industry and the market, the Group prudently allocated

resources and identified competitive high-quality land parcels in the key regions such as the Yangtze River Delta<sup>(Note 1)</sup> and the Western Coast of the Straits<sup>(Note 2)</sup> as well as first – and second-tier cities, while accelerated projects development to consolidate layout advantages in strategic areas. By exploring diversified domestic and overseas financing channels and actively engaging in debt management, all of the Group’s debts due were paid on schedule or ahead of schedule. At the same time, the Group continued to repurchase senior notes on the secondary market, all of which demonstrated the Company’s ability and willingness to repay its debts..

### Notes:

- 1: “Yangtze River Delta” refers to an economic region primarily encompassing Shanghai, parts of Zhejiang province and part of Jiangsu province in China, including but not limited to the following municipalities and cities for the purpose of this report: Shanghai, Hangzhou, Huzhou, Shaoxing, Jiaxing, Zhoushan, Jinhua, Ningbo, Tongxiang, Wenzhou, Wuxi, Xuzhou, Changzhou, Suzhou, Zhenjiang, Nantong and Nanjing.

## Chairman's Statement

2: "Western Coast of the Straits" refers to an economic zone primarily including Fujian province in China, including but not limited to the following cities for the purpose of this report: Fuzhou, Xiamen, Sanming, Putian, Nanping, Quanzhou, Zhangzhou and Longyan.

During the Year, the Group recorded annual contracted sales of approximately RMB155.5 billion, representing a year-on-year growth of 0.22%, and achieved 97% of its annual sales target despite adverse market conditions, ranking among the best in the industry. The Group recorded contracted gross floor area ("**GFA**") of approximately 7.34 million sq.m. and an average selling price of RMB21,198 per sq.m., of which, contracted sales from first- and second-tier cities accounted for approximately 84%. The excellent competitive advantages created by the Group's strategy of focusing on high-tier cities, especially during the market downturn in the second half of the Year, ensured the stable performance of the Group's monthly sales. The Group also achieved remarkable sales results across the country, ranking seventh on the Sales Amount of Shanghai Real Estate Developers List, sixth on Attributable Sales Amount of Hangzhou Real Estate Developers List, fourth on Sales Amount of Five Districts in Fuzhou List and seventh on the Sales Amount of Zhejiang Real Estate Developers List, demonstrating a high degree of customer recognition of the Group's products. As the Group's key layout city, Shanghai performed particularly well. The Group's Shanghai Parallel Impression (上海海納印象) project sold out in three initial launches with annual subscriptions exceeding RMB6.1 billion, and Shanghai Century One Mile (上海世紀古美) sold out in two initial launches with annual subscriptions exceeding RMB6.6 billion, reflecting the enthusiastic response of market and buyers.

In respect of land reserves, the Group followed the principle of prudent land acquisition, focusing on first- and second-tier cities such as Shanghai and Hangzhou. Under the new "two-centralized" land supply policy, the Group actively studied the policy changes and successfully acquired a number of high-quality land parcels by accurately grasping the market

cycle and utilizing its keen market sense. During the Year, the Group obtained 42 new land projects, adding land reserves of approximately 4.57 million sq.m. at an equity consideration of approximately RMB19.5 billion, accounting for 27% of the attributable sales, of which, 78% were in first- and second-tier cities such as Hangzhou and Shanghai, which have excellent capabilities for reducing inventory. In retrospect, the Group's focus on laying out in high-tier cities with a high degree of strategic insight strengthened its resilience in the current round of property industry downturn. As at 31 December 2021, the Group had a total of 283 projects with total land reserves of approximately 28.70 million sq.m.. Among them, the Yangtze River Delta region and the first- and second-tier cities accounted for 45% and 82%, respectively. The excellent land reserve structure provides a solid foundation for future sales. At the same time, the Group will continue to deepen the cultivation of high-quality projects in existing core cities, commit to improving operational efficiency and create synergies.

The Group adheres to a prudent development strategy to optimize its debt structure and reduce its financial leverage in an orderly manner. As of 31 December 2021, the Group's interest-bearing borrowings balance was RMB56.8 billion, the net gearing ratio was further optimized to 66%, and the debt-to-liability ratio after deducting contracted liability was 66%. The Group proactively seized the financing window and issued a number of domestic and overseas bonds during the Year. While continuing to cultivate good cooperative relationships with banks, the Group focused on and explored diversified financing channels. The Group also has made several repayments of due senior notes ahead of schedule and repurchased senior notes on the secondary market, demonstrating its strong willingness and ability to repay, as well as its emphasis on debt transparency management. During the Year, the Group made an early repayment on the senior notes due in August, the domestic bonds due in November and the senior notes due in December, respectively, and issued voluntary announcements in a timely manner to ensure

## Chairman's Statement

smooth communication with the market. The Group also actively participated in the secondary market in 2021, repurchasing and canceling notes with a total principal amount of approximately US\$124 million, ranking among the top in the industry in terms of the amount of repurchased funds. Entering 2022, the Group maintained its sound debt management. As of the end of February 2022, the Group had repaid all senior notes due in the first half of the year in 2022.

The Group won various awards during the Year, including the "Top 21 China Real Estate Development Enterprises of 2021 in Comprehensive Capability (2021中國房地產開發企業綜合實力21強)", "No. 3 China Real Estate Development Enterprises of 2021 in Comprehensive Development (2021房地產開發企業綜合發展第三名)", etc., highlighting the recognition of the Group by the industry and the market. In addition, the Group's high-quality projects won several design awards during the Year: Shanghai Century One Mile (上海世紀古美) won the "Special Jury Award (評審團特別獎)" in the 12th APDC Asia Pacific Design Awards for Elite (第12屆APDC亞太設計精英邀請賽); Suzhou The Art of Minimalist (蘇州大境風華) won the Platinum Award in the TITAN Property Awards; and Chongqing Lan Bay (重慶瀾灣) won the Gold Award in the Muse Design Awards, attracting much attention from the industry both at home and abroad.

The Group is committed in the overall development in terms of environmental, social and governance (ESG) in addition to the strategy of deep cultivation in key cities, and actively fulfills its corporate social responsibility, putting heart and innovation into every aspect and area of its daily operations. During the Year, the Ronshine Public Welfare Foundation continued to implement the "Youth China" program focusing on rural education, launched innovative activities such as the first nationwide large-scale city charity run, online charity, 3D immersive charity exhibition, and at the same time, it did not forget to support cities with epidemics, to donate materials that were in short supply in epidemic areas and to assist with local anti-epidemic and protection efforts. In addition, the Group paid close attention to the living experience

of residents and continuously improved the quality of delivery. The overall satisfaction score was 88, which is close to the industry benchmark and far exceeds the industry average.

At the same time, the Group focused on green buildings to promote sustainable development, and actively supported the implementation of the national "dual carbon" strategy. There were 85 green projects nationwide that had obtained the National Green Building one-star certification; another 35 projects that had obtained the National Green Building two-star Certification, and a total of more than 100 two-star and three-star green building projects that had been awarded. Among them, Shanghai Century One Mile (上海世紀古美), the first ultra-low energy consumption residential project in Shanghai, won the "2021 Active Building Pioneer Award (2021主動式建築先鋒獎)"; Ronshine Sunkwan Center (融信上坤中心) received the Leadership in Energy and Environmental Design (LEED-LC) Gold pre-certification from the US Green Building Council and the WELL (Gold) pre-certification from the International WELL Building Institute; and the Xiaoshan Residence (蕭山公館) project was awarded the Good Building Certification by the Building Research Establishment's Environment Assessment Methodology (BREEAM).

In terms of green finance, the Group has formulated its first green finance framework and the MSCI ESG rating has been upgraded to "BB", laying a foundation for future green bonds issuance, and reflecting the high recognition of the Group's ESG work by international rating agencies and investors. The Group also won the "2021 China's ESG Responsible Property Enterprise (2021年中國ESG責任地產企業)", "China's Influential Green Real Estate Enterprises of the Year 2021 (2021年度影響力綠色地產企業)", "Social Responsibility Benchmark Enterprise of the Year 2021 (2021年度社會責任標桿企業)", "Charity Case of the Year of China's Top 10 Real Estate Brands 2021 (2021中國十大地產年度品牌公益案例)" and the Fifth Golden HK Stocks "Best ESG (最佳ESG)" award, reflecting the industry's recognition of the Group's ESG achievements.

## Chairman's Statement

### Prospects

In 2022, the central government continued to adhere to the positioning of “housing is for living, not for speculation”, and implemented a prudent management system for real estate finance to promote the healthy development and virtuous circle of the real estate market. As the real estate market enters into a new cycle of stable development, the Group will actively cooperate with national policies, follow the development direction of seeking progress while maintaining stability, continue to deepen the strategic layout of core urban clusters such as the Yangtze River Delta and the Western Coast of the Straits, strengthen its product quality and service advantages, invest in high-efficiency areas, and in turn achieve quality growth. At the same time, the Group will continue to improve its financial position, implement multi-channel financing, aim for long-term healthy and stable development, maintain sufficient cash liquidity, and actively improve operational efficiency.

The Group firmly believes that a quality-based and long-term approach is the path to development that advances through cycles and achieves steady and long-term progress. With our insistence on product quality and the active practice of corporate responsibility, the Group is laying a solid foundation for the high-quality development of society, the industry and the Group's business, and will make unremitting efforts to improve the living environment and help build happy lives.

### Acknowledgements

On behalf of the Board, I would like to express my sincere gratitude to the shareholders of the Company (the “Shareholders”), as well as our customers and partners for their long-term support and trust in Ronshine. I would also like to express my heartfelt thanks to the Directors, management team and all employees for their hard work and dedication over the past year. In 2022, the Group will continue to adhere to its vision of “becoming a leading, high-quality property developer and service provider offering an ideal lifestyle”, and at the same time, with dedication and innovation, construct the framework for the future city and create greater value for our Shareholders and investors.

**Ou Zonghong**  
*Chairman*

Hong Kong, 31 March 2022

## SUMMARY OF PRINCIPAL PROPERTIES

The tables below set forth the details of the property development projects of the Group as at 31 December 2021.

### PROJECTS DEVELOPED BY THE GROUP

As at 31 December 2021, the subsidiaries, joint ventures and associates of the Group engaged in a total of 283 property development projects.

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
1 Fuzhou Hot Spring City (福州融信溫泉城)	Fuzhou	1,018,836.00	50.00%	Residential	1,674,327.62	1,108,593.60	2020/12/1
2 Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城-德藍-1)	Zhengzhou	196,121.00	100.00%	Residential	576,552.70	576,552.70	2026/4/1
3 Taiyuan Shi Guang Zhi Cheng (太原時光之城)	Taiyuan	117,073.23	76.59%	Residential	553,989.00	424,071.73	2022/8/1
4 Taiyuan Shi Guang Zhi Cheng-3 (太原時光之城-3)	Taiyuan	93,262.21	76.59%	Residential	409,319.16	409,319.16	2022/8/1
5 Taiyuan Shi Guang Zhi Cheng-2 (太原時光之城-2)	Taiyuan	120,299.06	76.59%	Residential	478,356.06	384,224.35	2022/8/1
6 Zhengzhou Olympic Century-2 (鄭州奧體世紀-2)	Zhengzhou	102,755.00	50.37%	Residential	508,336.25	379,761.30	2021/8/1
7 Zhengzhou Shi Guang Zhi Cheng (鄭州時光之城)	Zhengzhou	199,774.58	47.40%	Residential	781,537.88	359,548.23	2020/11/1
8 Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城-蘇派-1)	Zhengzhou	236,878.59	87.89%	Residential	472,656.50	353,363.77	2020/8/18
9 Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城-中喬-1)	Zhengzhou	302,571.59	87.00%	Residential	469,891.19	341,563.29	2021/10/1
10 The Ocean Costal (青島海月星灣)	Qingdao	100,705.00	40.29%	Residential	422,216.85	339,569.63	2021/5/1
11 Tianjin Jinzhong Street East Lot (天津金鐘街東地塊)	Tianjin	123,538.00	48.38%	Residential	338,661.99	327,081.99	2024/7/1
12 Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城-德藍-2)	Zhengzhou	97,429.72	100.00%	Residential	306,505.59	306,505.59	2026/4/1
13 Zhengzhou Olympic Century-3 (鄭州奧體世紀-3)	Zhengzhou	61,392.03	45.16%	Residential	303,140.84	303,140.84	2025/8/13
14 Weinan Wenjuetai (渭南文關臺)	Lanzhou	58,181.00	16.36%	Residential	301,968.75	301,968.75	2024/8/1
15 Zhengzhou City of Times-2 (鄭州時光之城-2)	Zhengzhou	111,531.88	47.40%	Residential	307,668.52	300,191.98	2024/5/1
16 Fuzhou China Legend (福州海月江潮), Fuzhou Twin Harbour City (福州雙杭城)	Fuzhou	259,519.00	100.00%	Residential	1,311,286.93	282,284.91	2020/12/31
17 Hangzhou Sibao Qibao 32 Lot (杭州四堡七堡32地塊)	Hangzhou	71,966.00	4.40%	Residential	305,481.01	257,949.83	2024/8/1
18 South Shaoxing Dongguang Lot (紹興城南東光地塊)	Shaoxing	152,834.00	12.18%	Residential	391,175.28	253,270.52	2023/3/1
19 Nanjing Boan Center (南京鉞岸中心)	Nanjing	42,707.52	100.00%	Residential	351,699.72	249,266.02	2020/11/1
20 Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	Fuzhou	123,228.00	80.00%	Residential	383,010.00	249,153.64	2022/8/1

## Summary of Principal Properties

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
21 Fuyang Yingzhou Project (阜陽潁州項目)	Fuyang	147,590.00	55.00%	Residential	329,589.60	231,923.37	2022/12/1
22 Changle Lanshan (長樂瀾山)	Fuzhou	125,737.00	29.06%	Residential	317,109.00	219,974.83	2021/12/1
23 Lanzhou Park Academy (蘭州公園學府)	Lanzhou	88,946.00	32.73%	Residential	314,326.54	212,462.13	2022/10/1
24 Fuzhou Residence (福州國公館)	Fuzhou	143,367.00	85.00%	Residential	232,480.75	211,107.75	2023/4/1
25 Lanzhou Lelan • Shiguangyin (蘭州樂瀾 • 時光印)	Weinan	89,743.26	32.73%	Residential	206,931.00	206,931.00	2024/10/1
26 Hangzhou Yawangxuan (杭州雅望軒)	Hangzhou	52,503.00	48.27%	Residential	222,100.30	206,609.40	2024/3/1
27 Fuyang Yingquan Project (阜陽潁泉項目)	Fuyang	96,434.00	73.24%	Residential	285,448.76	201,932.28	2022/10/1
28 Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	Zhengzhou	64,876.00	87.00%	Residential	252,987.87	200,151.84	2021/11/31
29 Xi'an Sandi 86 mu Project (西安三迪86畝項目)	Xi'an	57,704.96	25.50%	Residential	186,444.00	184,722.00	2023/6/1
30 Suzhou Huangqiao Project (蘇州黃橋項目)	Suzhou	60,292.00	38.71%	Residential	180,666.00	177,985.20	2023/10/1
31 Xi'an Sandi 115 mu Project (西安三迪115畝項目)	Xi'an	77,018.38	25.50%	Residential	243,363.00	177,507.24	2023/5/1
32 Nantong Chongzhou Yanlin Road Plot (南通崇州園林路地塊)	Nantong	52,712.00	38.76%	Residential	172,992.10	172,992.10	2024/5/1
33 Hangzhou Science City 11 Lot (杭州科技城11號地塊)	Hangzhou	53,082.00	77.00%	Residential	196,110.84	172,001.92	2024/3/1
34 Huzhou Xifengyang Project (湖州西鳳漾項目)	Huzhou	76,061.00	91.65%	Residential	180,359.21	164,624.36	2023/7/1
35 Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城-蘇派-2)	Zhengzhou	110,754.43	87.89%	Residential	329,775.42	160,542.73	2020/8/1
36 Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	Qingdao	76,170.00	14.37%	Residential	298,697.00	159,211.29	2023/2/1
37 Hangzhou Sibao Qibao 16 Lot (杭州四堡七堡16地塊)	Hangzhou	45,439.00	19.40%	Residential	187,462.43	158,504.99	2024/5/1
38 Huzhou Xifengyang 2# Lot (湖州市西鳳漾2#地塊)	Huzhou	75,018.00	68.32%	Residential	175,378.11	157,971.90	2023/4/1
39 Fuzhou Nice Villa (福州有墅)	Fuzhou	161,008.40	25.50%	Residential	258,248.00	150,761.92	2020/6/30
40 Mengcheng South New Area plot (蒙城城南新區地塊)	Mengcheng	59,025.40	32.73%	Residential	146,327.00	146,327.00	2023/12/1
41 Nanjing Wanke Du Hui Tian Di (南京萬科都荟天地)	Nanjing	108,521.76	6.21%	Residential	643,841.00	139,463.51	2020/1/20
42 Linquan Junyue Mansion (臨泉君樾府)	Fuyang	72,055.00	32.73%	Residential	205,106.45	137,833.72	2022/12/1
43 Xuzhou Xinyi Project (徐州新沂項目)	Xuzhou	61,481.00	11.13%	Residential	138,020.31	136,432.31	2023/10/1
44 Suzhou Science City Project (蘇州科技城項目)	Suzhou	57,164.00	19.77%	Residential	163,750.61	131,142.27	2023/12/1
45 Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	Suzhou	56,566.40	42.11%	Residential	167,260.08	130,423.43	2023/5/1
46 Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	Hangzhou	105,869.00	34.00%	Residential	401,643.12	129,203.47	2023/6/1
47 Fuzhou Haiyue Jiangnan (福州海月江南)	Fuzhou	67,858.00	34.00%	Residential	131,430.20	123,962.16	2023/6/1

## Summary of Principal Properties

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
48 Lianyungang Urban Park West District (連雲港海納春江西區)	Lianyungang	50,894.00	95.74%	Residential	126,761.78	123,514.78	2023/9/1
49 Pingtan Lanchen (平潭瀾宸)	Fuzhou	66,431.00	93.99%	Residential	191,194.23	120,715.51	2021/8/1
50 Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	Suzhou	118,623.10	26.32%	Residential	207,599.84	118,526.70	2021/11/1
51 Shanghai Meiluo Residential Community (上海市寶山區美羅家園大型居住社區)	Shanghai	41,076.70	25.50%	Residential	116,693.84	116,693.84	2023/11/1
52 Wanwei Nanchong Jialing District 52 mu Lot (萬為南充嘉陵區52畝地塊)	Nanchong	34,897.00	42.50%	Residential	115,152.90	114,948.90	2023/6/1
53 Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	Shaoxing	248,819.00	91.70%	Residential	817,520.32	114,310.03	2020/5/10
54 Hangzhou Pengbu Commercial Lot (杭州彭埠商業地塊)	Hangzhou	24,072.00	17.73%	Commercial	112,587.20	112,282.47	2024/2/1
55 Wanwei Mianyang Economic Development Zone 105 mu (萬為綿陽經開區105畝)	Mianyang	69,709.00	42.50%	Residential	235,734.00	111,762.33	2023/9/1
56 Shanghai Jing'an Zhongxing Community (上海靜安中興社區)	Shanghai	24,377.60	34.00%	Residential	109,645.75	109,645.75	2024/1/1
57 East Wenzhou Pingyang New District B-09, 11 Lot (溫州平陽城東新區B-09·11地塊)	Wenzhou	42,663.00	88.22%	Residential	128,980.97	109,590.00	2023/7/1
58 Fuzhou Heshang Project (福州鶴上項目)	Fuzhou	41,088.00	89.00%	Residential	125,294.80	108,003.13	2023/1/1
59 Hangzhou Rulan Mansion (杭州如瀾邸)	Hangzhou	29,184.00	96.99%	Residential	122,427.60	106,654.36	2024/8/1
60 Lianyungang Urban Park East District (連雲港海納春江東區)	Lianyungang	39,085.00	93.63%	Residential	99,242.78	98,008.78	2023/9/1
61 Hangzhou Linglong Mountain 18 Lot (杭州玲瓏山18號地塊)	Hangzhou	30,894.00	31.90%	Residential	106,539.05	96,582.23	2023/9/1
62 95 mu next to Longteng Chongzhou Wanda Plaza (隆騰崇州萬達廣場旁95畝)	Chengdu	64,451.53	35.85%	Residential	203,897.46	94,230.56	2024/3/1
63 Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	Huzhou	70,277.00	47.00%	Residential	187,968.94	88,655.23	2022/3/1
64 South Shaoxing Shangyu Project (紹興上虞城南項目)	Shaoxing	49,686.30	19.10%	Residential	89,270.62	88,334.43	2023/11/1
65 Tianjin West Coast (天津西海岸)	Tianjin	106,043.80	93.21%	Residential	181,915.76	87,298.75	2022/7/1
66 Lianyungang Mansion (連雲港學院府)	Lianyungang	72,107.00	65.00%	Residential	229,177.50	78,630.85	2022/10/1
67 Wenzhou Rongwang (溫州榮望)	Wenzhou	57,018.20	25.52%	Residential	203,717.00	76,303.66	2022/12/1
68 Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	Nanjing	82,627.65	44.90%	Residential	201,690.70	75,771.02	2020/3/31
69 Xingfu Li • East County (幸福里•東郡)	Fuyang	86,710.00	43.07%	Residential	293,513.86	75,556.34	2020/6/30
70 Tianjin Jinnan (天津津南府)	Tianjin	68,970.00	93.24%	Residential	150,179.65	73,678.35	2022/11/1
71 Shanghai Parallel Impression (上海海納印象)	Shanghai	52,929.90	98.99%	Residential	175,969.12	71,229.71	2023/5/1

## Summary of Principal Properties

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
72 Fuzhou Difeng River Project (福州帝封江項目)	Fuzhou	50,718.00	33.32%	Residential	143,216.17	71,128.26	2022/11/1
73 Putian Ronshine Yuezhu (莆田融信悅著)	Putian	31,539.00	34.00%	Residential	71,421.03	70,582.03	2023/1/1
74 Nantong Lan Chen (南通瀾宸)	Nantong	86,194.00	95.74%	Residential	160,034.00	68,150.40	2022/4/1
75 Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	Hangzhou	104,698.00	25.50%	Residential	323,030.28	67,132.58	2021/5/31
76 Hangzhou Aoshi Mansion (杭州傲世邸)	Hangzhou	21,750.00	96.96%	Residential	93,152.02	65,451.22	2023/10/1
77 Fuzhou China Trend Chaoyue (福州海納新潮潮悅)	Fuzhou	19,930.00	34.00%	Residential	66,423.56	65,307.23	2022/11/1
78 Chongqing Kaizhou Project (重慶開州項目)	Chongqing	61,133.64	44.01%	Residential	358,289.21	64,610.00	2021/8/1
79 Fuzhou Yongtai Project (福州永泰項目)	Fuzhou	45,253.00	20.00%	Residential	126,402.00	61,740.98	2023/1/1
80 South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	Shaoxing	56,841.00	64.91%	Residential	132,104.65	61,313.82	2022/4/1
81 Yue Zhen Mansion (越臻府)	Hangzhou	25,998.00	21.26%	Residential	85,201.60	58,914.31	2023/6/1
82 Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	Lishui	51,255.00	9.44%	Residential	165,609.00	58,775.67	2022/11/1
83 Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	Suzhou	58,150.00	77.52%	Residential	185,930.00	58,340.56	2022/6/1
84 Mengcheng Junyue Mansion (蒙城君樾府)	Mengcheng	52,666.00	32.73%	Residential	132,204.00	56,013.71	2022/12/1
85 Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	Putian	27,083.61	40.00%	Residential	124,395.65	54,283.29	2022/11/1
86 Chengdu Qingyang 23 mu (成都青羊23畝)	Chengdu	15,265.00	96.98%	Residential	61,140.74	54,160.16	2022/11/1
87 Fuyang Linquan Project (阜陽臨泉項目)	Fuyang	92,155.95	20.63%	Residential	235,107.00	54,074.61	2022/11/1
88 Jiangmen Mansion (江門學院府)	Jiangmen	46,153.55	47.00%	Residential	187,752.90	51,611.91	2022/4/1
89 Qingdao Manshan Lanting (青島縵山蘭亭)	Qingdao	94,800.00	22.00%	Residential	211,105.37	49,817.83	2021/9/1
90 Chongqing Lan Bay (重慶瀾灣)	Chongqing	117,541.00	96.66%	Residential	332,507.30	49,487.55	2020/5/31
91 Jiangxi Country Garden Jiutang (江西碧桂園九棠)	Jiujiang	67,374.00	35.60%	Residential	182,044.00	48,948.19	2022/7/1
92 Suzhou Haiyue Pingjiang (蘇州海月平江)	Suzhou	26,930.70	48.08%	Residential	90,430.01	48,169.98	2021/10/1
93 Tianyu West Luzhou 46 mu (天譽濼州城西46畝)	Luzhou	30,707.00	45.50%	Residential	95,717.33	47,817.33	2023/1/1
94 Changshu Project (常熟項目)	Suzhou	37,132.00	51.63%	Residential	97,367.29	47,448.30	2023/5/1
95 Chongqing Haiyue Pinghu (重慶海月平湖)	Chongqing	37,791.00	94.00%	Residential	95,045.18	46,468.29	2021/3/1
96 Hangzhou Sandun North Project (杭州三墩北項目)	Hangzhou	27,208.00	47.75%	Residential	121,751.40	46,358.97	2023/3/1
97 Shanghai Century One Mile (上海世紀古美)	Shanghai	37,509.00	50.27%	Residential	122,140.16	46,198.13	2022/10/1
98 Fuzhou Lan Bay (福州瀾灣)	Fuzhou	26,312.00	85.00%	Residential	57,327.16	45,307.71	2022/12/1
99 Neijiang Wanwei Project (內江萬為項目)	Neijiang	65,314.00	37.50%	Residential	156,376.00	44,655.12	2022/6/1
100 Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	Nanjing	54,173.00	8.70%	Residential	268,213.67	42,885.36	2021/1/25
101 Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	Dazhou	34,250.00	47.50%	Residential	86,540.21	40,915.21	2022/10/1

## Summary of Principal Properties

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
102 Wanwei Mianyang Jinjialin 81 mu (萬為綿陽金家林81畝)	Mianyang	53,800.00	48.86%	Residential	160,509.00	40,098.04	2023/4/1
103 Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	Quzhou	43,329.00	45.00%	Residential	103,709.58	39,303.92	2022/1/1
104 Hai Liang • Yuchen (海亮•禦宸)	Xi'an	27,695.33	29.57%	Residential	92,011.48	38,274.82	2022/12/1
105 Kunshan Yulan Residence (昆山玉蘭公館)	Suzhou	76,671.70	50.00%	Residential	280,319.55	38,154.18	2020/1/30
106 Haining Lanting Qihang (海寧瀾庭啟杭)	Haining	44,887.00	87.00%	Residential	149,663.86	37,410.33	2021/6/1
107 Nanjing 2019G94 (南京2019G94)	Nanjing	53,456.21	99.00%	Residential	96,161.85	37,285.21	2022/5/1
108 Haining Lanting (海寧瀾庭)	Jiaxing	52,780.00	87.00%	Residential	110,992.64	37,138.03	2020/12/1
109 Wenzhou Xinlian Village Plot (溫州新聯村地塊)	Wenzhou	43,630.00	28.00%	Residential	156,072.00	36,677.18	2023/1/1
110 Baoding Jinyue City (保定金悅城)	Baoding	36,806.00	38.91%	Residential	130,858.84	36,495.20	2021/12/1
111 Shanghai Zhongxing Road (上海中興路)	Shanghai	31,034.10	50.00%	Residential	149,836.40	36,024.90	2021/12/31
112 Yunhe Commercial 43 Lot (運河商業43號地塊)	Hangzhou	8,477.00	65.70%	Office	42,247.07	33,917.58	2023/1/1
113 Quzhou Tianyang Yunqi Longting (衢州天陽雲棲龍庭)	Quzhou	66,696.00	13.31%	Residential	165,475.00	33,648.94	2023/3/1
114 Chengdu Qingbaijiang Project (成都青白江項目)	Chengdu	32,309.61	42.50%	Residential	161,306.89	31,369.92	2024/1/1
115 Guangzhou Tianyue (廣州天樾府)	Guangzhou	28,001.00	91.05%	Residential	117,382.53	31,300.32	2020/5/23
116 Zhangzhou No. 1 (漳州壹號府)	Zhangzhou	52,438.88	93.03%	Residential	193,925.15	30,935.77	2021/3/2
117 Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城-蘇派-3)	Zhengzhou	11,666.39	87.89%	Residential	31,262.35	30,433.32	2020/8/1
118 Chengdu Traffic Lane 9.5 mu (成都交通巷9.5畝)	Chengdu	6,364.00	95.22%	Residential	33,717.07	29,082.04	2023/10/1
119 Xianyou Construction and Development Cooperation Project (仙游建發合作項目)	Putian	24,035.00	16.66%	Residential	85,493.50	26,157.79	2022/11/1
120 Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城-蘇派-4)	Zhengzhou	8,659.82	87.89%	Residential	25,979.46	25,979.46	2020/8/1
121 Changtai Luxi County (長泰鷺西郡)	Zhangzhou	24,000.00	80.80%	Residential	81,453.33	25,323.25	2022/8/1
122 Tianjin Lanyue 4 (天津瀾悅4號)	Tianjin	27,184.00	47.00%	Residential	71,610.68	24,062.79	2023/2/1
123 Nanjing 2019G87 (南京2019G87)	Nanjing	49,829.00	32.56%	Residential	195,888.60	23,768.92	2022/4/1
124 Mengcheng Age Xingfu Li (蒙城時代幸福里)	Mengcheng	71,359.39	22.97%	Residential	180,133.00	23,368.46	2020/6/1
125 Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	Shaoxing	19,403.00	91.70%	Residential	51,471.16	23,280.07	2021/8/1
126 Nanjing Qinglan (南京青瀾)	Nanjing	19,447.24	100.00%	Residential	63,615.24	22,226.72	2022/11/1
127 Hailiang Time ONE (海亮時代 ONE)	Zhengzhou	50,053.14	55.00%	Commercial	304,542.42	21,774.20	2020/11/30
128 Tongling Lanshan Fu (銅陵瀾山府)	Tongling	60,475.00	38.76%	Residential	161,075.00	20,092.46	2020/6/30
129 Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	Chongqing	57,275.27	46.03%	Residential	175,006.00	19,303.52	2023/3/1
130 Lanzhou Xi'an Hua Fu (熙岸華府)	Lanzhou	65,784.80	55.00%	Residential	264,701.52	18,054.70	2018/10/30
131 Chengdu Lan Sky (成都瀾天)	Chengdu	22,731.50	87.00%	Residential	82,303.63	17,902.76	2020/9/1
132 Yunhe Commercial 44 Lot (運河商業44號地塊)	Hangzhou	8,826.00	65.70%	Office	37,978.00	17,638.86	2023/1/1

## Summary of Principal Properties

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
133	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	24,251.70	31.96%	Residential	101,043.13	17,066.99	2022/1/1
134	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	50,320.00	14.77%	Residential	132,255.00	16,470.43	2023/2/1
135	Hailiang • Tangning Mansion (海亮•唐寧府)	70,065.04	26.40%	Residential	267,799.96	16,403.74	2020/9/30
136	Shanghai Yangpu Lot (上海楊浦平涼地塊)	16,112.30	15.20%	Commercial	81,398.21	15,842.44	2020/9/1
137	Hangzhou Canal New City Project (杭州運河新城項目)	30,626.00	60.00%	Residential	101,845.00	15,380.28	2023/3/1
138	Tianjin Lanyue 3 (天津瀾悅3號)	34,369.00	46.95%	Residential	79,505.43	15,337.65	2021/12/1
139	Wenzhou Jinlin House (溫州金麟府)	44,518.00	26.25%	Residential	116,872.40	15,315.30	2021/6/1
140	Putian Ronshine (莆田融信府)	37,289.36	87.69%	Residential	125,867.40	14,846.39	2021/1/17
141	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	48,543.00	87.00%	Residential	131,391.96	14,288.41	2019/12/31
142	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	53,417.00	63.54%	Residential	220,648.36	13,865.39	2021/5/31
143	Chengdu Ruilian (成都瑞聯)	19,580.00	31.02%	Residential	62,114.68	13,221.52	2021/6/30
144	Xiamen Century (廈門世紀)	11,386.12	87.00%	Residential	43,262.32	13,037.42	2020/4/22
145	Hangzhou Xingyao Beixi Project (杭州興耀市北西項目)	11,417.00	17.00%	Residential	40,862.21	12,979.77	2023/2/1
146	Jurong Tianyuefu Project (句容天悅府)	53,873.00	15.66%	Residential	145,462.31	12,952.22	2020/5/1
147	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城-德藍-3)	5,097.42	100.00%	Residential	12,937.20	12,937.20	2026/4/1
148-283		10,970,561.37			29,195,080.03	155,814.97	
<b>Total</b>		21,570,592.31			61,131,333.51	17,240,576.00	
<b>Attributable total</b>		11,483,625.29			32,399,810.64	9,739,844.05	

Note:

- (1) The Group cooperated or agreed to cooperate with local governments in constructing resettlement housing units adjacent to certain projects of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of the related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business — Construction of Resettlement Housing" on pages 231 to 236 in the prospectus of the Company dated 31 December 2015 (the "Prospectus").

# MANAGEMENT DISCUSSION AND ANALYSIS

## SUMMARY OF OPERATING RESULTS

	For the year ended 31 December		
	2021	2020	Change in percentage
<b>Contracted sales</b>			
Contracted sales amount (RMB'000) <sup>(1)</sup>	155,520,220	155,172,878	0.22%
Contracted gross floor area (sq.m.)	7,336,614	7,250,886	1.18%
Average unit price of contracted sales (RMB/sq.m.)	21,198	21,401	-0.95%
<b>Property delivered</b>			
Revenue from delivery of properties (RMB'000)	31,703,628	46,577,900	-31.93%
Delivered gross floor area (sq.m.)	2,284,714	2,853,026	-19.92%
Recognised average selling price of properties delivered (RMB/sq.m.)	13,876	16,326	-15.00%
<b>Revenue (RMB'000)</b>	<b>33,284,014</b>	48,302,505	-31.09%
<b>Cost of Sales (RMB'000)</b>	<b>29,655,776</b>	42,990,475	-31.02%
<b>Gross profit (RMB'000)</b>	<b>3,628,238</b>	5,312,030	-31.70%
<b>Other income and other gain – net (RMB'000)</b>	<b>1,157,592</b>	676,025	71.24%
<b>Profit before income tax (RMB'000)</b>	<b>2,472,599</b>	4,901,373	-49.55%
<b>Profit for the year (RMB'000)</b>	<b>1,726,731</b>	3,494,499	-50.59%
— attributable to owners of the Company (RMB'000)	1,295,048	2,428,123	-46.66%
— attributable to non-controlling interests (RMB'000)	431,683	1,066,376	-59.52%
— attributable to holders of Perpetual Capital Instruments (RMB'000)	—	—	—
<b>Gross profit margin<sup>(2)</sup></b>	<b>10.90%</b>	11.00%	-0.91%
Net profit margin <sup>(3)</sup>	5.19%	7.23%	-28.29%
Total assets (RMB'000)	245,439,839	233,248,787	5.23%
Total liabilities (RMB'000)	193,158,889	182,589,784	5.79%
Total equity (RMB'000)	52,280,950	50,659,003	3.20%
Capital and reserve attributable to owners of the Company (RMB'000)	18,304,598	17,713,063	3.34%
Current ratio <sup>(4)</sup>	1.39 times	1.53 times	-9.15%
Gearing ratio <sup>(5)</sup>	0.66	0.83	-20.48%

## Management Discussion and Analysis

### Notes:

- (1) The amounts include the contracted sales from subsidiaries, associates and joint ventures of the Company.
- (2) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (3) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (4) The calculation of current ratio is based on current assets divided by current liabilities.
- (5) The calculation of gearing ratio is based on total borrowings less cash and bank balances and divided by total equity.

## Management Discussion and Analysis

## PROPERTY DEVELOPMENT

## Contracted Sales

For the year ended 31 December 2021, the Group achieved contracted sales of RMB155,520.22 million, representing a growth of approximately 0.22% compared with RMB155,172.88 million for the year ended 31 December 2020. This increase was mainly attributable to the increase in the total GFA of the Group's contracted sales by approximately 1.18% from approximately 7,250,886 sq.m. for the year ended 31 December 2020 to approximately 7,336,614 sq.m. for the year ended 31 December 2021.

The amount of the Group's contracted sales in Hangzhou, Shanghai, Fuzhou, Nanjing, Suzhou, Shaoxing, Chongqing, Chengdu and Wenzhou accounted for (i) approximately 70.79% of the Group's total contracted sales for the year ended 31 December 2021, and (ii) approximately 54.34% of the Group's total GFA of contracted sales for the year ended 31 December 2021. The following table sets forth details of the contracted sales of the Group for the year ended 31 December 2021:

	Amount (RMB million)	Percentage (%)	GFA (sq.m.)	Percentage (%)	Average selling price (RMB/sq.m.)
Hangzhou	31,410.71	20.20	939,737.54	12.81	33,424.98
Shanghai	23,934.50	15.39	337,540.73	4.60	70,908.47
Fuzhou	13,039.31	8.38	555,545.52	7.57	23,471.18
Nanjing	9,526.00	6.13	356,551.72	4.86	26,717.02
Suzhou	9,250.04	5.95	423,132.36	5.77	21,860.86
Shaoxing	8,370.40	5.38	409,689.91	5.58	20,431.06
Chongqing	5,835.90	3.75	467,283.25	6.37	12,489.01
Chengdu	4,586.00	2.95	290,116.21	3.95	15,807.46
Wenzhou	4,142.72	2.66	206,821.29	2.82	20,030.45
Others	45,424.64	29.21	3,350,195.39	45.67	13,558.80
<b>Total</b>	<b>155,520.22</b>	<b>100.00</b>	<b>7,336,613.92</b>	<b>100.00</b>	<b>21,197.82</b>

## Projects completed

For the year ended 31 December 2021, the Group and its joint ventures and associates had completed a total of 55 projects or phases of projects, with total GFA of 7,533,452.76 sq.m. (3,153,547.05 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

## Management Discussion and Analysis

### Projects under construction

As at 31 December 2021, the Group and its associates and joint ventures had a total of 136 projects or phases of projects under construction, with total planned GFA of 29,499,765.13 sq.m. (15,508,302.06 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

### Land reserve

During the year ended 31 December 2021, there were a total of 42 newly acquired land parcels with a total GFA of 6,475,994 sq.m. (2,887,033 sq.m., after taking into account the interests of the owners of the Company in the relevant projects). The average cost of land parcels acquired was approximately RMB10,136 per sq.m. (calculated at the plot ratio-based GFA).

The following table sets forth details of the Group's newly acquired land parcels during the year ended 31 December 2021:

City	Project Name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Suzhou	Changshu Project (常熟項目)	21/1/2021	37,132	97,367	50,271	458	236	6,662
Hangzhou	Hangzhou Xingyao Beixi Project (杭州興耀市北西項目)	21/1/2021	11,417	40,862	6,947	741	126	25,962
Chengdu	95 mu next to Longteng Chongzhou Wanda Plaza (隆騰崇州萬達廣場旁95畝)	6/1/2021	64,452	203,897	73,101	869	312	5,718
Chengdu	Chengdu Qingbaijiang Project (成都青白江項目)	6/1/2021	32,310	161,307	68,555	231	98	2,048
Mianyang	Wanwei Mianyang Economic Development Zone 105 mu (萬為綿陽經開區105畝)	16/2/2021	69,709	235,734	100,187	511	217	2,932
Putian	Xianyou Construction and Development Cooperation Project (仙遊建發合作項目)	19/5/2021	24,035	85,494	14,243	214	36	2,784
Shaoxing	South Shaoxing Shangyu Project (紹興上虞城南項目)	21/2/2021	49,686	89,271	17,051	845	161	16,197
Fuzhou	Fuzhou Haiyue Jiangnan (福州海月江南)	1/2/2021	67,858	131,430	44,686	696	237	7,326
Hangzhou	Yue Zhen Mansion (越臻府)	2/2/2021	25,998	85,202	18,114	250	53	4,375
Zhengzhou	Zhengzhou City of Times - 2 (鄭州時光之城-2)	3/3/2021	111,532	307,669	145,835	919	435	2,501

## Management Discussion and Analysis

City	Project Name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Zhengzhou	Zhengzhou Olympic Century – 3 (鄭州奧體世紀-3)	3/6/2021	61,392	303,141	136,898	770	348	3,485
Suzhou	Suzhou Huangqiao Project (蘇州黃橋項目)	16/3/2021	60,292	180,666	69,936	1,961	759	14,784
Nanchong	Wanwei Nanchong Jialing District 52 mu Lot (萬為南充嘉陵區52畝地塊)	20/4/2021	34,897	115,153	48,940	229	97	2,625
Huzhou	Huzhou Xifengyang Project (湖州西鳳漾項目)	6/4/2021	76,061	180,359	165,299	690	632	5,794
Huzhou	Huzhou Xifengyang 2 Lot (湖州市西鳳漾2地塊)	8/4/2021	75,018	175,378	119,818	765	523	6,475
Lianyungang	Lianyungang Urban Park East District (連雲港海納春江東區)	9/4/2021	39,085	99,243	92,921	623	583	8,856
Lianyungang	Lianyungang Urban Park West District (連雲港海納春江西區)	9/4/2021	50,894	126,765	121,365	597	572	6,518
Hangzhou	Hangzhou Yawangxuan (杭州雅望軒)	6/5/2021	52,503	207,840	100,324	2,560	1,236	17,413
Hangzhou	Hangzhou Science City 11 Lot (杭州科技城11號地塊)	7/5/2021	53,082	178,907	137,759	2,481	1,910	19,474
Hangzhou	Hangzhou Aoshi Mansion (杭州傲世邸)	7/5/2021	21,750	87,658	84,994	1,482	1,437	27,253
Hangzhou	Hangzhou Rulan Mansion (杭州如瀾邸)	6/5/2021	29,184	118,644	115,072	1,561	1,514	18,441
Hangzhou	Hangzhou Sibao Qibao 16 Lot (杭州四堡七堡16地塊)	6/5/2021	45,439	171,057	33,185	4,838	939	44,364
Hangzhou	Hangzhou Sibao Qibao 32 Lot (杭州四堡七堡32地塊)	6/5/2021	71,966	278,366	12,248	8,085	356	44,938
Hangzhou	Hangzhou Linglong Mountain 18 Lot (杭州玲瓏山18號地塊)	7/5/2021	30,894	98,332	31,368	901	287	13,890
Hangzhou	Hangzhou Pengbu Commercial Lot (杭州彭埠商業地塊)	12/5/2021	24,072	96,449	17,100	768	136	12,278
Fuzhou	Fuzhou Lan Bay (福州瀾灣)	11/5/2021	26,312	57,319	48,721	377	320	8,955
Fuzhou	Fuzhou China Trend Chaoyue (福州海納新潮潮悅)	11/5/2021	19,930	64,965	22,088	339	115	7,087
Fuzhou	Fuzhou Residence (福州國公館)	11/5/2021	143,367	210,450	178,883	1,420	1,207	9,921
Xi'an	Xi'an Sandi 115 mu Project (西安三迪115畝項目)	27/4/2021	77,018	243,363	62,058	1,259	321	7,397
Xi'an	Xi'an Sandi 86 mu Project (西安三迪86畝項目)	27/4/2021	57,705	186,444	47,543	1,002	256	7,653

## Management Discussion and Analysis

City	Project Name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Wenzhou	East Wenzhou Pingyang New District B-09, 11 Lot (溫州平陽城東新區B-09、11地塊)	25/5/2021	42,663	129,064	113,860	714	630	7,607
Putian	Putian Ronshine Yuezhu (莆田融信悅著)	2/5/2021	31,539	70,393	23,934	242	82	4,796
Chengdu	Chengdu Qingyang 23 mu (成都青羊23畝)	7/6/2021	15,265	52,185	50,609	385	373	10,498
Chengdu	Chengdu Traffic Lane 9.5 mu (成都交通巷9.5畝)	7/6/2021	6,364	28,827	27,449	357	340	18,699
Xuzhou	Xuzhou Xinyi Project (徐州新沂項目)	25/5/2021	61,481	137,395	15,287	372	41	3,360
Suzhou	Suzhou Science City Project (蘇州科技城項目)	3/6/2021	57,164	161,428	31,916	1,789	354	15,647
Tianjin	Tianjin Jinzhong Street East Lot (天津金鐘街東地塊)	14/5/2021	123,538	332,660	160,941	1,888	913	7,641
Shanghai	Shanghai Baoshan District Meiluo Garden (上海市寶山區美羅家園)	9/9/2021	41,077	116,694	29,757	1,835	468	22,340
Nantong	Nantong Chongchuan Park Road Lot (南通崇川園林路地塊)	12/7/2021	52,712	173,389	67,206	1,668	646	13,340
Weinan	Lanzhou Yuelan Time's Trace (蘭州樂瀾·時光印)	30/7/2021	89,743	301,969	98,819	159	52	709
Lanzhou	Weinan Wenquetai (渭南文關台)	21/7/2021	58,181	206,931	33,859	404	66	2,393
Mengcheng	Mengcheng 2021-23 Lot (蒙城2021-23地塊)	1/9/2021	59,025	146,327	47,886	210	69	1,752
<b>Total</b>			2,183,742	6,475,994	2,887,033	48,465	19,495	10,136

As at 31 December 2021, the total GFA of the Group's land reserve was approximately 28.7 million sq.m. among which, approximately 5.5 million sq.m. were completed properties held for sale, approximately 21.4 million sq.m. were under construction, and approximately 1.8 million sq.m. were held for future development.

As at 31 December 2021, the average cost per sq.m. of the Group's land reserve increased from RMB7,902 for the year ended 31 December 2020 to RMB8,202 for the year ended 31 December 2021. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its stable sales result and cash flows.

## Management Discussion and Analysis

The following table sets forth details of the land reserve attributable to the owners of the Company as at 31 December 2021:

Region	Project Name	Total land value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Baoding	Baoding Jinyue City (保定金悦城)	131	5	3,979
Changzhou	Changzhou Lanyue (常州瀾悦)	371	5	9,313
Chengdu	Chengdu Traffic Lane 9.5 mu (成都交通巷9.5畝)	340	3	18,699
	Chengdu Jinniu 16 mu (成都金牛16畝)	175	2	14,200
	Chengdu Lan Sky (成都瀾天)	62	2	4,200
	Chengdu Qingbaijiang Project (成都青白江項目)	98	7	2,048
	Chengdu Qingyang 23 mu (成都青羊23畝)	373	5	10,498
	Chengdu Ronshine Residence (成都融信公館)	176	1	16,915
	Chengdu Ruilian (成都瑞聯)	174	2	14,300
	95 mu next to Longteng Chongzhou Wanda Plaza (隆騰崇州萬達廣場旁95畝)	312	7	5,718
	Shui Nian River (水碾河)	122	1	13,500
Dazhou	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	107	4	3,650
Fuzhou	Fuzhou CBD49 Lot (福州CBD49地塊)	422	4	14,497
	Fuzhou Country Garden Yuelinglong (福州碧桂園悅玲瓏)	22	0	7,687
	Fuzhou Difeng River Project (福州帝封江項目)	295	5	7,932
	Fuzhou Park Left Bank Project (福州公園左岸)	124	1	21,731
	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	3,306	31	13,521
	Fuzhou Residence (福州國公館)	1,207	18	9,921
	Fuzhou China Trend Chaoyue (福州海納新潮潮悅)	115	2	7,087
	Fuzhou China Legend (福州海月江潮), Fuzhou Twin Harbour City (福州雙杭城)	1,405	33	6,065
	Fuzhou Haiyue Jiangnan (福州海月江南)	237	4	7,326
	Fuzhou Heshang Project (福州鶴上項目)	433	11	5,121
	Fuzhou Lan Sky (福州瀾天)	323	2	21,973
	Fuzhou Lan Bay (福州瀾灣)	320	5	8,955
	Fuzhou Ronghui Hot Spring City (福州融匯溫泉城)	690	65	1,610
	Fuzhou Wanke Zhen Lu Yuan (福州萬科臻麓園)	138	3	7,340
	Fuzhou Yongtai Project (福州永泰項目)	55	3	2,811
	Fuzhou Nice Villa (福州有墅)	16	5	486
	Pingtán Lan Chen (平潭瀾宸)	762	18	5,549
	Changle Lanshan (長樂瀾山)	349	9	5,005

## Management Discussion and Analysis

Region	Project Name	Total land value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Fuyang	Fuyang Linqun Project (阜陽臨泉項目)	18	1	2,115
	Fuyang Shangjun (阜陽上郡)	8	1	1,721
	Fuyang Yingquan Project (阜陽穎泉項目)	626	21	3,854
	Fuyang Yingzhou Project (阜陽潁州項目)	427	18	2,961
	Linqun Junyue Mansion (臨泉君樾府)	134	7	2,592
	Xingfu Li • East County (幸福里•東郡)	63	4	2,235
Guangzhou	Guangzhou Tianyue (廣州天樾府)	653	4	14,999
Haining	Haining Lanting Qihang (海寧瀾庭啟杭)	96	3	3,939
Hangzhou	Balong Lin'an Project (寶龍臨安項目)	263	6	6,128
	Hangzhou Aoshi Mansion (杭州傲世邸)	1,437	6	27,253
	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	359	3	16,005
	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	1,690	13	17,388
	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	3,853	14	40,542
	Hangzhou Science City 11 Lot (杭州科技城11號地塊)	1,910	13	19,474
	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	194	3	5,101
	Hangzhou Liwang NEO1 (杭州厘望NEO1)	355	3	31,551
	Hangzhou Linglong Mountain 18 Lot (杭州玲瓏山18號地塊)	287	3	13,890
	Hangzhou Pengbu Commercial Lot (杭州彭埠商業地塊)	136	2	12,278
	Hangzhou Qinlan (杭州沁瀾)	320	2	21,211
	Hangzhou Rulan Mansion (杭州如瀾邸)	1,514	10	18,441
	Hangzhou Sandun North Project (杭州三墩北項目)	648	6	16,088
	Hangzhou Century (杭州世紀)	1,651	8	30,816
	Hangzhou Sibao Qibao 16 Lot (杭州四堡七堡16地塊)	939	3	44,364
	Hangzhou Sibao Qibao 32 Lot (杭州四堡七堡32地塊)	356	1	44,938
	Hangzhou Tianlang House (杭州天琅府)	624	5	19,433
	Hangzhou Wanke Zhong Cheng Hui (杭州萬科中城匯)	558	3	24,704

## Management Discussion and Analysis

Region	Project Name	Total land value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Hangzhou Xianghu Yuezhong (杭州湘湖悅章)	3,245	27	17,134
	Hangzhou Xingchuang Railway North 07 Project (杭州星創鐵路北07項目)	311	2	22,695
	Hangzhou Xingyao Beixi Project (杭州興耀市北西項目)	126	1	25,962
	Hangzhou Yawangxuan (杭州雅望軒)	1,236	10	17,413
	Hangzhou Canal New City Project (杭州運河新城項目)	1,082	6	23,558
	Hangzhou Zhanwang (杭州展望)	1,512	9	25,116
	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	255	5	5,546
	Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	446	4	14,578
	Yue Zhen Mansion (樾臻府)	53	2	4,375
	Yunhe Commercial 43 Lot (運河商業43號地塊)	274	2	14,075
	Yunhe Commercial 44 Lot (運河商業44號地塊)	224	2	12,859
Huzhou	Anji Yuejiang (安吉悅江府)	52	2	2,986
	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	362	9	6,095
	Huzhou Rongjing Garden (湖州融璟園)	85	3	5,457
	Huzhou Xifengyang 2# Lot (湖州市西鳳漾2#地塊)	523	12	6,475
	Huzhou Xifengyang Project (湖州西鳳漾項目)	632	15	5,794
Jiaxing	Haining Lanting (海寧瀾庭)	198	4	7,200
	Tongxiang Project (桐鄉項目)	217	5	6,163
Jiangmen	Jiangmen Guoyue House (江門國樾府)	137	3	5,847
	Jiangmen Mansion (江門學院府)	312	9	4,800
Jinhua	Jinhua Yuejiang (金華悅江府)	66	1	8,467
	Tianyang River Mansion (天陽雲棲江境)	259	4	10,562
Jiujiang	Jiangxi Country Garden Jiutang (江西碧桂園九棠)	248	6	5,167
Lanzhou	Lanzhou Park Academy (蘭州公園學府)	76	10	897
	Weinan Wenquetai (渭南文闕台)	66	5	2,393
	Lanzhou Xi'an Hua Fu (熙岸華府)	57	5	1,293
Lishui	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	153	2	13,169
Lianyungang	Lianyungang Urban Park East District (連雲港海納春江東區)	583	9	8,856
	Lianyungang Urban Park West District (連雲港海納春江西區)	572	12	6,518
	Lianyungang Mansion (連雲港學院府)	437	15	3,999

## Management Discussion and Analysis

Region	Project Name	Total land value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Lu'an	Lu'an Jiangwancheng (六安江灣城)	39	2	1,984
Luzhou	Tianyu West Luzhou 46 mu (天譽瀘州城西46畝)	103	4	3,343
Mengcheng	Mengcheng Chengnan New District Lot (蒙城城南新區地塊)	69	5	1,752
	Mengcheng Junyue Mansion (蒙城君樾府)	57	4	1,662
	Mengcheng Age Xingfu Li (蒙城時代幸福里)	15	1	2,102
Mianyang	Wanwei Mianyang Jinjialin 81 mu (萬為綿陽金家林81畝)	189	8	3,266
	Wanwei Mianyang Economic Development Zone 105 mu (萬為綿陽經開區105畝)	217	10	2,932
Nanchong	Wanwei Nanchong Jialing District 52 mu Lot (萬為南充嘉陵區52畝地塊)	97	5	2,625
Nanjing	Nanjing 2019G87 (南京2019G87)	755	6	16,628
	Nanjing 2019G94 (南京2019G94)	1,208	10	19,019
	Nanjing Boan Center (南京鉑岸中心)	473	31	2,515
	Nanjing Qinglan (南京青瀾)	780	6	17,439
	Nanjing Century East (南京世紀東方)	630	4	24,957
	Nanjing Wanke Du Hui Tian Di (南京萬科都荟天地)	305	4	12,130
	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	148	2	9,464
	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	617	6	12,842
Nantong	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	869	9	14,197
	Nantong Chongchuan Park Road Lot (南通崇川園林路地塊)	646	7	13,340
	Nantong Lan Chen (南通瀾宸)	852	15	8,537
Neijiang	Neijiang Wanwei Project (內江萬為項目)	86	6	1,942
Ningbo	Ningbo Country Garden Siji Longyue (寧波碧桂園四季隴玥華府)	181	4	5,599
Putian	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	148	5	3,903
	Putian Ronshine (莆田融信府)	820	11	10,032
	Putian Ronshine Yuezhu (莆田融信悅著)	82	2	4,796
	Xianyou Construction and Development Cooperation Project (仙遊建發合作項目)	36	1	2,784
Qingdao	The Ocean Costal (青島海月星灣)	302	14	3,504
	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	105	4	3,578
	Qingdao Manshan Lanting (青島縵山蘭亭)	75	5	2,386

## Management Discussion and Analysis

Region	Project Name	Total land value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Quzhou	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	132	2	8,281
	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	116	2	8,634
	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	178	5	5,383
Xiamen	Xiamen Boyue Bay (廈門鉅悅灣)	2,107	15	23,207
	Xiamen Century (廈門世紀)	686	4	31,520
Shanghai	Shanghai Platinum (上海鉅爵)	150	2	15,409
	Shanghai Parallel Impression (上海海納印象)	4,822	17	38,763
	Shanghai Four Seasons (上海海月四季)	525	4	22,578
	Shanghai Jing'an Zhongxing Community (上海靜安中興社區)	1,772	4	72,000
	Shanghai Century One Mile (上海世紀古美)	2,274	6	54,814
	Shanghai Baoshan District Meiluo Garden (上海市寶山區美羅家園)	468	3	22,340
	Shanghai Yangpu Lot (上海楊浦平涼地塊)	155	1	25,397
	Shanghai Zhongxing Road (上海中興路)	5,505	6	100,091
Shaoxing	South Shaoxing Dongguang Lot (紹興城南東光地塊)	467	5	12,263
	South Shaoxing Shangyu Project (紹興上虞城南項目)	161	2	16,197
	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	484	9	7,943
	Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	540	28	2,577
	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	124	5	3,492
Suzhou	Changshu Project (常熟項目)	236	5	6,662
	Kunshan Bacheng Lot (昆山巴城地塊)	168	4	5,582
	Kunshan Yulan Residence (昆山玉蘭公館)	622	6	13,576
	Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	1,517	14	15,299
	Suzhou Haiyue Pingjiang (蘇州海月平江)	623	4	19,235
	Suzhou Huangqiao Project (蘇州黃橋項目)	759	7	14,784
	Suzhou Science City Project (蘇州科技城項目)	354	3	15,647
	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	288	5	6,843
	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	881	7	16,811

## Management Discussion and Analysis

Region	Project Name	Total land value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Taiyuan	Taiyuan City of Times-1 (太原時光之城-1)	462	42	1,355
	Taiyuan City of Times-2 (太原時光之城-2)	366	37	1,222
	Taiyuan City of Times-3 (太原時光之城-3)	355	31	1,294
Tianjin	Tianjin Jinzhong Street East Lot (天津金鐘街東地塊)	913	16	7,641
	Tianjin Jinnan (天津津南府)	1,000	12	12,959
	Tianjin Lanyue 3 (天津瀾悅3號)	331	4	13,001
	Tianjin Lanyue 4 (天津瀾悅4號)	282	3	11,742
	Tianjin West Coast (天津西海岸)	977	15	8,238
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	15	3	714
Weinan	Lanzhou Yuelan Time's Trace (蘭州樂瀾•時光印)	52	7	709
Wenzhou	Wenzhou Jinlin House (溫州金麟府)	48	1	8,500
	Wenzhou Yueqing Boyuewan (溫州樂清柏悅灣)	129	2	8,216
	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	282	3	13,004
	East Wenzhou Pingyang New District B-09, 11 Lot (溫州平陽城東新區B-09、11地塊)	630	11	7,607
	Wenzhou Rongwang (溫州榮望)	277	5	7,203
	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	260	4	8,510
Xi'an	Hai Liang • De Wen Jun (海亮•德文郡)	148	6	2,546
	Hailiang • Tangning Mansion (海亮•唐寧府)	32	2	1,960
	Hailiang • Yuchen (海亮•御宸)	110	3	4,821
	Xi'an Sandi 115 mu Project (西安三迪115畝項目)	321	6	7,397
	Xi'an Sandi 86 mu Project (西安三迪86畝項目)	256	5	7,653
	Chang'an XiYue (長安熙悅)	7	2	446
Xuzhou	Xuzhou Xinyi Project (徐州新沂項目)	41	2	3,360
Zhangzhou	Zhangzhou No. 1 (漳州壹號府)	1,488	18	10,897
	Changtai Luxi County (長泰鷺西郡)	59	7	1,127
Zhenjiang	Jurong Tianyuefu Project (句容天悅府)	82	2	4,837
Zhengzhou	Hailiang Time ONE (海亮時代ONE)	182	8	3,284
	Zhengzhou Olympic Century-1 (鄭州奧體世紀-1)	255	27	2,264
	Zhengzhou Olympic Century-2 (鄭州奧體世紀-2)	596	26	3,134
	Zhengzhou Olympic Century-3 (鄭州奧體世紀-3)	348	14	3,485
	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	163	22	912
	Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城-德藍-1)	230	58	520

## Management Discussion and Analysis

Region	Project Name	Total land value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城-德藍-2)	154	31	717
	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城-德藍-3)	8	1	751
	Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城-蘇派-1)	171	31	470
	Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城-蘇派-2)	107	29	550
	Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城-蘇派-3)	15	3	751
	Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城-蘇派-4)	14	2	716
	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城-中喬-1)	213	40	722
	Zhengzhou Jiangwancheng-Zhongqiao-2 (鄭州江灣城-中喬-2)	16	2	790
	Zhengzhou City of Times (鄭州時光之城)	862	37	3,167
	Zhengzhou City of Times-2 (鄭州時光之城-2)	435	14	2,501
Chongqing	Tan Zi Kou (灘子口)	82	1	9,255
	Chongqing Haiyue Pinghu (重慶海月平湖)	481	7	11,149
	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	367	6	9,600
	Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	166	8	2,855
	Chongqing Kaizhou Project (重慶開州項目)	431	16	3,901
	Chongqing Lan Bay (重慶瀾灣)	619	14	6,189
Zhoushan	Zhoushan Chuang Shi Ji (舟山創世紀)	277	5	4,324
<b>Total</b>		96,717	1,645	8,202

## Management Discussion and Analysis

## FINANCIAL REVIEW

## Revenue

The Group's revenue decreased by approximately 31.09% from approximately RMB48,302.51 million for the year ended 31 December 2020 to approximately RMB33,284.01 million for the year ended 31 December 2021. The Group derived its revenue primarily from (i) the sales of properties in the PRC; (ii) certain construction services with local PRC governments with respect to the construction of resettlement housing and (iii) the rental income generated from the lease of investment properties, hotel operation and others.

The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the year ended 31 December		Change in percentage
	2021 RMB'000	2020 RMB'000	
<b>Revenue</b>			
Sales of properties	31,703,628	46,577,900	-31.93%
Construction services	934,577	1,199,385	-22.08%
Rental income, hotel operation and others	645,809	525,220	22.96%
<b>Total</b>	<b>33,284,014</b>	<b>48,302,505</b>	<b>-31.09%</b>

## Management Discussion and Analysis

The decrease in the Group's revenue was mainly attributable to:

- (i) the decrease in the recognised GFA of properties delivered by the Group by approximately 19.92% from 2,853,026 sq.m. for the year ended 31 December 2020 to 2,284,714 sq.m. for the year ended 31 December 2021;
- (ii) the decrease in revenue generated from construction services by approximately 22.08% from approximately RMB1,199.39 million for the year ended 31 December 2020 to approximately RMB934.58 million for the year ended 31 December 2021; and
- (iii) the increase in rental income generated from investment properties from RMB133.69 million for the year ended 31 December 2020 to RMB164.30 million for the year ended 31 December 2021. The others comprise mainly of hotel operations and consultation service. During the year ended 31 December 2021, revenue from hotel operation of the Group was RMB112.54 million.

Revenue generated from the sales of properties amounted to approximately RMB31,703.63 million for the year ended 31 December 2021. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the year ended 31 December 2021:

	For the year ended					
	2021			2020		
	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/sq.m.)	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/sq.m.)
Hangzhou	5,548	288,349	19,242	10,905	365,402	29,844
Fuzhou	2,441	131,786	18,519	7,189	338,466	21,240
Xiamen	2,209	102,612	21,526	1,171	35,093	33,356
Suzhou	2,708	186,124	14,548	1,866	80,822	23,088
Kunshan	2,058	94,611	21,756	1,861	80,536	23,103
Others	16,740	1,481,233	11,301	23,856	1,952,707	12,217
<b>Total</b>	<b>31,704</b>	<b>2,284,714</b>	<b>13,876</b>	<b>46,578</b>	<b>2,853,026</b>	<b>16,326</b>

### Cost of sales

The Group's cost of sales decreased by approximately 31.02% from approximately RMB42,990.48 million for the year ended 31 December 2020 to approximately RMB29,655.78 million for the year ended 31 December 2021. This decrease mainly refers to the costs incurred directly from its property development activities, including cost of construction, land use rights, interest capitalized and tax surcharge.

## Management Discussion and Analysis

### Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit decreased by approximately 31.70% from RMB5,312.03 million for the year ended 31 December 2020 to approximately RMB3,628.24 million for the year ended 31 December 2021.

The Group's gross profit margin decreased from approximately 11.00% for the year ended 31 December 2020 to approximately 10.90% for the year ended 31 December 2021, primarily because the Group delivered different portfolios of properties in 2021 as compared 2020.

### Selling and marketing costs

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) advertisement expenses; (iii) property management fees; and (iv) others costs including rental expense and office expense.

The Group's selling and marketing costs increased by approximately 2.44% from approximately RMB1,259.04 million for the year ended 31 December 2020 to approximately RMB1,289.73 million for the year ended 31 December 2021, primarily due to the increased advertisement expenses and property management service fee.

### Administrative expenses

The Group's administrative expenses include (i) staff costs for administrative personnel; (ii) consulting fees; (iii) office and travel expenses; (iv) entertainment expenses; (v) other taxes; (vi) office lease expenses; and (vii) others.

The Group's administrative expenses decreased by approximately 25.56% from approximately RMB1,603.55 million for the year ended 31 December 2020 to approximately RMB1,193.71 million for the year ended 31 December 2021, mainly attributable to the decreases in the consultation expenses, donations and staff cost of the Group.

### Fair value (losses)/gains on investment properties

The Group recorded fair value losses of approximately RMB184.33 million for the year ended 31 December 2020 and fair value losses of approximately RMB32.25 million for the year ended 31 December 2021, which was due to a slight decrease of market price.

### Other income

The Group's other income primarily includes (i) interest income; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income increased by approximately 48.67% from approximately RMB302.87 million for the year ended 31 December 2020 to approximately RMB450.28 million for the year ended 31 December 2021.

### Other gains – net

The Group's net other gains primarily include (i) gains from financial assets at fair value through profit or loss; (ii) gains from bond repurchase; and (iii) gains from disposal of subsidiaries and an associate. The Group's other gains increased by approximately 89.55% from approximately RMB373.16 million for the year ended 31 December 2020 to approximately RMB707.31 million for the year ended 31 December 2021.

## Management Discussion and Analysis

### Operating profit

The Group's operating profit for the year decreased by approximately 22.81% from approximately RMB2,941.13 million for the year ended 31 December 2020 to approximately RMB2,270.14 million for the year ended 31 December 2021.

### Finance income/(costs) – net

Finance income primarily consists of foreign exchange gain and interest income from bank deposits. Finance cost primarily consists of interest expenses of borrowings and net foreign exchange losses. The Group recorded a net finance income of approximately RMB1,348.78 million for the year ended 31 December 2020 and a net finance income of approximately RMB100.22 million for the year ended 31 December 2021. This variance was primarily due to the decrease in net foreign exchange gains of approximately RMB758.00 million and decrease of interest income from bank deposits of approximately RMB313.77 million.

### Profit before income tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax decreased by approximately 49.55% from approximately RMB4,901.37 million for the year ended 31 December 2020 to approximately RMB2,472.60 million for the year ended 31 December 2021.

### Income tax expense

The Group's income tax expense comprise provisions made for corporate income tax (“**CIT**”) (including deferred income tax) and land appreciation tax (“**LAT**”) in the PRC.

The Group's income tax expense decreased by approximately 46.98% from approximately RMB1,406.87 million for the year ended 31 December 2020 to approximately RMB745.87 million for the year ended 31 December 2021. Specifically, CIT (including deferred income tax) decreased by approximately 51.28% from approximately RMB1,282.82 million for the year ended 31 December 2020 to approximately RMB625.01 million for the year ended 31 December 2021, and LAT decreased by approximately 2.57% from approximately RMB124.05 million for the year ended 31 December 2020 to approximately RMB120.86 million for the year ended 31 December 2021.

### Profit for the year attributable to owners of the Company

The Group's profit for the year attributable to owners of the Company decreased by approximately 46.66% from approximately RMB2,428.12 million for the year ended 31 December 2020 to approximately RMB1,295.05 million for the year ended 31 December 2021.

### Profit for the year attributable to non-controlling interests

Profit for the year attributable to non-controlling interests decreased by approximately 59.52% from a profit of approximately RMB1,066.38 million for the year ended 31 December 2020 to a profit of approximately RMB431.68 million for the year ended 31 December 2021. The decrease was primarily due to the recognition of revenue from sales of properties during the year ended 31 December 2021 in the respective projects, which were jointly developed with non-controlling parties.

## Management Discussion and Analysis

### FINANCING ACTIVITIES

#### Issuance of US\$300,000,000 7.1% senior notes due 2025

On 25 January 2021, the Company issued senior notes in the aggregated principal amount of US\$300,000,000 due in 2025 ("**2025 Notes**") on Singapore Exchange Securities Trading Limited ("**SGX-ST**"), with an interest rate of 7.1% per annum payable semi-annually in arrears on 25 January and 25 July of each year, commencing 25 July 2021. The maturity date of the 2025 Notes is 25 January 2025. At any time and from time to time prior to 25 January 2021, the Company may at its option redeem the 2025 Notes, at a pre-determined redemption price.

For further details, please refer to the announcements of the Company dated 19 January 2021 and 26 January 2021 and the relevant offering memorandum.

As at the date of this report, the Group had utilized most of the net proceeds from the issuance of the 2025 Notes to refinance certain existing indebtedness of the Company, which was consistent with the purpose disclosed in the relevant offering memorandum.

#### Issuance of US\$200,000,000 5.50% senior notes due 2022

On 27 January 2021, the Company issued senior notes due in February 2022 with an aggregate principal amount of US\$200,000,000, bearing interest at a rate of 5.50% per annum payable in arrears on 1 August 2021 and 1 February 2022 (the "**2022 Notes**"). The 2022 Notes had been repaid in full upon maturity on 1 February 2022.

Please refer to the Company's announcement dated 26 January 2022 for further details relating to the repayment of the 2022 Notes.

#### Issuance of 2021 Domestic Corporate Bonds

On 2 February 2021, the Company announced that Rongxin (Fujian) investment Group Co., Ltd.\* (融信(福建)投資集團有限公司) ("**Rongxin Investment**"), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, had lodged an application to the Shanghai Stock Exchange in the PRC to undertake public offering(s) of domestic corporate bonds to professional investors with an aggregate principal amount of not more than RMB9.66 billion listed on the Shanghai Stock Exchange (the "**2021 Domestic Corporate Bonds**"). On 2 February 2021, the Shanghai Stock Exchange approved the application by Rongxin Investment for the proposed public issuance of the first tranche of the 2021 Domestic Corporate Bonds with a face value of not exceeding RMB1.318 billion (the "**First Tranche of the Domestic Corporate Bonds**"). On 3 February 2021, Rongxin Investment and the lead underwriter conducted a book-building exercise with professional investors for the First Tranche of the Domestic Corporate Bonds. The First Tranche of the Domestic Corporate Bonds has a term of five years, with an option for Rongxin Investment to adjust the coupon rate and a put option for investors at the end of the second and fourth year. The First Tranche of the Domestic Corporate Bonds has been listed on the Shanghai Stock Exchange.

## Management Discussion and Analysis

On 30 June 2021, the Company announced that Rongxin Investment proposed to publicly issue the second tranche of the 2021 Domestic Corporate Bonds with a face value of not exceeding RMB2.141 billion (the “**Second Tranche of the Domestic Corporate Bonds**”) to professional investors. The Second Tranche of the Domestic Corporate Bonds has a term of five years with a put option for investors and an option for Rongxin Investment to adjust the coupon rate at the end of the second and fourth year, and a term of five years with a put option for investors and an option for Rongxin Investment to adjust the coupon rate at the end of the third year, respectively. The Second Tranche of the Domestic Corporate Bonds has been listed on the Shanghai Stock Exchange.

For further details, please refer to the announcements of the Company dated 2 February 2021 and 30 June 2021.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group had cash and bank balances of approximately RMB22,055.45 million (2020: approximately RMB29,901.78 million), total borrowings of approximately RMB56,777.92 million (2020: approximately RMB71,859.73 million) and a weighted average effective interest rate for outstanding borrowings of approximately 6.36% (including bank borrowings and other borrowings, domestic corporate bonds, additional senior note and asset-backed securities) (2020: approximately 6.55%).

As at 31 December 2021, the aggregated issued amount of the domestic corporate bonds was approximately RMB8,597.03 million, representing approximately 15.14% of the total borrowings of the Group.

### PLEDGE OF ASSETS

As at 31 December 2021, the Group’s borrowings were secured by the Group’s assets of approximately RMB43,774.57 million (2020: approximately RMB48,731.03 million), which include (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash and (vi) investment property. Certain borrowings from financial institution were also secured by the equity interests of certain subsidiaries.

### PROVISION OF A GUARANTEE IN FAVOUR OF A BANK FOR CHENGDU LONGTENG JINRUI REAL ESTATE CO., LTD.

On 26 February 2021, Rongxin Investment, as a guarantor, entered into a guarantee agreement in favour of the creditor, China Zheshang Bank Co., Ltd. Chengdu Branch (“**Zheshang Bank**”), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of Chengdu Longteng Jinrui Real Estate Co., Ltd.\* (成都隆騰錦瑞置業有限公司) (“**Chengdu Longteng JV Company**”), a company indirectly owned as to 40% by the Company, to Zheshang Bank under the loan agreement entered into by Chengdu Longteng JV Company and Zheshang Bank on 26 February 2021.

For further details, please refer to the announcements of the Company dated 26 February 2021 and 4 March 2021.

## Management Discussion and Analysis

### PROVISION OF A GUARANTEE IN FAVOUR OF A BANK FOR CHENGDU HAOTIAN REAL ESTATE DEVELOPMENT CO., LTD.

On 18 June 2021, Rongxin Investment, as guarantor, entered into a guarantee agreement in favour of the creditor, China Guangfa Bank Co., Ltd. Chengdu Branch (“**China Guangfa Bank (Chengdu)**”), pursuant to which Rongxin Investment agreed to provide guarantee for the due performance of the repayment obligations of Chengdu Haotian Real Estate Development Co., Ltd.\* (成都浩天房地產開發有限公司) (“**Chengdu Haotian**”), a company indirectly owned as to 42.5% by the Company, to China Guangfa Bank (Chengdu) under the loan agreement entered into by Chengdu Haotian and China Guangfa Bank (Chengdu) on 18 June 2021.

For further details, please refer to the announcement of the Company dated 18 June 2021.

The Notes matured on 1 March 2022 and was fully repaid by the Company.

### PROVISION OF A GUARANTEE IN FAVOUR OF A BANK FOR SUZHOU RONGPU REAL ESTATE CO., LTD.

On 7 September 2021, Rongxin Investment, as guarantor, entered into a guarantee agreement in favour of China Guangfa Bank Co., Ltd., Suzhou Branch (“**China Guangfa Bank (Suzhou)**”), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of Suzhou Rongpu Real Estate Co., Ltd.\* (蘇州融樸置業有限公司) (“**Suzhou Rongpu**”), a company indirectly owned as to 51.63% by the Company, to China Guangfa Bank (Suzhou) under the loan agreement entered into by Suzhou Rongpu and China Guangfa Bank (Suzhou) on 13 May 2021.

For further details, please refer to the announcement of the Company dated 7 September 2021.

### PROVISION OF A GUARANTEE IN FAVOUR OF CERTAIN BANKS FOR SUZHOU KAIXINGYU REAL ESTATE DEVELOPMENT CO., LTD.

On 24 September 2021, Rongxin Investment, as guarantor, entered into a syndicated loan guarantee agreement in favour of Bank of China Limited Suzhou Xiangcheng Sub-branch; China CITIC Bank Corporation Limited Suzhou Branch and China Construction Bank Corporation Suzhou Chengzhong Sub-branch (the “**Bank Creditors**”), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of Suzhou Kaixingyu Real Estate Development Co., Ltd.\* (蘇州愷星鈺房地產開發有限公司) (the “**Suzhou Kaixingyu**”), a company indirectly owned as to 60% by the Company, to the Bank Creditors under the fixed asset syndicated loan agreement dated 23 September 2021 entered into between Suzhou Kaixingyu and the Bank Creditors in relation to the grant of a loan up to a maximum amount of RMB1,600,000,000 by the Bank Creditors to Suzhou Kaixingyu for a term of 5 years commencing from 23 September 2021.

For further details, please refer to the announcement of the Company dated 24 September 2021.

## Management Discussion and Analysis

## PROVISION OF A GUARANTEE IN FAVOUR OF CERTAIN BANKS FOR SUZHOU BAOJING REAL ESTATE CO., LTD.

On 28 October 2021, Rongxin Investment, as guarantor, entered into a syndicated loan guarantee agreement in favour of Bank of China Limited Suzhou National Hi-Tech District Sub-branch; China Merchants Bank Co., Ltd Suzhou Branch; China Construction Bank Corporation Suzhou National Hi-Tech District Sub-branch; China Citic Bank Corporation Limited Suzhou Branch and China Everbright Bank Co., Ltd Suzhou Branch (the “**Creditors**”), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of Suzhou Baojing Real Estate Co., Ltd.\* (蘇州保璟置業有限公司) (“**Suzhou Baojing**”), a company indirectly owned as to 23.26% by the Company, to the Creditors under the fixed asset syndicated loan guarantee agreement dated 26 October 2021 entered into by Suzhou Baojing and the Creditors.

For further details, please refer to the announcement of the Company dated 28 October 2021.

## CONTINGENT LIABILITIES

The Group’s contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group’s properties. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to approximately RMB28,956.42 million as at 31 December 2021 (31 December 2020: approximately RMB35,569.02 million).

The Directors believe that, in case of a default by the Group’s purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

### Current ratio

As at 31 December 2021, the current ratio of the Group was 1.39 times (31 December 2020: 1.53 times). The decrease in the Group’s current ratio was mainly attributable to the decrease of properties under development and completed properties held for sale included in current assets.

### Gearing ratio

As at 31 December 2021, the gearing ratio of the Group was 0.66 (31 December 2020: 0.83), mainly due to the decrease of borrowings. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits.

## Management Discussion and Analysis

### FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in the first-tier and second-tier cities in the PRC. No concrete plan for future investments is in place for the Group as at the date of this report.

### 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 Renminbi. As at 31 December 2021, the Group's financial assets and liabilities denominated in currencies other than Renminbi were mainly borrowings denominated in United States dollars and Hong Kong dollars, in the total amount of approximately RMB21.2 million. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pays to its shareholders outside of the PRC. The Group currently does not engage in 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 INVESTMENT HELD AND MATERIAL ACQUISITION AND DISPOSAL

The Group did not hold any significant investments and did not conduct any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

#### Disposal of Subsidiaries

Reference is made to the announcement of the Company dated 18 February 2022.

On 18 February 2022, Shanghai Kaiyin Enterprise Company Limited\* (上海愷胤實業有限公司) ("**Shanghai Kaiyin**"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Zhejiang Beize Group Company Limited\* (浙江貝澤集團有限公司) ("**Zhejiang Beize**"), pursuant to which Shanghai Kaiyin has agreed to dispose of, and Zhejiang Beize has agreed to purchase, 55% of the equity interest of Ningbo Hailiang Property Investment Company Limited\* (寧波海亮房地產投資有限公司) (the "**Target Company**", together with its subsidiaries and its invested entity, the "**Target Group**") for a consideration of RMB421,239,530.34 (the "**Disposal**").

The Disposal was completed on 18 February 2022. Upon completion of the Disposal, the Group no longer holds any interest in the Target Company and the Target Company and other members of the Target Group have ceased to be accounted as subsidiaries of the Group.

## Management Discussion and Analysis

### Cancellation of Outstanding Senior Notes

Reference is made to the announcements of the Company dated 20 February 2022, 22 February 2022 and 24 February 2022 in relation to the cancellation of the outstanding 10.5% senior notes due 2022 issued by the Company listed on the SGX-ST (the “Notes”).

As at 24 February 2022, cancellation of the Notes repurchased by the Company in an aggregate principal amount of US\$193,900,000 was completed, representing approximately 38.78% of the aggregate principal amount of the Notes issued.

The Notes matured on 1 March 2022 and was fully repaid by the Company.

### Change of auditors

Reference are made to the announcements of the Company dated 21 March 2022. PricewaterhouseCoopers (“PwC”) has resigned as auditor of the Company with effect from 18 March 2022. The Board has resolved, having regard to the recommendation from the audit committee of the Company (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.

In connection with PwC’s resignation, the Company would like to provide further clarification regarding the discrepancy in the information provided by the banks in their confirmations and those provided by the Company concerning the pledging of certain bank deposits by the Group (the “Discrepancy”) as noted in PwC’s resignation letter as follows:

- *Details and cause of the Discrepancy:* In substance, the Discrepancy concerned the bank deposits of RMB2.1 billion in total (the “Bank Deposits”) of two subsidiaries of the Company (the “Relevant Subsidiaries”). As part of the audit procedures, PwC requested the Company to fill in the information in the relevant bank confirmation letters (銀行詢證函) for its sending to the relevant banks. Due to an inadvertence, the Banks Deposits were by mistake classified as unrestricted bank deposits on the bank confirmation letters, which caused the discrepancy in the responses received from the relevant banks. The Bank Deposits were accounted for as “restricted cash” of the Group as at 31 December 2021 in the Company’s consolidated balance sheet on page 143 of this report.
- *Reasons for the pledging of the Bank Deposits:* The Bank Deposits were pledged by the Relevant Subsidiaries as collaterals to obtain additional bank financing for themselves through intermediaries (the “Bank Financing”) who were independent third parties of the Group. The Bank Deposits represented less than 1% of the total assets of the Group and less than 10% of the total cash and cash equivalents (including cash and cash equivalents, restricted cash and term deposits) of the Group as at 31 December 2021 based on the Company’s consolidated balance sheet on page 143 of this report. The Company believed that the above financing arrangement would not pose material risk to the Group in light of the risk control measures implemented by the Group, including control over the relevant bank accounts and counter guarantee and pledge provided by the relevant intermediaries.

## Management Discussion and Analysis

- *The Audit Committee's view:* To facilitate understanding by the Audit Committee of the cause and implications of the Discrepancy, the management of the Group had explained to the Audit Committee: (i) the key terms and commercial rationale of the financing arrangement concerning the Bank Deposits; (ii) the Group's internal approval process for the financing arrangement concerning the Bank Deposits; (iii) the process concerning the preparation of the Group's financial information to be provided to PwC for its sending of the bank confirmation letters to the relevant banks; (iv) the delay in the Group's audit and financial reporting progress and difficulties faced by the Group due to the COVID-19 pandemic; and (v) the latest status of the Bank Deposits. The Audit Committee agreed with the Company's explanation regarding the Discrepancy.

The Audit Committee had also discussed the Discrepancy with Elite Partners. The Audit Committee understood from Elite Partners that (i) Elite Partners would implement appropriate audit procedures to address the Discrepancy, and (ii) subject to completion of audit procedures, based on the information and explanation provided by the management of the Group and the initial analysis on the nature of the financing arrangement, Elite Partners considered that the financing arrangement shall have no material impact on the consolidated financial statements of the Group.

Based on the foregoing, the Audit Committee took the view that Discrepancy did not amount to an audit issue for the purpose of the audit for the Group's annual results for the year ended 31 December 2021 and the financing arrangement did not have and is not expected to have any material adverse effect on the liquidity or operation of the Group.

- *Elite Partners' view:* Elite Partners had received the information and explanation provided by the management of the Group regarding the Discrepancy and would perform the designated audit procedures to verify the management's explanation. Based on the discussions between the management of the Group and the Audit Committee with Elite Partners, the Company understood that: (i) Elite Partners would implement appropriate audit procedures to address the Discrepancy; and (ii) subject to completion of audit procedures, based on the information and explanation provided by the management of the Group and the initial analysis on the nature of the financing arrangement, Elite Partners considered that the financing arrangement shall have no material impact on the consolidated financial statements of the Group.

Based on the audit procedures performed by it, 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.

Other than those disclosed above, as at the date of this report, the Group did not have any other significant event subsequent to 31 December 2021.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Ou Zonghong**, aged 52, is the founder of the Group. Mr. Ou has been a Director since 11 September 2014, the chairman of the Board since 1 December 2014 and was re-designated as the executive Director and appointed as the chief executive officer of the Company on 15 December 2014. Mr. Ou is the chairman of the nomination committee and a member of the remuneration committee of the Company since 13 January 2017. Mr. Ou is primarily responsible for the overall development strategy and daily operation of the Group. He has more than 20 years of experience in the property development and construction industries. Mr. Ou established Putian Transport Engineering Company Limited\* (莆田市交通工程有限公司) on 1 August 1995, which engaged in construction of motorways. On 20 April 2000, Mr. Ou started his engagement with the property related business and established Putian Transport and Real Estate Development Company Limited (莆田市交通房地產開發有限公司). On 23 September 2003, Mr. Ou established Rongxin (Fujian) Investment Company Limited\* (融信(福建)投資集團有限公司). Mr. Ou has been a director of Renmin University of China\* (中國人民大學) since 18 October 2011. Mr. Ou has also been the managing vice president of the Federation of Fujian Enterprise and Entrepreneur\* (福建省企業與企業家聯合會) since April 2012, respectively.

Mr. Ou has also assumed various positions in the subsidiaries of the Company, including a director of Rongda Company Limited since 11 September 2014, a director of Rongtai Company Limited (融泰有限公司) since 26 September 2014, a director of Rongxin (Fujian) Investment Company Limited\* (融信(福建)投資集團有限公司) since 23 September 2003, a director of Rongxin (Zhangzhou) Property Company Limited\* (融信(漳州)房地產有限公司) from 7 January 2011 to 1 February 2013 and a director of Shanghai Ronglai Business Management Consulting Ltd. (上海融隸企業管理諮詢有限公司) since 28 October 2014.

Mr. Ou was awarded a member of the fourteenth and fifteenth sessions of the Excellent Entrepreneurs of Fujian in December 2011 and June 2014, respectively. He also received the Silver Award of the Ten Young Entrepreneurs of Fujian in April 2008.

**Ms. Yu Lijuan**, aged 40, was appointed as an executive Director on 22 March 2019. Ms Yu possesses extensive experience in real estate development and management. Ms. Yu has been engaged in the real estate industry for over 15 years. Ms. Yu first joined the Group in September 2007, she has since served in various positions within the Group, including serving as the marketing director of the Group, the deputy general manager of the East China region of the Company, the general manager of the Hangzhou region of the Company, vice president of the Group and the president of division 1 and division 3 of the Group. Ms. Yu is currently the president of the Group. Ms. Yu graduated from Fuzhou University (福州大學) in Fujian Province, China with a bachelor's degree in administrative management in July 2004. In November 2018, Ms. Yu was also awarded the title of "Top Ten Outstanding Professional Managers of Zhejiang Province for 2018" (2018年度浙江省十大傑出職業經理人).

## Directors and Senior Management

**Ms. Zeng Feiyan**, aged 46, has been an executive Director since 27 July 2015 and currently serves as the senior vice president of the Company. She joined the Group in August 2013. Ms Zeng was the joint company secretary of the Company from 15 December 2014 to 20 February 2019. Before joining the Group, Ms. Zeng Feiyan has more than 10 years of finance related experiences in various entities. Ms. Zeng Feiyan had served as the manager of the operation and financial management center and the vice director of the supervisory committee in Hopson Development Holdings Limited\* (合生創展集團有限公司) (a property development company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), stock code: 754) from May 2003 to October 2007. She was the vice general manager responsible for finance and investment management of Guangdong Pearl River Investment Management Group Company Limited\* (廣東珠江投資管理集團有限公司) (a company principally engaged in the investment in energy and infrastructure projects) from October 2007 to September 2011, and the vice president and secretary of the board of directors of Cnhomeland Environmental Co., Ltd.\* (浩藍環保股份有限公司) (an environmental-protection company engaged in the provision of environmental solutions services) from September 2011 to August 2013.

Ms. Zeng Feiyan has been a certified public accountant authorised by the Institute of Certified Public Accountants of Guangdong Province since 7 January 2003. She has also been a senior economist as credentialed by the Senior Professional Titles Evaluation Committee of Dezhou Private Economic Organisations since 26 September 2013 and a Registered Tax Agents authorised by the Certified Tax Agents Association of Guangdong Province since 13 December 2011. Ms. Zeng Feiyan graduated from Changsha Communication College\* (長沙交通學院) (now known as Changsha University of Science and Technology)\* (長沙理工大學) in Changsha, Hunan province in June 1998 where she obtained a bachelor degree in accounting. Ms. Zeng Feiyan has also obtained the executive master of business administration from the Guanghua School of Management of Peking University\* (北京大學光華管理學院) in July 2016.

**Mr. Ruan Youzhi**, aged 46, was appointed as an executive Director on 16 November 2018. Mr. Ruan graduated from Fujian Normal University\* (福建師範大學) in July 2005 with a bachelor’s degree in Chinese literature. Mr. Ruan currently serves as the senior vice president of the Company and is mainly responsible for managing the Company’s investments and public relations. From August 1997 to August 2001, Mr. Ruan taught at Xianyou Fengjiang Middle School\* (仙遊楓江中學). From March 2003 to May 2008, he was the reporter for Straits News\* (海峽都市報). Since joining the Company in June 2008, Mr. Ruan successively worked as the director of the president office, the general manager of the brand center, the general manager of the investment development center, the assistant to the chairman of the Board and the vice president of the Company.

**Mr. Zhang Lixin**, aged 43, was appointed as an executive Director on 16 November 2018. Mr. Zhang is the chief financial officer of the Company and is primarily responsible for the financial affairs of the Company. Mr. Zhang graduated from Dongbei University of Finance and Economics\* (東北財經大學) in July 2001 with a bachelor’s degree in Management. He further obtained a master degree of Economics (Regional Economics) in April 2004. Mr. Zhang has extensive experience in financial management. From April 2003 to September 2007, Mr. Zhang held various positions, as the finance supervisor, deputy finance manager and finance manager within a subsidiary of Dalian Wanda Group\* (大連萬達集團). From September 2009 to April 2012, Mr. Zhang served initially as the deputy finance manager and subsequently as the chief financial officer in the business department of Shanghai Greenland Holdings Corporation Limited\* (綠地控股集團股份有限公司房地產業務部). From May 2012 to August 2015, he was the general manager of the financial management center within Hailiang International Holdings Limited\* (海亮地產集團財務管理中心). From August 2015 to October 2018, Mr. Zhang is the general manager of the Company’s finance center.

## Directors and Senior Management

## NON-EXECUTIVE DIRECTOR

**Ms. Chen Shucui**, aged 47, was appointed as a non-executive Director on 18 June 2018. Ms. Chen graduated from Hebei University of Economics and Business (河北經貿大學) in the People's Republic of China, where she obtained a bachelor degree of trade economics in June 1997. She further obtained a master degree of currency banking from Xiamen University (廈門大學) in October 2000. Ms. Chen has over 20 years of experience in asset management and securities trading. She has been the general manager assistant of China Everwin Asset Management Co., Ltd. (華夏久盈資產管理有限責任公司) since June 2017. From July 1997 to November 2006, Ms. Chen was the general manager assistant of (i) the sales department in Beijing and (ii) the securities and asset management department in Hebei of Hebei Securities Co., Ltd. (河北證券有限責任公司). From December 2006 to April 2009, she served as the deputy general manager at the securities investment department of New Times Securities Co., Ltd. (新時代證券有限責任公司). From April 2009 to February 2013, Ms. Chen has been serving a number of positions in Huarong Securities Co., Ltd. (華融證券股份有限公司), including (i) deputy general manager of the asset management department and (ii) deputy general manager of its futures intermediate business. From February 2013 to December 2016, she was the general manager of the securities investment department of Dongxing Securities Co., Ltd. (東興證券股份有限公司). From December 2016 to June 2017, Ms. Chen was the assistant to the president of New Times Trust Co., Ltd. (新時代信託股份有限公司). From April 2019 to July 2020, Ms. Chen served as a non-independent director of Beijing Jetsen Technology Co., Ltd.\* (北京捷成世紀科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300182). From September 2019 to October 2020, Ms. Chen also acted as a non-independent director of Zhejiang Hai Liang Co., Ltd.\* (浙江海亮股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002203). From June 2018 to July 2021, Ms. Chen also served as a non-independent director of the board at Xihu Zhongbao Co., Ltd. (新湖中寶股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600208), and a non-executive director of Fosun International Limited (復星國際有限公司) since December 2019, a company listed on the Main Board of the Stock Exchange (stock code: 656).

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Ren Yunan**, aged 46, has been an independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee of the Company since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Ren obtained a bachelor degree in law from Peking University\* (北京大學) in Beijing in July 1997 and a master degree in law from Harvard University in the U.S. in June 1999. Mr. Ren has been qualified to practice law in New York, the U.S. since March 2000 and also admitted to practice in Hong Kong since March 2003 and currently is not in private practice in Hong Kong. Mr. Ren currently focuses on technology investment. From February 2015 to August 2020, Mr. Ren served as a non-executive director of Labixiaoxin Snacks Group Limited (蠟筆小新休閒食品集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1262). Mr. Ren Yunan has been an executive director, the chairman of the board and the chief executive officer of OKG Technology Holdings Limited (歐科雲鏈控股有限公司), formerly known as LEAP Holdings Group Limited (前進控股集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1499) since July 2018.

## Directors and Senior Management

**Mr. Qu Wenzhou**, aged 49, has been an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Qu Wenzhou is currently served as the dean of the Jinyuan Institute for Financial Studies at Xiamen University\* (廈門大學金圓研究院), director at the China Capital Market Research Center of Xiamen University\* (廈門大學中國資本市場研究中心), director at the MBA Center under the School of Management of Xiamen University (廈門大學管理學院MBA中心), and a professor of the Department of Finance at the School of Management of Xiamen University\* (廈門大學管理學院). From May 2010 to November 2016, Mr. Qu Wenzhou served as the deputy dean of the Institute of Finance and Accounting of Xiamen University (廈門大學財務與會計研究院), and from July 2005 to December 2007, he served as the associate professor of the MBA Center of the School of Management of Xiamen University\*. Mr. Qu graduated from Xiamen University with a Bachelor of Science degree in Applied Mathematics in July 1995; he graduated from Xiamen University with a Bachelor of Science degree in Finance in July 1999; he graduated from Xiamen University with a Bachelor of MBA in Business Administration July 2001; he graduated from Xiamen University with a doctorate in economics in finance July 2003. From August 2003 to June 2005, he was a postdoctoral fellow at the School of Economics and Management of Tsinghua University (清華大學經濟管理學院). Mr. Qu Wenzhou was approved by the Chinese Institute of Certified Public Accountants to obtain the Chinese CPA non-practicing membership in June 2002, and he was approved by the Chartered Financial Analysts Association to obtain the CFA qualification in November 2004. From 24 March 2015 to 7 April 2021, Mr. Qu served as an independent director of Guangdong Baolihua New Energy Co., Ltd.\* (廣東保利華新能源股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000690). From 8 July 2016 to 8 July 2019, Mr. Qu served as an independent director of Fujian Septwolves Industrial Co., Ltd.\* (七匹狼實業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002029). Mr. Qu Wenzhou is also currently serving as a director of China Merchants Shekou Industrial Zone Holdings Co., Ltd.\* (招商局蛇口工業區控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 001979), a director of Fuyao Glass Industry Group Holdings Co., Ltd.\* (福耀玻璃工業集團控股有限公司), a company listed on the Shanghai Stock Exchange (Stock code: 600660) and listed on the main board of Hong Kong Stock Exchange (stock code: 03606) and an independent non-executive director of Datang Group Holdings Limited (大唐集團控股有限公司), a company listed on the main board of the Hong Kong Stock Exchange (stock code: 02117).

**Mr. Ruan Weifeng**, aged 45, was appointed as an independent non-executive Director on 22 March 2019. Mr. Ruan is a practising full-time lawyer in the People's Republic of China for 19 years. He graduated from the Faculty of Law of the Northwest University of Political Science and Law (西北政法大學) (previously known as Northwest College of Political Science and Law) in July 1999, and obtained a bachelor's degree in law upon finishing its full-time legal undergraduate program. Mr. Ruan was admitted as a lawyer in the PRC in 1999. From June 2000 to September 2001, he served as a full-time lawyer of Fujian Mentors Law Firm\* (福建名仕律師事務所), where he was mainly responsible for handling nonperforming asset businesses for financial institutions and asset management companies. From October 2001 to April 2006, he served as a full-time lawyer in Fujian Huiyang Law Firm\* (福建輝揚律師事務所). He also successively served as a legal advisor to a number of banks, enterprises and institutions, and had handled nearly 100 civil and commercial cases. From April 2006 to July 2012, he served as a partner of the Fuzhou branch of Beijing Horizon Lawyers\* (北京市地平線律師事務所福州分所), where he was primarily responsible for the business development and management of the non-litigation department. Since August 2012, he has established Fujian Gong Lue Law Firm\* (福建攻略律師事務所), where he held the position of partner and director. Fujian Gong Lue Law Firm\* is mainly engaged in advising on corporate legal matters, non-contentious legal practice areas such as finance, insurance, investment, mergers and acquisitions, global wealth planning (civil trust) matters, as well as handling other complex litigation and arbitration cases.

## Directors and Senior Management

**SENIOR MANAGEMENT**

The senior management of the Group include the five executive Directors as disclosed above.

**JOINT COMPANY SECRETARIES**

Mr. Yu Zuoyi and Ms. Lee Angel Pui Shan are the joint company secretaries of the Company.

**Mr. Yu Zuoyi**, aged 48, holds a Bachelor of Accounting degree from Hainan University\* (海南大學) (formerly known as South China University of Tropical Agriculture\* (華南熱帶農業大學) in the People's Republic of China. From August 1995 to March 2011, Mr. Yu worked as a company accountant, finance manager, audit manager, finance director and securities manager within Tahoe Group Co., Ltd. (泰禾集團股份有限公司), a company listed on the Shenzhen Stock Exchange with the stock code 000732, during which he was mainly responsible for financial management, financial and auditing related matters, internal system construction, asset and debt restructuring, mergers and acquisitions, internal standardization and administration, disclosure of information, and other matters related to listing. Since April 2011, Mr. Yu has been serving variously as the Company's finance supervisor, senior manager and senior director and is mainly responsible for other matters related to listing, such as financial management and disclosure of information.

**Ms. Lee Angel Pui Shan** is a Corporate Secretarial Executive of SWCS Corporate Services Group (Hong Kong) Limited ("SWCS") and has extensive company secretarial professional experience. Ms. Lee holds a bachelor's degree in accounting. She is certified public accountant of The Hong Kong Institute of Certified Public Accountants, and an associate member of The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute. Before joining SWCS, she worked for Ernst & Young (Hong Kong and Beijing), participated in a number of Chinese overseas listings, and was also responsible for many internal control projects to meet the requirements of Hong Kong and overseas listings.

Save as otherwise disclosed in this annual report, there is no relationship (including financial, business, family or other material or relevant relationship) between the Directors and senior management of the Company, and no information relating to the Directors which is required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules.

# REPORT OF DIRECTORS

The Directors are pleased in presenting this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

## CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Act, Cap. 22 of the Cayman Islands (the “**Cayman Companies Act**”). The shares of the Company (the “**Shares**”) were listed on the Stock Exchange on 13 January 2016.

### Principal Activities

The Company is an investment holding company and together with its subsidiaries, joint ventures and an associated company is a property developer in the PRC primarily engaged in the development of mid- to high-end residential properties and commercial properties in cities in the Western Coast of the Straits, Yangtze River Delta and selected first- and second-tier cities in the PRC.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 11a to the consolidated financial statements of the Group in this annual report. There were no significant changes in the nature of the Group’s principal activities during the year ended 31 December 2021. As at the date of this annual report, the Board has no intention to significantly change the principal business of the Group.

## RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of comprehensive income of the Group in this annual report. The Group’s business review and future business development are provided in the section headed “Chairman’s Statement” in this annual report. An analysis of the Group’s performance using financial key performance indicators is provided in the section headed “Management Discussion and Analysis” in this annual report.

A five year financial summary of the Group for the years ended 31 December 2017, 2018, 2019, 2020 and 2021 have been set out on page 240 in this annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2021 are set out in note 15 to the consolidated financial statements of the Group in this annual report.

## Report of Directors

## BORROWINGS

Details of the borrowings of the Group as at 31 December 2021 are set out in note 26 to the consolidated financial statements of the Group in this annual report.

## RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2021 are set out in the consolidated statement of changes in equity in this annual report. As at 31 December 2021, the distributable reserve of the Company amounted to approximately RMB1,737 million.

## ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “**AGM**”) will be held on Thursday, 30 June 2022, a notice of which will be published and despatched to the Shareholders in due course.

## FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2021 (2020: HK\$0.50 per Share).

As at 31 December 2021, there was no arrangement under which a Shareholder has waived or agreed to waive any dividends.

## CLOSURES OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders’ rights to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 27 June 2022 to Thursday, 30 June 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar 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 Friday, 24 June 2022.

## Report of Directors

### MAJOR CUSTOMERS AND SUPPLIERS

#### Major Customers

The Group primarily targets customers from middle to upper-middle income households who are looking to either purchase their first homes or upgrade their living environment. The Group also derived revenue from certain local governments in Fuzhou City for the Group's services under construction contracts. For the year ended 31 December 2021, the five largest customers of the Group accounted for 2.36% of the revenue of the Group, and the single largest customer of the Group accounted for 1.73% of the revenue of the Group during the same period.

All of the five largest customers of the Group (except local governments as counter-parties to the Group's construction contracts) for the year ended 31 December 2021 are individual purchasers of the Group's properties, and all of them are independent third parties. To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest customers of the Group during the year ended 31 December 2021.

#### Major Suppliers

For the year ended 31 December 2021, the five largest suppliers of the Group, primarily comprising construction companies which are the Group's contractors and each an independent third party, accounted for 29.13% of the total purchases of the Group, and the single largest supplier of the Group accounted for 18.27% of the Group's total costs of sales during the same period.

To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers of the Group during the year ended 31 December 2021.

### RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that the employees, customers and suppliers are the keys to corporate sustainability and is keen on developing long-term relationships with its stakeholders.

The Company places significant emphasis on human capital and strives to foster an environment in which employees can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to our staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance.

The Group also puts on-going 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 Company understands that it is important to maintain good relationship with customers. The Group has established procedures in place for handling customers' complaints and customer satisfaction surveys in order to ensure customers' complaints are dealt with in a prompt and timely manner.

## Report of Directors

The Group is also dedicated to developing good relationship with suppliers as long-term business partners to ensure stable supplies of materials and timely delivery of power plants under construction. The Group reinforces business partnerships with suppliers and contractors by recurring communication in proactive and effective manner so as to ensure quality and delivery.

## SHARE CAPITAL

During the Year, the Company repurchased a total of 1.83 million Shares at a cumulative consideration of approximately HK\$9.97 million. For further details, please refer to the section headed “Report of Directors — Purchase, Sale and Redemption of Securities of the Company” in this annual report.

As at 31 December 2021, the Company had 1,683,431,417 Shares in issue.

Details of the movements in the share capital of the Company are set out in note 24 to the consolidated financial statements of the Group in this annual report.

## ISSUANCE OF SENIOR NOTES

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 — Financing Activities” in this annual report.

## DIRECTORS AND DIRECTORS’ SERVICE CONTRACTS

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

### Executive Directors

Mr. Ou Zonghong (*Chairman and Chief Executive Officer*)

Ms. Yu Lijuan

Ms. Zeng Feiyan

Mr. Ruan Youzhi

Mr. Zhang Lixin (*Chief Financial Officer*)

### Non-executive Director

Ms. Chen Shucui

### Independent Non-executive Directors

Mr. Ren Yunan

Mr. Qu Wenzhou

Mr. Ruan Weifeng

## Report of Directors

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

In accordance with Article 84(1) of the articles of association of the Company (the “**Articles of Association**”), one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at the annual general meeting at least once every three years.

Accordingly, three Directors, namely, Ms. Yu Lijuan, Mr. Ruan Weifeng and Mr. Zhang Lixin shall retire by rotation as Directors at the AGM according to Article 84(1) of the Articles of Association, and being eligible, have offered themselves for re-election as Directors at the AGM.

### Directors’ Service Contracts

Mr. Ou Zonghong has entered into a service contract with the Company to act as an executive Director for a term of three years commencing from 13 January 2016 (the “**Listing Date**”). Mr. Ou has renewed his service contract with the Company to act as an executive Director for a term of three years commencing from 13 January 2022, which may be terminated pursuant to the terms of his service contract.

Ms. Zeng Feiyan has entered into a service contract with the Company to act as an executive Director for a term of three years commencing from her date of appointment (i.e. 18 June 2016), and may be terminated pursuant to the terms of her service contract. Ms. Zeng has renewed her service contract with the Company to act as an executive Director for a term of three years commencing from 5 June 2019, which may be terminated pursuant to the terms of her service contract.

Each of Mr. Ruan Youzhi and Mr. Zhang Lixin has entered into a service contract to act as an executive Director with the Company for a term of three years commencing from their respective date of appointment (i.e. 16 November 2018), and may be terminated pursuant to the respective terms of the service contracts. Each of Mr. Ruan Youzhi and Mr. Zhang Lixin has renewed their respective service contract with the Company to act as an executive Director for a term of three years commencing from 16 November 2021, which may be terminated pursuant to the respective terms of the service contracts.

Ms. Yu Lijuan has entered into a service contract with the Company to act as an executive Director for a term of three years commencing from her date of appointment (i.e. 22 March 2019) and may be terminated pursuant to the terms of her service contract. Ms. Yu has renewed her service contract with the Company to act as an executive Director for a term of three years commencing from 22 March 2022, which may be terminated pursuant to the terms of her service contract.

Ms. Chen Shucui entered into a service contract with the Company to act as a non-executive Director commencing from her date of appointment (i.e. 18 June 2018) and may be terminated pursuant to the terms of her service contract. Ms. Chen has renewed her service contract with the Company to act as a non-executive Director for a term of two years commencing from 18 June 2021, which may be terminated pursuant to the terms of her service contract.

## Report of Directors

Mr. Ren Yunan and Mr. Qu Wenzhou have entered into appointment letters with the Company to act as independent non-executive Directors for a term of three years commencing from the Listing Date. Each of Mr. Ren Yunan and Mr. Qu Wenzhou has renewed their respective appointment letter with the Company for a term of three years commencing from 1 April 2022, which may be terminated pursuant to the terms of the appointment letter.

Mr. Ruan Weifeng has entered into an appointment letter with the Company to act as an independent non-executive Director for a term of three years commencing from his date of appointment (i.e. 22 March 2019). He has renewed his appointment letter with the Company to act as an independent non-executive Director for a term of three years commencing from 22 March 2022, which may be terminated pursuant to the terms of the appointment letter.

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

### DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2021 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

During the year ended 31 December 2021, Ms. Chen Shucui, a non-executive Director, has waived her emoluments.

Save as disclosed above, none of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2021.

## Report of Directors

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Ou Zonghong, the chairman and an executive Director of the Company, through his interests in a family trust, the Ou Family Trust, is interested in 66.77% shareholding of the Company as at 31 December 2021. Apart from holding interests in the Group as a result of the Ou Family Trust, Mr. Ou Zonghong also owns equity interest in certain other companies which are engaging in the businesses of hotel operation and property management, details of which are set out below.

### (i) Hotel Operation

Hemei (Zhangzhou) Hotel Investment Company Limited (和美(漳州)酒店投資有限公司) is a member of the Fujian Dingcheng Investment Company Limited (福建鼎誠投資有限公司), which owns and operates Zhangzhou Rongxin Crowne Plaza Holiday Hotel (漳州融信皇冠假日酒店) ("**Zhangzhou Rongxin Hotel**"). Zhangzhou Rongxin Hotel is a high-end hotel in Zhangzhou, Fujian province and was opened in August 2014. For further details, please refer to the section headed "Relationship with Controlling Shareholders — No Competition and Clear Delineation of Business" on pages 260 to 263 in the Prospectus.

### (ii) Pre-delivery Property Management

Rongxin Shiou Property Service Group Limited (融信世歐物業服務集團有限公司), formally known as Fujian Shiou Property Management Company Limited (福建世歐物業管理有限公司) and Fujian Rongxin Shiou Property Management Group Limited (福建融信世歐物業管理集團有限公司) ("**Rongxin Shiou Property**") is engaged in the provision of pre-delivery property management services and it has been providing pre-delivery property management services to certain of the Group's property projects during the year ended 31 December 2021 and will continue to do so afterwards. For further details, please refer to the announcement of the Company dated 3 November 2020, and the paragraph headed "Continuing Connected Transactions — 2. Master Ronshine Property Management and Related Services Agreement" in this section.

Rongxin Shiou Property was beneficially owned as to 100% by Mr. Ou Zonghong in 2016 and thereafter had been beneficially owned as to 90% by Mr. Ou Zonghong since 2017, including 54% interests indirectly held by Mr. Ou Zonghong and 36% interests held by an independent third party on trust for and on behalf of Mr. Ou Zonghong. In 2020, subsequent to a series of equity transfers and reorganization, Rongxin Shiou Property became an indirect wholly-owned subsidiary of Ronshine Service Holding Co., Ltd ("**Ronshine Service**"), which was, in turn, held as to 80% by Rongxin Yipin Co., Ltd ("**Rongxin Yipin**") and 20% by Fumei International Co., Ltd ("**Fumei International**"). In 2021, Ronshine Service became listed on the Main Board of the Stock Exchange (Stock Code: 2207) and as at 31 December 2021, Ronshine Service was held as to approximately 59.04% by Rongxin Yipin and approximately 14.76% by Fumei International. Each of Rongxin Yipin and Fumei International is wholly owned by Rongan Juxiang Co., Ltd ("**Rongan Juxiang**"), the special purpose holding vehicle of the family trust established on 18 August 2020 by Mr. Ou Zonghong as the settlor and protector, with HSBC International Trustee Limited as the trustee. Accordingly, Rongxin Shiou Property is an associate of Mr. Ou Zonghong by virtue of his indirect interests through Rongxin Yipin and Fumei International in Ronshine Service, which holds 100% interest indirectly in Rongxin Shiou Property. Rongxin Shiou Property remains to be a connected person of the Company under Chapter 14A of the Listing Rules.

### (iii) Property Management

Rongxin (Fujian) Property Management Company Limited (融信(福建)物業管理有限公司) (“**Rongxin Fujian Property Management**”) is beneficially owned as to 52% by Mr. Ou Zonghong by virtue of his indirect interests through Rongxin Yipin and Fumei International in Ronshine Service Holding Co., Ltd. which holds 100% interest indirectly in Rongxin Shiou Property, which, in turn, holds 52% interest in Rongxin Fujian Property Management. Rongxin Fujian Property Management is engaged in the provision of property management services and it has been providing property management services to certain of the Group’s property projects during the year ended 31 December 2021 and will continue to do so afterwards. For further details, please refer to the section headed “Relationship with Controlling Shareholders — No Competition and Clear Delineation of Business” on pages 260 to 263 in the Prospectus.

Save as disclosed above, as at 31 December 2021, none of the controlling Shareholders of the Company or the Directors or their respective close associates (as defined in the Listing Rules) was engaged or had interest in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the Group’s business, which would require disclosure under Rule 8.10 of the Listing Rules.

## COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS

### Deed of Non-Competition

The Company’s controlling shareholders, namely, Mr. Ou Zonghong, Mr. Ou Guofei, Honest Global Holdings Limited and Dingxin Company Limited (together, the “**Covenantors**”) entered into a deed of non-competition on 22 December 2015 (the “**Deed of Non-Competition**”) in favour of the Company, pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with the Company that, save for the businesses carried on by them as already disclosed in the Prospectus, the Covenantors shall not, and shall procure that their close associates (other than members of the Group) shall not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which is the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of the Group from time to time (“**Restricted Business**”).

The Deed of Non-Competition shall expire on the earlier of (i) the date when the Covenantors and, as the case may be, any of their close associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling Shareholder) of the issued share capital of the Company; or (ii) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares).

For details of the Deed of Non-Completion, please refer to the section headed “Relationship with Controlling Shareholders — Non-Competition Undertakings” in the Prospectus.

## Report of Directors

### Annual Review

The Covenantors have confirmed that they did not refer, or to procure the referral of, any investment or commercial opportunities relating to the Restricted Business to the Group during the year ended 31 December 2021.

The Company has received a written confirmation from each of the Covenantors in respect of the compliance by them and their close associates with the terms of the Deed of Non-Competition.

The independent non-executive Directors have reviewed the Deed of Non-Competition and assessed whether the Covenantors and their close associates have complied with the terms of the Deed of Non-Competition, and were satisfied that each of the Covenantors has complied with his/its undertakings under the Deed of Non-Competition during the year ended 31 December 2021.

### CONTINUING CONNECTED TRANSACTIONS

Set forth below are the details of the continuing connected transactions of the Group during the year ended 31 December 2021, which were exempted from the requirements of independent Shareholders' approval, but subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

#### 1. Landscape Engineering Services Framework Agreement

Reference is made to the announcements of the Company dated 15 September 2017, 29 September 2017, 10 January 2020 and 15 January 2020.

The Company, as service recipient, entered into a landscape engineering services framework agreement (the **"2017 Landscape Engineering Services Framework Agreement"**) with Xiujing (Fujian) Landscape Engineering Company Limited\* (秀景(福建)園林工程有限公司) (**"Xiujing Landscape"**), as service provider, on 15 September 2017, pursuant to which Xiujing Landscape has agreed to provide, among others services, (i) landscape engineering design; (ii) landscape construction; and (iii) sale and nursery of horticultural plants (collectively, the **"Landscape Engineering Services"**) to the property projects of the Group in the PRC, including but not limited to those in Fuzhou, Xiamen, Zhangzhou, Shanghai and Hangzhou, for a term commencing from the date of the 2017 Landscape Engineering Services Framework Agreement and ending on 31 December 2019 (both days inclusive).

On 10 January 2020, Xiujing Landscape and the Company entered into an agreement (the **"2020 Landscape Engineering Services Framework Agreement"**) to renew the 2017 Landscape Engineering Services Framework Agreement for a term of three years commencing from the date of the 2020 Landscape Engineering Services Framework Agreement (i.e. 10 January 2020) to 31 December 2022 (both days inclusive).

## Report of Directors

Xiujing Landscape was, at the date of entering into the 2020 Landscape Engineering Services Framework Agreement, owned as to 99% by Mr. Ou Zonghong, an executive Director, a controlling Shareholder, the chief executive officer and the chairman of the Company, and 1% by Mr. Ou Guopeng, the son of Mr. Ou Zonghong. As Xiujing Landscape is an associate of Mr. Ou Zonghong, it is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the provision of the Landscape Engineering Services by Xiujing Landscape pursuant to the 2020 Landscape Engineering Services Framework Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The annual caps under the 2020 Landscape Engineering Services Framework Agreement for the period from the date of the 2020 Landscape Engineering Services Framework Agreement (i.e. 10 January 2020) and ending on 31 December 2020 (both days inclusive), and each of the two years ending 31 December 2022 are RMB400 million, RMB500 million and RMB600 million, respectively. The actual transaction amount under the 2021 Landscape Engineering Services Framework Agreement for the year ended 31 December 2021 was RMB315,109,000.

The Directors (including the independent non-executive Directors) considered that the terms of the 2020 Landscape Engineering Services Framework Agreement (including the annual caps) and the transactions contemplated thereunder were (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms based on an arm's length basis and on terms no less favourable than terms available to independent third parties of the Group; and (iii) fair and reasonable. The Directors (including independent non-executive Directors) were also of the view that the continuing connected transactions and the annual caps to the 2020 Landscape Engineering Services Framework Agreement were in the interests of the Group and the Shareholders as a whole.

For further details, please refer to the announcements of the Company dated 15 September 2017, 29 September 2017, 10 January 2020 and 15 January 2020.

## 2. Master Ronshine Property Management and Related Services Agreement

Reference is made to the announcement of the Company dated 3 November 2020.

The Company and Ronshine Service entered into an agreement on 3 November 2020 (the **"2020 Master Ronshine Property Management and Related Services Agreement"**), pursuant to which Ronshine Service and its subsidiaries (including Rongxin Shiou Property) will provide property management and related services to the properties owned or used by the Group in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by the Group, (iv) value-added services which primarily include house and facility repair and maintenance, marketing promotion, property agency services, and (v) commercial operational services (the **"Property Management and Related Services"**). The 2020 Master Ronshine Property Management and Related Services Agreement has a fixed term commencing from 3 November 2020 to 31 December 2022 (both days inclusive).

## Report of Directors

Ronshine Service was, at the date of entering into the 2020 Master Ronshine Property Management and Related Services Agreement, indirectly owned as to 100% by Mr. Ou Zonghong, an executive Director, the chief executive officer and the chairman of the Company. As Ronshine Service is an associate of Mr. Ou Zonghong, Ronshine Service and its subsidiaries (including Rongxin Shiou Property) are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the provision of the Property Management and Related Services by Ronshine Service and its subsidiaries pursuant to the 2020 Master Ronshine Property Management and Related Services Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The annual caps under the 2020 Master Ronshine Property Management and Related Services Agreement for the period from 3 November 2020 till 31 December 2020 and for each of the two financial years ending 31 December 2022 are RMB62 million, RMB342 million and RMB368 million, respectively. The actual transaction amount under the 2021 Master Ronshine Property Management and Related Services Agreement for the year ended 31 December 2021 was RMB331,228,000.

For further details, please refer to the announcement of the Company dated 3 November 2020.

### Annual review

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's Shareholders as a whole.

Elite Partners, the Company's independent 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 has issued an unqualified letter containing its findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

A copy of the independent auditor's letter has been provided by the auditor to the Company, and has been submitted to the Stock Exchange.

## RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 December 2021 is contained in note 35 to the consolidated financial statements of the Group in this annual report. The transactions summarised in note 35 to the consolidated financial statements of the Group fall under the definition of "connected transactions" under the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

On 14 December 2021, Jiangsu Ronghua Property Development Co., Ltd. (江蘇融華置業有限公司) (the "**Project Company**"), a non wholly-owned subsidiary of the Company which is owned as to 65% by the Group and 35% by an independent third party (the "**JV Partner**"), and the JV Partner as lenders entered into a loan agreement (as supplemented by two supplemental agreements dated 14 and 15 December 2021, respectively) with, among others, certain members of the Group as borrowers (the "**Borrowers**"), pursuant to which the Project Company and the JV Partner provided a loan in the total principal amount of RMB185 million (as to RMB130 million and RMB55 million by the Project Company and the JV Partner, respectively) to the Borrowers (the "**Intra-Group Loan**"). The Intra-Group Loan was guaranteed by, among others, Mr. Ou, and was secured by a pledge over 103,500,000 shares of the Company (representing approximately 6.15% of the total number of issued shares of the Company as at 31 December 2021) held by Dingxin Company Limited.

Save as disclosed above and other than those transactions disclosed in note 35 to the consolidated financial statements of the Group in this annual report and in the sections headed "Directors' Interests in Competing Business" and "Continuing Connected Transactions" in this report, no Director or his connected entity or controlling Shareholder of the Company has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2021.

## PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

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

- (i) the Group is and will continue to be dependent on the performance of its PRC property sector;
- (ii) the Group may not be able to identify suitable land or acquire land use rights for future development at commercially reasonable costs;
- (iii) the Group has substantial indebtedness and may incur additional indebtedness in the future, and may not be able to generate sufficient cash to satisfy its outstanding and future debt obligations and to fund its capital expenditures;
- (iv) the results of operations of the Group may fluctuate due to factors such as the schedule of the Group's property development and the timing of property sales;
- (v) the Group may not be able to complete its projects according to schedule;
- (vi) the Group has significant cash outflow from operations and may not be able to timely obtain sufficient financing to fund the Group's land acquisitions or property developments; and
- (vii) the Group is subject to certain restrictive covenants in and risks associated with bank borrowings and trust and other borrowings which may limit or otherwise materially and adversely affect the Group's business, results of operations and financial condition.

For further details of the principal risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" on pages 35 to 70 in the Prospectus.

## Report of Directors

### COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group. As at 31 December 2021, except as disclosed in the Prospectus, the Group complied with, in all material respects, all the relevant and applicable PRC laws and regulations governing the business of property development and management and the Group has obtained all licenses, permits and certificates for the purpose of operating its business.

As at 31 December 2021, the Company's joint ventures and associates companies were not involved in and the Board is not aware of any non-compliance incidents that might adversely affect the value of the Company's interests in them.

### SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the "**Share Option Scheme**") on 28 December 2015. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

#### Details of the Share Option Scheme

**(1) Purpose**

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe the Share Option Scheme will enable the Group to reward its employees, the Directors and other selected participants for their contributions to the Group. It is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

**(2) Participants**

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares (collectively the "**Eligible Participants**"):

- (i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any members of the Group; and
- (ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any members of the Group.

**(3) The maximum number of Shares available for issue**

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares. 135,000,000 Shares represents approximately 8.02% of the total number of Shares in issue as at 31 December 2021.

## Report of Directors

**(4) The maximum entitlement of each participant**

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

**(5) Time of acceptance and exercise of option**

An option may be accepted by a participant to whom the offer is made within five business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

**(6) Subscription price for Shares and consideration for the option**

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering (as defined in the Prospectus) shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK\$1 is payable upon acceptance of the grant of an option.

**(7) The remaining life of the Share Option Scheme**

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. 28 December 2015.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — Other information — Share Option Scheme" in Appendix V to the Prospectus.

**Details of the Share Option Granted**

On 5 January 2017, 81,140,880 share options were granted to certain Eligible Participants pursuant to the Share Option Scheme with an exercise price of HK\$5.96 per Share, exercisable from 5 January 2018 to 4 January 2022 in three tranches: (i) 30% of which shall be vested on the first anniversary of the date of grant, i.e. 5 January 2018; (ii) another 30% of which shall be vested on the second anniversary of the date of grant, i.e. 5 January 2019; and (iii) the remaining of which shall be vested on the third anniversary of the date of grant, i.e. 5 January 2020. The closing price per Share immediately before the date on which such share options were granted was HK\$5.98.

## Report of Directors

On 30 April 2019, a total of 26,571,973 share options were granted to certain Eligible Participants pursuant to the Share Option Scheme with an exercise price of HK\$10.80 per Share, and all the options granted on 30 April 2019 shall be vested on 5 January 2020 and exercisable from 5 January 2020 to 4 January 2022. The closing price per Share immediately before the date on which such share options were granted was HK\$10.82.

As at 31 December 2021, the Company had 36,438,596 share options outstanding under the Share Option Scheme. Movements in the share options granted under the Share Option Scheme during the year ended 31 December 2021 were as follows:

Name of grantees	Date of grant	Exercise price per share (HK\$)	Exercise periods	Changes during the year ended 31 December 2021					Balance as at 31 December 2021
				Balance as at 1 January 2021	Granted	Exercised	Cancelled	Lapsed	
<b>Directors</b>									
Ms. Yu Lijuan	5 January 2017	5.96	5 January 2018 to 4 January 2022	1,032,756	-	-	-	-	1,032,756
	30 April 2019	10.80	5 January 2020 to 4 January 2022	1,319,380	-	-	-	-	1,319,380
Ms. Zeng Feiyan	5 January 2017	5.96	5 January 2018 to 4 January 2022	3,821,205	-	-	-	-	3,821,205
Mr. Ruan Youzhi	5 January 2017	5.96	5 January 2018 to 4 January 2022	4,624,205	-	-	-	-	4,624,205
Mr. Zhang Lixin (Chief Financial Officer)	5 January 2017	5.96	5 January 2018 to 4 January 2022	1,102,256	-	-	-	-	1,102,256
	30 April 2019	10.80	5 January 2020 to 4 January 2022	1,319,380	-	-	-	-	1,319,380
<b>Others</b>									
Mr. Ou Guofei <sup>(Note 1)</sup>	30 April 2019	10.80	5 January 2020 to 4 January 2022	1,244,480	-	-	-	-	1,244,480
Other employees	5 January 2017	5.96	5 January 2018 to 4 January 2022	12,090,045	-	-	-	4,295,150	7,794,895
	30 April 2019	10.80	5 January 2020 to 4 January 2022	16,115,899	-	-	-	1,935,860	14,180,039
<b>Total</b>				<b>42,669,606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,231,010</b>	<b>36,438,596</b>

Note:

- (1) Mr. Ou Guofei, the assistant president, is the son of Mr. Ou Zonghong ("Mr. Ou"), an executive Director, the chief executive officer and chairman of the Company, and therefore is an associate of Mr. Ou.

Save as disclosed above, no option was granted or agreed to be granted under the Share Option Scheme during the year ended 31 December 2021.

## Report of Directors

## 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 subsisted during the year ended 31 December 2021.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme", at no time during the year ended 31 December 2021 were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no subsisting arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

## PURCHASE, SALE AND REDEMPTION OF SECURITIES OF THE COMPANY

### Repurchase of Shares

During the year ended 31 December 2021, the Company repurchased a total of 1,830,000 Shares at an aggregate consideration of HK\$9,968,110 (before expenses) on the Stock Exchange funded by internal resources of the Group.

Particulars of the Shares repurchased during the year ended 31 December 2021 are as follows:

Date of repurchase	Date of cancellation	Aggregate number of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Total consideration Paid (HK\$)
8 January 2021	12 March 2021	1,830,000	5.51	5.36	9,968,110

The repurchases reflected the confidence of the Board and the management team in the long-term strategy and the prospects of the Company. The Company considered that the repurchases were in the best interest of the Company and its Shareholders as a whole.

## Report of Directors

### Repurchase or redemption of senior notes or bonds

During the year ended 31 December 2021, the Company had made partial repurchases of its senior notes in the open market as follows:

Senior notes	ISIN	Cumulative principal amount of senior notes being repurchased	Aggregate principal amount of senior notes originally issued	Cumulative repurchased notes as a percentage of the senior notes originally issued
5.25% senior notes due 2021 (the “ <b>2021 Notes</b> ”)	XS2268326456	US\$13,450,000	US\$150,000,000	8.97%
5.5% senior notes due 2022	XS2294472548	US\$2,500,000	US\$200,000,000	1.25%
8.75% senior notes due 2022	XS1976760782	US\$12,000,000	US\$700,000,000	1.71%
10.5% senior notes due 2022	XS1957481440	US\$43,510,000	US\$500,000,000	8.70%
6.75% senior notes due 2024	XS2211514885	US\$15,000,000	US\$200,000,000	7.50%
7.10% senior notes due 2025	XS2290308845	US\$49,500,000	US\$300,000,000	16.50%

Please refer to the Company’s announcements dated 4 March 2021, 31 March 2021, 15 April 2021, 29 September 2021, 30 September 2021, 8 October 2021, 2 November 2021 and 8 December 2021 for further details of the above partial repurchases.

During the year ended 31 December 2021, the Company had repaid its senior notes or onshore bonds upon maturity as follows:

1. On 22 August 2021, the Company repaid the outstanding principal amount of the US\$560,000,000 senior notes due 2021 with accrued unpaid interest in the total amount of US\$591,500,000. For further details, please refer to the Company’s announcement dated 13 August 2021.
2. On 12 November 2021, the Company repaid the outstanding principal amount of the onshore bonds known as “19 融投04” with accrued unpaid interest in the total amount of RMB1,608,000,000. For further details, please refer to the Company’s announcement dated 5 November 2021.
3. On 3 December 2021, the Company repaid the outstanding principal amount of the 2021 Notes with accrued unpaid interest in the total amount of US\$140,134,437.50. For further details, please refer to the Company’s announcement dated 29 November 2021.

Please refer to the section headed “Management discussion and analysis – Financing activities” in this report for further details of the senior notes issued by the Company during the year ended 31 December 2021.

Save as disclosed in this annual report, during the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## Report of Directors

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

As at 31 December 2021, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "Model Code"), are set out below:

### INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest/Capacity	Number of Shares or underlying Shares <sup>(Note 1)</sup>	Approximate percentage of shareholding <sup>(Note 1)</sup>
Mr. Ou <sup>(Note 2)</sup>	Beneficiary of a trust	1,123,974,411 (L)	66.77%
Ms. Zeng Feiyan <sup>(Note 3)</sup>	Beneficial owner	3,821,205 (L)	0.23%
Mr. Ruan Youzhi <sup>(Note 3)</sup>	Beneficial owner	5,568,205 (L)	
	Interest of spouse	231,500 (L)	
		Total: 5,799,705 (L)	0.34%
Mr. Zhang Lixin <sup>(Note 3)</sup>	Beneficial owner	2,421,636 (L)	0.14%
Ms. Yu Lijuan <sup>(Note 3)</sup>	Beneficial owner	2,521,554 (L)	0.15%

Notes:

- (1) As at 31 December 2021, the Company issued 1,683,431,417 Shares. The letter (L) denotes the person's long position in the relevant Shares.
- (2) Mr. Ou is a beneficiary of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (the son of Mr. Ou) as the settlor with Mr. Ou being the protector. TMF (Cayman) Ltd., the trustee of Ou Family Trust, through a wholly owned British Virgin Islands ("BVI") company, namely Honesty Global Holdings Limited, which in turn wholly-owned another BVI company, namely Dingxin Company Limited, held 1,123,974,411 Shares as at 31 December 2021.
- (3) The Company adopted the Share Option Scheme on 28 December 2015. As at 31 December 2021, according to the Share Option Scheme, Ms. Zeng Feiyan had 3,821,205 outstanding share options, Mr. Ruan Youzhi had 4,624,205 outstanding share options, Mr. Zhang Lixin had 2,421,636 outstanding share options and Ms. Yu Lijuan had 2,352,136 outstanding share options.

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Report of Directors

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

So far as is known to the Company, as at 31 December 2021, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares of the Company:

Name of Shareholder	Nature of Interest/ Capacity	Number of Shares or underlying Shares <sup>(Note 1)</sup>	Approximate percentage of shareholding <sup>(Note 1)</sup>
Dingxin Company Limited <sup>(Note 2)</sup>	Beneficial owner	1,123,974,411 (L)	66.77%
Honesty Global Holdings Limited <sup>(Note 2)</sup>	Interest in controlled corporation	1,123,974,411 (L)	66.77%
TMF (Cayman) Ltd. <sup>(Note 2)</sup>	Trustee of a trust	1,123,974,411 (L)	66.77%
Mr. Ou Guofei <sup>(Notes 2, 3)</sup>	Settlor of a trust	1,123,974,411 (L)	
	Beneficial owner	1,244,480 (L)	
		Total: 1,125,218,891 (L)	66.84%
Ms. Xu Lixiang <sup>(Note 4)</sup>	Beneficiary of a trust/ Interest of spouse	1,123,974,411 (L)	66.77%

## Notes:

- (1) As at 31 December 2021, the Company issued 1,683,431,417 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) Dingxin Company Limited is a BVI company wholly owned by Honesty Global Holdings Limited, another BVI company, which is wholly owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou being the protector. Accordingly, each of Honesty Global Holdings Limited, TMF (Cayman) Ltd. and Mr. Ou Guofei is deemed to be interested in the Shares held by Dingxin Company Limited.
- (3) Mr. Ou Guofei is the son of Mr. Ou. As at 31 December 2021, according to the Share Option Scheme, Mr. Ou Guofei had 1,244,480 outstanding share options and therefore is deemed to be interested in 1,244,480 unlisted and physically settled derivatives.
- (4) Ms. Xu Lixiang is the spouse of Mr. Ou and is therefore deemed under the SFO to be interested in the Shares held by Mr. Ou.

Save as disclosed above, as at 31 December 2021, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

## Report of Directors

## PRE-EMPTIVE RIGHTS

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

## CORPORATE GOVERNANCE

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

## EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2021, the Group employed a total of 2,499 full-time employees (2020: 3,390 full-time employees). For the year ended 31 December 2021, the staff cost recognised of the Group amounted to RMB1,011.73 million (2020: RMB1,458.7 million).

The remuneration policy of the Group is to provide remuneration packages including salary, bonuses and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The emoluments of the Directors are recommended by the Remuneration Committee and are decided by the Board, having regard to the Group's financial results, individual performance and prevailing market conditions. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary rises, bonuses and promotions. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group's PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on a regular basis to meet different requirements and emphasise individual initiative and responsibility. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2021, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

The Board will review and determine the remuneration and compensation packages of the Directors and senior management with the recommendation from the remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

## Report of Directors

### RETIREMENT BENEFITS SCHEME

The Group strictly complies with the requirements of the Mandatory Provident Fund Schemes Ordinance in making mandatory contributions for employees who are required to participate in the Mandatory Provident Fund (“**MPF Scheme**”) in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. 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 prior year employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

There are no provisions under the above schemes whereby forfeited contributions may be used to reduce future contributions.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE

#### Environmental Protection

The Group is subject to a number of environmental-related laws and regulations in the PRC including the PRC Environmental Protection Law, the PRC Prevention and Control of Noise Pollution Law, the PRC Environmental Impact Assessment Law and the Administrative Regulations on Environmental Protection for Development Projects. Pursuant to these laws and regulations, the Group has engaged independent third-party environmental consultants to conduct environmental impact assessments at all of the construction projects of the Group, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, the Group is required to be examined by a third party designated by the relevant governmental authorities and are subject to governmental authorities’ acceptance. Only property development projects which have passed such examination and acceptance can be delivered. Under the typical construction contracts of the Group, the Group requires its contractors to strictly comply with relevant environmental-related laws and regulations. The Group inspects the construction sites regularly and require its contractors to immediately rectify any default or non-compliance identified.

During the year ended 31 December 2021, the Group incurred RMB0.84 million as cost for compliance with applicable environmental rules and regulations (2020: RMB0.8 million). The Directors expect that the Group will continue to incur compliance costs with respect to applicable environmental rules and regulations at a similar level. As at 31 December 2021, the Group did not encounter any material issues in passing inspections conducted by the relevant environmental authorities upon completion of the property development projects of the Group. During the year ended 31 December 2021, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. As at 31 December 2021, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for the projects of the Group under development.

## Report of Directors

### Social Responsibility

The Group has entered into employment contracts with its employees in accordance with the applicable PRC laws and regulations.

The Group maintains social welfare insurance for its full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with the relevant PRC laws and regulations.

### Health and Work Safety

The employee's administrative measures adopted by the Group contain policies and procedures regarding work safety and occupational health issues. The Group provides its employees with annual medical checks and safety training, and the construction sites of the Group are equipped with safety equipments including gloves, boots and hats.

The chairman's office of the Group is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

During the year ended 31 December 2021, the Group did not encounter any material safety accident, there were no material claims for personal or property damages and no material compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

## INDEMNITY AND INSURANCE PROVISIONS

The Articles of Association provides that every Director shall 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. The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors during the year ended 31 December 2021.

## EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out in this annual report, no equity-linked agreements were entered into by the Group, or subsisted during the year ended 31 December 2021.

## SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

## Report of Directors

### CHARITABLE DONATIONS

During the year ended 31 December 2021, the Group made charitable and other donations in a total amount of RMB20.89 million (2020: RMB16.4 million).

### AUDITOR

As disclosed in the section headed “Management discussion and analysis — Significant events after the reporting period”, PwC resigned as auditor of the Company with effect from 18 March 2022 and Elite Partners was then appointed 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.

The consolidated financial statements for the year ended 31 December 2021 have been audited by Elite Partners, the auditor of the Company, who shall retire at the AGM.

A resolution will be proposed at the AGM for the re-appointment of Elite Partners as the auditor of the Company.

Save as disclosed, there has been no change in the external auditor of the Company in the preceding three years.

### PROFESSIONAL TAX ADVICE RECOMMENDED

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

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

For and on behalf of the Board

**Ronshine China Holdings Limited**

**Ou Zonghong**

*Chairman*

Hong Kong, 15 May 2022

# CORPORATE GOVERNANCE REPORT

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Board is pleased in presenting this Corporate Governance Report for the year ended 31 December 2021.

## CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the corporate governance code contained in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) as its own code on corporate governance. Unless otherwise stated, the code provisions of the Corporate Governance Code in this corporate governance report referred to those contained in Appendix 14 of the Listing Rules in force during the year ended 31 December 2021 and as at 31 December 2021. To the best knowledge of the Directors, the Company complied with all applicable code provisions under the Corporate Governance Code throughout the year ended 31 December 2021, save and except for the deviation from code provision A.2.1 of the Corporate Governance Code disclosed below.

Code provision A.2.1 of the Corporate Governance Code stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong, an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou Zonghong’s extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou Zonghong continues to act as the chairman and chief executive officer of the Company, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 December 2021.

## INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with the necessary induction and information to ensure that he/she has a proper understanding of the Company’s operations and businesses as well as his/her responsibilities under relevant statutes, by-laws, laws, rules and regulations. The Company will continue to arrange regular seminars to provide the Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company’s performance, position and prospects to enable the Board as a whole and each Director to discharge his/her duty.

## Corporate Governance Report

For the year ended 31 December 2021, each of the Directors has attended training in connection with their responsibilities as a director of the Company, and the attendance of each Director is set out in the table below:

Name of Director	Type of training (Note 1)	Subject of training (Note 2)
<b>Executive Directors</b>		
Mr. Ou Zonghong	1, 2	A, B
Ms. Yu Lijuan	1, 2	A, B
Ms. Zeng Feiyan	1, 2	A, B
Mr. Ruan Youzhi	1, 2	A, B
Mr. Zhang Lixin	1, 2	A, B
<b>Non-Executive Director</b>		
Ms. Chen Shucui	1, 2	A, B
<b>Independent Non-Executive Directors</b>		
Mr. Ren Yunan	1, 2	A, B
Mr. Qu Wenzhou	1, 2	A, B
Mr. Ruan Weifeng	1, 2	A, B

Note 1:

1. Attending in-house briefing/training, seminars, conferences or forums
2. Reading newspapers, journals and updates

Note 2:

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

## THE BOARD

### 1. Responsibilities

The Board assumes the responsibility of leadership and control of the Company, and supervises and approves significant decisions regarding financial performance, strategic development objectives and operations of the Company. The Board delegates to the management authority and responsibility for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various committees and has delegated to the Audit Committee, the remuneration committee (the "**Remuneration Committee**"), and the nomination committee (the "**Nomination Committee**") of the Board (collectively, the "**Board Committees**") various duties. All the Board Committees perform their distinct roles in accordance with their respective written terms of reference.

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

## Corporate Governance Report

## 2. Board Composition

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

<b>Executive Directors</b>	Mr. Ou Zonghong ( <i>Chairman and Chief Executive Officer</i> ) Ms. Yu Lijuan Ms. Zeng Feiyan Mr. Ruan Youzhi Mr. Zhang Lixin ( <i>Chief Financial Officer</i> )
<b>Non-Executive Director</b>	Ms. Chen Shucui
<b>Independent Non-Executive Directors</b>	Mr. Ren Yunan Mr. Qu Wenzhou Mr. Ruan Weifeng

There is no material financial, business, family or other relationship between any members of the Board. The biographies of the Directors are set out under the section headed "Directors and Senior Management" in this annual report. All the Directors, including the independent non-executive Directors, bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

During the year ended 31 December 2021, the Board at all times met the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules by the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board. The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years.

## Corporate Governance Report

### 3. Board Meetings

Code provision A.1.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

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

Minutes of the Board meetings and committee meetings are recorded in detail and include the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments. Apart from regular Board meetings, the chairman also held a meeting solely with the non-executive Directors (including independent non-executive Directors) during the year ended 31 December 2021.

## Corporate Governance Report

The Board convened one general meeting and four Board meetings during the year ended 31 December 2021. The table below sets forth the details of the attendance at these meetings:

Name of Director	Number of meetings attended/held	
	Board meetings	Annual general meeting
<b>Executive Directors</b>		
Mr. Ou Zonghong	4/4	1/1
Ms. Yu Lijuan	4/4	1/1
Ms. Zeng Feiyan	4/4	1/1
Mr. Ruan Youzhi	4/4	1/1
Mr. Zhang Lixin	4/4	1/1
<b>Non-Executive Director</b>		
Ms. Chen Shucui	4/4	1/1
<b>Independent Non-Executive Directors</b>		
Mr. Ren Yunan	4/4	1/1
Mr. Qu Wenzhou	4/4	1/1
Mr. Ruan Weifeng	4/4	1/1

## BOARD COMMITTEE

The Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these committees has specific written terms of reference which deal clearly with their authority and duties. The chairmen of these committees will report their findings and recommendations to the Board after each meeting.

### 1. Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rongxingroup.com](http://www.rongxingroup.com)).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems and internal audit function of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee currently consists of three members, namely Mr. Qu Wenzhou, Mr. Ren Yunan and Mr. Ruan Weifeng, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications.

## Corporate Governance Report

The Audit Committee convened two meetings during the year ended 31 December 2021. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/held
Mr. Qu Wenzhou ( <i>Chairman</i> )	2/2
Mr. Ren Yunan	2/2
Mr. Ruan Weifeng	2/2

At the above meetings, members of the Audit Committee have reviewed the audited annual results of the Group for the year ended 31 December 2020 and the unaudited interim results of the Group for the six months ended 30 June 2021. The Audit Committee have also reviewed the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and internal audit function of the Group, connected transactions of the Company, and have discussed with the auditor of the Company about the tasks they performed.

The Audit Committee has reviewed, and has agreed with the auditor of the Company on the annual results of the Group for the year ended 31 December 2021.

The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2021 and has recommended the Board to re-appoint Elite Partners as the auditor of the Company for the year ending 31 December 2022, subject to approval by the Shareholders at the AGM.

The works performed by the Audit Committee during the year ended 31 December 2021 included, among others, the following:

- reviewed the interim and annual consolidated financial statements of the Group;
- reviewed the cash flow projections and monitored the Group's overall financial condition;
- reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group and made recommendations to the Board on the improvement of the risk management and internal control systems of the Group;
- reviewed the appropriateness and effectiveness of the internal audit function of the Group and made recommendations to the Board on the improvement of the internal audit function of the Group;
- reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and
- met with external auditor in the absence of executive Directors and senior management to discuss matters in relation to the audit.

## Corporate Governance Report

## 2. Remuneration Committee

The Board has established the Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Remuneration Committee has been uploaded to the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rongxinggroup.com](http://www.rongxinggroup.com)).

The primary duties of the Remuneration Committee are to establish, review and make recommendations to the Board on the Group's policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, to make recommendation to the Board on the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time. The Remuneration Committee currently consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. Ren Yunan and Mr. Qu Wenzhou, independent non-executive Directors. The chairman of the Remuneration Committee is Mr. Ren Yunan.

The Remuneration Committee convened two meetings during the year ended 31 December 2021. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/held
Mr. Ren Yunan ( <i>Chairman</i> )	2/2
Mr. Ou Zonghong	2/2
Mr. Qu Wenzhou	2/2

The major work performed by the Remuneration Committee during the year ended 31 December 2021 included, among others reviewing and making recommendation to the Board on the remuneration of the Directors and the senior management of the Group for the year ended 31 December 2021.

The senior management of the Group also act as executive Directors. Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2021 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

## Corporate Governance Report

### 3. Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Nomination Committee has been uploaded to the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rongxingroup.com](http://www.rongxingroup.com)).

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes, identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, assess the independence of the independent non-executive Directors and make recommendations to the Board on relevant matters relating to the appointment, reappointment and removal of the Directors and succession planning for the Directors.

As set out in the nomination policy adopted by the Board pursuant to the Corporate Governance Code, in assessing the suitability of a proposed candidate, the following factors would be considered:

- Reputation for integrity
- Accomplishment and experience
- Compliance with legal and regulatory requirements
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

In assessing the Board composition, the Nomination Committee will take into account various aspects set out in the Board diversity policy (the “**Board Diversity Policy**”), for identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

As set out in the nomination policy, the nomination procedure is as follows:

- (1) The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.
- (2) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board’s consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

## Corporate Governance Report

- (3) Pursuant to the Articles of Association, a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting who wish to recommend a candidate for election to the office of Director at any general meeting must submit a signed written notice, for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company, provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.
- (4) A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.
- (5) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting of the Company.

The Nomination Committee currently consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. Qu Wenzhou and Mr. Ruan Weifeng, independent non-executive Directors. The chairman of the Nomination Committee is Mr. Ou Zonghong.

The Nomination Committee convened two meetings during the year ended 31 December 2021. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/held
Mr. Ou Zonghong ( <i>Chairman</i> )	2/2
Mr. Qu Wenzhou	2/2
Mr. Ruan Weifeng	2/2

The works performed by the Nomination Committee during the year ended 31 December 2021 included, among others, the following:

- reviewed the structure, size and composition of the Board;
- assessed the independence of the independent non-executive Directors; and
- made recommendations to the Board on the appointment and re-appointment of Directors.

## Corporate Governance Report

The Company has adopted the Board Diversity Policy to assess the composition of the Board. The Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. In assessing the Board composition, the Nomination Committee takes into account various aspects as well as factors concerning Board diversity as set out in the Company’s Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate’s character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity before making recommendation to the Board.

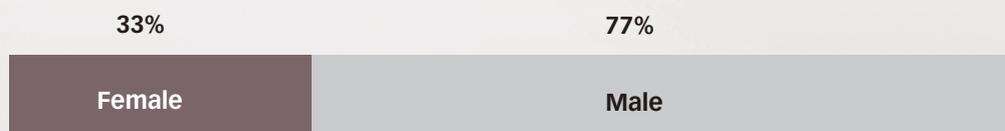
In 2020, pursuant to Rule 13.92 of the Listing Rules, the Board amended the Board Diversity Policy at a Board meeting. A summary of the amended Board Diversity Policy is set out below.

The Nomination Committee has primary responsibility for identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships while taking into account diversity. The selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company’s business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The Nomination Committee will consider the diversity perspectives set out in the Board Diversity Policy to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. As a measurable objective for the implementation of the Board Diversity Policy, all Board appointments shall be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board without focusing on a single diversity aspect.

As at 31 December 2021, Board diversification in terms of gender and age group is set out below:

### Gender



### Age Group



## Corporate Governance Report

### DIVIDEND POLICY

According to the dividend policy of the Company, the Company may, subject to the Cayman Companies Act, from time to time in general meetings declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board.

The Board has the discretion to declare dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations and taking into consideration factors set out below:

- (i) financial results;
- (ii) cash flow situation;
- (iii) business conditions and strategies;
- (iv) future operations and earnings;
- (v) capital requirements and expenditure plans;
- (vi) Shareholders' interest;
- (vii) any restrictions on payment of dividends; and
- (viii) any other factors that the Board may deem relevant.

Such declaration and payment of the dividend by the Company is also subject to any restrictions under the Cayman Companies Act, any applicable laws, rules and regulations and the Articles of Association.

### CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the Corporate Governance Code.

During the year ended 31 December 2021, the Board held two meetings to review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

### AUDITOR'S REMUNERATION

As disclosed in the section headed "Management discussion and analysis — Significant events after the reporting period", PwC resigned as auditor of the Company with effect from 18 March 2022. The Board resolved, having regard to the recommendation from the Audit Committee, to approve the appointment of 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. For further details, please refer to the announcements of the Company dated 21 March 2022.

## Corporate Governance Report

The statements made by Elite Partners regarding its responsibilities of reporting for the financial statements are set out in the section headed “Independent Auditor’s Report” in this annual report.

Details of the fees paid/payable in respect of the audit and non-audit services provided by the external auditor of the Company for the year ended 31 December 2021 are set out in the table below:

Services rendered	RMB million
Audit and related services:	4.5
Non-audit services:	
– Services rendered in respect of senior notes	–

## ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2021 which give a true and fair view of the state of affairs of the Group and of the results and cash flow for the relevant period. The Directors consider that the consolidated financial statements of the Group for the year ended 31 December 2021 have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company’s ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis. The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group is set out in the section headed “Independent Auditor’s Report” in this annual report.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness.

The Company continues to adopt best practices and industry standards for risk management and internal control. The Group’s risk management and internal control systems include a well-established organisational structure with clearly defined lines of responsibility and authority. Such system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Day-to-day departmental operations are entrusted to individual departments, which are accountable for their own conduct and performance and are required to operate their 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 Company from time to time. Each department is also required to keep the Board informed of material developments in the department’s business and of the implementation of the policies and strategies set by the Board on a regular basis.

Systems and procedures are also in place in the Group to identify, control and report on the major types of risks the Group encounters. Each department is responsible for the assessment of individual types of risk arising under their areas of responsibility. Relevant risks identified are reported to the Board for oversight and monitoring. The Group’s risk management systems are monitored and reviewed regularly by the Board.

## Corporate Governance Report

The Audit Committee and the Board oversee the Group's risk management and internal control systems on an ongoing basis, and have reviewed the internal audit findings of the Group's from financial, operational, compliance and risk management controls perspectives for the year ended 31 December 2021. The Board is satisfied that the internal control and risk management systems are effective and adequate. In addition, the Board has reviewed and is satisfied with the adequacy of resources, the qualifications and experience of the staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget. The Board expects that the internal control and risk management systems will be reviewed annually.

### INFORMATION DISCLOSURE

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

### INTERNAL AUDIT

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

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

### COMMUNICATION WITH SHAREHOLDERS

The Company is committed to pursue active dialogue with Shareholders as well as to provide timely disclosure of information concerning the Company's material developments to its Shareholders, investors and other stakeholders. Annual general meeting of the Company serves as an effective forum for communication between the Shareholders and

## Corporate Governance Report

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

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

### PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

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

### PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Articles of Association and the Cayman Companies Act. However, Shareholders who wish to propose resolutions may follow Article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 58 are set out above.

### PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

## Corporate Governance Report

Strategic Financial Relations (China) Limited

Address: 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong

Tel: (852) 2527 1628

Fax: (852) 2527 1271

Email: sprg-ronshine@sprg.com.hk

### JOINT COMPANY SECRETARIES

During the Reporting Period, the Company has appointed Mr. Yu Zuoyi and Ms. Ng Wing Shan as the joint company secretaries of the Company. During the Reporting Period, Ms. Ng Wing Shan is an assistant vice president of an external service provider, SWCS, assisting Mr. Yu Zuoyi in discharging his duties as the company secretary of the Company. Mr. Yu Zuoyi acted as the principal contact person of Ms. Ng Wing Shan in the Company. Each of Mr. Yu Zuoyi and Ms. Ng Wing Shan has confirmed that for the year ended 31 December 2021, they have taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Ms. Ng Wing Shan resigned as a joint company secretary and Ms. Lee Angel Pui Shan was appointed as a joint company secretary on 31 March 2022. Ms. Lee is a corporate secretarial executive of SWCS. Ms. Lee has extensive company secretarial professional experience and assists Mr. Yu Zuoyi in company secretarial affairs. Mr. Yu Zuoyi is the principal contact person of Ms. Lee in the Company. Please refer to the announcement of the Company dated 31 March 2022 for further details.

For further details of Mr. Yu Zuoyi and Ms. Lee, please refer to the biographical details disclosed in the section headed "Directors and Senior Management" in this annual report.

### AMENDMENT TO THE ARTICLES OF ASSOCIATIONS

During the year ended 31 December 2021, the Company has not made any amendments to the Articles of Associations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1 ABOUT THIS REPORT

This is the sixth Environmental, Social and Governance Report (the “**ESG Report**” or “**Report**”) released by Ronshine China Holdings Limited (the “**Company**”, “**Ronshine**” or “**we/us**”) and its subsidiaries (collectively, the “**Group**”), which focuses on disclosing its ideologies, significant progress and achievements in environmental, social and governance (the “**ESG**”) aspects, aiming to demonstrate its commitment to sustainable development and corporate social responsibility during the Reporting Period in adherence with the principles of materiality, balance, quantification and consistency.

### Scope of the Report

The Report covers the Group’s business segments including real estate development and asset management operations, from 1 January 2021 to 31 December 2021 (the “**Reporting Period**” or the “**Year**”). The environmental key performance indicators (KPIs) in the Report focus on the places of our core business operations, including our Shanghai head office, Fujian regional office, Shanghai-Suzhou regional office and Zhejiang regional office, while the social KPIs cover the entire Group. Further details about our performance in sustainable development can be found in the Sustainability Data Statements.

### Criteria of the Report

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**Guide**”) as set out in Appendix 27 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The contents covered herein comply with the “comply or explain” provisions as required in the Guide and the reporting principles of “materiality”, “quantification”, “balance” and “consistency”.

**Materiality:** The materiality of the Group’s ESG issues is determined by the Board. The stakeholder communication and the process and criteria of identification of material issues are all disclosed in the Report.

**Quantification:** Statistical standards, methods, assumptions and/or calculation tools for quantitative key performance indicators herein and source of conversion factors are all explained in the Report.

**Balance:** The Report shall provide an unbiased picture of the performance of the Group during the Reporting Period. It should avoid selections, omissions or presentation formats that may inappropriately influence the decision or judgment by the readers of the Report.

**Consistency:** The statistical methodologies applied to the data disclosed in the Report shall be consistent with the previous year unless otherwise specified.

## Environmental, Social and Governance Report

**Language of the Report**

The Report is available in two languages, i.e. Traditional Chinese and English. In case of any discrepancy between the two versions, the Traditional Chinese version shall prevail.

**Approval of the Report**

The Report was approved by the Board on 15 May 2022 upon the confirmation by the management.

**Feedback on the Report**

The Group highly values your feedback on the Report. Should you have any queries or suggestions, please do not hesitate to contact us through the email address: ir@rxgcn.com.

**2 OUR BELIEFS IN SUSTAINABLE DEVELOPMENT**

The Group adheres to the vision known as “A Leader in Quality Real Estate and A Service Provider for Better Life” to become a benchmark enterprise in real estate development and asset management operations. We understand that sustainable development is an important cornerstone for the Group to achieve operational excellence and enhance its long-term competitiveness. We proactively integrate sustainable elements into our development strategies and work with all parties to build sustainable environments and cities through the development and use of green and healthy design concepts in our buildings. Ronshine has obtained 115 green building rating certifications so far and was upgraded to BB rating on MSCI ESG rating, which is an affirmation of our sustainable development and high-quality construction. We will actively strengthen the ESG performance in different aspects in the future.

**The Group’s Performance in Sustainable Development in 2021:**

Performance in Sustainable Development:

Awarded the Best ESG Award at the 5th “Golden Hong Kong Stock (金港股)” co-organized by Zhitong Caijing (智通財經) and 10JQKA.com (同花順財經)



## Environmental, Social and Governance Report

Awarded the “Social Responsibility Value Enterprises of the Year” organized and presented by the Economic Observer



Awarded the “Most Sustainable Development Award of the Year 2021” organized and presented by Guru Club



Awarded the “China’s Real Estate Green Responsibility Company” organized and presented by The Time Weekly



## Environmental, Social and Governance Report

## Green Building Projects:

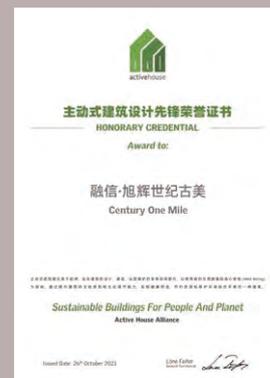
Haiyueqingfeng (Wenzhou) was awarded the Aesthetics Vogue Award 2020-2021 – “Extreme Architectural Aesthetics Award of Excellence” for Residential Type Real Estate by Real Estate Line



Haiyueqingfeng (Wenzhou) was awarded the “AISA DESIGN PRIZE 2021” by ADP



Rongxin Xuhui Century One Mile (融信旭辉世纪古美) was awarded the “2021 Active Building Pioneer Award (2021主动式建筑先锋奖)” by Active House



## Environmental, Social and Governance Report

Chongqing Hai Yue Yu Zhou was awarded the Gold Award for the “11th International Space Design Award – Idea-Tops-Exhibition Space Design – Shenzhen Division” by the Idea – Tops Committee



Nanjing Qinglan (南京青瀾) and Suzhou The Art of Minimalist (蘇州大境風華) were awarded the Platinum Award at the “US Titan Property Awards” by the American International Awards Associates



## Environmental, Social and Governance Report

## Charity and Public Welfare:

Awarded the “Charity Case of the Year of China’s Top 10 Real Estate Brands 2021” under the Youth of China Project organized and presented by Leju Finance



In addition, the United Nations formulated and released 17 Sustainable Development Goals (the “SDGs”) in 2015. During the Year, we continued to actively integrate SDGs into our daily operations and apply the SDGs most relevant to the Group’s business development in the ESG area, with a view to creating a sustainable society and making a positive impact on the environment.

## 2.1 Statement of the Board

In order to further promote the effective implementation of ESG matters of the Group and facilitate sustainable development, we established the ESG Task Force directly led by the Board in 2020. The ESG Task Force is responsible for managing the Group’s ESG-related risks and promoting the implementation of various ESG policies by various departments, so as to more effectively monitor the Group’s ESG issues. The Board has full responsibility for the Group’s ESG approach, strategy and reporting.

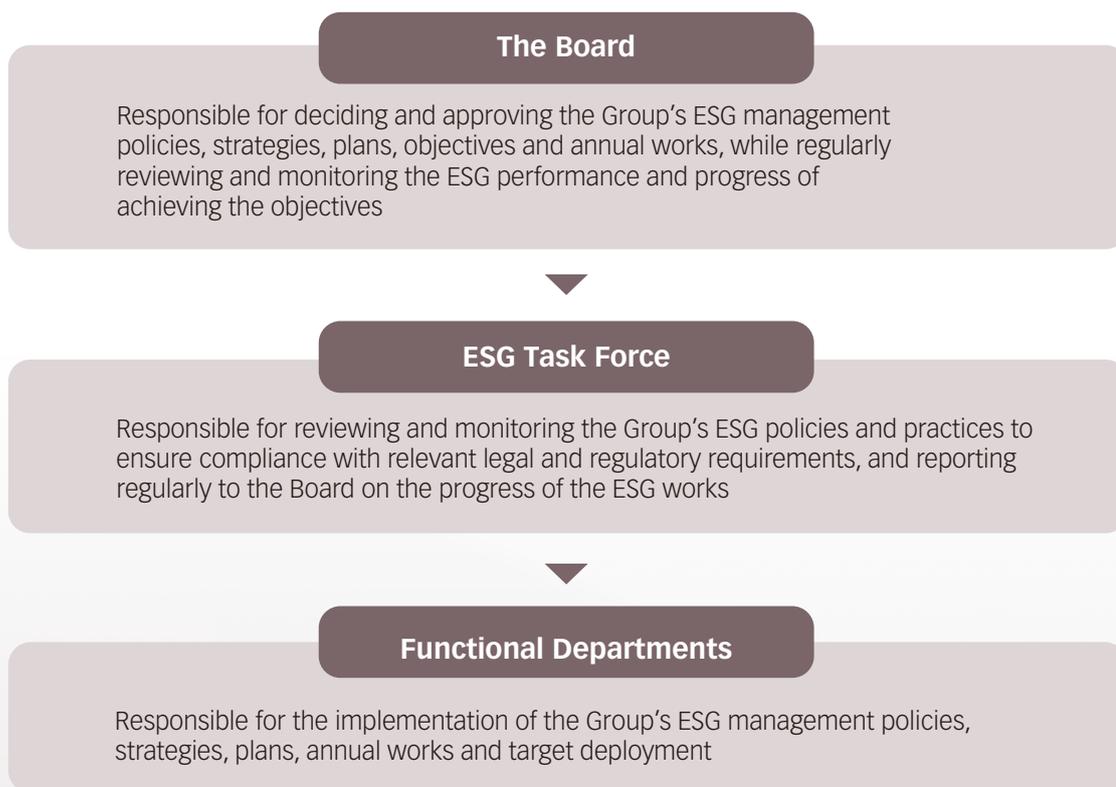
Under the leadership of the Board, the ESG Task Force established the Group’s ESG management approach, strategy, priorities and objectives during the Year. The Group has established relevant ESG objectives. In the future, the Board will manage ESG risks and opportunities in accordance with the Company’s business strategy, regulatory changes and industry trends, and will continue to review ESG-related objectives, improve ESG target setting and target tracking mechanisms to enhance the Company’s ESG performance and improve sustainability efforts.

## Environmental, Social and Governance Report

### 2.2 ESG Task Force

The Group is committed to integrating the awareness of sustainable development with the Group’s overall strategies, policies and business plans. Accordingly, the ESG Task Force was established in 2020 to manage the ESG-related risks and ensure implementation of the relevant ESG policies across the Group. The ESG Task Force is coordinated by the Chief Executive Officer and the Company Secretary, and reports regularly to the Board to help assess the appropriateness and effectiveness of the Group’s ESG risk management and internal control systems.

Ronshine’s ESG governance system is comprised of the ESG Task Force under the Board and the corresponding heads of offices in each of its divisions:



## Environmental, Social and Governance Report

## 2.3 Communication with Stakeholders

The Group has established diversified communication channels to continuously communicate with stakeholders, listen to their expectations and requirements and respond to their opinions in a timely manner. The Group has identified key stakeholders closely related to the Company to provide a basis for the identification of ESG material issues.

During the Reporting Period, the Group mainly communicated with its stakeholders through the following communication channels.

Major stakeholders	Communication methods
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>• Annual general meetings and other general meetings</li> <li>• Interim reports and annual reports</li> <li>• Results announcements</li> <li>• Investor meetings</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys and opinion forms</li> <li>• Customer consultation groups and customer service centers</li> <li>• Customer loyalty enhancing campaigns</li> <li>• Daily operation/communication and telephone/mailbox</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee opinion surveys</li> <li>• Performance appraisals</li> <li>• Special advisory committees/symposiums</li> <li>• Seminars/workshops/lectures</li> <li>• Publications (such as employee communications), staff communication conferences</li> <li>• Volunteer activities</li> <li>• Staff intranet</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier management procedure, conferences</li> <li>• Supplier/contractor evaluation system and onsite inspections</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>• Strategic cooperation projects</li> <li>• Exchange activities</li> <li>• Meetings and visits</li> </ul>
<b>Government/Industry Associations</b>	<ul style="list-style-type: none"> <li>• Organize industrial events, seminars and inspections</li> </ul>

## Environmental, Social and Governance Report

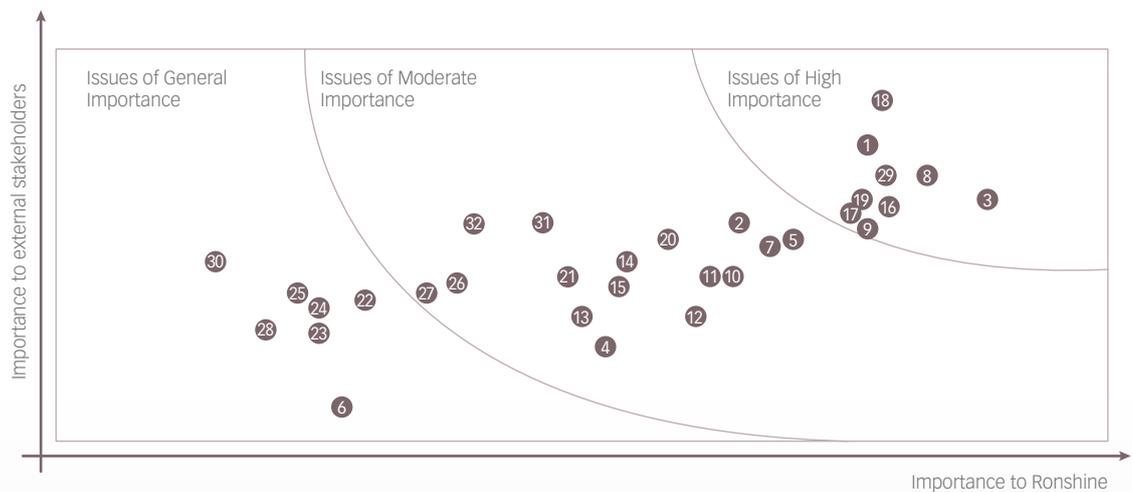
Major stakeholders	Communication methods
<b>Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Responses to public consultations</li> <li>• Compliance reports</li> </ul>
<b>Green Groups</b>	<ul style="list-style-type: none"> <li>• Green buildings</li> <li>• Environmental information disclosure</li> <li>• Green Construction</li> <li>• Environmental protection groups</li> </ul>
<b>Community/Non-government Organizations</b>	<ul style="list-style-type: none"> <li>• Volunteer activities, donations</li> <li>• Community investment plans</li> <li>• Community activities as well as seminars/workshops/lectures</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Senior management interviews</li> <li>• Results announcements</li> </ul>
<b>Public</b>	<ul style="list-style-type: none"> <li>• Media information</li> <li>• Our website</li> <li>• Group activities</li> </ul>

Environmental, Social and Governance Report

2.4 Materiality Assessment and Matrix

Ronshine invited internal and external stakeholders to conduct materiality assessment through online questionnaires in the previous year. As (i) there were no significant changes in the business and operating environment during the Year, (ii) the materiality assessment results of the previous year still met the expectations of stakeholders and (iii) there were no significant changes in the ranking of materiality, the ESG Task Force and the management confirmed that the results for 2020 still apply to the Year. Readers may refer to the 2020 ESG Report for the methodology and process of materiality assessments.

Materiality Matrix



## Environmental, Social and Governance Report

Highly important issues	Moderately important issues	Generally important issues
Compliance with laws and regulations	Market competitiveness	Technology development and application
Health and safety of products/ services	Quality control	Greenhouse gas emissions
Health and safety of products/ services	Customer privacy protection	Water consumption and benefits
Prevention of child labor and forced labor	Whistleblowing mechanism	Exhaust emissions
Economic performance	Complaint handling and responding mechanism	Wastewater discharge and treatment
Employee diversity, non-discrimination and equal opportunity	Protecting intellectual property	Climate change
Staff training and development	Publicity and product service labels	Awareness of environmental protection of employees
Green building opportunities	Employment benefits (e.g., work hours, vacation, benefits, promotions)	
Occupational health and safety	Relationship between employers and employees	
	Qualifications and professional conduct	
	Energy consumption and efficiency	
	Responsible procurement (including assessment of suppliers' environmental and social performance)	
	Concerning the community	
	Community investment and involvement	
	Waste discharge and treatment	
	Use of material/resource	

## Environmental, Social and Governance Report

### 3 BRAND BUILDING

The Group continues to create the value that real estate enterprises deserve. We advocate that “Product is the basis for enterprises to survive, superior product is vitality, superior product is core competitiveness”. We treat every community as a precious artwork and hope that Ronshine’s works will be a classic in the long history of a hundred or even thousand years. At the same time, we pay attention to product innovation and constantly improve the functions of homes with professionalism, dedication and concentration, so as to create a tasteful family life for owners.

Core Value	Responding to SDGs Goals	
<p>Ronshine adheres to its vision of “becoming a quality property developer leader and a service provider for an ideal life” to improve the quality of urban living and build better lives.</p>	<p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 

Ronshine Group strategically deploys to nine core urban agglomerations, namely the west coast of the Straits, the Yangtze River Delta, middle reaches of the Yangtze River, the Greater Bay Area, the Beijing-Tianjin-Hebei Region, Zhongyuan (Central Plain), Chengdu and Chongqing Region, Northwest China and Shandong Peninsula agglomerations. We adhere to the strategy of building medium and high-end products, respect the urban cultural fabric, insist on influencing cities with quality, gather the wisdom of international first-class architects and designers, and cooperate with famous contractors to create benchmark products that meet the needs of the local market. The following are our five key product series:

## Environmental, Social and Governance Report

Product Series	Product Features	Representative Projects
<b>Century Series</b>	With the series, we selected high-value and high-potential districts of a city and joined hands with top-notch design teams to create a modern artistic community with a distinctive taste from the perspectives of architectural aesthetics, intelligent technology and artistic community.	Chengdu Century Manyun (成都世紀縵雲), Hangzhou Ao Shi Residence (杭州傲世邸), Hangzhou Century (杭州世紀), Hangzhou Liwang NEO1 (杭州厘望 NEO1), Hangzhou Sky Mansion (杭州創世紀), Century Summit (上海世紀江灣)
<b>Haiyue Series</b>	With this series, we explored the aesthetics of oriental humanistic architecture from the heights of history and humanistic values, and completely renewed the urban fabric and revolutionized the traditional way of living with the spirit of cultural confidence and cultural return.	Fuzhou China Legend (福州海月江潮), Suzhou Haiyue Pingjiang (蘇州海月平江), Chongqing Haiyue Pinghu (重慶海月平湖)
<b>Haina Series</b>	With liberalism, vitalism and Polychromatism as the origin of design, our Haina Series combines Ronshine's 18 years of experience in human habitat construction with the global trend of human settlement, delivering a whole new upgrade in the type of flat, and the ideas of healthy living and artistic pleasure.	Fuzhou Haina Xinchao (福州海納新潮), Shanghai Parallel Impression (上海海納印象), Nantong Haina Xintiandi (南通海納新天地), Lianyungang Haina Chunjiang (連雲港海納春江), Nantong Haina Chunjiang (南通海納春江)
<b>Lan Sky Series</b>	Always appearing in the best part of the city, our Lan Sky Series integrates natural resources such as mountains, rivers, lakes and seas to create a new lifestyle supported by fine quality and garden-like communities.	Hangzhou Liangzhu Lan Sky (杭州良渚瀾天), Hangzhou Kong Gang Lan Sky (杭州空港瀾天), Fuzhou Ronshine Lan Sky (福州融信瀾天)
<b>Center Series</b>	This series targets the location in the center of a city and aims at becoming the landmarks surrounded by offices, five-star hotels and commercial complexes to converge the values of the location, people and industries and power the development of the whole area.	Shanghai Hongqiao World Center (上海虹橋世界中心), Xiamen Ronshine Center (廈門融信中心), Hangzhou Ronshine Center (杭州融信中心)

## Environmental, Social and Governance Report

### 3.1 Customer Relationship

Ronshine takes people as the core in the service system and has built its customer relationship team under the theme of “Ronshine Falcon (融客獵鷹)” to handle any problems in the process of service perspective as soon as possible and prevent their occurrence. We advocate the concept of “being customer-oriented” to solve problems for customers and ease their urgent needs.

High customer recognition depends on Ronshine’s customer relationship team building and talent training. The training system of “Ronshine Falcon (融客獵鷹)” is designed for all customer relationship personnel, and it builds the cornerstone of Ronshine’s customer relationship from the three dimensions of functional professionalism, associate professionalism and personal growth.

Ronshine has introduced two management systems: customer interview system and customer escort inspection system. The management of each business department is required to conduct face-to-face in-depth interviews with customers at different stages and participate in centralized project delivery and site opening activities. By accompanying customers to inspect the housing, the management leads the implementation of customer-oriented culture through practical actions and continues to promote customer awareness and improve product quality and service quality of all staff.

Ronshine cooperates with third-party research and consultation institutions to understand its housing quality, design, services and community planning and other aspects through customer satisfaction surveys. We rigorously analyze customer experience data on products and services and output analysis reports. The results of the survey in recent years show that customers’ satisfaction with Ronshine’s engineering projects has reached the average level of the industry, while the customer satisfaction has been well above the average level of the industry.

In order to ensure the fairness and impartiality of the customer satisfaction survey and to regulate the process of the customer satisfaction survey, we have formulated the “Implementation Rules for the Customer Satisfaction Survey of Ronshine Group”. The Operation Management Center of the Group is mainly responsible for the organization and implementation of the customer satisfaction survey, while the customer relations functional line of the business department cooperates with the Group to carry out the customer satisfaction survey.

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The customer satisfaction survey is conducted in the form of a telephone survey with different interview sessions and frequencies according to the type of owners. The survey mainly covers overall satisfaction, property services, sales services and housing quality. We issue a half-yearly analysis report and organize special briefings for interpretation. We also have a well-established customer complaint mechanism and standard procedures to help improve the quality of our services. We value timely and effective handling to enhance customer satisfaction. Each complaint is scrutinized by the customer service team, and the best way to handle it is discussed internally to respond to the customer within a specific time frame. In addition, we actively disseminate our corporate news, latest events, products and services and other information through our official website and online platforms such as WeChat, allowing the public to stay abreast of relevant information. Our Brand Operation Department will verify the information before publication and prevent any false or misleading information in accordance with the Advertising Law of the People's Republic of China, the Law on the Protection of Consumer Rights and Interests and other relevant regulations. During the Reporting Period, the Group received a total of 3,903 customer complaints, which were promptly investigated and handled by the customer service team and the closure rate reached 99%. In addition, our customer satisfaction reached up to a score of 88, well above the average in the industry. We will continue to understand and measure customer needs in the future to improve the quality of our customer service team.

We are committed to providing our customers with high-quality services, and our risk checks fall into 4 major categories (sales commitment, engineering design, customer sensitivity and regulatory risk), 9 stages and 91 detailed work standards, fully demonstrating our dedication to product quality.

### 3.2 Customer Needs

Ronshine respects customer needs. We always build our products with the attitude of respecting the market and our customers, and satisfying the needs of our customers is our tireless pursuit. We are good at exploring the potential of the region, tapping the land heritage and deploying the best resources to create comfortable and warm homes for the owners with the most professional eyes. After accurately grasping the needs and psychological demands of target customers, we show our understanding in specific product planning and design, and relentlessly pursue details and services to make every detail touch the hearts of customers.

As a pioneer in the real estate development industry, Ronshine regards high quality as one of its strategic development priorities. We strictly abide by the laws and regulations such as the Product Quality Law of the People's Republic of China, the Construction Law of the People's Republic of China, and the Law on the Protection of Consumer Rights of the People's Republic of China. The Group has a series of internal quality standards and procedures to ensure the successful implementation of the projects. We have adopted a systematic project development and management process to enhance the efficiency and quality of work through the implementation of well-designed and standardized procedures in different project cycles. Each project must clearly delineate the responsibilities between the responsible personnel and the parties involved in the project. Our development and management process includes project review, project coordination, project design, procurement, model home development, construction, sales and delivery. Standardized procedures greatly enhance the quality of the Group's excellent product quality.

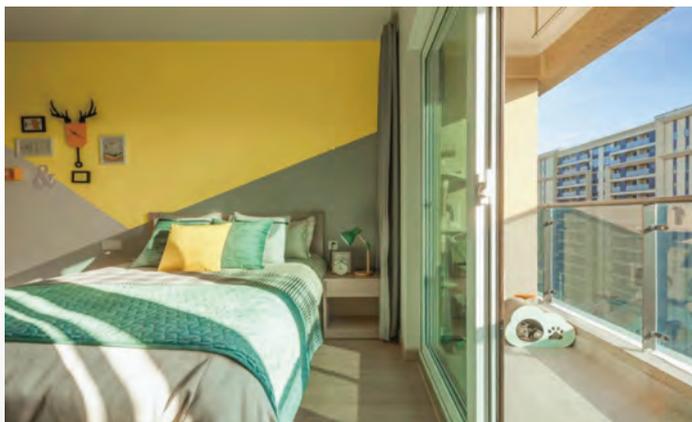
## Environmental, Social and Governance Report

**Case Study: Long-term rental housing “hello+Port”**

New citizens and young people are the main force and new force in urban construction. It is one of Ronshine’s responsibilities as a real estate enterprise to provide them with a home and a comfortable place to live. We will do our best to support the government work report of the National People’s Congress and the Chinese People’s Political Consultative Conference, which states that “we will do our best to help new citizens and young people alleviate their housing difficulties”. According to the “Analysis of the Current Development of China’s Rental Housing Industry in 2020”, there was a serious imbalance in the supply structure of China’s rental housing market, and the proportion of centralized brand apartments was only 1%. During the Year, “hello+Port”, Ronshine’s first long-term rental housing was launched in Hangzhou.

Based on the insight into the livelihood needs of young people, Ronshine has set up a gym, audio-visual area, billiards area and meeting area in the “hello+Port” long-term rental housing, and will hold regular activities to renew the youth’s lifestyle. We are committed to enhancing the well-being of young people, improving their living standards and revitalizing lifestyles through rental housing.

Ronshine will continue to pay attention to the lifestyle and livelihood needs of young people. Through longer-term investment and more refined operation, we will achieve long-term stable development, provide more comfortable living space for urban youth, and fully contribute to the development of China’s urbanization construction.



Actual view of A-type sample room in “hello+Port”

## Environmental, Social and Governance Report

The Group has specially formulated the “Evaluation Management System for Fine Decoration Construction in Progress” to ensure the smooth delivery of fine decoration projects, reduce quality defects, and avoid systematic quality problems and the risk of customer group complaints. Through evaluation, we understand the management status of companies and projects in various regions, identify problems and major risks in a timely manner, and propose effective solutions and rectification measures. We entrust a professional third-party appraisal agency to carry out 100% self-appraisal of the constructions in progress in the tender section, and have compiled the “Third-Party Appraisal Inspection Score Sheet” and the “Third-Party Appraisal Information Collection Sheet”. The appraisal system was prepared in accordance with the existing national and industry standards and the relevant system requirements of Ronshine Group, including the deduction of points for the key indicators of actual measurement, physical quality, safety and civilization, and management behavior. The supervision unit conducts monthly assessments on different projects and proposes targeted improvement measures. We prohibit any behavior that induces or interferes with the impartial and independent evaluation by third-party organizations.

Upon project delivery, the Group will review and summarize the whole development process, analyze the achievement of operation targets and refine the outstanding experience and lessons learned in the development process. We analyze the project development situation based on the actual data that has occurred in accordance with the internal guidelines “Post-project Evaluation Management Measures of Ronshine Group”. We conduct comprehensive evaluation of the whole development process of the project, including product positioning, planning and design, application for approval and construction, project management, cost control, marketing strategy, financial planning. We export the results of post-project evaluation to form knowledge precipitation for continuous improvement.

In addition, we will strengthen the Group’s management of construction projects by regularly monitoring the progress of the contractors and ensuring that the contractors comply with the relevant quality procedures. Contractors are directly responsible for any quality issues that arise during the construction process in order to improve the construction quality.

Through the “Defect Feedback System of Ronshine Group”, we will timely avoid the occurrence of systemic problems and risks, promote product design optimization, and thus improve customer satisfaction. Customers could file their complaints about our products with our customer service team. The customer service team will take quick inspections and make appropriate remedial measures with the construction team in response to customer complaints. Once defects are revealed in the real estate development process, including planning, design, construction, sales, housing repair and property, the relevant departments will immediately take effective measures.

During the Reporting Period, we had no product recalls due to product quality and safety defects.

## Environmental, Social and Governance Report

### 3.3 Business Ethics

Ronshine strives to establish a standardized governance structure and establish a corporate culture of integrity, openness, fairness and transparency. We will not tolerate any fraudulent acts, and strictly comply with the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, and the Interim Provision on Banning Commercial Bribery. During the Year, the Group was not involved in any corruption lawsuits involving bribery, extortion, fraud and money laundering.

Our employees are required to sign an Employee Integrity Agreement when they join us, in order to strengthen the Company's integrity to regulate the professional conduct of our employees, to prevent all kinds of illegal and undisciplined behaviors for improper benefits, and to protect the legitimate rights and interests of the Company and employees. The Agreement sets out in detail the code of conduct to be observed by employees, prohibiting corruption and fraud, keeping business information confidential, reporting conflicts of interests, and avoiding improper transactions. The Group will actively work closely with different relevant departments and improve the direction of optimizing integrity education and system construction.

In order to strengthen integrity awareness, we offer online training courses known as "Professional Integrity of Ronshiners", which clearly requires all employees to decline all kinds of bribery and corrupt practices, on our online learning platform. Employees may also report cases of misconduct through various channels such as email, telephone, letter and online in a confidential manner. There will be no room for failure to report, and those who are reported must cooperate with a fair and impartial investigation. Once a report is substantiated, we will strictly implement appropriate actions and punishment, so as to alert other employees and related parties. For Ronshine partners such as suppliers, the two parties will sign the "Integrity Cooperation Agreement" to standardize behavior, strengthen integrity cooperation during the cooperation period, and fully guarantee interests. Due to the pandemic, we conducted online anti-corruption training for our directors and staff from all departments this year. Through the "Anti-Corruption Programme – A Guide for Listed Companies", we raised their awareness on the compliance of corruption prevention policy and corruption risk management.

The Group strictly complies with the requirements of the Trademark Law of the People's Republic of China and the Patent Law of the People's Republic of China and other relevant regulations in regulating and strengthening the management of intellectual property rights while actively promoting the development and protection of its products and making due efforts to avoid infringement of existing intellectual property rights of others.

## Environmental, Social and Governance Report

### 3.4 Information Protection

It is our responsibility and obligation to protect the privacy of customers and business information. We strictly comply with the Cybersecurity Law of the People's Republic of China and other regulations in the places where we operate to protect the private information. We take data security seriously and handle all data provided by our customers, employees and business partners appropriately. The Group mainly uses the Office Automation System (OA system) for daily office communication as well as storing customer information and company documents in an orderly manner. Internal documents in the OA system are required to be approved by supervisors before disclosure and only employees authorized by the nature of their work can access customer information. Confidential documents must not be downloaded or printed at all. Employees are required to handle information in accordance with the guidelines. The Group is also required to follow established procedures to address data leakage and will review the effectiveness on a regular basis to avoid the occurrence of similar incidents.

The relevant departments of the Group provide regular maintenance and repair to the infrastructure required for the provision of services, such as software and hardware equipment, communication equipment and information systems, in order to enhance protection and significantly improve operational capacity. Among them, our headquarters building is equipped with triple smart security protection of "face recognition, gate access and floor access control", among which the gate access supports face recognition, fingerprint recognition and card access, which is convenient and efficient. Video AI replaces manual inspection, which comprehensively improves the security level of the building and provides comprehensive security protection for the office.



"Triple Smart Security"

The Group is committed to protecting the customer data and strictly prohibits the disclosure of customer information to the external parties. In the event of a request from a third party for accessing the customer data, we must seek the customer's consent before taking any further action. The information system of the Group has been gradually established, with the basic corporate data inputted to help us accurately grasp the business. During the Reporting Period, the Group did not have any incidents related to information security or leakage of customer information.

## Environmental, Social and Governance Report

### 3.5 Supply Chain Management

Suppliers are important partners of the Group and the cornerstone of our good quality management. The Group has established a systematic management system and supplier pool through the “Supplier Management System” to create an open, fair and equitable selection and evaluation mechanism and incentive mechanism. We strictly regulate the process of collecting, registering, evaluating, shortlisting and selecting suppliers in order to protect the economic interests of all parties and maintain an ideal business environment. In addition, we improve quality standards and establish good relationships through sampling, coordination and supplier negotiations. All engineering suppliers are required to comply with current national norms and standards, industry standards and construction drawings approved by the construction authority before official construction and acceptance.

In addition, the environmental awareness and social compliance of suppliers are important considerations in our review. In order to realize the concept of environmental and social responsibility, the Group will give priority to the purchase of green products and will never choose non-compliant suppliers. We shall never adopt those suppliers who violate local laws and regulations, such as unethical business behavior, corruption, forced labour, etc. The Group promotes its green supply chain management through strict material selection and other measures, and conducts inspections for construction contractors to protect the workers’ rights and interests and prevent and mitigate social risks. All suppliers must comply with our code and beliefs. We regularly review the performance of our suppliers, and classify their capabilities into four categories, i.e. “excellent, qualified, unqualified and blacklisted”, to evaluate future cooperation opportunities.

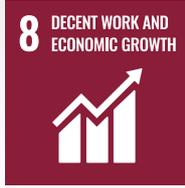
During the Year, the total number of suppliers of the Group was 1,301, mainly in the categories of material and equipment, subcontracting and consulting services. The distribution of suppliers of subcontracting and consulting services is as follows:

Region	Number of suppliers <sup>1</sup>
Fujian	270
Zhejiang	230
Henan	196
Shanghai and Suzhou	168
Chengdu and Chongqing	120
Shandong	100
North China	65

<sup>1</sup> Due to the wide distribution of suppliers of material and equipment, no detailed disclosure will be presented here.

## Environmental, Social and Governance Report

### 4 PROFESSIONAL TEAM

Core Value	Responding to SDGs Goals	
<p>Ronshine upholds the concept of “people-oriented” and strives to protect the legitimate rights and interests of its employees with a commitment to developing its talent echelon, and provides comprehensive training for its core talent teams.</p> <p>The Group organizes a number of staff activities to enrich the spare time of our employees. We also communicate with our employees through various channels to understand their needs.</p>	 <p>3 GOOD HEALTH AND WELL-BEING</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>
	 <p>10 REDUCED INEQUALITIES</p>	

The Group strictly complies with labor and social insurance regulations including the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China and the Social Insurance Law of the People’s Republic of China. During the Reporting Period, the Group did not experience any non-compliance with the laws and regulations relating to recruitment and labor rights. As of 31 December 2021, the Group had a total of 2,449 employees engaged at the operating sites within the reporting scope.

#### 4.1 Employment Practices

Ronshine advocates fairness and equity and provides an equal opportunity work environment for its employees. We recruit employees through open, campus-based recruitment channels, and select talent based on position fit, education, work experience and skills to ensure that each applicant has an equal interview opportunity. We will accept employees from all over China and prohibit discrimination for the reasons of nationality, religions, age, gender, family, health and other factors. We abide by the internationally recognized human rights norm of the “Constitution of the International Labor Organization”. By improving the recruitment process and expanding to the social and campus recruitment channels, we are confident that we can attract more outstanding talents to join Ronshine.

Employees must provide identification documents when they join us and sign the labor contract. We follow the regulations of the “Provisions on the Prohibition of Using Child Labor” to verify relevant document, so as to ensure that employees below the legal working age and forced labor are not employed. If such violations are found, such as identity or age inaccuracies or forced labor, both parties may immediately terminate their labor contracts to protect their legitimate labor rights. During the Reporting Period, there were no cases of child labor or forced labor.

## Environmental, Social and Governance Report

The Group has formulated the “New Employees Induction Handbook” to establish an 8-hour workday for employees under attendance management and a five-day work pattern in the office. For necessary overtime arrangements, prior consent of the employee must be obtained. Employees also have the right to refuse to work on rest days, and if they agree to work on rest days as usual, they will be compensated with leaves in accordance with the regulations and contracts. We also specify the job content, time, location and holiday information in the contract, which covers the “Five Insurances and One Fund” (including basic pension insurance, basic medical insurance, work injury insurance, maternity insurance and unemployment insurance and contributions to housing provident fund), as well as statutory holidays and other leave, such as personal leave, sick leave, annual leave, marriage leave, maternity leave, work injury leave and bereavement leave. Moreover, we also provide company extra benefits, including stock options, share award plans and long-term incentive awards etc., free breakfast and lunch on working day, staff interest groups and library and staff club.

For termination management, our Human Resources Department will work with departing employees to understand the reasons for their resignation and to ensure that handover arrangements are made to minimize the impact on the Group. We will incorporate suggestions from employees to improve the Group’s operations. The employee handbook stipulates the management of termination employment, and the Group has the right to terminate the labor contract with the employee if any violation of the code under the employee handbook, workplace discipline or professional conduct is found.

Moreover, the Group has formulated a comprehensive “Echelon Talent Cultivation Management System” to include guidance, supervision and regulation on the implementation of talent cultivation, and the evaluation and assessment of the effectiveness of the cultivation, so as to provide human resources support for the sustainable development of Ronshine.

The Group determines employee salaries based on each employee’s qualifications, position and seniority. Our compensation packages include wages, bonuses and various allowances, to attract and retain outstanding staffs. We also conduct regular employee evaluations and make salary and bonus adjustments based on the results, and promote current employees through internal competitive recruitment twice a year.

## Environmental, Social and Governance Report

### 4.2 Nurturing Talents

Ronshine believes that its employees are the keystone of the Company’s growth and success. We believe that nurturing our people will help the Group to remain competitive in the market, facilitate long-term business growth and become a leading and diverse team in the industry. We have invested resources and established a mechanism to share training resources to enhance the competitiveness of our staff by rank.

#### Different types of trainings:

Basic trainings	In order to help new employees get familiar with the working environment and quickly embrace the corporate culture of Ronshine, we provide basic trainings such as “Basic Knowledge Training”, “Intensive Outdoor Training” and “Power of Ronshine Members Training”, the contents of which cover work ethics training, corporate culture training and general skills training etc.
Cultivation of our talent pipeline	With the four core principles of education and training, self-development, mentorship and action learning. We provide multiple-level training according to the 80/20 rule: namely, 80% through work practice and work assignment, and 20% through new knowledge and theories learned from training, and actively applied to work practice.

#### “One Book, One Lesson” Course Series

In the first half of the Year, Ronshine launched a series of courses called “One Book, One Lesson” on the online learning platform for employees. In the course, the executives of Ronshine regularly recommend books for employees. Up to now, five courses have been launched, with books covering workplace management, literature and classics, science fiction novels and others, allowing employees to make use of their spare time to expand their reading volume, further enhancing the cultivation and development of talents from different aspects such as corporate culture and values, and comprehensively improving the organizational effectiveness as the driving force of corporate development.



## Environmental, Social and Governance Report

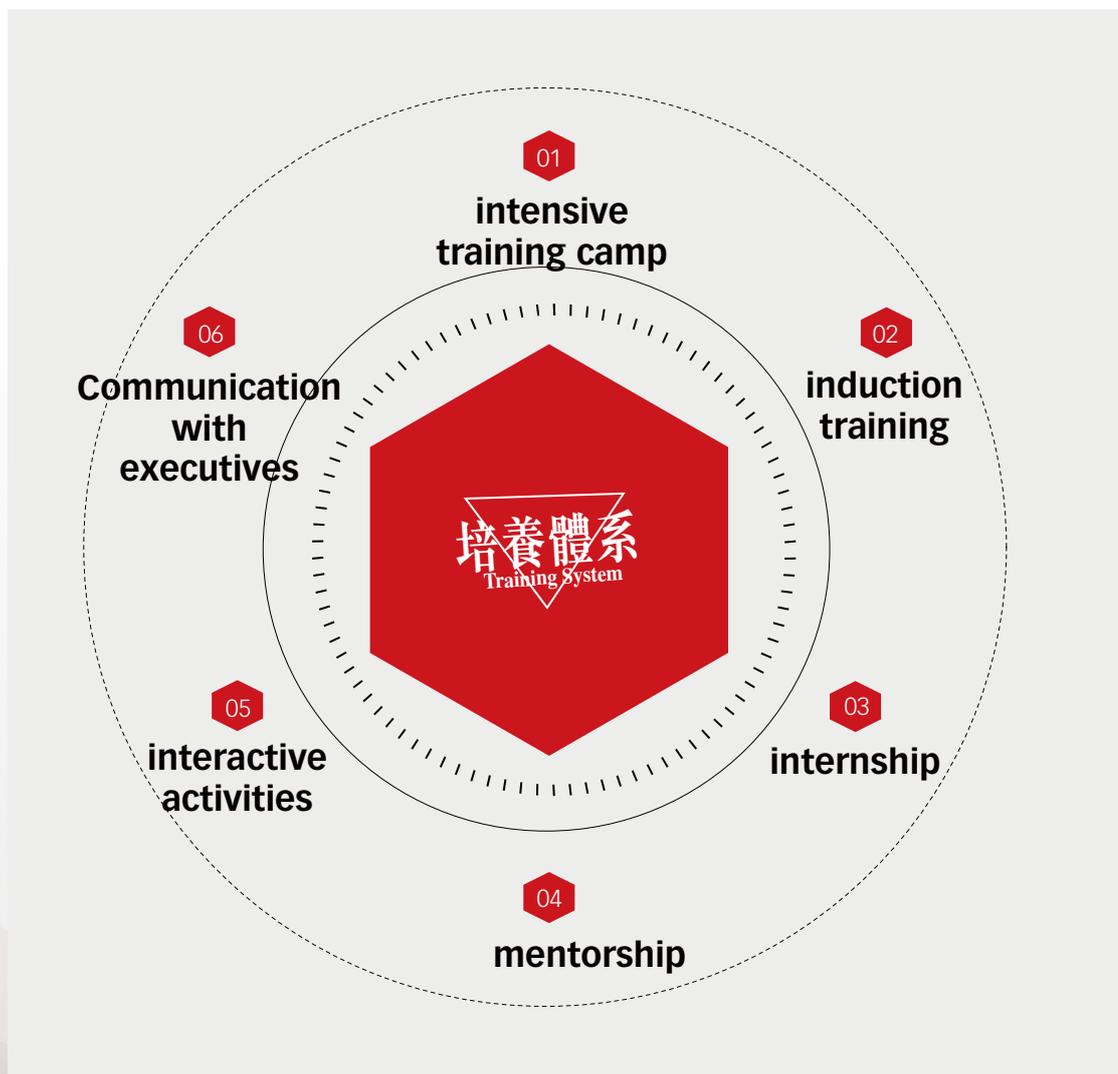
We also focus on nurturing fresh graduates to build up a talent pool for the Group:

### “Power of Ronshine”

A school recruitment program that Ronshine Group recruits and trains future corporate leaders with Ronshine characteristics, as well as cultivates fresh graduates with the goal of senior management and professional technical personnel.

Cultivation Principle: To enhance professionalism and cultivate management awareness, and at the same time help them to complete the transition from students to professionals as soon as possible.

Through the six orientations of the training system: intensive training camp, induction training, internship, mentorship, interactive activities and communication with executives, we have prepared a growth plan for graduates for up to eight years in the future.



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### “Wing of Ronshine”

A school recruitment program that Ronshine Group recruits and trains marketing leaders and future corporate leaders with Ronshine characteristics, and a unified recruitment program for fresh graduates who are engaged in real estate marketing.

Through the six orientations of the training system: intensive training camp, induction training, mentorship, job skills training, management training and communication with executives, we nurture market-oriented talents.



## Environmental, Social and Governance Report

In order to continuously improve the engineering professionalism and management skills of the Group, we have prepared the "Management Measures of Luban Lessons of Ronshine Group" during the Year. The Engineering Management Center of the Group is responsible for the arrangement of the annual plan, and different topics are formulated by taking into account the current development status of the Group and the development trend of the industry. The assessment targets are the engineering departments in charge of each region of the Group and all the management staff of the Group's engineering line.

Organizational unit	Luban Lessons	Organizational form	Results output
<b>Engineering Management Center of the Group</b>	Benchmark Project Observation	<ul style="list-style-type: none"> <li>• On-site observation</li> <li>• Special talks</li> <li>• Mutual Exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Excellent achievement presentation</li> <li>• Excellent courseware sharing</li> </ul>
	Luban Lessons	<ul style="list-style-type: none"> <li>• Special talks</li> <li>• Examinations</li> </ul>	<ul style="list-style-type: none"> <li>• Online course videos</li> <li>• Exam results announcement</li> </ul>
<b>Regional Engineering Departments</b>	Luban School	<ul style="list-style-type: none"> <li>• Handbook editorial</li> <li>• Night school learning</li> <li>• Document implementation</li> <li>• Refinement by reference</li> <li>• Specialized exchange</li> <li>• Special studies</li> <li>• Assessments</li> </ul>	<ul style="list-style-type: none"> <li>• General manual</li> <li>• Regulatory standards</li> <li>• Learning records</li> <li>• Research results</li> <li>• Video output</li> <li>• Appraisal results</li> </ul>

## Environmental, Social and Governance Report

### 4.3 Protection of Employees

Ronshine pays close attention to the health and safety of construction workers and office employees, regarding it as one of the key concerns. We strictly comply with the Work Safety Law of the People's Republic of China, the Fire Control Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other laws and regulations. The Group has had no work-related injuries or fatalities in the past three years.

The Group has formulated the "Standard Atlas on Safety and Civilization of Project" in accordance with the relevant national laws and regulations and standards, for the purpose of regulating the on-site management behavior. Construction workers must follow the standards, build facilities on the site and list the requirements for material stacking to achieve safe and civilized practices. We strictly implement the following measures to protect employees:

1. Purchasing insurance;
2. Adding safe devices (such as fire-fighting facilities, safety belts, protective measures, safety warning signs);
3. Updating civilized construction billboards (major hazardous source, work-related casualties, safety education and goals and other information);
4. Regular supervising and inspecting by safety personnel, ensuring that construction personnel carry out works in accordance with the safety code and identifying the issues to be improved and rectifying in a timely manner for the purpose of reducing accidents;
5. Arranging safety education training; and
6. Establishing notification mechanisms for major casualties and other safety incidents, ensuring individual cases are properly handled etc.

For the protection of the health of our employees, we organize regular medical check-ups for our employees every year to enhance awareness to their health conditions. We also protect the safety of our employees through various measures such as safety construction inspections, safety education and training, and fire drills.

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In order to respond to the prevention requirements of the COVID-19 pandemic, protect the safety of our employees and prevent the spread of the virus, the Group has implemented specific epidemic prevention measures. We have provided protective materials such as masks and disinfectants in our office premises, meanwhile, we conducted regular disinfection of the office environment and strict body temperature checks. The Group also conducted nucleic acid tests for all employees in all regions. Two on-site nucleic acid tests were conducted for all employees in the Chengdu-Chongqing region. The Henan region has strengthened the scanning, temperature checks and registration system for employees and foreign workers. We care for our employees while building a solid wall against epidemics for our Company.

We promote a healthy work environment, which is essential to the health of our employees. During the Year, Ronshine move its headquarters to Ronshine Sunkwan Center. The new headquarters emphasizes efficiency, convenience, intelligent technology and humanistic care. Ronshine Sunkwan Center is equipped with a sky garden terrace, where different plants such as rosemary, mint and purple clove grow in the forest garden, bringing natural light and fresh oxygen from the outdoors into the office, creating an oxygen-rich artistic office space. In addition, we have set up the “Xianfan Jihui” cultural and art space, which provides arts and humanities books, vinyl record players, trendy cultural and creative activities, and enriching community activities for employees to improve their spiritual health.

We also promote “sustainable office” and make Ronshine headquarters the best example of energy saving and emission reduction through the introduction of high-efficiency energy-saving systems and environmentally friendly materials. We have adopted green system design, sustainable site planning, energy-saving technologies and eco-friendly materials to help achieve our dual carbon goals. In the Ronshine headquarters, a variety of green plants are scattered in every corner, improving the indoor air quality and serving as a healing space for Ronshine employees.

## Environmental, Social and Governance Report

Ronshine Headquarters breaks the traditional office model and creates a space that emphasizes caring. We provide a free cafeteria, a refined tea area, and a warm mother and baby room and shower, reflecting the spirit of humanistic care. The staff club in the headquarters also includes a gym, a table tennis room and a yoga and dance studio for physical and mental health. With a better office environment, Ronshine will contribute to the sustainable development of urban construction and strive to enhance the satisfaction of employees.



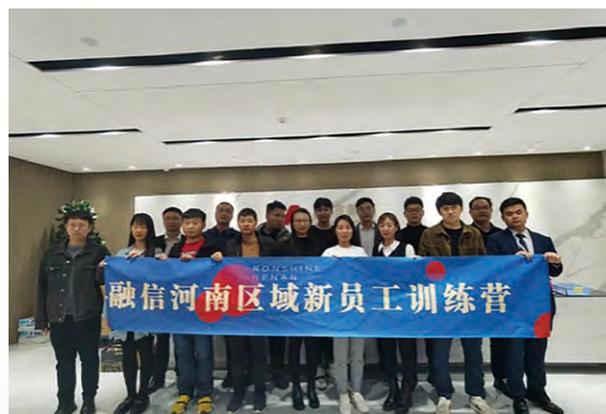
"Office in the Garden"

## Environmental, Social and Governance Report

Ronshine organized various activities for its employees to relieve their work pressure and appreciate the enthusiastic support from their families. We hope that these activities will bring our employees together and enhance their morale.



Friendly Football Match



New Employee Orientation Training Camp



Team Building Activities

## Environmental, Social and Governance Report

### 5 GREEN OPERATION

The Group continuously identifies and manages the impact of its business operations on resource utilization and the environment, and strictly complies with laws and regulations such as the Environmental Protection Law of the People’s Republic of China, the Water Pollution Prevention and Control Law of the People’s Republic of China, the Atmospheric Pollution Prevention and Control Law of the People’s Republic of China, the Law of the People’s Republic of China on Prevention and Control from Environmental Noise and the Law of the People’s Republic of China on Prevention and Control of Solid Waste Pollution. We are committed to promoting a green corporate culture and constructing green buildings. We ensure effective compliance with applicable PRC environmental laws and regulations and promote more energy-efficient and environmentally friendly operations. During the Reporting Period, the Group has not violated any laws relating to environmental protection or caused any major incidents affecting the environment and natural resources, nor has it been notified of any penalties and litigation in the environmental field.

#### 2021 Key Performance:

Green building projects under construction	Green building area under construction	Responding to SDGs Goals	
Up to about 22	Around >320,000.00 sq.m.	 <p>7 經濟適用的清潔能源</p>	 <p>11 可持續城市和社區</p>
		 <p>13 氣候行動</p>	

#### Ultra-low energy consumption project

Rongxin Xuhui Century One Mile (融信旭輝世紀古美) was recognized as the first residential project of ultra-low energy consumption in Shanghai

As of 2021, a total of 85 projects of Ronshine Group in 54 cities in 7 regions have been awarded the One-star Certification of National Green Building Label and 35 projects have been awarded the Two-star Certification of National Green Building Label, which is a remarkable achievement.

## Environmental, Social and Governance Report

The Group has always been committed to using its generous corporate shoulders to arouse the expectations of users for better living conditions on the one hand and its public responsibility to nature and society on the other. We actively increase the proportion of green building certification and promote the low-carbon development of cities. The main measures include:

- Promote green building certification;
- Advocate and practice green office and reduce carbon emissions in office operations;
- Our projects have obtained the One-star Certification of Green Building Label or above;
- Ronshine Sunkwan Center was awarded the LEED Gold rating Pre-certification of the United States Green Building Council (USGBC) and the US WELL Gold rating Pre-certification

### 5.1 Green Building Design

We are committed to continuously improving our green building technologies and bringing environmentally friendly buildings to the community, thereby reducing the environmental impact of our operations. At the same time, we incorporate industry best practices into our projects in accordance with various environmental policies and standards, such as the "Standard for daylighting design of buildings", the "Code for design of sound insulation of civil buildings" and the "Design standard for energy efficiency of public buildings".

In accordance with the Environmental Impact Assessment Law of the People's Republic of China, we conduct an environmental impact assessment of the construction site and the surrounding area to evaluate the possible environmental changes and the negative impact of pollutants generated by the construction. For the effective use of resources, we will optimize the design of the foundation, structural system, and structural components through the selection of building materials and structural layout to achieve material savings. In addition, we will further optimize the management system related to green building, continuously improve the environmental and energy management system, and make full use of our technology and resources to help the national green and low-carbon transformation development.

## Environmental, Social and Governance Report

**Case Studies Shanghai Rongxin Xuhui Century One Mile (上海融信旭輝世紀古美)**

Rongxin Xuhui Century One Mile (融信旭輝世紀古美) is the first residential project achieved ultra-low energy consumption in Shanghai. An ultra-low energy exhibition of exemplary significance for the future development of ultra-low energy consumption buildings in Shanghai was held.

In order to promote “green, healthy and low-energy consumption future housing”, we have been promoting our projects with ultra-low energy consumption. Through the physical demonstration and multimedia interaction, the passive, active, renewable energy and energy saving technologies applied in the project were presented to the audience. The audience could understand more directly how the Group could achieve a one-third reduction of energy costs for the users and help “carbon neutrality”.



The three-glass, two-cavity exterior glass and the system windows with central louvers not only bring good sound insulation and sun-shading effects, but also have significantly improved thermal insulation performance: the heat transfer coefficient of 1.6 W/(m<sup>2</sup>.K) is much lower than that of 2.2 W/(m<sup>2</sup>.K) for conventional houses. In addition, the airtightness of the interior doors and windows reaches class 8, which can also prevent rainwater penetration more effectively.

**Case Studies Tianjin Lanyue (天津瀾悅)**

This residential project has been awarded the Two-star Certification of Green Building Label and is expected to build a comfortable and convenient smart living experience for its residents.

- Land saving and outdoor environment: The residential project is conveniently connected to transportation facilities, with several bus stops and subway stations within 500 meters of the entrance and exit of the site, making it easy to travel;
- Energy saving and energy utilization: lighting with high efficiency light source and energy saving control method, energy saving elevator, heat consumption index is better than the local energy saving standard;
- Water saving and water utilization: micro-sprinkler irrigation is used for green irrigation, and the irrigation water source is municipal reclaimed water;
- Material saving and material resource utilization: 6% of reusable and recyclable material usage;
- Indoor environmental quality: Underground garages are equipped with carbon monoxide concentration monitoring devices linked to exhaust equipment

## Environmental, Social and Governance Report

**Case Studies Hangzhou Century (杭州世紀)**

This residential project has been awarded the Two-star Certification of Green Building Label and Good Building Certification by the UK Building Research Establishment's Environment Assessment Methodology (BREEAM), with a comprehensive assessment from various criteria including visual amenity, energy saving, water saving, noise and ventilation. The main features of the green building include:



- For indoor air quality, including central air conditioning system, haze removal fresh air system, floor heating, hot water system, water purification treatment system, etc., will form a health protection layer to provide a comfortable and healthy living environment for owners;
- For humanized details, we take into account the sun, wind and rain shading measures for the passage area for people, and set up the entrance breezeway from the main entrance to enhance the homecoming experience;
- Natural ventilation and lighting, including direct natural ventilation and lighting in kitchens and bathrooms, and full lighting in public spaces such as lobbies, elevators and stairwells;
- The community green space rate is 30%, and the two levels of community green landscape and inter-residential green landscape are linked and inter-penetrated;
- The sponge city design follows the principle of ecological priority, combining natural approaches with artificial measures to maximize the accumulation, infiltration and purification of rainwater in urban areas

## Environmental, Social and Governance Report

### Case Studies Hangzhou Canal Commercial 44 Lot (杭州運河44號商業地塊)

This commercial project has been awarded the Two-star Certification of Green Building Design Label. The main features of the green building technology application include:



- Reasonable and centralized placement of various public service facilities in public buildings, making it economical and efficient;
- Installation of energy management metering system;
- Energy-saving transformer with low-voltage compensation devices and harmonic monitoring devices;
- Zoning, induction, timer lighting measures are used to save electricity;
- Lamps with high efficiency or effectiveness are selected;
- Equipment with energy-saving air-conditioning products;
- Sponge city runoff requirements are adopted, with a permeable pavement area in hard pavement of 40%;
- Effective measures are taken to avoid leakage of the pipeline network;
- Dividing water measurement units by use to saving water

### 5.2 Green Construction

Although the Group is principally engaged in real estate development, its business operations do not involve direct construction processes, which are performed by external contractors of the Group. We actively adopt measures to minimize the impact of the Group's business operations and its construction on the environment. In accordance with the requirements of the Environmental Impact Assessment Law of the People's Republic of China, the Construction Law of the People's Republic of China, the Technical Specifications for Urban Fugitive Dust Pollution Prevention and Control, the Regulation on the Administration of Construction Project Environmental Protection, the Law on the Management of the Environmental Inspection of Completed Construction Projects and other laws and regulations, we have formulated the "Standard Atlas on Safety and Civilization of Project", and actively implemented various environmental protection measures, so as to avoid project delays and suspensions due to environmental violations, or affect the reputation of the Group.

## Environmental, Social and Governance Report

In terms of pollutant control, all construction sites of the Group have strict standards on air pollutants from construction to operation, and have been in compliance with the Atmospheric Pollution Prevention and Control Law of the People's Republic of China. We implemented coordinated control of atmospheric pollutants such as particulate matter, sulfur dioxide, nitrogen oxides, volatile organic compounds and ammonia, so as to ensure that emissions and air quality meet relevant requirements. We required the construction contractors we cooperate with to prioritize the selection of low-emission construction machinery and equipment, as well as the construction model with low pollution and noise to reduce the impact on the surrounding environment in project construction. The Group is committed to controlling dust generated from construction sites. The construction sites will be constructed with strong fences, materials will be placed in accordance with the stacking requirements, zoning operations will be carried out and measures such as dust suppression by watering, washing of floors and vehicles will be continuously implemented to prevent and reduce dust which may have serious impact on the surrounding environment and the health of construction workers.

In terms of sewage treatment, the requirements of the Integrated Wastewater Discharge Standard (GB8978-1996) and the Standard for Design of Building Water Supply and Drainage (GB50015-2003) were complied with during project construction. The drainage of all projects strictly complied with the requirements of rain and sewage diversion, and the septic tanks of the corresponding scale were built according to the amount of sewage generated to ensure that the projects would not be delivered before the domestic sewage is connected to the sewage treatment plant for centralized treatment and ensure that the annual sewage discharge is below standard.

In terms of noise management and waste management, the Group has complied with the Law of the People's Republic of China on Prevention and Control from Environmental Noise, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Waste and other regulations, and implemented the Emission Standard of Environmental Noise for Boundary of Construction Site (GB12523-2011) in respect of noise emissions during the construction period, and the Acoustic Environmental Quality Standards in respect of environmental noises in the project area during the operation period. The following are the noise management and waste management measures:

1. **Waste management**
  - Set up waste pools or movable waste hoppers;
  - Separated the areas for disposal of different types of wastes on the construction site;
  - Put in place strict supervision, clear storage guidelines and safety considerations for hazardous wastes in a construction site
  
2. **Noise control**
  - Prioritized the selection of low-noise machinery and construction model;
  - Installation sound-insulating windows and construction of green insulation zones

## Environmental, Social and Governance Report

### 5.3 Energy Saving and Emission Reduction

The Group's construction projects are mainly carried out by professional contractors, the environmental KPIs only involve the resources and energy used in the daily operations of the office of our headquarters in Shanghai and regional offices in Fujian, Shanghai-Suzhou and Zhejiang. Due to the slowdown of the COVID-19 pandemic during the Year, the Group began to resume office work, so the values of various environmental key performance have increased. We have made reference to the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 standards set by the International Standards Organization to conduct greenhouse gas investigation. During the Year, the greenhouse gas emissions profile of the Group was as follows:

GHG Emissions Performance	Unit	2021
Direct GHG emissions (Scope 1)	tonnes of carbon dioxide equivalent (CO <sub>2</sub> e)	386.78
Indirect GHG emissions (Scope 2)	tonnes of CO <sub>2</sub> e	407.23
Total GHG emissions (Scopes 1 & 2)	tonnes of CO <sub>2</sub> e	794.01
Total GHG emissions per square meter of floor area (Scopes 1 & 2)	tonnes of CO <sub>2</sub> e/square meter	0.08
Each employee (Scopes 1 & 2)	tonnes of CO <sub>2</sub> e/employee	1.27

Data collection for the Year has increased compared to last year, including the office of our headquarters in Shanghai and regional offices in Fujian, Shanghai-Suzhou and Zhejiang.

Scope 1 Direct GHG emissions and abatement generated from sources owned and controlled by the Group.

Scope 2 GHG emissions indirectly generated from electricity generation, heating and cooling or steam purchased by the Group.

## Environmental, Social and Governance Report

### **Energy Management**

The Group is committed to promoting sustainable development by adopting various measures to reduce resource consumption, raise employees' awareness of environmental protection and encourage them to participate in environmental protection. During the Year, the total electricity consumption of the Group was 667,486.50 kWh, and the electricity consumption density was 70.64 kWh per square meter. In addition, we remind our employees from time to time to turn off unnecessary electronic equipment and ensure that air conditioning units and lighting systems are turned off when employees are off duty.

### **Water Resources Management**

The Group continuously monitors water consumption in the course of business operations, strengthens measures to optimize the use of water resources, and strives to cultivate the habit of water conservation among employees. In addition, we have posted water conservation signs in our toilets to remind our staff to turn off the water faucets. During the Year, we have encountered no problems in obtaining suitable water sources. The Group's total water consumption within the environmental data collection scope was 2,768.50 cubic meters, and the total water consumption density was 0.29 cubic meters per square meter.

### **Waste Management**

The Group supports waste reduction at source. We use an electronic office automation system (OA system) to replace the office administration system based on paper records and realize paperless management. During the Reporting Period, the amount of non-hazardous waste generated by the Group was 33,244.00 kg, while the amount of hazardous waste generated was 1,678.00 kg. In order to avoid harming the environment, non-hazardous waste (daily office garbage) is collected and disposed of by the designated party of the local environmental protection and health department, hazardous waste is put in a special collection box or handed over to a qualified processing company for further processing.

In addition to our core business, the Group also encourages the participation of all employees to implement energy saving and emission reduction in the office and daily operations. The Group actively implements energy saving and consumption reduction measures in all aspects of its business operations to manage greenhouse gas emissions, including the following measures:

## Environmental, Social and Governance Report

**LOW CARBON OFFICE SOLUTIONS****Comprehensive upgrade of office lighting system design**

- Reduced consumption of high-brightness lamps
- Divided the lighting area
- Switched to energy-saving and environmentally friendly lamps
- Increased the frequency of lamp cleaning

**Reduced consumption of resources**

- Paper saving
- Received faxes by email
- A full paperless office administration system with electronic system to handle all procedures
- reduced the use of disposable and non-recyclable products

**Efficient air-conditioning management**

- Cleaned the dust filter regularly
- Added a reminder to remind employees to turn off the air conditioner in time
- Explored the use of central control and monitoring systems or building management systems
- Allowed employees to work in casual clothes on Fridays

**Careful management of water resources**

- Speeded up the repair of dripping faucets
- Regularly performed leak testing of water pipes
- Irrigation using recycled toilet water or rainwater

**Low-carbon travel**

- Regular tire pressure checks for the fleet
- Provided low-carbon driving training for drivers
- Banned idling vehicles with running engines
- Reduced business meetings with video conferencing

**Comprehensive waste reduction**

- Purchased after evaluating materials to avoid overstocking
- Provided sorted recycling bins for employees
- Reused various stationery items

**Office equipment management**

- Monitored office electricity consumption monthly
- Set the automatic standby mode for computers
- Complete shutdown of electronic devices during non-office hours

During the Reporting Period, we have set preliminary directional targets in respect of greenhouse gas emissions, energy conservation, water conservation and waste reduction. We will maintain or reduce the intensity of greenhouse gas emissions, energy use, water use and waste generation at similar levels of business operations. During the Year, our business was being optimized and adjusted. Therefore, the current environmental data does not reflect the overall operation of the Group. We will set an appropriate base year in the future depending on the business situation.

## Environmental, Social and Governance Report

## 5.4 Coping with Climate Change

In real estate development, we continue to explore the possibilities of natural lighting, optimization of material-saving design, quality of the indoor environment, lighting and drainage system enhancement and innovative technologies in the design and construction phases to create a resource efficient community environment and enhance the climate resilience of the project for future operations. We continue to strengthen and identify existing environmental measures to reduce emissions and optimize the use of resources to address the risks of climate change. We are ready to begin implementing a series of adaptation measures to mitigate the potential adverse impacts of climate change on the Group.

	Impacts on the Group	Responses
<b>Physical risks</b>	Increased risk of damage to buildings and facilities due to extreme weather events, such as typhoons, earthquakes, wind damage, floods and storms, and increased maintenance costs	Optimization of existing buildings to adapt to the risks and impacts of climate change
	Employee safety issues resulting from extreme weather, such as employee health risks due to elevated workplace temperatures	Provided safety training to employees to enhance their safety awareness and developed contingency plans to ensure timely response in emergencies
<b>Transition risks</b>	Technical risks More advanced technologies are needed to meet the increasingly stringent demands for carbon reduction	Conducted carbon audits to measure the performance of buildings. Paid close attention to technological changes and international trends (eg. in building design and operations, and best practices in operational efficiency)
	Policy risks Enhanced ESG reporting, with a particular focus on climate change	Monitored regulatory trends to ensure that the Group's operations comply with relevant ESG requirements

## Environmental, Social and Governance Report

### 6 GIVING BACK TO THE SOCIETY

Core Value	Responding to SDGs Goals
<p>Ronshine actively fulfills its corporate social responsibility and devotes itself to charity work. Ronshine Public Welfare Foundation was established in 2014 and was recognized as a charitable organization in December 2017. We give back to the society with our culture and heart. The Group hopes to make use of its resources and advantages to promote the sustainable development of social welfare and contribute to our motherland.</p>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>1</b> 無貧窮</p>  </div> <div style="text-align: center;"> <p><b>4</b> 優質教育</p>  </div> </div>

During the Reporting Period, we have invested a total of RMB430 million in charity activities. In addition, the participation of employees in charity activities of the Group amounted 126, and the total number of hours for charity activities were up to 530 hours. During the Year, despite the impact of the COVID-19 pandemic, the Group continued to make a positive impact on the community. Ronshine put the focus of public welfare and charity on the education of different classes, people’s health, and helping citizens fight against natural disasters. Looking ahead, the Group will continue to fulfill its social responsibility and continue to invest resources in the public welfare of the community, giving back to the society through a variety of platforms. The following are the highlights of the activities of Ronshine Public Welfare Foundation during the Reporting Period:

#### “Youth of China” Project

Ronshine Public Welfare Foundation advocates that “if education is prosperous, our country will be prosperous, and if education is strong, our country will be strong”. With the original intention of “making life more valuable”, we embarked on the road of education and poverty alleviation. Ronshine Public Welfare Foundation donated RMB1 million to the Henan Youth Development Foundation for the construction of intelligent reading rooms for three schools in Henan Province.



## Environmental, Social and Governance Report

**Ronshine National City Charity Run**

The first Ronshine City Charity Run was launched in mid-May in all cities of China. We hoped that participants from all over the world would spread hope while running. Through the innovative public welfare model and diversified contents, Ronshine Public Welfare Foundation strives to gather more strengths and bring more public welfare partners to participate in the race, and promote the development of society for good.

**“One Decibel of Love” – Public Education Campaign**

Zhengzhou Municipal Committee of the Communist Youth League and the Henan Region Company of Ronshine Group learned that the school had practical difficulties in community operation and equipment procurement through their visits, so the Henan Region Company of Ronshine Group decided to donate a batch of musical instruments with a total value of RMB50,000 to the school to promote the establishment and enrichment of the school community, so that the children could be exposed to a more colorful humanistic art world and enrich their spiritual life in school.



## Environmental, Social and Governance Report

### **Small Donations Warm China – Ronshine Charity Season – Guangxi and Yunnan**

The donation ceremonies of Ronshine charity projects for the Youth of China were held at Jian'an Village Primary School under the jurisdiction of Dingdang Central Primary School, Long'an County, Nanning, Guangxi and Yunnan Dali Yunlong County Ethnic Junior High School. At the ceremony, Ronshine, together with China Social Assistance Foundation, donated public welfare art courses to three village elementary school in Dingdang Township, Long'an County, and donated scholarships for poor students to three primary and secondary schools in Yunlong County together with Tongji University.



### **Give back to the community with love and shimmer**

Ronshine Public Welfare Foundation awarded scholarships to outstanding teachers and students, aiming to recognize and encourage outstanding teachers and students to continuously devote themselves to the construction and development of villages. At the same time, Mr. Gu Hongfei, Secretary General of the Foundation, visited the recipient families to learn more about the implementation of the Ronshine public welfare projects and to continue to promote the healthy development of the "Village Revitalization". Village revitalization is not a one-time donation, but a long-term concern and educational support to an area, empowering the sustainable development of villages.



## Environmental, Social and Governance Report

**Work together without forgetting the original intention**

On 19 July, a heavy rainstorm struck in Zhengzhou, and the dam near the No. 1 site of the City of Time in Zhengzhou was washed away by the continuous torrential rain and flooding, and the danger was gradually escalating. That night, all the project engineers, supervisors and general contractor teams of more than 100 people supported the flood fight on their own initiative.



Ronshine also hopes that more enterprises will not forget to devote themselves to public welfare and charity while developing and growing themselves, so that we can work together for a more beautiful China. Looking up to the mountain and long for it. To spread love with the power of love, to open up more possibilities with the power of responsibility, and to realize the social responsibility of Ronshine. As a pioneer of innovative public welfare in the industry, Ronshine will continue to bring its thoughts and insights on corporate social responsibility to carry out innovative and diversified public welfare activities in this year's public welfare season, continuously enriching the content of public welfare and helping to realize "common prosperity".

## Environmental, Social and Governance Report

## Appendix I: Sustainability Data Statements

Environmental KPIs	Unit	2021
<b>Air Emissions<sup>2, 3</sup></b>		
Nitrogen oxides (NO <sub>x</sub> )	kilogram	718.33
Sulfur oxides (SO <sub>x</sub> )	kilogram	0.93
Particulate matter (PM)	kilogram	66.96
<b>GHG Emissions</b>		
Direct GHG emissions (Scope 1)	tonnes CO <sub>2</sub> e	386.78
Indirect GHG emissions (Scope 2)	tonnes CO <sub>2</sub> e	407.23
Total GHG emissions (Scopes 1 & 2)	tonnes CO <sub>2</sub> e	794.01
<b>GHG Emissions Intensity</b>		
Per square meter of floor area (Scopes 1 & 2)	tonnes CO <sub>2</sub> e/square meter	0.08
Each employee (Scopes 1 & 2)	tonnes CO <sub>2</sub> e/employee	1.27
<b>Fuel Consumption</b>		
Fuel consumption by fleets of vehicles	Liter	63,522.66
Natural gas consumption	m <sup>3</sup>	7,224.00
<b>Energy Consumption</b>		
Total energy consumption	kWh	1,330,250.32
Total energy consumption intensity (per square meter)	kWh/square meter	140.80
Electricity consumption	kWh	667,486.50
Electricity consumption intensity (per square meter)	kWh/square meter	70.65
<b>Water Consumption</b>		
Total water consumption	cubic meter	2,768.50
Total water consumption intensity (per square meter)	cubic meter/square meter	0.29
<b>Hazardous Waste</b>		
Total amount of hazardous waste	kilogram	1,678.00
Hazardous waste intensity	kilogram/employee	2.68
Waste ink cartridges and waste toner boxes	Piece	345
Computers	Piece	73
Batteries	Piece	1,743
<b>Non-hazardous Waste</b>		
Total amount of non-hazardous waste	kilogram	33,244.00
Non-hazardous waste intensity (each employee)	kilogram/employee	53.19
<b>Paper Consumption</b>		
Total paper consumption	kilogram	5,659.06
Total paper consumption intensity	kilogram/employee	9.05

<sup>2</sup> Air emissions from the Group's vehicles.

<sup>3</sup> We calculated the Group's air pollutant emissions with reference to the "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" the Stock Exchange.

## Environmental, Social and Governance Report

Social	Unit	2021
<b>Employment management</b>		
Total number of employees	Number of people	2,449
<b>Total number of employees by gender</b>		
Female	Number of people	992
Male	Number of people	1,457
<b>Total number of employees by employment type</b>		
Full-time junior staff	Number of people	2,051
Full-time middle management	Number of people	368
Full-time senior management	Number of people	30
<b>Total number of employees by age</b>		
30 or below	Number of people	702
30–50	Number of people	1,720
50 or above	Number of people	27
<b>Total number of employees by geographical regions</b>		
Employees in North China	Number of people	399
Employees in East China	Number of people	1,403
Employees in South China	Number of people	461
Other employees (including those in Hong Kong, Macao and Taiwan)	Number of people	186
<b>Employee turnover rate<sup>4</sup></b>		
Total employee turnover rate	%	27.76
<b>Employee turnover rate by gender</b>		
Female	%	29.04
Male	%	26.86
<b>Employee turnover rate by age</b>		
30 or below	%	40.86
30–50	%	21.71
50 or above	%	0.00
<b>Employee turnover rate by geographical regions</b>		
Employees in North China	%	21.76
Employees in East China	%	26.97
Employees in South China	%	37.45
Other employees (including those in Hong Kong, Macao and Taiwan)	%	16.22

<sup>4</sup> Employee turnover rate = number of employees left ÷ (number of employees left + number of employees at the year end) × 100%

## Environmental, Social and Governance Report

Social	Unit	2021
<b>Employee Training<sup>5</sup></b>		
<b>Employee training performance by gender</b>		
Percentage of female employees trained	%	40.51
Percentage of male employees trained	%	59.49
Average training hours of female employees	Hour	21.00
Average training hours of male employees	Hour	24.00
<b>Employee training performance by employment type</b>		
Percentage of full-time junior staff trained	%	83.75
Percentage of full-time middle management trained	%	15.03
Percentage of full-time senior management trained	%	1.2
Average training hours of full-time junior staff trained	Hour	26.00
Average training hours of full-time middle management trained	Hour	6.00
Average training hours of full-time senior management trained	Hour	13.00
<b>Occupational health and safety</b>		
Number of work-related fatalities in 2021	Number of people	–
Rate of work-related fatalities in 2021	%	–
Number of work-related fatalities in 2020	Number of people	–
Rate of work-related fatalities in 2020	%	–
Number of work-related fatalities in 2019	Number of people	–
Rate of work-related fatalities in 2019	%	–
Lost days due to work injury	Day	–

<sup>5</sup> The percentage of trained employees by relevant type: the number of employees trained under this type ÷ the number of employees trained × 100%



## Environmental, Social and Governance Report

Content of Indicators		Related Section(s)
A3: Environment and Natural Resources	General Disclosure	Policies that reduce the issuer's significant impact on the environment and natural resources. 5 GREEN OPERATION
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. 5 GREEN OPERATION
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. 5.4 Coping with Climate Change
	A4.1	Description of the material climate-related issues that have and may have an impact on the issuer, and actions taken to address them. 5.4 Coping with Climate Change
<b>B. Social</b>		
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. 4 PROFESSIONAL TEAM 4.1 Employment Practices
	B1.1	Total workforce by gender, employment type, age group and geographical region. Appendix I: Sustainability Data Statements
	B1.2	Employee turnover rate by gender, age group and geographical region. Appendix I: Sustainability Data Statements
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. 4.3 Protection of Employees
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. Appendix I: Sustainability Data Statements
	B2.2	Lost days due to work injury. Appendix I: Sustainability Data Statements
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored. 4.3 Protection of Employees
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills in performing job duties. Describe training activities. 4.2 Nurturing Talents
	B3.1	The percentage of employees trained by gender and employee category (eg. senior management, middle management). Appendix I: Sustainability Data Statements
	B3.2	The average training hours completed per employee by gender and employee category. Appendix I: Sustainability Data Statements

## Environmental, Social and Governance Report

Content of Indicators			Related Section(s)
B4: Labor Standards	General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child labor or forced labor.	4.1 Employment Practices
	B4.1	Describe the measures to review recruitment practices to avoid child labor and forced labor.	4.1 Employment Practices
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Employment Practices
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.5 Supply Chain Management
	B5.1	The number of suppliers by geographical region.	3.5 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.5 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.5 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.5 Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.1 Customer Relationship 3.2 Customer Needs 3.4 Information Protection
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	3.2 Customer Needs
	B6.2	Number of products and service related complaints received and how they are dealt with.	3.1 Customer Relationship
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Business Ethics
	B6.4	Description of quality assurance process and recall procedures.	3.2 Customer Needs
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.4 Information Protection

## Environmental, Social and Governance Report

Content of Indicators			Related Section(s)
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	3.3 Business Ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	3.3 Business Ethics
	B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	3.3 Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	3.3 Business Ethics
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 GIVING BACK TO THE SOCIETY
	B8.1	Focused areas of contribution (eg. education, environment, labor, health, culture and sports).	6 GIVING BACK TO THE SOCIETY
	B8.2	Resources used in the focused areas of contribution.	6 GIVING BACK TO THE SOCIETY

# INDEPENDENT AUDITOR'S REPORT



## **To the Shareholders of Ronshine China Holdings Limited**

*(incorporated in Cayman Islands with limited liability)*

### Opinion

We have audited the consolidated financial statements of Ronshine China Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 141 to 239, which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of change 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.

## Independent Auditor's Report

## Key audit matters

Provisions for properties under development ("PUD") and completed properties held for sale ("PHS")	How our audit addressed the Key Audit Matter
<p>Refer to Note 4(a) and Note 20 to the consolidated financial statements.</p> <p>The total of PUD and PHS of the Group amounted to approximately RMB146,336 million as at 31 December 2021, accounting for approximately 59.6% of the total assets of the Group. The carrying amounts of PUD and PHS are stated at the lower of cost or net realisable value ("NRV").</p> <p>The Group assessed the NRV of PUD and PHS based on the realisable value of these properties. As a result, provisions for PUD and PHS involve critical accounting estimates on the future selling prices and direct related selling expenses for the properties, as well as the costs to completion for PUD. The judgements and estimations are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of net realisable value of PUD and PHS is considered relatively higher due to uncertainty of significant assumptions used.</p> <p>We focused on this area due to the significance of the PUD and PHS balances and the involvement of critical accounting estimates.</p>	<p>Our key procedures in relation to management's assessment on the provision for PUD and PHS included:</p> <ol style="list-style-type: none"> <li>1. We obtained an understanding of management's internal control and assessment process of the NRV of PUD and PHS, 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 of assessment and subjectivity of significant assumptions and data used.</li> <li>2. We evaluated and tested management's key internal controls over the Group's process in determining the costs to completion of PUD and the net realisable values of PUD and PHS based on prevailing market conditions.</li> <li>3. We assessed management's key estimates for: <ul style="list-style-type: none"> <li>• Selling prices which were estimated based on the prevailing market conditions. We selected PUD and PHS on a sample basis to compare their estimated selling prices to the recent market transactions, making reference to the Group's selling prices of the sold units in the same project or the prevailing market prices of comparable properties with similar sizes, usages and locations, after considering future market development;</li> <li>• Direct related selling expenses were estimated based on certain percentages of selling prices. We compared the above estimated percentages with the actual average selling expenses to revenue ratio of the Group in recent years, and reviewed the sales commission contracts on a sample basis; and</li> <li>• For the estimated costs to completion for PUD, we reconciled them to the budgets approved by management, examined the signed construction contracts on a sample basis, and compared the anticipated completion costs to the actual costs of comparable properties with similar sizes, usages and locations of the Group in recent years.</li> </ul> </li> </ol> <p>We found that the key estimates used in management's assessment on the provision for PUD and PHS were properly supported by the available evidence.</p>

## Independent Auditor's Report

## Key audit matters (continued)

Classification of investments in subsidiaries, joint ventures and associates	How our audit addressed the Key Audit Matter
<p>Refer to Note 4(b), Note 11 and Note 12 to the consolidated financial statements.</p> <p>The Group co-operated with other parties to invest in a large number of property development projects, which were classified as subsidiaries, joint ventures or associates.</p> <p>We focused on the classification of investments as subsidiaries, joint ventures or associates as it is determined based on whether the Group has control, joint control or significant influence over the investee. The assessment involves significant judgements through the analysis of various factors, including constitution of decision making authorities of an investee, such as shareholders' meetings and board of directors' meetings, decision making process, the Group's representation on the decision making authorities of an investee, as well as other facts and circumstances.</p>	<p>In assessing the classification of new investments or changes to existing investments during the year, we have performed the following key procedures:</p> <ol style="list-style-type: none"> <li data-bbox="815 698 1441 1289">1. We obtained and examined the legal documents in relation to the investments ("Investment Documents"), including the cooperation agreements amongst co-developers and articles of associations of the investees, with particular focuses on, including but not limited to the terms and conditions in relation to the rights of investors, cooperation arrangements, termination provisions, management structures and profit-sharing arrangements, and assessed management's judgement by analysing these key terms against accounting standards. Where there have been subsequent changes to the co-developers' agreements, articles of association, and/or management structures, we critically assessed management's re-assessment on whether those changes would affect the initial classification.</li> <li data-bbox="815 1332 1441 1698">2. We examined the documents related to decision making of property development, including minutes of shareholders' meetings and board of directors' meetings of the investees, and evaluated the detailed project management and approval processes on a sample basis, including but not limited to the authorities in determination and approval of project budgets, selection of main constructors and vendors of the projects and the determination of sales and marketing plan.</li> </ol> <p>Based on the procedures performed, we found that management's judgements applied in determining the classification of the Group's investments in subsidiaries, joint ventures and associates were supported by available evidences.</p>

## Independent Auditor's Report

### 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.

## Independent Auditor's Report

## 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.

## Independent Auditor's Report

### Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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,  
15 May 2022

# CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
Revenue	6	33,284,014	48,302,505
Cost of sales	7	(29,655,775)	(42,990,475)
<b>Gross profit</b>		<b>3,628,239</b>	5,312,030
Selling and marketing costs	7	(1,289,729)	(1,259,041)
Administrative expenses	7	(1,193,708)	(1,603,550)
Fair value losses on investment properties	17	(32,252)	(184,332)
Other income	9	450,284	302,867
Other gains — net	9	707,308	373,158
<b>Operating profit</b>		<b>2,270,142</b>	2,941,132
Finance income	10	736,492	1,808,259
Finance costs	10	(636,274)	(459,476)
Finance income/(costs) — net	10	100,218	1,348,783
Share of net profit of investments accounted for using the equity method	12(a)(ii)	102,240	611,458
<b>Profit before income tax</b>		<b>2,472,600</b>	4,901,373
Income tax expenses	13	(745,868)	(1,406,874)
<b>Profit for the year</b>		<b>1,726,732</b>	3,494,499
<b>Profit for the year attributable to:</b>			
— Owners of the Company		1,295,049	2,428,123
— Non-controlling interests		431,683	1,066,376
		<b>1,726,732</b>	3,494,499
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
— Basic earnings per share	14	0.77	1.43
— Diluted earnings per share	14	0.77	1.42

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
<b>Profit for the year</b>	<b>1,726,732</b>	3,494,499
Other comprehensive income	—	—
<b>Total comprehensive income for the year</b>	<b>1,726,732</b>	3,494,499
<b>Total comprehensive income for the year attributable to:</b>		
— Owners of the Company	<b>1,295,049</b>	2,428,123
— Non-controlling interests	<b>431,683</b>	1,066,376
	<b>1,726,732</b>	3,494,499

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

# CONSOLIDATED BALANCE SHEET

	Notes	As at 31 December	
		2021 RMB'000	2020 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	1,189,219	1,424,939
Investment properties	17	12,718,617	14,487,730
Right-of-use assets	16	436,949	444,183
Intangible assets		3,154	5,365
Investments accounted for using the equity method	12	11,855,096	10,862,379
Financial assets at fair value through profit or loss	18	689,668	996,855
Deferred tax assets	27	679,527	668,200
<b>Total non-current assets</b>		<b>27,572,230</b>	<b>28,889,651</b>
<b>Current assets</b>			
Properties under development	20	127,448,610	120,098,735
Completed properties held for sale	20	18,887,113	14,065,964
Contract assets	22	1,227,244	1,098,664
Trade and other receivables and prepayments	23	32,650,953	29,518,185
Amounts due from related parties	35	11,285,065	5,984,288
Prepaid taxation		3,864,324	3,329,274
Financial assets at fair value through profit or loss	18	448,854	362,248
Term deposits	21	3,852,874	6,989,416
Restricted cash	21	6,482,827	3,057,486
Cash and cash equivalents	21	11,719,745	19,854,876
<b>Total current assets</b>		<b>217,867,609</b>	<b>204,359,136</b>
<b>Total assets</b>		<b>245,439,839</b>	<b>233,248,787</b>
<b>EQUITY</b>			
Share capital	24	15	15
Share premium	24	3,082,681	3,786,195
Other reserves	25	15,221,902	13,926,853
<b>Equity attributable to owners of the Company</b>		<b>18,304,598</b>	<b>17,713,063</b>
Non-controlling interests		33,976,352	32,945,940
<b>Total equity</b>		<b>52,280,950</b>	<b>50,659,003</b>

## Consolidated Balance Sheet

	Notes	As at 31 December	
		2021 RMB'000	2020 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	26	34,044,222	46,921,115
Lease liabilities	16	20,643	15,431
Deferred tax liabilities	27	1,813,146	1,915,527
<b>Total non-current liabilities</b>		<b>35,878,011</b>	<b>48,852,073</b>
<b>Current liabilities</b>			
Borrowings	26	22,733,699	24,938,617
Lease liabilities	16	13,175	9,900
Contract liabilities	22	90,094,226	65,076,080
Trade and other payables	29	29,594,152	31,476,801
Amounts due to related parties	35	9,087,530	5,291,322
Current tax liabilities		5,758,096	6,944,991
<b>Total current liabilities</b>		<b>157,280,878</b>	<b>133,737,711</b>
<b>Total liabilities</b>		<b>193,158,889</b>	<b>182,589,784</b>
<b>Total equity and liabilities</b>		<b>245,439,839</b>	<b>233,248,787</b>

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

The financial statements on pages 141 to 239 were approved and authorised for issue by the board of directors of the Company on 15 May 2022 and were signed on its behalf by:

**Ou Zonghong**  
Director

**Zhang Lixin**  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Capital reserves RMB'000 (Note 25(a))	Statutory reserves RMB'000 (Note 25(b))	Share-based compensation reserves RMB'000 (Note 25(c))	Retained earnings RMB'000	Total RMB'000		
<b>Balance at 1 January 2021</b>	15	3,786,195	851,583	1,921,846	82,076	11,071,348	17,713,063	32,945,940	50,659,003
<b>Comprehensive income</b>									
— Profit for the year	—	—	—	—	—	1,295,049	1,295,049	431,683	1,726,732
— Other comprehensive income	—	—	—	—	—	—	—	—	—
<b>Total comprehensive income</b>	—	—	—	—	—	1,295,049	1,295,049	431,683	1,726,732
Buy-back and cancellation of shares (Note 24)	—	(8,341)	—	—	—	—	(8,341)	—	(8,341)
Disposal of subsidiaries	—	—	—	—	—	—	—	(694,980)	(694,980)
Acquisition of subsidiaries	—	—	—	—	—	—	—	330,000	330,000
Capital injections from non-controlling interests	—	—	—	—	—	—	—	1,971,356	1,971,356
Capital reduction of the subsidiaries	—	—	—	—	—	—	—	(16,500)	(16,500)
Dividends distribution to non-controlling interests	—	—	—	—	—	—	—	(991,147)	(991,147)
Final dividend of 2020 (Note 28)	—	(695,173)	—	—	—	—	(695,173)	—	(695,173)
Transfer to statutory reserves	—	—	—	104,595	—	(104,595)	—	—	—
<b>Balance at 31 December 2021</b>	15	3,082,681	851,583	2,026,441	82,076	12,261,802	18,304,598	33,976,352	52,280,950

## Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Capital reserves RMB'000 (Note 25(a))	Statutory reserves RMB'000 (Note 25(b))	Share-based compensation reserves RMB'000 (Note 25(c))	Retained earnings RMB'000	Total RMB'000		
<b>Balance at 1 January 2020</b>	15	4,902,013	851,583	1,661,304	87,183	8,903,767	16,405,865	24,882,365	41,288,230
<b>Comprehensive income</b>									
— Profit for the year	—	—	—	—	—	2,428,123	2,428,123	1,066,376	3,494,499
— Other comprehensive income	—	—	—	—	—	—	—	—	—
<b>Total comprehensive income</b>	—	—	—	—	—	2,428,123	2,428,123	1,066,376	3,494,499
Buy-back and cancellation of shares (Note 24)	—	(202,908)	—	—	—	—	(202,908)	—	(202,908)
Disposal of subsidiaries	—	—	—	—	—	—	—	(468,800)	(468,800)
Acquisition of subsidiaries	—	—	—	—	—	—	—	508,800	508,800
Capital injections from non-controlling interests	—	—	—	—	—	—	—	8,844,399	8,844,399
Capital reduction of the subsidiaries	—	—	—	—	—	—	—	(1,541,400)	(1,541,400)
Dividends distribution to non-controlling interests	—	—	—	—	—	—	—	(345,800)	(345,800)
Final dividend of 2019 (Note 28)	—	(935,157)	—	—	—	—	(935,157)	—	(935,157)
Share option scheme									
— Exercise of share options (Note 24)	—	22,247	—	—	(5,107)	—	17,140	—	17,140
Transfer to statutory reserves	—	—	—	260,542	—	(260,542)	—	—	—
<b>Balance at 31 December 2020</b>	15	3,786,195	851,583	1,921,846	82,076	11,071,348	17,713,063	32,945,940	50,659,003

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	30(a)	6,014,206	(4,040,276)
PRC corporate income tax paid		(1,203,353)	(1,865,831)
PRC land appreciation tax paid		(1,189,554)	(1,042,285)
Net cash generated from/(used in) operating activities		3,621,299	(6,948,392)
<b>Cash flows from investing activities</b>			
Payments for purchase of property, plant and equipment and investment properties		(786,640)	(1,257,242)
Payments for purchase of intangible assets		(21)	(2,130)
Proceeds from disposal of property, plant and equipment		352,311	8,901
Capital injections to joint ventures and associates		(918,720)	(4,556,840)
Payments for acquisition of financial assets at fair value through profit and loss		(531,105)	(503,922)
Proceeds from disposal of financial assets at fair value through profit and loss		777,656	85,093
Interest received		688,912	754,565
Cash advances to related parties		(7,960,442)	(4,848,869)
Repayments from related parties		2,659,665	4,519,179
Decrease/(Increase) in term deposits		3,136,542	8,526,646
Proceeds from disposal of an associate		28,243	13,100
Payments for acquisition of subsidiaries, net of cash acquired	34	(80,938)	(136,749)
Net cash outflow from disposal of subsidiaries		(121,065)	(19,579)
Cash outflow for settlement of derivative financial instruments		–	(93,330)
Net cash (used in)/generated from investing activities		(2,755,602)	2,488,823

## Consolidated Statement of Cash Flows

	Notes	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	30(b)	18,608,973	34,460,927
Repayments of borrowings	30(b)	(27,157,243)	(24,233,466)
Cash advances from related parties	30(b)	5,523,992	2,868,050
Repayments to related parties	30(b)	(1,845,144)	(4,798,033)
Payments for buy-back and cancellation of shares	24	(8,341)	(202,908)
Issuance of ordinary shares in connection with exercise of share options		–	17,140
Capital injection from non-controlling interests		1,971,356	8,139,502
Capital reduction of the subsidiaries		(16,500)	(896,400)
Interest paid		(5,869,815)	(5,372,290)
Dividends paid to the Company's shareholders		(695,173)	(1,106,581)
Dividends paid to non-controlling interests in subsidiaries		(991,147)	(99,200)
Principal elements of lease payments		(21,018)	(19,905)
Restricted cash pledged for borrowings		1,484,856	260,008
Net cash (used in)/generated from financing activities		(9,015,204)	9,016,844
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,149,507)</b>	<b>4,557,275</b>
Cash and cash equivalents at beginning of the year		19,854,876	15,344,805
Exchange gains/(losses) on cash and cash equivalents		14,376	(47,204)
<b>Cash and cash equivalents at end of the year</b>		<b>11,719,745</b>	<b>19,854,876</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

Ronshine China Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Act, Cap.22 of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal activity is investment holding. The Company and its subsidiaries (together the “Group”) are principally engaged in property development business in the People’s Republic of China (the “PRC”).

The ultimate holding company of the Company is TMF (Cayman) Limited and the ultimate controlling shareholder of the Company is Mr. Ou Zonghong (“Mr. Ou”).

The Company’s shares were listed on the The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 January 2016.

The outbreak of the 2020 Novel Coronavirus (“COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the Group, including the delay in construction and delivery of properties, decrease in rental and service revenue and occupancy rate of investment properties and hotels, fair value of investment properties, allowance for expected credit losses on trade and other receivables and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group.

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

## 2 Summary of significant accounting policies

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

### 2.1 Basis of preparation

**(a) Compliance with Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Companies Ordinance (“HKCO”)**

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs and disclosure requirements of the HKCO Cap. 622.

**(b) Historical cost convention**

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and investment properties, which are measured at fair value.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### (c) Going concern basis

As of 31 December 2021, the Group recorded net current assets of RMB60,587 million, and the Group's current portion of borrowings amounted to RMB22,734 million, while its cash and bank balances (excluding restricted cash) amounted to RMB11,720 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.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### (c) 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 properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and control capital expenditure 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.

#### (d) 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 Accounts ("HKICPA") for the first time, which are mandatorily effective for the annual period 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.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

## 2.1 Basis of preparation (continued)

**(e) 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:

HKFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date 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 amendments to HKFRSs may result in changes to how the Group's performance and financial position are prepared and presented in the future.

## Notes to the Consolidated Financial Statements

## 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 fully 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 interest 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 interest's proportionate share of the recognised amounts of 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 HKFRSs. Acquisition-related costs are expensed as incurred.

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

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.2 Subsidiaries (continued)

#### 2.2.1 Consolidation (continued)

(a) *Business combinations (continued)*

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 the consolidated income statement.

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

(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 of the subsidiary 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. This may mean that 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.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.2 Subsidiaries (continued)

#### 2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost 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.

### 2.3 Equity method, associates and joint arrangements

#### (a) Equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates or joint ventures include goodwill identified on acquisitions. Upon the acquisitions of the ownership interests in associates or joint ventures, any differences between the cost of the associate or joint venture and the Group's share of the net fair value of the associate's or joint ventures' identifiable assets and liabilities are accounted for as goodwill.

If the ownership interests in the associate or joint venture are reduced but significant influence or joint control 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 consolidated income statement, 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 investments. When the Group's share of losses in the associate or joint venture equals or exceeds its interests in the associate or joint venture, 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 or joint venture.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associate or joint venture and their carrying values and recognises the amounts adjacent to "share of net profit of investments accounted for using the equity method" in the consolidated income statement.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.3 Equity method, associates and joint arrangements (continued)

#### (a) Equity method (continued)

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

Gains and losses on dilution of equity interests in the associate or joint ventures are recognised in the consolidated income statement.

#### (b) Associate

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 recognised at cost.

#### (c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint venture is accounted for using the equity method.

### 2.4 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 of the Company that makes strategic decisions.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.5 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). 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 valuations when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and bank balances and borrowings are presented in the consolidated income statement, within "finance income/(costs) – net". All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within "other gains – net".

### 2.6 Property, plant and equipment

Property, plant 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 consolidated income statement during the year in which they are incurred.

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

Buildings	20 years
Office equipment	3-5 years
Motor vehicles	4 years
Leasehold improvements and furniture, fitting and equipment	2-13 years

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

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

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in consolidated income statement.

### 2.7 Intangible assets

#### Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 to 10 years.

### 2.8 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement within "fair value gains/(losses) on investment properties".

### 2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("cash-generating units"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.10 Investments and other financial assets

#### 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").

#### Recognition and derecognition

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

#### Measurement

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

#### Debt instruments

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

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

## Notes to the Consolidated Financial Statements

### 2 Summary of significant accounting policies (continued)

#### 2.10 Investments and other financial assets (continued)

##### Debt instruments (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains – net". Impairment losses are presented as separated line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented in net basis within "other gains – net" in the period in which it arises.

##### 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 the consolidated statement of comprehensive income. Dividends from such investments continue to be recognised in the consolidated income statement when the Group's right to receive payments is established.

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

##### Impairment of financial assets

The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

The Group applies the simplified approach permitted by HKFRS 9, which uses expected lifetime losses to be recognised from initial recognition of the assets for trade receivables and contract assets.

Impairment on other financial assets including other receivables and amounts due from related parties is measured as either 12-month ECL or lifetime expected credit loss, 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.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.11 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.

### 2.12 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as either:

- hedges of the fair value of recognised assets or liabilities (fair value hedges).
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).
- hedges of a net investment in a foreign operation (net investment hedges).

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

Derivatives held by the Group are only used for economic hedging purposes and not as speculative investments. If the derivative instruments do not qualify for hedge accounting, Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 3.3(a).

## Notes to the Consolidated Financial Statements

### 2 Summary of significant accounting policies (continued)

#### 2.13 Leases

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

The Group leases only offices for long-term contracts. Rental contracts are typically made for fixed periods of 2 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, which is generally the case for leases in the Group, 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 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.

Lease payments are allocated between the liability 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. The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.13 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

Right-of-use assets consist of properties and land use rights.

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

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. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

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

### 2.14 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and included in properties under development or completed properties held for sale and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets, while those out of the normal operating cycle are classified as non-current assets. Land use rights to be developed for hotel properties and self-use buildings, are non-current assets, which are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods. Land use rights to be developed for investment properties are accounted for as part of investment properties.

## Notes to the Consolidated Financial Statements

### 2 Summary of significant accounting policies (continued)

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

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction 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 the anticipated costs to completion.

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

#### 2.16 Trade and other receivables and amounts due from related parties

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

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

#### 2.17 Cash and bank balances

Cash and bank balances includes cash and equivalents, term deposits and restricted cash. Cash and cash equivalents includes cash on hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Term deposits mainly refers to the bank deposits with initial term of over three months but within one year. Restricted cash is the bank deposits which are restricted to use. Restricted cash are excluded from cash and cash equivalents in consolidated statement of cash flows.

#### 2.18 Trade and other payables and amounts due to related parties

Trade payables are obligations to pay for construction costs or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables and amounts due to related parties 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 and amounts due to related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.19 Borrowings and borrowing costs

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the 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, like properties under development, assets under construction and investment properties under construction, 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 expensed in the period in which they are incurred.

### 2.20 Current and deferred income tax

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

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

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

#### (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, 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 the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

##### *Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associate and joint ventures, 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 its associate, only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

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

#### (c) Offsetting

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

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.21 Employee benefits

#### (a) Pension obligations

The Group companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

Contributions to these defined contribution plans are expensed as incurred.

#### (b) Housing benefits

PRC employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds are expensed as incurred.

#### (c) 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.

### 2.22 Share-based payments

Share-based compensation benefits are provided to directors and employees via the Group. Information relating to these schemes is set out in Note 25(c).

#### Share options

The fair value of options granted by the Group is recognised as a director and employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.23 Provisions and contingent liabilities

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

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

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

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

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

### 2.24 Revenue recognition

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

#### (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 does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. 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.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.24 Revenue recognition (continued)

**(a) Sales of properties (continued)**

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

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

**(b) Construction services**

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time based on the progress towards complete satisfaction of construction services, by reference to the Group's efforts or inputs to the satisfaction of construction services relative to the total expected efforts or input.

**(c) Rental income**

Rental income from investment property is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

**(d) Service income**

Service income is recognised when the related services are rendered.

**(e) Financing 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.

**(f) Contract assets and contract liabilities**

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.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.25 Interest income

Interest income is presented as finance income where it is earned from bank deposits and is recognised using the effective interest method.

### 2.26 Dividend income

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

### 2.27 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### 2.28 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 and joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

## Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (continued)

### 2.29 Earnings per share

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

**(ii) 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 weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

## Notes to the Consolidated Financial Statements

### 3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (include foreign exchange risk and interest rate 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 factors

##### (a) Market risk

###### (i) Foreign exchange risk

The Group operates in the PRC with most transactions being settled in RMB, which is the functional currency of the Group companies, except for certain transactions which are settled in foreign currencies. As at 31 December 2021, major non-RMB assets and liabilities are cash and bank balances, senior notes and bank borrowings denominated in United State Dollars ("US\$") or Hong Kong Dollars ("HK\$"). Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. As at 31 December 2021, the Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The Group's foreign currency denominated monetary assets and liabilities as at 31 December 2021 amounted to approximately RMB912,060,000 and RMB18,905,384,000, respectively. (31 December 2020: RMB3,014,747,000 and RMB24,455,076,000, respectively).

The following table shows the sensitivity analysis in RMB against relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% appreciation/depreciation in RMB against the relevant currencies, respectively, the effect of increase/(decrease) on the profit for the year is:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
5% appreciation in RMB against:		
— US\$	97,699	1,016,645
— HK\$	43,925	55,372
5% depreciation in RMB against:		
— US\$	(97,699)	(1,016,645)
— HK\$	(43,925)	(55,372)

## Notes to the Consolidated Financial Statements

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (a) Market risk (continued)

###### (ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors the trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2021, if interest rates on borrowings at floating rates had been 100 basis points higher or lower with all other variables held constant, interest charges for the year ended 31 December 2021 would increase/decrease RMB144,053,000 (2020: RMB156,751,000), most of which would have been capitalised in qualified assets.

##### (b) Credit risk

The Group is exposed to credit risk in relation to its contract assets, amounts due from related parties, trade and other receivables and cash deposits with banks. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and bank balances, trade and other receivables, amounts due from related parties and contract assets shown in the consolidated balance sheet.

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 debtor's ability to meet its obligations
- actual or expected significant changes in the financial situation of individual property owner or the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status and operating results of debtor and individual property owner.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company.

## Notes to the Consolidated Financial Statements

## 3 Financial risk management (continued)

## 3.1 Financial risk factors (continued)

## (b) Credit risk (continued)

## (i) Cash deposits at banks

As at 31 December 2021, substantially all the Group's bank deposits included in cash and bank balances were deposited with major financial institutions incorporated in the PRC, which management believes are of high credit quality without significant credit risk. The Group's bank deposits as at 31 December 2021 were as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Big four commercial banks of the PRC (Note (i))	5,654,076	9,216,451
Other listed banks in the PRC	13,115,291	13,185,260
Other non-listed banks in the PRC	3,286,079	7,499,840
	<b>22,055,446</b>	<b>29,901,551</b>

Note (i): Big four commercial banks include Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China.

## (ii) Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

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. Detailed disclosure of such guarantees is made in Note 31. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced and immaterial.

## Notes to the Consolidated Financial Statements

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

###### (iii) *Other receivables and amounts due from related parties*

Other financial assets at amortised cost include other receivables and amounts due from related parties. The Group uses the expected credit loss model to determine the expected loss provision for other receivables and amounts due from related parties. The Group has assessed that there is no significant increase of credit risk for other receivables since initial recognition. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables and amounts due from related parties.

For other receivables and amounts due from related parties, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. The other receivables are mainly amounts due from minority interests, deposits for acquisition of the land use rights and property development projects. Management considered these receivables to be low credit risk as they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Besides, management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. Therefore, 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 bank balances or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and bank balances and through having available sources of financing.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

## Notes to the Consolidated Financial Statements

## 3 Financial risk management (continued)

## 3.1 Financial risk factors (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>As at 31 December 2021</b>					
Non-derivatives					
Borrowings	25,444,045	34,192,427	4,959,288	—	64,595,760
Trade and other payables, excluding accrual for staff costs and other taxes payable	20,898,724	—	—	—	20,898,724
Lease liabilities	14,854	12,568	2,705	934	31,061
Amounts due to related parties	9,087,530	—	—	—	9,087,530
	55,445,153	34,204,995	4,961,993	934	94,613,075
<b>As at 31 December 2020</b>					
Non-derivatives					
Borrowings	28,970,820	27,180,355	21,162,743	3,317,913	80,631,831
Trade and other payables, excluding accrual for staff costs and other taxes payable	25,068,600	—	—	—	25,068,600
Lease liabilities	11,368	7,080	6,940	4,544	29,932
Amounts due to related parties	5,291,322	—	—	—	5,291,322
	59,342,110	27,187,435	21,169,683	3,322,457	111,021,685

Note: Interests on borrowings were calculated on borrowings held as at 31 December 2021 (2020: same). Floating-rate interests were estimated using the current interest rate as at 31 December 2021 (2020: same).

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 31).

## Notes to the Consolidated Financial Statements

### 3 Financial risk management (continued)

#### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the 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 the owners, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and bank balances.

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Total borrowings (Note 26)	56,777,921	71,859,732
Less: Cash and bank balances (Note 21)	(22,055,446)	(29,901,778)
Net borrowings	34,722,475	41,957,954
Total equity	52,280,950	50,659,003
Gearing ratio	66.4%	82.8%

## Notes to the Consolidated Financial Statements

### 3 Financial risk management (continued)

#### 3.3 Fair value estimation

##### (a) Financial assets and liabilities

###### (i) Fair value hierarchy

The Group's financial assets include cash and bank balances, trade and other receivables, amounts due from related parties and FVPL. The Group's financial liabilities include trade and other payables, amounts due to related parties, and borrowings. The fair value for financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying amounts due to their short term maturities.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data 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.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

###### (ii) Valuation techniques used to determined fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of foreign currency forwards is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

## Notes to the Consolidated Financial Statements

## 3 Financial risk management (continued)

## 3.3 Fair value estimation (continued)

## (a) Financial assets and liabilities (continued)

## (ii) Valuation techniques used to determine fair values (continued)

The following table presents the Group's FVPL were measured at fair value at 31 December 2021.

Recurring fair value measurements	Note	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	18	229,479	909,043	1,138,522

The following table presents the Group's FVPL were measured at fair value at 31 December 2020.

Recurring fair value measurements	Note	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	18	1,007,135	351,968	1,359,103

## (iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2021 and 2020.

	Year end 31 December	
	2021 RMB'000	2020 RMB'000
<b>Financial assets at fair value through profit or loss</b>		
<b>Opening balance</b>	<b>351,968</b>	173,945
Additions	<b>531,105</b>	62,000
Fair value gains	<b>25,970</b>	116,023
<b>Closing balance</b>	<b>904,043</b>	351,968
Unrealised gains recognised for the year	<b>25,970</b>	116,023

## Notes to the Consolidated Financial Statements

### 3 Financial risk management (continued)

#### 3.3 Fair value estimation (continued)

##### (a) Financial assets and liabilities (continued)

###### (iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

The FVPL were measured at fair value, which was grouped into level 3 fair value measurements, subsequent to initial recognition. Techniques, such as discounted cash flow analysis, were used to determine fair value for the financial assets.

The Group's policy was to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers among levels 1, 2 and 3 for recurring fair value measurements.

##### (b) Non-financial assets

The non-financial assets of the Group are mainly investment properties measured at fair value.

###### (i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 3.3(a).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year.

## Notes to the Consolidated Financial Statements

### 3 Financial risk management (continued)

#### 3.3 Fair value estimation (continued)

##### (b) Non-financial assets (continued)

(ii) *Valuation techniques used to determine level 3 fair values*

The directors determine a property's value within a range of reasonable fair value estimates. Fair values of the Group's completed investment properties are derived using the income capitalisation approach. This valuation method takes into account the net rental income of a property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate.

Fair values of the Group's investment properties under development are derived using the direct comparison approach and residual approach. The direct comparison approach involves the analysis of recent market sales evidence of similar properties to compare with the premises under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparable is then compared with the subject and where there is a difference, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. The residual approach takes into account the residual value on the completed gross development value ("GDV") after deduction of the outstanding construction costs and expenses as well as profit element. It first assesses the GDV or estimated value of the proposed developments as if completed at the date of valuation. Estimated cost of the development includes construction costs, marketing, professional fees, finance charges, and associated costs, plus an allowance for the developer's risk and profit. The development costs are deducted from the GDV. The resultant figure is the residual value of the subject property.

All resulting fair value estimates for investment properties are included in level 3.

(iii) *Fair value measurements using significant unobservable inputs (level 3)*

Detailed disclosures of the changes in level 3 items for the years ended 31 December 2021 and 31 December 2020 for recurring fair value measurements are disclosed in Note 17.

## Notes to the Consolidated Financial Statements

## 3 Financial risk management (continued)

## 3.3 Fair value estimation (continued)

## (b) Non-financial assets (continued)

## (iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Properties status	Fair value at 31 December		Unobservable inputs	Range of inputs in	
	2021 RMB'000	2020 RMB'000		2021	2020
<b>Completed</b>	11,570,317	8,451,600	Capitalisation rate <sup>1</sup>	1%-5.3%	1%-5.3%
			Market rents <sup>2</sup> (RMB/square meter/month)	11-1,429	13-1,499
<b>Under development</b>	1,148,300	6,036,130	Market prices <sup>2</sup> (RMB/square meter)	270-8,913	274-8,933
			Market rents <sup>2</sup> (RMB/square meter/month)	37-500	40-509
			Anticipated developer's profit margins <sup>3</sup>	5%-20%	5%-20%
<b>Total</b>	<b>12,718,617</b>	<b>14,487,730</b>			

## Notes to the Consolidated Financial Statements

### 3 Financial risk management (continued)

#### 3.3 Fair value estimation (continued)

##### (b) Non-financial assets (continued)

###### (iv) Valuation inputs and relationships to fair value (continued)

Relationship of unobservable inputs to fair value:

- 1 The higher the capitalisation rate, the lower the fair value;
- 2 The higher the market rents and market prices, the higher the fair value;
- 3 The higher the anticipated developer's profit margins, the lower the fair value.

###### (v) Valuation processes

The Group's investment properties were valued at 31 December 2021 by independent professionally qualified valuer, Savills Real Estate Valuation (Guangzhou) Ltd. Beijing Branch, who has 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 reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and valuer at least once every six months, in line with the Group's interim and annual reporting process.

At each reporting period end, the finance department:

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

As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

## Notes to the Consolidated Financial Statements

### 4 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### **(a) Provisions for properties under development, completed properties held for sale and prepayment for acquisition of land use rights**

The Group assesses the carrying amounts of properties under development, completed properties held for sale and prepayments for acquisition of land use rights according to their net realisable values based on the reliability of these properties and prepayments. As a result, provisions for properties under development, completed properties held for sale and prepayment for acquisition of land use rights involve critical accounting estimates on the future selling prices and variable selling expenses for the properties, as well as the costs to completion for properties under development and prepayments for acquisition of land use rights.

#### **(b) Classification of subsidiaries, joint ventures and associates**

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

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

Accordingly, any inappropriate classification as a result of recognition or derecognition of the investments could have a material and pervasive impact on the consolidated financial statements.

## Notes to the Consolidated Financial Statements

## 4 Critical estimates and judgements (continued)

### (c) Corporate income tax, land appreciation tax and deferred taxation

The Group is subject to corporate income tax and land appreciation tax ("LAT") in the PRC. Judgement is required in determining the provision for corporate income tax and LAT. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Group has not finalised its corporate income tax and LAT calculations and payments with certain local tax authorities in charge of certain of the Group's projects in the PRC. The Group recognised the corporate income tax and LAT based on management's best estimates according to the interpretation of the applicable tax rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the corporate income tax and LAT 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.

Deferred income tax liabilities are provided to the taxable temporary differences arising from the Group's investments in subsidiaries, joint ventures and associates unless the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Provisions for deferred land appreciation tax liabilities relating to the taxable temporary difference of investment properties are provided unless management determines that the expected manner of recovery of the properties is through rental income from the lease of the properties only. All these involve management's judgements and estimations and the actual outcome may be different.

## Notes to the Consolidated Financial Statements

## 5 Segment information

The executive directors have been identified as the CODM. Management has determined the operating segments based on the reports reviewed by the executive directors, which are used to allocate resources and assess performance.

The Group is principally engaged in the property development in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the year ended 31 December 2021 (2020: same).

- (a) As at 31 December 2021, except for parts of term deposits and financial assets at fair value through profit or loss, other assets of the Group were located in the PRC (2020: same).
- (b) There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2021 (2020: same).

## 6 Revenue

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers:		
Revenue from sales of properties		
— Recognised at point in time	<b>31,703,628</b>	46,577,900
Revenue from construction services, hotel operations and others:		
— Recognised at a point in time	<b>481,507</b>	267,976
— Recognised over time	<b>934,577</b>	1,322,943
Revenue from other sources – rental income	<b>164,302</b>	133,686
	<b>33,284,014</b>	48,302,505

## Notes to the Consolidated Financial Statements

## 7 Expenses by nature

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Cost of properties sold (excluding staff costs)	29,250,399	42,414,039
Staff costs (including directors' emoluments) (Note 8)	1,011,731	1,458,742
Advertising costs	595,204	489,930
Taxes and other levies	303,827	298,991
Consulting fees	247,288	246,496
Property management fees	263,662	293,312
Depreciation of property, plant and equipment	46,176	124,391
Office and travelling expenses	84,729	98,653
Expenses relating to short-term leases and low-value assets	60,780	48,819
Entertainment expenses	54,269	58,992
Amortisation of intangible assets and right-of-use assets	38,971	38,545
Auditors' remuneration	14,438	9,906
(Reversal of) impairment losses on other receivables	(4,600)	29,879
Others	172,338	242,371
Total	32,139,212	45,853,066

## 8 Staff costs – including directors' emoluments

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Fees, salaries and other benefits	934,046	1,439,691
Discretionary bonuses	—	—
Pension costs	77,685	19,051
	1,011,731	1,458,742

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 prior year employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

## Notes to the Consolidated Financial Statements

## 8 Staff costs – including directors' emoluments (continued)

## (a) Directors' emoluments

The directors' emoluments paid/payable by the Group are as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Fees, salaries and other benefits	13,572	13,834
Pension costs	20	20
	<b>13,592</b>	<b>13,854</b>

## (i) For the year ended 31 December 2021

Name of directors	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonuses RMB'000	Pension costs RMB'000	Total RMB'000
Executive directors:					
— Mr. Ou	—	2,929	—	4	2,933
— Mr. Yu Lijuan	—	3,024	—	4	3,028
— Ms. Zeng Feiyan	—	2,424	—	4	2,428
— Mr. Ruan Youzhi	—	2,424	—	4	2,428
— Mr. Zhang Lixin	—	2,024	—	4	2,028
Non-executive director:					
— Ms. Chen Shucui	—	—	—	—	—
Independent non-executive directors:					
— Mr. Ren Yunan	249	—	—	—	249
— Mr. Qu Wenzhou	249	—	—	—	249
— Mr. Ruan Weifeng	249	—	—	—	249
	<b>747</b>	<b>12,825</b>	<b>—</b>	<b>20</b>	<b>13,592</b>

## Notes to the Consolidated Financial Statements

## 8 Staff costs – including directors' emoluments (continued)

## (a) Directors' emoluments (continued)

## (ii) For the year ended 31 December 2020

Name of directors	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonuses RMB'000	Pension costs RMB'000	Total RMB'000
Executive directors:					
— Mr. Ou	—	3,137	—	4	3,141
— Mr. Yu Lijuan	—	3,024	—	4	3,028
— Ms. Zeng Feiyan	—	2,424	—	4	2,428
— Mr. Ruan Youzhi	—	2,424	—	4	2,428
— Mr. Zhang Lixin	—	2,024	—	4	2,028
Non-executive director:					
— Ms. Chen Shucui	—	—	—	—	—
Independent non-executive directors:					
— Mr. Ren Yunan	267	—	—	—	267
— Mr. Qu Wenzhou	267	—	—	—	267
— Mr. Ruan Weifeng	267	—	—	—	267
	801	13,033	—	20	13,854

During the year ended 31 December 2021, one of the directors of the Company, Ms. Chen Shucui has waived her emoluments (2020: same). Other directors of the Company did not waive their emolument nor agreed to waive their emoluments.

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors, nor are any payable (2020: same). No consideration was provided to or receivable by third parties for making available directors' services (2020: same).

## Notes to the Consolidated Financial Statements

## 8 Staff costs – including directors' emoluments (continued)

## (a) Directors' emoluments (continued)

There were no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities as at 31 December 2021 (2020: same).

Other than those disclosed in Note 35(e), there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2020: same).

## (b) Five highest paid individuals

For the year ended 31 December 2021, the five individuals whose emoluments were the highest in the Group included four (2020: four) directors, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2020: one) individual during the year are as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Fees, salaries and other benefits	2,182	2,064
Discretionary bonuses	—	—
Pension costs	4	4
	<b>2,186</b>	<b>2,068</b>

The emoluments payable to the remaining one (2020: one) individual falls within the following band:

	Year ended 31 December	
	2021	2020
Annual emolument band:		
— HK\$2,000,000 – HK\$3,000,000	1	1

During the year ended 31 December 2021, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2020: none).

## Notes to the Consolidated Financial Statements

## 9 Other income and other gains – net

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
<b>Other income:</b>		
Interest income	373,661	248,568
Forfeited deposits from customer	42,471	30,049
Government grants	27,580	18,468
Miscellaneous	6,572	5,782
	<b>450,284</b>	<b>302,867</b>
<b>Other gains — net</b>		
Gain from bond repurchase	—	91,143
Fair value loss on derivative financial instruments (note i)	—	(8,080)
Disposal gain of subsidiaries	633,328	68,803
Fair value gains on financial assets at FVPL	25,970	184,502
Net foreign exchange losses (note ii)	(32,438)	—
(Loss)/gain from disposal of an associate	(67,135)	32,207
Gain from disposal of property, plant and equipment	147,583	4,583
	<b>707,308</b>	<b>373,158</b>

- (i) The fair value loss on derivative financial instruments was primary attributable to the fair value change of the forward exchange contracts. The derivative financial instruments was disposed of during the year ended 31 December 2020.
- (ii) 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 income/(costs) – net” (Note 10).

## Notes to the Consolidated Financial Statements

## 10 Finance income/(costs) – net

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Finance income		
— Interest income from bank deposits	315,251	630,470
— Net foreign exchange gain	421,241	1,177,789
	<b>736,492</b>	1,808,259
Finance costs		
— Interest expenses of borrowings	(5,869,815)	(5,390,830)
— Less: capitalised interest (Note (i))	5,233,541	4,931,354
	<b>(636,274)</b>	(459,476)
Finance income/(costs) – net	<b>100,218</b>	1,348,783

- (i) The capitalisation rate used to determine the amount of borrowing costs to be capitalised, which is the weighted average interest rate applicable to the Group's borrowings for the year ended 31 December 2021, was 6.73% (2020: 6.75%).

## Notes to the Consolidated Financial Statements

## 11 Subsidiaries

## (a) The Group's principal subsidiaries

The Group's principal subsidiaries at 31 December 2021 are set out below. The proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of companies		Type of legal status	Place of operation/ establishment	Principal activities	Authorised/ registered/paid up capital and debt securities	Ownership interest held by the Group %	Ownership interest held by non-controlling interests %
<b>Indirectly held by the Company:</b>							
融信(福建)投資集團有限公司	Rongxin (Fujian) Investment Group Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB4,025,000,000	100	—
福州融信雙杭投資發展有限公司	Fuzhou Rongxin Shuanghang Investment Development Co., Ltd	Limited liability company	PRC	Property development	Registered capital of RMB200,000,000 and paid up capital of RMB100,000,000	100	—
福建世歐投資發展有限公司	Fujian Shiou Investment Development Co., Ltd	Limited liability company	PRC	Investment holdings	Registered and paid up capital of RMB500,000,000	50	50
杭州融信樞昇房地產開發有限公司	Hangzhou Rongxin Kaisheng Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB1,000,000,000	100	—
上海愷冠臻房地產開發有限公司	Shanghai Kaiguanzhen Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB5,500,000,000	50	50
上海愷珩房地產開發有限公司	Shanghai Kaiheng Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB1,000,000,000	50	50
昆山融信樞庭房地產開發有限公司	Kunshan Rongxin Kaiting Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB1,000,000,000	50	50
浙江德盛置業有限公司	Zhejiang Desheng Property Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB50,000,000	22(i)	78
杭州金昇房地產開發有限公司	Hangzhou Jinsheng Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB700,000,000	24(i)	76
鄭州融信朗悅置業有限公司	Zhengzhou Rongxin Langyue Property Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB910,000,000	47(i)	53
上海興美置業有限公司	Shanghai Xingmei Property Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB2,600,000,000	31(i)	69
廣州市融佳企業管理有限公司	Guangzhou Rongjia Enterprise Management Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB100,000,000	51	49
福建融光錦置業有限公司	Fujian Rongguangjin Real Estate Co., Ltd	Limited liability company	PRC	Property development	Registered capital of RMB2,000,000,000 and paid up capital of RMB4,000,000,000	51	49
安徽海亮房地產有限公司	Anhui Hailiang Real Estate Co., Ltd	Limited liability company	PRC	Property development	Registered capital of RMB3,150,000,000 and paid up capital of RMB2,162,500,000	55	45
寧波海亮房地產投資有限公司	Ningbo Hailiang Real Estate Investment Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB300,000,000	55	45

\* The English names of PRC companies above represent management's best effort in translating their Chinese names as no English names have been registered or available.

## Notes to the Consolidated Financial Statements

## 11 Subsidiaries (continued)

## (a) The Group's principal subsidiaries (continued)

(i) In accordance with the cooperation agreements with co-developers and articles of associations of these companies, the Group has controlling power in the shareholders' meetings and board of directors' meetings in decision on the relevant operational activities. Accordingly, the Group has exposure or rights to variable returns from its involvement with these companies, and has the ability to affect those returns through its majority voting position and the existing rights to direct the relevant activities. Accordingly, these companies are accounted for as subsidiaries of the Group.

## (ii) Significant restriction

The conversion of RMB denominated balances of cash and bank balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government. These regulations provide for restrictions on exporting capital from the PRC, other than through normal dividends. As at 31 December 2021, the carrying amount of the cash and bank balances included in the consolidated financial statements to which these restrictions applied was denominated in RMB(2020: same).

Certain equity interests in the subsidiaries of the Company were pledged for financing arrangements of the Group as at 31 December 2021 and 2020 (Note 33).

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.

## (b) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the combined summarised financial information for the Hailiang Group that has non-controlling interests that are material to the Group. Hailiang Group was acquired from a third party on 31 July 2017. The amounts disclosed for the Hailiang Group are before inter-company eliminations.

## Summarised balance sheets as at 31 December

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Non-current assets	1,069,387	846,992
Non-current liabilities	(644,384)	(764,241)
Non-current net assets	425,003	82,751
Current assets	14,193,050	15,144,654
Current liabilities	(3,877,841)	(4,928,136)
Current net assets	10,315,209	10,216,518
Net assets	10,740,212	10,299,269
Proportionate share of the net assets attributable to non-controlling interests	5,125,746	4,943,199

## Notes to the Consolidated Financial Statements

## 11 Subsidiaries (continued)

## (b) Summarised financial information on subsidiaries with material non-controlling interests (continued)

**Summarised income statement and statement of comprehensive income for the years ended 31 December 2021 and 2020**

	Year ended 31 December 2021	Year ended 31 December 2020
	RMB'000	RMB'000
Profit before income tax	436,217	946,773
Income tax expense	(60,732)	(227,412)
Profit for the year	375,485	719,361
Total comprehensive income for the year	375,485	719,361
Total profit and comprehensive income for the year allocated to non-controlling interests	269,472	424,124

**Summarised statement of cash flows for the years ended 31 December 2021 and 2020**

	Year ended 31 December 2021	Year ended 31 December 2020
	RMB'000	RMB'000
Net cash used in operating activities	(969,213)	(1,915,521)
Net cash used in investing activities	(406,201)	(802,803)
Net cash generated from financing activities	57,118	112,886
Net decrease in cash and cash equivalents	(1,318,296)	(2,605,438)
Cash and cash equivalents at beginning of the year	3,313,135	5,918,573
Cash and cash equivalents at end of the year	1,994,839	3,313,135

## Notes to the Consolidated Financial Statements

## 12 Investments accounted for using the equity method

## (a) Investments accounted for using the equity method

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

## (i) Amounts recognised in the consolidated balance sheet are as follows:

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Investments accounted for using the equity method:		
— Joint ventures	5,972,032	5,018,613
— Associates	5,883,064	5,843,766
	<b>11,855,096</b>	<b>10,862,379</b>

## (ii) The amounts recognised in the consolidated income statement are as follows:

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method:		
— Joint ventures	194,232	479,950
— Associates	(91,992)	131,508
	<b>102,240</b>	<b>611,458</b>

(iii) The Group made equity investments in certain real estate project companies where the Group has significant influence or jointly controls, with total consideration of RMB1,469,190,000 during the year ended 31 December 2021 (2020: RMB4,703,359,000). The Group accounted for these equity investments using the equity method.

## Notes to the Consolidated Financial Statements

## 12 Investments accounted for using the equity method (continued)

(b) Set out below are major joint ventures and associates of the Group as at 31 December 2021. The place of incorporation or registration is also their principal place of business.

Name of entity		Place of incorporation and business	% of ownership interest	Measurement method	Principal activities
<b>Joint ventures</b>					
福州利博順泰房地產開發有限公司	Fuzhou Liboshuntai Property Development Co., Ltd. ("Fuzhou Liboshuntai")	PRC	50%	Equity	Property development
海融(漳州)房地產有限公司	Hairong (Zhangzhou) Property Co., Ltd.	PRC	50%	Equity	Property development
杭州信辰置業有限公司	Hangzhou Xincheng Property Co., Ltd.	PRC	34%	Equity	Property development
福州裕百川房地產開發有限公司	Fuzhou Yubaichuan Real Estate Development Co., Ltd.	PRC	34%	Equity	Property development
杭州眾旭置業有限公司	Hangzhou Zhongxu Property Co., Ltd.	PRC	30%	Equity	Property development
東台市新碧房地產開發有限公司	Dongtai Xinbi Real Estate Development Co., Ltd.	PRC	11%	Equity	Property development
阜陽綠地置業有限公司	Fuyang Lvdi Property Co., Ltd.	PRC	15%	Equity	Property development
合肥海亮置業有限公司	Hefei Hai Liang Property Co., Ltd.	PRC	20%	Equity	Property development
寧波奉化和都房地產開發有限公司	Ningbo Fenghua Hedu Property Development Co., Ltd.	PRC	22%	Equity	Property development
金華市瑞盈房地產有限公司	Jinhua Ruiying Real Estate Co., Ltd.	PRC	44%	Equity	Property development
慈溪市金桂置業有限公司	Cixi Jingui Property Co., Ltd.	PRC	18%	Equity	Property development
杭州乾唐房地產開發有限公司	Hanzhou Qiantang Real Estate Development Co., Ltd.	PRC	32%	Equity	Property development
天津金騰置業有限公司	Tianjin Jinteng Property Co., Ltd.	PRC	48%	Equity	Property development
杭州星榮置業有限公司	Hanzhou Xingrong Property Co., Ltd.	PRC	17%	Equity	Property development

## Notes to the Consolidated Financial Statements

## 12 Investments accounted for using the equity method (continued)

(b) Set out below are major joint ventures and associates of the Group as at 31 December 2021. The place of incorporation or registration is also their principal place of business. (continued)

Name of entity		Place of incorporation and business	% of ownership interest	Measurement method	Principal activities
<b>Associates</b>					
銀川海茂房地產有限公司	Yinchuan Hai Mao Real Estate Co., Ltd.	PRC	27%	Equity	Property development
陝西海和房地產開發有限公司	Shanxi Haihe Property Development Co., Ltd	PRC	26%	Equity	Property development
杭州融洽實業有限公司	Hangzhou Rongqia Industrial Co., Ltd	PRC	48%	Equity	Property development
青島西海岸科創投資開發有限公司	Qingdao West Coast Kechuang Investment Development Co., Ltd	PRC	14%	Equity	Property development
鎮江億騰房地產開發有限公司	Zhenjiang Yiteng Real Estate Development Co., Ltd.	PRC	16%	Equity	Property development
杭州錦虹房地產開發有限公司	Hanzhou Jinhong Real Estate Development Co., Ltd.	PRC	21%	Equity	Property development
杭州濱興實業有限公司	Hangzhou Binxing Industrial Co., Ltd	PRC	19%	Equity	Property development
蘇州保環置業有限公司	Suzhou Baojing Real Estate Co., Ltd	PRC	20%	Equity	Property development
漳州市萬科濱江置業有限公司	Zhangzhou City Wankebinjiang Property Co., Ltd.	PRC	20%	Equity	Property development
銀川世海房地產有限公司	Yinchuan Shihai Real Estate Co., Ltd.	PRC	27%	Equity	Property development

The English names of PRC companies above represent management's best effort in translating their Chinese names as no English names have been registered or available.

## Notes to the Consolidated Financial Statements

## 13 Income tax expenses

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Current income tax:		
PRC corporate income tax	738,717	1,801,850
PRC LAT	120,859	124,051
	<b>859,576</b>	1,925,901
Deferred income tax:		
PRC corporate income tax (note 27)	(113,708)	(519,027)
Income tax expenses	<b>745,868</b>	1,406,874

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profit/loss of the consolidated entities as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Profit before income tax	2,472,600	4,901,373
Less: share of net profits of associates and joint ventures	(102,240)	(611,458)
	<b>2,370,360</b>	4,289,915
Tax calculated at applicable corporate income tax rates	541,522	1,033,997
Effect of income not taxable for tax purpose	(13,388)	(228,424)
Effect of expenses not deductible for tax purpose	60,425	379,508
Effect of tax losses not recognised as deferred tax assets	66,665	128,755
PRC LAT deductible for income tax purpose	(30,215)	(31,013)
PRC corporate income tax	<b>625,009</b>	1,282,823
PRC LAT	<b>120,859</b>	124,051
	<b>745,868</b>	1,406,874

Deferred tax liabilities of RMB1,920,758,300 (2020: RMB1,671,937,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries amounting to RMB19,207,583,000 as at 31 December 2021 (31 December 2020: RMB16,719,370,000). The Group does not have a plan to distribute these earnings out of the PRC in the foreseeable future.

## Notes to the Consolidated Financial Statements

### 13 Income tax expense (continued)

#### 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 the years ended 31 December 2020 and 2021, 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% according to the Corporate Income Tax Law of the PRC (the "CIT Law") effective on 1 January 2008.

#### PRC LAT

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 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 rates.

#### PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the CIT Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

#### Hong Kong profits tax

The applicable Hong Kong profits tax rate was 16.5% for the year ended 31 December 2021 (2020: 16.5%). Hong Kong profits tax was not been provided as the Group did not have any assessable profit subject to Hong Kong profits tax for the year ended 31 December 2021 (2020: nil).

#### Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act Cap.22 of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "BVI") was incorporated under the Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

## Notes to the Consolidated Financial Statements

## 14 Earnings per share

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

**(a) Basic earnings per share**

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 financial year.

	Year ended 31 December	
	2021	2020
Profit attributable to owners of the Company (RMB'000)	1,295,049	2,428,123
Weighted average number of ordinary shares in issue	1,683,782,376	1,703,181,000
Basic earnings per share (RMB per share)	0.77	1.43

**(b) Diluted earnings per share**

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	Year ended 31 December	
	2021	2020
Profit attributable to owners of the Company (RMB'000)	1,295,049	2,428,123
Weighted average number of ordinary shares in issue	1,683,782,376	1,703,181,000
Adjustments – share options and awarded shares	—	3,659,000
Weighted average number of ordinary shares for diluted earnings per share	1,683,782,376	1,706,840,000
Diluted earnings per share (RMB per share)	0.77	1.42

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options were higher than the average market price for share for the year 2021.

The Company repurchased and cancelled 1,830,000 of its own ordinary shares of the Company during the year ended 31 December 2021 (2020: 33,152,500 of its own ordinary shares).

## Notes to the Consolidated Financial Statements

## 15 Property, plant and equipment

	Buildings RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements and furniture, fitting and equipment RMB'000	Total RMB'000
<b>As at 1 January 2020</b>					
Cost	1,692,170	50,870	59,389	115,344	1,917,773
Accumulated depreciation	(195,512)	(34,019)	(38,986)	(81,640)	(350,157)
Net book amount	1,496,658	16,851	20,403	33,704	1,567,616
<b>Year ended 31 December 2020</b>					
Opening net book amount	1,496,658	16,851	20,403	33,704	1,567,616
Acquisition of subsidiaries	—	6	126	1,367	1,499
Disposal of subsidiaries	(32,356)	—	—	—	(32,356)
Additions	—	2,900	1,941	12,892	17,733
Disposals	(3,484)	(499)	(1,092)	(87)	(5,162)
Depreciation charges	(82,371)	(8,842)	(6,238)	(26,940)	(124,391)
Closing net book amount	1,378,447	10,416	15,140	20,936	1,424,939
<b>At 31 December 2020</b>					
Cost	1,656,330	53,277	60,364	129,516	1,899,487
Accumulated depreciation	(277,883)	(42,861)	(45,224)	(108,580)	(474,548)
Net book amount	1,378,447	10,416	15,140	20,936	1,424,939
<b>Year ended 31 December 2021</b>					
Opening net book amount	1,378,447	10,416	15,140	20,936	1,424,939
Acquisition of subsidiaries (Note 34)	—	15	—	110	125
Disposal of subsidiaries	—	(131)	(947)	(744)	(1,822)
Additions	—	1,803	3,907	11,171	16,881
Disposals	(146,426)	(5,906)	(820)	(16,783)	(169,935)
Depreciation charges	(68,922)	(3,026)	(4,525)	(4,496)	(80,969)
Closing net book amount	1,163,099	3,171	12,755	10,194	1,189,219
<b>At 31 December 2021</b>					
Cost	1,370,072	52,957	50,147	129,623	1,602,799
Accumulated depreciation	(206,973)	(49,786)	(37,392)	(119,429)	(413,580)
Net book amount	1,163,099	3,171	12,755	10,194	1,189,219

## Notes to the Consolidated Financial Statements

## 15 Property, plant and equipment (continued)

As at 31 December 2021 and 2020, certain properties, plant and equipment of the Group are pledged as security for the borrowings of the Group (Note 33).

## 16 Leases

### (i) Amounts recognised in the balance sheet:

	31 December 2021	31 December 2020
	RMB'000	RMB'000
<b>Right-of-use assets</b>		
Land use rights (a)	403,963	419,074
Properties	32,986	25,109
	<b>436,949</b>	<b>444,183</b>
<b>Lease liabilities</b>		
Current	13,175	9,900
Non-current	20,643	15,431
	<b>33,818</b>	<b>25,331</b>

Additions to the right-of-use assets during the 2021 financial year were RMB29,505,000 (2020: RMB16,827,000).

- (a) As at 31 December 2021 and 2020, certain land use rights of the Group are pledged as security for the borrowings of the Group (Note 33).

## Notes to the Consolidated Financial Statements

## 16 Leases (continued)

## (ii) Amounts recognised in the statement of profit or loss

	Year ended 31 December 2021	Year ended 31 December 2020
	RMB'000	RMB'000
<b>Depreciation charge of right-of-use assets:</b>		
Land use rights	15,111	15,111
Properties	21,628	21,088
	<b>36,739</b>	36,199
Interest expense (included in finance costs)	2,758	2,386
Expense relating to short-term leases and low-value assets (included in administrative expenses) (Note 7)	60,780	48,819
	<b>63,538</b>	51,205
Cash outflow for leases payments	<b>108,334</b>	74,998

## (iii) The Group's leasing activities and how these are accounted for

The Group mainly leases various offices. Rental contracts are typically made for fixed periods of 2 to 4 years, but may have extension options as described below.

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.

## Notes to the Consolidated Financial Statements

## 17 Investment properties

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
<b>Non-current assets – at fair value:</b>		
Opening balance at 1 January	14,487,730	13,224,100
Additions	769,759	2,695,162
Disposal of subsidiaries	(2,506,620)	(1,247,200)
Fair value loss	(32,252)	(184,332)
Closing balance at 31 December	12,718,617	14,487,730
Total loss for the year recognised in profit or loss and included in “fair value losses on investment properties” of the consolidated income statement – unrealised	(32,252)	(184,332)
Rental income (Note 6)	164,302	133,686

- (a) As at 31 December 2021, the Group had no contractual obligations for repairs, maintenance or enhancements (2020: same).
- (b) As at 31 December 2021 and 2020, certain investment properties of the Group are pledged as security for the borrowings of the Group (Note 33).
- (c) The capitalisation rate of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group’s borrowings during the year ended 31 December 2021, which is 6.73% (2020: 6.75%).
- (d) The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include no variable lease payments that depend on a rate. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.
- (e) The future aggregate minimum rental receivables under non-cancellable operating lease are as follows:

	As at 31 December	
	2021 RMB'000	2020 RMB'000
— Not later than one year	118,961	149,570
— Later than one year and not later than five years	447,575	394,217
— Later than five years	774,216	410,582
	1,340,752	954,369

## Notes to the Consolidated Financial Statements

## 18 Financial assets at fair value through profit or loss

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
<b>Non-current assets</b>		
— Unlisted equity securities	689,668	996,855
<b>Current assets</b>		
— Trusts and wealth management products	448,854	362,248
	<b>1,138,522</b>	<b>1,359,103</b>

The investments represented mainly unlisted equity investments in various real estate entities which the Group holds less than 20% equity interest and various fund, trust and wealth management products. These investments were not traded in active markets. The fair value of investment funds and trusts were determined in accordance with observable market data, which were categorised within level 2 of the fair value hierarchy. The fair value of the equity of unlisted real estate entities and wealth management products were determined based on unobservable market data, which were categorised within level 3 of the fair value hierarchy. Fair value gains on financial assets at FVPL recognised in "other gains – net" was RMB25,970,000 for the year ended 31 December 2021 (2020: RMB184,502,000) (Note 9).

## 19 Financial instruments by category

	As at 31 December	
	2021 RMB'000	2020 RMB'000
<b>Financial assets:</b>		
Financial assets at amortised cost		
– Trade receivable and other receivables	21,178,657	17,938,044
– Amounts due from related parties	11,285,065	5,984,288
– Cash and bank balances	22,055,446	29,901,778
Financial assets at fair value through profit or loss	1,138,522	1,359,103
	<b>55,657,690</b>	<b>55,183,213</b>
<b>Financial liabilities:</b>		
Liabilities at amortised cost		
– Trade and other payables, excluding accrual for staff costs and allowances and other taxes payable	20,898,724	25,068,600
– Amounts due to related parties	9,087,530	5,291,322
– Borrowings	56,777,921	71,859,732
	<b>86,764,175</b>	<b>102,219,654</b>

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

## Notes to the Consolidated Financial Statements

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

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within one operating cycle. The relevant land use rights are on leases of 40 to 70 years.

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Properties under development expected to be completed		
– Within normal operating cycle included under current assets	<b>127,448,610</b>	120,098,735

The normal operating cycle of the Group's property development generally ranges from one to three years.

The amounts of RMB45,305,531,000 as at 31 December 2021 (2020: RMB73,412,699,000) under normal operating cycle classified as current assets were expected to be completed and delivered beyond one year.

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Properties under development:		
– Construction costs	<b>22,295,891</b>	21,010,102
– Capitalised interests	<b>16,537,722</b>	15,584,003
– Land use rights	<b>88,614,997</b>	83,504,630
	<b>127,448,610</b>	120,098,735
Completed properties held for sale:		
– Construction costs	<b>9,660,231</b>	7,194,348
– Capitalised interests	<b>2,372,004</b>	1,766,523
– Land use rights	<b>6,854,878</b>	5,105,093
	<b>18,887,113</b>	14,065,964

## Notes to the Consolidated Financial Statements

## 20 Properties under development and completed properties held for sale (continued)

### (a) Assigning costs to properties under development and completed properties held for sale

The costs of individual items of properties under development are determined where costs are assigned by specific identification and include the cost of acquisition, development and borrowing costs incurred during the development. See Note 2.15 for the Group's accounting policies for properties under development and completed properties held for sale.

The capitalisation rate of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings during the year ended 31 December 2021, which is 6.73% per annum (2020: 6.75% per annum).

### (b) Amounts recognised in profit or loss

Completed properties held for sale recognised as costs of sales during the year ended 31 December 2021 amounted to RMB28,346,729,000 (2020: RMB38,494,658,000).

Write-downs of the properties under development and completed properties held for sale to net realisable value amounted to RMB225,109,000 (2020: RMB481,707,000), which were recognised as costs of sales during the year ended 31 December 2021.

### (c) Pledge information

As at 31 December 2021 and 2020, certain properties under development and completed properties held for sale of the Group are pledged as security for the borrowings of the Group (Note 33).

## 21 Cash and bank balances

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Cash and cash equivalents	11,719,745	19,854,876
Term deposits (Note (a))	3,852,874	6,989,416
Restricted cash (Note (b))	6,482,827	3,057,486
	<b>22,055,446</b>	<b>29,901,778</b>

- (a) The weighted average effective interest rate of the Group's term deposits as at 31 December 2021 was 3.26% per annum (31 December 2020: 3.27% per annum). The carrying amounts of the Group's term deposits approximate their fair values, as the impact of discounting is not significant.

## Notes to the Consolidated Financial Statements

## 21 Cash and bank balances (continued)

- (b) Amounts mainly represent cash deposits with designated banks as guarantee deposits for construction of properties, securities for borrowings and for issuance of commercial bills.

In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group were required to place certain amount of properties presale proceeds 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 PRC 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.

## 22 Contract assets and liabilities

The Group has recognised following assets and liabilities related to contracts with customer:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Current contract assets:		
Contract cost – sales commission	963,264	864,862
Contract assets – provision of construction service	263,980	233,802
	<b>1,227,244</b>	1,098,664
Current contract liabilities – sales of properties	<b>90,094,226</b>	65,076,080

### (i) Revenue recognised in relation to contract liabilities

- (a) The following table set out the amount of 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 liability balance at the beginning of the period		
— sales of properties	<b>24,242,908</b>	35,181,850

- (b) 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.

## Notes to the Consolidated Financial Statements

## 23 Trade and other receivables and prepayments

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Trade receivables (Note (a))	798,941	158,346
Other receivables:		
— Amounts due from minority interests	8,594,504	11,517,665
— Deposits for acquisition of land use rights and property development projects	8,832,887	1,023,719
— Other amounts due from third parties	2,496,070	3,815,765
— Deposits for construction contracts	436,842	145,840
— Others	44,692	1,306,588
Less: loss allowance	(25,279)	(29,879)
	<b>20,379,716</b>	17,779,698
Prepayments:		
— Prepayments for acquisition of land use rights	6,897,082	6,240,560
— Prepaid value added tax and other taxes	4,440,430	5,166,163
— Others	134,784	173,418
	<b>11,472,296</b>	11,580,141
Current portion of trade and other receivables and prepayments	<b>32,650,953</b>	29,518,185

## Notes to the Consolidated Financial Statements

## 23 Trade and other receivables and prepayments (continued)

- (a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sale of properties is settled in accordance with the terms stipulated in the sale and purchase agreements.

Ageing analysis of the trade receivables is as follows:

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Within one year	798,941	158,280
Over one year	—	66
	<b>798,941</b>	<b>158,346</b>

These trade receivables relate to a number of independent customers for whom there is no significant financial difficulty. Management does not expect any credit loss for these trade receivables.

- (b) As at 31 December 2021, the Group's trade and other receivables were mainly denominated in RMB (2020: same). As at 31 December 2021, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (2020: same).

## Notes to the Consolidated Financial Statements

## 24 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2020	1,715,526,000	17,126	15	4,902,013	4,902,028
Buy-back and cancellation of shares (Note (b))	(33,152,500)	(332)	—	(202,908)	(202,908)
Final dividend of 2019	—	—	—	(935,157)	(935,157)
Share option scheme					
— Exercise of share options	2,887,600	29	—	22,247	22,247
At 31 December 2020	1,685,261,100	16,823	15	3,786,195	3,786,210
At 1 January 2021	<b>1,685,261,000</b>	<b>16,823</b>	<b>15</b>	<b>3,786,195</b>	<b>3,786,210</b>
Buy-back and cancellation of shares (Note (c))	<b>(1,830,000)</b>	<b>(18)</b>	—	<b>(8,341)</b>	<b>(8,341)</b>
Final dividend of 2020 (Note 28)	—	—	—	<b>(695,173)</b>	<b>(695,173)</b>
At 31 December 2021	<b>1,683,431,000</b>	<b>16,805</b>	<b>15</b>	<b>3,082,681</b>	<b>3,082,696</b>

- (a) The authorised share capital of the Company as at 31 December 2021 was HK\$380,000 (2020: same) divided into 38,000,000,000 shares (2020: same).
- (b) The Company acquired 33,152,500 of its own shares through purchases from the stock market during the year ended 31 December 2020 for cash totalling HK\$226,990,000 (equivalent to RMB202,908,000) and which was deducted from the share premium account. The shares were cancelled after the repurchase.
- (c) The Company acquired 1,830,000 of its own shares through purchases from the stock market during the year ended 31 December 2021 for cash totalling HK\$9,968,000 (equivalent to RMB8,341,000) and which was deducted from the share premium account. The shares were cancelled after the repurchase.

## Notes to the Consolidated Financial Statements

## 25 Other reserves

### (a) Capital reserves

Capital reserves mainly represented accumulated capital contribution from the then shareholders of the Group companies.

### (b) Statutory reserves

In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

### (c) Share-based compensation reserves

The Company approved and adopted a share option scheme on 28 December 2015 (the "Share Option Scheme"). Share options under the Share Option Scheme (the "Option") are granted to eligible participant (the "Eligibles") including directors and other employees. Options are conditional on the Eligibles have served the Group for certain periods (the vesting period). Share Options are granted for no consideration and carry no dividend or voting rights. When exercisable, each Option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the Options in cash.

On 5 January 2017, approximately 62,469,000 Options (the "2017 Options") were granted to Eligibles with an exercise price of HK\$5.96 per share. The expiry date of the Options will be 4 January 2022.

On 30 April 2019, approximately 26,571,973 share options (the "2019 Options") were granted to Eligibles with an exercise price of HK\$10.80 per share. The expiry date of the 2019 Options will be 4 January 2022.

There were two types of vesting schedule for above share options, which are: i) 30% of the options will be vested after 12 months of the grant date; 30% of the options will be vested after 24 months of the grant date and the remaining 40% will be vested after 36 months of the grant date, ii) options will be vested after 8 months of the grant date. Particulars of Options are as follows:

## Notes to the Consolidated Financial Statements

## 25 Other reserves (continued)

## (c) Share-based compensation reserves (continued)

Set out below are movements of Options granted under the Share Option Scheme:

	Average exercise price in HK\$ Per share under option	Number of Options
As at 1 January 2020	8.18	47,846,500
Exercise during the year	10.05	(2,289,000)
Exercise during the year	5.96	(2,887,500)
As at 31 December 2020	8.23	42,670,000
As at 1 January 2021	<b>8.23</b>	<b>42,670,000</b>
Forfeited during the year	<b>7.24</b>	<b>(6,231,000)</b>
As at 31 December 2021	<b>8.53</b>	<b>36,439,000</b>

The share options above are fully vested and exercisable.

The fair values of Options were determined by reference to valuation prepared by an independent valuer. The significant inputs in the model were as follows:

	2017 Options	2019 Options
Fair value per Option at measurement date	HK\$1.88 to HK\$1.99	HK\$2.38 to HK\$2.41
(a) expected maturity date:	4 January 2022	4 January 2022
(b) stock price at grant date and exercise price:	HK\$5.96 per share	HK\$10.80 per share
(c) volatility:	34.41%	41.56%
(d) annual risk-free interest rate:	2.09%	2.04%
(e) dividend yield	nil	2.8%
(f) suboptimal factors:	2 or 3	1.69 to 1.77

No expense was recognised in consolidated income statement for share options granted to directors and employees for the year ended 31 December 2021 (2020: nil).

## Notes to the Consolidated Financial Statements

## 26 Borrowings

	As at 31 December	
	2021 RMB'000	2020 RMB'000
<b>Borrowings included in non-current liabilities:</b>		
Senior notes – unsecured (Note (a))	18,373,958	22,927,916
Asset backed securities (“ABS”) – secured (Note (b))	4,029,310	5,465,000
Corporate bonds – unsecured	8,597,029	13,225,854
Borrowings from financial institutions – secured (Note (c))	24,992,849	29,639,084
Less: current portion of non-current borrowings	(21,948,924)	(24,336,739)
	<b>34,044,222</b>	46,921,115
<b>Borrowings included in current liabilities:</b>		
Borrowings from financial institutions – secured (Note (c))	784,775	601,878
Current portion of non-current borrowings	21,948,924	24,336,739
	<b>22,733,699</b>	24,938,617
Total borrowings	<b>56,777,921</b>	71,859,732

- (a) The senior notes are guaranteed and secured by equity interests of certain non-PRC subsidiaries.
- (b) The ABS was pledged by the right of receipt of proceeds arising from the Group's sales of certain properties or rental income.
- (c) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 33.

## Notes to the Consolidated Financial Statements

## 26 Borrowings (continued)

(d) At 31 December, the Group's borrowings were repayable as follows:

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Within 1 year	22,733,699	24,938,617
Between 1 and 2 years	29,590,632	24,751,033
Between 2 and 5 years	4,453,590	20,141,207
Over 5 years	—	2,028,875
<b>Total</b>	<b>56,777,921</b>	<b>71,859,732</b>

(e) The weighted average effective interest rates are as follows:

	As at 31 December	
	2021	2020
Senior notes	8.30%	9.02%
Asset backed securities	5.52%	5.89%
Corporate bonds	6.41%	6.83%
Borrowings from financial institutions	4.96%	5.14%

(f) The Group's borrowings were denominated:

	As at 31 December	
	2021 RMB'000	2020 RMB'000
— RMB	38,072,304	47,429,299
— US\$	18,373,958	23,277,302
— HKD	331,659	1,153,131
	<b>56,777,921</b>	<b>71,859,732</b>

(g) The fair value of senior notes as at 31 December 2021 was RMB8,312,116,000 (2020: RMB23,807,766,000), which was quoted in Singapore Exchange Ltd. and within level 1 of the fair value hierarchy. The carrying amounts of borrowings other than senior notes approximate their fair values as at 31 December 2021 (2020: same) as either the impact of discounting were not significant or the borrowings carry floating rates of interests.

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 3.1.

## Notes to the Consolidated Financial Statements

## 27 Deferred tax assets and liabilities

(i) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Deferred tax assets		
— to be recovered within 12 months	113,551	240,738
— to be recovered after 12 months	775,777	540,685
Total deferred tax assets before net off	889,328	781,423
Net of deferred tax liabilities	(209,801)	(113,223)
	679,527	668,200
Deferred tax liabilities		
— to be recovered within 12 months	(279,406)	(204,628)
— to be recovered after 12 months	(1,743,541)	(1,824,122)
Total deferred tax liabilities before net off	(2,022,947)	(2,028,750)
Net of deferred tax assets	209,801	113,223
	(1,813,146)	(1,915,527)
	(1,133,619)	(1,247,327)

The net movement on the deferred tax accounts before set-off is as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
At 1 January	(1,247,327)	(1,582,715)
Credited to the consolidated income statement (Note 13)	113,708	519,027
Business combination	—	(344,750)
Disposal of subsidiaries	—	161,111
At 31 December	(1,133,619)	(1,247,327)

## Notes to the Consolidated Financial Statements

## 27 Deferred tax assets and liabilities (continued)

(ii) The movement in deferred tax assets and liabilities before set-off during the years are as follows:

	Deferred tax assets – tax losses and others RMB'000	Deferred tax liabilities – fair value gains RMB'000	Deferred tax liabilities – excess of carrying amount of PUD and PHS over the tax bases RMB'000
At 1 January 2020	585,270	(780,611)	(1,387,374)
Business combination	—	—	(344,750)
Credited/(charged) to the consolidated income statement	196,153	(242,714)	565,588
Disposal of subsidiaries	—	111,685	49,426
At 31 December 2020	781,423	(911,640)	(1,117,110)
At 1 January 2021	<b>781,423</b>	<b>(911,640)</b>	<b>(1,117,110)</b>
Credited to the consolidated income statement	<b>107,905</b>	<b>5,803</b>	—
At 31 December 2021	<b>889,328</b>	<b>(905,837)</b>	<b>(1,117,710)</b>

## 28 Dividend

The 2020 final dividend of HK\$0.50 per ordinary share, totaling approximately HK\$841,716,000 (equivalent to RMB695,173,000) according to the shareholders of the Company registered on 16 June 2021, was approved by the shareholders at the annual general meeting held on 4 June 2021.

The directors of the Company do not recommend payment of any final dividend for the year ended 31 December 2021.

## Notes to the Consolidated Financial Statements

## 29 Trade and other payables

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Trade payables (Note (a))	12,983,551	11,616,425
Notes payable	491,684	280,345
Other payables:		
— Amounts due to minority interests (Note (b))	5,425,108	9,806,191
— Deposits received for sales of properties	204,726	312,912
— Other taxes payable	8,519,442	5,997,416
— Interests payable	632,857	1,007,062
— Deposits from contractors and suppliers	916,770	564,637
— Accrued payroll	175,986	410,785
— Dividend payable	4,724	235,576
— Others	239,304	1,245,452
	<b>29,594,152</b>	<b>31,476,801</b>

(a) The ageing analysis of the trade payables is as follows:

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Within one year	9,873,830	10,301,675
Over one year	3,109,721	1,314,750
	<b>12,983,551</b>	<b>11,616,425</b>

(b) Other payables of approximately RMB116,500,000 are interest bearing and repayable within one year from 31 December 2021 (2020: RMB1,173,530,000).

(c) The carrying amounts of trade and other payables were considered to be approximate to their fair values.

## Notes to the Consolidated Financial Statements

## 30 Cash flow information

## (a) Net cash (used in)/generated from operating activities:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Profit before income tax	2,472,600	4,901,373
Adjustments for:		
– Depreciation charges	46,176	124,391
– (Reversal of) impairment losses on other receivables	(4,600)	29,879
– Finance (income)/costs	(100,218)	(1,348,783)
– Other income	(373,661)	(248,568)
– Amortisation of intangible assets and right-of-use assets	38,971	38,545
– Gains from disposal of property, plant and equipment	(147,583)	(3,739)
– Fair value losses/(gains) on investment properties	32,252	184,332
– Share of net profits of investments accounted for using the equity method	(102,240)	(611,458)
– Fair value gains on financial assets at FVPL	(25,970)	(184,502)
– Fair value loss on derivative financial instruments	—	8,080
Changes in working capital:		
– Properties under development and completed properties held for sale	(13,628,365)	(9,553,736)
– Contract assets	(128,580)	(99,088)
– Trade and other receivables	(6,785,859)	(6,609,031)
– Prepayments	107,845	3,572,781
– Contract liabilities	27,201,712	236,173
– Trade and other payables	2,204,563	5,621,161
– Amounts due to related parties	117,360	(72,583)
– Restricted cash	(4,910,197)	(25,503)
Cash generated from/(used in) operations	6,014,206	(4,040,276)

## Notes to the Consolidated Financial Statements

## 30 Cash flow information (continued)

## (b) Non-cash financing activities

The major non-cash transactions incurred during the years ended 31 December 2021 and 2020 included:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Capital injection from non-controlling interests	—	704,897
Capital reduction of the subsidiaries	—	(645,000)
Dividends paid to non-controlling interests in subsidiaries	—	(246,600)
	—	(186,703)

## (c) Reconciliation of liabilities arising from financing activities

	1 January 2021 RMB'000	Financing cash flow – net RMB'000	Non-cash items RMB'000	31 December 2021 RMB'000
Borrowings	71,859,732	15,081,811	—	56,777,921
Lease liabilities	25,331	(21,018)	29,505	33,818
Amounts due to related parties	5,164,359	3,796,208	126,963	9,087,530
	77,409,422	18,857,001	156,468	65,899,269

	1 January 2020 RMB'000	Financing cash flow – net RMB'000	Non-cash items RMB'000	31 December 2020 RMB'000
Borrowings	63,177,811	10,227,461	(1,545,540)	71,859,732
Lease liabilities	30,796	(24,678)	19,213	25,331
Amounts due to related parties	7,094,342	(1,929,983)	—	5,164,359
	70,302,949	8,272,800	(1,526,327)	77,049,422

## Notes to the Consolidated Financial Statements

## 31 Financial guarantee

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (Note (a))	24,933,420	32,160,118
Guarantee provided for the borrowings of the joint ventures (Note (b))	4,023,000	3,408,900
	<b>28,956,420</b>	<b>35,569,018</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 certificates 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 mortgage 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 loss of the Group resulting from the default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

- (b) Amounts represented the maximum exposure of the guarantees provided by the Group.

## 32 Commitments

- (a) Commitments for property development expenditures and equity investments as at 31 December 2021 and 2020 were as follows:

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Contracted but not provided for		
— Property development activities	21,175,741	25,095,364
— Land use rights	1,704,708	2,181,770
— Equity investment	—	291,733
	<b>22,880,449</b>	<b>27,568,867</b>

- (b) **Operating leases commitments – the Group as lessee**

As at 31 December 2021, the Group did not have any material short-term and low-value lease commitment (2020: same).

## Notes to the Consolidated Financial Statements

## 33 Assets pledged as security

	Note	As at 31 December	
		2021 RMB'000	2020 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	908,714	857,992
Land use rights	16	243,695	253,727
Investment properties	17	4,104,000	6,849,010
Total non-current assets pledged as security		5,256,409	7,960,729
<b>Current assets</b>			
Properties under development and completed properties held for sale	20	36,418,158	40,155,157
Restricted cash	21	2,100,000	615,144
Total current assets pledged as security		38,518,158	40,770,301
<b>Total assets pledged as security</b>		<b>43,774,567</b>	<b>48,731,030</b>

All above assets of the Group are pledged as security for the borrowings from financial institutions of the Group (Note 26(a)).

Investments amounting to approximately RMB7,065,799,000 (2020: RMB4,336,240,000) in certain subsidiaries directly or indirectly held by the Company were pledged as security for borrowings of the Group at 31 December 2021.

## Notes to the Consolidated Financial Statements

## 34 Business combination

## (a) Summary of acquisition

During the year ended 31 December 2021, the Group acquired certain subsidiaries engaged in property development in the PRC.

The following table summaries the considerations paid for acquisitions of these subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition dates.

	RMB'000
Purchase consideration – cash	270,000

The assets and liabilities recognised as a result of the acquisitions on the acquisition dates are as follows:

	Fair value RMB'000
Property, plant and equipment	125
Properties under development	1,276,164
Trade and other receivables and prepayments (Note (i))	245,931
Prepaid taxation	1,867
Cash and bank balances	189,062
Trade and other payables	(413,149)
Contract liabilities	(700,000)
Net identifiable assets acquired	600,000
Less: non-controlling interests	(330,000)
Net assets acquired	270,000

## (i) Acquired receivables

The fair value of acquired trade and other receivables and prepayments was equal to its gross contractual amounts receivable. At the acquisition dates, none of such balance was expected to be uncollectible.

## Notes to the Consolidated Financial Statements

## 34 Business combination (continued)

## (a) Summary of acquisition (continued)

**(ii) Accounting policy choice for non-controlling interests**

The Group elected to recognise the non-controlling interests at its proportionate share of the fair value of the acquired net identifiable assets.

**(iii) Revenue and profit contribution**

The acquired business contributed loss of RMB14,371,000 with no revenue to the Group for the period from the respective acquisition dates to 31 December 2021. If the acquisitions had occurred on 1 January 2021, consolidated revenue and consolidated profit after tax for the year ended 31 December 2021 of the Group would have been RMB nil and loss of RMB36,524,000, respectively.

## (b) Purchase consideration – cash outflow

	2021 RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	270,000
Less: cash and bank balance acquired	(189,062)
	<hr/>
Net outflow of cash – investing activities	80,938
	<hr/>

## Notes to the Consolidated Financial Statements

## 35 Significant related party transactions

## (a) Parent entities

The Group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest As at 31 December	
			2021	2020
Dingxin Company Limited ("Dingxin")	Immediate parent company of the Company	BVI	66.77%	66.69%
TMF (Cayman) Limited	Ultimate parent entity and controlling party	The Cayman Islands	66.77%	66.69%

## (b) Subsidiaries

Interests in subsidiaries are set out in Note 11(a).

## (c) Major related parties that had significant transactions during the year with the Group are as follows:

Related parties	Relationship with the Group
Mr. Ou 歐先生	Controlling Shareholder and Director of the Company
Ronshine Service Holding Co., Ltd. 融信服務集團股份有限公司	A Company Controlled by the Controlling Shareholder
Xiujing (Fujian) Landscape Engineering Co., Ltd. 秀景(福建)園林工程有限公司	A Company Controlled by the Controlling Shareholder
Fujian Rongdaxin Investment Co., Ltd. 福建融達信投資有限公司	Joint Venture
Nanjing Kaijingsheng Real Estate Development Co., Ltd. 南京愷璟晟房地產開發有限公司	Joint Venture
Hangzhou Ronghao Property Co., Ltd. 杭州融浩置業有限公司	Joint Venture
Ningbo Fenghua Hedu Real Estate Development Co., Ltd. 寧波奉化和都房地產開發有限公司	Joint Venture

## Notes to the Consolidated Financial Statements

## 35 Significant related party transactions (continued)

## (c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Hangzhou Hexin Real Estate Development Co., Ltd. 杭州和昕房地產開發有限公司	Joint Venture
Tianjin Jinrui Property Co., Ltd. 天津金銳置業有限公司	Joint Venture
Qiaocheng Real Estate Group Chongqing Kaizhou District Co., Ltd. 僑城地產集團重慶市開州區有限責任公司	Joint Venture
Zhejiang Kunchuang Property Co., Ltd. 浙江坤創置業有限公司	Joint Venture
Neijiang Wanwei Property Co., Ltd. 內江萬為置業有限公司	Joint Venture
Huzhou Rongda Real Estate Development Co., Ltd. 湖州融達房地產開發有限公司	Joint Venture
Hangzhou Rongxun Real Estate Development Co., Ltd. 杭州融暉房地產開發有限公司	Joint Venture
Baoding Zhitai Real Estate Development Co., Ltd. 保定智泰房地產開發有限公司	Joint Venture
Chongqing Yicheng Yugao Intelligent Technology Co., Ltd. 重慶頤城俞高智慧科技有限公司	Joint Venture
Fuzhou Rongxinglan Real Estate Development Co., Ltd. 福州融興藍房地產開發有限公司	Joint Venture
Mianyang Wanwei Jinxin Real Estate Development Co., Ltd. 綿陽萬為金心房地產開發有限公司	Joint Venture
Hangzhou Kailian Property Co., Ltd. 杭州愷聯置業有限公司	Joint Venture
Hangzhou Rongxing Commercial Development Co., Ltd. 杭州融幸商業發展有限公司	Joint Venture
Nanjing Taiyi Hexin Enterprise Management Consulting Co., Ltd. 南京泰熠和信企業管理諮詢有限公司	Joint Venture
Dazhou Qiangyu Real Estate Development Co., Ltd. 達州強譽房地產開發有限公司	Joint Venture

## Notes to the Consolidated Financial Statements

## 35 Significant related party transactions (continued)

## (c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Zhoushan Kairong Real Estate Development Co., Ltd. 舟山愷融房地產開發有限公司	Joint Venture
Fuzhou Hongbailong Real Estate Development Co., Ltd. 福州泓百隆房地產開發有限公司	Joint Venture
Rong Rui Co., Ltd. 融瑞有限公司	Joint Venture
Fujian Rongteng Property Co., Ltd. 福建融騰置業有限公司	Joint Venture
Hangzhou Xincheng Property Co., Ltd. 杭州信辰置業有限公司	Joint Venture
Cixi Jingui Property Co., Ltd. 慈溪市金桂置業有限公司	Joint Venture
Jiangmen Rongchang Real Estate Development Co., Ltd. 江門市融昌房地產開發有限公司	Joint Venture
Hangzhou Zhongxu Property Co., Ltd. 杭州眾旭置業有限公司	Joint Venture
Qidong Bilian Property Co., Ltd. 啟東碧聯置業有限公司	Joint Venture
Anji Rongshang Real Estate Co., Ltd. 安吉融尚房地產有限公司	Joint Venture
Hangzhou Lin'an Longxing Real Estate Development Co., Ltd. 杭州臨安龍興房地產開發有限公司	Joint Venture
Jinhua Tianxi Property Co., Ltd. 金華天璽置業有限公司	Joint Venture
Hefei Hailiang Property Co., Ltd. 合肥海亮置業有限公司	Joint Venture
Kunshan Xingwei Property Co., Ltd. 昆山興未置業有限公司	Joint Venture
Jinhua Ruiying Real Estate Co., Ltd. 金華市瑞盈房地產有限公司	Joint Venture

## Notes to the Consolidated Financial Statements

## 35 Significant related party transactions (continued)

## (c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Fuzhou Libo Shuntai Real Estate Development Co., Ltd. 福州利博順泰房地產開發有限公司	Joint Venture
Shanghai Kaidai Real Estate Development Co., Ltd. 上海愷岱房地產開發有限公司	Joint Venture
Jiujiang Rongxi Real Estate Development Co., Ltd. 九江融璽房地產開發有限公司	Joint Venture
Hangzhou Jinguan Property Co., Ltd. 杭州錦官置業有限公司	Joint Venture
Hairong (Zhangzhou) Real Estate Co., Ltd. 海融(漳州)房地產有限公司	Joint Venture
Hangzhou Tengyi Real Estate Development Co., Ltd. 杭州騰翼房地產開發有限責任公司	Joint Venture
Hangzhou Wanjing Property Co., Ltd. 杭州萬璟置業有限公司	Joint Venture
Fuzhou Yubaichuan Real Estate Development Co., Ltd. 福州裕百川房地產開發有限公司	Joint Venture
Nanjing Huihe Property Co., Ltd. 南京薈合置業有限公司	Joint Venture
Qingdao West Coast Tianze Construction Development Co., Ltd. 青島西海岸天澤建設發展有限公司	Joint Venture
Fuyang Shangjun Real Estate Co., Ltd. 阜陽上郡房地產有限公司	Joint Venture
Dongtai Xinbi Real Estate Development Co., Ltd. 東台市新碧房地產開發有限公司	Joint Venture
Bengbu Bicheng Real Estate Development Co., Ltd. 蚌埠市碧誠房地產開發有限公司	Joint Venture
Fuyang Greenland Property Co., Ltd. 阜陽綠地置業有限公司	Joint Venture
Hangzhou Zhehan Real Estate Development Co., Ltd. 杭州哲瀚房地產開發有限公司	Associate

## Notes to the Consolidated Financial Statements

## 35 Significant related party transactions (continued)

## (c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Hangzhou Mingyu Real Estate Development Co., Ltd. 杭州銘昱房地產開發有限公司	Associate
Nanjing Jintai Real Estate Development Co., Ltd. 南京錦泰房地產開發有限公司	Associate
Hangzhou Rongcha Industrial Co., Ltd. 杭州融洽實業有限公司	Associate
Yongtai Baolong Real Estate Development Co., Ltd. 永泰寶龍房地產開發有限公司	Associate
Zhangzhou Vanke Binjiang Property Co., Ltd. 漳州市萬科濱江置業有限公司	Associate
Hangzhou Ronglang Real Estate Development Co., Ltd. 杭州融朗房地產開發有限公司	Associate
Hangzhou Rongxin Real Estate Development Co., Ltd. 杭州融歆房地產開發有限公司	Associate
Nantong Jianghe Property Co., Ltd. 南通江河置業有限公司	Associate
Zhenjiang Yiteng Real Estate Development Co., Ltd. 鎮江億騰房地產開發有限公司	Associate
Jiangmen Hongshun Real Estate Development Co., Ltd. 江門市弘順房地產開發有限公司	Associate
Jiaxing Zhenyue Property Co., Ltd. 嘉興臻嶽置業有限公司	Associate
Hangzhou Meishengmei Property Co., Ltd. 杭州美生美置業有限公司	Associate
Hangzhou Xuanlu Industrial Co., Ltd. 杭州宣祿實業有限公司	Associate

## Notes to the Consolidated Financial Statements

## 35 Significant related party transactions (continued)

## (c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Hangzhou Yuqian Real Estate Development Co., Ltd. 杭州譽乾房地產開發有限公司	Associate
Qingdao West Coast Kechuang Investment Development Co., Ltd. 青島西海岸科創投資開發有限公司	Associate
Chengdu Jinfenghua Property Co., Ltd. 成都金豐華置業有限公司	Associate
Fuzhou Wanxi Real Estate Co., Ltd. 福州市萬曦房地產有限公司	Associate
Hangzhou Lvcheng Wangxi Real Estate Development Co., Ltd. 杭州綠城望溪房地產開發有限公司	Associate
Fuzhou Yuxiang Real Estate Co., Ltd. 福州市禹翔房地產有限公司	Associate
Yinchuan Shihai Real Estate Co., Ltd. 銀川世海房地產有限公司	Associate
Yinchuan Haimao Real Estate Co., Ltd. 銀川海茂房地產有限公司	Associate
Shaanxi Shengshi Haihong Real Estate Development Co., Ltd. 陝西盛世海宏房地產開發有限公司	Associate
Shaanxi Haihe Real Estate Development Co., Ltd. 陝西海和房地產開發有限公司	Associate

## Notes to the Consolidated Financial Statements

## 35 Significant related party transactions (continued)

## (c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Hangzhou Binming Enterprise Management Co., Ltd 杭州濱銘企業管理有限公司	Associate
Hangzhou Longyi Real Estate Development Co., Ltd 杭州龍毅房地產開發有限公司	Associate
Hangzhou Wanfeng Real Estate Development Co., Ltd 杭州萬楓房地產開發有限公司	Associate
Yueqing Rongliang Real Estate Development Co., Ltd 樂清市融梁房地產開發有限公司	Associate
Suzhou Baojing Real Estate Co., Ltd 蘇州保璟置業有限公司	Associate
Suzhou Kaixingyu Real Estate Development Co., Ltd 蘇州愷星鈺房地產開發有限公司	Associate
Nanjing Jintai Real Estate Development Co., Ltd 南京錦泰房地產開發有限公司	Associate
Chengdu Jinfenghua Real Estate Co., Ltd 成都金豐華置業有限公司	Associate
Yongtai Baolong Real Estate Development Co., Ltd 永泰寶龍房地產開發有限公司	Associate
Jiangmen Hongshun Real Estate Development Co., Ltd 江門市弘順房地產開發有限公司	Associate

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or were available.

## Notes to the Consolidated Financial Statements

## 35 Significant related party transactions (continued)

## (d) Key management compensation

Compensation for key management other than those for directors as disclosed in Note 8(a) is set out below.

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Key management compensation:		
– Salaries and other employee benefits	4,006	3,888
– Pension costs	8	8
	<b>4,014</b>	<b>3,896</b>

## (e) Transactions with related parties

Save as disclosed elsewhere in these consolidated financial statements, during the year ended 31 December 2021 and 2020, the Group had the following significant transactions with related parties.

**Services provided by related parties**

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Property management services		
Other related party	331,228	268,828
– Ronshine Service Holding Co., Ltd.	<b>331,228</b>	<b>268,828</b>
Landscape engineering services		
Other related party	315,109	210,753
– Xiujing (Fujian) Landscape Engineering Co., Ltd	<b>315,109</b>	<b>210,753</b>

## Notes to the Consolidated Financial Statements

## 35 Significant related party transactions (continued)

## (e) Transactions with related parties (continued)

**Services provided to related parties**

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Interest income		
– Joint ventures	148,386	128,150
– Associates	18,984	9,924
	<b>167,370</b>	138,074
Consultation services		
– Joint ventures	89,610	168,888
– Associates	6,907	6,363
	<b>96,517</b>	175,251
Hotel operation service		
– Other related party	—	566
– Ronshine Service Holding Co., Ltd.	—	566

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

Refer to Note 31 for information on guarantee provided for the borrowings of the joint ventures by the Group.

## Notes to the Consolidated Financial Statements

## 35 Significant related party transactions (continued)

## (f) Balances with related parties

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Amounts due from related parties		
– Joint ventures	9,612,957	5,110,970
– Associates	1,660,117	872,081
– Other related party	11,991	1,237
– Ronshine Service Holding Co., Ltd.	11,991	1,237
	<b>11,285,065</b>	5,984,288
Amounts due to related parties		
– Joint ventures	6,557,925	3,737,757
– Associates	2,203,273	1,357,450
– Other related parties	326,332	196,115
– Mr. Ou	82,009	69,152
– Ronshine Service Holding Co., Ltd.	159,158	53,695
– Xiujing (Fujian) Landscape Engineering Co., Ltd.	85,165	73,268
	<b>9,087,530</b>	5,291,322

Amounts due from related parties mainly represented the cash advances made to related parties which are unsecured, repayable on demand and denominated in RMB.

Amounts due to Ronshine Service Holding Co., Ltd. mainly represented the payables of property management fees which were unsecured, interest-free, to be settled according to agreed terms and were denominated in RMB.

Amounts due to Xiujing (Fujian) Landscape Engineering Co., Ltd. mainly represented the payables of landscape engineering services fee which were unsecured, interest free, to be settled according to agreed terms and were denominated in RMB.

Other amounts due to related parties mainly represented cash advances from related parties of which approximately RMB116,500,000 (2020: RMB128,000,000) are interest bearing and repayable within one year from 31 December 2021.

## Notes to the Consolidated Financial Statements

## 35 Significant related party transactions (continued)

## (g) Guarantees provided by related parties

During the year ended 31 December 2021, Jiangsu Ronghua Property Development Co., Ltd (“Jiangsu Ronghua Property”), a non-wholly-owned subsidiary of the Company, and the minority shareholder of Jiangsu Ronghua Property, entered into a loan agreement with Rongxin (Fujian) Investment Group Co., Ltd (“Rongxin (Fujian) Investment”), a wholly-owned subsidiary of the Company. Pursuant to which Jiangsu Ronghua Property and its minority shareholder would provide a loan in the total principal amount of RMB185 million to Rongxin (Fujian) Investment, a wholly-owned subsidiary of the Company, of which RMB130 million would be provided by Jiangsu Ronghua Property, and RMB55 million would be provided by the minority shareholder of Jiangsu Ronghua Property (the “Intra-Group Loan”).

The Intra-Group Loan was guaranteed by Mr. Ou, and was secured by a pledge of 103,500,000 shares of the Company owned by Dingxin, which represent approximately 6.15% of the total issued share capital of the Company as at 31 December 2021. This amount was also guaranteed by Mr. Ruan Youzhi.

## 36 Balance sheet and reserve movements of the Company

## Balance sheet of the Company

	Note	As at 31 December	
		2021 RMB'000	2020 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries		2,032,986	2,032,986
Financial assets at fair value through profit or loss		229,479	706,887
		<b>2,262,465</b>	<b>2,739,873</b>
<b>Current assets</b>			
Prepayments and other receivables		—	1,580
Amounts due from subsidiaries		18,294,975	22,607,241
Amounts due from related parties		—	338,750
Cash and bank balances		232,832	213,097
Total current assets		<b>18,527,807</b>	<b>23,160,668</b>
<b>Total assets</b>		<b>20,790,272</b>	<b>25,900,541</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		15	15
Share premium	(a)	3,082,681	3,786,195
Other reserves	(a)	(2,299,451)	(2,181,598)
<b>Total equity</b>		<b>783,245</b>	<b>1,604,612</b>

## Notes to the Consolidated Financial Statements

## 36 Balance sheet and reserve movements of the Company (continued)

## Balance sheet of the Company (continued)

	As at 31 December	
	2021 RMB'000	2020 RMB'000
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	9,882,385	16,615,648
<b>Current liabilities</b>		
Borrowings	8,882,870	7,077,403
Other payables	310,003	592,548
Amounts due to subsidiaries	921,809	370
Amounts due to related parties	9,960	9,960
Total current liabilities	10,124,642	7,680,281
<b>Total liabilities</b>	<b>20,007,027</b>	<b>24,295,929</b>
<b>Total equity and liabilities</b>	<b>20,790,272</b>	<b>25,900,541</b>

The balance sheet of the Company was approved and authorised for issue by the Board of Directors on 15 May 2022 and was signed on its behalf by:

**Ou Zonghong**  
Director

**Zhang Lixin**  
Director

## Notes to the Consolidated Financial Statements

## 36 Balance sheet and reserve movements of the Company (continued)

## (a) Reserve movements of the Company

	Other reserves			Total RMB'000
	Share premium RMB'000	Share-based compensation reserves RMB'000	Accumulated losses RMB'000	
<b>For the year ended</b>				
<b>31 December 2020</b>				
At 1 January 2020	4,902,013	87,183	(2,507,697)	2,481,499
Profit for the year	—	—	244,023	244,023
– Exercise of share options	22,247	(5,107)	—	17,140
Buy-back and cancellation of shares	(202,908)	—	—	(202,908)
Final dividend of 2019	(935,157)	—	—	(935,157)
At 31 December 2020	3,786,195	82,076	(2,263,674)	1,604,597
<b>For the year ended</b>				
<b>31 December 2021</b>				
At 1 January 2021	3,786,195	82,076	(2,263,674)	1,604,597
Loss for the year	—	—	(117,853)	(117,853)
Buy-back and cancellation of shares (Note 24)	(8,341)	—	—	(8,341)
Final dividend of 2020	(695,173)	—	—	(695,173)
At 31 December 2021	3,082,681	82,076	(2,381,527)	783,230

## Notes to the Consolidated Financial Statements

## 37 Events After the Reporting Period

### Disposal of Subsidiaries

Reference is made to the announcement of the Company dated 18 February 2022.

On 18 February 2022, Shanghai Kaiyin Enterprise Company Limited\* (上海愷胤實業有限公司) (“**Shanghai Kaiyin**”), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Zhejiang Beize Group Company Limited\* (浙江貝澤集團有限公司) (“**Zhejiang Beize**”), pursuant to which Shanghai Kaiyin has agreed to dispose of, and Zhejiang Beize has agreed to purchase, 55% of the equity interest of Ningbo Hailiang Property Investment Company Limited\* (寧波海亮房地產投資有限公司) (the “**Target Company**”, together with its subsidiaries and its invested entity, the “**Target Group**”) for a consideration of RMB421,234,000 (the “**Disposal**”).

The Disposal was completed on 18 February 2022. Upon completion of the Disposal, the Group no longer holds any interest in the Target Company and the Target Company and other members of the Target Group have ceased to be accounted as subsidiaries of the Group.

### Cancellation of Outstanding Senior Notes

Reference is made to the announcements of the Company dated 20 February 2022, 22 February 2022 and 24 February 2022 in relation to the cancellation of the outstanding 10.5% senior notes due 2022 issued by the Company listed on the SGX-ST (the “**Notes**”).

As at 24 February 2022, cancellation of the Notes repurchased by the Company in an aggregate principal amount of US\$193,900,000 was completed, representing approximately 38.78% of the aggregate principal amount of the Notes issued.

The Notes matured on 1 March 2022 and was fully repaid by the Company.

# FIVE YEARS' FINANCIAL SUMMARY

## CONSOLIDATED RESULTS

	For the year ended 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Revenue	<b>33,284,014</b>	48,302,505	51,462,502	34,366,500	30,341,404
Profit for the year attributable to owners of the Company	<b>1,295,049</b>	2,428,123	3,154,064	2,149,660	1,679,521

## CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	For the year ended 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Non-current assets	<b>27,572,230</b>	28,889,651	22,718,069	22,975,326	19,847,681
Current assets	<b>217,867,609</b>	204,359,136	191,489,969	180,468,552	150,348,594
Total assets	<b>245,439,839</b>	233,248,787	214,208,038	203,443,878	170,196,275
Non-current liabilities	<b>35,878,011</b>	48,852,073	46,512,847	40,155,088	50,651,391
Current liabilities	<b>157,280,878</b>	133,737,711	126,406,961	127,670,432	88,783,831
Total liabilities	<b>193,158,889</b>	182,589,784	172,919,808	167,825,520	139,435,222
Total equity	<b>52,280,950</b>	50,659,003	41,288,230	35,618,358	30,761,053
Total equity attributable to shareholders of the Company	<b>18,304,598</b>	17,713,063	16,405,865	12,754,828	10,224,277