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## **Poly Property Group Co., Limited**

### **保利置業集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00119)**

## **RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

### **RESULTS**

The directors (the “Directors”) of Poly Property Group Co., Limited (the “Company”) announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2022, together with comparative figures for the previous year ended 31 December 2021, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Revenue	2	41,127,316	30,305,411
Cost of sales		<u>(30,046,776)</u>	<u>(20,044,764)</u>
Gross profit		11,080,540	10,260,647
Decrease in fair value of investment properties		(168,550)	(566)
Increase in fair value of financial assets		45,779	62,118
Other (loss)/gains, net		(80,384)	608,970
Selling expenses		(1,227,352)	(1,134,036)
Administrative expenses		(1,266,358)	(1,409,109)
Gain on disposal of a joint venture		—	252,000
Gain on disposal of net assets classified as held for sale		—	17,896
Impairment loss on properties under development and held for sale		(543,264)	(204,226)
Other operating expenses		(368,449)	(347,478)
Finance costs	3	(1,605,049)	(1,535,277)
Share of results of associates		(8,680)	56,561
Share of results of joint ventures		<u>(22,816)</u>	<u>71,995</u>
Profit before income tax expense	4	5,835,417	6,699,495
Income tax expense	5	<u>(4,826,091)</u>	<u>(4,535,931)</u>
Profit for the year		<u><b>1,009,326</b></u>	<u>2,163,564</u>
Attributable to:			
Owners of the Company		816,148	2,059,116
Non-controlling interests		<u>193,178</u>	<u>104,448</u>
<b>Profit for the year</b>		<u><b>1,009,326</b></u>	<u>2,163,564</u>
Earnings per share (expressed in RMB cents)	7		
— Basic and diluted		<u><b>21.71</b></u>	<u>55.90</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i> (Restated)
<b>Profit for the year</b>	<u><b>1,009,326</b></u>	<u>2,163,564</u>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	<b>611,153</b>	(161,420)
Items that will not be reclassified to profit or loss:		
Surplus arising on revaluation of properties	<u><b>265,384</b></u>	<u>92,010</u>
<b>Other comprehensive income before income tax effect</b>	<b>876,537</b>	(69,410)
Deferred tax liability arising on revaluation of properties	<u><b>(66,346)</b></u>	<u>(23,002)</u>
<b>Other comprehensive income for the year, net of tax</b>	<u><b>810,191</b></u>	<u>(92,412)</u>
<b>Total comprehensive income for the year</b>	<u><u><b>1,819,517</b></u></u>	<u><u>2,071,152</u></u>
Attributable to:		
Owners of the Company	<b>1,696,792</b>	2,030,858
Non-controlling interests	<u><b>122,725</b></u>	<u>40,294</u>
	<u><u><b>1,819,517</b></u></u>	<u><u>2,071,152</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i> (Restated)
<b>Non-current assets</b>			
Investment properties		<b>9,666,939</b>	9,832,723
Property, plant and equipment		<b>3,411,831</b>	2,885,454
Right-of-use assets		<b>597,668</b>	518,986
Interests in associates		<b>1,603,728</b>	1,424,775
Interests in joint ventures		<b>6,050,172</b>	5,813,446
Financial assets at fair value through profit or loss		<b>643,763</b>	597,795
Loan receivables		<b>234,761</b>	175,335
Deposits paid for acquisition of land use rights		<b>1,214,373</b>	1,471,756
Deferred tax assets		<b>239,518</b>	245,078
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>23,662,753</b>	22,965,348
<b>Current assets</b>			
Properties under development		<b>105,321,305</b>	102,658,341
Properties held for sale		<b>26,517,017</b>	18,124,489
Other inventories		<b>41,611</b>	86,919
Contract costs		<b>509,474</b>	471,516
Trade and other receivables	8	<b>5,353,157</b>	8,334,732
Amounts due from associates		<b>1,123,551</b>	2,471,682
Amounts due from joint ventures		<b>4,176,617</b>	4,188,234
Amounts due from non-controlling shareholders of subsidiaries		<b>2,012,361</b>	1,033,828
Taxation recoverable		<b>2,761,744</b>	2,918,522
Pledged bank deposits		<b>444,639</b>	265,431
Bank balances, deposits and cash		<b>31,173,332</b>	29,747,851
		<hr/>	<hr/>
		<b>179,434,808</b>	170,301,545
Assets classified as held for sale		<b>17,630</b>	—
		<hr/>	<hr/>
<b>Total current assets</b>		<b>179,452,438</b>	170,301,545

	<i>Notes</i>	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i> (Restated)
<b>Current liabilities</b>			
Trade and other payables	9	<b>30,144,306</b>	27,707,168
Contract liabilities		<b>34,988,848</b>	44,068,692
Property rental deposits		<b>86,454</b>	92,741
Amount due to associates		<b>736,392</b>	460,803
Amounts due to joint ventures		<b>674,278</b>	585,258
Amount due to the ultimate holding company		<b>18,508</b>	18,704
Amount due to an intermediate holding company		<b>2,792</b>	380,021
Amount due to a fellow subsidiary		<b>485</b>	485
Amounts due to non-controlling shareholders of subsidiaries		<b>4,952,080</b>	3,370,991
Taxation payable		<b>7,926,281</b>	7,260,422
Bank and other borrowings — due within one year		<b>18,363,445</b>	19,008,280
		<b>97,893,869</b>	102,953,565
Liabilities associated with assets classified as held for sale		<b>14,262</b>	—
<b>Total current liabilities</b>		<b>97,908,131</b>	102,953,565
<b>Net current assets</b>		<b>81,544,307</b>	67,347,980
<b>Total assets less current liabilities</b>		<b>105,207,060</b>	90,313,328
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	10	<b>15,712,159</b>	15,550,825
Reserves		<b>17,218,085</b>	15,950,002
<b>Equity attributable to owners of the Company</b>		<b>32,930,244</b>	31,500,827
<b>Non-controlling interests</b>		<b>8,859,700</b>	6,644,598
<b>Total equity</b>		<b>41,789,944</b>	38,145,425

	<b>2022</b>	2021
<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i> (Restated)
<b>Non-current liabilities</b>		
Bank and other borrowings — due after one year	<b>49,587,211</b>	46,606,289
Notes payable — due after one year	<b>12,097,000</b>	3,824,000
Lease liabilities	<b>41,647</b>	38,843
Loan from a fellow subsidiary	<b>180,000</b>	180,000
Deferred tax liabilities	<b>1,511,258</b>	1,518,771
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>63,417,116</b>	52,167,903
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	<b>105,207,060</b>	90,313,328
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## Notes:

### 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

- investment property, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest;
- hotel properties carried at revalued amounts; and
- financial assets at fair value through profit or loss.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the most recent consolidated financial statements for the year ended 31 December 2021, except for the changes in accounting policy made when the Group initially applies amendments to financial reporting standards newly applicable to the annual accounting period beginning on 1 January 2022.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

This announcement contains consolidated financial statements and selected explanatory notes. The explanatory notes include explanations of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the most recent consolidated financial statements for the year ended 31 December 2021. The consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the financial year ended 31 December 2021 that is included in this announcement of the results for the year ended 31 December 2022 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the consolidated financial statements for the year ended 31 December 2022 in due course.

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform — phase 2
- Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021

Other than the amendment to HKFRS 16, the Group has not applied any new standard or amendment that is not yet effective for the current accounting period. None of the new standard and these amendments to HKFRSs has a material impact on the Group's results and financial position for the current or prior period.

The HKICPA has issued a number of amendments, and a new standard, HKFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2022. None of the new standard and amendments were adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
HKFRS 17, Insurance contracts	1 January 2023
Amendments to HKAS 1, Presentation of financial statements: Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1, Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates	1 January 2023
Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## 2. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group is organised into four operating divisions. These divisions are the basis on which the Group reports its segment information.

Principal activities are as follows:

- Property development business — property development
- Property investment and management — property investment and management
- Hotel operations — hotel and restaurant business and its related services
- Other operations — manufacturing and sales of digital discs and others

Information about these segments is presented below:

### For the year ended 31 December 2022

	Property development business RMB'000	Property investment and management RMB'000	Hotel operations RMB'000	Other operations RMB'000	Eliminations RMB'000	Total RMB'000
Revenue from contracts with customers within the scope of HKFRS 15:						
— Recognised at a point in time	39,265,916	—	—	60,960	—	39,326,876
— Recognised over time	—	1,090,588	240,589	—	—	1,331,177
Revenue from other sources outside the scope of HKFRS 15:						
— Rental income	—	469,263	—	—	—	469,263
External revenue	39,265,916	1,559,851	240,589	60,960	—	41,127,316
Inter-segment revenue*	—	204,222	—	—	(204,222)	—
Total revenue	<u>39,265,916</u>	<u>1,764,073</u>	<u>240,589</u>	<u>60,960</u>	<u>(204,222)</u>	<u>41,127,316</u>
Segment results	<u>7,786,993</u>	<u>(24,938)</u>	<u>(89,660)</u>	<u>65,224</u>	<u>—</u>	<u>7,737,619</u>
Unallocated income						377,612
Unallocated expenses						(638,939)
Finance costs						(1,605,049)
Share of results of associates	(8,556)	—	—	(124)	—	(8,680)
Share of results of joint ventures	(23,885)	—	—	1,069	—	(22,816)
Loss on disposal of subsidiaries	(3,892)	—	—	—	—	(3,892)
Loss on disposal of associates	—	—	—	(438)	—	(438)
Profit before income tax expense						5,835,417
Income tax expense						(4,826,091)
Profit for the year						<u>1,009,326</u>

\* *Inter-segment revenue were charged with reference to prices charged to external parties for similar services or products.*

## Assets and liabilities

As at 31 December 2022

	Property development business RMB'000	Property investment and management RMB'000	Hotel operations RMB'000	Other operations RMB'000	Total RMB'000
<b>Assets</b>					
Segment assets	146,697,192	10,173,354	3,079,081	866,498	160,816,125
Interests in associates	1,603,728	—	—	—	1,603,728
Interests in joint ventures	6,047,755	—	—	2,417	6,050,172
Unallocated corporate assets					34,645,166
<b>Total assets</b>					<b>203,115,191</b>
<b>Liabilities</b>					
Segment liabilities	70,228,930	1,397,225	163,128	13,535	71,802,818
Unallocated corporate liabilities					89,522,429
<b>Total liabilities</b>					<b>161,325,247</b>

For the year ended 31 December 2021

	Property development business RMB'000 (Restated)	Property investment and management RMB'000 (Restated)	Hotel operations RMB'000 (Restated)	Other operations RMB'000 (Restated)	Eliminations RMB'000 (Restated)	Total RMB'000 (Restated)
Revenue from contracts with customers within the scope of HKFRS 15:						
— Recognised at a point in time	28,430,782	—	—	87,880	—	28,518,662
— Recognised over time	—	1,020,543	255,253	—	—	1,275,796
Revenue from other sources outside the scope of HKFRS 15:						
— Rental income	—	510,953	—	—	—	510,953
External revenue	28,430,782	1,531,496	255,253	87,880	—	30,305,411
Inter-segment revenue*	—	216,314	—	—	(216,314)	—
<b>Total revenue</b>	<b>28,430,782</b>	<b>1,747,810</b>	<b>255,253</b>	<b>87,880</b>	<b>(216,314)</b>	<b>30,305,411</b>
<b>Segment results</b>	<b>7,180,643</b>	<b>155,377</b>	<b>(112,686)</b>	<b>133,271</b>	<b>—</b>	<b>7,356,605</b>
Unallocated income						531,897
Unallocated expenses						(52,182)
Finance costs						(1,535,277)
Share of results of associates	56,703	—	—	(142)	—	56,561
Share of results of joint ventures	71,055	—	—	940	—	71,995
Gain on disposal of net assets classified as held for sale	17,896	—	—	—	—	17,896
Gain on disposal of a joint venture	252,000	—	—	—	—	252,000
Profit before income tax expense						6,699,495
Income tax expense						(4,535,931)
<b>Profit for the year</b>						<b>2,163,564</b>

\* *Inter-segment revenue were charged with reference to prices charged to external parties for similar services or products.*

**Assets and liabilities**

As at 31 December 2021

	Property development business <i>RMB'000</i> (Restated)	Property investment and management <i>RMB'000</i> (Restated)	Hotel operations <i>RMB'000</i> (Restated)	Other operations <i>RMB'000</i> (Restated)	Total <i>RMB'000</i> (Restated)
<b>Assets</b>					
Segment assets	139,406,104	10,200,169	2,429,246	781,306	152,816,825
Interests in associates	1,423,469	—	—	1,306	1,424,775
Interests in joint ventures	5,811,154	—	—	2,292	5,813,446
Unallocated corporate assets					<u>33,211,847</u>
<b>Total assets</b>					<u><u>193,266,893</u></u>
<b>Liabilities</b>					
Segment liabilities	74,922,071	1,457,393	93,389	18,066	76,490,919
Unallocated corporate liabilities					<u>78,630,549</u>
<b>Total liabilities</b>					<u><u>155,121,468</u></u>

**3. FINANCE COSTS**

	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i> (Restated)
Finance costs on interest bearing borrowings	<b>3,474,672</b>	3,488,309
Interest on lease liabilities	<b>2,754</b>	1,516
Less: amounts capitalised	<u><b>(1,872,377)</b></u>	<u>(1,954,548)</u>
	<u><b>1,605,049</b></u>	<u>1,535,277</u>

Borrowing costs capitalised during the year arose from specific borrowings.

#### 4. PROFIT BEFORE INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Profit before income tax expense is arrived at after charging:		
Depreciation of right-of-use assets	41,033	20,163
Depreciation of property, plant and equipment	<u>153,595</u>	<u>145,590</u>
Total depreciation	<u><u>194,628</u></u>	<u><u>165,753</u></u>
Loss on disposal of investment properties	28,620	107,166
Loss on disposal of property, plant and equipment	<u>5,380</u>	<u>7,445</u>

#### 5. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
The charge comprises:		
Hong Kong Profits Tax		
— Current taxation	17,635	73,352
— Under provision in previous years	<u>9</u>	<u>—</u>
	<u>17,644</u>	<u>73,352</u>
PRC Enterprise Income Tax		
— Current taxation	1,676,191	1,438,130
— Under provision in previous years	<u>38,136</u>	<u>94,246</u>
	<u>1,714,327</u>	<u>1,532,376</u>
PRC Withholding Income Tax	33,878	1,508
PRC Land Appreciation Tax (“LAT”)	<u>3,129,746</u>	<u>3,211,079</u>
	4,895,595	4,818,315
Deferred taxation	<u>(69,504)</u>	<u>(282,384)</u>
	<u><u>4,826,091</u></u>	<u><u>4,535,931</u></u>

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) based on the estimated assessable profit for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rates regime.

For that subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The provision for Hong Kong Profits Tax for 2022 is taken into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2021–2022 subject to a maximum reduction of HK\$10,000 for each business (2021: a maximum reduction of HK\$10,000 was granted of 100% of the tax payable for the year of assessment 2020–2021 and was taken into account in calculating the provision for 2021).

The PRC Enterprise Income Tax is calculated at 25% (2021: 25%) based on the estimated assessable profit for the year.

Under the PRC EIT law, dividends received by foreign investors from investment in foreign-invested enterprises in respect of their profits earned since 1 January 2008 are subject to withholding tax of 5% to 10% unless reduced by treaty.

Certain PRC subsidiaries are also subject to LAT which is levied at progressive rates ranging from 30% to 60% on the appreciation of properties, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction.

## 6. DIVIDENDS

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Dividends recognised as a distribution during the year:		
2021 final dividend of HK\$0.135 (approximately RMB0.116) (2020: HK\$0.128 (approximately RMB0.105)) per share	<u><b>431,122</b></u>	<u>384,315</u>

The directors of the Company recommend the payment of a final dividend of HK\$0.048 per share (2021: HK\$0.135 per share) for the year ended 31 December 2022.

## 7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company for the year is based on the following data:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
<b>Earnings:</b>		
Profit for the year attributable to owners of the Company	<u><b>816,148</b></u>	<u>2,059,116</u>
	<b>2022</b>	2021 (Restated)
<b>Number of shares:</b>		
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	<u><b>3,760,038,870</b></u>	<u>3,683,547,613</u>
Basic and diluted earnings per share ( <i>RMB cents per share</i> )	<u><b>21.71</b></u>	<u>55.90</u>

Diluted earnings per share for the years ended 31 December 2022 and 2021 were the same as the basic earnings per share.

At 31 December 2022 and 2021, the share options were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive. The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

## 8. TRADE AND OTHER RECEIVABLES

### Ageing analysis

The credit terms in connection with sales of properties granted to the customers are set out in the sale and purchase agreements and vary from agreements. There is no concentration of credit risk with respect to trade receivables arising from sales of properties as the Group has numerous customers. In respect of sales of goods granted to trade customers, the Group allows an average credit period of 30 days to 90 days. The following is an ageing analysis of trade receivables net of allowance for credit losses at the end of the reporting period presented based on invoice dates:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
0 to 30 days	49,681	121,868
31 to 90 days	30,361	10,401
More than 90 days	<u>228,104</u>	<u>237,020</u>
Total trade receivables, net of allowance for credit losses	<b>308,146</b>	369,289
Other receivables, net of allowance for credit losses of RMB89,846,000 (2021: RMB58,516,000)	<u>5,045,011</u>	<u>7,965,443</u>
	<b><u>5,353,157</u></b>	<b><u>8,334,732</u></b>

## 9. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables at the end of the reporting period:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
0 to 30 days	1,105,844	4,593,618
31 to 90 days	174,963	318,643
More than 90 days	<u>18,887,635</u>	<u>10,481,617</u>
Trade payables	<b>20,168,442</b>	15,393,878
Other payables	<u>9,975,864</u>	<u>12,313,290</u>
	<b><u>30,144,306</u></b>	<b><u>27,707,168</u></b>

The average credit period is 90 days. The Group has financial risk management policies in place to ensure that all payable is within the credit time frame.

## 10. SHARE CAPITAL

	2022		2021	
	No. of shares	RMB'000	No. of shares	RMB'000 (Restated)
Ordinary shares, issued and fully paid				
At 1 January	<b>3,713,368,382</b>	<b>15,550,825</b>	3,661,537,046	15,462,847
Issue of scrip dividend shares ( <i>Note</i> )	<b>107,814,736</b>	<b>161,334</b>	51,831,336	87,978
At 31 December	<b><u>3,821,183,118</u></b>	<b><u>15,712,159</u></b>	<b><u>3,713,368,382</u></b>	<b><u>15,550,825</u></b>

*Note:* The Company distributed dividends to its shareholders by way of scrip dividends, with a cash alternative to shareholders. The respective new ordinary shares were issued on 27 July 2022 and 30 July 2021.

## **FINAL DIVIDEND**

The Directors recommended the payment of a final dividend of HK4.8 cents per share (2021: HK13.5 cents per share) for the year ended 31 December 2022. The proposed final dividend is subject to the approval by the Company's shareholders at the forthcoming annual general meeting to be held on 30 May 2023 (the "AGM") and will be paid on or around 4 July 2023 to the shareholders whose names appear on the register of members of the Company on 15 June 2023.

## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

In order to determine the entitlement of shareholders to attend and vote at the AGM of the Company which is scheduled to be held on 30 May 2023, the register of members of the Company will be closed from 24 May 2023 to 30 May 2023, both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 23 May 2023. Shareholders whose names are recorded in the register of members of the Company on 30 May 2023 are entitled to attend and vote at the AGM.

## **CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO PROPOSED FINAL DIVIDEND**

The register of members of the Company will be closed from 13 June 2023 to 15 June 2023 (both dates inclusive), during which period no share transfer will be registered. In order to establish the identity of the shareholders who are entitled to the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 12 June 2023. Shareholders whose name are recorded in the register of members of the Company on 15 June 2023 are entitled to receive the proposed final dividend for the year ended 31 December 2022.

## **CHAIRMAN'S STATEMENT**

### **BUSINESS REVIEW**

In 2022, the downward risks of the world economy have increased, along with the intensified geopolitical conflicts and recurring outbreaks of the COVID-19 pandemic. Major central banks were forced to tighten monetary policies due to the surging inflation, leading to depressed global demand. Under the grim external environment, China's economy has also been challenged by the spread of the pandemic and extreme weather. Despite the three pressures from the shrinking demand, supply disruption and weakening expectation, China has struggled to achieve positive economic growth. Its total

economic output has exceeded RMB120 trillion, and its comprehensive national strength has reached a new high, with GDP growth reaching 3%. As such, China continued to stand out among major economies in the world.

The real estate industry has been facing unprecedented challenges, and the depth of adjustment and bottoming time were beyond the market's expectation. According to the National Bureau of Statistics, the sales value of commodity properties decreased by 26.7% to RMB13 trillion during the year, and the area of newly commenced residential properties decreased by 40% on a year-on-year basis. Under the background of the continuous optimisation of the real estate regulation policy and the intensive support by the regulatory authorities, the local governments have taken various measures tailored to specific cities to boost confidence in the property market. Thanks to the "three arrows" policy launched by the end of the year, the developers could relieve their financial pressure and optimise the capital structure through the three main financing channels of bonds, credit and equity, which provided prerequisite condition for the stable recovery and improvement of the industry.

The Group recorded profit attributable to shareholders of RMB816 million for the year, representing a year-on-year decrease of 60.4%. The gross margin of certain projects with recognised sales significantly declined due to the weak sales of the mainland real estate market, and the provision for impairment of property inventory increased due to the uncertain industry outlook. The core net profit attributable to parent company after deducting the changes in fair value of investment property and financial assets and exchange gains and losses was RMB1,519 million, representing a year-on-year decrease of 17.3%. The board (the "Board") of directors (the "Directors") of the Company recommended the distribution of a final dividend of 4.8 HK cents per share to shareholders in appreciation of their support.

In 2022, the Group recorded contracted sales of RMB50.2 billion, representing a year-on-year decrease of 11%, a smaller decline than that of the industry. According to the CRIC, the sales amount of the top 100 real estate enterprises declined by more than 40% year on year. Meanwhile, the Group ranked the 40th on the CRIC list in term of the total sales amount, a significant rise of 20 rankings compared with that at the end of 2021, which showed its strong development resilience despite the weak market confidence and intensive industry competition. On the one hand, Poly Property was recognised by customers for its business strength and product services, as such, the Group delivered 15,000 units throughout the year, among which, Kunming Poly City was elected as the "Top 10 Delivered Ordinary Residential Works in 2022 (2022十大交付力安居作品)" of CRIC. On the other hand, the Group has implemented a comprehensive internal reform of marketing organisation, strengthened the performance evaluation of sales teams, and continuously enhanced the construction of digital marketing and self-marketing teams.

By adhering to the strict investment strategy and discipline, the Group continued to invest and produce based on sales. The contracted sales in Yangtze River Delta and Greater Bay Area accounted for 70%, representing an increase of 10 percentage points as

compared with that in 2021. The increased sales contribution of high capability cities led to a year-on-year increase of 16% in the average price of the Group's contracted sales, which has strengthened the Company's confidence in focusing on core areas of core cities. In 2022, the Group acquired 10 development projects in Shanghai, Shenzhen, Ningbo, Kunshan and other cities, and entered Changshu for the first time. In particular, Changshu Poly Longyue Mansion realised acquisition, sales and sold-out during the same year. The sales conversion rate of the projects acquired in the first half of the year reached 18%, which was the result of precision investment and development efficiency. By the end of 2022, the percentage of attributable land reserves held by the Group in Yangtze River Delta and Greater Bay Area was 43%, representing an increase of three percentage points as compared with that at the end of 2021; the percentage of attributable land reserves in the first-tier cities was 22%, representing an increase of two percentage points year on year. The structure of land reserves has been improving continuously.

The implementation of the “three arrows” policy represented a turning point of the financing of real estate industry. By keeping up with the policy, the Group increased the proportion of direct financing. The Group obtained approvals of issuance of a total of RMB10 billion of corporate bonds and RMB5 billion of medium-term notes, and has completed the issuance of RMB6 billion of corporate bonds and RMB2 billion of medium-term notes. Meanwhile, it has contributed to the reduction of the average funding cost by 26 basis points to 4.27%. By the end of 2022, the Group's proportion of trust loans was 8%, and the short-term debt ratio was 23%, both declined 4 percentage points year on year. The cash-to-short-term debt ratio was 1.72. The Company's outstanding overseas bonds were only the US\$500 million five-year senior note issued in 2020, reflecting the sufficient liquidity and solvency of the Company. The comprehensive finance cost continued to decline, and the structure of interest-bearing liabilities was effectively improved.

The Group has always adhered to customer-centric philosophy, and focused on establishing its core competitiveness through products and services. During the year, the Group initiated the three-year quality improvement activity of “Poly Is My Hometown (保利是吾鄉)” to promote the comprehensive upgrading of product and service capabilities and continuously improve the service quality and operating capacity of property services and operational assets, so as to constantly meet people's expectations for a better life. The Group actively responded to the national strategy of rural revitalisation and consolidation of the achievements of poverty alleviation. After winning the bidding for the property management project of the new residential area of Ceheng County, the Group helped 80,000 ethnic minorities who moved from other places to start a wonderful new life in the city and realise diversified employment and entrepreneurship. “Poly Is My Hometown” and “Poly Youth Ambition” are the Group's major brand IPs; the former was selected as “China's Social Responsibility(s) Cases in 2022” and “China Real Estate Brand Public Welfare Cases in 2022”, and the latter won the first prize of

“State-owned Enterprises Excellent Story” from SASAC and the 3rd “State-owned Enterprise Good News” award, which highlighted the Group’s obligation and social responsibility as a state-owned enterprise.

## **BUSINESS OUTLOOK**

The world is still suffused by a concern about economic recession, the wave of interest rate rises in developed countries may come to an end. As the pandemic prevention and control enters a new stage, China’s economy is gathering internal momentum. Leveraging on its advantage as the world’s most promising super-scaled market, China’s economic is expected to accelerate and achieve high-quality development in 2023.

The underlying development logic of China’s real estate industry has undergone profound changes. The real estate market needs to set a new balance between supply and demand, gradually stabilise and recover and further differentiate among the markets and enterprises. Although the old pattern of the industry has been broken, the new one has yet established. During the reshaping of industry logic, it will be a struggling process for the enterprises to adjust from the old model to the new development model and stabilise. In the next two years, real estate enterprises shall operate business focusing on cash flow; strengthen their research and judgement capabilities in industry, policy and market, as well as regulate strictly investment discipline and financial discipline; intensify destocking, adjust the structure of land reserves and products to improve the quality of capital and assets gradually. Poly Property has the confidence to maintain its strategic focus and operational resilience, and will strive forward by virtue of its own credit and brand advantages, while ensuring steady and sustainable development.

In 2023, the Group will continue to adhere to the concept of lean management, capacity improvement, development and risk prevention; while focusing on the eternal corporate goal of improving quality, reducing cost and increasing efficiency, the Group will also ensure its high-quality development through management innovation, product innovation and service innovation.

Far as the journey is, we will still make it up; hard as it is, it will be done. Despite the difficulties and challenges, we will forge ahead bravely.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

For the year ended 31 December 2022 (the “Year”), the Group recorded a revenue of RMB41,127 million (2021: RMB30,305 million), representing an increase of 35.7% when comparing to last year. Profit attributable to shareholders was RMB816 million (2021: RMB2,059 million), representing a decrease of 60.4% when comparing to last year. Basic and diluted earnings per share were both RMB21.71 cents, representing year-on-year decreases of 61.2%. The board of directors of the Company recommended the payment of a final dividend of 4.8 HK cents per share.

As at 31 December 2022, shareholders' equity of the Group amounted to RMB32.9 billion (as at 31 December 2021: RMB31.5 billion), along with a net asset value per share of RMB8.62 (as at 31 December 2021: RMB8.48).

## **PROPERTY DEVELOPMENT**

The total GFA of newly commenced construction of Poly Property Group (the Group, together with its joint ventures and associates) during the Year was approximately 2,746,000 square metres. The GFA of construction completed during the Year was approximately 4,765,000 square metres. The total contracted area sold amounted to approximately 2,399,000 square metres. There were 123 continual launches and 23 debut launches during the Year. As at 31 December 2022, Poly Property Group had 73 projects under construction or planning, representing a total GFA of approximately 19,167,000 square metres.

## **PROPERTY SALES**

In 2022, contracted sales of Poly Property Group decreased by 11% year-on-year to RMB50.2 billion. Contracted area sold was 2,399,000 square metres. The average selling price of contracted sales was RMB20,931 per square metre. The average selling price of contracted sales in Mainland China was RMB20,250 per square metre, which represented an increase of 16% as compared with last year. 11 projects recorded contracted sales of over RMB1 billion, including Shanghai Poly Vibe Centro, Kunshan East City, Nanning Poly Town Phase II, Ningbo Poly Brocade Scroll, Kunshan Moonlight Mansion, Suzhou Tide Mansion, Jinan Poly Grand Joy II, Ningbo Poly Rising, Shenzhen Poly Vibe Centro, Taicang Tianhe Mansion and Jinan Huai Yin Project.

<b>Region</b>	<b>Contracted Sales in 2022 by Region</b> <i>(RMB million)</i>	<b>Percentage</b> <i>(%)</i>	<b>Contracted Area Sold in 2022 by Region</b> <i>('000 square metres)</i>	<b>Percentage</b> <i>(%)</i>
Yangtze River Delta	24,700	49%	893	37%
Pearl River Delta	8,636	17%	355	15%
Southwestern	6,803	14%	497	21%
Others	8,332	17%	649	27%
Hong Kong	1,749	3%	6	0%
<b>Total</b>	<b>50,220</b>	<b>100%</b>	<b>2,399</b>	<b>100%</b>

*Notes:*

1. Contracted sales include car park sales;
2. The totals may not equal to the sum of the figures due to round-off.

#### **NEW LAND RESERVES**

In 2022, 10 development projects were acquired by Poly Property Group in Shanghai, Kunshan, Ningbo, Shenzhen and Jinan. The Group made presence in Changshu for the first time. The planned GFA of new land reserves for the Year was approximately 1,742,000 square metres. The cost of land was considered reasonable.

## List of Land Reserve Acquired in 2022

Project	Type	Site Area ( <i>'000 square metres</i> )	Planned GFA ( <i>'000 square metres</i> )	Interests	Development Status
				Attributable to the Group (%)	
Ningbo Hai Shu Project	Residential	29	71	100%	Under construction
Ningbo Poly Rising	Residential	47	185	100%	For sale
Ningbo Poly Villa Re Place	Residential	70	234	100%	For sale
Changshu Poly Longyue Mansion	Residential	24	40	100%	For sale
Jinan Poly Jade	Commercial and Residential	53	151	100%	For sale
Shanghai Feng Xian Project	Residential	30	107	100%	Under construction
Jinan Poly Park TOD	Commercial and Residential	53	140	80%	For sale
Shenzhen Yuling Road Project	Commercial and Residential	19	138	51%	Under planning
Kunshan Tongfeng Road Project	Commercial and Residential	135	356	51%	Under construction
Jinan Lixia District Project	Commercial and Residential	81	321	100%	Under planning
<b>Total</b>		<b><u>540</u></b>	<b><u>1,742</u></b>		

### Notes:

1. Since figures were rounded up to the nearest thousand, their total may not equal to the actual sum;
2. As at 31 December 2022.

## **SUMMARY OF NEWLY ACQUIRED PROJECTS IN 2022**

### **1. Ningbo Hai Shu Project**

The project is located in Jishigang Town, Haishu District, Ningbo, which is 2.2 kilometres from the government office of the Jishigang Town and the west gateway to the central district of Ningbo. In proximity to well-developed residential communities, the site is approximately 2 kilometres from the outlet commercial district. The project enjoys full-fledged ancillary facilities, abundant educational and medical resources and convenient transportation. The south side of the project is a river with certain landscape values. The project, with a planned total gross floor area of approximately 71,000 square metres, is intended to be developed into high-rise residential buildings.

### **2. Ningbo Poly Rising**

The project is located at the Zhuangqiao Area in Jiangbei District, Ningbo, which has geographical advantage and is the centre of transportation hub in Northern Ningbo. Hongda Road Station of Metro Line 4 is south to the site and a river is west to the site which provides a scenic view. The site is only 1 kilometre from Ningbo Shanghai World Foreign Language School. The site has a range of amenity facilities including Wanda Plaza and other centralized businesses and has abundant of educational and medical resources. The project, with a planned total gross floor area of approximately 185,000 square metres, is intended to be developed into high-rise residential buildings.

### **3. Ningbo Poly Villa Re Place**

The project is located at Fuming Street, Yinzhou District, Ningbo. The Northern Area of Jiangdong is a traditional community with centralized resources in the city with a full range of commercial, educational and medical facilities. The site is 4 kilometres from the municipal government office of Ningbo and approximately 300 metres from the Zhongxing Bridge South Station of Metro Line 3, enjoying convenient transportation. The riverside green zone of Yongjiang Park is 500 metres to the north of the site which has a scenical advantage. The project, with a planned total gross floor area of approximately 234,000 square metres, is intended to be developed into high-rise residential buildings.

#### **4. Changshu Poly Longyue Mansion**

The project is located at Taishan North Road, Hongqiao Area, Changshu, which belongs to a prime area of the city centre and close to the people's court, the natural resources and planning bureau and other government authorities. The area has extensive quality educational resources with Tianhong Shopping Centre, Star Palace and other centralized businesses. The project is located at the junction of Shiji Boulevard and Huanghe Road and is planned to have metro which is easily accessible. The project, with a planned total gross floor area of approximately 40,000 square metres, is intended to be developed into high-rise residential buildings.

#### **5. Jinan Poly Jade**

The three land parcels of the project granted in bundle are located in Xianwen Area in Jinan High-Tech Zone, a core area of the city centre. The site neighbours CBD in the west, Olympic sports governmental area in the south and is 2.8 kilometres from the municipal government office, which has geographical advantage. The area is well developed with a range of quality educational and medical facilities and is close to two core business circles. The site enjoys convenient transportation and is approximately 400 metres from Ding Jia East Station of Metro Line 3. The project, with a planned total gross floor area of approximately 151,000 square metres, is intended to be developed into high-rise residential buildings.

#### **6. Shanghai Feng Xian Project**

The project is located in Nanqiao New Town, Fengxian District, Shanghai, a high-quality core district being developed by the Fengxian district government. The site is south to Shanghai Fish and close to Poly Moon Light and Poly Twilight Mansion, two projects developed by the Group. The area is well equipped with rich educational and medical resources. The site is in proximity to Metro Line 5 and several bus lines which has convenient transportation. The project, with a planned total gross floor area of approximately 107,000 square metres, is intended to be developed into high-rise residential buildings.

#### **7. Jinan Poly Park TOD**

The project is located on the top of Jiangjiazhuang parking lot of Rail Transit Line 2 in Lixia District, Jinan, and is one of the first TOD metro comprehensive development projects in Jinan. The Shengfu Area where the plot is located is the key building area of the city and also the hot improvement area of Jinan in recent years. The project relies on Jiangjiazhuang Station, with convenient transportation. The surrounding business, education and medical facilities are complete, and the landscape resources are abundant. The project, with a planned total gross floor area of approximately 140,000 square metres, is intended to be developed into high-rise residential buildings.

## **8. Shenzhen Yuling Road Project**

The project is located at the north side of the intersection of Yanlong Avenue and Yuling Road in Longcheng Street, Shenzhen. The Longxi Wulian District, where the project is located, focuses on the development of leisure tourism and ecological residential areas, while taking into account the ecological industry, and plans to build it into the back garden of Longgang Central City. It is positioned with comprehensive facilities for education, business and medical care. The project, with a planned total gross floor area of approximately 138,000 square metres, is intended to be developed into high-rise residential buildings.

## **9. Kunshan Tongfeng Road Project**

The project is located at Tongfeng Road, Kunshan Development Zone, close to the city center, belonging to the traditional residential area of the development zone, with a strong residential atmosphere. The surrounding areas are abundant in commercial and medical resources and have certain advantages in school districts, including Kunshan International School and Kunshan First People's Hospital. The plot is 600 meters away from the planned metro line S1, with convenient transportation. The project, with a planned total gross floor area of approximately 356,000 square metres, is intended to be developed into high-rise residential buildings.

## **10. Jinan Lixia District Project**

The project is located in Block 11, Science and Technology City, Lixia District, Jinan, adjacent to the urban CBD in the south and the high-tech core area in the east, with a superior geographical location. The southeast side of the plot is adjacent to the CBD Silk Belt Park landscape area, with developed road network and convenient transportation. The project shares the core business district of the city center, high-quality educational and medical resources, and provincial-level cultural and sports supporting facilities. The project, with a planned total gross floor area of approximately 321,000 square metres, is intended to be developed into high-rise residential buildings.

## **PROJECTS UNDER CONSTRUCTION AND PROJECTS UNDER PLANNING**

As at 31 December 2022, Poly Property Group had a total of 73 real estate development projects in 29 cities. 45% of the total GFA was located in Yangtze River Delta and Pearl River Delta Region, 27% in Southwestern Region, 27% in Other Regions, and 1% in Hong Kong. Meanwhile, 64 projects were under construction, with a total GFA of 10,637,000 square metres (attributable area amounted to 8,176,000 square metres), and a total GFA of 8,529,000 square metres (attributable area amounted to 5,489,000 square metres) was under planning.

## List of Projects under Construction and under Planning as at 31 December 2022

Project	GFA under construction ( <i>'000 square metres</i> )	GFA under planning ( <i>'000 square metres</i> )	Interest attributable to the Group  (%)
<b>YANGTZE RIVER DELTA REGION</b>			
1. Shanghai Poly Moonrise Mansion	111	—	100%
2. Shanghai Poly Twilight Mansion	101	—	100%
3. Shanghai Poly Vibe Centro	86	—	100%
4. Shanghai Feng Xian Project	107	—	100%
5. Kunshan Moonlight Mansion	221	—	49%
6. Kunshan Moonlight Jade	194	—	49%
7. Kunshan East City	270	—	32%
8. Kunshan Tongfeng Road Project	237	119	51%
9. Changzhou Poly Jingyue Palace	227	—	51%
10. Taicang Tianhe Mansion	120	—	41%
11. Suzhou Poly Lake Mansion	—	104	100%
12. Suzhou Urban Ideal Habitat	161	—	20%
13. Suzhou Poly Poetic Dwelling	101	—	100%
14. Suzhou Riverside Time Zone	82	—	49%
15. Suzhou Tide Mansion	152	—	36%
16. Changshu Poly Longyue Mansion	40	—	100%
17. Ningbo Poly Riverview Mansion	175	—	70%
18. Ningbo Luxury Clivia	154	—	49%
19. Ningbo Poly Spring Poetry	88	—	100%
20. Ningbo Poly Brocade Scroll	132	—	100%
21. Ningbo Hai Shu Project	71	—	100%
22. Ningbo Poly Rising	185	—	100%
23. Ningbo Poly Villa Re Place	234	—	100%
24. Ninghai Poly Origin of Nebula	91	—	100%
25. Hangzhou Future Mansion	304	—	50%
26. Yuyao Poly Jordan International	13	299	100%
27. Deqing Poly Origin	—	67	100%
<b>Sub total</b>	<b>3,655</b>	<b>588</b>	

<b>Project</b>	<b>GFA under construction</b> ( <i>'000 square metres</i> )	<b>GFA under planning</b> ( <i>'000 square metres</i> )	<b>Interest attributable to the Group</b> (%)
<b>PEARL RIVER DELTA REGION</b>			
28. Guangzhou Poly Gratified West Bay	133	234	75%
29. Guangzhou Clover Shades	137	—	38%
30. Guangzhou Poly Glory	79	—	100%
31. Guangzhou Nan Sha Project	52	—	100%
32. Guangzhou Poly Polaris	178	114	94%
33. Guangzhou Glory of City	186	—	40%
34. Guangzhou Poly Moonlight Lake	88	129	100%
35. Guangzhou Poly Longyue	119	—	100%
36. Foshan Guangfo Poly City III	108	—	100%
37. Foshan Poly Mansion	109	100	100%
38. Shenzhen Poly Keenstar Super City	—	1,858	50%
39. Shenzhen Poly New Dream	183	—	51%
40. Shenzhen Poly Vibe Centro	171	—	51%
41. Shenzhen Poly Urban Cultural Bay	251	—	100%
42. Shenzhen Yuling Road Project	—	138	51%
<b>Sub total</b>	<b>1,795</b>	<b>2,573</b>	
<b>SOUTHWESTERN REGION</b>			
43. Guiyang Poly Park 2010	68	225	100%
44. Guiyang Poly Phoenix Bay	—	206	51%
45. Guiyang Poly Bright Moon on Top	108	193	100%
46. Zunyi Poly Metropolis of Future	—	2,105	35%
47. Nanning Poly Town	78	—	100%
48. Nanning Poly Town Phase II	491	359	100%
49. Nanning Poly Moon Bay	344	—	100%
50. Liuzhou Poly Mountain Villa	44	—	100%
51. Kunming Poly City	460	317	90%
52. Kunming Poly Moonlight Mansion	168	87	51%
<b>Sub total</b>	<b>1,762</b>	<b>3,493</b>	

Project	GFA under construction ( <i>'000 square metres</i> )	GFA under planning ( <i>'000 square metres</i> )	Interest attributable to the Group  (%)
<b>OTHER REGION</b>			
53. Wuhan Poly City	85	580	68%
54. Wuhan Poly Park	—	286	55%
55. Wuhan Poly Emerald Mansion	227	—	100%
56. Wuhan Poly Bright Lights	230	—	100%
57. Harbin Guang Xin Project	608	—	100%
58. Mudanjiang Poly Landscape	134	34	100%
59. Jinan Phili House	—	83	25%
60. Jinan Poly Mountain Villa	86	—	60%
61. Jinan Huai Yin Project	451	—	75%
62. Jinan Poly Grand Joy II	335	191	100%
63. Jinan Poly Jade	151	—	100%
64. Jinan Poly Park TOD	140	—	80%
65. Jinan Lixia District Project	—	321	100%
66. Yantai Poly Moon Mansion	184	—	51%
67. Weihai Poly Hanlin Mansion	49	—	40%
68. Weihai Poly Moon Fenghua	223	—	51%
69. Weifang Zoina Poly Mansion	139	—	30%
70. Tai'an Poly Yuelu Mansion	168	—	60%
71. Wanning Poly Peninsula No.1	71	379	100%
<b>Sub total</b>	3,281	1,875	
<b>HONG KONG REGION</b>			
72. Hong Kong Chill Residence	43	—	70%
73. Hong Kong Pano Harbour	102	—	35%
<b>Sub total</b>	145	—	
<b>Grand total</b>	10,637	8,529	

*Note:*

Since figures were rounded up to the nearest thousand, their total may not equal to the actual sum or the sum in each group.

## COMPLETED CONSTRUCTION

In 2022, Poly Property Group has achieved a total GFA of approximately 4,765,000 square metres in completed construction. The construction of all phases of 20 projects has been completed in the Year.

<b>Project</b>	<b>Completed GFA in 2022 (<i>'000 square metres</i>)</b>	<b>Accumulated completed GFA by the end of 2022 (<i>'000 square metres</i>)</b>
<b>YANGTZE RIVER DELTA REGION</b>		
Shanghai Poly Moon Light	93	93
Suzhou Wonderful Times	105	105
Suzhou Above The Clouds	125	125
Suzhou Urban Ideal Habitat	118	118
Ningbo Poly City	77	668
Ningbo Poly Lake Imprint	190	190
<b>PEARL RIVER DELTA REGION</b>		
Guangzhou Poly Gratified West Bay	77	176
Guangzhou Nansha Poly City	117	802
Guangzhou Clover Shades	46	46
Guangzhou Poly Glory	65	65
Foshan Guangfo Poly City	240	252
Foshan Guangfo Poly City Phase II	123	123
Shenzhen Poly Keenstar Super City	267	267
Huizhou Poly Lujiang Lane	231	231
<b>SOUTHWESTERN REGION</b>		
Guiyang Poly Park 2010	142	1,667
Nanning Poly Dream River	222	222
Nanning Poly Hearty	21	304
Nanning Poly Town	234	1,668
Nanning Poly Town Phase II	466	845
Liuzhou Poly Mountain Villa	71	71
Kunming Poly City	302	302

<b>Project</b>	<b>Completed GFA in 2022</b> <i>(’000 square metres)</i>	<b>Accumulated completed GFA by the end of 2022</b> <i>(’000 square metres)</i>
<b>OTHER REGIONS</b>		
Wuhan Poly Joyful Mansion	178	178
Wuhan Poly Up Town	179	826
Harbin Poly City	12	607
Harbin Poly Tin Yor Phase II	1	143
Harbin Poly Time Lane	233	233
Jinan Poly Mountain Villa	99	99
Jinan Huai Yin Project	208	208
Jinan Poly Grand Joy	131	223
Weihai Caixin Poly Masterpiece	19	304
Weihai Poly Hanlin Mansion	72	72
Zibo Poly Mansion	7	158
Zibo Poly City	165	234
Weifang Zoina Poly Mansion	23	279
Tai’an Poly Yuelu Mansion	108	108
	<hr/>	
<b>Grand total</b>	<b>4,765</b>	
	<hr/> <hr/>	

*Note:*

Since figures were rounded up to the nearest thousand, their total may not equal to the actual sum.

## **RECOGNISED PROPERTY SALES**

The sales of 85 projects of Poly Property have been recognised in 2022, with a total sales value of RMB39 billion and a total GFA of 2,308,000 square metres. The recognised average selling price was RMB16,918 per square metre. Among the sales recognised, ordinary residential properties accounted for 92%, villas accounted for 2%, retail shops accounted for 3%, offices accounted for 0% and parking spaces accounted for 2% of the total value. In terms of geographical distribution, Yangtze River Delta Region, Pearl River Delta Region, Southwestern Region, Other Regions and Hong Kong accounted for 19%, 33%, 29%, 16% and 3%, respectively.

## List of Major Projects with Sales Recognised in 2022

Project	Sales recognized in 2022 (RMB million)
<b>Yangtze River Delta Region</b>	
1. Shanghai Jiading Affordable Housing Project	1,073
2. Suzhou Poly Tianyue Mansion	364
3. Suzhou Wonderful Times	1,087
4. Ningbo Poly City	168
5. Ningbo Poly Lake Imprint	4,704
6. Others	140
	<hr/>
<b>Sub total</b>	<b>7,535</b>
<b>Pearl River Delta Region</b>	
7. Guangzhou Poly Gratified West Bay	1,973
8. Guangzhou Nansha Poly City	1,850
9. Guangzhou Poly Glory	1,075
10. Foshan Poly Tongji Mansion	141
11. Foshan Guangfo Poly City	2,311
12. Shenzhen Poly Keenstar Super City	4,235
13. Huizhou Poly Sunshine Town	130
14. Huizhou Poly Lujiang Lane	971
15. Others	97
	<hr/>
<b>Sub total</b>	<b>12,782</b>
<b>Southwestern Region</b>	
16. Guiyang Poly Park 2010	368
17. Zunyi Poly Metropolis of Future	149
18. Nanning Poly Crescendo	173
19. Nanning Poly Town	2,631
20. Nanning Poly Town Phase II	4,825
21. Liuzhou Poly Mountain Villa	111
22. Kunming Poly City	2,785
23. Others	361
	<hr/>
<b>Sub total</b>	<b>11,403</b>

<b>Project</b>	<b>Sales recognized in 2022 (RMB million)</b>
<b>Other Regions</b>	
24. Wuhan Poly Joyful Mansion	891
25. Harbin Poly City	139
26. Harbin Poly Tin Yor Phase II	436
27. Harbin Poly Tin Yor	105
28. Harbin Poly Time Lane	536
29. Jinan Poly Mountain Villa	113
30. Jinan Poly Sheng Jing Tai	191
31. Jinan Huai Yin Project	1,507
32. Jinan Poly Grand Joy	536
33. Yantai Poly Ocean Luxe	383
34. Weihai Poly Hanlin Mansion	187
35. Zibo Poly City	562
36. Tai'an Poly Yuelu Mansion	342
37. Others	318
	<hr/>
<b>Sub total</b>	<b>6,245</b>
	<hr/>
<b>Hong Kong Region</b>	
38. Hong Kong Vibe Centro	290
39. Hong Kong Villa La Plage	782
	<hr/>
<b>Sub total</b>	<b>1,072</b>
	<hr/>
<b>Grand total</b>	<b>39,037</b>
	<hr/> <hr/>

*Note:*

Since figures were rounded up to the nearest million, their total may not equal to the actual sum or the sum in each group.

## Recognised Sales in 2022 by Property Type

<b>Property type</b>	<b>Sales recognized in 2022 (RMB million)</b>	<b>Percentage (%)</b>
Ordinary residential property	35,947	92%
Villa	870	2%
Retail shop	1,290	3%
Office	62	0%
Parking space	868	2%
<b>Total</b>	<b>39,037</b>	<b>100%</b>

*Note:*

Since figures were rounded up to the nearest million, their total may not equal to the actual sum or the sum in each group.

## INVESTMENT PROPERTIES

The Group has various investment properties and hotels located in first-tier cities and second-tier provincial capitals. The investment properties had a total GFA of approximately 697,000 square metres and an asset value of approximately RMB9,667 million.

## List of Major Investment Properties and Hotels as at 31 December 2022

Region	Project	GFA held ( <i>'000 square metres</i> )	Average occupancy rate of 2022 (%)	Average occupancy rate of 2021 (%)	Interests attributable to the Group (%)	Property type
<b>Investment properties</b>						
Beijing	Beijing Poly Plaza	15	68%	81%	75%	Office
Shanghai	Shanghai Poly Plaza (partial)	30	75%	78%	100%	Office and commercial
Shanghai	Shanghai Stock Exchange Building (partial)	48	60%	61%	100%	Office
Shenzhen	Shenzhen Poly Cultural Plaza (partial)	135	97%	100%	100%	Commercial
Wuhan	Wuhan Poly Plaza (partial)	56	61%	75%	100%	Office
<b>Hotels</b>						
Beijing	Beijing Poly Plaza Hotel	63	31%	36%	75%	Hotel
Shanghai	Hyatt Regency Shanghai Jiading	69	60%	64%	100%	Hotel
Wuhan	Wuhan Poly Hotel	28	35%	51%	100%	Hotel

## PROPERTY MANAGEMENT

The Group has various property management companies engaging in the operation management service of residential, commercial, offices, hotels, theatres and other property types. They have been the leading players in the property management industry of China and have received numerous titles and awards.

In 2022, the Group's property management companies recorded total revenue of RMB1,077 million, representing a year-on-year increase of 5.5%. The companies managed a total of 266 property projects with a GFA under management of 46,889,000 square metres, representing an increase of 7.3% when comparing with last year.

## FINANCIAL REVIEW

### Liquidity and Capital Structure

As at 31 December 2022, total equity attributable to shareholders of the Company amounted to RMB32,930,244,000 (2021: RMB31,500,827,000), while the net asset value per share was RMB8.62 (2021: RMB8.48). As at 31 December 2022, the Group's gearing ratio (on the basis of the amount of total liabilities divided by the amount of total assets) was 79.4% (2021: 80.3%).

As at 31 December 2022, the Group had an outstanding bank and other borrowings (including the notes payable) of RMB80,047,656,000. In terms of maturity, the outstanding bank and other borrowings (including notes payable) can be divided into RMB18,363,445,000 (23%) to be repaid within one year, RMB19,111,052,000 (24%) to be repaid after one year but within two years, RMB33,693,834,000 (42%) to be repaid after two years but within five years, RMB8,879,325,000 (11%) to be repaid after five years. In terms of currency denomination, the outstanding bank and other borrowings (including the notes payable) can be divided into RMB71,591,455,000 (90%) in Renminbi, RMB3,471,000,000 (4%) in United State dollars, and RMB4,985,201,000 (6%) in Hong Kong dollars.

38.9% of the bank and other borrowings (including the notes payable) of the Group are subject to fixed interest rates and the remaining 61.1% are subject to floating interest rates. Therefore, under circumstances of interest rates uncertainty or fluctuations or otherwise as appropriate, the Group will consider the use of hedging instruments (including interest rates swaps), in order to manage interest rate risks.

As at 31 December 2022, the Group had a net current assets of RMB81,544,307,000 and total bank balances of RMB31,617,971,000 (2021: RMB67,347,980,000 and RMB30,013,282,000, respectively). With the available banking facilities and cash revenue from business operations, it is believed that the Group has sufficient resources to meet the foreseeable working capital demands and capital expenditure.

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and United States dollars. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimised via balancing the monetary assets versus monetary liabilities, and foreign exchange revenue versus foreign exchange expenditures. The management believes that the foreign exchange rate between Hong Kong dollars and United States dollars is relatively stable. Due to recent fluctuation of Renminbi exchange rate against Hong Kong dollars, the Group closely monitors the fluctuation and adopts policy to minimise exchange rate risks, if necessary.

## Pledged Assets

At the end of the reporting period, the carrying value of the Group's assets which were pledged to secure credit facilities granted to the Group are as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Investment properties	<b>6,519,329</b>	4,854,790
Hotel properties	<b>1,536,000</b>	389,000
Buildings	<b>233,396</b>	126,335
Right-of-use assets	<b>221,523</b>	222,943
Properties under development	<b>30,735,407</b>	24,863,272
Properties held for sale	<b>489,665</b>	3,598,417
Bank deposits	<b>444,639</b>	265,431
	<b><u>40,179,959</u></b>	<b><u>34,320,188</u></b>

In addition to above pledge of assets, at 31 December 2022 and 2021, the Group's interests in certain subsidiaries were pledged to secure credit facilities granted to the Group. The details of net assets value of subsidiaries are as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Total assets	<b>47,803,727</b>	13,068,660
Total liabilities	<b><u>(46,028,476)</u></b>	<b><u>(11,164,317)</u></b>
Net assets value	<b><u>1,775,251</u></b>	<b><u>1,904,343</u></b>

## **Contingent Liabilities**

The Group arranged mortgage loan facilities with certain banks for purchasers of property units and provided guarantees to banks to secure obligations of such purchasers of repayment. The maximum guarantees given to banks amounted to RMB23,443,910,000 as at 31 December 2022 (2021: RMB23,230,684,000). Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate; and (ii) the satisfaction of the mortgage loans by the buyers of the properties. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors. The Directors also consider that the fair value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group in the event the purchasers default payments to the banks.

As at 31 December 2022, the Group had given guarantees to certain banks in respect of credit facilities granted to certain associates and joint ventures of the Group amounting to RMB8,130,800,000 (2021: RMB6,785,084,000), of which RMB5,586,393,000 (2021: RMB4,502,183,000) had been utilised by associates and joint ventures.

## **EMPLOYEES**

As at 31 December 2022, the Group employed about 9,220 employees with remuneration for the year amounted to approximately RMB1,497 million. The Group provides its employees with various benefits including year-ended double-pay, contributory provident fund and medical insurance. In addition, share options and discretionary bonuses are also granted based on the Group's and individual's performance. Employee trainings are also provided as and when required.

## **SHARE OPTIONS**

In order to provide incentives or rewards to the Directors and certain employees of the Company and certain eligible persons to contribute to the long term success of the business of the Group, the shareholders of the Company adopted a share option scheme ("Share Option Scheme") on 28 May 2014. As at 31 December 2022, 27,293,364 options were outstanding (each option entitles its holder to subscribe for one share of the Company) under the Share Option Scheme to certain executive Directors and employees.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **REVIEWED BY AUDIT COMMITTEE**

The audit committee of the Company presently comprises four independent non-executive Director, namely Miss Leung Sau Fan, Sylvia (as Chairlady), Mr. Ip Chun Chung, Robert, Mr. Fung Chi Kin and Mr. Wong Ka Lun. The consolidated financial statements of the Group for the year ended 31 December 2022 have been reviewed by the audit committee.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Throughout the year under review, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “CG Code”), other than code provisions F.2.2 of the CG Code. The reasons for deviations from such provisions are explained below:

### **Code Provision F.2.2 of the CG Code — Attendance of Chairman of the Board at the Annual General Meetings**

Under code provision F.2.2 of the CG Code, the chairman of the Board should attend annual general meetings. Due to COVID 19 measures in 2022, Mr. Wan Yuqing, the chairman of the Company at the relevant time, was unable to attend the annual general meeting of the Company held on 25 May 2022. Mr. Ip Chun Chung, Robert was appointed as the chairman of the meeting and addressed questions raised by shareholders at the meeting.

The Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.

## **COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES**

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Model Code and the code of conduct regarding directors’ securities transactions adopted by the Company throughout the year ended 31 December 2022.

## **PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the Company's website and the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The 2022 Annual Report will also be available at the Company's and the Stock Exchange's websites and will be despatched to shareholders of the Company in April 2023.

For and on behalf of the Board  
**Poly Property Group Co., Limited**  
**WAN Yuqing**  
*Chairman*

Hong Kong, 28 March 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Wan Yuqing, Mr. Wang Jian and Mr. Ye Liwen; and the non-executive director of the Company is Mr. Chen Yuwen and the independent non-executive directors of the Company are Mr. Ip Chun Chung, Robert, Mr. Fung Chi Kin, Miss Leung Sau Fan, Sylvia and Mr. Wong Ka Lun.*