



JY GRANDMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2231



ANNUAL REPORT 2022

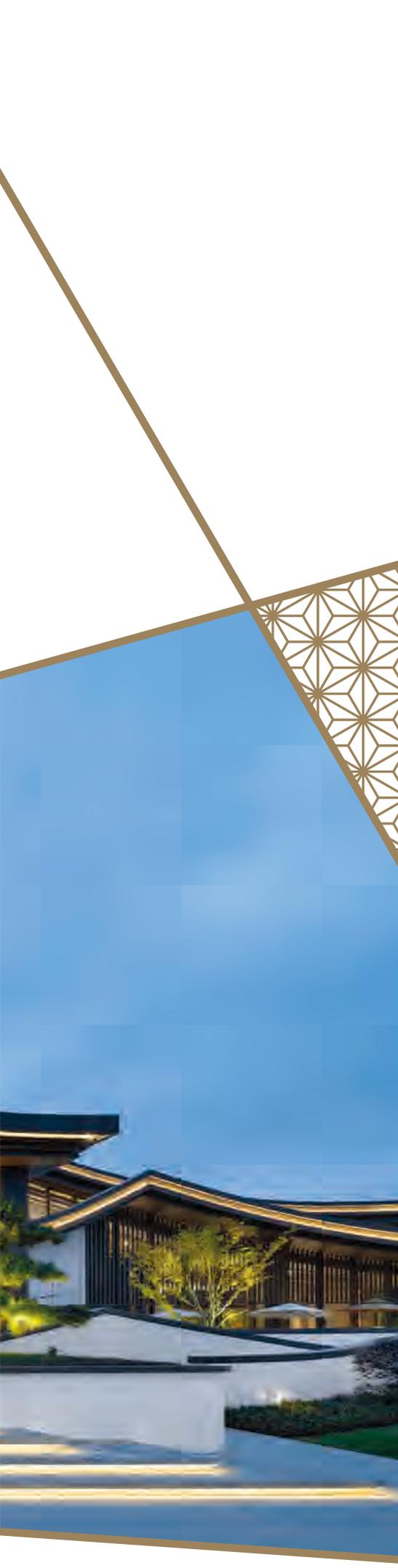
COMPANY PROFILE

JY Grandmark Holdings Limited (Stock Code: 2231.HK) was listed on the Stock Exchange on 5 December 2019 and the Group has been included as a constituent of the MSCI China Small Cap Index since May 2020.

JY Grandmark is a property developer, operator and property management service provider based in the PRC. It runs four principal businesses, namely (i) property development and sales, (ii) hotel operations, (iii) property management and (iv) commercial property investment, with business presence in Guangdong, Hainan, Yunnan, Jiangsu and Hunan provinces. As at 31 December 2022, the total gross floor area of the Group's land reserves reached approximately 3.9 million sq.m..

The Group positions itself as an “Eco-friendly and People-oriented Property Developer” (生態人文地產發展商). It develops homes and communities that it considers to be truly liveable for buyers by leveraging the natural resources, unique landscapes and features as well as rich culture of its selected project sites.





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. CHAN Sze Ming Michael
(Chairman)
Mr. LIU Huaxi (Vice-Chairman)
Ms. ZHENG Catherine Wei Hong
Mr. WU Xinping
Ms. WEI Miaochang

Independent non-executive Directors

Mr. MA Ching Nam
Mr. LEONG Chong
Mr. WU William Wai Leung

AUDIT COMMITTEE

Mr. WU William Wai Leung
(Chairman)
Mr. MA Ching Nam
Mr. LEONG Chong

REMUNERATION COMMITTEE

Mr. LEONG Chong (Chairman)
Mr. MA Ching Nam
Mr. WU William Wai Leung
Mr. LIU Huaxi

NOMINATION COMMITTEE

Mr. MA Ching Nam (Chairman)
Mr. LEONG Chong
Mr. WU William Wai Leung
Mr. LIU Huaxi

LEGAL ADVISERS

As to Hong Kong law:
Iu, Lai & Li Solicitors & Notaries

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH 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
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 3008-10, 30/F, Tower One
Times Square, 1 Matheson Street
Causeway Bay
Hong Kong

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

X1301-C4884
No. 106 (Self-named Building 1)
Fengze East Road, Nansha District
Guangzhou City
Guangdong Province, the PRC

AUDITOR

PricewaterhouseCoopers

COMPANY SECRETARY

Ms. WAI Ching Sum

**AUTHORISED
REPRESENTATIVES**

Mr. CHAN Sze Ming Michael
Ms. WAI Ching Sum

PRINCIPAL BANKS

Hang Seng Bank Limited
Chong Hing Bank Limited
The Bank of East Asia, Limited
Industrial and Commercial Bank of
China, Guangdong Branch

COMPANY'S WEBSITE

www.jygrandmark.com



LISTING INFORMATION

Equity Securities

The Company's ordinary shares (stock code: 2231) are listed on the Main Board of the Stock Exchange.

Debt Securities

9.5% senior notes in an aggregate principal amount of US\$152,100,000 due 2024 (stock code: 5677) are listed on the Main Board of The Stock Exchange.

FINANCIAL CALENDAR

Interim results announcement	31 August 2022
Audited annual results announcement	30 March 2023
AGM	8 June 2023

CLOSURE OF REGISTER OF MEMBERS AND OTHER KEY DATES

The Company's register of members will be closed during the following periods:

To determine the identity of Shareholders who are entitled to attend and vote at the AGM

Latest time for lodging transfer documents of shares	: 4:30 p.m. on Friday, 2 June 2023
Period of closure of register of members	: Monday, 5 June 2023 to Thursday, 8 June 2023 (both days inclusive)

To qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the share certificate must be lodged with the Company's branch share registrar and transfer office 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 not later than the corresponding latest time for lodging transfer document of shares.

ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 8 June 2023. The AGM Notice will be set out in the Company's circular dated Friday, 28 April 2023 and will be despatched together with this annual report to the Shareholders. The AGM Notice and the proxy form will also be published on the Company's website (www.jygrandmark.com) and the Stock Exchange's website (www.hkexnews.hk).

DESPATCH OF CORPORATE COMMUNICATIONS

This annual report is available in both Chinese and English version. Printed copies in both languages will be delivered to Shareholders. This annual report is also published on the Company's website (www.jygrandmark.com) and the Stock Exchange's website (www.hkexnews.hk).

MILESTONES IN 2022

1

January 2022

Successfully issued US\$152.1 million of 7.5% senior notes due 2023, while the exchange offer for the 7.5% senior notes due 2022 was completed with the existing notes accepted in the exchange offer amounted to US\$149.6 million.

6



June 2022

Qingyuan JY Grand Garden, Zhaoqing JY Uniworld and Tengchong JY Gaoligong Town achieved quality delivery as scheduled on 30 June.

8



August 2022

1. JY Gaoligong Town, a cultural tourism project in Tengchong, sold well against the trend in low season with the contracted sales exceeded RMB100 million in a single month, proven to be a highly sought-after property in the region.
2. The Group's Just Stay Inn was completed and officially opened. Just Stay Inn is located in the key ecological area of the Guangzhou Forest Recreation and Hostel Development Zone planned by the Guangzhou government. It is an example of the Group's venture into countryside revitalization which added another member to our hotel brand and consolidated our diversified strategic layout.

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September 2022

Two projects, namely, Qingyuan JY Grand Garden and Zhaoqing JY Uniworld, were successfully delivered on 30 September, realising our promise to the market through actual action and performance.

MAJOR HONOURS AND AWARDS IN 2022

	Honour/Award	Awarding body
	<p>Director Unit 2022-2026 (JY Grandmark)</p>	<p><i>Guangdong Real Estate Industry Association</i></p>
	<p>Best Pre-sale Property of the Year (JY Zhujiang Village City Showroom)</p>	<p><i>Kinpan Award Committee</i></p>
	<p>Zengcheng Craftsmanship Quality Property (JY Uniworld)</p>	<p><i>Zengcheng Real Estate, Charming Zengcheng</i></p>

MAJOR HONOURS AND AWARDS IN 2022 (CONTINUED)

	Honour/Award	Awarding body
	Excellent Property Service Enterprise (Yingde Zhuodu Property Management Co. Ltd.)	Yingde City Construction Industry Association Property Management Branch
	Outstanding Member Unit of 2022 (Hunan Zhuodu Property Services Co., Ltd.)	Zhuzhou City Property Management Association
	Member Unit (Hunan Zhuodu Property Services Co., Ltd.)	Hunan Property Management Industry Association
	Star Property Services Project (Hunan Zhuodu Property Services Co., Ltd.)	Hunan Property Management Industry Association Zhuzhou City Property Management Association
	Guangcai Star 2022 (Tengchong Jingye Real Estate Development Co., Ltd.)	Tengchong Federation of Industry and Commerce (Chamber of Commerce) Tengchong Society for Promotion of the Guangcai Program

LAND BANK

Project Overview

(As of 31 December 2022)



11 cities

Total land bank approximately

3.9 million sq.m.

- Projects that are completed or comprise completed project phase
- Projects under development
- ▲ Projects held for future development



LAND BANK AS OF 31 DECEMBER 2022**I. Land bank calculated by cities**

As of 31 December 2022, the Group had a total of 36 property projects in 11 cities. 34 of these properties were developed and owned by the Group, and 2 were developed by the Group's joint ventures and associates. As of 31 December 2022, the Group had a land bank of approximately 3.9 million sq.m. on an attributable basis.

The total GFA of the Group's land bank includes (i) the total GFA of property completed, (ii) the total GFA of property under development and (iii) the total GFA for future development.

The following table sets forth the land bank details of the Group by region as of 31 December 2022.

Location	No. of project	No. of project	Under	Future	Completed	Under	Future	Total land bank (sq.m.)
			Completed development	development		development	development	
					Aggregate GFA			
					Saleable/ leaseable GFA	(including non-saleable/ non-leaseable GFA)	Estimated aggregate GFA for future development	
					unsold/ not leased (sq.m.)	(sq.m.)	(sq.m.)	
Guangdong		6	6	3				
Conghua	3	3			33,826	–	–	33,826
Zhongshan	1	1			26,840	–	–	26,840
Qingyuan	6	1	3	2	119,931	296,180	804,275	1,220,386
Zhaoqing	2	1	1		32,246	191,014	–	223,260
Huangpu	1			1	–	–	120,363	120,363
Zengcheng	2		2		–	187,416	–	187,416
Hainan		6	1	1				
Lingshui	5	5			286	–	–	286
Lingao	3	1	1	1	12,013	21,137	143,237	176,387
Yunnan		2	1	5				
Tengchong	8				23,975	86,765	1,079,170	1,189,910
Jiangsu			1					
Nanjing	1				–	36,385	–	36,385
Hunan		1	2	1				
Zhuzhou	4				73,759	145,824	474,826	694,409
Total	36	15	11	10	322,876	964,721	2,621,871	3,909,468

LAND BANK (CONTINUED)

II. Land bank calculated by project types

No.	Project	Interest of the Group	Province	Location	Property Type	Site Area x Group Interest (note 1) (sq.m.)	Completed GFA unsold/ not leased x Group Interest (sq.m.)	Under development	Future development	Total Estimated GFA (note 2) (sq.m.)	Construction Completion Time/ Estimated Construction Completion Time
								Aggregate GFA (including non-saleable/ non-leaseable GFA) x Group Interest (sq.m.)	Estimated aggregate GFA for future development x Group Interest (sq.m.)		
1	JY Lychee Town Phase I	100%	Guangdong	JY Lychee Town Garden, Xuanxing Village, Wenquan Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Residential	70,385	3,943	-	-	3,943	2015.12
2	JY Lychee Town Phase II	100%	Guangdong	JY Lychee Town Garden, Xuanxing Village, Wenquan Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Residential	70,385	29,050	-	-	29,050	2018.10
3	JY Hot Spring Villas	100%	Guangdong	No. 288 Yuquan Avenue, Liangkou Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Hotel rooms	131,091	833	-	-	833	2016.10
4	JY Clearwater Bay No. 3 Phase I	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	83,375	220	-	-	220	2015.12
5	JY Clearwater Bay No. 3 Phase II	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	67,770	66	-	-	66	2016.12
6	JY Clearwater Bay No. 3 Phase III	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	121,631	-	-	-	-	2018.07

LAND BANK (CONTINUED)

No.	Project	Interest of the Group	Province	Location	Property Type	Site Area x Group Interest (note 1) (sq.m.)	Completed	Under development	Future development	Total Estimated GFA (note 2) (sq.m.)	Construction Completion Time/ Estimated Construction Completion Time
							Saleable/ leaseable x Group Interest (sq.m.)	Aggregate GFA (including non-saleable/ non-leaseable GFA) x Group Interest (sq.m.)	Estimated aggregate GFA for future development x Group Interest (sq.m.)		
7	JY Clearwater Bay No. 3 Phase VI	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	58,823	-	-	-	-	2019.06
8	JY Clearwater Bay No. 3 Phase VII	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	48,471	-	-	-	-	2019.06
9	JY Yarra New Street (previously known as Zhongshan Yueheng Project)	50%	Guangdong	Yarra City Commercial Street, Southern District, Zhongshan City, Guangdong Province, the PRC	Shop	-	26,840	-	-	26,840	-
10	JY Grand Garden Phase I	100%	Guangdong	JY Grand Garden, West of Yingzhou Avenue, Yingcheng Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	67,812	103,986	-	-	103,986	2020.12
11	JY Gaoligong Town Phase I	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	12,494	-	-	12,494	2019.12
12	JY Gaoligong Town Phase II	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	11,481	-	113,842	125,323	2020.12
13	JY Mountain Lake Gulf Phase I (100# Lot)	100%	Hunan	79 Jincheng East Road, Hetang District, Zhuzhou City, Hunan Province, the PRC	Residential	101,175	73,759	-	-	73,759	2020.12
14	JY Egret Bay Phase I (previously known as JY Well-being Valley Phase I (06# Lot))	100%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	28,779	12,013	-	-	12,013	2020.12

LAND BANK (CONTINUED)

No.	Project	Interest of the Group	Province	Location	Property Type	Site Area x Group Interest (note 1) (sq.m.)	Completed	Under development	Future development	Aggregate GFA (including non-saleable/ non-leaseable GFA) x Group Interest (note 2) (sq.m.)	Estimated aggregate GFA for future development x Group Interest (note 2) (sq.m.)	Construction Completion Time/ Estimated Construction Time
15	JY Egret Bay Phase II (previously known as JY Well-being Valley Phase II (07# Lot))	100%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	59,717	–	21,137	80,093	101,230	2023.12	
16	JY Well-being Valley Phase III (04# Lot)	100%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	51,513	–	–	63,144	63,144	2024.12	
17	JY Grand Garden Phase II	100%	Guangdong	JY Grand Garden, West of Yingzhou Avenue, Yingcheng Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	67,812	15,945	133,801	–	149,746	2021.06	
18	JY Grand Garden Phase III	100%	Guangdong	Lot B, North of Guangbi Road, East of Yingzhou Avenue, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	26,340	–	76,378	88,512	164,890	2024.12	
19	JY Canglong Bay Project	80%	Guangdong	Lot B, North of Jiaoyu Road, East of Hongyun Avenue, Yinghong Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	60,230	–	86,001	132,349	218,350	2024.12	
20	JY Yonghua Shijia Project	100%	Guangdong	North of Lingnan Road, East of Hongyun Avenue, Yinghong Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	60,877	–	–	182,630	182,630	2024.12	
21	JY Yingde Jinxiang Project	100%	Guangdong	West of Baojing Road, South of Yingzhou Avenue, Yingcheng District, Yingde City, Qingyuan City, Guangdong Province, the PRC	Urban redevelopment: Commercial and residential property to be redeveloped	160,314	–	–	400,784	400,784	2024.12	

No.	Project	Interest of the Group	Province	Location	Property Type	Site Area x Group Interest (note 1) (sq.m.)	Completed	Under development	Future development	Total Estimated GFA (note 2) (sq.m.)	Construction Completion Time/ Estimated Construction Completion
							Saleable/ leaseable/ not leased x Group Interest (sq.m.)	Aggregate GFA (including non-saleable/ non-leaseable GFA) x Group Interest (sq.m.)	Estimated aggregate GFA for future development x Group Interest (sq.m.)		
22	JY Gaoligong Town Phase III	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	–	–	68,893	68,893	2024.06
23	JY Mountain Lake Gulf Phase II (100# Lot)	100%	Hunan	79 Jincheng East Road, Hetang District, Zhuzhou City, Hunan Province, the PRC	Residential	101,175	–	–	236,787	236,787	2025.12
24	JY Mountain Lake Gulf Phase III (111# Lot)	100%	Hunan	North of Intersection of Jincheng East Road and Jinda Road, Zhuzhou City, Hunan Province, the PRC	Residential	85,260	–	91,512	183,129	274,641	2024.12
25	Jing Ye Square (previously known as JY Mountain Lake Gulf Phase IV (99# Lot))	100%	Hunan	299 Hetang Avenue, Hetang District, Zhuzhou City, Hunan Province, the PRC	Commercial	22,754	–	54,312	54,910	109,222	2023.12
26	Zhaoqing International Technology and Innovation Centre (Zone A)	100%	Guangdong	North of Zongbu 3rd Road, South of Zongbu 2nd Road, North of Yongli Avenue, West of Yingbin Road, New Area, Dinghu District, Zhaoqing City, Guangdong Province, the PRC	Business and commercial	26,446	–	159,081	–	159,081	2024.06
27	JY Uniworld (previously known as Zhaoqing International Technology and Innovation Centre (Zone B))	100%	Guangdong	17 Yongli Avenue, New Area, Dinghu District, Zhaoqing City, Guangdong Province, the PRC	Residential and commercial	40,335	32,246	31,933	–	64,179	2020.10

LAND BANK (CONTINUED)

No.	Project	Interest of the Group	Province	Location	Property Type	Site Area x Group Interest (note 1) (sq.m.)	Completed Saleable/leaseable GFA unsold/not leased x Group Interest (sq.m.)	Under development	Future development	Total Estimated GFA (note 2) (sq.m.)	Construction Completion Time/Estimated Construction Time
								Aggregate GFA (including non-saleable/non-leaseable GFA) x Group Interest (sq.m.)	Estimated aggregate GFA for future development x Group Interest (sq.m.)		
28	JY Jiangshan Shili Zone A	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	96,922	-	86,765	181,078	267,843	2023.12
29	JY Jiangshan Shili Zone B	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	48,559	-	-	145,677	145,677	2024.12
30	JY Jiangshan Shili Zone C	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	30,724	-	-	92,172	92,172	2025.12
31	JY Jiangshan Shili Zone D	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	67,072	-	-	201,216	201,216	2026.06
32	Jinke JY Grand Garden	51%	Guangdong	Kengbei Village, Zhongxin Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	16,376	-	71,577	-	71,577	2023.06
33	JY Uniworld (previously known as Zengcheng Shitan Project)	100%	Guangdong	West of Xincheng Avenue, Shitan Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	26,938	-	115,839	-	115,839	2023.10
34	JY Logan Jiuyun Mansion (previously known as Nanjing Liuhe Project)	26%	Jiangsu	Lot at South of Qinyuan Road, East of Yanan Road, Xiongzhou Street, Liuhe District, Nanjing City, Jiangsu Province, the PRC	Residential	13,002	-	36,385	-	36,385	2023.06

LAND BANK (CONTINUED)

No.	Project	Interest of the Group	Province	Location	Property Type	Site Area x Group Interest (note 1) (sq.m.)	Completed	Under development	Future development	Total Estimated GFA (note 2) (sq.m.)	Construction Completion Time/Estimated Construction Completion
							GFA unsold/ not leased x Group Interest (sq.m.)	Aggregate GFA (including non-saleable/ leaseable x Group Interest) (sq.m.)	Estimated aggregate GFA for future development x Group Interest (sq.m.)		
35	Zhujiang Village Project	55%	Guangdong	Wenkang Road, Xiasha Industrial Zone, Huangpu District, Guangzhou City, Guangdong Province, the PRC	Residential and commercial	28,622	-	-	120,363	120,363	2025.12
36	JY Yunshan Xigu	100%	Yunnan	JY Yunshan Xigu, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	132,971	-	-	276,292	276,292	2025.12
Total						2,086,331	322,876	964,721	2,621,871	3,909,468	

Notes:

- (1) Relevant land use certificate was granted to the entire land parcel and breakdown of site area for each phase was not available.
- (2) The total GFA of the Group's land bank includes (i) the total GFA of property completed, (ii) the total GFA of property under development and (iii) the total GFA for future development. For projects held by non-wholly-owned subsidiaries, joint ventures and associates of the Group, the GFA is adjusted by the equity interest of the Group in the respective project.
- (3) The relevant GFA does not include the GFA for resettlement purpose.

PROJECT OVERVIEW



In 2023, JY Grandmark aims to further develop its existing projects, and will continue to adhere to the general tone of “stability” by revitalizing our existing assets and strengthening our capabilities in products and delivery.





JY Lychee Town

Conghua, Guangdong





JY Hot Spring Villas

Conghua, Guangdong



JY Yarra New Street

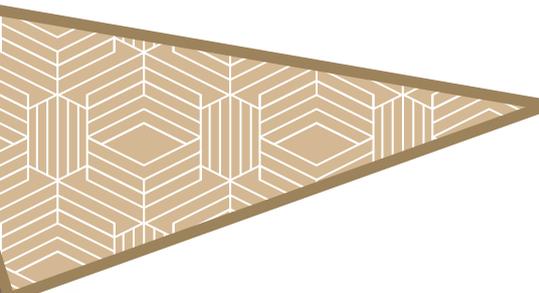
Zhongshan, Guangdong





JY Uniworld

Zhaoqing, Guangdong





Jinke JY Grand Garden

Zengcheng, Guangdong

JY Uniworld

Zengcheng, Guangdong



JY Grand Garden

Qingyuan, Guangdong



Zhujiang Village Project

Guangzhou, Guongdong



JY Egret Bay

Lingao, Hainan



JY Clearwater Bay No. 3

Lingshui, Hainan



JY Mountain Lake Gulf

Zhuzhou, Hunan





JY Logan Jiuyun Mansion

Nanjing, Jiangsu



JY Gaoligong Town

Tengchong, Yunnan





JY Jiangshan Shili

Tengchong, Yunnan



JY Maofeng Town

Baiyun, Guangdong





PERFORMANCE HIGHLIGHTS

	Year ended 31 December		Year-over-Year Change
	2022	2021	
Contracted sales⁽¹⁾			
Contracted sales (RMB million)	2,064	4,216	-51.0%
Contracted GFA sold (sq.m.)	198,484	333,783	-40.5%
Contracted ASP (RMB/sq.m.)	10,401	12,631	-17.7%
Selected financial information			
Revenue (RMB thousand)	513,310	2,043,126	-74.9%
Cost of sales (RMB thousand)	(439,704)	(1,459,901)	-69.9%
Gross profit before impairment losses on completed properties held for sale and properties under development (RMB thousand)	73,606	583,225	-87.4%
(Loss)/profit before income tax (RMB thousand)	(1,032,649)	363,739	-383.9%
(Loss)/profit for the year (RMB thousand)	(887,825)	198,823	-546.5%
Attributable to:			
Owners of the Company (RMB thousand)	(721,859)	216,446	-433.5%
Non-controlling interests (RMB thousand)	(165,966)	(17,623)	+841.8%
Gross profit margin before impairment losses on completed properties held for sale and properties under development	14.3%	28.5%	-14.2 percentage points
Basic (losses)/earnings per share (RMB)	(0.44)	0.13	-438.5%

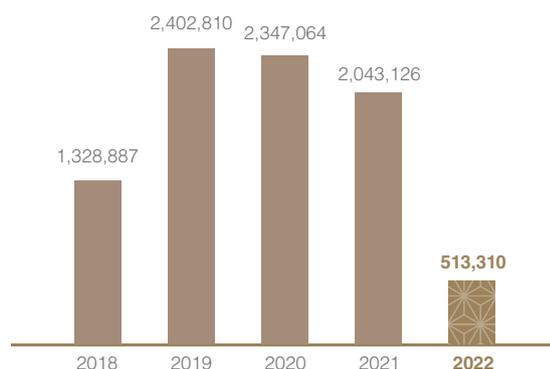
	As at 31 December		Year-over-Year Change
	2022	2021	
Total assets (RMB thousand)	12,487,254	13,926,374	-10.3%
Total liabilities (RMB thousand)	8,769,231	9,147,535	-4.1%
Total equity (RMB thousand)	3,718,023	4,778,839	-22.2%
Equity attributable to owners of the Company (RMB thousand)	2,247,110	3,109,827	-27.7%
Current ratio ⁽²⁾	1.7	1.9	-0.2 times
Net gearing ratio ⁽³⁾	73.8%	46.0%	+27.8 percentage points
Cash to current borrowings ratio ⁽⁴⁾	0.49	1.03	-0.54 times
Liabilities to assets ratio (excluding contract liabilities) ⁽⁵⁾	61.5%	61.3%	+0.2 percentage points

Notes:

- (1) Includes contracted sales by the Group's subsidiaries, joint ventures and associates. Contracted sales data is unaudited and is based on internal information of the Group. Contracted sales data may be subject to various uncertainties during the process of collating such sales information and is provided for investors' reference only.
- (2) Current ratio equals to current assets divided by current liabilities as at the end of the respective year.
- (3) Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as at the end of the respective year.
- (4) Cash to current borrowings ratio represents the ratio of cash on hand divided by current borrowings as at the end of the respective year.
- (5) Liabilities to assets ratio (excluding contract liabilities) equals to total liabilities minus contract liabilities divided by total assets minus contract liabilities as at the end of the respective year.

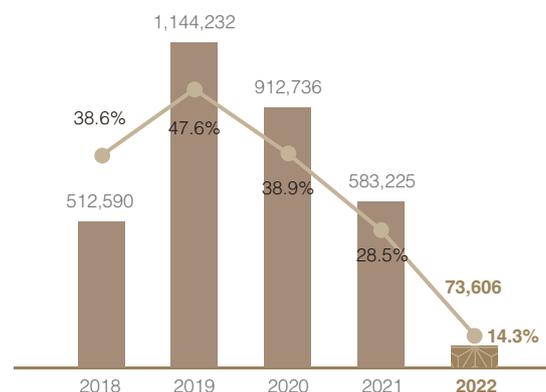
Revenue

(RMB'000)



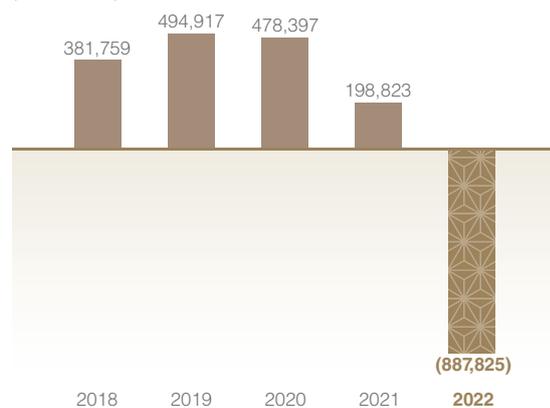
Gross profit and gross profit margin before impairment losses on completed properties held for sale and properties under development

(RMB'000)



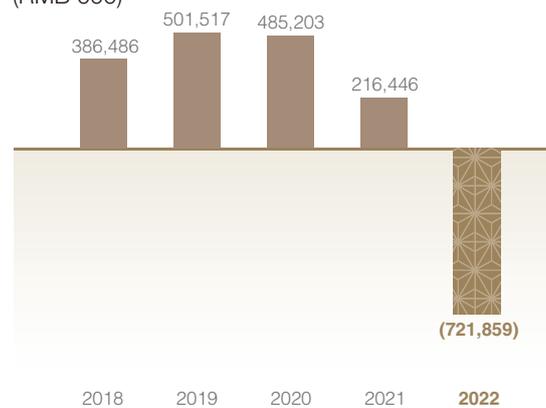
Profit/(loss) for the year

(RMB'000)



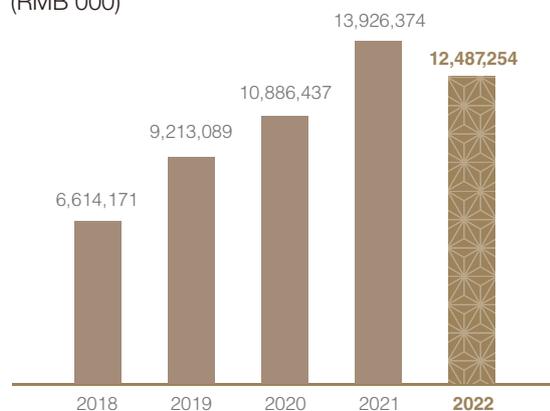
Profit/(loss) attributable to owners of the Company

(RMB'000)



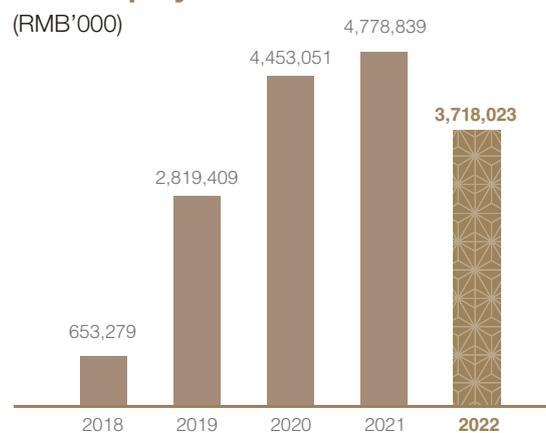
Total assets

(RMB'000)



Total equity

(RMB'000)



CHAIRMAN'S STATEMENT



Mr. CHAN Sze Ming Michael
Chairman

We maintain a “cautiously optimistic” attitude, therefore “stability” remains the theme of the Company’s development this year. Systematic capabilities with more refinement will be the factor determining our own operating capacity. We stress the importance of pragmatic operation and effective value creation, regarding cash flows as the core business strategy and improving our resilience through enhanced evaluation of fund collection and comprehensive management to ensure financial stability.



I am pleased to present the annual results of JY Grandmark for the year ended 31 December 2022 to the Shareholders.

RESULTS

During the year, the aggregated contracted sales of the Group was approximately RMB2,064.4 million, representing a year-on-year decrease of 51.0%. The total contracted sales GFA was approximately 198,000 sq.m., representing a year-on-year decrease of 40.7%.

During the year, the Group's recognised revenue was RMB513.3 million, representing a year-on-year decrease of 74.9% as compared to RMB2,043.1 million in 2021. Loss for the year was RMB887.8 million, as compared to profit for the year of RMB198.8 million in 2021. Loss attributable to owners of the Company was RMB721.9 million, as compared to profit attributable to owners of the Company of RMB216.4 million in 2021.

The Board does not recommend the payment of a final dividend (2021: RMB0.97 cents per ordinary share).

BUSINESS REVIEW FOR 2022

(1) Property development and sales

Although the Group's market share varies from place to place subject to the scale of the cities we operate, we were still ranked top five in terms of market share in certain district markets in 2022. We have been in the process of assessing the supply and demand relations of our projects in various regions whose development scale was in a gradual and steady upward trend. As such, we expect our market share to rise in consistent with such steady momentum of development scale that is more in line with market demands.

JY Grandmark is a property enterprise driven by product and technology that cares for environment and humanistic value. We believe that launching better products is the only way to enhance our sustainable development and growth. Based on this strategic direction, JY Grandmark has positioned itself in the market for its competitive edges in product, services, price and margin.

The Group attaches great importance to product positioning and development. Our team participates in every stage of a project from land investigation, design and development, marketing to cost forecast, where they are aware of various aspects such as surrounding environment, market condition, product positioning, cost investment and revenue, making every project a direct response to market needs even from commencement. On top of that, the Group brings products that keep ahead of the market in each city and make them the leading products in such region, so as to attract market attention, raise our market influence and brand awareness. Meanwhile, Zhuodu Property, a subsidiary of the Group, also participates in the pre-delivery property showcase, which allows customers to have an early taste of our property services, one of their major concerns in making purchase decision. In this way, we could boost customers' confidence in making purchase decision through our impressive property services. Our marketing department also actively assists Zhuodu Property in the relevant pre-delivery works to enhance owners' sense of belonging. Further, with the involvement of our cost forecast, marketing and financial teams in the product positioning process, we are able to position the products and control costs in such a way that allow more desirable margin and hence higher profit.

The Group is currently in the process of brand building. As our brand premium is still not apparent, time is needed for gaining recognition every time we enter a new city. However, we have managed to secure a desirable premium through our outstanding product design. At the same time, the Group's listing has boosted local customers'

confidence in us and our projects, which further speeded up the spread of our brand and enhanced our reputation. For example, despite the recurring outbreaks and extremely low customer flow in 2022, the JY Grand Garden in Qingyuan, Jinke JY Grand Garden and JY Uniworld in Zengcheng and JY Gaoligong Town in Tengchong still managed to be among the top sales projects in the segment and have gradually built up regional brand awareness of JY Grandmark.

(2) Hotel operations

Just Stay Hotel in Panyu District, Guangzhou actively developed businesses by engaging in marketing activities in low seasons and revenue-generating activities in high seasons. The launch of long-term rental apartments and chess room service in March and April in 2022 has enhanced the profitability of the hotel due to product diversity.

Just Stay Resort in Conghua District, Guangzhou began to collect feedback from guests who checked into the resort offline. Breakfast and dinner buffet meals would be changed to at-seat ordering service in view of daily patronage to avoid food waste. We have also achieved a reduction in procurement costs through expanding procurement channels, sorting supplies in more effective ways and purchasing from different suppliers or channels.

Just Stay Inn in Baiyun District, Guangzhou has commenced operation in phases since its soft launch in August of 2022. The "Bed and Breakfast" (B&B) model is enshrined as its general operating principle. In order to highlight the B&B features of the inn, a camping piazza boasting an outdoor cinema, camping tents and swings which are regarded by many social media influencers as a must-go spot has been built on its outdoor lawn. Barbecued food catering service is also available.

(3) Property management

As of 2022, there were 9,790 households and 1.365 million sq.m. of area under our management, of which 3,478 households and 284,400 sq.m. of area were added in 2022.

After the official launch of our property enterprise resource planning (ERP) system – the Tianwen System (天問系統), the management of each module of our property centre, such as fee management, property report management and quality control system, has transferred to online control, which is more efficient. We rationalised the daily management of various items in each project, strengthened the daily property management of our projects and optimised the management of our property centre. We have also organised training sessions to enhance the business skills of the property assistants. In view of the downsizing of staff and the change of project personnel, we have conducted special training for the customer service assistants, our major professionals to serve customers, which involved explanation of professional knowledge system, daily complaint analysis, service skills and problem-solving skills.

Zhuodu Property has taken over the gardening work of our development projects of JY Maofeng Town and Zhaoqing JY Uniworld since the beginning of 2022, which saved considerable amount of gardening costs for the Company.

FUTURE STRATEGIES AND PROSPECTS

We will continue to adhere to the general tone of “stability” by revitalising our existing assets and strengthening our capabilities in products and delivery. In late 2022, the Chinese government has started to prop up the market by introducing significant financial control such as the “Third Arrow” and “16 Financial Measures for the Property Market”, which are conducive to boosting home buyers' confidence and ensuring the healthy operation of the real estate sector. In addition, the optimisation of the anti-

epidemic policies has also provided a foundation for subsequent economic recovery and restoration of industry confidence.

Overall, we believe that with the current property market poised for a rebound followed by a bottoming out, and there is every likelihood that the market will see a gradual recovery in 2023. However, it will still take time for the overall economic environment to recover. We maintain a “cautiously optimistic” attitude, therefore “stability” remains the theme of the Company's development in 2023. Systematic capabilities with more refinement will be the factor determining our own operating capacity. At JY Grandmark, we stress the importance of pragmatic operation and effective value creation, regarding cash flows as the core business strategy and improving our resilience through enhanced evaluation of fund collection and comprehensive management to ensure financial stability. At the same time, we will optimise our investment structure, and take advantage of industry trends and favourable policies to explore new types of diversified businesses, including urban renewal, asset operation, leasing, cultural tourism, elderly care and other areas with growing demand. Moreover, we will strengthen the effective integration of our own diversified businesses, revitalise our assets from the operational perspective, explore new drivers for business growth and develop new media businesses to boost our performance, so as to better cope with the market changes under the prevailing business environment with the normalisation of austerity measures and achieve long-term, stable and high-quality development.

(1) Investment strategies

In 2023, the Group aims to further develop its existing projects, implement a more prudent financial strategy by enhancing cash flows and reducing debt ratio while leveraging the prevailing policies to broaden financing channels and strengthen capital management. On one hand, we will enhance the mechanism for cash flow management throughout the process, from investment and land acquisition, construction and sales to subsequent operations, so as to strengthen capital liquidity. On the other hand, we will focus more on investment recovery by

enhancing the evaluation of fund collection and fully implementing refined management, and explore new media and other new business models to increase the value of our properties and revitalise our existing assets, thus creating higher capital efficiency for the Group.

(2) Business strategies

Riding on the diversified business strategy, the Group will strengthen the in-depth operational integration among our property development, property management, hotel operations and commercial property investment businesses, in order to form a two-way, multi-directional and long-term development mechanism as a self-established system to optimise the output efficiency of each business segment. With our emphasis on branding, we will empower refined real estate construction, asset operation and customer service to promote sustainable business and the sustainable development of the Company's brand.

(3) Product strategies

Under the premise of "houses are built to be inhabited, not for speculation", residential properties are regarded by most, if not all, quarters as dwellings for living in. Products are bound for continuous improvement in light of changing times. In the post-pandemic era, home buyers attach more importance to health and outdoor living, so our residential design will illustrate increasingly apparent health-oriented and "biophilic" features, with the integration of health and natural elements in landscape and apartment type. The functionality of our various apartment types is a good mirror of diversified features such as health, intelligence and beauty. Our construction of community groups takes public space and property services into consideration to offer a pool of resources for diversified experience for instance comprehensive health. We will intervene in advance with subsequent marketing to participate in the whole cycle in aspects such as planning, gardening, flat type and decoration, and incorporate first-hand

elements in response to market demand, with a view to offering good products that move with the times and prime products that are laboriously crafted.

The real estate industry in the Mainland China has entered a new stage of development, shifting from high-speed growth to high-quality development, and from meeting basic housing needs to addressing the aspirations of people for better quality of living. Following a bottoming out in 2022, the dominant theme for the market in 2023 is "boost the economy". We will enhance our own competency by continuously optimising and enhancing our competitiveness under the high-pressure external environment, deliver high quality products and services, and build our brand in order to embrace the advent of big market in 2023 and promote the high-quality long-term development of the Company.

APPRECIATION

I hereby express my sincere gratitude to the customers and business partners for their long-term support. My heartfelt appreciation also goes to our Directors, the management team and all employees for their excellent work and contributions in the past year.

In particular, I would like to thank you, our Shareholders, for your continuing support and trust, which is very important for the growth of the Group and also very much valued by the Board.

I am very confident in the strategies that we envision and implement. Our professional and seasoned management team has well placed JY Grandmark to deliver growth in its profitability in relation to its core businesses in the future.

CHAN Sze Ming Michael

Chairman of the Board

Hong Kong, 30 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Overall performance

During the year of 2022, the aggregated contracted sales of the Group, including those of the Group's joint ventures and associates, was approximately RMB2,064.4 million, representing a decrease of 51.0% as compared to RMB4,216.0 million in 2021. The corresponding contracted GFA was approximately 198,000 sq.m., representing a fall of 40.7% as compared to approximately 334,000 sq.m. in 2021.

During the year of 2022, the Group's recognised revenue was RMB513.3 million, representing a year-on-year decrease of 74.9% as compared to RMB2,043.1 million in 2021. The operating loss was RMB1,013.7 million, as compared to operating profit of RMB339.7 million in 2021. Loss for the year was RMB887.8 million, as compared to profit for the year of RMB198.8 million in 2021.

Revenue

Our revenue represents consolidated revenue from (i) property development and sales; (ii) hotel operations; (iii) property management; and (iv) commercial property

investment which are all derived in the PRC. During the year of 2022, revenue of the Group amounted to RMB513.3 million (2021: RMB2,043.1 million), representing a year-on-year decrease of 74.9%.

Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the year of 2022, revenue from property development and sales business of the Group amounted to RMB413.8 million, representing a decrease of 78.6% as compared to RMB1,932.5 million in 2021, accounting for 80.6% of the Group's total revenue. The decrease in revenue was a combined effect of declines in both aggregate GFA delivered and the recognised ASP. During the year of 2022, the recognised ASP was RMB6,666 per sq.m. (2021: RMB8,274 per sq.m.).

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the years ended 31 December 2022 and 2021.

City	Year ended 31 December 2022				Year ended 31 December 2021			
	Recognised revenue	% of total revenue	Total GFA	Recognised ASP	Recognised revenue	% of total revenue	Total GFA	Recognised ASP
	from sales of properties RMB'000	from sales of properties %	delivered sq.m.	RMB/sq.m.	from sales of properties RMB'000	from sales of properties %	delivered sq.m.	RMB/sq.m.
Guangzhou	49,980	12.1%	3,992	12,520	167,371	8.7%	9,386	17,832
Zhaoqing	91,952	22.2%	12,150	7,568	503,394	26.0%	63,798	7,890
Qingyuan	84,765	20.5%	18,507	4,580	444,101	23.0%	78,079	5,688
Lingshui	-	-	-	-	17,361	0.9%	642	27,040
Lingao	43,266	10.5%	6,992	6,188	88,628	4.6%	12,597	7,036
Tengchong	89,602	21.7%	10,581	8,468	472,674	24.5%	33,676	14,036
Zhuzhou	32,357	7.8%	6,569	4,925	87,930	4.5%	17,118	5,137
Others (Note)	21,843	5.2%	N/A	N/A	150,993	7.8%	N/A	N/A
Total/overall	413,765	100.0%	58,791	6,666	1,932,452	100.0%	215,296	8,274

Note: Others represented service income from property development and management.

Hotel operations

Apart from property development and sales, we also operate Just Stay Hotel, Just Stay Resort and Just Stay Inn under our hotel operations business. During the year of 2022, revenue from hotel operations of the Group decreased by 18.1% from RMB78.8 million in 2021 to RMB64.5 million in 2022, primarily due to the ongoing COVID-19 pandemic with a particularly serious situation in the fourth quarter of 2022, which was the traditional peak season of our hotel operations.

Property management

We also derived income from our property management services provided to purchasers of the residential properties. During the year of 2022, revenue from property management services of the Group reached RMB28.8 million, representing an increase of 29.7% as compared with RMB22.2 million in 2021, mainly due to the stable growth in GFA of the properties under management.

Commercial property investment

During the year of 2022, revenue from commercial property investment of the Group amounted to RMB6.2 million, with a year-on-year decrease of 36.1% as compared with RMB9.7 million in 2021. The decrease was mainly caused by the continued prevalence of COVID-19 pandemic in 2022.

Cost of sales

Cost of sales of the Group primarily represents costs of properties sold which are directly associated with the Group's property development activities, as well as costs incurred in relation to other businesses. During the year of 2022, cost of sales of the Group amounted to RMB439.7 million, representing a decrease of 69.9% as compared with RMB1,459.9 million in 2021. The decrease in cost of sales was in line with less properties delivered in 2022.

Gross profit and gross profit margin before impairment losses on completed properties held for sale and properties under development

During the year of 2022, the Group's gross profit before impairment losses on completed properties held for sale

and properties under development amounted to RMB73.6 million, representing a decrease of 87.4% as compared with RMB583.2 million in 2021. The Group's gross profit margin before impairment losses on completed properties held for sale and properties under development decreased to 14.3% from 28.5% in 2021.

During the year of 2022, the Group's gross profit margin before impairment losses on completed properties held for sale and properties under development from our property development and sales decreased to 17.0% from 30.0% in 2021. Such decrease was mainly due to lower recognised ASP. The properties delivered in 2022 were mainly residential properties that cater for the need of first-time home buyers in cities such as Qingyuan and Zhaoqing, of which the ASP was relatively lower. Meanwhile, selling price of existing property projects were also adjusted to accelerate the pace of sales.

Analysing based on the gross profit margin before impairment losses on completed properties held for sale and properties under development by city, top three cities ranked by revenue including Zhaoqing, Tengchong and Qingyuan attained an average gross profit margin before impairment losses on completed properties held for sale and properties under development of 19.7%, and the revenue of these three cities accounted for 64.4% of our total revenue from property development and sales in 2022.

Net impairment losses on completed properties held for sale and properties under development

During the year of 2022, the Group provided for net impairment losses on completed properties held for sale and properties under development amounted to RMB679.6 million (2021: nil) in accordance with the remeasurement of net realisable value of the property projects based on the prevailing selling prices as well as other related market conditions.

Selling and marketing expenses

Our selling and marketing expenses consist primarily of advertising costs, commission fees, employee benefit expenses and other miscellaneous expenses. During the year of 2022, selling and marketing expenses of the Group amounted to RMB66.3 million, representing a decrease of 56.8% as compared with RMB153.3 million in 2021, accounting for 3.2% of total contracted sales (2021: accounting for 3.6% of total contracted sales). The decrease was mainly attributable to the efforts on cost control measures over marketing expenses throughout the year.

Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, entertainment expenses for our business, office expenses, travelling expenses and other miscellaneous expenses. During the year of 2022, the Group's administrative expenses amounted to RMB117.5 million, representing a decrease by 14.9% as compared with RMB138.1 million in 2021, accounting for 5.7% of total contracted sales (2021: accounting for 3.3% of total contracted sales). The decrease was also resulted from continuous cost control measures imposed.

Other income and other expenses

During the year of 2022, our other income primarily represented interest income from a related-party and forfeited deposits from our customers in relation to the sales of properties. Other expenses primarily represented donations to charitable organisations.

Other (losses)/gains – net

During the year of 2022, our other (losses)/gains – net primarily consisted of losses on disposals of subsidiaries and an associate, fair value losses on investment properties, gains on disposals of property, plant and equipment, a penalty for delay payment of land payment, net impairment losses on right-of-use assets and net foreign exchange losses. The Group's other (losses)/gains – net changed from a net gain of RMB33.4 million in 2021 to a net loss of RMB200.5 million in 2022, mainly due

to the non-recurring losses on disposal of subsidiaries amounted to RMB121.4 million in 2022. While in 2021, the Group recorded a fair value gain on remeasurement of investment in a joint venture amounted to RMB34.1 million.

Finance costs/(income) – net

Finance costs/(income) – net comprised mainly interest expenses on borrowings and leases net of capitalised interest expenses, losses of early redemption of bank borrowings, net exchange losses on foreign currency borrowings and interest income from bank deposits. The Group's finance costs/(income) – net changed from net finance income of RMB0.4 million in 2021 to net finance costs of RMB22.0 million in 2022, mainly due to the increase in cost of borrowings and leases charged to finance costs by RMB15.6 million.

Share of profit of investments accounted for using the equity method

The Group's share of profit of investments accounted for using the equity method were mainly derived from the Group's interests in JY Donghuzhou Haoyuan and Zhujiang Village Project. It decreased from RMB23.6 million in 2021 to RMB3.0 million in 2022 mainly because of fewer properties delivered from JY Donghuzhou Haoyuan, as well as share of expenses incurred from Zhujiang Village Project.

Income tax expense

Income tax expense included corporate income tax and land appreciation tax. During the year of 2022, corporate income tax recorded tax credit of RMB160.0 million (2021: tax expense of RMB106.2 million), mainly due to the loss position in the year of 2022. Land appreciation tax amounted to RMB15.2 million (2021: RMB58.7 million).

Loss/(profit) for the year

As a result of the aforementioned, the Group recorded a net loss of RMB887.8 million in 2022, as compared to a net profit of RMB198.8 million in 2021. Loss attributable to owners of the Company amounted to RMB721.9 million, as compared to profit attributable to owners of the Company amounted to RMB216.4 million in 2021.

Basic and diluted losses per share for the year of 2022 was RMB0.44, as compared to basic and diluted earnings per share of RMB0.13 in 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group funded and is expected to continue to fund its operations principally from cash generated from its operations, borrowings from financial institutions and proceeds from issuance of senior notes.

Overall financial position

As at 31 December 2022, total assets of the Group amounted to RMB12,487.3 million and total liabilities amounted to RMB8,769.2 million, representing a decrease of 10.3% and 4.1% respectively as compared to 31 December 2021.

As at 31 December 2022, the Group's liabilities to assets ratio (excluding contract liabilities)* was 61.5% (31 December 2021: 61.3%). Net gearing ratio** was maintained at 73.8% (31 December 2021: 46.0%). The Group's current ratio*** as at 31 December 2022 was 1.7 (31 December 2021: 1.9). The Group will continue to optimise the asset-debt structure and maintain adequate liquidity in the long run.

* Liabilities to assets ratio (excluding contract liabilities) represents total liabilities minus contract liabilities divided by total assets minus contract liabilities as at the end of the reporting year.

** Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as at the end of the reporting year.

*** Current ratio represents current assets divided by current liabilities as at the end of the reporting year.

Cash positions and fund available

As at 31 December 2022, the total cash and bank balances of the Group were RMB884.7 million (31 December 2021: RMB2,299.8 million), of which RMB187.0 million (31 December 2021: RMB1,030.4 million) was cash and cash equivalents and RMB697.7 million (31 December 2021: RMB1,269.4 million) was restricted cash.

As at 31 December 2022, the Group had placed at designated banks cash proceeds from pre-sale of properties of RMB615.1 million (31 December 2021: 842.8 million) as guarantee deposits for construction of related properties. The Group had also placed cash deposits of approximately RMB26.0 million (31 December 2021: RMB70.0 million) at designated banks as security for bank borrowings.

As at 31 December 2022, the Group's undrawn banking facilities were approximately RMB255.5 million (31 December 2021: RMB782.7 million).

Borrowings

As at 31 December 2022, the total interest-bearing borrowings and senior notes of the Group were RMB3,628.5 million (31 December 2021: RMB4,495.7 million), of which RMB1,831.4 million (31 December 2021: RMB2,256.8 million) was included in non-current liabilities and RMB1,797.1 million (31 December 2021: RMB2,238.9 million) was included in current liabilities of the Group, respectively.

- (a) On 27 January 2022, the Company issued senior notes with nominal interest rate 7.5% in an aggregate principal amount of US\$152,100,000 in Hong Kong (the "2022 Notes"). The issue of the 2022 Notes was comprised of the exchange offer of the existing senior notes due 7 February 2022 amounting to US\$149,600,000 and completion of concurrent new money issuance amounting to US\$2,500,000. The 2022 Notes were listed on the Stock Exchange on 28 January 2022.

The above senior notes are guaranteed by certain subsidiaries of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- (b) As at 31 December 2022, the Group's borrowings are denominated in following currencies:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
RMB	2,043,737	2,960,725
HK\$	500,109	523,363
US\$	1,084,647	1,011,609
	3,628,493	4,495,697

- (c) As at 31 December 2022, borrowings totalling RMB2,429.0 million (31 December 2021: RMB2,881.7 million) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Lands	12,177	12,720
Property, plant and equipment	236,865	248,843
Investment properties	173,124	179,484
Properties under development	1,763,960	2,328,613
Completed properties held for sale	871,823	623,748
Trade receivables	1,600	2,154
Restricted cash	26,000	70,000
	3,085,549	3,465,562

- (d) The repayment terms of borrowings were as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Within 1 year	1,797,073	2,238,921
1 to 2 years	894,916	773,874
2 to 5 years	689,378	1,085,782
Over 5 years	247,126	397,120
	3,628,493	4,495,697

Cost of borrowings

During the year of 2022, total cost of borrowings of the Group amounted to RMB323.7 million, representing an increase of 33.5% from RMB242.5 million in 2021, mainly attributable to higher average balance of borrowings for the year of 2022. The Group's weighted average effective interest rate decreased by 5 basis points to 6.79% per annum (2021: 6.84% per annum).

Contingent liabilities

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate, which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

As at 31 December 2022, the outstanding guarantees were RMB2,084.5 million (31 December 2021: RMB1,636.6 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying 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 Group considers that in case of default in payments by purchasers, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) As at 31 December 2022, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB361.9 million (31 December 2021: RMB387.5 million) and for other payables of the Group's associate amounting to RMB310.7 million (31 December 2021: nil).

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and therefore no provision has been made in the financial statements for the guarantees.

Commitments

As at 31 December 2022, the commitments of the Group for property development expenditure amounted to RMB1,319.3 million (31 December 2021: RMB1,984.2 million).

Currency risks

The Group's businesses are principally conducted in Renminbi. The monetary assets and liabilities of the Group's subsidiaries in the PRC are mainly denominated in RMB and the foreign exchange risk is immaterial. The non-PRC subsidiaries' functional currency is HK\$. As at 31 December 2022 and 2021, major non-HK\$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents, restricted cash, other receivables and bank and other borrowings, which are denominated in RMB or US\$. Fluctuation of the exchange rate of HK\$ against RMB or US\$ could affect the Group's results of operations.

The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2022, the Group did not have plan for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MAJOR ACQUISITIONS AND DISPOSALS

On 1 September 2022, Guangzhou Yinong Enterprise Co., Ltd.* (廣州意濃實業有限公司) (“**Guangzhou Yinong**”) (an indirect wholly-owned subsidiary of the Company) entered into an acquisition agreement with Guangzhou Jincan Real Estate Development Co., Ltd.* (廣州市金瓏房地產開發有限公司), Guangzhou Jinshuo Real Estate Development Co., Ltd.* (廣州市金碩房地產開發有限公司) (the “**Target Company**”), Guangzhou Jinxuan Real Estate Development Co., Ltd.* (廣州市金軒房地產開發有限公司) (the “**Project Company**”) and Gemdale Real Estate Development Construction (Hengqin) Co., Ltd.* (金地房地產開發建設(橫琴)有限公司) (the “**Purchaser**”), pursuant to which amongst others the Purchaser has agreed to acquire from Guangzhou Yinong (a) 50% of the equity interest of the Target Company held by Guangzhou Yinong at a maximum consideration of approximately RMB38.43 million, and (b) the loan of the amount of approximately RMB252.84 million owed by the Project Company to Guangzhou Yinong at a consideration of approximately RMB252.84 million.

Upon completion of the transaction, the Company will no longer hold any interest in the Target Company and hence the Project Company, both of which will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the financial statements of the Company.

For further details, please refer to the announcement of the Company dated 1 September 2022.

Save as disclosed above, the Group did not hold other significant investments in, or conduct material acquisitions and disposals of subsidiaries, associates or joint ventures.

* For identification purposes only

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. CHAN Sze Ming Michael (陳思銘), aged 34, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director and the chairman of the Company on 13 November 2019. Mr. Michael Chan founded the Group in December 2013. He is primarily responsible for formulating development strategies of the Group, establishing overall business, operation and management directions and project investment strategies, managing design centre, marketing centre, finance centre, audit and supervision centre, human resources and administration centre and operation centre of the Group.

Mr. Michael Chan obtained a Bachelor of Commerce (major in Finance) in July 2011 from Griffith University in Australia. After graduation, he founded the Group in 2013, and has since then obtained over 9 years of experience in the real estate development industry. Mr. Michael Chan was awarded “Real Estate Innovator in 2018” (“2018年度地產創新人物”) by China Times (《華夏時報》), and “New China’s Real Estate Leader of the Year” (“中國房地產年度新領軍人物”) by China International Real Estate & Architectural Technology Fair (CIHAF) (中國國際房地產與建築科技展覽會) in 2019.

Mr. LIU Huaxi (劉華錫), aged 48, was appointed as a Director on 24 May 2019 and was redesignated as an executive Director and the vice chairman of the Company on 13 November 2019. Mr. Liu joined the Group in May 2019. He is primarily responsible for managing investment centre, cost centre, procurement centre of the Group, and the subsidiaries of the Company in Hong Kong. He is a member of the Remuneration Committee and Nomination Committee.

Before joining the Group, Mr. Liu has worked in Agile Group Holdings Limited (雅居樂集團控股有限公司) since 1995. He was responsible for project operation and development, hotel business, property management, administration and human resources management, capital market operation and management of Agile Foundation* (廣東省雅居樂公益基金會). He left as the vice president of Agile Group Holdings Limited (雅居樂集團控股有限公司), and chairman of Agile Foundation* (廣東省雅居樂公益基金會) in 2014. From August 2014 to April 2019, he has worked in Zhongshan Yuelai Real Estate Investment Group Co., Ltd.* (中山市悅來房地產投資集團有限公司) as the vice chairman and executive president. He was responsible for the overall management of the company. C&L International Holdings Pty Ltd, a company where Mr. Liu held 30% shareholding, completed the real estate project of Royal Como – 663–667 Chapel Street, South Yarra, Melbourne in Australia in 2018. He has over 27 years of experience in real estate development industry and senior management.

Mr. Liu graduated from Hohai University (河海大學) in the PRC in July 1995 majoring in Industrial Enterprise Management. He was named “Person of the Year” (年度影響力風雲人物) for 2015–2016 Zhongshan Zhuhai Jiangmen Real Estate Overall Rating (中珠江樓市總評榜) by Sohu and www.focus.cn in 2016.

Ms. ZHENG Catherine Wei Hong (alias 鄭紅) (previously known as Zheng Weihong, 鄭衛紅), aged 55, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director of the Company on 13 November 2019. Ms. Catherine Zheng joined the Group in March 2014 and is now the president of the Group. She is primarily responsible for managing the subsidiaries of the Company operating property management and hotel operations business.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Before joining the Group, Ms. Catherine Zheng has worked in Agile Property Land Co., Ltd.* (雅居樂地產置業有限公司) as the assistant to president from 2001 to 2010, and in Guangzhou Panyu Agile Real Estate Development Co., Ltd.* (廣州番禺雅居樂房地產開發有限公司) as the general manager from 2010 to 2014. She was responsible for formulating medium-term to long-term development plan and regular operation plans based on the overall development plan of the company, managing the real estate projects, supervising on accomplishment of the operation targets and plans of the company and participating in marketing activities. Ms. Catherine Zheng has over 21 years of experience in the real estate development industry and senior management.

Ms. Catherine Zheng obtained a Master of Business Administration with Distinction in May 2001 from The University of Western Sydney in Australia. Ms. Catherine Zheng was awarded “Outstanding Female Entrepreneur of Guangdong Province” (廣東省優秀女企業家) by Guangdong Female Entrepreneur Association* (廣東省女企業家協會) in May 2013 and she became the vice president of the Council Committee of Guangzhou Female Entrepreneur Association* (廣州市女企業家協會) since January 2012. She has been the vice president of the 8th Council Committee of Guangzhou Panyu Nancun General Chamber* (廣州市番禺區南村總商會) since June 2016.

Mr. WU Xinping (吳新平), aged 58, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director of the Company on 13 November 2019. Mr. Wu joined the Group in March 2017, and is now the vice president of the Group. He is primarily responsible for managing engineering centre of the Group, Guangzhou Hongchuang Construction Co., Ltd.* (廣州市泓創建設有限公司) and Guangzhou Chuangyi Decoration Engineering Co., Ltd.* (廣州創藝裝飾工程有限公司).

Before joining the Group, Mr. Wu has worked in Agile Property Land Co., Ltd.* (雅居樂地產置業有限公司) as the general manager of the Engineering Centre from 1999 to 2017. He was responsible for formulating medium-term to long-term development plan and regular operation plans based on the overall development plan of the company, supervising the real estate projects, and controlling

the costs of the company. Mr. Wu has over 23 years of experience in the real estate development industry and senior management.

Mr. Wu graduated from Yangzhou University (揚州大學) in the PRC in October 1998 majoring in Economics Management. He received his licence as a senior engineer from the Human Resources Bureau of Nantong City* (南通市人事局) in the PRC in July 2003. He was also a member of the Chartered Institute of Building in March 2011.

Ms. WEI Miaochang (韋妙嫦), aged 54, was appointed as a Director on 24 May 2019 and was redesignated as an executive Director of the Company on 13 November 2019. Ms. Wei joined the Group in July 2014, she is now the vice president of the Group and the general manager of finance centre of the Group. She is primarily responsible for overseeing financial management of the Group, including profit forecast and analysis and taxation management.

Before joining the Group, Ms. Wei has worked in certain group companies of Agile Group Holdings Limited as (i) the finance manager from 1998 to 2006 where she was responsible for the financial management work, and (ii) the manager of audit and supervision centre from 2006 to 2014 where she was responsible for the audit supervision work of the group. Ms. Wei has over 24 years of experience in financial management, audit and senior management.

Ms. Wei graduated from University of Electronic Science and Technology of China in the PRC, majoring in Financial Management learning online in June 2013. She received the certificate of accounting (intermediate) in the PRC issued by the Ministry of Human Resources and Social Security and Ministry of Finance of the People's Republic of China in December 2008. She was further designated as certified internal auditor by The Institute of Internal Auditors in November 2012.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Independent non-executive Directors

Mr. MA Ching Nam, BBS, CStJ, J.P. (馬清楠), aged 70, was appointed as an independent non-executive Director of the Company on 13 November 2019. He is responsible for providing independent judgment on the Group's strategies, performance, resources and standard of conduct. Mr. Ma is the chairman of the Nomination Committee, and member of the Audit committee and the Remuneration Committee.

Mr. Ma obtained a degree of Bachelor of Science in Economics with honours from The University of Hull in July 1977. He was admitted as a solicitor in England and Wales, Hong Kong, Victoria (Australia) and Singapore. He is also a Notary Public, China Appointed Attesting Officer and Civil Celebrant of Marriages. Mr. Ma has been practicing law for well over 40 years. He is currently a partner of Hastings & Co., Solicitors & Notaries.

Mr. Ma currently serves as director of Tai Sang Bank Limited, Heptacontinental group of companies, Ma Kam Ming Company Limited, Ma's Enterprises Company Limited and Ma Kam Ming Charitable Foundation. He is also the independent non-executive director of EC Healthcare (formerly known as Union Medical Healthcare Limited) (2138.HK). Mr. Ma retired as the independent non-executive director of Time Watch Investments Limited (2033.HK) on 24 November 2022.

Mr. Ma was the President of the Hong Kong Society of Notaries (2007–2013). He was Chairman of Po Leung Kuk (2019–2020) and now Advisor of Po Leung Kuk Advisory Board (2020–present). He was appointed a member of Political and Consultative Conference in Hunan Province, the People's Republic of China (2003–2017). He is a Visiting Professor of the China Agricultural University.

Mr. LEONG Chong (梁翔), aged 57, was appointed as an independent non-executive Director on 13 November 2019. He is responsible for providing independent judgment on the Group's strategies, performance, resources and standard of conduct. Mr. Leong is the chairman of the Remuneration Committee, and member of the Audit Committee and the Nomination Committee.

Before joining the Group, Mr. Leong worked as (i) construction analyst of the research department in Carr Indosuez Asia Group from 1994 to 1995, (ii) research analyst in ING Baring Securities (Hong Kong) Limited from 1995 to 1997, (iii) analyst and vice president in the equity research division of Morgan Stanley Dean Witter Asia Limited from 1997 to 2000, (iv) director in equity research department of Credit Suisse First Boston (Hong Kong) Limited from 2000 to 2001. Then, he joined Morgan Stanley Dean Witter Asia Limited (摩根士丹利添惠亞洲有限公司) and worked in the Morgan Stanley group of companies from 2002 to 2015. Prior to his departure, he was working in the capacity of a managing director in the investment banking division in Hong Kong. Since 2015 until 2019, he was the deputy general manager of S.F. Holding Co., Ltd.. Mr. Leong has over 29 years of experience in securities and investment industry and senior management. Currently, he is an independent non-executive director of Central China New Life Limited (9983.HK) and Longfor Group Holdings Limited (960.HK).

Mr. Leong obtained the degree of Bachelor of Arts with a major in Computer Science in December 1990 by University of California, Berkeley.

Mr. WU William Wai Leung (胡偉亮), aged 56, was appointed as an independent non-executive Director on 13 November 2019. He is responsible for providing independent judgment on the Group's strategies, performance, resources and standard of conduct. Mr. Wu is the chairman of the Audit Committee, member of the Remuneration Committee and Nomination Committee.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Before joining the Group, Mr. Wu worked as (i) analyst and then associate in the corporate finance department of Marleau, Lemire Securities Inc., Canada from 1993 to 1995, (ii) business analyst of Salomon Brothers Hong Kong Limited from 1995 to 1996, (iii) assistant manager in the corporate finance division of Schroders Asia Limited from 1996 to 1998, (iv) manager and then senior manager from 1998 to 1999 in the equity capital markets department of BNP Equities Hong Kong Limited, (v) director of E2-Capital Limited and E2-Capital (HK) Limited from 1999 to 2001, and then head of equity capital markets and joint head of corporate finance of SBI E2-Capital Limited (joint venture between Softbank Investment and E2-Capital Group) from 2001 to 2002, (vi) employee of Sunwah Kingsway Capital Holdings Limited (188.HK) (previously known as SW Kingsway Capital Holdings Limited) from 2002 to 2011, with the titles of executive director and chief executive officer from 2006 to 2010 and strategy consultant from 2010 to 2011, (vii) chief executive officer of RHB Hong Kong Limited from 2011 to 2017, (viii) executive director and chief executive officer of Power Financial Group Limited (397.HK) from 2017 to 2019 and (ix) managing director of investment banking at Glory Sun Securities Limited (previously known as China Goldjoy Securities Limited) (an indirect subsidiary of China Goldjoy Group Limited (1282.HK) from 2019 to 2022. Mr. Wu became a responsible officer of Glory Sun Securities Limited for asset management (type 9) since April 2019 and a responsible officer for advising on corporate finance (type 6) since May 2019. Currently, he is an independent non-executive director of Asia Allied Infrastructure Holdings Limited (711.HK) since 2015. He is also an independent director of Document Security Systems (DSS-NYSE-Amer) since 2019, Alset Ehome International Inc. (NASDAQ: AEI) (formerly HF Enterprises Inc. (NASDAQ: HFEN)) since 2020 and Alset Capital Acquisition Corp. Unit (NASDAQ: ACAXU) since 2022. He is also the director of Hong Kong – ASEAN Economic Cooperation Foundation Limited, and Monte Jade Science and Technology Association of Hong Kong Limited. Mr. Wu has over 29 years of experience in financial industry and senior management.

Mr. Wu graduated from Simon Fraser University, Vancouver, BC, Canada with a degree of Bachelor in Business Administration in October 1990, and a degree of Master in Business Administration in June 1993. He became the chartered financial analyst designated by The Institute of Chartered Financial Analysts in September 1996.

Mr. Wu has been a member of Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference from 2013 to 2022. He is also the life chairman of HK Guangxi Chamber of Commerce Limited and Honorary Chairman of Islands Community Foundation Association.

SENIOR MANAGEMENT

Ms. TAN Yuxing (譚玉杏), aged 48, is the vice president of the Group. She joined the Group in April 2014. She is primarily responsible for managing the subsidiaries and associated companies of the Company in Guangzhou and Zhaoqing.

Before joining the Group, Ms. Tan worked in Agile Group Holdings Limited as (i) the secretary to the head of real estate management centre from 2000 to 2004, (ii) the supervisor of the Panyu project contract cost department where she was responsible for monitoring the project costs and budgets from 2004 to 2006, and (iii) the secretary and assistant to the vice chairman from 2006 to 2014 where she assisted the vice chairman in managing the projects in the PRC. She has over 22 years of experience in management of real estate projects and senior management.

Ms. Tan graduated from Zhongyang Guangbo Dianshi University* (中央廣播電視大學) (currently known as The Open University of China) in the PRC in January 2008 majoring in Law. She further received the certificate of assistant engineer in the PRC issued by Human Resources and Social Security Department of Guangdong Province in the PRC in December 2010.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. LAN Chiyuan (藍熾源), aged 44, is the vice president of the Group. He joined the Group in May 2014. He is primarily responsible for managing design centre of the Group.

Before joining the Group, Mr. Lan first worked as the chief designer in Foshan Jianyi Jianzhu Design Institute Co., Ltd.* (佛山市建藝建築設計院有限公司) from 2001 to 2007. He then worked as the assistant to general manager and head of Foshan branch of Guangdong Yuejian Design & Research Institute Co., Ltd.* (廣東粵建設計研究院有限公司佛山分公司) from 2007 to 2010.

He then worked as manager in the design department of Agile Group Holdings Limited (3383.HK) from 2010 to 2014. He was responsible for the technical guidance design management work and daily management of the department.

Mr. Lan graduated from Guangzhou University in July 2001 majoring in Building Construction. He further received the certificate of architectural design engineer (intermediate) in the PRC issued by the Ministry of Human Resources of Meizhou City of the PRC in February 2009.

Mr. LIU Huaqiang (劉華強), aged 43, is the financial controller of the Group. He joined the Group in April 2018. He is primarily responsible for financial management, financing and investor relations of the Group.

Before joining the Group, Mr. Liu worked in PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. Guangzhou Branch for nine years. He left the firm as senior manager in the audit department in 2011. From 2011 to 2014, he was the general manager of the financial planning management department of Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.* (中新天津生態城投資開發有限公司), the master developer of the Tianjin Eco-City, the PRC. He was responsible for financial management and analytical work. He then worked as the assistant to general manager and the financial controller in Huafa Industrial (HK) Limited, a company engaging in real estate development, leasing and investment from 2014 to 2018. Mr. Liu has over 20 years of experience in finance and senior management.

Mr. Liu obtained a Bachelor of Management in Accounting (minor in Computer Science and Application) in Sun Yat-Sen University in June 2002, a Master of Business Administration in November 2016 from The University of Hong Kong. He was a certified public accountant by The Guangdong Institute of Certified Public Accountants in September 2006.

Ms. WAI Ching Sum (衛靜心), aged 55, is the deputy general manager and company secretary of the Group. She joined the Group in August 2017. Ms. Wai is primarily responsible for corporate governance and corporate affairs of the Group.

Before joining the Group, Ms. Wai worked in various group companies of UDL Management Limited from 1996 to 1999. She left the group as the company secretary. She then worked as the company secretary of (i) COSCO International Holdings Limited (currently known as COSCO SHIPPING International (Hong Kong) Co., Ltd.) (517.HK) from 1999 to 2005 and (ii) Agile Property Holdings Limited (currently known as Agile Group Holdings Limited) (3383.HK) from 2005 to 2014. Ms. Wai was an executive director and the financial director of Sumpo Food Holdings Limited (currently known as Leyou Technologies Holdings Limited) (before delisting in the Stock Exchange: 1089.HK) from 2014 to 2015. From 2015 to 2017, she was the company secretary of Pacific Century Group Holdings (HK) Limited, an investment management company. Ms. Wai has over 26 years of experience in senior management and provision of company secretarial services to private and listed companies.

Ms. Wai obtained a Master of Science in Financial Economics, through long distance learning, in December 1997 from University of London, the United Kingdom, and a Master of Laws in Chinese Comparative Law in November 2002 from the City University of Hong Kong. She was admitted as a fellow member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators (currently known as The Hong Kong Chartered Governance Institute) in June 2002.

DIRECTORS' REPORT

The Board is pleased to present this annual report together with the audited financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of the Group are property development and sales, hotel operations, property management and commercial property investment in the PRC. Particulars of the principal activities of the Company's subsidiaries are set out in note 36 to the consolidated financial statements of the Group. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2022.

BUSINESS REVIEW

A business review of the Group for the year ended 31 December 2022 and its future development is set out in the chairman's statement from page 38 to page 42 and management discussion and analysis from page 43 to page 49 of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of comprehensive income on page 102 of this annual report.

DIVIDEND

The Board has resolved not to declare the payment of a final dividend for the year ended 31 December 2022.

ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 8 June 2023. The AGM Notice will be published and despatched to the Shareholders in accordance with the requirements of the Listing Rules in April 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 5 June 2023 to Thursday, 8 June 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer forms 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 not later than 4:30 p.m. on Friday, 2 June 2023.

DONATIONS

Charitable and other donations made by the Group for the year ended 31 December 2022 amounted to approximately RMB0.1 million (2021: RMB0.5 million).

RESERVES AND DISTRIBUTABLE RESERVES OF THE COMPANY

Movements in the reserves of the Group and the Company during the year ended 31 December 2022 are set out in the consolidated statement of changes in equity on page 105 of this annual report and note 38 to the consolidated financial statements, respectively.

As at 31 December 2022, the Company's reserves available for distribution to equity shareholders in accordance with its articles of association and the laws of the Cayman Islands amounted to approximately RMB1,819.8 million.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the section headed "Management Discussion and Analysis – Significant investments, major acquisitions and disposals" in this annual report, during the year ended 31 December 2022 and up to the date of this annual report, the Group did not have any material acquisition or disposal of subsidiaries and associated companies.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

BORROWINGS

Details of the Group's borrowings as at 31 December 2022 are set out in note 29 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the issued share capital of the Company for the year ended 31 December 2022 are set out in note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and there are no restrictions against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for less than 30% of the Group's total revenue for the year. During the year ended 31 December 2022, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 47.8% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 21.5% of the Group's total purchases.

To the best 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 and suppliers of the Group during the year ended 31 December 2022.

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 stakeholders. The Company places significant emphasis on human capital and strives to foster an environment in which the 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 its 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-fulfilment in their positions. The Company understands that it is important to maintain good relationship with customers. The Group is also dedicated to developing good relationship with suppliers as long-term business partners to ensure stable supplies of materials. The Group reinforces business partnerships with suppliers and contractors by recurring communication in a proactive and effective manner so as to ensure quality and delivery.

DIRECTORS

The Directors during the year ended 31 December 2022 and up to the date of this annual report are as follows:

Executive Directors

Mr. CHAN Sze Ming Michael (*Chairman*)

Mr. LIU Huaxi (*Vice-Chairman*)

Ms. ZHENG Catherine Wei Hong

Mr. WU Xinping

Ms. WEI Miaochang

Independent non-executive Directors

Mr. MA Ching Nam

Mr. LEONG Chong

Mr. WU William Wai Leung

Pursuant to Article 83(3) of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his/her appointment and be subject to re-election of such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. According to Article 84(2) of the Articles, any Director appointed pursuant to Article 83(3) of the Articles shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Pursuant to Article 84(1) of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years and shall then be eligible for re-election.

In accordance with Article 84(1) of the Articles and the CG Code contained in Appendix 14 to the Listing Rules, Messrs. CHAN Sze Ming Michael, WU Xinping and WU William Wai Leung will retire by rotation, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company of an initial term (the "Initial Term") commencing from the Listing Date until and including the date of the third annual general meeting (or if such meeting adjourned, the adjourned meeting), which may be terminated by not less than three months' notice in writing served by either party on the other. Subject to the approval from the Shareholders for re-election of the Director as a director of the Company in accordance with the requirements of the Listing Rules, the Articles and their respective service contracts with the Company, the Initial Term shall be automatically renewed for such further period commencing from the expiry date of the Initial Term or subsequent renewal term(s) thereof (as the case may be) to and including the date of the third annual general meeting (or if such meeting adjourned, the adjourned meeting) following such expiry date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors was appointed by the Company for a term of three years commencing from 5 December 2022 in accordance with their respective letters of appointment with the Company, which may be terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all the independent non-executive Directors to be independent in accordance with Rule 3.13 of 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 2022 are set out in note 39 to the consolidated financial statements of the Group in this annual report.

None of the Directors waived his/her emoluments or has agreed to waive his/her emoluments for the year ended 31 December 2022.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. LIU Huaxi holds 50% interest in Zhongshan Yuelai Real Estate Investment Group Co., Ltd.* (中山市悅來房地產投資集團有限公司) ("**Zhongshan Yuelai**"), Zhongshan Yuelai which in turn owns 5% interest in Zhongshan Jingyue Investment Co., Ltd.* (中山市景悅投資有限公司) ("**Zhongshan Jingyue**"), a joint venture of the Company.

Mr. LIU Huaxi currently holds interests in the entities which operate property development and property management in Zhongshan City, Guangdong Province, the PRC (the "**Zhongshan Business**").

Set out below are the interests of Mr. LIU Huaxi in the Zhongshan Business (save for the intermediary holding companies) which may potentially compete with the Group's businesses for the purpose of Rule 8.10(2) of the Listing Rules during the year ended 31 December 2022:

Company name	Business nature	Interest
Zhongshan Yuelai	Investment holding	Direct shareholder holding 50% interest
Zhongshan Yuechuang Real Estate Investment Co., Ltd.* (中山市悅創房地產投資有限公司)	Property development	Indirect shareholder holding 50% interest
Zhongshan Yingfuda Real Estate Development Co., Ltd.* (中山市盈富達房地產開發有限公司)	Property development	Indirect shareholder holding 50% interest
Zhongshan Yueying Property Management Co., Ltd.* (中山市悅盈物業管理有限公司)	Property management	Indirect shareholder holding 50% interest

DIRECTORS' REPORT (CONTINUED)

Save as disclosed above, as at 31 December 2022, so far as known to the Directors and chief executive of the Company, none of the Controlling Shareholders or the Directors was engaged or had interest in any business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATION UNDER RULE 13.21 OF THE LISTING RULES

On 29 December 2022, the Company as borrower, Hang Seng Bank Limited as agent (the "**Agent**") and certain other financial institutions as lenders, among others, entered into a facility agreement (the "**Facility Agreement**") in relation to a term loan facility in the aggregate principal amount of HK\$517,470,000 (the "**Facility**") for a term of 36 months from the date of the Facility Agreement subject to the terms and conditions as set out therein.

Pursuant to the Facilities Agreement, if (a) the family trust of Mr. CHAN Sze Ming Michael ceases to beneficially own directly or indirectly more than 50% of the issued shares in or control the Company; or (b) Mr. CHAN Sze Ming Michael ceases to remain or continue to act as chairman and executive director of the Company or to maintain control over the management and business of the Company and its subsidiaries, (i) the Company shall promptly notify the Agent upon becoming aware of that event; (ii) a lender shall not be obliged to fund the utilization; and (iii) the Facility will be immediately and automatically cancelled and all outstanding loans together with accrued interest and all other amounts accrued or outstanding under the finance documents will become immediately due and payable within ten days of demand by the Agent.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS

Deed of Non-Competition

Each of the Company's Controlling Shareholders, namely, Sze Ming Limited and Mr. CHAN Sze Ming Michael (together, the "**Covenantors**"), has entered into the Deed of Non-competition on 13 November 2019, pursuant to which each of the Covenantors has given an irrevocable non-competition undertaking in favor of the Company namely, each of the Covenantors has, among other matters, irrevocably undertaken and covenanted with the Company that at any time during the Relevant Period (as defined below), each of the Covenantors shall directly or indirectly, and shall procure that their close associates and entities or companies controlled by them or its close associates (other than the Group) shall:

- (a) not be engaged, interested or otherwise involved, directly or indirectly, in any business in any form or manner which is, directly or indirectly, in competition with the business that the Group carries out that includes property development and sales, hotel operations, property management and commercial properties investment business in the PRC (including but not limited to Guangdong, Hainan, Yunnan and Hunan provinces) and any business in any form or manner that is or is likely to be in competition with that of any member of the Group or the Group as a whole from time to time (excluding, for the avoidance of doubt, sales and purchases of properties by the Covenantor for personal residential and/or investment purpose(s) from time to time) (the "**Restricted Activity(ies)**");
- (b) not directly or indirectly solicit, interfere with or endeavor to entice away from the Group any person, firm, company or organisation who to his/its knowledge is from time to time or has, at any time within the immediate past two years before the date of the Prospectus, been a customer, supplier, distributor, director, consultant or employee of the Group;

- (c) not at any time employ any person who has been a director, manager, employee of or consultant to the Group who is or may be likely to be in possession of any confidential information or trade secrets relating to any business of the Group; and
- (d) not directly or indirectly solicit or persuade any person who has dealt with the Group or is in the process of negotiating with the Group in relation to any Restricted Activity, or cease to deal with the Group or reduce the amount of business which the person would normally do with the Group.

Notwithstanding the undertakings under (a) to (d) above, nothing shall restrict any of the Covenantors from acquiring or holding interests in equity securities issued by any company engaged in any Restricted Activity provided that each of them (individually or together) will not directly or indirectly own more than 5% of the total issued share capital of such company or control the exercise of more than 5% of the voting rights thereof or control the composition of the board of directors of such company and that the business and assets of the aforesaid company relating thereto account for less than 5% of the relevant company's consolidated turnover and consolidated assets, respectively, as shown in that company's latest audited consolidated accounts.

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

- (i) the date on which the Covenantors and his/its close associates (individually or taken as a whole) cease to own 30% or more of the then issued Share capital of the Company directly or indirectly or cease to be the Controlling Shareholders of the Company for the purpose of the Listing Rules and do not have power to control the Board; and
- (ii) the date on which the Shares cease to be listed on the Stock Exchange.

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 Activities to the Group during the year ended 31 December 2022.

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 its/his undertakings under the Deed of Non-Competition during the year ended 31 December 2022.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Directors during the year ended 31 December 2022 and up to the date of this annual report is set out below:

- Mr. MA Ching Nam retired as the independent non-executive director of Time Watch Investments Limited (2033.HK) on 24 November 2022.
- Mr. LEONG Chong was appointed as an independent non-executive director of Longfor Group Holdings Limited (960.HK) with effect from 1 January 2023.
- Mr. WU William Wai Leung ceased to be the managing director of investment banking at Glory Sun Securities Limited (previously known as China Goldjoy Securities Limited) (an indirect subsidiary of China Goldjoy Group Limited (1282.HK)) since May 2022. He has been appointed as an independent director of Alset Capital Acquisition Corp. Unit (NASDAQ: ACAXU) since 2022. He also ceased to be a member of Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference and the vice chairman of Federation of Hong Kong Guangxi Community Organisations since 2022.
- Ms. WEI Miao chang was appointed as the vice president of the Group on 1 April 2023.

CONNECTED TRANSACTIONS

During the year ended 31 December 2022, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the usual course of business are set out in note 35 to the consolidated financial statements of the Group in this annual report. None of the related party transactions constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

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

Other than those transactions disclosed in note 35 to the consolidated financial statements of the Group in this annual report and in paragraph headed "Directors' Interests in Competing Business" in this section, no Director or an entity connected with a Director, 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 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- (i) the Group's business is subject to the outbreak and spreading of Coronavirus Disease 2019 ("**COVID-19**") pandemic particularly in Guangdong, Hainan, Jiangsu, Yunnan and Hunan provinces;
- (ii) the Group's business is subject to extensive governmental regulation and is sensitive to property purchase restriction policy (if any) and other policy changes particularly in Guangdong, Hainan, Jiangsu, Yunnan and Hunan provinces;
- (iii) the Group's business and prospects depend heavily on the economic conditions in the PRC and the performance of the PRC property markets, particularly in Guangdong, Hainan, Jiangsu, Yunnan and Hunan provinces;
- (iv) the Group may not be able to acquire land in desirable locations that are suitable for the Group's development at commercially acceptable prices or at all;
- (v) the Group may be subject to fines or sanctions by the PRC government if the Group fails to pay land grant premium or fails to develop properties according to the terms of the land grant contracts;
- (vi) the Group's cash inflow from and results of operation may vary significantly from period to period and such fluctuations may make it difficult to predict the Group's future performance and price of the Shares; and
- (vii) the Group may not be able to obtain sufficient funding for the Group's land acquisitions and future property developments whether through bank loans or other arrangements on commercially reasonable terms, or at all.

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 the date of this annual report, except as disclosed in this annual report and 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 the date of this annual report, the Company's associates were not involved in and the Board is not aware of any non-compliance incidents that might materially adversely affect the value of the Company's interest in them.

SHARE OPTION SCHEME

The Company approved and adopted the Share Option Scheme on 13 November 2019.

Details of the Share Option Scheme

(a) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group and to promote the success of the business of the Group.

(b) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where the Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fall within the period before listing.

(d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

(e) Maximum number of Shares

(i) Subject to sub-paragraph (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that the Company may grant options in respect of up to 160,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 160,000,000 Shares from time to time) to the participants under the Share Option Scheme. The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme represents (A) 10% of the total number of issued shares as at 13 November 2019, being the date of passing the resolutions for adoption of the Share Option Scheme, or (B) approximately 9.7% of the total number of issued shares as at the date of this annual report.

- (ii) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.
- (iii) The Company may seek separate approval of the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the Listing Rules.
- (iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded.

(f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such 1% limit must be separately approved by the Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, the Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted to such grantee must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) Grant of options to a Director, chief executive or substantial Shareholder, or any of their respective associates

- (i) Notwithstanding the aforesaid, any grant of an option to a Director, chief executive or substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the option).

- (ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
 - (a) representing in aggregate over 0.1% of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by the Shareholders at a general meeting of the Company, with voting to be taken by way of poll. The Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. The grantee, his associates and all core connected persons of the Company must abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by the Shareholders in the aforesaid manner.

(h) Restrictions on the times of grant of options

- (i) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of the Company until such inside information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
 - (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish an announcement of the results for any year, half-year or quarterly under the Listing Rules, or other interim period (whether or not required under the Listing Rules);and ending on the date of the results announcement.
- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of the Company are published and:
 - (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof. No minimum period for which an option must be held before the exercise of any option save as determined by the Board and provided in the offer of the grant of the relevant options.

(j) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(k) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.

(l) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (n) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, then his personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of the Group at the date of grant and he subsequently ceases to be an employee of the Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with the Group.

(o) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of the Group at the date of grant and he subsequently ceases to be an employee of the Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (n) above, the option (to the extent not already exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day with the Company or the relevant member of the Group whether salary is paid in lieu of notice or not).

(p) Effects of alterations to share capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which any member of the Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to the Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee the same proportion of the issued share capital of the Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(q) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(r) Rights on winding-up

In the event a notice is given by the Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(s) Rights on compromise or arrangement

In the event of a compromise or arrangement between the Company and the Shareholders or the creditors of the Company being proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Companies Act, the Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representative(s)) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement ("**Suspension Date**"), by giving notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the

Suspension Date, the rights of all grantees (or, as the case may be, their legal personal representative(s)) to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees (or, as the case may be, their legal personal representative(s)) to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of the Company or any of its officers.

(t) Lapse of options

An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) the date on which the Board exercises the Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (o), (q), (r) or (s) above;
- (iv) the date of the commencement of the winding-up of the Company;
- (v) the occurrence of any serious misconduct, act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (vi) where the grantee is only a substantial shareholder of any member of the Group, the date on which the grantee ceases to be a substantial shareholder of such member of the Group; or
- (vii) subject to the compromise or arrangement as referred to in paragraph (s) become effective, the date on which such compromise or arrangement becomes effective.

(u) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in a manner that complies with all applicable legal requirements for such cancellation.

(v) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(w) Alteration to the Share Option Scheme

- (i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (ii) Any alternation to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the Listing Rules and the notes thereto and the supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(x) Termination to the Share Option Scheme

The Company by resolution in general meeting or by resolution of the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

DETAIL OF THE SHARE OPTION GRANTED

No option was granted or agreed to be granted under the Share Option Scheme during the year ended 31 December 2022.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the year ended 31 December 2022, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were 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 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.

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

As at 31 December 2022, the interest and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be and/or were 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 were as follows:

Long position in the ordinary Shares of the Company

Name of Director	Nature of interest	Number of ordinary shares held or interest in the Company	Approximate percentage of issued share capital of the Company ⁽²⁾
Mr. CHAN Sze Ming Michael	Founder of a discretionary trust ⁽¹⁾	1,200,000,000	72.9%

Notes:

- (1) These Shares are held by Sze Ming Limited. The entire issued capital of Sze Ming Limited is held by IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust, a discretionary trust with Mr. CHAN Sze Ming Michael as settlor and protector and established in accordance with the laws of the BVI. There are certain discretionary beneficiaries including Mr. CHAN Sze Ming Michael, his parents, his siblings and his descendants. Mr. CHAN Sze Ming Michael is taken to be interested in these Shares held by Sze Ming Limited pursuant to the SFO.
- (2) The calculation is based on the total number of issued ordinary shares of 1,646,173,000 Shares as at 31 December 2022.

Interest in Associated Corporation(s)

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Mr. LIU Huaxi	Beneficial interest	Zhongshan Jingyue	2.5% ⁽¹⁾

Note:

- (1) Mr. LIU Huaxi holds 50% interest in Zhongshan Yuelai, Zhongshan Yuelai which in turn owns 5% interest in Zhongshan Jingyue, a joint venture of the Company.

Save as disclosed above, as at 31 December 2022, so far as known to the Directors and chief executive of the Company, none of the Directors or the chief executive of the Company had interests and/or short positions in any share, underlying share and debenture of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be and/or were 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.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the year ended 31 December 2022 and up to the date of this annual report was the Company or any of its subsidiaries, holding companies, or any of the subsidiary undertakings (within the meaning of the Companies (Directors' Report) Regulation) of such holding companies a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save as disclosed in this annual report, none of the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2022, the following persons or corporations (other than the Directors and chief executive of the Company) who had interests and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Nature of interest	Number of ordinary shares held or interest in the Company	Approximate percentage of issued share capital of the Company ⁽⁴⁾
Mr. CHAN Sze Ming Michael	Founder of a discretionary trust	1,200,000,000 ⁽²⁾	72.9%
IQ EQ (BVI) Limited	Trustee of a discretionary trust	1,200,000,000 ⁽²⁾	72.9%
Sze Ming Limited	Beneficial owner	1,200,000,000 ⁽²⁾	72.9%
Ms. SHUM Wing Yin	Interest of spouse	1,200,000,000 ⁽³⁾	72.9%

Notes:

- (1) All interests stated are long positions.
- (2) These Shares are held by Sze Ming Limited. The entire issued capital of Sze Ming Limited is held by IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust, a discretionary trust with Mr. CHAN Sze Ming Michael as settlor and protector and established in accordance with the laws of the BVI. There are certain discretionary beneficiaries including Mr. CHAN Sze Ming Michael, his parents, his siblings and his descendants. Mr. CHAN Sze Ming Michael is taken to be interested in these Shares held by Sze Ming Limited pursuant to the SFO.
- (3) Ms. SHUM Wing Yin is the spouse of Mr. CHAN Sze Ming Michael, and is deemed to be interested in the Shares which are interested by Mr. CHAN Sze Ming Michael under the SFO.
- (4) The calculation is based on the total number of issued ordinary Shares of 1,646,173,000 shares as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, so far as known to the Directors and chief executive of the Company, no person or corporation (other than the Directors and chief executives of the Company) had any interest and/or short position in the shares or underlying shares of the Company which should be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO, or which were recorded in the register required to be kept under Section 336 of SFO.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2022 or subsisted as at 31 December 2022.

TAX RELIEF

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holdings of the Company's securities.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or substantial part of the business of the Group were entered into or existed during the year ended 31 December 2022.

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

Neither the Company nor any of its subsidiary has purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2022.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes participated by the Group are set out in note 10 to the consolidated financial statements.

DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors and senior management of the Company are set out on pages 50 to 54 of this annual report.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

The Audit Committee consists of three members, namely Mr. WU William Wai Leung, Mr. MA Ching Nam and Mr. LEONG Chong, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. WU William Wai Leung who possesses appropriate accounting and related financial management expertise. The Audit Committee has considered and reviewed the Group's audited annual results for the year ended 31 December 2022, the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the audited annual financial results for the year ended 31 December 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. The Audit Committee has, in conjunction with the external auditor of the Company, PricewaterhouseCoopers, reviewed the consolidated financial statements for the year ended 31 December 2022, including the accounting policies of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had a total of 873 employees (2021: 983 employees). For the year ended 31 December 2022, the Group has recognised staff costs of RMB124.5 million (2021: RMB166.0 million). The Group provided employees with salaries and benefits that, in its opinion, were competitive with market standards and regularly reviewed the remuneration policies based on employees' contributions and industry standards. The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contribution to the Group. The Group also contributed to medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds for our employees and paid relevant insurance premiums. In addition, the Group was committed to cultivating all-level skilled employees. The Group provided training programs based on the positions and expertise of our employees to enhance their understanding and apprehension of the property industry and related fields. Besides internal training, the Group has also engaged external experts to provide training courses for its employees from time to time. Details of the Share Option Scheme are set out in the section headed "Directors' Report – Share Option Scheme". The Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

Under the applicable PRC laws and regulations, the Group is subject to social insurance contribution plans.

BASIS FOR DETERMINING EMOLUMENTS TO DIRECTORS

Apart from taking into account the advice from the Remuneration Committee and the market levels, the Company also considers the competency, contributions and the responsibilities towards the Company in determining the level of remuneration for each Director. Appropriate benefit schemes are in place for the Directors.

INDEMNITY AND INSURANCE PROVISIONS

The Articles provide that the Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts. The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Issuance of US\$152,100,000 9.5% senior notes due 2024

On 12 January 2023, the Company issued senior notes with nominal interest rate 9.5% due 11 January 2024 in an aggregate principal amount of US\$152,100,000 (the “**New Senior Notes**”), representing 100% exchange offer of the existing 2022 Notes. The New Senior Notes were listed on the Stock Exchange on 13 January 2023.

Except the above, no significant events affecting the Group had occurred during the period from 31 December 2022 to the date of this annual report.

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 date of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 December 2022 have been audited by PricewaterhouseCoopers who shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of the auditor will be proposed at the Annual General Meeting.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the reserves of the Company available for distribution to the Shareholders amounted to approximately RMB1,819.8 million.

ENVIRONMENTAL POLICIES

The Group is committed to implementing policies in environmental protection in order to conserve natural resources. The Group strives to minimise the Group's environmental impact through reducing electricity and water consumption and encouraging recycling of office supplies and other materials. The Group is also committed to ensuring that the Group is in strict compliance with the applicable environmental laws and regulations of the relevant jurisdictions.

As at 31 December 2022, the Group did not encounter any material issues in passing inspections conducted by the relevant environmental protection authorities upon completion of the properties. During the year ended 31 December 2022 and up to the date of this annual report, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. As at the date of this annual report, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for the projects of the Group under development.

HEALTH AND SAFETY

The Group is committed to the health and safety of our employees and provides a safe and effective working environment. The Group pledges full compliance with all occupational health and safety legislation. The Group values the health and well-being of the employees.

During the year ended 31 December 2022 and up to the date of this annual report, 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.

SOCIAL RESPONSIBILITY

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

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

DEVELOPMENT AND TRAINING

The Group is committed to the professional and personal development and growth of employees and considers development and training as a continual process. The Group offers and encourages employees at all levels to participate in various internal and external courses in order to promote the advancement of their job-related skills. The Group's employees are provided with fair opportunities for adequate learning, training and promotions.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group maintains a solid and steady relationship with its customers and provides products which satisfy their needs and requirements. The Group enhances the relationship by continuous interaction with customers to gain insights on market demand and consumer needs so that the Group could respond proactively. The Group also maintains a close relationship with its suppliers. This leads to a high degree of cooperative development and enables the Group to deliver the high-quality solutions as required and expected by the Group's customers.

PROFESSIONAL TAX ADVICE RECOMMENDED

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

On behalf of the Board

JY Grandmark Holdings Limited

CHAN Sze Ming Michael

Chairman

Hong Kong, 30 March 2023

CORPORATE GOVERNANCE REPORT

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of Shareholders and other stakeholders and enhancing shareholder value.

Accordingly, the Company has adopted all the code provisions in the CG Code as its own code on corporate governance. It also adopts sound corporate governance principles that emphasize a quality Board, effective risk management and internal control, stringent compliance practices and transparency and accountability to all stakeholders.

In the Directors' opinion, the Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 December 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2022.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company during the year ended 31 December 2022.

THE BOARD

Responsibilities of the Board

The Board is responsible for, and has general powers under the Articles for, the leadership and oversight of the Company's management and performance and the formulation and review of the Group's overall policies and strategies.

The Board is also responsible for performing corporate governance duties, including the (i) development and review of the Company's policies and practices on corporate governance; and (ii) review of the Company's compliance with Appendix 14 to the Listing Rules and disclosures in the corporate governance report. All major decisions, including but not limited to those decisions affecting the financial results, operations and Shareholders of the Company, such as financial statements, business acquisitions, major transactions and dividend policies, are made by the Board as a whole. Each Director is aware of his or her fiduciary duties and duties and responsibilities as a director under the Listing Rules, the CG Code and applicable laws and regulations, and has acted objectively for the benefit and best interest of the Company and its Shareholders.

Decisions of the Board are communicated to the senior management through executive Directors. The day-to-day management, administration and operation of the Group are delegated to the executive Directors and a senior management team. The senior management team is also responsible for the supervision and execution of the Group's business plans. The Board reviews periodically the performance of the senior management team.

Certain functions and responsibilities are delegated to committees established by the Board. For details, please refer to the paragraphs headed "Audit Committee", "Remuneration Committee" and "Nomination Committee" below.

Composition of the Board

As at the date of this annual report, the Board comprises five executive Directors and three independent non-executive Directors whose names are listed below. Each member of the Board brings a wide spectrum of valuable experience, knowledge and expertise to the Board for its efficient and effective functioning.

	Date of appointment
Executive Directors	
Mr. CHAN Sze Ming Michael (<i>Chairman</i>)	2 November 2018
Mr. LIU Huaxi (<i>Vice-Chairman</i>)	24 May 2019
Ms. ZHENG Catherine Wei Hong (<i>President</i>)	2 November 2018
Mr. WU Xinping	2 November 2018
Ms. WEI Miaochang	24 May 2019
Independent non-executive Directors	
Mr. MA Ching Nam	13 November 2019
Mr. LEONG Chong	13 November 2019
Mr. WU William Wai Leung	13 November 2019

Save as disclosed in this annual report, there is no financial, business, family or other relevant relationship between the Directors.

Mechanisms ensuring independent views available to the Board

The Company has established mechanisms ensuring independent views available to the Board during the year and the Board will, or may designate a board committee to, review the implementation and effectiveness of such mechanisms on an annual basis.

1. *Composition of the Board and Board Committees*
 - (i) The Board endeavours to ensure the appointment of at least three independent non-executive directors (“INED(s)”) and at least one-third of its members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time).
 - (ii) Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, INEDs will be appointed to other Board committees as far as practicable to ensure independent views are available.
2. *Independence Assessment*
 - (i) The Nomination Committee must strictly adhere to the nomination policy of the Company and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of INEDs.
 - (ii) Each INED is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.
 - (iii) The Nomination Committee is mandated to assess annually the independence of all INEDs by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

3. *Remuneration*

No equity-based remuneration (e.g. share options or grants) with performance related elements will be granted to INEDs as this may lead to bias in their decision making and compromise their objectivity and independence.

4. *Board Decision Making*

- (i) INEDs (as with other directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.
- (ii) INEDs (as with other directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.
- (iii) The chairman of the Board shall at least annually hold meetings with the INEDs without the presence of other Directors to discuss major issues and any concerns.

During the year ended 31 December 2022, the Company has complied with the requirements of the Listing Rules to have at least three INEDs representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

Having considered the factors for assessing the independence of INEDs under Rule 3.13 of the Listing Rules and the written annual confirmations from each INEDs, the Board considers all of its INEDs to be independent.

The list of Directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules. A list of the Directors identifying their roles and functions is also available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk.

Terms of appointment of Directors

Executive Directors

Each of the executive Directors has entered into a service contract of an initial term (the "**Initial Term**") commencing from the Listing Date until and including the date of the third annual general meeting (or if such meeting is adjourned, the adjourned meeting). The appointment may be terminated by not less than three months' notice in writing served by either the relevant Director or the Company. Subject to the approval from the Shareholders for re-election of the Director as a director of the Company in accordance with the requirements of the Listing Rules, the Articles and their respective service contracts with the Company, the Initial Term shall be automatically renewed for such further period commencing from the expiry date of the Initial Term or subsequent renewal term(s) thereof (as the case may be) to and including the date of the third annual general meeting (or if such meeting adjourned, the adjourned meeting) following such expiry date, which may be terminated by not less than three months' notice in writing served by either the relevant Director or the Company.

Independent non-executive Directors

Each of the independent non-executive Directors was appointed by the Company for a fixed term of three years commencing from 5 December 2022. The appointment may be terminated by not less than three months' notice in writing served by either the relevant Director or the Company.

Nomination, appointment, re-election and removal procedures

The procedures and process of appointment, re-election and removal of Directors are set out in the Company's Articles. Every Director is subject to the provisions of retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his or her appointment and be subject to re-election at such meeting.

The Nomination Committee has been established on 13 November 2019 to review the structure, size and composition of the Board at least annually to ensure that the Board has a balance of expertise, skill and experience appropriate to meet the requirements of the Company. The director's nomination policy is that this committee will identify individuals who are qualified or suitable for directorship, assess their qualifications, skill, prior experience, character and other relevant aspects including but not limited to their independence in the case of an independent non-executive Director candidate, and make recommendations to the Board on the appointment or re-appointment of Directors or the filling of casual vacancies on the Board or any other proposed changes to the Board to complement the Company's corporate strategies.

Nomination criteria

The Nomination Committee shall consider a number of factors in making nominations, including but not limited to the following:

- (i) **Qualifications:** The candidate should possess the skills, knowledge and experience, which are relevant to the operations and corporate strategies of the Company and its subsidiaries.
- (ii) **Diversity:** The candidate should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the board diversity policy of the Company and the balance of skills and experience in board composition.
- (iii) **Commitment:** The candidate should be able to devote sufficient time to attend board meetings and participate in induction trainings and other board associated activities.
- (iv) **Character:** The candidate must satisfy the Board and the Stock Exchange that he or she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a director of the Company.
- (v) **Independence:** The candidate to be nominated as an independent non-executive director must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

The above criteria are for reference only and are not meant to be exhaustive or decisive. The Board shall take into consideration the benefits of a diversified Board when selecting Board candidates.

Nomination procedures

If the Nomination Committee determines that an additional or replacement director is required, the Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate. The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election of the Board. On making a recommendation, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as director(s) to fill a casual vacancy(ies) or as an addition to the Board or recommend such candidate to shareholders for election or re-election (where appropriate) at the general meeting.

Please refer to the paragraph headed "Nomination Committee" below for more details on the Nomination Committee.

Board practices and conduct of meetings

Directors are given the opportunity to include matters in the agenda for Board meetings with notices of regular Board meetings given or to be given at least 14 days in advance. Notices and agenda of the Board meetings are prepared by the company secretary of the Company as delegated by the chairman. Directors are provided with adequate and timely information to allow them to fulfill their duties properly. They are allowed to seek independent professional advice in appropriate circumstances at the Company's expenses.

Directors are encouraged to make a full and active contribution to the Board's affairs and to voice out their views and concerns. Directors are supplied with sufficient information and given sufficient time for discussion to ensure that Board decisions fairly reflect Board consensus.

A Director who to his or her knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his or her interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he or she knows his or her interest then exists, or in any other case, at the first meeting of the Board after he or she knows that he or she is or has become so interested. Subject to the Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposals in which he or she or any of his or her close associates is materially interested.

Minutes of Board meetings and meetings of Board committees containing sufficient details of the matters considered and decisions reached, including any concerns raised or dissenting views express, are sent to each Director for their review, comment and records within a reasonable time after each meeting. The final version of such minutes is kept by the company secretary of the Company and is open for inspection by the Directors upon reasonable notice.

Board and Board Committee Meetings

The Board meets at least four times each year or more as required. Directors may participate in meetings either in person or through electronic means of communication. The schedule of regular meetings for the following year will be presented to all Directors in the last Board meeting such that they can arrange for the meetings. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The company secretary assists the chairman in preparing the agenda of regular Board meetings and circulates the draft Board meeting agenda to all Directors for their perusal and comment. Directors are invited to include any matters in the agenda which they think appropriate. The Board meeting agenda will be issued by the company secretary after incorporating all the comments of Directors (if any). Relevant meeting materials are provided to the Directors at least three days before the meetings to ensure that they are given sufficient review time and are adequately prepared for the meetings.

Each Director shall have access to the senior management including the company secretary, and they may also seek independent professional advice at the expense of the Company. Any matter involving interest of substantial Shareholder(s) or Director(s) shall be subject to the consideration and approval by the Board at a physical Board meeting, or to be implemented and dealt with by the designated Board committee. Directors who have interest may attend the meeting, but shall not be counted towards quorum and shall abstain from voting on the relevant matter. All Directors may require the company secretary to provide advice and services on relevant aspects, including the follow-up of, or the provision of support to, any matters, ensuring that the Board procedures and all applicable rules and regulations are observed.

The management will submit relevant reports to the Directors for review as part of meeting materials for every regular Board meeting. After the briefing given to the Directors, the management will answer any enquiry made by the Directors. The Board may make informed assessment on the financial and other information submitted to them for their approval. Sufficient time will be allowed for the Directors to discuss.

The meeting minutes of the Board and its committees are drafted and kept by the company secretary. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The company secretary will distribute the draft meeting minutes and the final version of the meeting minutes to all Directors, for their comments and record respectively, within reasonable time after the meetings are held.

CORPORATE GOVERNANCE REPORT (CONTINUED)

During the year, the Board held a total of five meetings. Each Director's attendance record for the Board meetings, Board committee meetings and annual general meeting is set out as follows:

	Number of attendance/meeting(s) held in 2022				
	Board Meeting(s)	Audit Committee Meeting(s)	Nomination Committee Meeting(s)	Remuneration Committee Meeting(s)	Annual General Meeting
Mr. CHAN Sze Ming Michael (<i>Chairman</i>)	5/5	–	–	–	1/1
Mr. LIU Huaxi (<i>Vice-Chairman</i>)	5/5	–	2/2	2/2	1/1
Ms. ZHENG Catherine Wei Hong (<i>President</i>)	5/5	–	–	–	1/1
Mr. WU Xinping	5/5	–	–	–	1/1
Ms. WEI Miaochang	5/5	–	–	–	1/1
Mr. MA Ching Nam	5/5	3/3	2/2	2/2	1/1
Mr. LEONG Chong	5/5	3/3	2/2	2/2	1/1
Mr. WU William Wai Leung	5/5	3/3	2/2	2/2	1/1

All the executive Directors and independent non-executive Directors have allocated reasonable amount of time to follow and deal with various affairs of the Company during the year. All Directors will make their best efforts to attend any meetings of the Board and its committees. They will also allocate reasonable time in reviewing materials as well as other documents provided by the Company from time to time. The chairman met once with the independent non-executive Directors without the executive Directors present.

CHAIRMAN AND PRESIDENT

Mr. CHAN Sze Ming Michael serves as the chairman of the Board. He is responsible for the overall strategic planning and business direction of the Group. With the support of the executive Directors and the company secretary, the chairman approves the agenda for, and chairs, Board meetings to ensure that all key and appropriate issues are discussed in a timely manner, including any matters proposed by other Directors. He is responsible for the effective functioning of the Board, including but not limited to taking steps to ensure that all Directors are properly briefed on issues arising at Board meetings, providing all Directors with adequate information which is accurate, clear, complete and reliable in a timely manner, communicating Shareholders' views to the Board as a whole and promoting a culture of openness and constructive debate during Board meetings.

Ms. ZHENG Catherine Wei Hong serves as the president of the Company. She is responsible for the execution of the strategic planning and general management of the Group.

BOARD COMMITTEES

Audit Committee

The Audit Committee was established on 13 November 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the applicable CG Code. The primary duties of the Audit Committee include (but without limitation): (i) be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; (ii) monitor the integrity of the Company's financial statements, annual reports, accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; (iii) oversight of the Company's financial reporting system, risk management and internal control systems; and (iv) develop and review the Company's policies and practices on corporate governance and make recommendations to the Board. The written terms of reference of the Audit Committee has been made available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk. For the year ended 31 December 2022, the Audit Committee consists of three independent non-executive Directors, namely, Mr. WU William Wai Leung (chairman of the Audit Committee who possesses the appropriate professional qualification or accounting or related financial management expertise), Mr. MA Ching Nam and Mr. LEONG Chong.

During the financial year, three Audit Committee meetings were held and the executive Directors, the management and the independent auditor also attended to provide necessary information. The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group, and reviewed risk management internal controls, internal audit and financial reporting matters including review of the audited annual financial statements of the Group for the year ended 31 December 2021, and the unaudited interim financial statements of the Group for the six months ended 30 June 2022.

Remuneration Committee

The Remuneration Committee was established on 13 November 2019 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the applicable CG Code. The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Board regarding our policy and structure for the remuneration of all of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management; and (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. The written terms of reference of the Remuneration Committee has been made available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk. For the year ended 31 December 2022, the Remuneration Committee consists of one executive Director, namely Mr. LIU Huaxi, and three independent non-executive Directors, namely Mr. LEONG Chong (chairman of the Remuneration Committee), Mr. MA Ching Nam and Mr. WU William Wai Leung.

During the financial year, two Remuneration Committee meetings were held. The Remuneration Committee has reviewed and considered the remuneration packages of the Directors and senior management, service contracts of each of the executive Directors and renewed letters of appointment of each of the independent non-executive Directors. The Remuneration Committee has also assessed the performance of the executive Directors and reviewed the director and employee remuneration policy of the Company.

Nomination Committee

The Nomination Committee was established on 13 November 2019 with written terms of reference in compliance with the applicable CG Code. The primary duties of the Nomination Committee include (but without limitation): (i) propose a set of personal attributes to the Board; (ii) propose a set of procedures for processing nominations of candidates for the Board's approval; and (iii) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and recommend any proposed changes to the Board to complement the Company's corporate strategy. The written terms of reference of the Nomination Committee has been made available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk. For the year ended 31 December 2022, the Nomination Committee consists of one executive Director, namely Mr. LIU Huaxi and three independent non-executive Directors, namely Mr. MA Ching Nam (chairman of the Nomination Committee), Mr. LEONG Chong and Mr. WU William Wai Leung.

During the financial year, two Nomination Committee meetings were held. The Nomination Committee has reviewed the structure, size and diversity of the Board, considered the independence of independent non-executive Directors and recommended the re-appointment of retiring directors which were approved by the Shareholders at the annual general meeting. The Nomination Committee has also reviewed the director's nomination policy of the Company and recommended relevant disclosure herein.

Board Diversity

The Company adopted a board diversity policy on 13 November 2019 which sets out the objective and approach on the diversity of the Board and is available on the Company's website at www.jygrandmark.com. The Company recognises the importance of having a diverse Board in enhancing the Board effectiveness and corporate governance, and considers that Board diversity, including gender diversity, is a vital asset to the business. A diverse Board will include and make good use of differences in the skills, industry knowledge and professional experience, cultural and education background and other qualities of directors of the Company and does not discriminate on the ground of race, age, gender or religious belief. Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

For the purpose of implementation of the gender diversity, the Board aims to comprise of at least one female Director and have at least 40% female employees in the workforce. As at the date of this report, (i) the Board consists of two female Directors and six male Directors; and (ii) approximately 51% of the Company's workforce is male and approximately 49% is female. The Company has achieved its objectives for gender diversity.

The Directors have a balanced mix of knowledge and skills, including overall management and strategic development, project investment and financial management. They obtained degrees in various majors including business administration, economic management, construction engineering and computer science. The Board has three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of the Board. Furthermore, the Directors are of a wide range of age, ranging from 34 years old to 70 years old. Taking into account the Company's existing business model and specific needs as well as the different background of the Directors, the composition of the Board satisfies the board diversity policy.

The Nomination Committee is responsible for ensuring the diversity of the Board members. It will review the board diversity policy from time to time to ensure its continued effectiveness and the Company will disclose in its corporate governance report about the implementation of the board diversity policy on an annual basis.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration payable to the senior management of the Company (who are not the Directors) is shown in the following table by bands:

	2022
Nil to RMB1,000,000	2
RMB1,000,001 to RMB1,500,000	1
RMB1,500,001 to RMB2,000,000	1
RMB2,000,001 to RMB2,500,000	–
	4

DIRECTOR AND EMPLOYEE REMUNERATION POLICY

The Group's director and employee remuneration policy aims to provide a fair market level of remuneration to retain and motivate high quality directors, senior management and employees, and attract experienced people of high caliber to oversee the business and development of the Group. Their remuneration is reviewed at least annually with reference to companies of comparable business or scale. Details of the director and employee remuneration policy are set out in the sections headed "Directors' Report – Employees and Remuneration Policies" and "Directors' Report – Basis for Determining Emoluments to Directors".

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2022.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The senior management of the Company has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

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 2022 which give a true and fair view of the state of affairs of the Company 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 2022 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 statements of the auditor of the Company about their 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.

MATERIAL UNCERTAINTIES – GOING CONCERN

For the year ended 31 December 2022, the Group's revenue amounted to RMB513 million, representing a decrease of 75% from RMB2,043 million for the year ended 31 December 2021 and the Group recorded a net loss of RMB888 million. As at 31 December 2022, the Group had total bank and other borrowings of RMB3,628 million, of which RMB1,797 million were current bank and other borrowings repayable within 12 months, while the Group's cash and cash equivalents amounted to RMB187 million.

The business of the Group is subject to extensive governmental regulations and macro-economic control measures of the real estate sector implemented by the PRC government from time to time, and some of these policies and measures may have unfavourable impact to the working capital available to the Group.

All of the above events and conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, 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 resources to continue as a going concern. Details of the plans and measures taken by the Group to mitigate the liquidity pressure and to improve its financial position are set out in Note 2.1 to the consolidated financial statements in this annual report.

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 2022. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2022. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial information on a going concern basis.

Notwithstanding the above, a material uncertainty 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 Group's ability to generate adequate financing and operating cashflows through the measures as detailed in Note 2.1 to the consolidated financial statements in this annual report.

Should the Group be unable to continue 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 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 the consolidated financial statements in this annual report.

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 Company 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 Company. The framework and its effectiveness are subject to review by the Board on a regular basis.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced as soon as reasonably practicable when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements, circulars and its website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group’s affairs, so that only the executive Director and the company secretary are authorised to communicate with parties outside the Group.

EXTERNAL AUDITOR AND AUDITOR REMUNERATION

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

The external auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor’s report and auditor’s independence.

For the year ended 31 December 2022, the amount of fees charged by the Company’s external auditor, PricewaterhouseCoopers, in respect of their annual audit services and non-audit services related to issuance of senior notes amounted to approximately RMB3.7 million and RMB0.8 million, respectively.

THE COMPANY SECRETARY

The company secretary of the Company plays a role in supporting the Board by ensuring good information flow within the Board and also that Board policy and procedures are followed. The company secretary of the Company is responsible for advising the Board through the chairman and/or the president on corporate governance matters and should also facilitate induction and professional development of Directors. Specific enquiry has been made to the company secretary of the Company, Ms. WAI Ching Sum, and she has confirmed that she has complied with the relevant qualifications, experience and training requirements under the Listing Rules.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

The Company has arranged directors’ and officers’ liability insurance for its Directors and senior management. The insurance covered the corresponding costs, charges, expenses and liabilities for any legal action against them arising out of the Group’s operation.

DIRECTORS’ TRAINING

According to the CG Code, Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All the Directors are also encouraged to attend relevant training courses at the Company’s expenses.

Each of the Directors, namely Mr. CHAN Sze Ming Michael, Mr. LIU Huaxi, Ms. ZHENG Catherine Wei Hong, Mr. WU Xinping, Ms. WEI Miao Chang, Mr. MA Ching Nam, Mr. LEONG Chong and Mr. WU William Wai Leung, have attended trainings on 2023 update changes to the Listing Rules and CG Code conducted by The Hong Kong Institute of Directors on 9 December 2022. The Company Secretary maintains proper records of training attended by the Directors.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which, subject to the Companies Act and other applicable laws and regulations, the Company targets to distribute to the Shareholders no less than 30% of the Company's distributable profits for any particular financial year. The declaration of dividends is subject to the discretion of the Board and, where required, the approval of the Shareholders. The Directors may recommend a payment of dividends in the future after taking into account the Group's operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to the Company's constitutional documents and the Companies Act, including, where required, the approval of the Shareholders. Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in the Group's operations.

INVESTOR COMMUNICATIONS

The Company has adopted a shareholders communication policy in relation to communicating with the Shareholders and potential investors and providing regular communications to the Shareholders with effect from the Listing Date. It is available on the Company's website at www.jygrandmark.com.

The Company considers timely communication to Shareholders and/or investors and transparent reporting as key components of good corporate governance. The Company aims at maintaining frequent and timely communication with its Shareholders and/or investors through a variety of communication channels, including but not limited to general meetings, annual and interim reports and official announcements. General meetings provide a platform for Shareholders to exchange views with the Board and the Directors are available to answer questions at the Company's annual general meetings. Shareholders will be sent a copy of the annual and interim reports or be notified of the release of such reports. Annual and interim reports are accessible on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.jygrandmark.com, where general information on the Group's business and activities is available for public access. Official announcements will be released from time to time in accordance with the Listing Rules to update our Shareholders and/or investors with the latest developments of the Group. Shareholders and investors may address enquires directly to the Company's principal place of business in Hong Kong as provided in the section headed "Corporate Information" in this annual report, or to the company secretary of the Company by email at ir@jygrandmark.com.hk.

The Board conducted a review of the implementation and effectiveness of its shareholders communication policy. Having considered the multiple channels of communication available to the Shareholders, the Board is satisfied that its shareholder communication policy has been implemented during the year and is effective.

SHAREHOLDERS' RIGHTS

(a) Convening Extraordinary General Meeting and Putting Forward Proposals at General Meetings

There are no provisions under the Articles or the Companies Act regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out below to convene an extraordinary general meeting for any business specified in the Written Requisition.

Voting of general meetings of the Company is conducted by way of poll in accordance with the Listing Rules. The poll results will be published on both the website of the Stock Exchange and the Company. Pursuant to Article 58 of the Company's existing Articles, 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 having the right of voting at general meetings may deposit a written requisition (the "**Written Requisition**") to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in the Written Requisition. Such meeting shall be held with two months after the deposit of the Written Requisition. If within 21 days of such deposit, the Board fails to proceed 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.

(b) Putting Forward Enquiries to the Board

Shareholders and investors are also welcome to submit any enquiries to the Board and suggestions or proposals at general meetings directly to the Company's principal place of business in Hong Kong as provided in the section headed "Corporate Information" in this annual report, or to the company secretary of the Company by email at ir@jygrandmark.com.hk.

The Board also encourages Shareholders to attend general meetings to make enquiries with the Board directly.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2022 and up to the date of this annual report, there has not been any change in the Memorandum and the Articles.

On 30 March 2023, the Board proposed to amend the Articles. The proposed amendments to the Articles will be subject to the approval of Shareholders in the upcoming AGM.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control system and has the responsibility to review the effectiveness of the system. The Group's risk management and internal control system includes a clear organisational structure, defined lines of responsibility and segregation. The Board is responsible for assessing and determining the nature and extent of the risks that the Group is willing to take in achieving the strategic objectives, also monitors the establishment and maintenances of appropriate and effective risk management and internal control system. The management is responsible for designing and maintaining an effective risk management and internal control system as well as providing confirmations to the Board on the effectiveness of the system. Such risk management and internal control system is designed to manage rather than eliminate the risk of failure in achieving business objectives, and it can only provide reasonable but not absolute assurance that there will be no material misstatements or losses.

Risk Management

1. Establishment of a risk management system and structure:

The Group established the risk management system structure at the group level in the previous years to determine the risk management procedures and facilitate the enhancement of internal risk management culture, which would sustain year after year according to the strategies of the Company. During the year, the Company continued to improve the risk management system structure to guide the group risk assessment work and ongoing risk monitoring activities through the following measures based on the work accomplished in previous years:

- ✓ **Reaffirm the risk management organisational structure and continue advocating:** The Group has reaffirmed a risk management organisational structure and divided the risk management responsibilities, setting out clear responsibilities of the management and respective department on risk management and the risk information reporting line and frequency. The major features of the risk management organisational structure include clear segregation of responsibilities and specific communication mechanism. The following table illustrates the roles of respective party in the risk management structure:

Role	Major Responsibility
The Board (the highest decision-making party of risk management)	<ul style="list-style-type: none"> ■ Evaluate and determine the nature and acceptable extent of risks to ensure that the strategic objectives can be achieved ■ Ensure the establishment and maintenance of the effective risk management and internal control system ■ Supervise the management in the designing, implementing and monitoring of the risk management and internal control system
The Audit Committee (the highest decision-making party of risk management)	<ul style="list-style-type: none"> ■ Consider and formulate the risk management framework; identify, analyse, evaluate and determine the risks faced by the Group; systematically organise, mitigate and monitor risks to identify and handle the risks faced by the Group, including but not limited to strategic, financial, operational, legal and regulatory risks ■ Review and assess the effectiveness of the Group's risk management framework (including the risk management plan, risk management system and the internal audit function in relation to risk management) ■ Constantly monitor the scope of risk management system and the other providers of assurance

Role	Major Responsibility
<p>Senior Management (the risk management work leading team)</p>	<ul style="list-style-type: none"> ■ Monitor the frequency of the occurrence of material control default or discovery of material control weakness, and the extent to which they have resulted in unforeseen and emergent outcomes or contingencies that have had, may have or may in the future have, a material impact on the Company's financial performance or condition ■ Report any significant risk management issues to the Board and suggest solutions ■ Review policies and mechanism related to risk management of the Group on a regular basis ■ Supervise the implementation of risk management within the Group, review the evaluation report on risk management work and risk management assessment report regularly ■ Provide risk management advice for significant decision and review targeted measures proposed by the execution party of risk management ■ Responsible for reporting and disclosing significant risk information to the Audit Committee
<p>Company Secretarial Department</p>	<ul style="list-style-type: none"> ■ Concurrently follow the disposal of significant risk emergencies, prepare a conclusion report and report to the Audit Committee ■ Deal with other affairs associated with risk management as authorized by the Board or the Audit Committee
<p>Internal Audit Department</p>	<ul style="list-style-type: none"> ■ Coordinate the commencement of risk identification and assessment work ■ Act as the risk management supervisory body, responsible for overseeing risk management work performed by the Group and the branches in different cities ■ Organise the preparation of regular risk assessment reports and present summary reports to the risk management work leading team ■ Organise and coordinate risk management trainings and guidance

Role	Major Responsibility
The Group's headquarters/ Management of departments and respective branches in different cities (the execution party of risk management work)	<ul style="list-style-type: none"> ■ Update the risk exposure list of operations on a regular basis, and conduct relevant work such as risk identification and evaluation ■ Formulate and implement risk response plan for operations ■ Monitor and control various risk exposures in operations, and report risk information to the risk management coordinator and the risk management work leading team in a timely manner

- ✓ **Update the risk assessment criteria:** During the year, based on changes in the internal and external environment, the risk assessment criteria applicable to the Company have been updated according to the nature and characteristics of business, strategic objectives of the Group and respective business segments and the risk appetite of the management. The risks that are most likely to affect the achievement of the objectives have been assessed using commonly recognised assessment methods and assessment criteria. Risks assessed during the year include, but are not limited to, strategic, operational, market, legal, financial, and environmental, social and governance-related risks.
- ✓ **Determine and regulate the workflow for risk management work:** The risk management procedures (please refer to Figure 1: Risk Management Procedures), with major steps including identification, assessment, investigation and response, supervision and improvement have been established, so as to systematically manage, mitigate and control risk exposures. By mainly considering the operating goals of the Group and different business segments, the Group identifies risk factors affecting the achievement of such operating goals and evaluates possibilities and potential impacts of each specific risk, adopts specific measures in response to risk exposures identified, and constantly supervises and evaluates changes in risk exposure and adjusts the response measures in a timely manner.



Figure 1: Risk Management Procedures

- ✓ **Determine the frequency of risk management review:** The frequency of evaluation and report on risk management of the Group is determined (at least once every year). The aforesaid key elements standardised the format and frequency of reporting through the Risk Management Manual of JY Grandmark Holdings Limited.

2. Risk evaluation conducted by the Group in 2022

During the year under review, the Group's management continued to deepen its risk management efforts and updated the risk assessment criteria and risk database for the year based on the underlying principle of "pursuing progress while ensuring stability" and taking into consideration the external market environment, changes in the internal business environment, business development and risk appetite, keeping in view the risks and opportunities brought to the Group by the macro-control measures of the industry and financial policies such as the "16-point plan". During the year, the management also adopted a systematic approach to evaluate the nature and extent of other significant risks faced by the Group, as well as updated the assessment and conducted an analysis on the existing control over the top ten risks for 2022. The management has also identified the department that is responsible for addressing the risks, measures to be adopted and the solution for improvement, and has reported the assessment result and implementation of control measures to the Audit Committee. The Audit Committee reviewed and assessed the changes in the nature and extent of significant risks on behalf of the Board, and completed the review of the risk management system and considered the risk management system effective and sufficient.

INTERNAL AUDIT

JY Grandmark has independent internal audit functions in place with unrestricted access to corporate information, directors and employees, and report directly to the Audit Committee of the Group on a regular basis. For the year ended 31 December 2022, the internal audit functions have formulated an audit plan that focuses on areas with higher risks. The management has formulated remedial plans for loopholes and inadequacies identified during the internal audit, and the internal audit functions have made regular follow-ups to ensure timely implementation of the remedial measures. The internal audit functions have reported and updated the reviewed results to the Audit Committee.

ANTI-CORRUPTION MECHANISM

During the year under review, JY Grandmark has updated and revised the "Anti-corruption System of JY Grandmark" in accordance with the Corporate Governance Code and the recommended practices set out in the Corporate Governance Guide for Boards and Directors issued by the Hong Kong Stock Exchange, further clarifying, *inter alia*, the standards for identifying anti-corruption violations, penalties for anti-corruption violations, procedures of anti-corruption supervision and administration, management and control over high risk areas of anti-corruption, and incentive measures for anti-corruption work. Anti-corruption whistleblower channels have been released to facilitate employees and other parties with whom we have dealings (such as customers or suppliers) to raise their concerns with the Audit Committee on an anonymous basis about any possible improprieties related to the Company. Meanwhile, the Group continued to promote the culture of integrity through carrying out publicity programmes, training lectures and telephone return visits on integrity.

SUMMARY OF THE REVIEW AND EFFECTIVENESS ON RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

During the year under review, the Board conducted a comprehensive review over the effectiveness of the risk management and internal control system of the Group through the Audit Committee. The scope of the review covered the Group and the major business segments, primarily focusing on review of controls over all major aspects, including financial control, operating control and compliance control. Accordingly, the Board is of the view that the Group has complied with the provisions on risk management and internal control as stipulated in the CG Code and considers the risk management and internal control system effective and adequate.

The Audit Committee has reviewed the resources, staff qualifications and experience of the Group as required for accounting, financial reporting and internal audit functions as well as its staff training programmes and estimates of expenditure and confirmed the adequacy of the same.

INDEPENDENT AUDITOR'S REPORT

(All amounts in RMB thousands unless otherwise stated)



羅兵咸永道

To the Shareholders of JY Grandmark Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of JY Grandmark Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which are set out on pages 102 to 207, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1(c) to the consolidated financial statements, which states that, for the year ended 31 December 2022, the Group's revenue amounted to RMB513 million, representing a decrease of 75% from RMB2,043 million for the year ended 31 December 2021 and the Group recorded a net loss of RMB888 million. As at 31 December 2022, the Group had total bank and other borrowings of RMB3,628 million, of which RMB1,797 million were current bank and other borrowings repayable within 12 months, while the Group's cash and cash equivalents amounted to RMB187 million. These events and conditions, along with other matters as set out in Note 2.1(c), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

The key audit matter identified in our audit is summarised as follows:

- Assessment of net realisable value ("NRV") of properties under development ("PUD") and completed properties held for sale ("PHS")

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Assessment of NRV of PUD and PHS</p> <p>Refer to notes 2.17, 4(a), 21 and 22 to the consolidated financial statements.</p> <p>PUD and PHS amounted to RMB7,330,809,000 and RMB1,347,186,000 respectively as at 31 December 2022, which in aggregate accounted for approximately 69% of the Group's total assets. PUD and PHS are stated at the lower of cost and NRV. NRV is determined by reference to the estimated selling price based on prevailing market conditions less variable selling expenses and, for PUD, estimated costs to completion.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <p>(i) 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;</p> <p>(ii) We evaluated and tested management's key internal control over the Group's process in determining the selling prices, variable selling expenses and costs to completion of PUD;</p>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Provision of impairment of RMB478,371,000 was made for PUD and PHS based on management's assessment as at 31 December 2022.</p> <p>We focused on NRV assessment because PUD and PHS are major assets of the Group and the determination of NRV involved significant estimates on the selling prices, variable selling expenses and estimated costs to completion of PUD.</p>	<p>(iii) We selected, on a sample basis, PUD and PHS projects and challenged management's estimates when determining the NRV of PUD and PHS by:</p> <ul style="list-style-type: none">• Comparing the estimated selling price to the most recent market transactions by making reference to the Group's selling price for the PUD and PHS or the prevailing market price of similar type of properties in similar locations;• Comparing the ratio of estimated variable selling expenses to the selling price with the Group's historical ratio to assess whether the estimated variable selling expenses were within a reasonable range; and• Assessing the Group's estimates of the anticipated costs to completion for PUD by reconciling the actual costs incurred to approved budgets. We compared the major cost compositions contained in these budgets with the actual cost compositions of similar type of properties in similar locations. <p>We found that management's estimates used in the assessment of NRV of PUD and PHS are properly supported by available evidences.</p>

OTHER INFORMATION

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yeung Chor Ho.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Notes	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenue	5	513,310	2,043,126
Cost of sales	6	(439,704)	(1,459,901)
Gross profit before impairment losses on completed properties held for sale and properties under development		73,606	583,225
Net impairment losses on completed properties held for sale and properties under development	6	(679,553)	–
Gross (loss)/profit after impairment losses on completed properties held for sale and properties under development		(605,947)	583,225
Selling and marketing expenses	6	(66,331)	(153,328)
Administrative expenses	6	(117,509)	(138,088)
Net impairment losses on financial assets		(36,869)	(5,837)
Other income	7	14,326	21,567
Other expenses	8	(872)	(1,223)
Other (losses)/gains – net	9	(200,513)	33,430
Operating (loss)/profit		(1,013,715)	339,746
Finance costs	11	(28,731)	(18,071)
Finance income	11	6,760	18,430
Finance (costs)/income – net	11	(21,971)	359
Share of profit of investments accounted for using the equity method	16	3,037	23,634
(Loss)/profit before income tax		(1,032,649)	363,739
Income tax expense	12	144,824	(164,916)
(Loss)/profit for the year		(887,825)	198,823
(Loss)/profit attributable to:			
Owners of the Company		(721,859)	216,446
Non-controlling interests		(165,966)	(17,623)
		(887,825)	198,823
Other comprehensive (loss)/income for the year			
<i>Item that may be reclassified to profit or loss</i>			
– Currency translation differences		(124,890)	28,681
Other comprehensive (loss)/income for the year, net of tax		(124,890)	28,681
Total comprehensive (loss)/income for the year		(1,012,715)	227,504
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(846,749)	245,127
Non-controlling interests		(165,966)	(17,623)
		(1,012,715)	227,504
(Losses)/earnings per share (expressed in RMB per share)			
– Basic and diluted (losses)/earnings per share	13	(0.44)	0.13

The notes on pages 107 to 207 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in RMB thousands unless otherwise stated)

	Notes	As at 31 December	
		2022	2021
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	285,510	288,664
Right-of-use assets	18	214,143	248,953
Investment properties	19	264,124	280,044
Intangible assets	20	3,748	3,232
Other receivables	23	11,563	11,634
Deferred income tax assets	15	349,805	176,033
Investments accounted for using the equity method	16	43,671	140,394
		1,172,564	1,148,954
Current assets			
Inventories		1,173	1,656
Contract costs	5	120,468	39,885
Properties under development	21	7,330,809	7,494,460
Completed properties held for sale	22	1,347,186	1,505,612
Trade and other receivables and prepayments	23	1,481,623	1,299,571
Prepaid taxes	24	148,781	136,467
Restricted cash	25	697,625	1,269,375
Cash and cash equivalents	26	187,025	1,030,394
		11,314,690	12,777,420
Total assets		12,487,254	13,926,374

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

		As at 31 December	
	Notes	2022	2021
		RMB'000	RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	14,746	14,746
Other reserves	28	1,546,983	1,687,351
Retained earnings	28	685,381	1,407,730
		2,247,110	3,109,827
Non-controlling interests	36	1,470,913	1,669,012
Total equity		3,718,023	4,778,839
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	15	200,280	198,269
Bank and other borrowings	29	1,831,420	2,256,776
Lease liabilities	34	58,073	60,203
		2,089,773	2,515,248
Current liabilities			
Bank and other borrowings	29	1,797,073	2,238,921
Trade and other payables	30	1,647,784	2,392,249
Contract liabilities	5	2,837,108	1,565,203
Lease liabilities	34	4,186	5,551
Current income tax liabilities		393,307	430,363
		6,679,458	6,632,287
Total liabilities		8,769,231	9,147,535
Total equity and liabilities		12,487,254	13,926,374

The notes on pages 107 to 207 form an integral part of these consolidated financial statements.

The financial statements on pages 102 to 207 were approved by the Board of Directors on 30 March 2023 and were signed on its behalf.

CHAN Sze Ming Michael
Director

LIU Huaxi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB thousands unless otherwise stated)

	Attributable to owners of the Company				Non-controlling Interests	Total
	Share capital	Other reserves	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2021	14,746	1,836,263	1,184,234	3,035,243	1,417,808	4,453,051
Comprehensive income						
– Profit/(loss) for the year	–	–	216,446	216,446	(17,623)	198,823
– Other comprehensive income	–	28,681	–	28,681	–	28,681
Total comprehensive income/(loss)	–	28,681	216,446	245,127	(17,623)	227,504
Transactions with owners in their capacity as owners:						
Transfer to statutory reserves	–	23,722	(23,722)	–	–	–
Transfer to retained earnings	–	(30,772)	30,772	–	–	–
Dividends paid	–	(170,543)	–	(170,543)	(107,692)	(278,235)
Change from a joint venture to a subsidiary	–	–	–	–	239,819	239,819
Capital injections from non-controlling interests	–	–	–	–	137,700	137,700
Changes in ownership interests in subsidiaries without change of control	–	–	–	–	(1,000)	(1,000)
Total transactions with owners	–	(177,593)	7,050	(170,543)	268,827	98,284
Balance at 31 December 2021	14,746	1,687,351	1,407,730	3,109,827	1,669,012	4,778,839
Balance at 1 January 2022	14,746	1,687,351	1,407,730	3,109,827	1,669,012	4,778,839
Comprehensive loss						
– Loss for the year	–	–	(721,859)	(721,859)	(165,966)	(887,825)
– Other comprehensive loss	–	(124,890)	–	(124,890)	–	(124,890)
Total comprehensive loss	–	(124,890)	(721,859)	(846,749)	(165,966)	(1,012,715)
Transactions with owners in their capacity as owners:						
Transfer to statutory reserves	–	490	(490)	–	–	–
Dividends paid	–	(15,968)	–	(15,968)	–	(15,968)
Capital injections from non-controlling interests	–	–	–	–	126,095	126,095
Disposal of subsidiaries (Note 37)	–	–	–	–	(158,228)	(158,228)
Total transactions with owners	–	(15,478)	(490)	(15,968)	(32,133)	(48,101)
Balance at 31 December 2022	14,746	1,546,983	685,381	2,247,110	1,470,913	3,718,023

The notes on pages 107 to 207 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands unless otherwise stated)

	Notes	Year ended 31 December	
		2022	2021
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	31(a)	892,461	(1,387,466)
Income tax paid		(105,000)	(66,621)
Interest paid		(316,320)	(263,742)
Net cash generated from/(used in) operating activities		471,141	(1,717,829)
Cash flows from investing activities			
Cash acquired from change of a joint venture to a subsidiary		–	17,447
Payments for acquisition of subsidiaries, net of cash acquired		–	(11,800)
Net cash inflow from disposal of subsidiaries, net of cash disposed of	37	37,801	–
Purchase of property, plant and equipment and intangible assets		(3,252)	(7,448)
Proceeds from disposal of property, plant and equipment and intangible assets	31(b)	20,072	69
Investments in associates		–	(55,346)
Dividends received from an associate		65,000	30,000
Cash advanced to related parties and non-controlling interests		(222,730)	(17,243)
Purchases of financial assets at fair value through profit or loss		(445,460)	(985,289)
Proceeds from disposal of financial assets at fair value through profit or loss		445,552	987,820
Interest received		6,760	18,430
Net cash used in investing activities		(96,257)	(23,360)
Cash flows from financing activities			
Proceeds from borrowings	31(c)	218,128	1,286,048
Repayments of borrowings	31(c)	(1,218,664)	(771,586)
(Repayments to)/advances from non-controlling interests and their related parties		(384,236)	260,438
Capital injection from non-controlling interests		126,095	137,700
Payment for acquisition of equity interests of non-controlling interest		–	(12,721)
Decrease in restricted cash for securing bank borrowings		44,000	127,276
Lease payments	31(c)	(6,747)	(3,355)
Dividends paid to non-controlling interests		–	(107,692)
Dividends paid to the Company's shareholders		(15,968)	(170,543)
Net cash (used in)/generated from financing activities		(1,237,392)	745,565
Net decrease in cash and cash equivalents			
Exchange gain/(losses) on cash and cash equivalents		19,139	(11,647)
Cash and cash equivalents at beginning of year		1,030,394	2,037,665
Cash and cash equivalents at end of year	26	187,025	1,030,394

The notes on pages 107 to 207 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 2 November 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket square, Hutchins Drive, PO Box 2618, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in property development, property management, hotel operations and commercial property investment in the People's Republic of China (the "**PRC**").

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 5 December 2019.

These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and the disclosure requirements of HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 ("**HKCO**").

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(c) Going concern basis

For the year ended 31 December 2022, the Group's revenue amounted to RMB513 million, representing a decrease of 75% from RMB2,043 million for the year ended 31 December 2021 and the Group recorded a net loss of RMB888 million. As at 31 December 2022, the Group had total bank and other borrowings of RMB3,628 million, of which RMB1,797 million were current bank and other borrowings repayable within 12 months, while the Group's cash and cash equivalents amounted to RMB187 million.

The business of the Group is subject to extensive governmental regulations and macro-economic control measures of the real estate sector implemented by the PRC government from time to time, and some of these policies and measures may have unfavourable impact to the working capital available to the Group.

All of the above events and conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company (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 resources to continue as a going concern. The following plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position:

- (i) Certain of the Group's bank and other borrowings are subject to certain financial covenant requirements and the Group will continue to monitor its compliance with these covenant requirements. Should the Group be unable to comply with any covenant requirements, management of the Group will discuss and negotiate with the respective lenders and will seek to obtain a waiver of compliance with the covenant requirements from the lenders or to agree with the respective lenders to revise the terms and covenant requirements, if needed;
- (ii) In January 2023, the Group successfully exchanged its senior notes with an aggregate principal amount of US\$152 million (equivalent to RMB1,024 million) due on 26 January 2023 with a newly issued senior note of the same amount due on 11 January 2024 (the "**New Senior Notes**"). The Group will closely monitor its liquidity position to satisfy the repayment of the New Senior Notes by the due date and will also negotiate with the lenders to seek their agreement for further extended maturity, if needed;
- (iii) The Group had unutilised uncommitted project loan facilities and general facilities of RMB256 million as at 31 December 2022. The Group will also negotiate with the banks to extend such facilities and to secure new facilities to provide sufficient funding for the Group's project related payments or other operating expenditures. The Directors are of the opinion that such banking facilities will be successfully renewed when they expire;

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(c) Going concern basis (continued)

- (iv) The Group will continue to implement plans and measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of outstanding sales proceeds;
- (v) As at 31 December 2022, the Group's restricted cash amounted to RMB698 million, which mainly represented the restricted pre-sale proceeds in designated bank accounts and can be used to settle certain construction payables or project loans subject to the approval of the PRC State-Owned Land and Resource Bureau. The Group will closely monitor the process of construction of its property development projects to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule as planned, so that the Group is able to release restricted cash to meet its other financial obligations; and
- (vi) The Group will also continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditure.

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 2022. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2022. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial information on a going concern basis.

Notwithstanding the above, a material uncertainty 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 Group's ability to generate adequate financing and operating cashflows through:

- (i) Continuous compliance the terms and conditions of the bank and other borrowings and, where applicable, successful negotiation with the lenders to obtain wavier or to revise the terms and conditions of the borrowings for the continuous compliance thereof as and when needed;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(c) Going concern basis (continued)

- (ii) Successful and timely extension and renewal of its banking facilities and its bank and other borrowings, including project loans and the Group's senior notes, upon maturity as well as obtaining new financing from financial institutions; in particular the successful negotiation with the lenders to secure their agreement to exchange the Group's New Senior Notes maturing in January 2024 with new senior notes with further extended maturity. The Group's ability to obtain these financing depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; (2) whether the lenders of existing borrowings agree the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings including the senior notes;
- (iii) Successful implementation of the plans and measures to accelerate the pre-sales and sales of properties under developments and completed properties held for sale, and timely collection of the relevant sales proceeds;
- (iv) Successful completion and delivery of properties to the customers on schedule such that restricted pre-sale proceeds in the designated bank accounts will be released to meet its other financial obligations as planned; and
- (v) Successful in obtaining other additional sources of financing other than those mentioned above as and when needed.

Should the Group be unable to continue 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 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) New standards, amended standards and interpretation adopted by the Group

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020
Amendments to HKFRS 3	Reference to the Conceptual Framework
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

The adoption of new and amended standards and interpretation did not have any material impact on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(e) New standards and amendments not yet adopted

The following new standards and amendments have been published that are not mandatory for the year ended 31 December 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
Hong Kong Interpretation 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies “Classification of Liabilities as Current or Non-current – Amendments to HKAS 1”
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries

2.2.1 Consolidation

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

(a) *Business combination*

Business combinations not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

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

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

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

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) *Business combination (continued)*

Business combinations not under common control (continued)

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control consolidation.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or business are eliminated on consolidation.

(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 if equity as specified/permitted by applicable HKFRSs.

2.2.2 Separate financial statements

Investment in subsidiaries is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

2.2.2 Separate financial statements (continued)

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 Associates

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

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

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

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

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

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depend on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognise the amount adjacent to "Share of profit of investments accounted for using the equity method" in profit or loss.

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

2.5 Segment reporting

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

2.6 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"). The consolidated financial statements is presented in RMB, which is the Group's presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss, within "Finance (costs)/income – net". All other foreign exchange gains and losses are presented in profit or loss on a net basis within "Other (losses)/gains – net".

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

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

(c) Group companies

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

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

all resulting exchange differences are recognised in other comprehensive income.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

All 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 profit or loss during the financial year in which they are incurred.

Depreciation 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	20–70 years
Vehicles and machinery	3–5 years
Others	3–10 years

Buildings mainly comprise office buildings and hotel buildings.

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

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains – net" in profit or loss.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets

Intangible assets mainly comprised computer software, which 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 2 to 5 years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

2.9 Investment properties

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

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

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

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

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

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investment properties (continued)

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

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

Changes in fair values of investment property are recognised as "Other (losses)/gains – net" in the consolidated statement of comprehensive income.

Completed properties held for sale are transferred to investment properties when it is evidenced by a change in use. Any difference between the fair value of the property at the date of transfer and its previous carrying amount shall be recognised in profit or loss.

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

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

2.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to 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 each reporting period.

2.11 Inventories

Inventories mainly comprise hotel goods, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average costs method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Properties under development and completed properties held for sale

2.12.1 Properties under development

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

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

If a property under development becomes owner-occupied, it is reclassified as property, plant and equipment. A property under development for future use as investment property is classified as investment property under construction when there is evidence of commencement of an operating lease to another party.

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

2.12.2 Completed properties held for sale

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

Cost comprises development costs attributable to the unsold properties.

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

Write-down of properties under development and completed properties held for sale to net realisable value are recorded as "Net impairment losses on completed properties held for sale and properties under development" in the consolidated statement of comprehensive income.

2.13 Investments and other financial assets

2.13.1 Classification

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

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

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investments and other financial assets (continued)

2.13.1 Classification (continued)

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. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

2.13.2 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.

2.13.3 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, 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 the consolidated statement of comprehensive income.

Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost is measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within "Other (losses)/gains – net" in the period in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investments and other financial assets (continued)

2.13.3 Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in 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 statement of comprehensive income as other income when the Group's right to receive payments is established.

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

2.14 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost.

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

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables, cash and cash equivalents (excluding cash on hand) and restricted cash are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.15 Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets 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.

2.17 Land use rights under properties under development and completed properties held for sale

Land use rights acquired and held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are included in properties under development or completed properties held for sale.

2.18 Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 23 for further information about the Group's accounting for trade and other receivables and Note 3.1 for a description of the Group's impairment policies.

2.19 Contract assets and liabilities and costs for obtaining contracts

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or 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 conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Cash and cash equivalents, restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

2.21 Share capital

Ordinary shares are classified as equity.

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

2.22 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payable are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.23 Borrowings

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 profit or loss over the period of the borrowings using the effective interest method.

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

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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.

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Borrowing costs

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

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

Other borrowing costs are expensed in the period in which they are incurred.

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

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

2.25 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 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, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position 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, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the joint venture's or associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries 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 income tax assets against current income 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.

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Employee benefits

(a) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

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

(b) Housing funds, medical insurances and other social insurances

PRC employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other social insurance plan. 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, medical insurances and other social insurances 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 statement of financial position date.

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

(d) Mandatory Provident Fund Scheme (the "MPF Scheme")

The Group has arranged for its Hong Kong employees to join the MPF, a defined contribution scheme managed by independent trustee. Under the MPF Scheme, the group companies in Hong Kong (the employer) and its employee make monthly contributions to the scheme at certain percentage of the employee's earnings as defined under the Mandatory Provident Fund Legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 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.

2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties in the PRC 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 specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of properties

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

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

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Revenue recognition (continued)

(a) Sales of properties (continued)

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.

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 contracts 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.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and subsequently amortised when the related revenue is recognised.

(b) Hotel operations

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

(c) Rental income

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

(d) Property management

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

(e) 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, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Revenue recognition (continued)

(f) Financial components

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

2.29 Dividend income

Dividends are recognised as other income when the right to receive payment is established.

2.30 Leases

The Group leases various lands and buildings. Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is 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 asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

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

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

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

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Leases (continued)

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

To determine the incremental borrowing rate, the Group

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

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

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

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

There is no COVID-19-related rent concessions such as rent holidays and temporary rent reductions for the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Leases (continued)

(a) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable upon fulfilment of certain notice period. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 5). 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.

2.31 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised by the Company's shareholders or directors, when appropriate, 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.

2.32 Financial guarantee contracts

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

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

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(b) Diluted earnings per share

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

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

2.34 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.

2.35 Interest income

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains/(losses) on these assets.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT

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

3.1 Financial risk factors

3.1.1 Market risk

(a) *Foreign exchange risk*

The Group's businesses are principally conducted in RMB. The monetary assets and liabilities of the Group's subsidiaries in the PRC are mainly denominated in RMB and the foreign exchange risk is immaterial. The non-PRC subsidiaries' functional currency is Hong Kong Dollar ("HK\$"). As at 31 December 2022 and 2021, major non-HK\$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents, restricted cash, other receivables and bank and other borrowings, which are denominated in RMB or US\$. Fluctuation of the exchange rate of HK\$ against RMB or US\$ could affect the Group's results of operations.

The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

The carrying amount of non-PRC subsidiaries' foreign currency denominated monetary assets and liabilities at the respective dates of consolidated statements of financial position are as follows:

Financial assets	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	152,795	260,645
US\$	1,182	12,693
	153,977	273,338

Financial liabilities	As at 31 December	
	2022	2021
	RMB'000	RMB'000
US\$	1,085,628	1,012,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(a) Foreign exchange risk (continued)

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

	(Decrease)/increase in post-tax profit for the year	
	2022 RMB'000	2021 RMB'000
HK\$ against RMB:		
Strengthened by 5%	(6,379)	(10,882)
Weakened by 5%	6,379	10,882

	Increase/(decrease) in post-tax profit for the year	
	2022 RMB'000	2021 RMB'000
HK\$ against US\$:		
Strengthened by 5%	45,276	41,742
Weakened by 5%	(45,276)	(41,742)

The aggregate net foreign exchange losses recognised in profit or loss were RMB17,116,000 (2021 foreign exchange gain: RMB57,000).

(b) Cash flow and fair value interest rate risks

The Group's main interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at floating rates expose the Group to cash flow interest rate risk which is partially offset by cash held at floating rates. During 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in RMB and HK\$.

The Group closely monitors 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 arises.

As at 31 December 2022, bank and other borrowings of the Group bearing floating interest rates amounted to approximately RMB2,120,498,000 (2021: RMB3,003,563,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(b) Cash flow and fair value interest rate risks (continued)

The table below summarises the impact of changes in interest rate as at 31 December 2022 with all other variables held at constant on the Group's post-tax profit for the year without taking into account interest capitalisation.

	(Decrease)/Increase in post-tax profit for the year ended 31 December	
	2022 RMB'000	2021 RMB'000
Interest rate of bank and other borrowings at variable rates – increase 0.5% (2021: 0.5%)	(7,952)	(11,263)
Interest rate of bank and other borrowings at variable rates – decrease 0.5% (2021: 0.5%)	7,952	11,263

3.1.2 Credit risk

The Group has no concentrations on credit risk. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents (excluding cash on hand), restricted cash, trade receivables, other receivables and contract costs shown in the consolidated balance sheets.

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

For the trade receivables arising from sales of properties, the Group closely monitors repayment progress of the customers in accordance with the terms as specified in the enforceable contracts. The Group has set up policies to ensure follow-up action is taken to recover overdue debts. The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 50% to 70% of the total purchase price of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the bank. In this regard, the Directors consider that the Group's credit risk is minimal. Detailed disclosure of these guarantees is made in Note 32. The Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit records of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

For the trade receivables arising from construction services, the Group has assessed of the credit quality of the customers in order to minimise the credit risk, taking into account their financial position, past experience and other factors to ensure that follow-up action is taken to recover long aged debts.

For other receivables, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any.

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 forward-looking information. Especially the following indicators are incorporated:

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

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

(a) *Trade receivables*

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

To measure the expected credit losses of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the days of initial recognition. The expected credit losses also incorporate forward-looking information, includes industrial value-added, M2, Producer Price Index and so on.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(a) Trade receivables (continued)

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators of insolvencies include, amongst others, the failure of a debtor engage in a repayment plan with the Group, and a failure to make contractual payments. Trade receivables without known insolvencies are assessed on a collective basis based on shared credit risk characteristics.

The cost and loss allowance provision for trade receivables are categorised as follows for assessment purpose:

Individual: Trade receivables with known insolvencies

Collective: Other trade receivables

	Trade receivables			
	2022		2021	
	Cost RMB'000	Loss allowance RMB'000	Cost RMB'000	Loss allowance RMB'000
Individual:				
– Trade receivables with known insolvencies	–	–	1,449	1,174
Collective				
– Other trade receivables	47,226	426	71,116	550
	47,226	426	72,565	1,724

	Trade receivables	
	2022 RMB'000	2021 RMB'000
Opening loss allowance as at 1 January	1,724	–
Increase in loss allowance recognised in profit or loss during the year	151	1,724
Receivables write off during the year as uncollectible	(1,449)	–
Closing loss allowance as at 31 December	426	1,724

For the year ended 31 December 2022, the average expected loss rate on the gross carrying amount of trade receivables was 1% (2021: 3%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(b) Other receivables

Other financial assets at amortised cost include other receivables from third parties and related parties.

For other receivables, 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 due from minority interests, deposits for acquisition of the land use rights and property development projects and others. 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.

The Group uses three categories for other receivables which reflect their risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected credit losses
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected credit losses

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(b) Other receivables (continued)

As at 31 December 2022 and 2021, the loss allowance was determined as follows for other receivables:

	Other receivables from non- controlling interests RMB'000	Other receivables from related parties RMB'000	Other receivables from third parties RMB'000	Total RMB'000
As at 31 December 2022				
Stage one				
Carry amount of other receivables	543,180	197,943	249,346	990,469
Expected credit loss rate	0.66%	1.88%	1.16%	3.97%
Loss allowance	(3,605)	(3,723)	(2,901)	(10,229)
Other receivables – net	539,575	194,220	246,445	980,240
Stage two				
Carry amount of other receivables	–	–	82,265	82,265
Expected credit loss rate	–	–	39.33%	39.33%
Loss allowance	–	–	(32,358)	(32,358)
Other receivables – net	–	–	49,907	49,907
As at 31 December 2021				
Stage one				
Carry amount of other receivables	450,247	68,207	166,029	684,483
Expected credit loss rate	0.78%	1.65%	0.68%	0.85%
Loss allowance	(3,520)	(1,128)	(1,137)	(5,785)
Other receivables – net	446,727	67,079	164,892	678,698
Stage two				
Carry amount of other receivables	–	–	378	378
Expected credit loss rate	–	–	22.22%	22.22%
Loss allowance	–	–	(84)	(84)
Other receivables – net	–	–	294	294

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(b) Other receivables (continued)

The loss allowance provision for other receivables as at 31 December 2022 and 2021 reconcile to the opening loss allowance for that provision as follows:

	Other receivables	
	2022	2021
	RMB'000	RMB'000
Opening loss allowance as at 1 January	5,869	1,756
Increase in loss allowance recognised in profit or loss during the year	36,718	4,113
Closing loss allowance as at 31 December	42,587	5,869

For the year ended 31 December 2022, the average expected loss rate on the gross carrying amount of other receivables was 4% (2021: 1%).

As at 31 December 2022 and 2021, the maximum exposure to loss of trade and other receivables were the carrying amounts.

(c) Credit risk on other financial assets other than trade receivables and other receivables

The Group expects that there is no significant credit risk associated with cash and cash equivalents (excluding cash on hand), restricted cash and contract costs, management does not expect that there will be any significant losses from non-performance by these counterparties.

3.1.3 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through contract liabilities and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders and related parties. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing land acquisition, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing and seeking joint venture partners to develop projects. The Group will pursue such options basing on its assessment of relevant future costs and benefits. The Directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.3 Liquidity risk (continued)

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

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 31 December 2022					
Bank and other borrowings	2,014,996	951,985	742,649	310,551	4,020,181
Trade and other payables, excluding salaries payable and other taxes payable	1,447,452	–	–	–	1,447,452
Lease liabilities	7,075	4,339	10,514	128,043	149,971
	3,469,523	956,324	753,163	438,594	5,617,604

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 31 December 2021					
Bank and other borrowings	2,488,728	880,119	1,184,551	505,448	5,058,846
Trade and other payables, excluding salaries payable and other taxes payable	2,242,677	–	–	–	2,242,677
Lease liabilities	8,589	5,020	12,141	130,755	156,505
	4,739,994	885,139	1,196,692	636,203	7,458,028

The Group also provides guarantees to secure repayment obligations of certain purchasers of the Group's property units and related parties, which will have contractual cash flows only if the guaranteed purchasers and/or the related parties default on the repayment (Note 32).

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 owner 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 owner or sell assets to reduce debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (continued)

The Group monitors capital on the basis of the net gearing ratio. Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as of the end of the respective year.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Total borrowings	3,628,493	4,495,697
Less: cash and cash equivalents restricted cash	(187,025) (697,625)	(1,030,394) (1,269,375)
Net debts	2,743,843	2,195,928
Total equity	3,718,023	4,778,839
Net gearing ratio	73.8%	46.0%

Increase in net gearing ratio as at 31 December 2022 was mainly due to decreases in total equity.

3.3 Financial instruments by category

	At 31 December 2022 Assets at amortised cost RMB'000
Assets as per consolidated statement of financial position	
Trade and other receivables (excluding prepayments)	1,076,947
Restricted cash	697,625
Cash and cash equivalents	187,025
Total	1,961,597

	At 31 December 2021 Assets at amortised cost RMB'000
Assets as per consolidated statement of financial position	
Trade and other receivables (excluding prepayments)	749,834
Restricted cash	1,269,375
Cash and cash equivalents	1,030,394
Total	3,049,603

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Financial instruments by category (continued)

	At 31 December 2022 Liabilities at amortised cost RMB'000
Liabilities as per consolidated statement of financial position	
Bank and other borrowings	3,628,493
Lease liabilities	62,259
Trade and other payables (excluding salaries payable and other taxes payable)	1,447,452
Total	5,138,204

	At 31 December 2021 Liabilities at amortised cost RMB'000
Liabilities as per consolidated statement of financial position	
Bank and other borrowings	4,495,697
Lease liabilities	65,754
Trade and other payables (excluding salaries payable and other taxes payable)	2,242,677
Total	6,804,128

4 CRITICAL ACCOUNTING 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.

(All amounts in RMB thousands unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for completed properties held for sale is determined by reference, to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, the impairment of properties under development and completed properties held for sale are disclosed in Note 21 and Note 22.

(b) **Fair value of investment properties**

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

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

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

The fair value losses from investment properties are disclosed in Note 19.

(c) **Income taxes and deferred taxation**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Income taxes and deferred taxation (continued)

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. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax expenses or other comprehensive income in the periods in which such estimate is changed.

(d) PRC land appreciation tax ("LAT")

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

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

(e) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.

5 REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

The executive directors, as the CODM of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group is organised into four business segments: property development and sales, commercial property investment, hotel operations and property management.

As the CODM considers most of the Group's consolidated revenue and results are attributable to the market in the PRC, and the Group's consolidated non-current assets are substantially located in the PRC, no geographical information is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment performance

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2022 is as follows:

	Property development and sales RMB'000	Commercial property investment RMB'000	Hotel operations RMB'000	Property management RMB'000	Total RMB'000
Segment revenue	413,765	–	64,810	40,449	519,024
Recognised at a point in time	413,765	–	–	–	413,765
Recognised over time	–	–	64,810	40,449	105,259
Revenue from other sources: rental income	–	25,060	–	–	25,060
Inter-segment revenue	–	(18,826)	(326)	(11,622)	(30,774)
Revenue from external customers	413,765	6,234	64,484	28,827	513,310
Gross profit/(loss) before impairment losses on completed properties held for sale and properties under development	70,147	5,926	(4,716)	2,249	73,606
Net impairment losses on completed properties held for sale and properties under development	(679,553)	–	–	–	(679,553)
Gross (loss)/profit after impairment losses on completed properties held for sale and properties under development	(609,406)	5,926	(4,716)	2,249	(605,947)
Selling and marketing expenses					(66,331)
Administrative expenses					(117,509)
Net impairment losses on financial assets					(36,869)
Other income					14,326
Other expenses					(872)
Other losses – net					(200,513)
Finance cost – net					(21,971)
Share of profit of investments accounted for using the equity method (Note 16)	3,037	–	–	–	3,037
Loss before income tax					(1,032,649)
Income tax expense					144,824
Loss for the year					(887,825)
Depreciation and amortisation recognised as expenses	14,584	–	14,358	272	29,214
Fair value losses on investment properties – net (Note 19)	–	(15,920)	–	–	(15,920)
Segment assets	11,607,873	264,124	252,525	12,927	12,137,449
Segment assets include:					
Investments accounted for using the equity method (Note 16)	43,671	–	–	–	43,671
Addition to non-current assets (other than financial instruments and deferred income tax assets)	2,448	–	26,055	70	28,573
Segment liabilities	4,472,569	21,021	19,145	34,416	4,547,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment performance (continued)

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

	Property development and sales RMB'000	Commercial property investment RMB'000	Hotel operations RMB'000	Property management RMB'000	Total RMB'000
Segment revenue	1,932,452	–	79,156	36,300	2,047,908
Recognised at a point in time	1,932,452	–	–	–	1,932,452
Recognised over time	–	–	79,156	36,300	115,456
Revenue from other sources: rental income	–	29,959	–	–	29,959
Inter-segment revenue	–	(20,212)	(385)	(14,144)	(34,741)
Revenue from external customers	1,932,452	9,747	78,771	22,156	2,043,126
Gross profit/(loss) before and after impairment losses on completed properties held for sale and properties under development	579,355	9,285	7,208	(12,623)	583,225
Selling and marketing expenses					(153,328)
Administrative expenses					(138,088)
Net impairment losses on financial assets					(5,837)
Other income					21,567
Other expenses					(1,223)
Other gains – net					33,430
Finance income – net					359
Share of profit of investments accounted for using the equity method (Note 16)	23,634	–	–	–	23,634
Profit before income tax					363,739
Income tax expense					(164,916)
Profit for the year					198,823
Depreciation and amortisation recognised as expenses	14,818	–	14,065	193	29,076
Fair value losses on investment properties – net (Note 19)	–	(9,208)	–	–	(9,208)
Segment assets	13,180,743	280,044	279,917	9,637	13,750,341
Segment assets include: Investments accounted for using the equity method (Note 16)	140,394	–	–	–	140,394
Addition to non-current assets (other than financial instruments and deferred income tax assets)	5,459	–	1,745	741	7,945
Segment liabilities	3,967,252	7,142	22,615	26,197	4,023,206

Sales between segments are carried out at arm's length. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment performance (continued)

For the years ended 31 December 2022 and 2021, no single external customer's transaction generated revenue accounting for 10% or more of the Group's total revenue.

(i) Segment assets

The amounts provided to the executive directors with respect to segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group's deferred income tax assets are not considered to be segment assets but rather are managed on a central basis.

Segment assets are reconciled to total assets as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Segment assets	12,137,449	13,750,341
Unallocated:		
– Deferred income tax assets	349,805	176,033
Total assets	12,487,254	13,926,374

(ii) Segment liabilities

The amounts provided to the executive directors with respect to segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's current and deferred income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Segment liabilities are reconciled to total liabilities as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Segment liabilities	4,547,151	4,023,206
Unallocated:		
– Current income tax liabilities	393,307	430,363
– Deferred income tax liabilities	200,280	198,269
– Short-term borrowings and current portion of long-term borrowings	1,797,073	2,238,921
– Long-term borrowings	1,831,420	2,256,776
Total liabilities	8,769,231	9,147,535

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Assets and liabilities related to contracts with customers

(i) The Group has recognised the following assets related to contracts with customers:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Sale commissions	120,468	39,885

Management expects the incremental costs, only including sale commissions, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts and amortised when the related revenue are recognised. For the year ended 31 December 2022, the amount of amortisation was RMB16,929,000 (2021: RMB79,198,000). There was no impairment loss in relation to the costs capitalised.

(ii) The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Contract liabilities related to sales of properties	2,819,312	1,557,643
Contract liabilities related to others	17,796	7,560
	2,837,108	1,565,203

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

The following table shows how much of the revenue recognised for the year ended 31 December 2022 and 2021 related to carried-forward contract liabilities:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Sales of properties	75,273	926,687
Others	7,560	6,442
	82,833	933,129

(iii) 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 at 31 December 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

6 EXPENSES BY NATURE

Expenses by nature included in cost of sales, selling and marketing expenses, administrative expenses and net impairment losses on completed properties held for sale and properties under development are analysed as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net impairment losses on completed properties held for sale and properties under development	679,553	–
Cost of properties sold – including construction cost, land cost and interest cost	329,794	1,317,929
Employee benefit expenses (including directors' emoluments) (Note 10)	111,595	148,822
Employee benefit expenditure – including directors' emoluments	124,497	166,028
Less: capitalised in properties under development	(12,902)	(17,206)
Commission fees	16,929	79,198
Hotel operations expenses	34,664	36,276
Taxes and levies	10,397	17,803
Advertising costs	22,831	51,069
Entertainment expenses	13,571	17,443
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	29,214	29,076
Professional consulting fees	19,540	22,044
Office and travelling expenses	6,984	10,420
Auditor's remuneration	4,450	4,450
– Audit services	3,700	3,700
– Non-audit services	750	750
Others	23,575	16,787
Total	1,303,097	1,751,317

7 OTHER INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest income from a related party	11,507	–
Forfeited customer deposits	768	1,105
Government grants	435	17,541
Others	1,616	2,921
	14,326	21,567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

8 OTHER EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Donations	62	492
Others	810	731
	872	1,223

9 OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest on financial assets at fair value through profit or loss	92	2,531
Gains/(losses) on disposals of property, plant and equipment	8,473	(78)
Fair value losses on investment properties (<i>Note 19</i>)	(15,920)	(9,208)
Fair value gain on the remeasurement of investment in a joint venture	–	34,121
Losses on disposal of subsidiaries (<i>Note 37</i>)	(121,438)	–
Losses on disposal of an associate	(5,622)	–
Net impairment losses on right-of-use assets	(25,180)	–
Net foreign exchange (losses)/gains	(16,084)	6,064
A penalty for delay payment of land payment	(24,834)	–
	(200,513)	33,430

10 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Wages, salaries and bonuses and other benefits	117,811	157,288
Pension costs – statutory pension	6,686	8,740
	124,497	166,028
Less: capitalised in properties under development	(12,902)	(17,206)
	111,595	148,822

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Pensions scheme – defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by independent trustee. Under the MPF Scheme, the group companies in Hong Kong (the employer) and its employees make monthly contributions to the scheme at certain percentage of the employee's earnings as defined under the Mandatory Provident Fund Legislation.

During the years ended 31 December 2022 and 2021, the Group has no forfeited contributions that were able to be utilised by the Group to reduce its contributions.

(b) Five highest paid individuals

Three individuals whose emoluments were the highest in the Group were directors (2021: four), whose emoluments are reflected in the analysis in Note 39. The emoluments payable to the remaining individual during the years 2022 and 2021 are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Wages, salaries and bonuses and other benefits	2,916	1,617
Pension costs – statutory pension	31	15
	2,947	1,632

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December	
	2022	2021
HK\$1,000,001–HK\$1,500,000	1	–
HK\$1,500,001–HK\$2,000,000	1	1
	2	1

During the years ended 31 December 2022 and 2021, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

11 FINANCE COSTS/(INCOME) – NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Finance costs		
– Interest expense on bank and other borrowings	314,613	242,526
– Interest expense on leases	3,042	3,208
– Losses of early redemption of bank borrowings	9,120	–
– Net exchange losses on foreign currency borrowings	1,032	6,007
Less:		
– Interest capitalised	(299,076)	(233,670)
	28,731	18,071
Finance income		
– Interest income from bank deposits	(6,760)	(18,430)
Finance costs/(income) – net	21,971	(359)

12 INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax		
– Corporate income tax	6,244	95,274
– Land appreciation tax	15,210	58,667
	21,454	153,941
Deferred income tax		
– Corporate income tax	(166,278)	10,975
	(144,824)	164,916

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

12 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the group entities as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
(Loss)/profit before income tax	(1,032,649)	363,739
Calculated at tax rate of 25%	(258,162)	90,935
Effects of:		
– Different tax rates available to different subsidiaries of the Group	13,635	12,676
– Land appreciation tax deductible for PRC corporate income tax purposes	(3,803)	(14,667)
– Expenses and development costs not deductible for tax purposes	5,124	7,428
– Tax effect of tax losses not recognised as deferred income tax asset	83,931	24,316
– Income not subject to tax	(759)	(14,439)
– Land appreciation tax	15,210	58,667
Income tax expense	(144,824)	164,916

(a) 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 year, 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%.

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax 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 tax rate can 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 the undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings out of the Mainland China in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

12 INCOME TAX EXPENSE (CONTINUED)

(b) PRC land appreciation tax

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

(c) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands were incorporated under the BVI Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

(d) Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the group companies did not have assessable profit in Hong Kong for the year ended 31 December 2022 (2021: nil).

13 (LOSSES)/EARNINGS PER SHARE

	Year ended 31 December	
	2022	2021
(Loss)/profit attribute to owners of the Company (RMB'000)	(721,859)	216,446
Weighted average number of ordinary shares in issue (in thousand)	1,646,173	1,646,173
(Losses)/earnings per share – basic (RMB per share)	(0.44)	0.13
(Losses)/earnings per share – diluted (RMB per share)	(0.44)	0.13

The Company had no dilutive potential shares in issue, thus the diluted (losses)/earnings per share equals the basic (losses)/earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

14 DIVIDEND

Dividends paid in 2022 consist of the payment of the 2021 final cash dividend of RMB0.97 cents per ordinary share totalling RMB15,968,000 (equivalent to HK\$18,766,000).

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2022.

15 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Deferred income tax assets		
– to be realised within 12 months	144,709	147,103
– to be realised after more than 12 months	205,096	28,930
	349,805	176,033
Deferred income tax liabilities		
– to be realised within 12 months	–	–
– to be realised after more than 12 months	200,280	198,269
	149,525	(22,236)

(a) Deferred income tax assets

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Beginning of the year	176,993	104,026
Recognised in profit or loss	232,363	50,449
Disposal of subsidiaries	(294)	–
Change from a joint venture to a subsidiary	–	22,518
End of year	409,062	176,993
Offsetting with deferred income tax liabilities	(59,257)	(960)
Net deferred income tax assets	349,805	176,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

15 DEFERRED INCOME TAX (CONTINUED)

(a) Deferred income tax assets (continued)

Movement of deferred income tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Tax losses RMB'000	Impairment of assets and deductible temporary differences of expenses and cost of sales RMB'000	Temporary difference in sales recognition and related cost of sales RMB'000	Elimination of unrealised profits RMB'000	Total RMB'000
At 1 January 2021	25,310	21,989	14,019	42,708	104,026
Recognised in profit or loss	11,317	28,861	21,985	(11,714)	50,449
Change from a joint venture to a subsidiary	14	–	22,504	–	22,518
At 31 December 2021	36,641	50,850	58,508	30,994	176,993
Recognised in profit or loss	56,492	134,275	51,376	(9,780)	232,363
Disposal of subsidiaries	(294)	–	–	–	(294)
At 31 December 2022	92,839	185,125	109,884	21,214	409,062

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable.

(b) Deferred income tax liabilities

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Beginning of the year	199,229	128,561
Recognised in profit or loss	66,085	42,711
Disposal of subsidiaries	(5,777)	–
Change from a joint venture to a subsidiary	–	27,957
End of the year	259,537	199,229
Offsetting with deferred income tax assets	(59,257)	(960)
Net deferred income tax liabilities	200,280	198,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

15 DEFERRED INCOME TAX (CONTINUED)

(b) Deferred income tax liabilities (continued)

Movement of deferred income tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Fair value gains on investment properties RMB'000	Interest capitalisation RMB'000	Revaluation surplus arising from property development RMB'000	Total RMB'000
At 1 January 2021	43,667	84,894	–	128,561
Recognised in profit or loss	(2,302)	45,013	–	42,711
Change from a joint venture to a subsidiary	–	5,656	22,301	27,957
At 31 December 2021	41,365	135,563	22,301	199,229
Recognised in profit or loss	(3,980)	70,065	–	66,085
Disposal of subsidiaries	–	(5,777)	–	(5,777)
At 31 December 2022	37,385	199,851	22,301	259,537

As at 31 December 2022, deferred income tax liabilities of RMB136,339,000 (2021: RMB168,738,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries incorporated in the PRC. Unremitted earnings totalled RMB1,363,388,000 as at 31 December 2022 (2021: RMB1,687,380,000), as 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 (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the statement of financial position are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Investments in associates	43,671	140,394
Investments in a joint venture (Note (a)(i))	–	–
	43,671	140,394

The amounts recognised in the statement of comprehensive income are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
A joint venture (Note (a))	–	(5,404)
Associates (Note (b))	3,037	29,038
	3,037	23,634

(a) A joint venture

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Opening balances	–	24,543
Additions	–	196,348
Share of results (Note (i))	–	(5,404)
Transfer to a subsidiary	–	(215,487)
Ending balances	–	–

- (i) The Group's interest in a joint venture is accounted using equity method. As at 31 December 2022, the Group's shares of losses of a joint venture exceeds its interests in the underlying entities, and the unrecognised share of losses of the joint venture amounted to RMB44,865,000 (31 December 2021: RMB18,909,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(a) A joint venture (continued)

(ii) Nature of investment in a joint venture as at 31 December 2022:

Name of entity	Place of business/ country of incorporation	Principal activities	% of ownership interest		Measurement method
			As at 31 December		
			2022	2021	
Zhongshan Jingyue Investment Co., Ltd.* (“Zhongshan Jingyue”) 中山市景悦投资有限公司	PRC	Property development	50%	50%	Equity

* The English name of the joint venture represents the best effort by the management of the Group in translating its Chinese name as it does not have an official English name.

(iii) **Summarised financial information for a joint venture**

Set out below is the summarised financial information for Zhongshan Jingyue:

Summarised balance sheets

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Non-current assets	23,360	20,048
Current assets		
Cash and cash equivalents	905	3,125
Trade and other receivables	101,454	127,815
Completed properties held for sale	751,969	776,784
Total assets	877,688	927,772
Non-current liabilities (<i>Note (iv)</i>)	596,804	738,757
Current liabilities (<i>Note (iv)</i>)	370,614	226,833
Total liabilities	967,418	965,590
Net assets	(89,730)	(37,818)
The Group's share in %	50%	50%
Carrying amount	(44,865)	(18,909)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(a) A joint venture (continued)

- (iv) Current and non-current secured bank borrowings included in current and non-current liabilities totalling amounted to RMB707,012,000 (2021: RMB751,850,000).

Summarised statements of comprehensive income

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue	35,962	49,107
Cost of sales	(29,243)	(32,948)
Administrative expenses	(1,287)	(1,281)
Net impairment losses on financial assets	(10,581)	–
Interest expense	(46,926)	(50,074)
Other income	163	808
Loss for the year	(51,912)	(34,388)
Total comprehensive loss for the year	(51,912)	(34,388)

(b) Associates

The movement of investment in associates is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Opening balances	140,394	84,200
Additions	–	55,346
Dividends received	(65,000)	(30,000)
Share of results	3,037	29,038
Realisation of unrealised profits	862	1,810
Disposal of an associate (<i>Note (ii)</i>)	(35,622)	–
Ending balances	43,671	140,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Associates (continued)

(i) Nature of investment in associates as at 31 December 2022:

Name of entity	Place of business/ country of incorporation	Principal activities	% of ownership interest		Measurement method
			As at 31 December		
			2022	2021	
Guangzhou Nansha Donghuzhou Real Estate Development Co. Ltd. ("Donghuzhou") 廣州市南沙東湖洲房地產有限公司	PRC	Property development	N/A (Note (ii))	30%	Equity
Guangzhou Jingke Property Service Co., Ltd.* 廣州景科物業服務有限公司	PRC	Property management	49%	49%	Equity
Nanjing Longguang Jingye Property Service Co., Ltd.* ("Nanjing Longguang") 南京龍光景業物業服務有限公司	PRC	Property management	49%	49%	Equity
Guangzhou Zhujing Real Estate Development Co., Ltd.* ("Guangzhou Zhujing") 廣州珠景房地產開發有限公司	PRC	Property development	55%	55%	Equity

* *The English names of the associates represent the best effort by the management of the Group in translating their Chinese names as they do not have official English names.*

- (ii) On 29 December 2022, the Group completed its disposal of 30% equity interests in Donghuzhou to other original shareholders of Donghuzhou and a third party, at a consideration of RMB30,000,000. As at the disposal date, total identifiable net investment of Donghuzhou attributed to the Group amounted to RMB35,622,000, the excess of the identifiable net assets disposed over the consideration was recorded as loss. It was not a related party since 29 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Associates (continued)

(iii) Summarised financial information for associates

Set out below is the summarised financial information for Guangzhou Zhujing:

Summarised balance sheets

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Non-current assets	7,348	1,988
Properties under development	671,471	455,415
Cash and cash equivalents	265	3,428
Trade and other receivables and prepayments	65,807	64,711
Current assets	737,543	523,554
Total assets	744,891	525,542
Current liabilities	666,148	430,719
Total liabilities	666,148	430,719
Net assets	78,743	94,823
The Group's share in %	55%	55%
Carrying amount	43,309	52,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Associates (continued)

(iii) Summarised financial information for associates (continued)

Summarised statement of comprehensive income

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue	642	13
Cost of sales	(181)	(117)
Gross profit	461	(104)
Administrative expenses	(800)	(4,940)
Finance costs	(18,809)	(2,211)
Other expenses	(2,292)	(249)
Loss before income tax	(21,440)	(7,504)
Income tax expense	5,360	1,875
Total comprehensive losses for the year	(16,080)	(5,629)

In addition to the interests in associates disclosed above, the Group also has interests in a number of individuals immaterial associates that are accounted for using the equity method.

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associates	362	88,241
Aggregate amounts of the Group's share of:		
Income from continuing operations	11,881	32,134
Total comprehensive income	11,881	32,134

- (c) As at 31 December 2022 and 2021, there were no significant contingencies related to the Group's interests in the joint venture and associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

17 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Vehicles and machinery RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021				
Cost	330,863	19,867	16,145	366,875
Accumulated depreciation	(48,074)	(7,718)	(9,276)	(65,068)
Net book amount	282,789	12,149	6,869	301,807
Year ended 31 December 2021				
Opening net book amount	282,789	12,149	6,869	301,807
Additions	–	2,013	3,610	5,623
Disposals	–	(89)	(58)	(147)
Depreciation	(12,497)	(4,031)	(2,065)	(18,593)
Exchange difference	–	(26)	–	(26)
Closing net book amount	270,292	10,016	8,356	288,664
At 31 December 2021				
Cost	330,863	21,242	18,699	370,804
Accumulated depreciation	(60,571)	(11,226)	(10,343)	(82,140)
Net book amount	270,292	10,016	8,356	288,664
Year ended 31 December 2022				
Opening net book amount	270,292	10,016	8,356	288,664
Additions	–	804	926	1,730
Transfer from completed properties held for sale	25,321	–	–	25,321
Disposals	(11,035)	(548)	(16)	(11,599)
Disposal of subsidiaries	–	–	(99)	(99)
Depreciation	(12,379)	(3,725)	(2,549)	(18,653)
Exchange difference	–	40	106	146
Closing net book amount	272,199	6,587	6,724	285,510
At 31 December 2022				
Cost	340,572	20,557	19,347	380,476
Accumulated depreciation	(68,373)	(13,970)	(12,623)	(94,966)
Net book amount	272,199	6,587	6,724	285,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation of the property, plant and equipment has been charged to profit or loss or capitalised in properties under development as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Selling and marketing expenses	361	343
Administrative expenses	4,482	4,828
Cost of sales	13,604	13,219
	18,447	18,390
Properties under development	206	203
	18,653	18,593

As at 31 December 2022 and 2021, the following net book amount of buildings were pledged as collateral for the Group's bank and other borrowings:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Buildings	236,865	248,843

As at 31 December 2022, buildings comprised hotels of RMB236,865,000 (2021: RMB248,843,000) which are located in the PRC (Note 29).

18 RIGHT-OF-USE ASSETS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Lands (Note (a))	209,017	240,102
Buildings	5,126	8,851
	214,143	248,953

(a) The amounts mainly comprise the prepaid leases of land contracting fee on agricultural land and forest land, which are amortised under the contracting terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

18 RIGHT-OF-USE ASSETS (CONTINUED)

- (b) The movement of right-of-use assets is shown in the table below for the years ended 31 December 2022 and 2021:

	Lands RMB'000	Buildings RMB'000	Total RMB'000
At 1 January 2021			
Cost	268,172	30,119	298,291
Accumulated amortisation	(22,296)	(17,799)	(40,095)
Net book amount	245,876	12,320	258,196
Year ended 31 December 2021			
Opening net book amount	245,876	12,320	258,196
Additions	–	497	497
Amortisation	(5,774)	(3,876)	(9,650)
Exchange difference	–	(90)	(90)
Closing net book amount	240,102	8,851	248,953
At 31 December 2021			
Cost	268,172	30,526	298,698
Accumulated amortisation	(28,070)	(21,675)	(49,745)
Net book amount	240,102	8,851	248,953
Year ended 31 December 2022			
Opening net book amount	240,102	8,851	248,953
Amortisation	(5,905)	(3,860)	(9,765)
Impairment loss	(25,180)	–	(25,180)
Exchange difference	–	135	135
Closing net book amount	209,017	5,126	214,143
At 31 December 2022			
Cost	268,172	30,661	298,833
Accumulated amortisation and impairment	(59,155)	(25,535)	(84,690)
Net book amount	209,017	5,126	214,143

- (c) As at 31 December 2022, lands with net book value of RMB12,177,000 (2021: RMB12,720,000), were pledged as collateral for the Group's bank and other borrowings (Note 29).
- (d) Amortisation of the right-of-use assets has been charged to profit or loss as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Administrative expenses	8,915	8,800
Cost of sales	850	850
	9,765	9,650

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

19 INVESTMENT PROPERTIES

	As at 31 December 2021		
	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Opening net book value	235,062	54,190	289,252
Fair value losses – net	(9,078)	(130)	(9,208)
Closing net book value	225,984	54,060	280,044

	As at 31 December 2022		
	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Opening net book value	225,984	54,060	280,044
Fair value losses – net	(12,860)	(3,060)	(15,920)
Closing net book value	213,124	51,000	264,124

As at 31 December 2022, investment properties of RMB173,124,000 (2021: RMB179,484,000) were pledged as collateral for the Group's bank and other borrowings (Note 29).

Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Rental income from external customers	6,234	8,533
Direct operating expenses from investment properties that generate rental income	(308)	(1,034)
Fair value losses	(15,920)	(9,208)
	(9,994)	(1,709)

The investment properties are located in the PRC and are held on leases of between 40 to 50 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

19 INVESTMENT PROPERTIES (CONTINUED)

(a) Fair value hierarchy

An independent valuation of the Group's completed investment properties and investment properties under construction were performed by the independent and professionally qualified valuer to determine the fair value of the investment properties as at 31 December 2022 and 2021. The revaluation gains or losses are included in "Other (losses)/gains – net" in the consolidated statements of comprehensive income.

As at 31 December 2022 and 2021, as certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group are included in level 3 of the fair value measurement hierarchy (Note 2.9). The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. No transfers in or out of fair value hierarchy levels for the year ended 31 December 2022 and 2021.

(b) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2022 and 2021 by independent and professionally qualified valuer who holds a recognised relevant professional qualification and 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 review the valuations performed by the independent valuer for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuer at least once every six months for the years ended 31 December 2022 and 2021.

At each financial year end, the financial department:

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

(c) Valuation techniques

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

Fair values of lands are evaluated by using direct comparison approach, which is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

19 INVESTMENT PROPERTIES (CONTINUED)

(c) Valuation techniques (continued)

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

There were no changes to the valuation techniques for the year ended 31 December 2022.

	Property category	Fair value at 31 December 2022	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office, retail properties	173,124,000	Term and reversionary method	Market rents (RMB/square metre)	100–223	The higher the market price, the higher the fair value
				Term and reversionary yields	4.00%–4.50%	The higher the term yields, the lower the fair value
	Retail properties	40,000,000	Term and reversionary method	Market rents (RMB/square metre)	91–96	The higher the market price, the higher the fair value
				Term and reversionary yields	3.50%–4.25%	The higher the term yields, the lower the fair value
Investment properties under construction	Land located in Lianhuashan Town, Panyu District, Guangzhou Province, the PRC	31,000,000	Direct comparison	Market price (RMB/square metre)	1,873	The higher the market price, the higher the fair value
				Term and reversionary yields	5.13%	The higher the term yields, the lower the fair value
	Land located in Nancun Town, Panyu District, Guangzhou Province, the PRC	5,700,000	Direct comparison	Market price (RMB/square metre)	2,466	The higher the market price, the higher the fair value
				Term and reversionary yields	5.13%	The higher the term yields, the lower the fair value
Buildings	14,300,000	Term and reversionary method	Market rents (RMB/square metre)	26	The higher the market price, the higher the fair value	
			Term and reversionary yields	5.00%	The higher the term yields, the lower the fair value	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

19 INVESTMENT PROPERTIES (CONTINUED)

(c) Valuation techniques (continued)

	Property category	Fair value at 31 December 2021	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office, retail properties	179,484,000	Term and reversionary method	Market rents (RMB/square metre)	104-232	The higher the market price, the higher the fair value
				Term and reversionary yields	4.00%-4.50%	The higher the term yields, the lower the fair value
	Retail properties	46,500,000	Term and reversionary method	Market rents (RMB/square metre)	116-122	The higher the market price, the higher the fair value
				Term and reversionary yields	3.50%-4.25%	The higher the term yields, the lower the fair value
Investment properties under construction	Land located in Lianhuashan Town, Panyu District, Guangzhou Province, the PRC	33,000,000	Direct comparison	Market price (RMB/square metre)	1,971	The higher the market price, the higher the fair value
				Term and reversionary yields	5.13%	The higher the term yields, the lower the fair value
	Land located in Nancun Town, Panyu District, Guangzhou Province, the PRC	6,000,000	Direct comparison	Market price (RMB/square metre)	2,596	The higher the market price, the higher the fair value
				Term and reversionary yields	5.13%	The higher the term yields, the lower the fair value
Buildings	15,060,000	Term and reversionary method	Market rents (RMB/square metre)	27	The higher the market price, the higher the fair value	
			Term and reversionary yields	5.00%	The higher the term yields, the lower the fair value	

As at 31 December 2022 and 2021, the period of leases whereby the Group leases out its investment properties held in the PRC were between 1 to 4 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

20 INTANGIBLE ASSETS

	Computer software RMB'000
Year ended 31 December 2021	
Opening net book amount	2,443
Additions	1,825
Amortisation	(1,036)
Closing net book amount	3,232
At 31 December 2021	
Cost	7,195
Accumulated amortisation	(3,963)
Net book amount	3,232
Year ended 31 December 2022	
Opening net book amount	3,232
Additions	1,522
Disposal of subsidiaries	(4)
Amortisation	(1,002)
Closing net book amount	3,748
At 31 December 2022	
Cost	8,520
Accumulated amortisation	(4,772)
Net book amount	3,748

21 PROPERTIES UNDER DEVELOPMENT

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Properties under development expected to be completed:		
– Land use rights	4,986,531	5,295,245
– Contractual rights of land (Note (a))	177,492	417,941
– Construction costs	1,753,750	1,301,660
– Interests capitalised	739,563	479,614
	7,657,336	7,494,460
Less: provision for impairment of properties under development	(326,527)	–
	7,330,809	7,494,460

- (a) Contractual rights of land mainly represents the construction land acquired from the collective economic organisations in 2017, which will be transferred to land use rights in near future.
- (b) Properties under development are located in the PRC and expected to be completed, and available for sale within normal operating cycle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

21 PROPERTIES UNDER DEVELOPMENT (CONTINUED)

- (c) The capitalisation rate of borrowings is 6.67% for the year ended 31 December 2022 (2021: 6.41%).
- (d) As at 31 December 2022, properties under development with net book value of RMB1,763,960,000 (31 December 2021: RMB2,328,613,000), were pledged as collateral for the Group's bank and other borrowings (Note 29).
- (e) As at 31 December 2022, the balance of provision in respect of write-down of the properties under development was amounted to RMB326,527,000 (31 December 2021: nil).

22 COMPLETED PROPERTIES HELD FOR SALE

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Completed properties held for sale developed by the Group:		
Land use rights	364,408	367,688
Construction costs	1,048,835	1,060,120
Interest capitalised	85,787	77,804
	1,499,030	1,505,612
Less: provision for impairment of completed properties held for sale	(151,844)	–
	1,347,186	1,505,612

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

As at 31 December 2022, completed properties held for sale with net book value of RMB871,823,000 (2021: RMB623,748,000), were pledged as collateral for the Group's bank and other borrowings (Note 29).

As at 31 December 2022, the balance of provision in respect of write-down of the completed properties held for sale was amounted to RMB151,844,000 (31 December 2021: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

23 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Included in current assets:		
Trade receivables – third parties (<i>Note (a)</i>)	46,855	69,060
Trade receivables – related parties (<i>Note (a)</i>)	371	3,505
Other receivables – third parties (<i>Note (b)</i>)	331,611	166,407
Other receivables – non-controlling interests (<i>Note (b)</i>)	543,180	450,247
Other receivables – related parties (<i>Note (b)</i>)	197,943	68,207
Prepayments for acquisition of land use rights (<i>Note (c)</i>)	342,561	500,102
Other prepayments (<i>Note (d)</i>)	73,678	61,270
	1,536,199	1,318,798
Less: impairment	(43,013)	(7,593)
Total	1,493,186	1,311,205
Less: non-current portion	(11,563)	(11,634)
Current portion	1,481,623	1,299,571

As at 31 December 2022 and 2021, the fair value of trade and other receivables approximated their carrying amounts.

As at 31 December 2022, trade receivables with net book value of RMB1,600,000 (2021: RMB2,154,000) were pledged as collateral for the Group's bank and other borrowings (*Note 29*).

(a) Details of trade receivables are as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade receivables – third parties	46,855	69,060
Trade receivables – related parties	371	3,505
Less: allowance for impairment	(426)	(1,724)
Trade receivables – net	46,800	70,841

Aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Within 1 year	46,646	71,678
Over 1 year	580	887
	47,226	72,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

23 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

- (a) Details of trade receivables are as follows: (continued)

Trade receivables mainly arise from rental income, provision of construction services and hotel operations. Proceeds from sale of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2022, a provision of RMB426,000 was made against the gross amounts of trade receivables (31 December 2021: RMB1,724,000) (Note 3.1.2(a)).

The Group's trade receivables are denominated in RMB (2021: same).

- (b) Details of other receivables are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Deposits for acquisition of land use rights	210,258	91,258
Other receivables due from non-controlling interests (<i>Note (i)</i>)	543,180	450,247
Other receivables due from related parties (<i>Note (ii)</i>)	197,943	68,207
Outstanding consideration receivables for disposal of an associate	30,000	–
Others	91,353	75,149
	1,072,734	684,861
Less: allowance for impairment	(42,587)	(5,869)
Other receivables – net	1,030,147	678,992

- (i) Other receivables represent cash advances amounted to approximately RMB348,929,000 made to non-controlling interests, which are unsecured, interest free and repayable on demand, and the remaining amount mainly represent consideration due from a non-controlling shareholder of a subsidiary.
- (ii) The balance including certain cash advances to a related party totalled approximately RMB147,090,000, which earned interest rate at 11% and are repayable on demand. The remaining balance, which is due to a related party, is interest free and repayable on demand.
- (c) Amounts represent up-front payments for acquiring land use rights for property development held for sales. The amounts will be transferred to properties under development in the balance sheet when the Group obtains contractual usage rights of the relevant lands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

23 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(d) Details of other prepayments are as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Prepayments for property development projects	43,714	23,985
Prepaid other taxes	11,246	6,862
Others	18,718	30,423
Other prepayments	73,678	61,270

24 PREPAID TAXES

Details of prepaid taxes are as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Corporate income taxes	19,588	18,488
Land appreciation taxes	90,395	45,005
Value added taxes	38,798	72,974
	148,781	136,467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

25 RESTRICTED CASH

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Guarantee deposits for construction of pre-sold properties (<i>Note (a)</i>)	615,090	842,837
Guarantee deposits for borrowings (<i>Note (b)</i>)	26,000	70,000
Guarantee deposits for urban development project	–	310,000
Others	56,535	46,538
	697,625	1,269,375
Denominated in:		
– RMB	687,073	1,263,730
– US\$	211	192
– HK\$	10,341	5,453
	697,625	1,269,375

The directors of the Group are of the view that the restricted cash listed above will be released within the normal operating cycle.

- (a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.
- (b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings.

As at 31 December 2022, the Group has placed cash deposits of approximately RMB26,000,000 (2021: RMB70,000,000) with designated banks as security for bank borrowings (Note 29).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

26 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Cash at bank and in hand	884,650	2,299,769
Less: restricted cash	(697,625)	(1,269,375)
Cash and cash equivalents	187,025	1,030,394

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Denominated in RMB	181,063	687,462
Denominated in HK\$	4,991	330,431
Denominated in US\$	971	12,501
	187,025	1,030,394

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

27 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
Authorised				
As at 31 December 2022 and 2021	2,500,000,000			
Issued and fully paid				
As at 31 December 2022 and 2021	1,646,173,000	HK\$16,462,000	RMB14,746,000	RMB14,746,000

28 OTHER RESERVES AND RETAINED EARNINGS

	Consolidated reserves	Statutory reserves	Exchange difference	Total reserves	Retained earnings	Total
	RMB'000	(Note (a)) RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021	1,726,596	130,606	(20,939)	1,836,263	1,184,234	3,020,497
Profit for the year	-	-	-	-	216,446	216,446
Transfer to statutory reserves	-	23,722	-	23,722	(23,722)	-
Transfer to retained earnings	(30,772)	-	-	(30,772)	30,772	-
Other comprehensive income	-	-	28,681	28,681	-	28,681
Dividends paid	(170,543)	-	-	(170,543)	-	(170,543)
Balance at 31 December 2021	1,525,281	154,328	7,742	1,687,351	1,407,730	3,095,081
Balance at 1 January 2022	1,525,281	154,328	7,742	1,687,351	1,407,730	3,095,081
Loss for the year	-	-	-	-	(721,859)	(721,859)
Transfer to statutory reserves	-	490	-	490	(490)	-
Other comprehensive loss	-	-	(124,890)	(124,890)	-	(124,890)
Dividends paid	(15,968)	-	-	(15,968)	-	(15,968)
Balance at 31 December 2022	1,509,313	154,818	(117,148)	1,546,983	685,381	2,232,364

- (a) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserves fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserves fund may be distributed to equity holders in form of bonus issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

29 BANK AND OTHER BORROWINGS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Bank borrowings	2,506,186	3,484,088
Senior notes (Note (a))	1,084,647	1,011,609
Other borrowings (Note (b))	37,660	–
	3,628,493	4,495,697
Included in non-current bank borrowings:		
– Secured (Notes (d) & (e))	2,425,313	2,881,725
– Unsecured (Note (e))	77,000	602,363
Less: current portion of non-current bank borrowings	(670,893)	(1,227,312)
	1,831,420	2,256,776
Included in current bank and other borrowings:		
– Secured (Notes (d) & (e))	3,719	–
– Unsecured (Note (e))	1,122,461	1,011,609
Add: current portion of non-current bank borrowings	670,893	1,227,312
	1,797,073	2,238,921
Total borrowings	3,628,493	4,495,697

- (a) On 27 January 2022, the Company issued senior notes with nominal interest rate 7.5% in an aggregate principal amount of US\$152,100,000 in Hong Kong (the “**2022 Notes**”). The issue of the 2022 Notes was comprised of the exchange offer of the existing senior notes due 7 February 2022 amounting to US\$149,600,000 and completion of concurrent new money issuance amounting to US\$2,500,000. The 2022 Notes were matured on 26 January 2023. The 2022 Notes were listed on the Stock Exchange on 28 January 2022.

The above senior notes are guaranteed by certain subsidiaries of the Group.

- (b) On 15 July 2022, a third party offered a loan to the Group, with the interest rate of 12% per annum. The borrowing was guaranteed by the Company and the expiring date is within one year.
- (c) As at 31 December 2022, the Group’s borrowings are denominated in following currencies:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
RMB	2,043,737	2,960,725
HK\$	500,109	523,363
US\$	1,084,647	1,011,609
	3,628,493	4,495,697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

29 BANK AND OTHER BORROWINGS (CONTINUED)

- (d) As at 31 December 2022, bank and other borrowings totalling RMB2,429,032,000 (2021: RMB2,881,725,000) of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Lands	12,177	12,720
Property, plant and equipment	236,865	248,843
Investment properties	173,124	179,484
Properties under development	1,763,960	2,328,613
Completed properties held for sale	871,823	623,748
Trade receivables	1,600	2,154
Restricted cash	26,000	70,000
	3,085,549	3,465,562

- (e) The Group's unsecured borrowings of RMB1,199,461,000 (2021: RMB1,613,972,000) as at 31 December 2022 were guaranteed by certain subsidiaries or the ultimate controlling shareholder.

The Group's secured borrowings of RMB2,429,032,000 (2021: RMB2,881,725,000) as at 31 December 2022 were guaranteed by the Company, certain subsidiaries, the ultimate controlling shareholder or third parties.

- (f) The exposure of borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Less than 1 year	3,367,493	4,180,497
1-5 years	261,000	315,200
	3,628,493	4,495,697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

29 BANK AND OTHER BORROWINGS (CONTINUED)

(g) The repayment terms of the borrowings were as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Within 1 year	1,797,073	2,238,921
1 to 2 years	894,916	773,874
2 to 5 years	689,378	1,085,782
Over 5 years	247,126	397,120
	3,628,493	4,495,697

(h) The annual weighted average effective interest rates were as follows:

	As at 31 December	
	2022	2021
Bank and other borrowings	6.49%	6.40%
Senior notes	8.34%	8.63%

(i) The carrying amounts of the borrowings approximate their fair values as at 31 December 2022 and 2021 as the impact of discounting of borrowing with fixed interest rate is not significant or the borrowings carry floating interest rate.

30 TRADE AND OTHER PAYABLES

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade payables (<i>Note (a)</i>)	832,347	902,718
Notes payable	–	184,247
Amounts due to non-controlling interests and their related parties (<i>Note (b)</i>)	315,224	945,212
Outstanding consideration payables for acquisitions	35,195	35,195
Deposits payable (<i>Note (c)</i>)	10,641	39,041
Factoring of trade payables	156,825	42,737
Accrued expenses	47,928	53,539
Salaries payable	12,125	16,115
Other taxes payable	188,207	133,457
Other payables (<i>Note (d)</i>)	49,292	39,988
	1,647,784	2,392,249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

30 TRADE AND OTHER PAYABLES (CONTINUED)

(a) Aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 90 days	290,056	460,983
Over 90 days and within 365 days	235,994	332,455
Over 365 days	306,297	109,280
	832,347	902,718

The Group's trade payables as at 31 December 2022 and 2021 is denominated in RMB, US\$ and HK\$.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	831,213	901,680
US\$	981	898
HK\$	153	140
	832,347	902,718

- (b) Amounts due to non-controlling interests and their related parties are interest free and repayable on demand.
- (c) The deposits payables mainly include: (i) the deposits from property purchasers of the Group; and (ii) quality guarantee and bidding deposit from constructors. The deposits are unsecured, interest free and repayable according to terms and conditions mutually agreed with the counter parties.
- (d) Other payables mainly represent payables to third parties and maintenance funds, which are unsecured, interest free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

31 CASH FLOW INFORMATION

(a) Cash used in operations:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
(Loss)/profit for the year	(887,825)	198,823
Adjustments for:		
Income tax expense	(144,824)	164,916
Finance income	(6,760)	(18,430)
Finance costs	27,699	12,064
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets (Note 6)	29,214	29,076
Share of results of associates	(3,037)	(29,038)
Share of results of a joint venture	–	5,404
Fair value gain on the remeasurement of investment in a joint venture (Note 9)	–	(34,121)
Fair value losses on investment properties (Note 9)	15,920	9,208
Interest of financial assets at fair value through profit or loss (Note 9)	(92)	(2,531)
Losses on disposal of subsidiaries (Note 9)	121,438	–
Losses on disposal of an associate (Note 9)	5,622	–
Net impairment losses on right-of-use assets (Note 9)	25,180	–
Net impairment losses on financial assets	36,869	5,837
Net impairment losses on completed properties held for sale and properties under development	679,553	–
(Gains)/losses on disposals of property, plant and equipment (Note 9)	(8,473)	78
Interest income from a related-party (Note 7)	(11,507)	–
Net exchange differences	17,116	(57)
Realisation of unrealised profits	(862)	(1,810)
	(104,769)	339,419
Changes in working capital:		
Properties under development and completed properties held for sale and inventories	(698,398)	(2,039,597)
Restricted cash	522,606	(735,748)
Trade and other receivables and prepayments	(108,889)	1,142,459
Prepaid taxes (excluding prepaid income taxes)	23,789	(63,719)
Contract costs	(80,583)	(10,524)
Trade and other payables	66,800	(548,958)
Contract liabilities	1,271,905	529,202
	997,230	(1,726,885)
Cash generated from/(used in) operations	892,461	(1,387,466)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

31 CASH FLOW INFORMATION (CONTINUED)

- (b) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Net book amount (<i>Note 17</i>)	11,599	147
Gains/(losses) on disposals (<i>Note 9</i>)	8,473	(78)
Proceeds	20,072	69

- (c) Reconciliation of liabilities arising from financing activities:

	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Lease liabilities RMB'000	Amounts due to non- controlling interests and their related parties	Total RMB'000
				RMB'000	
Balance as at 1 January 2021	1,542,827	1,568,978	68,730	422,575	3,603,110
Cash flows – financing activities	(531,218)	1,045,680	(6,563)	522,637	1,030,536
Reclassification	1,227,312	(1,227,312)	–	–	–
Other changes (<i>Note (i)</i>)	–	869,430	3,587	–	873,017
Balance as at 31 December 2021	2,238,921	2,256,776	65,754	945,212	5,506,663
Balance as at 1 January 2022	2,238,921	2,256,776	65,754	945,212	5,506,663
Cash flows – financing activities	(793,974)	(206,562)	(6,747)	(384,236)	(1,391,519)
Reclassification	670,893	(670,893)	–	–	–
Disposal of subsidiaries	–	–	–	(245,752)	(245,752)
Other changes (<i>Note (i)</i>)	(318,767)	452,099	3,252	–	136,584
Balance as at 31 December 2022	1,797,073	1,831,420	62,259	315,224	4,005,976

- (i) Other changes include non-cash movements, mainly including: (i) renew of syndicated loan; (ii) accrued interest expense on lease liabilities, (iii) amortisation of issuance costs, accrued interest of bank and other borrowings, (iv) currency translation differences and (v) change from a joint venture to a subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

32 GUARANTEE

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers (<i>Note (a)</i>)	2,084,461	1,636,560
Guarantees for a joint venture and an associate (<i>Note (b)</i>)	672,575	387,500

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate, which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages.

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

- (b) As at 31 December 2022, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB361,875,000 (31 December 2021: RMB387,500,000) and for other payables of the Group's associate amounting to RMB310,700,000 (31 December 2021: nil)

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and therefore no provision has been made in the financial statements for the guarantees.

33 COMMITMENTS

Commitments for property development expenditure:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Contracted but not provided for:		
Acquisition of land use rights	–	459,000
Property development activities	1,319,279	1,525,173
	1,319,279	1,984,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

34 LEASE LIABILITIES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to lease liabilities:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Right-of-use assets	214,143	248,953

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Lease liabilities		
Current	4,186	5,551
Non-current	58,073	60,203
	62,259	65,754

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to lease:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Amortisation charge of right-of-use assets	9,765	9,650
Interest expense (included in finance costs)	3,042	3,208

The total cash outflow for leases for the year ended 31 December 2022 was RMB8,286,000 (2021: RMB8,674,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

34 LEASE LIABILITIES (CONTINUED)

- (c) Commitments and present value of lease liabilities are shown in the table below for the year ended 31 December 2022 and 2021:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Commitments in relation to lease liabilities are payable as follows:		
Within 1 year	7,075	8,589
1 to 2 years	4,339	5,020
2 to 5 years	10,514	12,141
Over 5 years	128,043	130,755
Minimum lease payments	149,971	156,505
Future finance charges	(87,712)	(90,751)
Total lease liabilities	62,259	65,754

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
The present value of lease liabilities is as follows:		
Within 1 year	4,186	5,551
1 to 2 years	1,532	2,131
2 to 5 years	2,435	3,908
Over 5 years	54,106	54,164
	62,259	65,754

- (d) Movements of lease liabilities are shown in the table below for the year ended 31 December 2021:

	Lease liabilities – current	Lease liabilities – non-current
	RMB'000	RMB'000
At 1 January 2021	5,122	63,608
Lease payment	(6,563)	–
Accrued interest	3,208	–
Increase in right-of-use assets	179	318
Exchange difference	(52)	(66)
Reclassification between current and non-current	3,657	(3,657)
As at 31 December 2021	5,551	60,203

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

34 LEASE LIABILITIES (CONTINUED)

(d) Movements of lease liabilities are shown in the table below for the year ended 31 December 2022:

	Lease liabilities – current RMB'000	Lease liabilities – non-current RMB'000
At 1 January 2022	5,551	60,203
Lease payment	(6,747)	–
Accrued interest	3,042	–
Exchange difference	167	43
Reclassification between current and non-current	2,173	(2,173)
As at 31 December 2022	4,186	58,073

35 RELATED PARTY TRANSACTIONS

The ultimate holding company of the Company is Sze Ming Limited, and the ultimate controlling shareholder of the Company is CHAN Sze Ming Michael, who owns 72.9% of the Company's shares.

(a) Name and relationship with related parties

Name	Relationship
CHAN Sze Ming Michael	Ultimate controlling shareholder
Donghuzhou (Note (i))	Associate of the Group (From 1 January 2022 to 29 December 2022)
Guangzhou Zhujing	Associate of the Group
Nanjing Longguang	Associate of the Group
Zhongshan Jingyue	Joint venture of the Group

(i) The equity interest of the associate was disposed of on 29 December 2022 and it was not a related party since 29 December 2022 (Note 16(b)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

The Group had the following transactions with related parties for the year ended 31 December 2022 and 2021:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
(i) Rendering of property management services		
– Donghuzhou	1,689	1,580
– Guangzhou Zhujing	990	379
Total	2,679	1,959
(ii) Rendering of management consultancy services		
– Donghuzhou	8,783	8,392
(iii) Rendering of decoration services		
– Donghuzhou	2,030	12,435
(iv) Rendering of interest income		
– Guangzhou Zhujing	11,507	–
(v) Guarantee provided by shareholder in respect of borrowings outstanding		
– ultimate controlling shareholder	1,098,376	1,278,553
(vi) Property management service fee charged by		
– Nanjing Longguang	2,191	–

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Amounts due from related parties		
Trade balances		
– Donghuzhou	–	3,104
– Guangzhou Zhujing	371	401
	371	3,505
Non-trade balances		
– Zhongshan Jingyue	50,853	–
– Donghuzhou	–	6,057
– Guangzhou Zhujing	147,090	62,150
	197,943	68,207
Total amounts due from related parties	198,314	71,712

- (i) Amounts due from Guangzhou Zhujing represent the cash advances which are unsecured with interest rate at 11% and repayable on demand, and the amount due from other related parties mainly represent the cash advances which are unsecured, interest-free and repayable on demand.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Providing guarantees to related parties		
– Zhongshan Jingyue	361,875	387,500
– Guangzhou Zhujing	310,700	–
	672,575	387,500

(d) Key management compensation

Key management compensation for the years ended 31 December 2022 and 2021 are set out below:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Key management compensation		
– Salaries and other employee benefits	9,286	13,469
– Pension costs	99	101
– Fees	1,063	1,131
	10,448	14,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

36 PARTICULARS OF SUBSIDIARIES

(a) Particulars of the subsidiaries of the Group as at 31 December 2022 are set out as below:

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non-controlling interests
							Direct	Indirect	
景業控股有限公司 Jingye Holdings Limited (*Jingye Holdings (BVI)*)	13/12/2013	Limited liability company	BVI	Investment holding	US\$201	US\$201	100%	-	-
廣州意濃實業有限公司 Guangzhou Yinong Enterprise Co., Ltd.*	01/07/2002	Limited liability company	Mainland China	Property development	RMB1,020,500,000	RMB1,020,455,000	-	100%	-
廣州市景業房地產開發有限公司 Guangzhou Jingye Real Estate Development Co., Ltd.	18/06/2008	Limited liability company	Mainland China	Property development	RMB301,000,000	RMB301,000,000	-	100%	-
海南景業房地產開發有限公司 Hainan Jingye Real Estate Development Co., Ltd.	25/12/2013	Limited liability company	Mainland China	Property development	RMB100,000,000	RMB100,000,000	-	100%	-
廣州卓都物業管理有限公司 Guangzhou Zhuodu Property Management Co., Ltd.	30/07/2014	Limited liability company	Mainland China	Property management	RMB1,000,000	RMB1,000,000	-	100%	-
海南卓都物業服務有限公司 Hainan Zhuodu Property Services Co., Ltd.	31/10/2014	Limited liability company	Mainland China	Property management	RMB1,000,000	RMB1,000,000	-	100%	-
中山市景雅裝飾工程有限公司 Zhongshan Jingya Decoration Engineering Co., Ltd.	25/03/2005	Limited liability company	Mainland China	Building decoration	RMB500,000	RMB500,000	-	100%	-
廣州廣澤房地產開發有限公司 Guangzhou Guangze Real Estate Development Co., Ltd.	05/11/2010	Limited liability company	Mainland China	Property development	RMB10,000,000	RMB10,000,000	-	100%	-
廣州市江河水泥製品有限公司 Guangzhou Jianghe Cement Products Co., Ltd.	14/03/2001	Limited liability company	Mainland China	Property development	RMB10,500,000	RMB10,500,000	-	100%	-
景業控股(香港)有限公司 Jingye Holdings (HK) Limited	02/01/2014	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

36 PARTICULARS OF SUBSIDIARIES (CONTINUED)

(a) Particulars of the subsidiaries of the Group as at 31 December 2022 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non- controlling interests
							Direct	Indirect	
景業健康產業控股有限公司 Jingye Health Industry Holdings Limited	19/11/2015	Limited liability company	BVI	Health management	US\$1	US\$1	-	100%	-
景業健康產業有限公司 Jingye Health Industry Limited	30/11/2015	Limited liability company	Hong Kong	Health management	HK\$1	HK\$1	-	100%	-
廣州卓思道酒店管理有限公司 Guangzhou Zhuosidao Hotel Management Co., Ltd.*	22/07/2015	Limited liability company	Mainland China	Hotel management	RMB50,000,000	RMB50,000,000	-	100%	-
廣州市舜邦投資有限公司 Guangzhou Shunbang Investment Co., Ltd.	21/08/2015	Limited liability company	Mainland China	Property investment	RMB50,000,000	RMB50,000,000	-	100%	-
廣東景業健康產業發展有限公司 Guangdong Jingye Health Industry Development Co., Ltd.*	05/12/2016	Limited liability company	Mainland China	Business management	RMB10,000,000	RMB1,016,000	-	100%	-
廣州市舜安健康產業管理有限公司 Guangzhou Shun'an Health Industry Management Co., Ltd.	05/01/2016	Limited liability company	Mainland China	Health management	RMB1,000,000	RMB1,000,000	-	100%	-
廣州景譽健康產業發展有限公司 Guangzhou Jingyu Health Industry Development Co., Ltd.	10/03/2016	Limited liability company	Mainland China	Health management	RMB10,000,000	RMB200,000	-	100%	-
廣州崇譽投資有限公司 Guangzhou Chongyu Investment Co., Ltd.	18/01/2017	Limited liability company	Mainland China	Business management	RMB400,000,000	RMB346,436,000	-	60%	40%
廣州新芳實業有限公司 Guangzhou Xinfang Enterprise Co., Ltd.	08/06/2000	Limited liability company	Mainland China	Property development	RMB399,000,000	RMB344,010,000	-	60%	40%
廣州顯邦投資有限公司 Guangzhou Haobang Investment Co., Ltd.	31/05/2010	Limited liability company	Mainland China	Property development	RMB10,000,000	RMB10,000,000	-	60%	40%
英德景業房地產有限公司 Yingde Jingye Real Estate Co., Ltd.	12/09/2017	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB50,000,000	-	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

36 PARTICULARS OF SUBSIDIARIES (CONTINUED)

(a) Particulars of the subsidiaries of the Group as at 31 December 2022 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non-controlling interests
							Direct	Indirect	
廣州創藝裝飾工程有限公司 Guangzhou Chuangyi Decoration Engineering Co., Ltd.	24/04/2017	Limited liability company	Mainland China	Building decoration	RMB50,000,000	RMB50,090,000	-	100%	-
英德桑緣農業發展有限公司 Yingde Sangyuan Agriculture Development Co., Ltd.	11/04/2014	Limited liability company	Mainland China	Property development	RMB52,000,000	RMB52,000,000	-	80%	20%
英德市山湖房地產開發有限公司 Yingde Shanhu Real Estate Development Co., Ltd.	22/07/2011	Limited liability company	Mainland China	Property development	RMB25,000,000	RMB25,000,000	-	100%	-
英德景創房地產開發有限公司 Yingde Jingchuang Real Estate Development Co., Ltd.	19/09/2017	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB35,000,000	-	70%	30%
英德金雄水泥有限公司 Yingde Jinxiong Cement Co., Ltd.	19/05/1994	Limited liability company	Mainland China	Property development	RMB24,120,000	RMB24,120,000	-	100%	-
廣州市番禺區德誠銅業有限公司 Guangzhou Panyu Decheng Copper Co., Ltd.	08/06/1999	Limited liability company	Mainland China	Property development	RMB2,000,000	RMB2,000,000	-	100%	-
舜邦投資管理(香港)有限公司 Shunbang Investment Management (HK) Limited	22/11/2017	Limited liability company	Hong Kong	Investment holding	HK\$1,000,000	HK\$10	-	100%	-
舜邦投資管理控股有限公司 Shunbang Investment Management Holdings Limited	01/11/2017	Limited liability company	BVI	Investment holding	US\$10	US\$10	-	100%	-
舜邦商務管理(廣州)有限公司 Shunbang Corporate Management (Guangzhou) Co., Ltd.*	23/04/2018	Limited liability company	Mainland China	Business management	RMB100,000,000	RMB50,000,000	-	100%	-
景業名邦控股(廣州)有限公司 Jingye Mingbang Holdings (Guangzhou) Co., Limited*	27/03/2018	Limited liability company	Mainland China	Business management	RMB850,000,000	RMB850,000,000	-	100%	-
騰衝景業房地產開發有限公司 Tengchong Jingye Real Estate Development Co., Ltd.	24/01/2018	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB50,000,000	-	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

36 PARTICULARS OF SUBSIDIARIES (CONTINUED)

(a) Particulars of the subsidiaries of the Group as at 31 December 2022 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non- controlling interests
							Direct	Indirect	
卓思道酒店管理控股有限公司 Zhuosidao Hotel Management Holdings Limited	27/03/2018	Limited liability company	BVI	Investment holding	US\$10	US\$10	-	100%	-
景業酒店管理(香港)有限公司 Jingye Hotel Management (HK) Limited	30/04/2018	Limited liability company	Hong Kong	Investment holding	HK\$10	HK\$10	-	100%	-
株洲景業房地產開發有限公司 Zhuzhou Jingye Real Estate Development Co., Ltd.	25/07/2018	Limited liability company	Mainland China	Property development	RMB300,000,000	RMB300,000,000	-	100%	-
廣州市景悅房地產有限公司 Guangzhou Jingyue Real Estate Co., Ltd.	20/08/2018	Limited liability company	Mainland China	Property development	RMB10,000,000	RMB0	-	90%	10%
肇慶市景悅科技發展有限公司 Zhaqing Jingyue Technology Development Co., Ltd.	28/08/2018	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB50,000,000	-	90%	10%
廣州市普盛房地產開發有限公司 Guangzhou Pusheng Real Estate Development Co., Ltd.	22/12/2015	Limited liability company	Mainland China	Property development	RMB5,000,000	RMB5,000,000	-	100%	-
海南煜煜房地產開發有限公司 Hainan Xuanyu Real Estate Development Co., Ltd.	16/10/2017	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB50,000,000	-	100%	-
雅安景業健康產業發展有限公司 Ya'an Jingyue Health Industry Development Co., Ltd.	27/07/2018	Limited liability company	Mainland China	Health management	RMB100,000,000	RMB30,000,000	-	100%	-
英德市錦坤實業投資有限公司 Yingde Jinkun Enterprise Investment Co., Ltd.	11/09/2014	Limited liability company	Mainland China	Property development	RMB1,000,000	RMB1,000,000	-	100%	-
英德市卓都物業管理有限公司 Yingde Zhuodu Property Management Co., Ltd.	24/08/2018	Limited liability company	Mainland China	Property management	RMB1,000,000	RMB0	-	100%	-
雲南卓都物業管理有限公司 Yunnan Zhuodu Property Management Co., Ltd.	20/09/2018	Limited liability company	Mainland China	Property management	RMB1,000,000	RMB1,000,000	-	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

36 PARTICULARS OF SUBSIDIARIES (CONTINUED)

(a) Particulars of the subsidiaries of the Group as at 31 December 2022 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non- controlling interests
							Direct	Indirect	
創藝控股有限公司 Chuangyi Holdings Limited	05/07/2018	Limited liability company	BVI	Investment holding	US\$10	US\$10	-	100%	-
創藝控股(香港)有限公司 Chuangyi Holdings (HK) Limited	30/08/2018	Limited liability company	Hong Kong	Investment holding	HK\$10	HK\$10	-	100%	-
泓創控股(廣州)有限公司 Hongchuang Holdings (Guangzhou) Co., Ltd.*	25/10/2018	Limited liability company	Mainland China	Investment holding	RMB5,000,000	RMB5,000,000	-	100%	-
廣州市泓創建設有限公司 Guangzhou Hongchuang Construction Co., Ltd.	07/11/2018	Limited liability company	Mainland China	Construction Development	RMB150,000,000	RMB150,000,000	-	100%	-
湖南卓都物業服務有限公司 Hunan Zhuodu Property Services Co., Ltd.	08/01/2019	Limited liability company	Mainland China	Property management	RMB3,000,000	RMB0	-	100%	-
景業名邦投資(威海)有限公司 Jingye Mingbang Investment (Weihai) Co., Ltd.*	24/06/2019	Limited liability company	Mainland China	Investment holding	RMB350,000,000	RMB130,000,000	-	100%	-
威海景隆投資發展有限公司 Weihai Jinglong Investment Development Co., Ltd.	04/07/2019	Limited liability company	Mainland China	Investment holding	RMB130,000,000	RMB130,000,000	-	100%	-
廣州景隆投資發展有限公司 Guangzhou Jinglong Investment Development Co., Ltd.	15/07/2019	Limited liability company	Mainland China	Investment holding	RMB130,000,000	RMB130,000,000	-	100%	-
肇慶卓都物業管理有限公司 Zhaqing Zhuodu Property Management Co., Ltd.	16/08/2019	Limited liability company	Mainland China	Property management	RMB1,000,000	RMB0	-	100%	-
騰衝景盛房地產開發有限公司 Tengchong Jingsheng Real Estate Co., Ltd.	16/03/2020	Limited liability company	Mainland China	Property management	RMB50,000,000	RMB50,000,000	-	100%	-
騰衝景隆置業有限公司 Tengchong Jinglong Real Estate Co., Ltd.	09/04/2020	Limited liability company	Mainland China	Property management	RMB50,000,000	RMB0	-	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

36 PARTICULARS OF SUBSIDIARIES (CONTINUED)

(a) Particulars of the subsidiaries of the Group as at 31 December 2022 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non- controlling interests
							Direct	Indirect	
騰衝卓思道酒店有限公司 Tengchong Zhuosidao Hotel Co., Ltd.	03/03/2020	Limited liability company	Mainland China	Hotel management	RMB3,000,000	RMB0	-	100%	-
景星控股(香港)有限公司 Jingxing Holdings (HK) Limited	20/04/2020	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	100%	-
幸領環球有限公司 Lucky Lead Global Limited ("Lucky Lead (BVI)")	05/02/2020	Limited liability company	BVI	Investment holding	US\$310,000,000	US\$184,010,000	-	51%	49%
幸領環球(香港)有限公司 Lucky Lead Global (HK) Limited	20/04/2020	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	51%	49%
景萃控股(香港)有限公司 Jingcui Holdings (HK) Limited	19/10/2020	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	100%	-
景茂控股(香港)有限公司 Jingmao Holdings (HK) Limited	19/10/2020	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	51%	49%
廣州幸領投資發展有限公司 Guangzhou Lucky Lead Investment Development Limited	20/11/2020	Limited liability company	Mainland China	Investment holding	RMB1,000,000,000	RMB1,000,000,000	-	51%	49%
幸領環球投資(南京)有限公司 Lucky Lead Global Investment (Nanjing) Limited ^a	19/11/2020	Limited liability company	Mainland China	Investment holding	RMB1,000,000,000	RMB1,000,000,000	-	51%	49%
南京景龍尚御實業發展有限公司 Nanjing Jinglong Shangyu Enterprise Investment Limited ^a ("Nanjing Jinglong Shangyu")	24/12/2020	Limited liability company	Mainland China	Property development	RMB1,060,000,000	RMB1,060,000,000	-	26%	74%
南京萬華通控股有限公司 Nanjing Wanhuatong Holdings Limited	19/11/2020	Limited liability company	Mainland China	Property development	RMB1,200,000,000	RMB1,200,000,000	-	100%	-
廣州卓思道民宿管理有限公司 Guangzhou Zhuo Si Dao B&B Management Co., Ltd.	22/04/2021	Limited liability company	Mainland China	Hotel management	RMB2,000,000	RMB0	-	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

36 PARTICULARS OF SUBSIDIARIES (CONTINUED)

(a) Particulars of the subsidiaries of the Group as at 31 December 2022 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non-controlling interests
							Direct	Indirect	
廣州卓思道公寓管理有限公司 Guangzhou Zhuo Sida Apartment Management Co., Ltd.	27/04/2021	Limited liability company	Mainland China	Hotel management	RMB2,000,000	RMB0	-	100%	-
湖南卓豐物業服務有限公司 Hunan Zhuofeng Property Service Co., Ltd.	17/12/2020	Limited liability company	Mainland China	Property management	RMB10,000,000	RMB0	-	51%	49%
廣州景盛房地產發展有限公司 Guangzhou Jingsheng Real Estate Development Co., Ltd.	18/12/2020	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB50,000,000	-	100%	-
廣州景譽投資有限公司 Guangzhou Jingyu Investment Co., Ltd.	03/06/2021	Limited liability company	Mainland China	Health management	RMB10,000,000	RMB0	-	70%	30%
廣州鑫澤集永房地產開發有限公司 Guangzhou Xinze Jiyong Real Estate Development Co., Ltd.	12/10/2020	Limited liability company	Mainland China	Property development	RMB166,666,700	RMB166,666,700	-	51%	49%
廣州卓行物業管理有限責任公司 Guangzhou Zhuoxing Property Management Co., Ltd.	05/07/2021	Limited liability company	Mainland China	Property management	RMB1,000,000	RMB0	-	100%	-
廣州景譽房地產開發有限公司 Guangzhou Jingyu Real Estate Development Co., Ltd.	22/07/2020	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB50,000,000	-	51%	49%
益堡環球(香港)有限公司 Profit Castle Global (HK) Limited	04/01/2021	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	100%	-
榮聲環球(香港)有限公司 Prestige Voice Global (HK) Limited	04/01/2021	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	100%	-
愉庭集團(香港)有限公司 Jovial Garden Group (HK) Limited	04/01/2021	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	100%	-
景業名邦集團控股有限公司 JY Grandmark Holdings Limited	20/08/2014	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

36 PARTICULARS OF SUBSIDIARIES (CONTINUED)

(a) Particulars of the subsidiaries of the Group as at 31 December 2022 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non- controlling interests
							Direct	Indirect	
雄偉控股有限公司 Hero Guard Holdings Limited	16/04/2022	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-
愉庭集團有限公司 Jovial Garden Group Limited	25/09/2020	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-
榮聲環球有限公司 Prestige Voice Global Limited	28/08/2020	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-
益堡環球有限公司 Profit Castle Global Limited	18/08/2020	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-
盛貿環球有限公司 Abundant Trade Global Limited	05/02/2020	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-
廣州市愉尚投資有限公司 Guangzhou Yushang Investment Co., Ltd.	13/05/2022	Limited liability company	Mainland China	Property investment	RMB10,000,000	RMB0	-	100%	-
廣州愉昇商業管理有限公司 Guangzhou Yusheng Business Management Co., Ltd.	17/05/2022	Limited liability company	Mainland China	Property investment	RMB1,000,000	RMB0	-	100%	-

Registered as wholly foreign owned enterprises under PRC law

@ Registered as sino-foreign equity joint venture under PRC law

The English names of the companies in Mainland China referred to above in this note represent management's best efforts in translating the Chinese names of those companies, as no English names have been registered or available.

The accumulated non-controlling interests as at 31 December 2022 was RMB1,470,913,000 (2021: RMB1,669,012,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

36 PARTICULARS OF SUBSIDIARIES (CONTINUED)

(b) Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet

	Lucky Lead (BVI)		Nanjing Jinglong Shangyu	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	4,668,663	4,247,504	2,724,050	2,338,761
Current liabilities	(2,709,795)	(1,978,282)	(1,564,339)	(848,695)
Current net assets	1,958,868	2,269,222	1,159,711	1,490,066
Non-current assets	44,505	26,240	43,877	25,911
Non-current liabilities	(178,730)	(475,000)	(178,730)	(475,000)
Non-current net assets	(134,225)	(448,760)	(134,853)	(449,089)
Net assets	1,824,643	1,820,462	1,024,858	1,040,977
Equity attributable to owners of the subsidiaries	1,154,074	1,310,383	522,678	530,898
Accumulated NCI	670,569	692,229	502,180	510,079

Summarised statement of comprehensive income

	Lucky Lead (BVI)		Nanjing Jinglong Shangyu	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	–	–	–	–
Selling and marketing expenses	(1,656)	(16,815)	(1,656)	(16,815)
Administrative expenses	(23,176)	(8,583)	(21,944)	(8,025)
Loss for the year	(17,073)	(19,344)	(16,119)	(18,786)
Total comprehensive loss	(17,073)	(19,344)	(16,119)	(18,786)
Total comprehensive loss attributable to owners of the subsidiaries	(4,679)	(4,968)	(8,221)	(9,581)
Loss allocated to NCI	(12,394)	(14,376)	(7,898)	(9,205)
Dividends paid to NCI	–	107,692	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

36 PARTICULARS OF SUBSIDIARIES (CONTINUED)

(b) Non-controlling interests (continued)

Summarised cash flows

	Lucky Lead (BVI)		Nanjing Jinglong Shangyu	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Cash flows generated from/ (used in) operating activities	439,150	(638,609)	439,150	(408,877)
Cash flows used in investing activities	(86,730)	(51)	(86,730)	(51)
Cash flows (used in)/generated from financing activities	(402,871)	745,696	(349,421)	500,000
Net (decrease)/increase in cash and cash equivalents	(50,451)	107,036	2,999	91,072

37 DISPOSAL OF SUBSIDIARIES

(a) Description

- (i) On 1 September 2022, the Group entered into an equity transfer agreement with Gemdale Real Estate Development Construction (Hengqin) Co., Ltd. ("**Gemdale Hengqin**"), pursuant to which, the Group agreed to dispose of and Gemdale Hengqin agreed to acquire the 50% equity interest in Guangzhou Jinshuo Real Estate Development Co., Ltd. and its subsidiary at a consideration of RMB38,155,000.
- (ii) On 9 December 2022, the Group entered into an equity transfer agreement with Guangzhou Bozhong Investment Co., Ltd. ("**Guangzhou Bozhong**") and Guangdong Shengzhong Construction Engineering Limited ("**Guangdong Shengzhong**"), pursuant to which the Group agreed to dispose of and Guangzhou Bozhong agreed to acquire 100% of the equity interest in Guangdong Shengzhong at a consideration of RMB94,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

37 DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Details of the disposal of the subsidiaries

During the year ended 31 December 2022, the Group disposed of interests in the subsidiaries mentioned above to third parties. Details of the disposals are as follows:

	Year ended 31 December 2022 RMB'000
Disposal consideration	
– Cash received	40,155
– Cash to be received	676
– Consideration settled by amounts due to Guangdong Shengzhong	91,324
	132,155
Property, plant and equipment	99
Intangible assets	4
Cash and cash equivalents	2,354
Restricted cash	5,144
Trade receivables, prepayments and other receivables	122,332
Prepaid taxes	6,003
Properties under development	615,366
Deferred income tax assets	294
Trade and other payables	(333,998)
Deferred income tax liabilities	(5,777)
Non-controlling interests	(158,228)
Total net assets	253,593
Losses on disposal before income tax	(121,438)
Income tax expense	30,360
Losses on disposal	(91,078)
Cash proceeds	
– Cash and cash equivalents of the subsidiaries disposed	(2,354)
Net cash inflow on disposal	37,801

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

38 THE COMPANY'S STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENTS

(a) The Company's statement of financial position is as follows:

	<i>Notes</i>	As at 31 December	
		2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries		1,956,820	1,956,820
Current assets			
Amounts due from subsidiaries		2,024,234	1,808,885
Restricted cash		10,341	5,454
Cash and cash equivalents		2,043	130,995
		2,036,618	1,945,334
Total assets		3,993,438	3,902,154
EQUITY			
Share capital	27	14,746	14,746
Other reserves		2,014,885	2,030,853
Accumulated losses		(40,247)	(18,325)
Total equity		1,989,384	2,027,274
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		403,847	–
Current liabilities			
Other payables		980	552
Amounts due to subsidiaries		455,977	339,356
Bank and other borrowings		1,143,250	1,534,972
		1,600,207	1,874,880
Total liabilities		2,004,054	1,874,880
Total equity and liabilities		3,993,438	3,902,154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

38 THE COMPANY'S STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENTS (CONTINUED)

(b) Movements of the Company's other reserves are as follows:

	Other reserves RMB'000	Accumulated loss RMB'000
Balance at 1 January 2021	2,232,168	(30,772)
Loss for the year	–	(18,325)
Transfer to retained earnings	(30,772)	30,772
Dividends paid	(170,543)	–
At 31 December 2021	2,030,853	(18,325)
Balance at 1 January 2022	2,030,853	(18,325)
Loss for the year	–	(21,922)
Dividends paid	(15,968)	–
At 31 December 2022	2,014,885	(40,247)

39 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The directors' emoluments paid/payable by the Group for the year ended 31 December 2022 and 2021 are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Fees, salaries and other benefits	5,350	9,116
Fees	1,063	1,131
Pension costs	47	51
Total	6,460	10,298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

39 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (continued)

(i) For the year ended 31 December 2022

Name of Directors	Salaries RMB'000	Discretionary bonuses RMB'000	Contribution to retirement scheme RMB'000	Fees RMB'000	Total RMB'000
<i>Executive Directors</i>					
Mr. CHAN Sze Ming Michael (Chairman)	1,907	–	14	259	2,180
Mr. LIU Huaxi	1,185	–	11	223	1,419
Ms. ZHENG Catherine Wei Hong (President)	921	–	11	223	1,155
Mr. WU Xinping	850	–	11	179	1,040
Ms. WEI Miaochang	487	–	–	179	666
	5,350	–	47	1,063	6,460

(ii) For the year ended 31 December 2021

Name of Directors	Salaries RMB'000	Discretionary bonuses RMB'000	Contribution to retirement scheme RMB'000	Fees RMB'000	Total RMB'000
<i>Executive Directors</i>					
Mr. CHAN Sze Ming Michael (Chairman)	1,697	–	15	300	2,012
Mr. LIU Huaxi	2,265	–	10	204	2,479
Ms. ZHENG Catherine Wei Hong (President)	1,706	–	10	204	1,920
Mr. XUE Shuangyou	1,063	–	6	95	1,164
Mr. WU Xinping	1,678	–	10	164	1,852
Ms. WEI Miaochang	707	–	–	164	871
	9,116	–	51	1,131	10,298

Note:

Mr. CHAN Sze Ming Michael, Ms. ZHENG and Mr. WU were appointed as the Company's executive directors on 2 November 2018.

Mr. LIU and Ms. WEI were appointed as the Company's executive directors on 24 May 2019.

Mr. MA Ching Nam, Mr. LEONG Chong and Mr. WU William Wai Leung were appointed as the Company's independent non-executive directors on 13 November 2019, and their remunerations totalled RMB725,000 for the year ended 31 December 2022 (2021: RMB697,000).

(All amounts in RMB thousands unless otherwise stated)

39 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (continued)

Note: (continued)

No remunerations are paid or receivables in respect of accepting offices as director for the years ended 31 December 2022 and 2021.

No emoluments are paid or receivable in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiaries undertaking for the years ended 31 December 2022 and 2021.

No director waived or agreed to waive any emoluments for the years ended 31 December 2022 and 2021.

(b) Directors' retirement benefits

For the years ended 31 December 2022 and 2021, no retirement benefits were paid to the directors of the Company by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries.

(c) Directors' termination benefits

For the years ended 31 December 2022 and 2021, no payments to the directors of the Company as compensation for the early termination of the appointment.

(d) Consideration provided to third parties for making available directors' services

For the years ended 31 December 2022 and 2021, the Company didn't pay any third party for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

For the years ended 31 December 2022 and 2021, there were no loans, quasi-loans or other dealings in favor of directors of the Company, controlled bodies corporate and connected entities with such directors.

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 35, 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 for the years ended 31 December 2022 and 2021.

40 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 12 January 2023, the Company issued senior notes with nominal interest rate 9.5% due 11 January 2024 in an aggregate principal amount of US\$152,100,000. The issue of the New Senior Notes was related to the exchange offer of the existing 2022 Notes amounting to US\$152,100,000. The New Senior Notes were listed on the Stock Exchange on 13 January 2023.

FIVE-YEAR FINANCIAL SUMMARY

(All amounts in RMB thousands unless otherwise stated)

	Year ended 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	513,310	2,043,126	2,347,064	2,402,810	1,328,887
Cost of sales	(439,704)	(1,459,901)	(1,434,328)	(1,258,578)	(816,297)
Gross profit before impairment losses on completed properties held for sale and properties under development	73,606	583,225	912,736	1,144,232	512,590
Net impairment losses on completed properties held for sale and properties under development	(679,553)	-	-	-	-
Gross (loss)/profit after impairment losses on completed properties held for sale and properties under development	(605,947)	583,225	912,736	1,144,232	512,590
Selling and marketing expenses	(66,331)	(153,328)	(124,629)	(131,046)	(74,225)
Administrative expenses	(117,509)	(138,088)	(140,958)	(162,938)	(124,598)
Net impairment losses on financial assets	(36,869)	(5,837)	(873)	(236)	(170)
Other income	14,326	21,567	15,826	3,731	1,276
Other expenses	(872)	(1,223)	(4,105)	(3,098)	(2,759)
Other (losses)/gain – net	(200,513)	33,430	86,721	61,021	230,570
Operating (loss)/profit	(1,013,715)	339,746	744,718	911,666	542,684
Finance (cost)/income – net	(21,971)	359	(13,279)	1,386	649
Share of profit of investment accounted for using the equity method	3,037	23,634	53,071	(1,545)	(4,063)
(Loss)/profit before income tax	(1,032,649)	363,739	784,510	911,507	539,270
Income tax expense	144,824	(164,916)	(306,113)	(416,590)	(157,511)
(Loss)/profit for the year	(887,825)	198,823	478,397	494,917	381,759
(Loss)/profit attributable to:	(721,859)	216,446	485,203	501,517	386,486
Owners of the Company	(165,966)	(17,623)	(6,806)	(6,600)	(4,727)
Non-controlling interests	(887,825)	198,823	478,397	494,917	381,759

	As at 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Non-current assets	1,172,564	1,148,954	1,074,480	939,639	977,422
Current assets	11,314,690	12,777,420	9,811,957	8,273,450	5,636,749
Total assets	12,487,254	13,926,374	10,886,437	9,213,089	6,614,171
Non-current liabilities	2,089,773	2,515,248	1,757,355	1,628,985	413,591
Current liabilities	6,679,458	6,632,287	4,676,031	4,764,695	5,547,301
Total liabilities	8,769,231	9,147,535	6,433,386	6,393,680	5,960,892
Net assets	3,718,023	4,778,839	4,453,051	2,819,409	653,279
Equity attributable to owners of the Company	2,247,110	3,109,827	3,035,243	2,718,954	549,304
Non-controlling interests	1,470,913	1,669,012	1,417,808	100,455	103,975
Total equity	3,718,023	4,778,839	4,453,051	2,819,409	653,279

GLOSSARY

In this annual report, the following expressions have the following meanings unless the context requires otherwise:

“Adoption Date”	13 November 2019, the date on which the Share Option Scheme is conditionally adopted by the Shareholders by way of written resolutions
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held on Thursday, 8 June 2023 at 2:30 p.m. by way of electronic means only
“AGM Notice”	the notice convening the AGM set out on pages 22 to 28 of the circular of the Company dated 28 April 2023
“Articles”	the amended and restated articles of association of the Company currently in force, as amended from time to time
“ASP”	average selling price
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealings in securities
“BVI”	the British Virgin Islands
“CG Code”	the principles of the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“close associates”	has the meaning ascribed thereto in the Listing Rules
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as amended and revised) of the Cayman Islands
“Company” or “JY Grandmark”	JY Grandmark Holdings Limited (景業名邦集團控股有限公司), a company incorporated in the Cayman Islands and whose Shares are listed on the Main Board of the Stock Exchange
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and for the purposes of this annual report, means each of Sze Ming Limited and Mr. CHAN Sze Ming Michael
“core connected person”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

GLOSSARY (CONTINUED)

“Listing Date”	Thursday, 5 December 2019, on which the Shares were first listed and from which dealings in the Shares were permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the amended and restated memorandum of association of the Company currently in force, as amended from time to time
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“PRC” or “China”	the People’s Republic of China, which for the purposes of this annual report excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Prospectus”	the prospectus of the Company dated 25 November 2019
“Remuneration Committee”	the remuneration committee of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the nominal value of HK\$0.01 each in the capital of the Company
“Share Option Scheme”	a share option scheme approved and adopted by the Company on 13 November 2019
“Shareholder(s)”	holder(s) of the Shares
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“U.S.” or “United States”	the United States of America, its territories and possessions, any states of the United States and the District of Columbia
“US\$” or “U.S. dollars” or “US dollars”	United States dollars, the lawful currency of the United States
“%”	per cent

* For ease of reference, the names of companies and entities established in China have been included in this annual report in English by way of translation if such Chinese entities do not have an English name as part of their legal name, and if there is any inconsistency between the Chinese names of the Chinese entities mentioned in this annual report and their English translations, the Chinese version shall prevail.

JY GRANDMARK HOLDINGS LIMITED

