

# LOGAN

龙光集团



Annual  
Report  
2021

## LOGAN GROUP Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3380)



Foshan Logan • Tian Chen

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# COMPANY PROFILE

Logan Group Company Limited (“Logan Group” or the “Group”) was founded in 1996, and listed on the main board of the Hong Kong Stock Exchange in 2013 (Stock Code: 3380.HK). In 2017, the Group embarked on its business footprint into overseas market and the Hong Kong Special Administrative Region, and subsequently became a constituent stock of the Hang Seng Composite LargeCap Index in 2020. In 2021, the Logan Group was included as a constituent in the Hang Seng ESG50 Index.

The Logan Group is an urban comprehensive service provider dedicated to building a better life. Since its founding, the Group has been closely following the national development strategy by adhering to the brand concept of “Shaping Cities and Homes with Responsibility and Sincerity”, while gaining insight into every detail of building a better life so as to provide more diverse, professional, wonderful, and thoughtful products and services, in response to the market requirements over time. In 2021, the Group continued to rise in among the Forbes Global 1000 rankings, and ranked 161<sup>st</sup> in the list of Top 500 Enterprises in China and 18<sup>th</sup> in Top China Real Estate Enterprises by comprehensive strength.

The Group’s national strategic footprint spreads across the most valuable core metropolises in China, such as Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta metropolis, and southwest China and central China city-clusters. For more than 20 years of development, the Group has formed four major product lines, including the “Tian”, “Jiu”, “Jiangnan” and “Modernization” collections, which have to date developed more than 200 real estate projects, providing high-quality residential services to over one million people. At the end of the reporting period, the Group’s short- and medium-term land reserves available for development reached 34.31 million square meters, of which the land reserves in first- and second-tier cities accounted for 71%. Due to the abundance of high-quality land bank, the Group enjoys higher-tier city development, laying the foundation for long-term sustainable development.

Development management represents a business segment where the Group provides services such as design, decoration and landscaping to external customers and group companies for building construction projects. The Group is capable of integrating the industrial chain of one-stop design, development, construction, and operation solutions, as we are one of the Chinese real estate enterprises with leading comprehensive strength in possession of the national first-class qualification for real estate development, the national first-class qualification for general construction contracting projects, and the first-class qualification for engineering design.

Urban redevelopment is an important business segment for the Group to acquire premium land reserves and ensure our sustainability development. The Group has four major competitive strengths, including deep cultivation strategy, professional team, resource information, and integrity, thereby highlighting our advantages of differentiation. At the end of the reporting period, the Group’s urban redevelopment business network covers eight cities, of which 92% were located in the core cities of the Hong Kong-Zhuhai-Macao Greater Bay Area.

Logan Commercial is the business segment of the Group, which is responsible for the development, operation and management of commercial real estate. It is mainly focused on developing urban complexes featuring large-scale experiential shopping malls, with high-end office buildings, boutique hotels and other businesses as auxiliaries. Our shopping center project development mainly focuses on “Blue Whale World” and “Blue Whale Heaven” products, with existing benchmark projects opened in Shenzhen, Nanning and other cities. It is expected that more will be opened in Shanghai, Wenzhou, Foshan and other cities in the future, continuing to shape an urban commercial benchmark highly recognized for its intellectual property.

Looking ahead, the Group will continue to promote the steady growth of various businesses and create greater value for shareholders, customers and society.



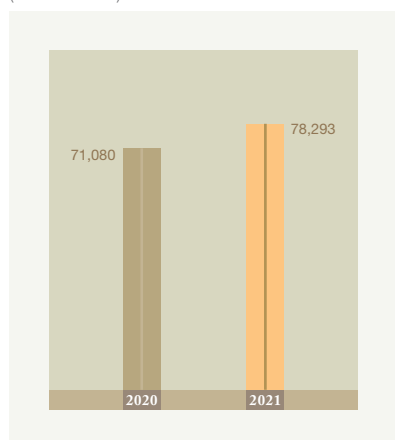
Shanghai Logan •  
Sirius and Blue Whale World



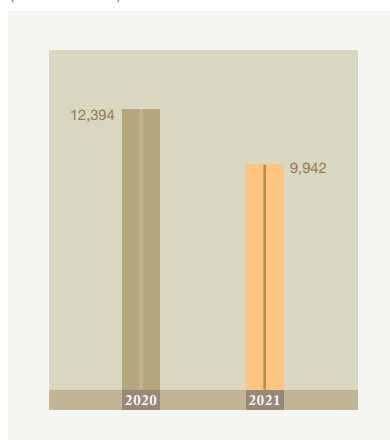
# FINANCIAL HIGHLIGHTS

Summary of Consolidated Statement of Profit or Loss (RMB mn)	Year ended 31 December		
	2021	2020	Change
Revenue	<b>78,293</b>	71,080	10%
Gross Profit	<b>17,111</b>	21,332	-20%
Gross Profit Margin (%)	<b>21.9%</b>	30.0%	-8.1 pt.
Core Profit	<b>9,942</b>	12,394	-20%
Core Profit Margin (%)	<b>12.7%</b>	17.4%	-4.7 pt.
Net Profit	<b>10,332</b>	13,374	-23%
Profit Attributable to Equity Shareholders of the Company	<b>9,975</b>	13,017	-23%
Earnings Per Share			
– Basic (RMB cents)	<b>181.83</b>	234.13	-22%
– Diluted (RMB cents)	<b>181.26</b>	232.36	-22%
Total Dividend per Share (HK cents)	<b>49</b>	101	-51%
– Interim Dividend per Share (HK cents)	<b>49</b>	43	14%
– Final Dividend per Share (HK cents)	<b>–</b>	58	-100%

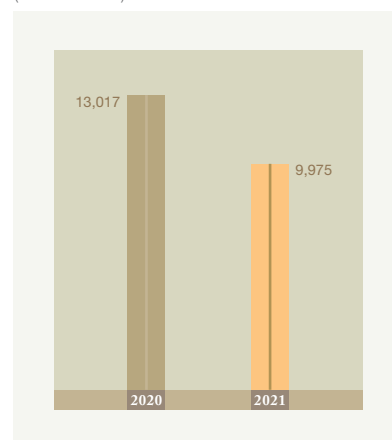
**Revenue**  
(RMB million)



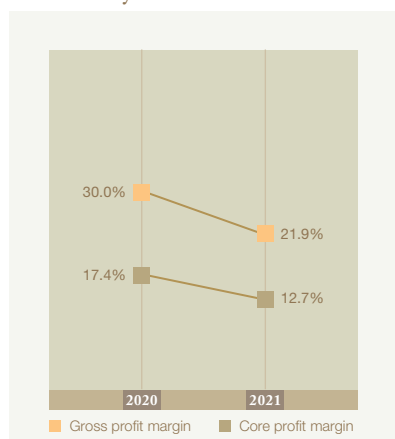
**Core Profit**  
(RMB million)



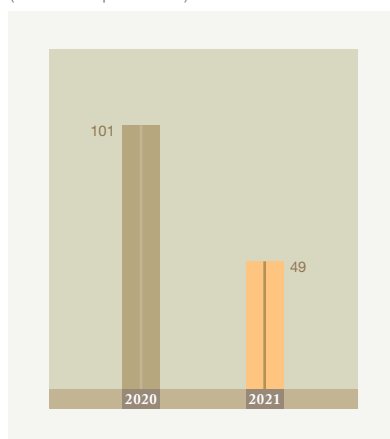
**Profit Attributable to Equity Shareholders of the Company**  
(RMB million)



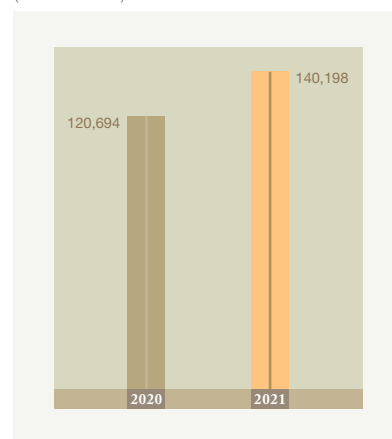
**Profitability**



**Total Dividend**  
(HK cents per share)



**Attributable Contracted Sales**  
(RMB million)





To Create  
Greater Value for  
**SHAREHOLDERS**  
**AND**  
**CUSTOMERS**

# AWARDS



1. No. 52 Ranking among Top 500 Chinese Excellent ESG Enterprises, No. 5 Ranking among Real Estate Industry

**Presented by the following Organizations:**  
Sino Finance, CCTV-1 "Big Country Brands"

2. 2021 KPMG China Leading PropTech 50

**Presented by the following Organization:**  
KPMG China

3. No. 221 Ranking among Top 500 Chinese Enterprises in 2021

**Presented by the following Organizations:**  
China Enterprise Confederation and China Entrepreneurs Association



4. 2021 ESG Pioneer Enterprises

**Presented by the following Organization:**  
People's Daily International Finance News

5. No. 76 Ranking among Top 500 Private Enterprises in China in 2021

**Presented by the following Organization:**  
The All-China Federation of Industry and Commerce

6. 2021 Social Responsibility Real Estate Enterprises

**Presented by the following Organization:**  
21st Century Business Herald



7. No. 161 Ranking among Fortune China Top 500 Enterprises,  
No. 10 Ranking among highest ROE Enterprises List

**Presented by the following Organization:**

Fortune China

8. No. 17 Ranking among China's listed real estate enterprises with strong comprehensive strength in 2021, "Top 10 in Development and Operation Capability", "Top 10 in Investment Value" and "Top 10 in Wealth Creation Capability"

**Presented by the following Organization:**

EH Consulting



9. No. 9 Ranking among 2021 Chinese Charity Enterprises List

**Presented by the following Organizations:**

Ministry of Civil Affairs and China Philanthropy Times

10. London Outstanding Property Award  
Shenzhen Acesite Park, Shenzhen Jiuyue Park and  
Logan Polaris Palace won the awards of 2020 WINNER

**Presented by the following Organization:**

London Outstanding Property Award Jury Panel



11. A' Design Award and Competition, Shenzhen Carat Complex,  
Nanning Logan • The Chosen One won the awards of  
Platinum Winner of The Muse Design Awards, and Logan  
Polaris Palace won the award of Gold Winner of The Muse  
Design Awards

**Presented by the following Organization:**

A' Design Award and Competition Jury Panel

12. No. 748 Ranking among Forbes Global 2000 The  
World's largest Public Companies, No. 344 on Profit  
Ranking List

**Presented by the following Organization:**

Forbes

# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Kei Hoi Pang (紀海鵬) (*Chairman*)  
 Mr. Lai Zhuobin (賴卓斌) (*Chief Executive Officer*)  
 Mr. Xiao Xu (肖旭)  
 Mr. Zhong Huihong (鍾輝紅)  
 Ms. Huang Xiangling (黃湘玲)  
*(appointed on 31 March 2022)*

### Non-executive Director

Ms. Kei Perenna Hoi Ting (紀凱婷)  
*(resigned on 31 March 2022)*

### Independent Non-executive Directors

Mr. Zhang Huaqiao (張化橋)  
 Ms. Liu Ka Ying, Rebecca (廖家瑩)  
 Mr. Cai Suisheng (蔡穗聲)

## AUDIT COMMITTEE

Ms. Liu Ka Ying, Rebecca (*Chairman*)  
 Mr. Cai Suisheng  
 Mr. Zhang Huaqiao

## REMUNERATION COMMITTEE

Mr. Zhang Huaqiao (*Chairman*)  
 Mr. Kei Hoi Pang  
 Ms. Liu Ka Ying, Rebecca

## NOMINATION COMMITTEE

Mr. Kei Hoi Pang (*Chairman*)  
 Mr. Zhang Huaqiao  
 Ms. Liu Ka Ying, Rebecca

## COMPANY SECRETARY

Ms. Li Yan Wing, Rita

## AUTHORIZED REPRESENTATIVES

Ms. Li Yan Wing, Rita  
 Ms. Kei Perenna Hoi Ting  
*(resigned on 31 March 2022)*  
 Mr. Xiao Xu (肖旭)  
*(appointed on 31 March 2022)*

## AUDITOR

UniTax Prism (HK) CPA Limited  
*Certified Public Accountants and Registered Public  
 Interest Entity Auditor*

## REGISTERED OFFICE

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



Shantou Logan • The Sky Garden

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 2002, Tower B, Logan Century Center  
Xinghua Road South  
Bao'An District  
Shenzhen, China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit Nos. 02-03A, Level 68  
International Commerce Centre  
1 Austin Road West  
Hong Kong

## COMPANY'S WEBSITE

<http://www.logangroup.com>

## PRINCIPAL SHARE REGISTRAR

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

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Hong Kong

## PRINCIPAL BANKER

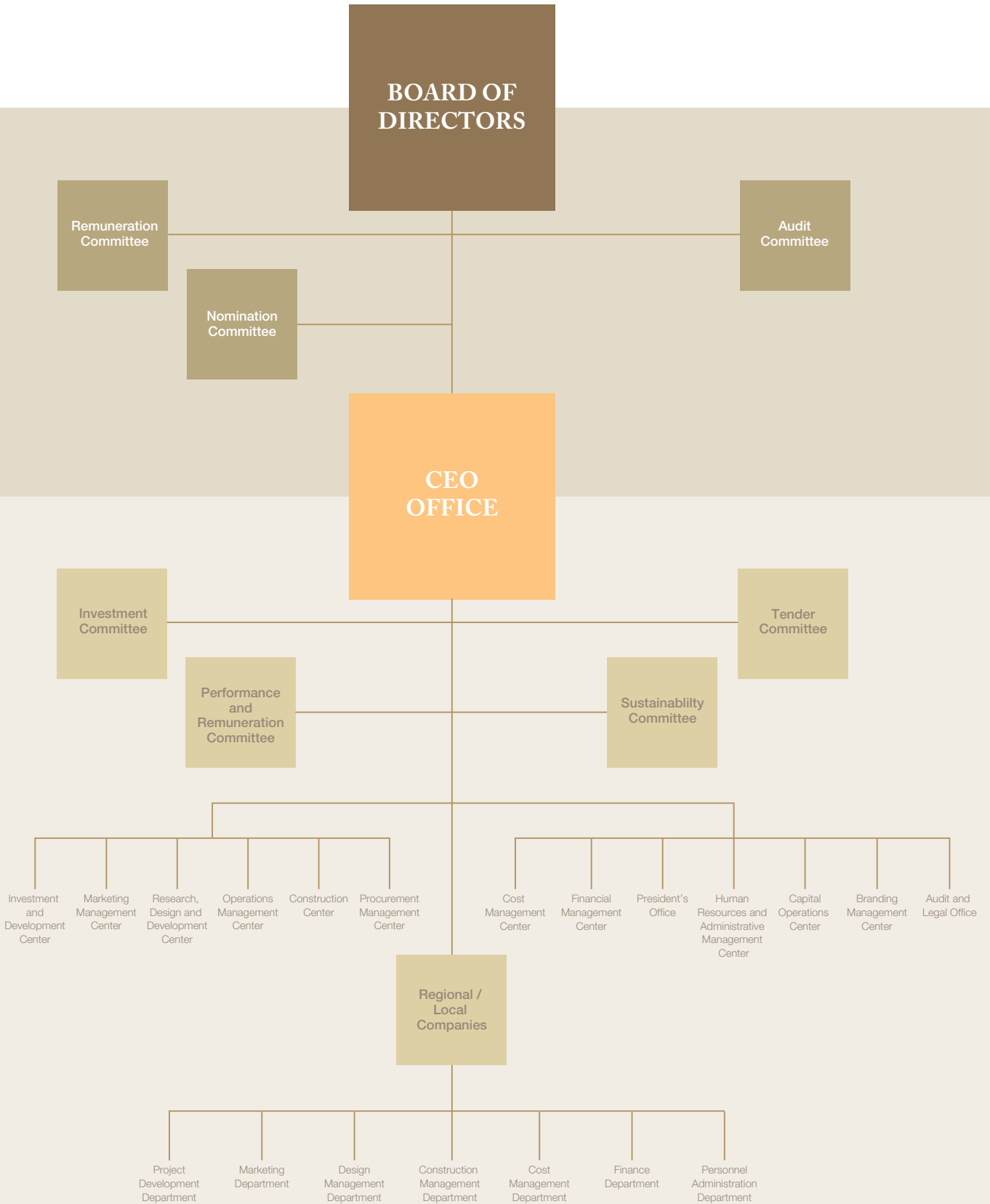
Industrial and Commercial Bank of China (Asia) Limited

## LISTING INFORMATION

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 3380.HK)



# CORPORATE STRUCTURE

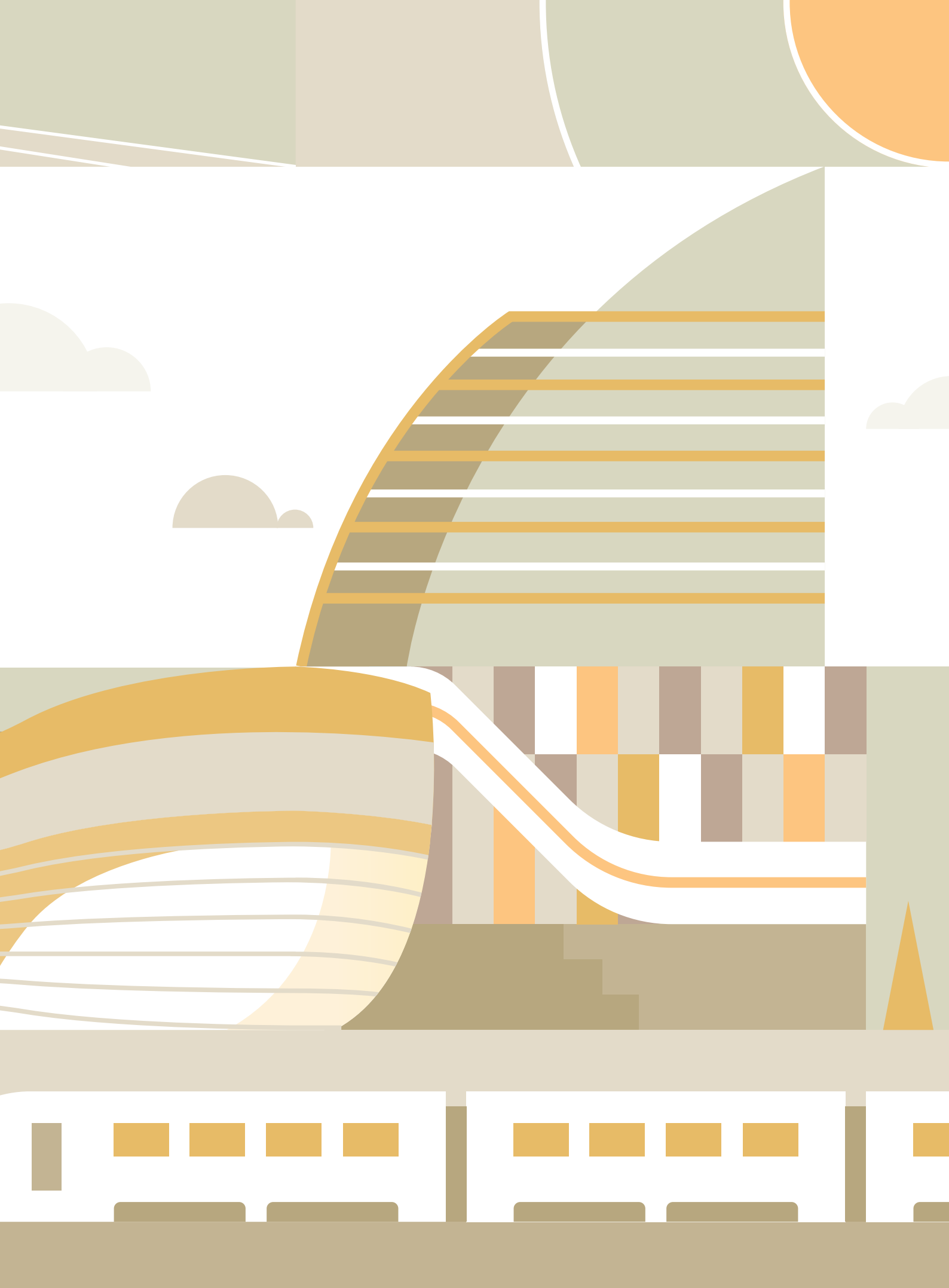




Foshan Logan • Fairyland



Shaping Cities and  
Homes with  
**RESPONSIBILITY  
AND SINCERITY**



# CHAIRMAN'S STATEMENT

## Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Logan Group Company Limited (the "Company"), I hereby present the annual results of the Group for the year ended 31 December 2021 (the "Year").

## Business Review

During 2021, the global economy as a whole was in a recovery cycle despite the ongoing global outbreak of novel coronavirus pandemic (COVID-19). In the face of a complex international environment, the Chinese Central Government coordinated the prevention and control of both the pandemic and the economic and social development, and continued to foster growth in effective domestic demand with various vigorous measures, driving China's economy to achieve positive growth.

In 2021, the Group continued to focus on China's most valuable core metropolis such as Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Delta Region. Sales of over RMB10 billion were recorded in Shenzhen, Foshan, Huizhou, Nanning and the Yangtze River Delta Region metropolitan area, demonstrating the advantages of our city penetration strategy. At the same time, the Group's two benchmarking projects in Singapore, The Florence Residence (龍光•悦湖苑) and Stirling Residences (龍光•尚景苑), have benefited from their geographical location with achieving strong sales. Among them, nearly 1,260 units in Stirling Residences (龍光•尚景苑) which are expected to be completed and delivered in 2022 have been sold out. Over 90% of the total of 1,410 units of The Florence Residence (龍光•悦湖苑) at Hougang MRT Station have already been sold. Looking forward to 2022, the Group expects the sale of benchmarking projects such as the luxurious seaside real estate located in Hong Kong Island and Logan • One Splendid Park (深圳錦綉公園壹號) located in Shenzhen OCT.

Urban redevelopment projects of the Group serve as the main source of the Group's premium land bank. The Group's professional urban redevelopment team has an extensive understanding of local policies as well as urban planning for industries and the population of the Guangdong-Hong Kong-Macao Greater Bay Area with noticeable competitive strengths on differentiation.

The Group continued to improve its product competitiveness in 2021. Many of the Group's projects have received awards, including "2021 Italy A' Design Award", "2021 IDPA Japan Design Award" and "TITAN Property Awards 2021 - Platinum". The Group also ranked 15th in "Top 100 China Real Estate Enterprises in 2021" by EH Consulting.

The Group made a breakthrough in its commercial operation business during the Year with the grand openings of Shenzhen Guangming Blue Whale World and Nanning Blue Whale World. They have become major transportation hub shopping center landmarks in the area proving the Group's commercial operation capability.

The Group is committed to becoming a corporate citizen widely recognized by customers, employees, partners and the community. In 2021, Morgan Stanley Capital International (MSCI), a world-renowned index compilation company, released its latest ESG (Environmental, Social and Governance) rating report, which upgraded the Group to a "BBB" rating and the Group's sustainability capability continues to be recognized by the international capital markets.





In terms of brand building and corporate awards, the Group has been awarded the “2021 China Real Estate Rural Revitalization Model Enterprise”, the “2021 Social Responsibility Contribution Enterprise” awarded by Southern Daily News, the “2021 ESG Pioneer Enterprise” awarded by International Finance News of People’s Daily News, “ESG Leading Model Enterprise” by Hexun.com, the “2021 Social Responsibility Enterprise Award” awarded by Boao Forum, the “2021 Urban Operation Benchmark Enterprise” by China National Radio, the “Financial Stability Award for China Real Estate Listed Companies” by ifeng.com and the “2021 Good Life Service Provider” awarded by China Business News.

### Future Prospects

The Group will continue to focus and establish its position in the Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Delta Region metropolitan area, will implement measures to accelerate the pre-sale and sale of properties under development and completed properties and the collection of outstanding sale proceeds and other receivables, dispose of its assets when needed, and control administrative costs and capital expenditure, to maintain operational stability and sustainability. The Group will strive to enhance the overall product competitiveness of different projects and continue to uphold its philosophy of “quality builds a brand” and incessantly strengthen its market competitiveness and penetration, so as to continue to create long-term value to investors.

### Acknowledgements

On behalf of the Board, I express my heartfelt gratitude to all our shareholders, investors, partners, customers and the community for their trust and support. The Group will continue to strive for quality, sustainable and steady operation by following our transparent, healthy, and impartial development value.

#### Kei Hoi Pang

*Chairman*

Hong Kong

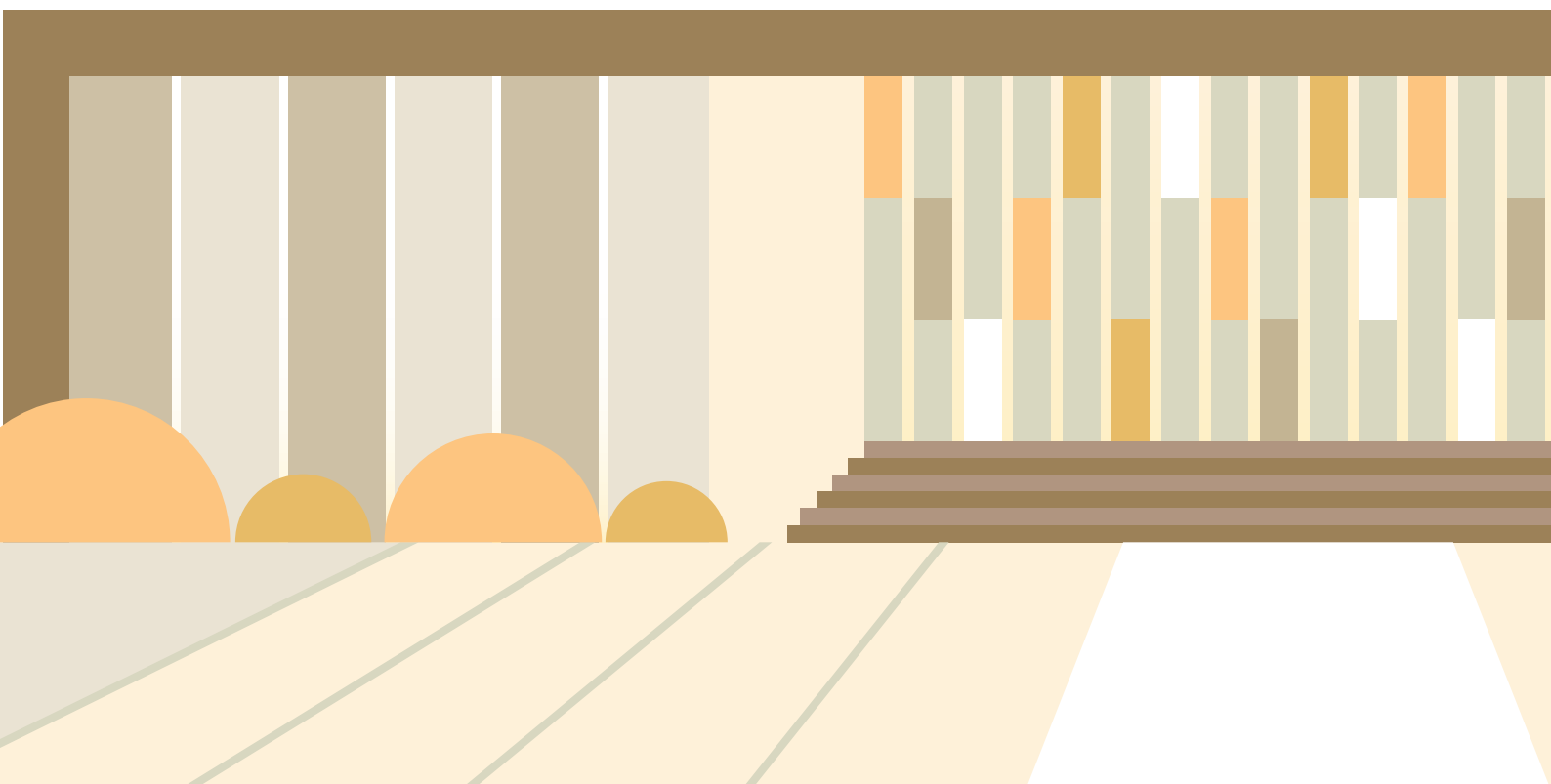
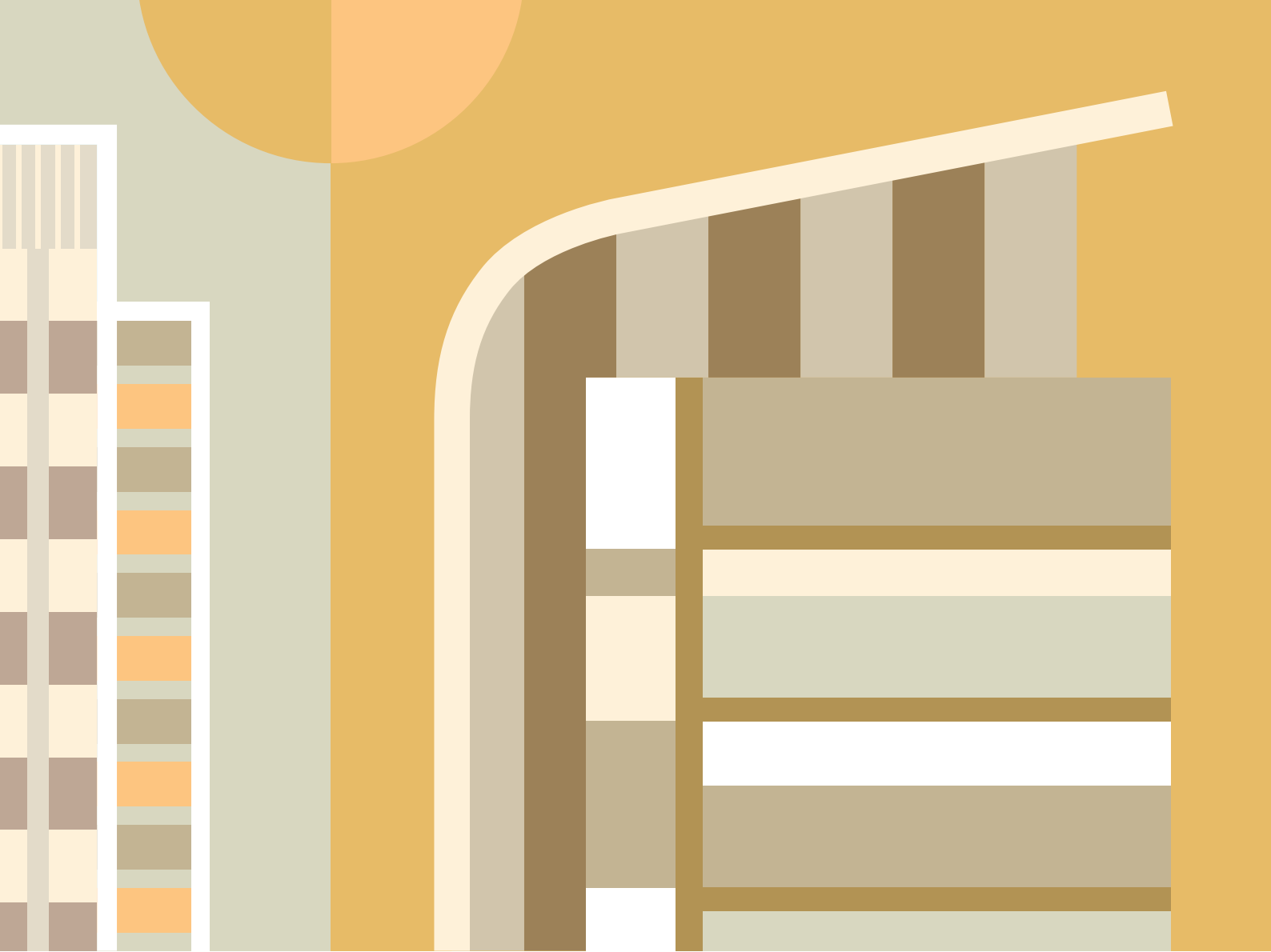
23 August 2022

# Development STRATEGY

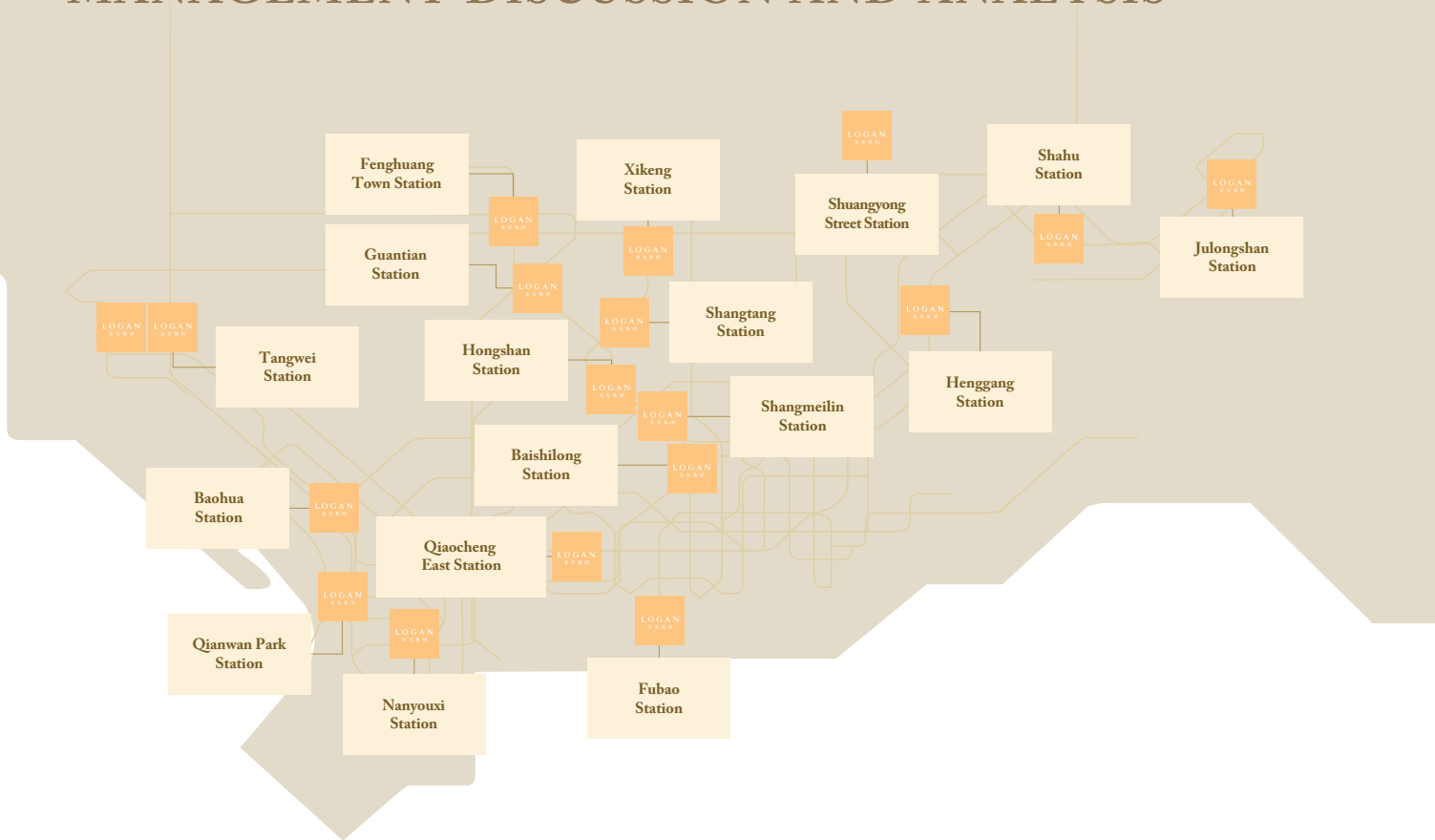
to Positioning as the  
“City’s Comprehensive Service Provider”

- Industrial Operation
- Commercial Operation
- Residential Development
- Urban Redevelopment





# MANAGEMENT DISCUSSION AND ANALYSIS



## Performance Highlights

	2021 RMB'000	2020 RMB'000	Changes per year %
<b>Revenue</b>	<b>78,292,624</b>	71,079,729	10.2%
Among which: property development			
— Revenue from properties delivered	<b>66,677,321</b>	54,858,387	21.5%
— GFA <sup>1</sup> of properties delivered (sq.m.)	<b>4,151,502</b>	4,779,920	-13.1%
— ASP <sup>1</sup> of properties delivered (RMB/sq.m.)	<b>15,879</b>	11,229	41.4%
Development management income	<b>8,498,285</b>	10,093,142	-15.8%
Urban redevelopment business income	<b>2,904,631</b>	6,019,115	-51.7%
Property operation income	<b>212,387</b>	109,085	94.7%
<b>Gross profit</b>	<b>17,111,166</b>	21,331,872	-19.8%
<b>Profit for the year</b>			
— Attributable to equity shareholders	<b>9,975,466</b>	13,016,635	-23.4%
— Attributable to non-controlling shareholders	<b>356,830</b>	357,459	-0.2%
— Total	<b>10,332,296</b>	13,374,094	-22.7%
<b>Core profit<sup>(1)</sup></b>			
— Attributable to equity shareholders	<b>9,584,674</b>	12,036,857	-20.4%
— Attributable to non-controlling shareholders	<b>356,830</b>	357,459	-0.2%
— Total	<b>9,941,504</b>	12,394,316	-19.8%
<b>Total assets</b>	<b>285,901,557</b>	243,513,648	17.4%



	2021 RMB'000	2020 RMB'000	Changes per year %
<b>Cash and bank balances</b>	<b>38,236,324</b>	42,869,161	-10.8%
<b>Total bank and other borrowings<sup>2</sup></b>	<b>93,874,502</b>	80,138,483	17.1%
<b>Total equity</b>	<b>67,768,283</b>	60,671,465	11.7%
<b>Total equity attributable to equity shareholders</b>	<b>47,894,617</b>	42,403,234	13.0%
<b>Key financial ratios</b>			
Gross profit margin <sup>(2)</sup>	<b>21.9%</b>	30.0%	
Core profit margin <sup>(3)</sup>	<b>12.7%</b>	17.4%	
Net debt-to-equity ratio <sup>(4)</sup>	<b>82.1%</b>	61.4%	
Asset/liability ratio <sup>(5)</sup>	<b>71.0%</b>	69.8%	

Notes: 1. Excluding the car parking portion

2. Including bank and other loans, senior notes and corporate bonds

- (1) Core profit: net profit excluding changes in fair value of investment properties and derivatives financial instruments and relevant deferred tax, dividend withholding tax and equity-settled share option expense
- (2) Gross profit margin:  $\text{Gross profit} \div \text{Revenue} \times 100\%$
- (3) Core profit margin:  $\text{Core profit} \div \text{Revenue} \times 100\%$
- (4) Net debt-to-equity ratio:  $(\text{Total bank and other borrowings} - \text{Cash and bank balances}) \div \text{total equity} \times 100\%$
- (5) Asset/liability ratio:  $\text{Total liabilities deducting contract liabilities} \div \text{Total assets deducting contract liabilities} \times 100\%$

## MANAGEMENT DISCUSSION AND ANALYSIS



## QIANHAI, SHENZHEN

SHENZHEN LOGAN • FAIRYLAND

### Project Description:

Total GFA

**261,911** sq.m.

A TOD project located adjacent to the Qianwan Park Station in Qianhai, Shenzhen

## YANGPU DISTRICT SHANGHAI

SHANGHAI LOGAN • FAIRYLAND

### Project Description:

Total GFA

**58,055** sq.m.

A TOD project located adjacent to the Aiguo Road Station in Yangpu District, Shanghai





Shantou Logan • The Sky Garden

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### Property Development

In 2021, the global pandemic prevention and control situation remained extremely complex, with Hong Kong, Shanghai, Guangdong, Shaanxi, Zhejiang and other regions coming under great pressure from pandemic prevention and control. Under the pressure of normalized pandemic prevention and control, the total sales in 2021 was affected by anti-epidemic restrictions and decline in investors' confidence. However, the Company responded by making swift adjustment to its online and offline marketing strategies and flexibly laid-out its available resources in the cities where it had presence so as to minimize the adverse impact of the pandemic to the greatest extent. During the Year, the pandemic did not have any significant material adverse impact on the financial position and operating results of the Company.

#### Contracted sales

In 2021, the Group continued to utilize its market advantages in the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") and achieved satisfactory sales performance. For the year ended 31 December 2021, the Group attained contracted sales of approximately RMB140.20 billion, representing an increase of approximately 16.2% as compared with 2020. For the contracted sales in 2021, Greater Bay Area, Southwest region, Yangtze River Delta region, Singapore and other regions accounted for approximately 56.5%, 15.7%, 10.8%, 1.9% and 15.1%, respectively. The contracted sales were mainly generated from Greater Bay Area and Southwest region. For the Greater Bay region, the contracted sales in Shenzhen was mainly generated from Shenzhen • Qianhai Fairyland (深圳 • 前海天境) and Jiuyue Park (玖悦臺) projects erected on the Qianwan Park station at the Shenzhen's subway line 5; while the contracted sales in other cities in the region mainly generated from projects such as Huizhou Logan City (惠州龍光城) and Foshan • Chancheng Fairyland (佛山 • 禪城天境). For the Southwest region, the sales were mainly contributed by projects such as Nanning • Glory City (南寧玖譽城) and Acesite Bay (玖龍灣). In 2022, the key projects launched by the Company include Shenzhen Logan • One Splendid Park (深圳錦綉公園壹號), the Hong Kong project, Chengdu TianYing (成都天瀛), and Nanjing Acesite Castle (南京玖華府).

Region	Contracted sales in 2021				
	Amount (RMB million)	Percentage	GFA <sup>1</sup> (sq.m.)	Percentage	ASP (RMB/sq.m.)
Greater Bay Area	79,223	56.5%	3,338,150	41.9%	23,273
Southwest region	22,067	15.7%	1,800,876	22.6%	11,991
Yangtze River Delta region	15,117	10.8%	572,946	7.2%	26,020
Singapore	2,602	1.9%	28,791	0.4%	90,375
Other regions	21,188	15.1%	2,232,793	27.9%	9,025
<b>Total</b>	<b>140,197</b>	<b>100.0%</b>	<b>7,973,556</b>	<b>100.0%</b>	<b>17,175</b>

1. Excluding car parking spaces





#### **Newly commenced projects**

For the year ended 31 December 2021, the Group commenced construction of a total of 57 projects or new project phases with a total planned GFA of approximately 9.24 million sq.m..

#### **Completed projects**

For the year ended 31 December 2021, the Group completed 42 projects or project phases with a total planned GFA of approximately 6.1 million sq.m..

#### **Developing projects**

As at 31 December 2021, the Group had a total of 142 projects or project phases under construction with a total planned GFA of approximately 26.2 million sq.m..

#### **Land Reserves**

For the year ended 31 December 2021, the Group acquired 29 new projects through public tendering, auction and listing with GFA of 3.94 million sq.m..

## MANAGEMENT DISCUSSION AND ANALYSIS

List of newly acquired projects through public tendering,  
auction and listing in 2021

Region	Site area (sq.m.)	GFA (sq.m.)
Shenzhen	31,552	428,982
Foshan	83,176	264,201
Huizhou	27,646	57,706
Zhuhai	18,191	86,830
Zhongshan	13,935	53,906
Jiangmen	62,006	113,141
<b>Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area</b>	236,506	1,004,766
<b>Southwest Region</b>	147,022	564,037
<b>Yangtze River Delta Region</b>	772,978	1,502,548
<b>Other Regions</b>	308,564	868,862
<b>Total</b>	1,465,070	3,940,213



Nanning Logan • Tian Chen

As at 31 December 2021, land reserves were as below:

Land reserves as at 31 December 2021		
	GFA (sq.m.)	Percentage
Shenzhen	1,787,931	5.2%
Huizhou/Dongguan	5,756,990	16.8%
Guangzhou/Foshan/Zhaoqing	5,840,153	17.0%
Zhuhai/Zhongshan/Jiangmen	2,732,556	8.0%
Hong Kong	41,805	0.1%
<hr/>		
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	16,159,435	47.1%
<hr/>		
Southwest Region	7,787,038	22.7%
Yangtze River Delta Region	2,440,748	7.1%
Singapore	74,067	0.2%
Other Regions	7,850,675	22.9%
<hr/>		
Total	34,311,963*	100.0%

Note: \* Represents land bank available for development in the short to medium term.



## MANAGEMENT DISCUSSION AND ANALYSIS



## Financial Review

## Performance Highlights

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– Revenue from properties delivered	<b>66,677,321</b>	54,858,387	21.5%
– GFA <sup>1</sup> of properties delivered (sq.m.)	<b>4,151,502</b>	4,779,920	-13.1%
– ASP <sup>1</sup> of properties delivered (RMB/sq.m.)	<b>15,879</b>	11,229	41.4%
Development management income	<b>8,498,285</b>	10,093,142	-15.8%
Urban redevelopment business income	<b>2,904,631</b>	6,019,115	-51.7%
Property operation income	<b>212,387</b>	109,085	94.7%

	2021 RMB'000	2020 RMB'000	Changes per year %
<b>Gross profit</b>	<b>17,111,166</b>	21,331,872	-19.8%
<b>Profit for the year</b>			
— Attributable to equity shareholders	<b>9,975,466</b>	13,016,635	-23.4%
— Attributable to non-controlling shareholders	<b>356,830</b>	357,459	-0.2%
— Total	<b>10,332,296</b>	13,374,094	-22.7%
<b>Core profit<sup>(1)</sup></b>			
— Attributable to equity shareholders	<b>9,584,674</b>	12,036,857	-20.4%
— Attributable to non-controlling shareholders	<b>356,830</b>	357,459	-0.2%
— Total	<b>9,941,504</b>	12,394,316	-19.8%
<b>Total assets</b>	<b>285,901,557</b>	243,513,648	17.4%
<b>Cash and bank balances</b>	<b>38,236,324</b>	42,869,161	-10.8%
<b>Total bank and other borrowings<sup>2</sup></b>	<b>93,874,502</b>	80,138,483	17.1%
<b>Total equity</b>	<b>67,768,283</b>	60,671,465	11.7%
<b>Total equity attributable to equity shareholders</b>	<b>47,894,617</b>	42,403,234	13.0%
<b>Key financial ratios</b>			
Gross profit margin <sup>(2)</sup>	<b>21.9%</b>	30.0%	
Core profit margin <sup>(3)</sup>	<b>12.7%</b>	17.4%	
Net debt-to-equity ratio <sup>(4)</sup>	<b>82.1%</b>	61.4%	
Asset/liability ratio <sup>(5)</sup>	<b>71.0%</b>	69.8%	

Notes:

1. Excluding the car parking portion
  2. Including bank and other loans, senior notes and corporate bonds
- (1) Core profit: net profit excluding changes in fair value of investment properties and derivatives financial instruments and relevant deferred tax, dividend withholding tax and equity-settled share option expense.
- (2) Gross profit margin:  $\text{Gross profit} \div \text{Revenue} \times 100\%$
- (3) Core profit margin:  $\text{Core profit} \div \text{Revenue} \times 100\%$
- (4) Net debt-to-equity ratio:  $(\text{Total bank and other borrowings} - \text{Cash and bank balances}) \div \text{total equity} \times 100\%$
- (5) Asset/liability ratio:  $\text{Total liabilities deducting contract liabilities} \div \text{Total assets deducting contract liabilities} \times 100\%$

## MANAGEMENT DISCUSSION AND ANALYSIS

## (I) Revenue

Total revenue of the Group for the year ended 31 December 2021 increased to RMB78,292.6 million by approximately RMB7,212.9 million, or approximately 10.2%, as compared with 2020, mainly due to the increase in revenue from property development as compared to 2020. Revenue from property development for the year ended 31 December 2021 amounted to approximately RMB66,677.3 million, representing an increase of approximately 21.5% as compared to RMB54,858.4 million in 2020. Greater Bay Area, Southwest Region, Yangtze River Delta Region and other regions contributed to the revenue from property development of 2021, accounting for 66.5%, 17.9%, 6.3% and 9.3%, respectively.

Details of revenue from property development by region are as follows:

	Amount (RMB Million)	Percentage	GFA <sup>1</sup> (sq.m.)	Percentage	ASP (RMB/sq.m.)
Greater Bay Area	<b>44,308</b>	<b>66.5%</b>	<b>2,703,192</b>	<b>65.1%</b>	<b>16,391</b>
Southwest Region	<b>11,991</b>	<b>17.9%</b>	<b>1,138,345</b>	<b>27.4%</b>	<b>10,534</b>
Yangtze River Delta	<b>4,173</b>	<b>6.3%</b>	<b>259,677</b>	<b>6.3%</b>	<b>16,070</b>
Other regions	<b>6,205</b>	<b>9.3%</b>	<b>50,288</b>	<b>1.2%</b>	<b>12,339</b>
<b>Total</b>	<b>66,677</b>	<b>100%</b>	<b>4,151,502</b>	<b>100%</b>	

<sup>1</sup> Taking no account of GFA attributable to car parking spaces.

Details of the revenue from property development by project are as follows:

Project name	2021		2020	
	GFA <sup>1</sup> (sq.m.)	Amount <sup>2</sup> RMB'000	GFA <sup>1</sup> (sq.m.)	Amount <sup>2</sup> RMB'000
Dongguan Chang'an Jiangnan Royal City (東莞長安江南大境)	<b>174,216</b>	<b>6,110,252</b>	—	—
Shenzhen Acescene Park (深圳玖悅臺)	<b>66,319</b>	<b>5,500,840</b>	—	—
Zhuhai Ace Prestige Bay (珠海玖譽灣)	<b>207,995</b>	<b>4,803,760</b>	—	—
Shenzhen Acesite Park (深圳玖龍臺)	<b>113,871</b>	<b>4,419,029</b>	80,138	3,590,100
Foshan Water Castle (佛山尚水華府)	<b>127,122</b>	<b>2,222,235</b>	28,257	511,960
Huizhou Logan City (惠州龍光城)	<b>133,708</b>	<b>2,169,696</b>	272,935	2,060,218
Jiashan Acesite Garden (嘉善玖臺花苑)	<b>124,847</b>	<b>2,068,142</b>	—	—
Heyuan Logan City (河源龍光城)	<b>328,368</b>	<b>1,990,576</b>	—	—
Zhuhai Acesite Mansion (珠海玖龍壘)	<b>42,302</b>	<b>1,834,156</b>	107,711	2,644,518
Nanning Logan Tianying (南寧龍光天瀛)	<b>101,004</b>	<b>1,821,189</b>	—	—
Foshan Nanhai Sirius (佛山南海天曜)	<b>71,581</b>	<b>1,745,912</b>	83,747	1,717,807
Nanning Glory City (南寧玖譽城)	<b>186,183</b>	<b>1,636,030</b>	183,241	1,327,345



Project name	2021		2020	
	GFA <sup>1</sup> (sq.m.)	Amount <sup>2</sup> RMB'000	GFA <sup>1</sup> (sq.m.)	Amount <sup>2</sup> RMB'000
Foshan Green Castle (佛山綠環瓏府)	69,406	1,411,036	—	—
Zhaoqing Ace Prestige City (肇慶玖譽城)	231,365	1,368,523	—	—
Shantou Ocean Sunshine (汕頭碧海陽光)	175,809	1,286,362	—	—
Nanning Gragon Castle (南寧玖瓏華府)	81,193	1,176,344	—	—
Nanning Shuiyue Longwan Yujiang (南寧水悅龍灣禦江)	117,238	1,093,682	—	—
Jiashan Jiuyue Castle (嘉善玖悅華府)	71,670	1,091,828	—	—
Zhaoqing Acesite Lake (肇慶玖龍湖)	158,158	1,085,907	180,957	318,479
Huizhou Masterpiece (惠州玖雲臺)	115,671	1,078,335	—	—
Zhaoqing Acesite Mount (肇慶玖龍山)	133,734	958,453	—	—
Chengdu Century Center (成都世紀中心)	89,264	946,941	58,841	716,865
Nanning Impressions of Discovery Bay (南寧印象愉景灣)	86,325	935,292	204,933	1,212,405
Shanghai Jiangnan Yajingli (上海江南雅境里)	55,974	885,033	—	—
Chengdu Logan Tianfu Acesite Park (成都龍光天府玖龍郡)	80,178	780,085	—	—
Chaozhou Sunshine Garden (潮州陽光禧園)	127,901	764,940	—	—
Huizhou Banyan Park (惠州玖榕府)	77,339	697,913	—	—
Meishan Acesite Park (眉山玖龍府)	94,473	677,893	—	—
Foshan Dragon Castle (佛山龍馨華府)	63,569	661,655	67,043	616,384

## MANAGEMENT DISCUSSION AND ANALYSIS

Project name	2021		2020	
	GFA <sup>1</sup> (sq.m.)	Amount <sup>2</sup> RMB'000	GFA <sup>1</sup> (sq.m.)	Amount <sup>2</sup> RMB'000
Liuzhou Lotus Castle (柳州蓮花悅府)	52,878	644,465	—	—
Huizhou Acesite Park (惠州玖龍臺)	63,063	599,862	—	—
Zhongshan Ace Prestige Bay (中山玖譽灣)	47,472	591,512	—	—
Foshan Dragon River Garden (佛山瓏濱熙園)	24,586	533,833	114,502	994,966
Foshan Acescene Park (佛山玖悅臺)	23,103	521,522	—	—
Liuzhou Acesite Park (柳州玖龍府)	63,842	489,194	41,457	393,294
Nanning Jiangnan Courtyard (南寧江南院子)	64,324	470,017	117,262	1,201,190
Zhuhai Jiulonghui International Culture Creativity Center (珠海九龍匯國際文創中心)	21,476	452,465	—	—
Nanning Riverine Sunshine (南寧陽光河畔)	61,802	415,619	—	—
Foshan Jiuyun Garden (佛山玖雲熙園)	39,215	400,661	—	—
Nanning Glory Lake (南寧玖譽湖)	3,898	328,524	434,529	3,583,580
Huizhou Seaward Heaven Garden (惠州天禧花園)	40,325	326,897	94,825	816,866
Shenzhen Carat Complex (深圳玖鑽)	5,354	226,064	15,797	782,647
Foshan Dragon River Landscape (佛山瓏濱嘉園)	5,515	207,933	72,962	771,183
Nanning Sirius (南寧天曜)	11,985	195,581	61,891	962,720
Nanning Logan Century Centre (南寧龍光世紀)	11,691	182,914	11,987	216,692
Guilin Provence (桂林普羅旺斯)	26,720	140,377	—	—
Suzhou Ace Prestige Bay (蘇州玖譽灣)	6,032	101,869	43,555	746,663
Zhongshan Acesite County (中山玖龍郡)	1,904	83,821	58,436	559,750
Zhongshan Violet Castle (中山春江紫宸)	3,311	73,905	99,613	1,589,278
Shenzhen Acesite Glory Mansion (深圳玖譽府)	1,592	69,568	33,595	1,580,368
Zhongshan Acesite Bay (中山玖龍灣)	5,380	64,486	114,615	687,171
Fangchenggang Sunshine Seaward (防城港陽光海岸)	3,534	40,349	247,673	1,385,922
Dongguan Acesite Mansion (東莞玖龍璽)	96	19,501	55,354	1,321,078
Jiashan Acesite Bay (嘉善玖龍灣)	863	16,325	33,577	684,944
Nanning Ace Prestige Bay (南寧玖譽灣)	1,547	13,662	155,411	1,351,844
Zhongshan Acesite Park (中山玖龍府)	324	12,549	87,501	419,847
Huizhou Jasmine Mansion (惠州茉莉公館)	1,613	9,916	74,773	484,242
Jiashan Acesite Park (嘉善玖龍府)	290	9,789	32,183	579,691
Nanning Masterpiece (南寧玖雲著)	266	3,145	68,762	596,364



Project name	2021		2020	
	GFA <sup>1</sup> (sq.m.)	Amount <sup>2</sup> RMB'000	GFA <sup>1</sup> (sq.m.)	Amount <sup>2</sup> RMB'000
Huizhou Acesite Mount (惠州玖龍山)	335	2,748	118,078	163,940
Huizhou Acesite Park (惠州玖龍府)	94	1,145	163,938	1,892,971
Nanning Longguang Acesite Park (南寧龍光玖瓏臺)	—	—	201,581	2,220,140
Huizhou Dragon Garden (惠州玖龍花園)	—	—	95,579	1,142,131
Nanning Acesite Glory Mansion (南寧玖譽府)	—	—	105,223	988,967
Chengdu Xinjin Acesite Park (成都新津玖龍府)	—	—	66,913	638,991
Nanning Glory Forest Lake (南寧玖譽湖林湖)	—	—	82,860	595,844
Nanning Acesite Park (南寧玖龍臺)	—	—	47,020	363,815
Shenzhen Acesite Mansion (深圳玖龍璽)	—	—	2,477	301,640
Foshan Riverine View Castle (佛山望江府)	—	—	7,330	272,714
Foshan Dragon Castle (佛山龍灣華府)	—	—	190	246,678
Zhongshan Royal Heaven Garden (中山禦海天璽花園)	—	—	38,475	237,314
Others	50,288	6,205,064	512,193	9,366,862
<b>Total</b>	<b>4,151,501</b>	<b>66,677,321</b>	4,779,920	54,858,387

Notes: 1. Excluding the car parking portion.  
2. Including revenue from sales of car parking spaces, but before deduction of sales related taxes.

(II) *Cost of sales*

Cost of sales of the Group for the year ended 31 December 2021 increased by approximately RMB11,433.6 million to RMB61,181.5 million, or approximately 23.0%, as compared with 2020, primarily due to the increase in cost of sales of property development. Key components of costs are as follows:

	2021 RMB'000	2020 RMB'000	Change per year %
Costs	61,181,459	49,747,857	23.0%
— Property development	53,273,419	39,829,687	33.8%
— Development management	6,716,701	8,665,279	-22.5%
— Urban redevelopment business	1,143,806	1,216,103	-5.9%
— Property operation	47,533	36,788	29.2%

## MANAGEMENT DISCUSSION AND ANALYSIS

### (III) *Selling and marketing expenses and administrative expenses*

The selling and marketing expenses of the Group for the year ended 31 December 2021 amounted to approximately RMB2,170.7 million (2020: RMB1,672.2 million). As the Group further increased its property marketing efforts in response to the challenging market environment in 2021, the selling and marketing expenses had increased by approximately 29.8% as compared with 2020.

The administrative expenses of the Group for 2021 amounted to approximately RMB1,675.2 million (2020: RMB1,867.3 million), representing a decrease of approximately 10.3% as compared with 2020, which was mainly attributable to a decrease in overall expenses as a result of better cost control in 2021.

### (IV) *Profit from operations*

The profit from operations of the Group for 2021 amounted to approximately RMB16,088.3 million (2020: RMB21,549.2 million), representing a decrease of approximately 25.3%. The profit from operations of the Group decreased by approximately RMB5,460.9 million as compared with 2020, which was mainly attributable to a decrease of RMB4,220.7 million in the gross profit of the Group.

### (V) *Net finance costs*

The net finance costs of the Group for 2021 decreased to approximately RMB1,298.5 million (2020: RMB2,051.4 million).

### (VI) *Tax*

Taxes of the Group for the year ended 31 December 2021 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB3,208.1 million and RMB1,249.3 million, respectively (2020: approximately RMB4,583.7 million and RMB1,540.0 million).

### (VII) *Core Profit*

The core profit of the Group for the year ended 31 December 2021 amounted to approximately RMB9,941.5 million, representing a decrease of approximately RMB2,452.8 million as compared with 2020. The core profit margin of the Group for the year ended 31 December 2021 was approximately 12.7% (2020: approximately 17.4%), representing a decrease of approximately 4.7 percentage points as compared with 2020.

### (VIII) *Liquidity and financial resources*

As at 31 December 2021, net debt-to-equity ratio, asset/liability ratio and cash to short-term debt ratio were 82.1%, 71.0% and 1.07 times respectively.

As at 31 December 2021, total assets of the Group amounted to approximately RMB285,901.6 million (31 December 2020: RMB243,513.6 million), of which current assets amounted to approximately RMB223,330.7 million (31 December 2020: RMB193,134.1 million). Total liabilities amounted to approximately RMB218,133.3 million (31 December 2020: RMB182,842.2 million), of which non-current liabilities amounted to approximately RMB63,007.5 million (31 December 2020: RMB62,070.8 million). Total equity amounted to approximately RMB67,768.3 million (31 December 2020: RMB60,671.5 million).

As at 31 December 2021, the Group had cash and bank balances of approximately RMB38,236.3 million (31 December 2020: RMB42,869.2 million) and total borrowings of approximately RMB93,874.5 million (31 December 2020: RMB80,138.5 million). As at 31 December 2021, total net borrowings of the Group amounted to approximately RMB55,638.2 million (31 December 2020: RMB37,269.3 million), the net debt-to-equity ratio of the Group was 82.1% (31 December 2020: 61.4%)

*(IX) Financing activities*

The Group had successfully issued four tranches of senior notes of USD960 million during the year.

Shenzhen Logan Holdings Co., Ltd, a wholly-owned subsidiary of the Company, had successfully issued three tranches of public domestic bonds of RMB3,274 million during the year.

*(X) Foreign Exchange Exposure*

The Group's businesses are principally conducted in Renminbi. Other than the bank deposits, bank borrowings and the senior notes denominated in foreign currencies, the Group does not have any material exposure directly due to foreign exchange fluctuations. The Group has not entered into any material forward exchange contract to hedge its exposure to foreign exchange risk. The Group will continue to monitor foreign exchange changes to minimize foreign exchange exposure.

*(XI) Employees and Remuneration Policy*

As at 31 December 2021, the Group had approximately 2,897 employees (2020: 2,999). Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. The remuneration policy of the Group is to provide remuneration packages, including basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted a share option scheme and a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details in relation to the Share Option Scheme and the Share Award Scheme are set out in the sections headed "Share Option Scheme" and "Share Award Scheme" in this annual report.

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Kei Hoi Pang**, aged 56, was appointed as an executive director of the Company on 18 November 2013. Mr. Kei is also the founder and Chairman of the Company. He is the chairman of Nomination Committee and a member of Remuneration Committee of the Company. Mr. Kei was also the chief executive officer of the Company from April 2011 to 29 January 2018. He is primarily responsible for the overall strategic planning of the Group's business. In March 1996, Mr. Kei held the position as an executive director and the chief executive officer of Guangdong Logan (Group) Co., Ltd., one of the Group's predecessors. Since October 2009, Mr. Kei has also served as a director and chief executive officer of Shenzhen Logan Holdings Company Limited. Mr. Kei is presently a member of the 13th National Committee of Chinese People's Political Consultative Conference. Mr. Kei has over 20 years of experience in the property development industry and possesses experience in corporate strategic planning and management as well as project management.

**Mr. Lai Zhuobin**, aged 50, was appointed as an executive director of the Company on 18 November 2013. He was appointed as the chief financial officer of the Company in July 2015. In September 2019, he was appointed as the chief executive officer of the Company. Mr. Lai was employed by Logan Property Limited Liability Company (formerly known as "Logan Real Estate Holdings Co., Ltd.") in 2007 and held various senior positions within the financial management division during the period from November 2007 to May 2011. In May 2011, Mr. Lai was served as the financial controller of Shenzhen Logan Holdings Company Limited. He is a member of the Chinese Institute of Certificate Public Accountants. Mr. Lai obtained a bachelor's degree in science from Sun Yat-sen University (中山大學) in July 1993 and obtained a master's degree in engineering from Beijing Institute of Technology in July 2003. Mr. Lai also obtained an executive master of business administration from Peking University in 2013.

**Mr. Xiao Xu**, aged 50, was appointed as an executive director of the Company on 18 November 2013 and the vice president of the Company in July 2015. Mr. Xiao is mainly responsible for implementing strategic development, investment analysis and external affairs of the Group. Mr. Xiao was employed by Logan Property Limited Liability Company (formerly known as "Logan Real Estate Holdings Co., Ltd.") in 2007 and held various senior management positions during the period from August 2007 to April 2011 prior to his appointment as the assistant to the president of Shenzhen Logan Holdings Company Limited in April 2011. Mr. Xiao was also appointed as the director of Shenzhen Logan Junchi Property Development Co., Ltd. (深圳市龍光駿馳房地產開發有限公司) and Zhuhai Bojun Property Development Co., Ltd. (珠海市鉑駿房地產開發有限公司) in August 2014. He has substantial experience in investment analysis, corporate management, secretarial work and external liaison. Mr. Xiao obtained a bachelor's degree in business management from Jinan University (暨南大學) in June 1993 and obtained a postgraduate diploma in economics from the Party School of Chinese Communist Party of Guangdong Province (中共廣東省委黨校) in July 1998.

**Mr. Zhong Huihong**, aged 51, has extensive experience in corporate operations, investment development and urban redevelopment affairs. He joined the Group as a vice president in May 2018. Prior to joining the Group, he served as a vice president and the chief operating officer of Top Spring International Holdings Limited, the shares of which are listed on the Stock Exchange (Stock Code: 3688) from January 2014 to May 2018. He was employed as the vice president of Shenzhen Agricultural Products Co., Ltd, the shares of which are listed on Shenzhen Stock Exchange (Stock Code: 000061) from January 1995 to December 2013. Mr. Zhong holds a Bachelor's degree in Environmental Engineering and a Master's degree in Architectural and Civil Engineering from Tsinghua University. He is a senior engineer (construction) (施工高級工程師) accredited by the Shenzhen Professional and Technological Qualifications Evaluation Committee for Senior Engineers (Construction) (深圳市建築工程高級專業技術資格評審委員會).

**Ms. Huang Xiangling**, aged 46, was appointed as the executive president of the Group on 7 March 2022 and an executive director of the Company on 31 March 2022, being primarily responsible for the management of public affairs of the Group as well as the Group's businesses in Shenzhen, Huizhou and western cities. Ms. Huang joined the Group in 2005. Since August 2005, she has held various positions in the Group, including general manager of subsidiaries, assistant to the president, and vice president of the Group. Ms. Huang has extensive experience in project management, internal management and external liaison. In June 2007, Ms. Huang obtained a diploma in public affairs management from Zhejiang University through a distance learning program.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Zhang Huaqiao**, aged 59, was appointed as an independent non-executive Director on 18 November 2013. Mr. Zhang is a member of Audit Committee and Nomination Committee, and chairman of Remuneration Committee of the Company. Mr. Zhang is a director of various companies the shares of which are listed on the Hong Kong Stock Exchange, including an independent non-executive director of Fosun International Limited (Stock Code: 656), Zhong An Group Limited (Stock Code: 672), Luye Pharma Group Ltd. (Stock Code: 2186) and Radiance Holdings (Group) Company Limited (Stock Code: 9993). Mr. Zhang was appointed as an independent non-executive director, the chairman of the risk committee and a member of the audit committee and remuneration committee of Haitong International Securities Group Limited (Stock Code: 665) on 28 May 2021. Mr. Zhang resigned as a non-executive director and the chairman of the board of China Smartpay Group Holdings Limited (formerly known as "Oriental City Group Holdings Limited") (Stock code: 8325) on 20 January 2020. Mr. Zhang resigned as an independent nonexecutive director of Yancoal Australia Ltd (Stock Code: YAL, a company listed on the Australia Securities Exchange) on 30 January 2018, Sinopec Oilfield Service Corporation (formerly known as "Sinopec Yizheng Chemical Fibre Company Limited") (Stock Code: 1033) on 20 June 2018, Wanda Hotel Development Company Limited (Stock Code: 169) on 30 May 2018 and China Rapid Finance Limited (Stock Code: XRF, a company listed on the New York Exchange) on 28 March 2019 respectively. He retired as a non-executive director of Boer Power Holdings Limited (Stock Code: 1685) on 6 May 2019 and an independent nonexecutive director of China Huirong Financial Holdings Limited (Stock Code: 1290) on 28 May 2021 respectively. From June 1999 to April 2006, Mr. Zhang had worked with UBS AG, Hong Kong Branch and held positions as a director, executive director, managing director and the co-head of its China Research team. Mr. Zhang obtained a master's degree in economics from the Graduate School of the People's Bank of China in July 1986 and obtained a master's degree in economics of development from the Australian National University in April 1991.

**Ms. Liu Ka Ying, Rebecca**, aged 52, was appointed as an independent non-executive director of the Company on 18 November 2013. Ms. Liu is the chairman of Audit Committee, and a member of Nomination Committee and Remuneration Committee of the Company. She was appointed as an independent non-executive director of SITC International Holdings Company Limited (Stock Code: 1308) on 18 December 2020. From June 1996 to March 2002, Ms. Liu served as the general manager for the Asia and China region of The PRG-Schultz International, Inc., a company listed on NASDAQ. In January 2007, Ms. Liu was appointed as the chief executive officer of AllPanther Asset Management Limited (竣富(資產)管理有限公司) and served at such position since then. She possesses experience in management, investment in real estate development and private investment funds, as well as accounting and financial management. Ms. Liu is currently the senior vice president of Fortune (Shanghai) Limited.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Liu is a member of the American Institute of Certified Public Accountants (AICPA), Illinois CPA Society (ICPAS) of the United States and Hong Kong Institute of Certified Public Accountants (HKICPA). Ms. Liu obtained a double bachelor's degree in Business Administrative Studies from York University, Canada with major in management and in accounting (with honours) in 1992 and 1994, respectively. She also obtained a doctoral's degree in business administration from Victoria University of Switzerland in November 2011. She is also a member of the Hong Kong Institute of Bankers, Association of Women Accountants (Hong Kong) Limited, Hong Kong Professionals and Senior Executives Association. She was also a former member of the Tenth and the Eleventh Jilin Provincial Committee of the Chinese People's Political Consultative Conference.

**Mr. Cai Suisheng**, aged 71, was appointed as an independent non-executive Director of the Company on 18 November 2013. Mr. Cai is a member of Audit Committee of the Company. Mr. Cai is currently the honorary president of Guangdong Provincial Real Estate Association (廣東省房地產行業協會). Mr. Cai was appointed as a senior consultant of Shenzhen Real Estate Intermediary Association (深圳市房地產中介協會) in January 2019. Also, in 2004, Mr. Cai was a visiting scholar at the Institute of Housing and Urban Research of Uppsala University in Sweden (瑞典烏普薩拉大學住房與城市發展研究所). In October 2013, Mr. Cai was appointed as visiting professor of College of Real Estate of Beijing Normal University Zhuhai. From 2006 to 2010, Mr. Cai served as a standing director of the China Real Estate Association (中國房地產業協會). From 2007 to 2016, Mr. Cai was appointed as the president of Guangdong Provincial Real Estate Association and the vice president of Guangdong Economics Association (廣東經濟學會) respectively. During the period from June 2008 to July 2020, Mr. Cai served as an independent non-executive director and an external director of Guangzhou Pearl River Industrial Development Co., Ltd. (廣州珠江實業開發股份有限公司), a company listed on the Shanghai Stock Exchange. During the period from October 2013 to August 2020, Mr. Cai was appointed as the honorary professor and the visiting professor of the department of urban planning and design of the University of Hong Kong. Mr. Cai has in-depth knowledge and extensive experience in real estate policies, market and urban management and has published numerous articles and reviews regarding the real estate market, housing policy as well as urban development and management in various newspapers and publications.

## SENIOR MANAGEMENT

Name	Position
Mr. Kei Hoi Pang	Chairman
Mr. Lai Zhuobin	Chief Executive Officer
Mr. Xiao Xu	Vice President
Mr. Zhong Huihong	Vice President
Ms. Huang Xiangling	Executive President

Please refer to the section headed "Executive Directors" above for the biographies of Mr. Kei Hoi Pang, Mr. Lai Zhuobin, Mr. Xiao Xu, Mr. Zhong Huihong and Ms. Huang Xiangling.

# CORPORATE GOVERNANCE REPORT

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to present this Corporate Governance Report for the period from 1 January 2021 to 31 December 2021.

## Corporate Governance Practices

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders of the Company (the “Shareholders”) and enhance corporate value. The Company’s corporate governance practices are based on the principles set out in Part 2 of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

The Company has adopted, applied and complied with the CG Code effective during the year for the year ended 31 December 2021.

## Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2021. In addition, the Board has also adopted the principles and rules of the Model Code as written guidelines for relevant employees (the “Employees Written Guidelines”) in respect of their dealings in the securities of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

## Board of Directors

The Company is headed by an effective Board which oversees the Group’s businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company. The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

## Board Composition

The Board currently comprises five executive Directors and three independent non-executive Directors. Independent non-executive Directors constitute not less than one-third of the Board.

The list of the Directors is set out in section headed “Corporate Information” on page 8 and their biography (including the relationships between the members of the Board) are set out in the section headed “Biographies of Directors and Senior Management” on pages 34 to 36 of this annual report. Save as otherwise disclosed, there is no relationship (including financial, business, family or other material relationship) between any members of the Board.

## Chairman and Chief Executive Officer

The positions of chairman and chief executive officer are currently held by Mr. Kei Hoi Pang and Mr. Lai Zhuobin respectively. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer focuses on the Company’s business development and daily management and operations generally.

## CORPORATE GOVERNANCE REPORT

### Independent Non-executive Directors

During the year 2021, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

### Appointment and Re-election of Directors

Each of the Directors is appointed for a specific term of three years. In accordance with the articles of association of the Company (the "Articles of Association") and Code Provision B.2.2 in Part 2 of the CG Code, each of the Directors is subject to retirement by rotation at least once every three years. In case of any Director appointed by the Board to fill a casual vacancy shall hold the office until the first general meeting after his appointment and be subject to re-election by the Shareholders at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold the office only until the next following annual general meeting and shall then be eligible for re-election by the Shareholders.

### Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board takes decisions objectively in the interests of the Company.

All Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have timely access to appropriate information of the Company as well as the services and advice from the company secretary and senior management of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company. The Board reserves its decision on all major matters which relate to policies, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management. The delegated functions are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by senior management.

The Board believes that independent non-executive Directors have brought their independent judgment on issues in connection with the Group's strategies, performance, conflict of interests and management process so that the interests of all Shareholders are considered and safeguard.



### Continuous Professional Development of Directors

Every newly appointed Director (if any) shall receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors' training is an on-going process. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company also updates Directors on any latest development regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices.

The training records of the Directors for year 2021 are summarized as follows:

Name of Directors	Participated in online training and reading materials relevant to corporate governance, regulatory updates and director's duties
<b>Executive Directors</b>	
Mr. Kei Hoi Pang	✓
Mr. Lai Zhuobin	✓
Mr. Xiao Xu	✓
Mr. Zhong Huihong	✓
<b>Non-executive Director</b>	
Ms. Kei Perenna Hoi Ting	✓
<b>Independent Non-executive Directors</b>	
Mr. Zhang Huaqiao	✓
Ms. Liu Ka Ying, Rebecca	✓
Mr. Cai Suisheng	✓

## CORPORATE GOVERNANCE REPORT

### Board Meetings

The Board meets regularly to review the financial and operating performance of the Company and to discuss future strategy.

The attendance record of each Director at the Board meetings and the general meeting of the Company held in 2021 is set out in the table below:

Name of Director	Attendance/Number of	
	Board Meetings	General Meeting (AGM)
<b>Executive Directors</b>		
Mr. Kei Hoipang	4/4	1/1
Mr. Lai Zhuobin	4/4	1/1
Mr. Xiao Xu	4/4	1/1
Mr. Zhong Huihong	4/4	1/1
<b>Non-executive Director</b>		
Ms. Kei Perenna Hoi Ting	4/4	1/1
<b>Independent Non-executive Directors</b>		
Mr. Zhang Huaqiao	4/4	1/1
Ms. Liu Ka Ying, Rebecca	4/4	1/1
Mr. Cai Suisheng	4/4	1/1

The chairman also held a meeting solely with the independent non-executive Directors without the presence of other Directors on 26 March 2021.

### Board Committees

The Board has established Audit Committee, Remuneration Committee and Nomination Committee in assisting the Board to discharge its functions. The terms of reference of such committees are posted on the Company's website and the Stock Exchange's website.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" on page 8 of this annual report.

### Audit Committee

According to the terms of reference of the Audit Committee, its main duties include (but not limited to) making recommendations on the appointment of external auditor and monitoring the effectiveness of external audit, supervision of internal audit and oversight of the integrity of financial information and the financial reporting system, overseeing internal audit, risk management and internal control systems of the Company and ensuring such functions are adequately resourced as well as to perform the corporate governance function.

During the year 2021, the Audit Committee reviewed 2020 annual financial statements and 2021 half-year financial statements and recommended the same to the Board for approval. The Audit Committee oversaw matters concerning the Company's external auditors including reviewing the scope and quality of audit, the external auditors' independence and objectivity as well as their fees and making recommendations to the Board regarding the appointment of the external auditors, the nature and scope of their audit and their fees. The Audit Committee also reviewed the effectiveness of the internal audit function of the Company and the effectiveness of the risk management and internal control system of the Group which cover all material controls including financial, operational and compliance controls. During the year ended 31 December 2021, the Audit Committee communicated with the external auditors thrice to discuss 2020 annual financial statements, 2021 half-year financial statements and other issues arising from the audit.

The attendance record of each member at the Audit Committee meetings of the Company held in 2021 is set out in the table below:

Name of Directors	Attendance/ Number of Meetings
Ms. Liu Ka Ying, Rebecca ( <i>Chairman</i> )	3/3
Mr. Zhang Huaqiao	3/3
Mr. Cai Suisheng	3/3

### Remuneration Committee

According to the terms of reference of the Remuneration Committee and the model adopted whereby the Remuneration Committee is responsible for making recommendation to the Board on the remuneration packages of individual executive Director and senior management. The Remuneration Committee is also responsible for making recommendation to the Board on the remuneration matters of non-executive Directors, the setting up of adequate and transparent procedures for setting such remuneration.

No Director or any of the senior management is allowed to determine their own remuneration. In making recommendation to the Board on the remuneration of Directors and senior management, the Remuneration Committee shall consider factors such as time commitment and responsibilities of Directors, employment conditions of other positions within the Group and whether their remuneration are performance-related.

During the year 2021, the Remuneration Committee had reviewed the remuneration of the Directors and other incentive rewards.

## CORPORATE GOVERNANCE REPORT

The attendance record of each member at the Remuneration Committee meeting of the Company held in 2021 is set out in the table below:

Name of Director	Attendance/ Number of Meeting
Mr. Zhang Huaqiao ( <i>Chairman</i> )	1/1
Mr. Kei Hoi Pang	1/1
Ms. Liu Ka Ying, Rebecca	1/1

The remuneration of the senior management by band for the year ended 31 December 2021 is set out below:

Annual Income	Number of Persons
RMB5,000,000 to 10,000,000	4
Over RMB10,000,000	1

### Nomination Committee

According to the terms of reference of the Nomination Committee, its duties mainly include (but not limited to) reviewing the structure, size and composition of the Board and reviewing the policy on board diversity, assessing the independence of the independent non-executive Directors as well as making recommendations to the Board on the selection of individuals nominated for directorships.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's board diversity policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the year 2021, the Nomination Committee reviewed the structure, size and composition of the Board. It also reviewed the retirement and re-election of Directors at the forthcoming AGM and the independence of the independent non-executive Directors. The attendance record of each member at the Nomination Committee meeting of the Company held in 2021 is set out in the table below:

Name of Director	Attendance/ Number of Meeting
Mr. Kei Hoi Pang ( <i>Chairman</i> )	1/1
Mr. Zhang Huaqiao	1/1
Ms. Liu Ka Ying, Rebecca	1/1

### **Board Diversity Policy**

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the board diversity policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to striving for diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Nomination Committee will review the board diversity policy, as appropriate, to ensure its effectiveness.

### **Director Nomination Policy**

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a director nomination policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

## CORPORATE GOVERNANCE REPORT

The director nomination policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and Board committees.

The director nomination policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the director nomination policy, as appropriate, to ensure its effectiveness.

### **Dividend Policy**

The Company has adopted a dividend policy on payment of dividends. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to shareholders' approval.

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

In determining payment of dividends, the Company shall share its profits with Shareholders while maintaining adequate reserves for meeting its future growth, with a view to declaring dividends higher than the industrial average level and achieving a stable and better return for the Shareholders.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of Shareholders;
- tax issue;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, the following dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may consider appropriate.

### **Corporate Governance Functions**

The Audit Committee is responsible for performing the functions set out in the Code Provision A.2 in Part 2 of the CG Code.

During the year 2021, the Audit Committee reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements and the Company's compliance with the code and disclosure in this corporate governance report.

## CORPORATE GOVERNANCE REPORT

### Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions. The procedures and guidelines comprise the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

The Company has also in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Company has established the "Notice in respect of Further Regulations on Joint Ventures Management" which formalised the management of the joint ventures and related affairs.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2021.

The Group's audit and legal office is responsible for internal audit function of the Company in performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The audit and legal office examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee. In addition, the Group has engaged SHINEWING Risk Services Limited to carry out the internal audit function such as the analysis and independent assessment of the adequacy and effectiveness of the Group's risk management and internal control systems covering financial, operational and legal compliance controls for the year ended 31 December 2021. The assessments were conducted semi-annually and the results have been finalized in August 2022 and communicated with the Audit Committee.



The Board, through the Audit Committee, had reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2021, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed respective disclosure policy which provides a general guide to the Company's Directors, senior management, officers and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. This includes but is not limited to the following:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Company enters into significant negotiations.

### Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing and reviewing the financial statements of the Company for the year ended 31 December 2021. The Director was of the view that the preparation of such financial statements are in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 69 to 75.

### Auditor's Remuneration

The remuneration of external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2021 is set out below:

Service Category	Fees
Audit Services	RMB8,000,000
Non-audit Services	—
<b>Total</b>	<b>RMB8,000,000</b>

## CORPORATE GOVERNANCE REPORT

### Company Secretary

Ms. Li Yan Wing, Rita has been appointed as the Company's company secretary. Ms. Li is a corporate services executive director of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Xiao Xu, an executive Director, has been designated as the primary contact person at the Company who would work and communicate with Ms. Li on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2021, Ms. Li has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

### Shareholders' Rights

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

### Convening General Meeting by Shareholders

Pursuant to Articles 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one 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.

### Putting Forward Proposals at General Meetings

There is no provision allowing Shareholders to move new resolutions at general meetings under the Companies Act of the Cayman Islands or the Articles of Association. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

## Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Unit Nos. 02-03A, Level 68, International Commerce Centre, 1 Austin Road West, Hong Kong  
(For the attention of the Board of Directors)  
Fax: (852) 2175 5098  
Email: i.r@logan.com.cn

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

The detailed procedures for Shareholders to propose a person for election as a Director can be found on the website of the Company headed "Corporate Governance" section.

Shareholders may call the Company at (852) 2823 9200 or (86) 755 8528 8221 for any enquiry.

## Communication with Shareholders and Investors/Investor Relations

The Board has established a shareholders' communication policy and posted it on the website of the Company setting out the principles of the Company in relation to Shareholders' communications, with the objective of ensuring that Shareholders are provided with equal and timely access to information about the Company, in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with the Company.

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

During the year 2021, the Company has not made any changes to its Articles of Association. An up-to-date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

# DIRECTORS' REPORT

The Board of Directors of the Company is pleased to present the annual report of the Company together with the audited consolidated financial statements for the year ended 31 December 2021.

## Principal Place of Business

Logan Group Company Limited (the "Company") is a company incorporated and has its registered office in the Cayman Islands. The Company's principal place of business in Hong Kong is situated at Unit Nos. 02-03A, Level 68, International Commerce Centre, 1 Austin Road West, Hong Kong.

## Principal Activities

The Company is an investment holding company, and its subsidiaries (the "Group") are principally engaged in property development, property investment, construction and decoration and urban redevelopment. The activities and particulars of the Company's subsidiaries are shown under note 1 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and notes 5 and 6 to the consolidated financial statements.

## Business Review

A review of the business of the Group during the year and a discussion of the Group's future business development are set out in "Chairman's Statement" on pages 14 to 15 of this annual report. Description of possible risks and uncertainties facing by the Company is set out in "Management Discussion and Analysis" on pages 18 to 33 of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Group's "Five Years' Financial Summary" on page 202 of this annual report.

## Environmental Protection and Compliance with Laws and Regulations

The Group is committed to supporting the environmental sustainability. Being a property developer and city complex operator in the PRC, the Group is subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments. These include regulations on air and noise pollution and discharge of waste and water. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. During the year under review, the Group has complied with relevant laws and regulations that have significant impact on the operations of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

## Relationship with Stakeholders

The Group believes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity to our staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

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

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

### **Consolidated Financial Statements**

The profit of the Group for the year ended 31 December 2021 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 76 to 201.

### **Results and Appropriations**

Profits attributable to shareholders for the year ended 31 December 2021, before dividends, of RMB9,975,466,000 (2020: RMB13,016,635,000) have been transferred to reserves. Other movements in reserves are set out on pages 80 to 81 of "Condensed Consolidated Statement of Changes in Equity".

### **Final Dividend**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: a final dividend of HK58 cents per share).

### **Closure of Register of Members**

To ascertain the shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on 13 October 2022 ("AGM"), the register of members of the Company will be closed from Monday, 10 October 2022 to Thursday, 13 October 2022, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 7 October 2022.

### **Investment Properties and Other Property, Plant and Equipment**

Details of the movements in the investment properties and other property, plant and equipment are set out in notes 15 and 14 to the consolidated financial statements, respectively.

### **Share Capital**

Details of the movements in the share capital of the Company for the year ended 31 December 2021 and as at that date is set out in note 29 to the consolidated financial statements.

## DIRECTORS' REPORT

### Placing of Existing Shares and Top-up Subscription of New Shares Under General Mandate

On 6 December 2021, the Company, Dragon Jubilee Investments Limited ("Dragon Jubilee") and the placing agents (the "Placing Agents"), being UBS AG Hong Kong Branch, BNP Paribas Securities (Asia) Limited and Citigroup Global Markets Limited, entered into a placing and subscription agreement (the "Placing and Subscription Agreement") pursuant to which (a) Dragon Jubilee agreed to appoint the Placing Agents and the Placing Agents agreed to act as agent of Dragon Jubilee to procure an aggregate of not less than six independent placees (the "Placees") on a several (and not joint nor joint and several) and fully underwritten basis, to purchase 172,000,000 placing shares (the "Placing Share(s)") held by Dragon Jubilee (the "Placing") in their respective relevant proportions at the placing price of HK\$6.80 per Placing Share (the "Placing Price"); and (b) Dragon Jubilee has conditionally agreed to subscribe for 172,000,000 subscription shares (the "Subscription Share(s)", which is equal to the total number of Placing Shares actually sold at the Placing), at the subscription price of HK\$6.80 per Subscription Share, which is equivalent to the Placing Price (the "Subscription").

The completion of the Placing and the Subscription took place on 9 December 2021 and 17 December 2021, respectively. A total of 172,000,000 Placing Shares have been successfully placed at the Placing Price by the Placing Agents to not less than six Placees pursuant to the terms and conditions of the Placing and Subscription Agreement. In addition, as all the conditions of the Subscription had been fulfilled, the Company allotted and issued 172,000,000 Subscription Shares to Dragon Jubilee on 17 December 2021. The Subscription Shares represent approximately 3.02% of the total number of shares of the Company in issue as enlarged by the allotment and issue of the Subscription Shares. Such Subscription Shares have an aggregate nominal value of HK\$17,200,000 based on the par value of HK\$0.1 per share and a market value of HK\$1,298.6 million based on the closing price of HK\$7.55 per share as quoted on the Stock Exchange on the date of the Placing and Subscription Agreement.

The net proceeds from the Subscription (after deducting all applicable costs and expenses of the Placing and the Subscription, including the Placing Agents' commission) amounted to approximately HK\$1,156.3 million, which was intended to be applied towards the Group's project investments and as general working capital of the Group. The net price per Subscription Share is HK\$6.72. As at 31 December 2021, net proceeds from Subscription in the amount of HK\$2 million had been applied as general working capital of the Group and HK\$1,154.3 million remained unutilised.

As at the date of report, the full amount of the net proceeds had been applied as general working capital of the Group, which was a stated intended use of the net proceeds in the announcement of the Company dated 7 December 2021.

## Reserves

Details of the movements in the reserves of the Group and the Company for the year ended 31 December 2021 are set out in “Condensed Consolidated Statements of Changes in Equity” and note 45 to the consolidated financial statements, respectively.

## Borrowings

Details of the borrowings are set out in the section headed “Management Discussion and Analysis” in this annual report and notes 25, 26 and 27 to the consolidated financial statements.

## Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 202 of this annual report.

## Purchase, Sale or Redemption of the Company’s Listed Securities

During the year ended 31 December 2021, the Company repurchased from the market a total of 3,790,000 shares of the Company (the “Shares”). All the Shares repurchased have been cancelled. Details of the repurchases of the Shares are as follows:

Date of Repurchase	Number of Shares Repurchased	Highest Price per Share (HK\$)	Lowest Price per Share (HK\$)	Aggregate Consideration (HK\$)
21 September 2021	500,000	6.96	6.64	3,403,850
23 September 2021	500,000	7.50	7.26	3,683,400
24 September 2021	490,000	7.50	7.39	3,645,502
20 December 2021	300,000	5.59	5.54	1,670,010
21 December 2021	500,000	5.76	5.65	2,862,000
22 December 2021	500,000	5.74	5.69	2,854,750
23 December 2021	500,000	5.85	5.78	2,909,950
24 December 2021	500,000	5.84	5.77	2,906,550

On 3 November 2021, the Company announced that an offer was being made (the “Offer”) to purchase for cash any and all of its outstanding 5.75% senior notes due 2022 in the aggregate principal amount of US\$244,075,000 (the “2022 Notes”). The Offer expired at 4:00 p.m. London Time on 10 November 2021. The Company had accepted for purchase all the 2022 Notes in an aggregate principal amount of US\$164,236,000 validly tendered at or prior to the aforementioned expiration deadline. The Offer was completed on 12 November 2021. The Company had repurchase of an aggregate principal amount of US\$18,050,000 of the 2022 Notes prior to the Offer. The 2022 Notes repurchased pursuant to the Offer and the repurchased 2022 Notes in the principal amount of US\$18,050,000 had been cancelled. After the cancellation, the aggregate outstanding principal amount of the 2022 Notes was US\$61,789,000. For details of the repurchase, please refer to the announcements of the Company dated 3 November 2021, 11 November 2021 and 17 November 2021 respectively.

## DIRECTORS' REPORT

As explained in the section headed "2. REASONS FOR SHARE BUY-BACK" of Appendix II of the circular of the Company dated 23 April 2021, the Company considers that share buy-back may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a buy-back will benefit the Company and the Shareholders.

On 9 December 2021, Dragon Jubilee completed the Placing of 172,000,000 Placing Shares at a price of HK\$6.80 per Placing Share. On 17 December 2021, Dragon Jubilee subscribed and the Company allotted and issued 172,000,000 Subscription Shares at a price of HK\$6.80 per Subscription Share. For further details, please refer to the Placing and Subscription Announcements and the section headed "Placing of Existing Shares and Top-up Subscription of New Shares Under General Mandate" in this annual report.

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

### Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association, or the law of Cayman Islands being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing shareholder.

### Directors

The list of Directors is set out on page 8 of this annual report.

In accordance with the Company's articles of association, Mr. Kei Hoi Pang, Mr. Xiao Xu, Mr. Cai Suisheng and Ms. Huang Xiangling shall retire from office at the AGM and, being eligible, offer themselves for re-election.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

### Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company and each of the independent non-executive Directors has signed an appointment letter with the Company. The appointment of each Director is for a period of three years and shall continue thereafter until being terminated by either party giving not less than three months' written notice.

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

### Directors' Interests in Contracts of Significance

Other than those transactions disclosed in note 40 to the consolidated financial statements and in the section "Continuing Connected Transactions" below, no contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



### Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

### Indemnity and Insurance Provisions

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

### Deed of Non-competition

The Company shall receive, from each of the controlling shareholders of the Company, an annual declaration on his/her/its compliance with the undertakings contained in the deed of non-competition (the “Deed of Non-Competition”) entered into by each of them in favour of the Company pursuant to which each of the controlling shareholders of the Company has undertaken to the Company that he/she/it will not or will procure that his/her/its associates (other than members of the Group) not to, engage in the development of residential properties or mixed-use properties, which mainly represent residential properties with developments ancillary to the Group’s residential projects, such as retail units, supermarkets and car parks, etc.

Details of the Deed of Non-Competition were disclosed in the prospectus of the Company dated 10 December 2013 under the section headed “Relationship with Our Controlling Shareholders”.

For the year ended 31 December 2021 the Company had received an annual written confirmation from each of the Company’s controlling shareholders in respect of their and their associates’ compliance with the Deed of Non-Competition. The independent non-executive Directors had reviewed and were satisfied that each of the controlling shareholders of the Company has complied with the Deed of Non-Competition for the year ended 31 December 2021.

### Biographical Details of Directors and Senior Management

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

### Continuing Disclosure Requirements under Rule 13.21 of the Listing Rules 2019 Facility Agreement

On 24 January 2019, the Company as borrower entered into a facility agreement with certain banks as lenders for a term loan facility of HK\$1,610,000,000 (the “2019 Facility Agreement”), which may be increased to not more than HK\$2,500,000,000 in accordance with the terms of the 2019 Facility Agreement at an interest rate of HIBOR plus 3.95% per annum. The facility has to be fully repaid within 42 months after the date of the 2019 Facility Agreement. On 15 July 2019, term loan facility has been increased by HK\$150,000,000 to HK\$1,760,000,000. On 25 July 2022, a letter agreement was entered into whereby the final maturity date of the term loan facility was extended to 24 January 2023.

## DIRECTORS' REPORT

Pursuant to the 2019 Facility Agreement, it shall constitute an event of default if (i) Ms. Kei Perenna Hoi Ting, her spouse and any of her child under the age of 18 years old, collectively do not or cease to beneficially own, direct or indirect, at least 51% of the beneficial shareholding interest in the issued share capital of, and carrying at least 51% of all the voting rights in, the Company, such shareholding interest and voting rights being free from any security; (ii) Mr. Kei Hoi Pang does not or ceases to have management control of the Company or the Group and/or control over the business of the Group; or (iii) any person other than any one of Mr. Kei Hoi Pang and Mr. Ji Jiande is or becomes the chairman of the Company. Upon and at any time after the occurrence of an event of default, the lenders may cancel all or any parts of their commitments and declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable.

As at the date of this report, the term loan facility of HK\$880,000,000 remained outstanding.

### 2020 Facility Agreement

On 8 April 2020, the Company as borrower entered into a facility agreement with certain banks as lenders pursuant to which a dual currency USD and HKD term loan facility of HK\$2,525,640,000 equivalent (with green shoe option of up to HK\$770,000,000) (the "2020 Facility Agreement"). The facility has to be fully repaid within 36 months after the date of the 2020 Facility Agreement.

Pursuant to the 2020 Facility Agreement, if (i) Ms. Kei Perenna Hoi Ting and her family collectively ceases to own, directly or indirectly, more than 50 per cent. of the Company's total issued share capital, free from any security; and/or (ii) Mr. Kei Hoi Pang and his family ceases to maintain control of the Group's business, if the majority lenders under the facilities so require, the Company shall prepay the facilities in full within the time specified under the 2020 Facility Agreement.

As at the date of this report, the term loan facility of HK\$2,230,000,000 and US\$38,000,000 remained outstanding.

The Company will continue to make relevant disclosure in its subsequent interim and annual reports of the Company pursuant to Rule 13.21 of the Listing Rules for as long as circumstances giving rise to the obligation under Rule 13.18 of the Listing Rules continue to exist.

Save as disclosed above, as at 31 December 2021, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

## Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was conditionally adopted by the written resolutions of the shareholders of the Company passed on 18 November 2013 and the summary of the principal terms of the Share Option Scheme was as follows:

### 1. Purpose of the Share Option Scheme:

The Share Option Scheme is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

### 2. Participants of the Share Option Scheme:

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new Shares as the Board may determine:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers, agents, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company or any of its subsidiaries.

### 3. Maximum number of Shares available for issue:

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the completion of the Global Offering ("the Hong Kong Public Offering and International Offering") (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), being 500,000,000 shares (representing approximately 8.79% of the number of the issued shares of the Company as at the date of this annual report), excluding for this purpose Shares which would have been issued on the exercise in full of options in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company, but not cancelled, lapsed or exercised). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may: (i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board.

## DIRECTORS' REPORT

Notwithstanding the foregoing, the 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 at any time shall not exceed 30% of the Shares in issue from time to time. No further options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditor of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

As at 31 December 2021, the total number of shares available for issue under the Share Option Scheme was 270,732,250 shares, which represented approximately 4.76% of the shares in issue as at the date of this annual report.

#### **4. Maximum entitlement of each participant under the Share Option Scheme:**

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting.

#### **5. The period within which the Share options must be exercised under the Share Option Scheme:**

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

#### **6. The minimum period for which an option must be held before it can be exercised:**

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

#### **7. The basis of determining the exercise price:**

Determined by the Board but shall not be less than the highest of (i) the closing price of the ordinary Shares as stated in the Stock Exchange daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average of the closing price of the ordinary Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of an ordinary Share.

## 8. The remaining life of the Share Option Scheme:

The Share Option Scheme will remain in force for a period of 10 years commencing from 18 November 2013. The remaining life of the Share Option Scheme is approximately 1 year and 2 months.

No share option has been granted during 2021. Details of the share options granted under the Share Option Scheme were as follows:

Name of Director	Date of grant	Exercise Price (HK\$)	Number of share options				Outstanding as at 31 December 2021	Percentage of total issued share capital <sup>(1)</sup>	Exercise period	Closing price of the securities immediately before the date on which the options were offered (HK\$)
			Outstanding as at 1 January 2021	Granted during this year	Exercised during this year	Cancelled/Lapsed during this year				
Mr. Kei Hoi Pang	25 August 2017	7.43	8,000,000	—	—	—	8,000,000	0.14%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
Mr. Lai Zhuobin	25 August 2017	7.43	2,800,000	—	—	—	2,800,000	0.05%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
Mr. Xiao Xu	25 August 2017	7.43	2,800,000	—	—	—	2,800,000	0.05%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
Ms. Kei Perenna Hoi Ting	25 August 2017	7.43	1,800,000	—	—	—	1,800,000	0.03%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
Mr. Zhong Huihong	22 October 2018	7.64	882,000	—	—	—	882,000	0.02%	22 October 2018 to 21 October 2028 <sup>(4)</sup>	7.33
<b>Total number held by Directors</b>	25 August 2017	7.43	15,400,000	—	—	—	15,400,000	0.27%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
	22 October 2018	7.64	882,000	—	—	—	882,000	0.02%	22 October 2018 to 21 October 2028 <sup>(4)</sup>	7.33
<b>Total number held by employees</b>	25 August 2017	7.43	33,262,000	—	(1,067,000)	(4,437,000)	27,758,000	0.49%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
	8 June 2018	12.50	34,427,000	—	—	(7,242,000)	27,185,000	0.48%	8 June 2018 to 7 June 2028 <sup>(3)</sup>	12.44
	22 October 2018	7.64	19,955,500	—	—	(4,874,500)	15,081,000	0.27%	22 October 2018 to 21 October 2028 <sup>(4)</sup>	7.33
	28 June 2019	12.64	6,480,500	—	—	(1,595,000)	4,885,500	0.09%	28 June 2019 to 27 June 2029 <sup>(3)</sup>	12.56
	12 June 2020	13.08	5,565,000	—	—	(1,875,000)	3,690,000	0.06%	12 June 2020 to 11 June 2030 <sup>(3)</sup>	13.02

## DIRECTORS' REPORT

### Notes:

- (1) The percentage is calculated based on the total number of 5,689,407,450 Shares in issue as at 31 December 2021.
- (2) The share options are exercisable within a period of 10 years from 25 August 2017 and subject to the following vesting schedule and performance review:
  - (i) up to 25% of the share options granted after the expiration of 36 months from 25 August 2017;
  - (ii) up to another 25% of the share options granted after the expiration of 48 months from 25 August 2017;
  - (iii) up to another 25% of the share options granted after the expiration of 60 months from 25 August 2017; and
  - (iv) all the remaining share options granted after the expiration of 72 months from 25 August 2017.
- (3) The share options are exercisable within a period of 10 years from 8 June 2018 and subject to the following vesting schedule and performance review:
  - (i) up to 33.3% of the share option granted to each grantee at any time after the expiration of 36 months from 8 June 2018;
  - (ii) up to 33.3% of the share option granted to each grantee at any time after the expiration of 48 months from 8 June 2018; and
  - (iii) the remaining of the share option granted to each grantee at any time after the expiration of 60 months from 8 June 2018.
- (4) The share options are exercisable within a period of 10 years from 22 October 2018 and subject to the following vesting schedule and performance review:
  - (i) up to 33.3% of the share option granted to each grantee at any time after the expiration of 36 months from 22 October 2018;
  - (ii) up to 33.3% of the share option granted to each grantee at any time after the expiration of 48 months from 22 October 2018; and
  - (iii) the remaining of the share option granted to each grantee at any time after the expiration of 60 months from 22 October 2018.
- (5) The share options are exercisable within a period of 10 years from 28 June 2019 and subject to the following vesting schedule and performance review:
  - (i) for some grantees, up to 33.3% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 66.7% of their share options granted at any time after the expiration of 48 months from the date of grant; and
  - (ii) for the remaining grantees, up to 50% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 50% of their share options granted at any time after the expiration of 48 months from the date of grant.
- (6) the share options are exercisable within a period of 10 years from the 12 June 2020 and will be vested after the expiration of 36 months from 12 June 2020.
- (7) The weighted average closing price of the shares immediately before the dates on which the share options were exercised by the employees was HK\$5.90.

For further details, please refer to note 30 to the consolidated financial statements of this annual report.

### Equity-linked Agreements

Save as the Share Option Scheme and the Share Award Scheme, no equity-linked agreements were entered into by the Company during the year under review.

### Share Award Scheme

A share award scheme (the “Share Award Scheme”) was adopted by the Company on 13 May 2020 (the “Adoption Date”). Unless early termination as determined by the Board pursuant to the Share Award Scheme, it shall be valid and effective for a term of 15 years commencing on the Adoption Date, subject to any extension of the period by the Board. The purpose of the Share Award Scheme is (i) to promote the effective realization of the medium and long-term performance growth targets of the Group; (ii) to promote the long-term sustained growth in the shareholder value of the Group; and (iii) to attract outstanding talents in the industry and to motivate and retain outstanding key talents of the Group with rewards and incentives.

According to the Share Award Scheme, shares up to 3% of the issued share capital of the Company (from time to time) will be purchased by the trustee from the market out of cash contributed by the Company (the “Award Shares”) and be held in trust for the relevant selected participants until the Award Shares are vested with the relevant selected participants in accordance with the provisions of the Share Award Scheme. Up to 31 December 2021, the Company had through the trustee purchased total 147,758,000 shares from the market, 74,784,000 shares of which were purchased in the year ended 31 December 2021 at an aggregate consideration of HK\$886,243,786 (including transaction costs). Since the Adoption Date, no Award Shares had been granted. For further details, please refer to note 30 to the consolidated financial statements of this annual report.

## DIRECTORS' REPORT

### Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of The Company or any of its Associated Corporations

As at 31 December 2021, the interests and short positions of the Directors and chief executives of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### (i) Interest in Shares of the Company

Name of Director	Nature of Interest	Number of Shares <sup>(1)</sup>	Underlying Shares Interested <sup>(2)</sup>	Aggregate interests	Approximate Percentage of Issued Share Capital <sup>(5)</sup>
Mr. Kei Hoi Pang	Beneficiary of a family trust <sup>(3)</sup>	3,401,600,000 (L)	—	3,401,600,000	59.79%
	Deemed interest <sup>(3)</sup>	851,281,250 (L)	—	851,281,250	14.96%
	Beneficial owner	8,200,000 (L)	8,000,000	16,200,000	0.28%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust <sup>(4)</sup>	3,401,600,000 (L)	—	3,401,600,000	59.79%
	Interest of a controlled corporation <sup>(4)</sup>	850,000,000 (L)	—	850,000,000	14.94%
	Beneficial owner	1,281,250 (L)	1,800,000	3,081,250	0.05%
Mr. Lai Zhuobin	Beneficial owner	2,606,250 (L)	2,800,000	5,406,250	0.09%
Mr. Xiao Xu	Beneficial owner	2,793,750 (L)	2,800,000	5,593,750	0.09%
Mr. Zhong Huihong	Beneficial owner	—	882,000	882,000	0.02%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The number of Shares represents the Shares in which the Directors are deemed to be interested as a result of holding share options.
- (3) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the Shares held through Junxi Investments Limited. He is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting.
- (4) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust, and therefore interested in the Shares held through Junxi Investments Limited. She is also indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 14.94% equity interests in the Company.
- (5) The percentage is calculated based on the total number of 5,689,407,450 Shares in issue as at 31 December 2021.



**(ii) Interest in Associated Corporation of the Company**

Name of Director	Name of Associated Corporation	Percentage of Shareholding Interest
Ms. Kei Perenna Hoi Ting <sup>(1)</sup>	Junxi Investments Limited	100%

Note:

- (1) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the Shares held through Junxi Investments Limited. He is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting.

**(iii) Interest in Debentures of the Company**

Name of Director	Capacity in which the Debentures are Held	Amount of Debentures
Mr. Kei Hoi Pang	Interest of controlled corporation <sup>(1)</sup>	US\$20,000,000 <sup>(3)</sup>
	Interest of controlled corporation <sup>(2)</sup>	US\$30,000,000 <sup>(4)</sup>

Notes:

- (1) The entire issued share capital of Prance Thrive Limited, the company which directly holds the debentures, is directly owned by Mr. Kei Hoi Pang.
- (2) The entire issued share capital of Victorious City Investments Limited, the company which directly holds the debentures, is directly owned by Mr. Kei Hoi Pang.
- (3) The US\$20,000,000 debentures held by Mr. Kei Hoi Pang represents his interest in the US\$450,000,000 5.25% senior notes due 2023 issued by the Company.
- (4) The US\$30,000,000 debentures held by Mr. Kei Hoi Pang represents his interest in the US\$200,000,000 5.75% senior notes due 2022 issued by the Company.

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' REPORT

### Substantial Shareholders' Interests and Short Positions in Shares or Underlying Shares of the Company

As at 31 December 2021, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate Percentage of the Company's Issued Share Capital <sup>(5)</sup>
Mr. Kei Hoi Pang	Beneficiary of a family trust, Deemed interest <sup>(2)</sup>	4,252,881,250 (L)	74.75%
	Beneficial owner	16,200,000 (L)	0.28%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust, Interest of controlled corporations <sup>(3)</sup>	4,251,600,000 (L)	74.73%
	Beneficial owner	3,081,250 (L)	0.05%
Brock Nominees Limited <sup>(4)</sup>	Nominee	3,401,600,000 (L)	59.79%
Credit Suisse Trust Limited <sup>(4)</sup>	Trustee	3,401,600,000 (L)	59.79%
Junxi Investments Limited <sup>(4)</sup>	Beneficial owner	3,401,600,000 (L)	59.79%
Kei Family United Limited <sup>(4)</sup>	Interest of a controlled corporation	3,401,600,000 (L)	59.79%
Tenby Nominees Limited <sup>(4)</sup>	Nominee	3,401,600,000 (L)	59.79%
Dragon Julibee Investments Limited	Beneficial owner	425,000,000 (L)	7.47%

Notes:

- (1) The letter "L" denotes the person's long position in Shares.
- (2) Mr. Kei Hoi Pang who is a beneficiary of the family trust, and therefore interested in the Shares through Junxi Investments Limited. He is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting.
- (3) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust, and therefore interested in the Shares held through Junxi Investments Limited. She is also indirectly interested in the Company through Dragon Julibee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 14.94% interests in the Company.
- (4) The family trust is interested in the entire interest of Kei Family United Limited which in turns hold the entire interest in Junxi Investments Limited. Kei Family United Limited is owned as to 50% by each of Brock Nominees Limited and Tenby Nominees Limited, which hold the shares on behalf of Credit Suisse Trust Limited as trustee.
- (5) The percentage is calculated based on the total number of 5,689,407,450 Shares in issue as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, no person, other than the Directors and chief executives of the Company, whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations” of this annual report above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### Major Suppliers and Customers

For the year ended 31 December 2021, no sales to the Group’s five largest customers and purchases from the Group’s five largest suppliers accounted for 30% or more of the total sales for the year and of the total purchases for the year, respectively.

None of the Directors, their close associates or any shareholders (according to the knowledge of the Directors owns more than 5% of the Company’s share capital) had any interest in the major suppliers of customers noted above.

### Continuing Connected Transactions

Details of the continuing connected transactions of the Company during the year ended 31 December 2021 are as follows:

#### 2019 Master Property Pre-delivery Property Service Agreement

On 30 December 2019, Shenzhen Logan Holdings Co., Ltd.\* (深圳市龍光控股有限公司) (“Shenzhen Logan”), a wholly-owned subsidiary of the Company, entered into the master pre-delivery property service agreement (the “2019 Master Pre-delivery Property Service Agreement”) with Logan Foundation Group Co., Ltd.\* (龍光交通集團有限公司) (“Logan Foundation”) pursuant to which Shenzhen Logan has agreed to provide, and procure its subsidiaries to provide, pre-delivery property service, including, but not limited to, construction services and design services (the “Pre-delivery Property Service”), to Logan Foundation and its subsidiaries at the pre-delivery stages for a term commencing from 1 January 2020 and ended on 31 December 2022 (both days inclusive), and subject to an annual cap of RMB300,000,000 for year ended on 31 December 2020 and RMB350,000,000 for each year ended on 31 December 2021 and 31 December 2022 respectively.

The above annual caps were determined with reference to (i) the expected amount of service fees payable to Shenzhen Logan for the provision of Pre-delivery Property Service taking into account (a) at least 2 projects each with anticipated service demand in value of approximately RMB100,000,000 to be required by the Group in 2020; (b) anticipated increase in demand of Pre-delivery Property Service required by Logan Foundation during the term of the 2019 Master Pre-delivery Property Service Agreement taking into account of the number of property development projects of Logan Foundation in the PRC and the expected GFA to be completed for each year during the term of the 2019 Master Pre-delivery Property Service Agreement; and (c) the unit price per square meter as agreed from time to time; and (ii) the historical transaction amount.

\* For identification purposes only

## DIRECTORS' REPORT

### 2019 Master Property Management Service Agreement

On 30 December 2019, Shenzhen Logan entered into the master property management service agreement (the "2019 Master Property Management Service Agreement") with Guangdong Logan Group Property Management Co., Ltd.\* (廣東龍光集團物業管理有限公司) ("Logan Property Management"), pursuant to which Logan Property Management has agreed to provide, and procure its subsidiaries to provide services, including, but not limited to property management services and consultation services at the pre-delivery stage of property development (the "Property Management Service"), to Shenzhen Logan and its subsidiaries for a term commencing from 1 January 2020 and ended on 31 December 2022 (both days inclusive), and subject to annual caps of RMB250,000,000, RMB350,000,000 and RMB400,000,000 for each year ended on 31 December 2020, 31 December 2021 and 31 December 2022 respectively.

The above annual caps were determined with reference to (i) the expected demand of Property Management Service of the Group having regards to the expected GFA requiring property management services, the contracted sales of the Group and the expected land bank during the term of the 2019 Master Property Management Service Agreement; (ii) the prevailing market rate of similar property management services; and (iii) the historical transaction amounts and the growth in contracted sales in GFA of 62.8% for the first eleven months of 2019 as compared with the corresponding period in the previous year.

Ms. Kei Perenna Hoi Ting, the substantial shareholder of the Company, indirectly owns 100% interests in Logan Property Management. Logan Property Management is hence a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the 2019 Master Pre-delivery Property Service Agreement and the 2019 Master Property Management Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Details of the 2019 Master Pre-delivery Property Service Agreement and 2019 Master Management Service Agreement are set out in the announcement of the Company dated 30 December 2019.

The Company has complied with the disclosure requirements as prescribed in Chapter 14A of the Listing Rules with respect to the above continuing connected transactions of the Group.

All independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that those transactions were entered into:

1. in the ordinary and usual course of business of the Group;
2. under normal commercial terms, or on terms better than terms available to or from independent third parties; and
3. in accordance with the agreements governing the above continuing connected transactions, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Based on the work performed, the auditor of the Company confirmed to the Board that the aforesaid continuing connected transactions:

1. have been approved by the Board;
2. are in accordance with the pricing policy of the Group;
3. have been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
4. have not exceeded the relevant caps allowed by the Stock Exchange and as stated in the announcement.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions of the Group. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as otherwise disclosed, there are no related party transactions disclosed in note 40 to the financial statements which constitutes a connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules during the year ended 31 December 2021.

### **Sufficiency of Public Float**

Rule 8.08(1)(a) of the Listing Rules requires there to be an open market in the securities to be maintained. This normally means that at least 25% of an issuer's total issued share capital must at all times be held by the public. However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if the issuer meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

- (a) the issuer will have an expected market capitalization at the time of listing of over HK\$10.0 billion;
- (b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;
- (c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing documents;
- (d) the issuer will confirm the sufficiency of the public float in successive annual reports after listing; and
- (e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

## DIRECTORS' REPORT

The Stock Exchange had granted a waiver under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 15% (or a higher percentage upon exercise of the over-allotment option as defined in the Company's prospectus dated 10 December 2013) of the Company's issued share capital (the "Company's Minimum Public Float") subject to:

- (i) the Company's Minimum Public Float upon the listing date was 15%;
- (ii) the sponsor and the Company were able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the listing;
- (iii) the Company has implemented appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float; and
- (iv) the Company has made appropriate disclosure of the lower prescribed percentage of public float in the Company's prospectus dated 10 December 2013 and confirms sufficiency of public float as at the date of this annual report.

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2021 and as at the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules.

### Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained on pages 37 to 49 of this annual report.

### Auditor

On 11 May, 2022, Ernst & Young ("EY") resigned as auditor of the Company, and the Board resolved to appoint UniTax Prism (HK) CPA Limited as the new auditor of the Company to fill the casual vacancy following the resignation of EY and to hold office until the conclusion of the next annual general meeting of the Company. Please refer to the announcement of the Company dated 13 May, 2022 for further details.

### Professional Tax Advice Recommended

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

On behalf of the Board

**Logan Group Company Limited**

**Kei Hoi Pang**

*Chairman*

23 August 2022

# INDEPENDENT AUDITOR'S REPORT



UniTax Prism (HK) CPA Limited 尤尼泰· 栢淳 (香港) 會計師事務所有限公司  
Units 1903A-1905, 19/F, No. 8 Observatory Road, Tsim Sha Tsui, Hong Kong  
香港九龍尖沙咀天文臺道8號19樓1903A-1905室

## To the shareholders of Logan Group Company Limited

*(Incorporated in the Cayman Islands with limited liability)*

### Opinion

We have audited the consolidated financial statements of Logan Group Company Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 76 to 201 which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Material Uncertainty Related to the Going Concern

We draw attention to note 2.1 to the consolidated financial statements, which indicates that as of 31 December 2021, the Group’s current portion of interest-bearing bank and other borrowings amounted to RMB35,869 million, while its unrestricted cash and cash equivalents amounted to RMB16,992 million. Subsequent to reporting period, certain credit rating agencies had downgraded the Group’s rating. The said downgrading may trigger certain terms and conditions that will cause early repayments of certain bank loans. This condition, along with the current situation as set forth in note 2.1, which indicates that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### 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 are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on those statements on 26 March 2021.

## INDEPENDENT AUDITOR'S REPORT

### Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of investment properties and inventory properties acquired through business combinations</i></p> <p>As at 31 December 2021, the Group held investment properties with a carrying amount of RMB35,104 million representing 12% of the total assets of the Group. In addition, the Group acquired property projects with inventory properties of RMB29,933 million through business combinations during the current year.</p> <p>The Group has engaged external valuers to determine the fair value of the investment properties at the end of the reporting period and the fair values of the inventory properties at the date of acquisitions.</p> <p>We identified this as a key audit matter because the carrying amounts of the investment properties and the inventory properties acquired through business combinations are significant to the Group and significant estimations are involved in determining their fair values. The determination of valuation models adopted also involved significant judgements.</p> <p>Related disclosures are included in notes 3, 4, 15 and 34 to the consolidated financial statements.</p>	<p>We evaluated management's assessment on the valuation of investment properties and inventory properties acquired through business combinations by performing the following procedures:</p> <ul style="list-style-type: none"> <li>– Evaluated the objectivity, independence and competence of the external valuers engaged by the management of the Group.</li> <li>– Engaged independent valuation specialists to assist us in evaluating the valuations models, assumptions and parameters adopted in the valuation.</li> <li>– Compared the valuation determined by the external valuer to the range provided by the independent valuation specialists.</li> <li>– Evaluated the significant inputs to the valuation used.</li> <li>– Assessed the adequacy of the disclosures of the valuation of the investment properties and inventory properties acquired through business combinations in the consolidated financial statements.</li> </ul>



## Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Recoverability of receivables from joint ventures and associates</i></p> <p>As at 31 December 2021, the Group had receivables from joint ventures and associates amounting to RMB35,199 million and RMB4,143 million, respectively. The aggregate amount of RMB39,342 million represented 14% of the total assets of the Group as at 31 December 2021 and is significant to the consolidated financial statements.</p> <p>The measurement of impairment losses of these receivables under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risk of default, loss given default and collateral recovery, changes in which can result in different levels of allowances.</p> <p>The Group's expected credit loss calculations on receivables from joint ventures and associates are based on assumptions about risk of default and loss given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risk of the debtors or comparable companies in the market, existing market conditions as well as forward looking estimates at the end of each reporting period.</p>	<p>We evaluated management's assessment on the recoverability of or the expected credit losses for balances by performing the following procedures:</p> <ul style="list-style-type: none"> <li>– Discussed with management to gain an understanding of the purpose and background of the underlying investments made by the joint ventures and associates.</li> <li>– Examined the cooperation contracts and agreements for the projects acquired and title documents of the underlying assets acquired by the joint ventures and associates.</li> <li>– Reviewed the valuation reports or investment return analyses of the projects acquired and evaluated the key estimates and assumptions adopted in the valuation reports or investment return analyses.</li> <li>– Examined supporting documents for significant payments made by the joint ventures and associates and obtained direct confirmations from joint ventures and associates on the balance of receivables.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

## Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<i>Recoverability of receivables from joint ventures and associates (Continued)</i>	
<p>The Group has engaged external valuers to determine the expected credit loss for receivables from joint ventures and associates at the end of the reporting period.</p>	<ul style="list-style-type: none"> <li>– Inspected the title documents of land or development right agreements held by the joint ventures and associates.</li> </ul>
<p>We identified this as a key audit matter because the carrying amount of the receivables from joint ventures and associates is significant to the Group and significant estimation and judgement are required by management to assess the recoverability of these receivables from joint ventures and associates.</p>	<ul style="list-style-type: none"> <li>– Performed site visit to evaluate the status of construction and existence of projects.</li> <li>– Evaluated the impairment assessment of the receivables from joint ventures and associates made by management.</li> </ul>
<p>Related disclosures are included in notes 3, 4, 17, 18 and 20 to the consolidated financial statements.</p>	<ul style="list-style-type: none"> <li>– Engaged independent valuation specialists to assist us to evaluate the assumptions and other inputs including probability of default, loss given default and forward looking element in determining the expected credit loss on receivables from joint ventures and associates.</li> <li>– Assessed the adequacy of the disclosures of the recoverability of receivables from joint ventures and associates in the consolidated financial statements.</li> </ul>

## Other information included in the Annual Report

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

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

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

### **Responsibilities of the directors for the consolidated financial statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITOR'S REPORT

### **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.

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

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 Mr. Lee Kwok Lun.

### **UniTax Prism (HK) CPA Limited**

*Certified Public Accountants*

### **Lee Kwok Lun**

Practising Certificate Number: P06294

Hong Kong

23 August 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	6	78,292,624	71,079,729
Cost of sales		(61,181,459)	(49,747,857)
Gross profit		17,111,165	21,331,872
Other income and gains	6	2,484,835	2,107,785
Other expenses		(183,924)	(118,363)
Selling and marketing expenses		(2,170,731)	(1,672,170)
Administrative expenses		(1,675,197)	(1,867,320)
Fair value gains on investment properties, net	15	1,190,120	1,597,354
Fair value (losses)/gains on derivative financial instruments, net		(315,247)	218,400
Share of losses of associates		(17,696)	(28,923)
Share of losses of joint ventures		(335,014)	(19,425)
PROFIT FROM OPERATIONS		16,088,311	21,549,210
Finance costs	7	(1,298,542)	(2,051,424)
PROFIT BEFORE TAX	8	14,789,769	19,497,786
Income tax expense	11	(4,457,473)	(6,123,692)
PROFIT FOR THE YEAR		10,332,296	13,374,094
Attributable to:			
Owners of the parent		9,975,466	13,016,635
Non-controlling interests		356,830	357,459
		10,332,296	13,374,094
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RMB cents)	13		
Basic		181.83	234.13
Diluted		181.26	232.36

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
PROFIT FOR THE YEAR	<b>10,332,296</b>	13,374,094
OTHER COMPREHENSIVE INCOME FOR THE YEAR		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group entities	<b>479,023</b>	865,243
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<b>10,811,319</b>	14,239,337
Attributable to:		
Owners of the parent	<b>10,454,489</b>	13,881,878
Non-controlling interests	<b>356,830</b>	357,459
	<b>10,811,319</b>	14,239,337

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
<b>NON-CURRENT ASSETS</b>			
Investment properties	15	<b>35,104,201</b>	29,794,064
Other property, plant and equipment	14	<b>176,476</b>	159,893
Deferred tax assets	28	<b>1,595,940</b>	1,455,960
Investments in associates	17	<b>4,832,770</b>	3,488,649
Investments in joint ventures	18	<b>18,566,822</b>	8,968,781
Trade and other receivables, prepayments and other assets	20	<b>863,865</b>	4,282,980
Assets under cross-border guarantee arrangements	21	<b>305,000</b>	400,000
Cash and bank balances	22	<b>1,125,794</b>	1,829,261
<b>Total non-current assets</b>		<b>62,570,868</b>	50,379,588
<b>CURRENT ASSETS</b>			
Inventories	19	<b>117,047,214</b>	106,327,001
Trade and other receivables, prepayments and other assets	20	<b>56,471,277</b>	39,194,772
Tax recoverable		<b>2,991,425</b>	2,025,196
Assets under cross-border guarantee arrangements	21	<b>9,710,243</b>	4,547,191
Cash and bank balances	22	<b>37,110,530</b>	41,039,900
<b>Total current assets</b>		<b>223,330,689</b>	193,134,060
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	<b>46,926,259</b>	40,463,391
Contract liabilities	24	<b>52,018,475</b>	42,484,960
Liabilities under cross-border guarantee arrangements	21	<b>10,768,008</b>	5,376,575
Bank and other loans	25	<b>20,410,515</b>	9,665,437
Senior notes	26	<b>2,345,377</b>	7,192,358
Other current liabilities	27	<b>13,112,660</b>	6,439,252
Tax payable		<b>9,544,505</b>	9,149,363
<b>Total current liabilities</b>		<b>155,125,799</b>	120,771,336
<b>NET CURRENT ASSETS</b>		<b>68,204,890</b>	72,362,724
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>130,775,758</b>	122,742,312



	Notes	2021 RMB'000	2020 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>130,775,758</b>	122,742,312
NON-CURRENT LIABILITIES			
Liabilities under cross-border guarantee arrangements	21	<b>547,040</b>	700,631
Bank and other loans	25	<b>29,115,607</b>	23,371,878
Senior notes	26	<b>19,846,343</b>	17,933,558
Corporate bonds	27	<b>9,044,000</b>	15,536,000
Deferred tax liabilities	28	<b>4,454,485</b>	4,528,780
Total non-current liabilities		<b>63,007,475</b>	62,070,847
Net assets		<b>67,768,283</b>	60,671,465
EQUITY			
<b>Equity attributable to owners of the parent</b>			
Share capital	29	<b>450,569</b>	436,727
Perpetual capital securities	31	<b>2,363,346</b>	2,363,346
Reserves	32	<b>45,080,701</b>	39,603,161
		<b>47,894,616</b>	42,403,234
Non-controlling interests		<b>19,873,667</b>	18,268,231
Total equity		<b>67,768,283</b>	60,671,465

**Lai Zhuobin**  
Director

**Xiao Xu**  
Director

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent											
	Share capital RMB'000 (note 29)	Share premium RMB'000 (note 32(i))	Shares held		Exchange reserve RMB'000 (note 32(ii))	PRC statutory reserves RMB'000 (note 32(iii))	Other reserve RMB'000	Retained profits RMB'000	Perpetual capital securities RMB'000 (note 31)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
			under share	award								
			award scheme	compensation reserve								
At 1 January 2021	436,727	22,582	(823,306)	108,981	561,734	1,458,841	(1,876,686)	40,151,015	2,363,346	42,403,234	18,268,231	60,671,465
Profit for the year	—	—	—	—	—	—	—	9,975,466	—	9,975,466	356,830	10,332,296
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—
Exchange differences on translation of financial statements of group entities	—	—	—	—	479,023	—	—	—	—	479,023	—	479,023
Total comprehensive income for the year	—	—	—	—	479,023	—	—	9,975,466	—	10,454,489	356,830	10,811,319
Transfer to PRC statutory reserves	—	—	—	—	—	439,583	—	(439,583)	—	—	—	—
Repurchase and cancellation of own shares	(310)	(19,336)	—	—	—	—	—	—	—	(19,646)	—	(19,646)
Issuance of shares	14,062	942,202	—	—	—	—	—	—	—	956,264	—	956,264
2020 final dividend declared	—	—	—	—	—	—	—	(2,668,459)	—	(2,668,459)	—	(2,668,459)
2021 interim dividends declared	—	—	—	—	—	—	—	(2,388,385)	—	(2,388,385)	—	(2,388,385)
Issuance of shares in connection with the exercise of share options	90	7,843	—	(1,278)	—	—	—	—	—	6,655	—	6,655
Equity-settled share-based transactions	—	—	—	36,551	—	—	—	—	—	36,551	—	36,551
Effect of forfeited or expired share options	—	—	—	(28,936)	—	—	—	28,936	—	—	—	—
Shares purchased under share award scheme	—	—	(743,334)	—	—	—	—	—	—	(743,334)	—	(743,334)
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	(140,090)	(140,090)
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	(23,728)	(23,728)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	212,606	212,606
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	15,326	—	—	15,326	(27,436)	(12,110)
Capital contributions from non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	1,227,254	1,227,254
Distribution to holders of perpetual capital securities	—	—	—	—	—	—	—	(158,079)	—	(158,079)	—	(158,079)
At 31 December 2021	450,569	953,291*	(1,566,640)*	115,318*	1,040,757*	1,898,424*	(1,861,360)*	44,500,911*	2,363,346	47,894,616	19,873,667	67,768,283

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent														
	Share capital	Share premium	Shares held under share award		Share-based compensation reserve	Exchange reserve	PRC statutory reserves	Other reserve	Retained profits	Perpetual capital securities	Total	Non-controlling interests	Total equity		
			RMB'000	RMB'000										RMB'000	RMB'000
			(note 29)	(note 32(i))										(note 30)	(note 30)
At 1 January 2020	435,167	–	–	104,900	(303,509)	1,279,222	(1,489,207)	31,804,498	2,363,346	34,194,417	8,799,602	42,994,019			
Profit for the year	–	–	–	–	–	–	–	13,016,635	–	13,016,635	357,459	13,374,094			
Other comprehensive income															
Exchange differences on translation of financial statements of group entities	–	–	–	–	865,243	–	–	–	–	865,243	–	865,243			
Total comprehensive income for the year	–	–	–	–	865,243	–	–	13,016,635	–	13,881,878	357,459	14,239,337			
Transfer to PRC statutory reserves	–	–	–	–	–	179,619	–	(179,619)	–	–	–	–			
Repurchase and cancellation of own shares	(342)	(44,451)	–	–	–	–	–	–	–	(44,793)	–	(44,793)			
2019 final dividend declared	–	–	–	–	–	–	–	(2,235,312)	–	(2,235,312)	–	(2,235,312)			
2020 interim dividends declared	–	–	–	–	–	–	–	(2,140,142)	–	(2,140,142)	–	(2,140,142)			
Issuance of shares in connection with the exercise of share options	1,902	67,033	–	(20,030)	–	–	–	–	–	48,905	–	48,905			
Equity-settled share-based transactions	–	–	–	76,637	–	–	–	–	–	76,637	–	76,637			
Effect of forfeited or expired share options	–	–	–	(52,526)	–	–	–	52,526	–	–	–	–			
Shares purchased under share award scheme	–	–	(823,306)	–	–	–	–	–	–	(823,306)	–	(823,306)			
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	819,990	819,990			
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(387,479)	–	–	(387,479)	(2,672,278)	(3,059,757)			
Capital contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	10,963,458	10,963,458			
Distribution to holders of perpetual capital securities	–	–	–	–	–	–	–	(167,571)	–	(167,571)	–	(167,571)			
At 31 December 2020	436,727	22,582*	(823,306)*	108,961*	561,734*	1,458,841*	(1,876,686)*	40,151,015*	2,363,346	42,403,234	18,268,231	60,671,465			

\* These reserve accounts comprise the consolidated reserves of RMB45,080,701,000 (2020: RMB39,603,161,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>14,789,769</b>	19,497,786
Adjustments for:			
Interest income	6	<b>(1,619,595)</b>	(1,739,621)
Finance costs	7	<b>1,298,542</b>	2,051,424
Depreciation	8	<b>57,080</b>	60,100
Net loss on disposal of items of other property, plant and equipment	8	<b>759</b>	4
Share of losses of joint ventures		<b>335,014</b>	19,425
Share of losses of associates		<b>17,696</b>	28,923
Net increase in fair value of investment properties	15	<b>(1,190,120)</b>	(1,597,354)
Net decrease/(increase) in fair value of derivative financial instruments		<b>315,247</b>	(218,400)
Gain on bargain purchase	34	<b>—</b>	(38,146)
Gain on remeasurement of pre-existing interests in joint ventures	34	<b>(273,155)</b>	—
Loss/(gain) on disposal of subsidiaries, net	35	<b>4,656</b>	(637)
Gain on deemed disposal of subsidiaries upon loss of control, net	35	<b>(24,386)</b>	(39,848)
Gain on disposal of joint ventures		<b>(163,100)</b>	—
Equity-settled share-based transactions	8	<b>36,551</b>	76,637
		<b>13,584,958</b>	18,100,293
Decrease/(increase) in inventories and land deposits		<b>4,023,574</b>	(4,605,716)
Increase in trade and other receivables, prepayments and other assets		<b>(17,005,149)</b>	(887,817)
Increase in trade and other payables		<b>28,686,194</b>	5,248,133
Decrease in contract liabilities		<b>(20,665,201)</b>	(14,210,192)
Cash generated from operations		<b>8,624,376</b>	3,644,701
Tax paid		<b>(3,875,296)</b>	(2,413,815)
<b>Net cash flows from operating activities</b>		<b>4,749,080</b>	1,230,886

	Notes	2021 RMB'000	2020 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>1,005,930</b>	1,007,627
Addition to investment properties	15	<b>(1,921,781)</b>	(760,198)
Addition to other property, plant and equipment	14	<b>(216,555)</b>	(70,175)
Disposal of subsidiaries	35	<b>(4,126,683)</b>	(1,962,828)
Deemed disposal of subsidiaries	35	<b>(7,386,077)</b>	(2,777,705)
Acquisition of subsidiaries that are not a business	34	<b>996,032</b>	(330,712)
Acquisition of subsidiaries	34	<b>14,344,191</b>	9,193,733
Disposal of joint ventures		<b>299,783</b>	346,751
Investments in joint ventures		<b>(1,125,244)</b>	(1,569,101)
Investments in associates		<b>(2,289,799)</b>	(126,074)
(Advances to)/repayment from joint ventures		<b>(15,259,547)</b>	4,475,143
(Advances to)/repayment from associates		<b>(809,425)</b>	1,863,672
Payment of land deposits		—	(4,282,980)
Proceeds from disposal of other property, plant and equipment		<b>17,252</b>	28,704
Increase in assets under cross-border guarantee arrangements		<b>(7,499,149)</b>	(4,947,191)
Decrease in assets under cross-border guarantee arrangements		<b>2,431,097</b>	566,140
(Increase)/decrease in pledged or restricted deposits		<b>(13,099,133)</b>	20,453
Increase in non-current non-pledged time deposits		—	(1,660,000)
Decrease in non-current non-pledged time deposits		<b>1,660,000</b>	711,000
Net cash flows used in investing activities		<b>(32,979,108)</b>	(273,741)

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(4,959,537)	(4,328,017)
Proceeds from bank and other loans	34,389,516	25,483,012
Repayment of bank and other loans	(18,325,762)	(18,092,407)
Proceeds from issuance of senior notes	6,183,099	8,056,100
Repayment of senior notes	(8,333,638)	(2,991,270)
Proceeds from issuance of corporate bonds	3,926,000	7,379,000
Repayment of corporate bonds	(4,254,000)	(8,833,000)
Proceeds from cross-border guarantee arrangements	8,473,709	10,576,824
Repayment of cross-border guarantee arrangements	(3,225,151)	(5,244,448)
Repayment of asset-backed securities	(1,437,396)	—
Proceeds from issuance of shares	956,264	—
Proceeds from issuance of shares in connection with the exercise of share options	6,655	48,905
Repurchase of own shares	(19,646)	(44,793)
Shares purchased under share award scheme	(743,334)	(823,306)
Repayment to non-controlling shareholders	(640,862)	(8,854,936)
Advances from/(repayment to) joint ventures	378,255	(981,168)
Advances from associates	1,402,229	366,543
Capital contributions from non-controlling shareholders	1,227,254	10,963,458
Payments for acquisition of non-controlling interests	(12,110)	(3,059,757)
Payments for acquisition of non-controlling interests in prior year	—	(3,600,000)
Acquisition of interest in a subsidiary	(100,000)	—
Dividends paid to non-controlling shareholders	(140,090)	—
Repayment of loans from a non-controlling shareholder	—	(107,500)
Distribution paid to holders of perpetual capital securities	(158,079)	(167,571)
Dividends paid to ordinary equity shareholders of the Company	(1,969,059)	(4,060,139)
<b>Net cash flows from financing activities</b>	<b>12,624,317</b>	<b>1,685,530</b>

	Note	2021 RMB'000	2020 RMB'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<b>(15,605,711)</b>	2,642,675
Cash and cash equivalents at beginning of year		<b>40,462,748</b>	39,227,247
Effect of foreign exchange rate changes		<b>(466,259)</b>	(1,407,174)
CASH AND CASH EQUIVALENTS AT END OF YEAR		<b>24,390,778</b>	40,462,748
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		<b>23,814,364</b>	29,032,513
Non-pledged time deposits		<b>576,414</b>	11,430,235
Cash and cash equivalents as stated in the consolidated statement of cash flows and included in the consolidated statement of financial position	22	<b>24,390,778</b>	40,462,748

# NOTES TO FINANCIAL STATEMENTS

31 December 2021

## 1. Corporate and Group Information

Logan Group Company Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in property development, property investment, construction and decoration and urban redevelopment business in the People’s Republic of China (the “PRC” or “Mainland China”) during the year.

In the opinion of the directors, Junxi Investments Limited is the immediate holding company of the Company and the ultimate controlling party of the Company is Ms. Kei Perenna Hoi Ting, who is a non-executive director of the Company and has resigned on 31 March 2022.

### Information about subsidiaries

The following list contains particulars of the Company’s principal subsidiaries. All of them are established in the PRC unless otherwise stated.

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Logan Construction Co., Ltd. (note) (龍光工程建設有限公司)	RMB80,000,000	91%	—	91%	Property construction
Shenzhen Logan Holdings Co., Ltd.* (note) (深圳市龍光控股有限公司)	RMB443,000,000	100%	—	100%	Investment holding
Zhongshan Logan Property Co., Ltd. (note) (中山市龍光房地產有限公司)	RMB30,000,000	100%	—	100%	Property development
Nanning Logan Property Development Co., Ltd. (note) (南寧市龍光房地產開發有限公司)	RMB100,000,000	100%	—	100%	Property development and investment
Guangzhou Logan Property Co., Ltd. (note) (廣州市龍光房地產有限公司)	RMB40,000,000	100%	—	100%	Property development and investment
Guangzhou Logan Realty Co., Ltd. (note) (廣州市龍光置業有限公司)	RMB30,000,000	100%	—	100%	Property development
Huizhou Daya Bay Logan Property Co., Ltd. (note) (惠州大亞灣龍光房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Shantou Logan Property Co., Ltd. (note) (汕頭市龍光房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Zhuhai Logan Property Development Co., Ltd. (note) (珠海市龍光房地產開發有限公司)	RMB30,000,000	100%	—	100%	Property development and investment
Foshan Shunde Logan Realty Co., Ltd. (note) (佛山市順德區龍光置業房產有限公司)	RMB35,295,000	100%	—	100%	Property development
Huizhou Logan Property Co., Ltd. (note) (惠州市龍光房地產有限公司)	RMB30,000,000	100%	—	100%	Property development
Dongguan Logan Property Co., Ltd. (note) (東莞市龍光房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Shantou Jinfengyuan Realty Co., Ltd. (note) (汕頭市金鋒園置業有限公司)	RMB66,000,000	100%	—	100%	Property development
Nanning Logan Jinjun Property Development Co., Ltd. (note) (note) (南寧市龍光金駿房地產開發有限公司)	RMB50,000,000	100%	—	100%	Property development and investment
Chengdu Logan Property Co., Ltd. (note) (成都市龍光房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Shantou Logan Realty Co., Ltd. (note) (汕頭市龍光置業有限公司)	RMB33,000,000	100%	—	100%	Property development and investment
Shantou Jiarun Property Co., Ltd. (note) (汕頭市佳潤房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Foshan Shancheng Logan Property Co., Ltd. (note) (佛山市禪城區龍光房地產有限公司)	RMB10,500,000	100%	—	100%	Property development



## 1. Corporate and Group Information (Continued)

### Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Nanning Logan Bojun Property Development Co., Ltd. (note) (南寧市龍光鉞駿房地產開發有限公司)	RMB700,000,000	100%	—	100%	Property development
Chengdu Logan Jinjun Realty Co., Ltd. (note) (成都市龍光金駿置業有限公司)	RMB10,000,000	100%	—	100%	Property development
Chengdu Logan Donghua Property Development Co., Ltd. (note) (成都市龍光東華房地產開發有限公司)	RMB558,059,600	100%	—	100%	Property development
Shantou Weida Property Co., Ltd.* (note) (汕頭市偉達房地產有限公司)	RMB54,200,441	100%	—	100%	Property development
Shenzhen Logan Dongzhen Realty Co., Ltd. (note) (深圳市龍光東圳置業有限公司)	RMB30,000,000	100%	—	100%	Investment holding
Huizhou Daya Bay Dongzhen Property Co., Ltd. ("Huizhou Dongzhen") (note) (惠州大亞灣東圳房地產有限公司)	RMB100,000,000	100%	—	100%	Property development and investment
Shenzhen Logan Property Co., Ltd. (note) (深圳市龍光房地產有限公司)	RMB80,000,000	100%	—	100%	Property development and investment
Shenzhen Yongjing Decorating Construction Co., Ltd. (note) (深圳市潤景裝飾工程有限公司)	RMB200,000,000	91%	—	100%	Provision of decoration services to joint ventures and associates
Shenzhen Logan Media Planning Co., Ltd. (note) (深圳市龍光傳媒策劃有限公司)	RMB2,200,000	100%	—	100%	Provision of advertising services to joint ventures and associates
Foshan Nanhai Logan Realty Co., Ltd. (note) (佛山市南海區龍光置業房產有限公司)	RMB58,820,000	100%	—	100%	Property development
Shenzhen Logan Investment Consultancy Co., Ltd. (note) (深圳市龍光投資顧問有限公司)	RMB10,000,000	100%	—	100%	Investment holding
Foshan Runjing Property Co., Ltd. (note) (佛山市順德區龍光潤景房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Shenzhen Jinjun Property Co., Ltd. (note) (深圳市金駿房地產有限公司)	RMB198,000,000	100%	—	100%	Property development
Guilin Logan Bojun Property Development Co., Ltd. (note) (桂林市龍光鉞駿房地產開發有限公司)	RMB50,000,000	100%	—	100%	Property development
Shenzhen Logan Junchi Property Development Co., Ltd. (note) (深圳市龍光駿馳房地產開發有限公司)	RMB5,000,000	51%	—	51%	Property development
Foshan Logan Sunshine Seaward Property Co., Ltd. (note) (佛山市龍光陽光海岸房地產有限公司)	RMB50,000,000	66%	—	66%	Property development
Guangxi King Kerry Realty Co., Ltd. (note) (廣西金凱利置業有限公司)	US\$18,000,000	100%	—	100%	Property development
Zhuhai Junjing Property Development Co., Ltd. (note) (珠海市駿景房地產開發有限公司)	RMB10,000,000	100%	—	100%	Property development
Shantou Logan Runjing Property Co., Ltd. (note) (汕頭市龍光潤環房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Shantou Logan Runjing Property Co., Ltd. (note) (汕頭市龍光潤環房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Nanning Logan Mingjun Property Development Co., Ltd. (note) (南寧市龍光銘駿房地產開發有限公司)	RMB50,000,000	100%	—	100%	Property development
Shenzhen Logan Junjing Property Development Co., Ltd. ("Shenzhen Logan Junjing") (note) (深圳市龍光駿景房地產開發有限公司)	RMB100,000,000	100%	—	100%	Property development
Shenzhen Junteng Realty Co., Ltd. (note) (深圳市駿騰置業有限公司)	RMB10,500,000	100%	—	100%	Property development
Zhuhai Junchi Property Development Co., Ltd. (note) (珠海市駿馳房地產開發有限公司)	RMB10,000,000	100%	—	100%	Property development

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

## 1. Corporate and Group Information (Continued)

### Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Shenzhen Logan Junfei Realty Co., Ltd. (note) (深圳市龍光駿飛置業有限公司)	RMB10,000,000	100%	—	100%	Property development
Shenzhen Logan Junyu Property Development Co., Ltd. (note) (深圳市龍光駿譽房地產開發有限公司)	RMB10,000,000	100%	—	100%	Property development
Huizhou Logan Junjing Property Co., Ltd. (note) (惠州市龍光駿景房地產有限公司)	RMB10,000,000	100%	—	100%	Property development and investment
Huizhou Logan Jinjun Property Co., Ltd. (note) (惠州市龍光金駿房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Shenzhen Logan Bojun Property Co., Ltd. (note) (深圳市龍光鉞房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Shanghai Logan Property Co., Ltd. (note) (上海市龍光房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Huizhou Logan Jinjun Property Co., Ltd. (note) (惠州市龍光金駿房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Shenzhen Logan Bojun Property Co., Ltd. (note) (深圳市龍光鉞房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Shanghai Logan Property Co., Ltd. (note) (上海市龍光房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Nanning Logan Jiarun Property Development Co., Ltd. (note) (南寧市龍光佳潤房地產開發有限公司)	RMB50,000,000	100%	—	100%	Property development
Foshan Logan Junjing Property Co., Ltd.* (note) (佛山市龍光駿景房地產有限公司)	RMB21,000,000	50%	—	50%	Property development
Huizhou Boshen Property Co., Ltd. (note) (惠州市鉞紳房地產有限公司)	RMB10,000,000	51%	—	51%	Property development
Chengdu Zhonghui Investment Co., Ltd. (note) (成都中暉投資有限公司)	RMB1,000,000	100%	—	100%	Property development
Zhongshan Haixin Property Co., Ltd. (note) (中山市海心置業有限公司)	RMB224,624,902	100%	—	100%	Property development
Shenzhen Kaifung Industrial Co., Ltd. (“Shenzhen Kaifung”) (note) (深圳市凱豐實業有限公司)	RMB15,000,000	100%	—	100%	Property development
Runjing Printing (Shenzhen) Company Ltd. (“Runjing Printing”) (note) (潤環印刷(深圳)有限公司)	RMB133,224,082	100%	—	100%	Urban redevelopment
Nanning Logan Century Property Development Co., Ltd. (note) (南寧龍光世紀房地產有限公司)	RMB100,000,000	100%	—	100%	Property development
Zhaoqing Gaoxing Logan Property Development Co., Ltd. (note) (肇慶市高新區龍光房地產有限公司)	RMB20,000,000	100%	—	100%	Property development
Chaozhou Jingrong Property Co., Ltd. (note) (潮州市景榮房地產開發有限公司)	RMB161,100,000	100%	—	100%	Property development
Huizhou Dejie Transportation Co., Ltd. (“Huizhou Dejie”) (note) (惠州德捷運輸設備有限公司)	RMB146,659,409	100%	—	100%	Urban redevelopment
Huizhou Huihe Investment Co., Ltd. (note) (惠州市惠和投資有限公司)	RMB50,000,000	100%	—	100%	Property development
Huizhou Taihe Yixin Property Co., Ltd. (note) (惠州泰和怡馨房地產有限公司)	RMB265,118,600	100%	—	100%	Property development
Foshan Logan Junshen Property Co., Ltd.* (“Foshan Junshen”) (note) (佛山市龍光駿紳房地產有限公司)	RMB20,000,000	50%	—	50%	Property development
Heyuan Meiping Property Development Co., Ltd. (“Heyuan Meiping”) (note) (河源美平房地產發展有限公司)	RMB876,772,031	75%	—	75%	Property development
Shenzhen Kangqiao Jiacheng Realty Investment Co., Ltd. (note) (深圳市康橋佳城置業投資有限公司)	RMB1,000,000,000	94%	—	94%	Property development
Nanning Hengliang Property Development Co., Ltd. (note) (南寧市恒亮房地產開發有限公司)	RMB10,000,000	100%	—	100%	Property development

## 1. Corporate and Group Information (Continued)

### Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Nanning Yaotai Property Development Co., Ltd. (note) (南寧市耀泰房地產開發有限公司)	RMB20,000,000	100%	—	100%	Property development
Zhuhai Hengqin Haojing Realty Co., Ltd. ("Zhuhai Hengqin Haojing") (note) (珠海市橫琴好景置業有限公司)	RMB57,438,606	73%	—	73%	Property development
Nanning Yaorong Property Development Co., Ltd. (note) (南寧市耀榮房地產開發有限公司)	RMB10,000,000	100%	—	100%	Property development
Huizhou Aoda Property Development Co., Ltd. (note) (惠州市澳達地產發展有限公司)	RMB2,048,400	100%	—	100%	Property development
Dongguan Logan Junyu Property Development Co., Ltd. (東莞市龍光駿譽房地產開發有限公司)	RMB20,000,000	100%	—	100%	Property development
Guangzhou Logan Junshen Property Co., Ltd. (note) (廣州市龍光駿紳房地產有限公司)	RMB500,000,000	100%	—	100%	Property development
Shenzhen Logan Junrong Property Co., Ltd. (note) (深圳市龍光駿榮房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Foshan Sanshui Logan Jinjun Property Co., Ltd.* (note) (佛山市三水區龍光金駿房地產有限公司)	RMB100,000,000	50%	—	50%	Property development
Nanning Logan Jiujun Property Development Co., Ltd. (note) (南寧市龍光玖駿房地產開發有限公司)	RMB20,000,000	100%	—	100%	Property development
Foshan Nanhai Logan Juncheng Property Co., Ltd. (note) (佛山市南海區龍光駿誠房地產有限公司)	RMB21,000,000	100%	—	100%	Property development
Shenzhen Minghuida Investment Co., Ltd. ("Shenzhen Minghuida")* (note) (深圳市銘暉達投資有限公司)	RMB33,333,300	30%	—	30%	Property development
Nanning Yaoyong Property Development Co., Ltd. (note) (南寧市耀邕房地產開發有限公司)	RMB10,000,000	100%	—	100%	Property development
Nanning Logan Juncheng Property Development Co., Ltd. (note) (南寧市龍光駿誠房地產開發有限公司)	RMB20,000,000	100%	—	100%	Property development
Foshan Shunde Kaimo Property Development Co., Ltd. (note) (佛山市順德區凱模房地產開發有限公司)	RMB10,000,000	100%	—	100%	Property development
Zhongshan Tongan Realty Co., Ltd. ("Zhongshan Tongan")* (note) (中山市同安置業有限公司)	RMB318,143,726	50%	—	50%	Property development
Guangxi Tangqin Tongguang Investment Co., Ltd.* (note) (廣西唐沁同光投資有限公司)	RMB320,000,000	33%	—	33%	Property development
Silver Maple Developments Limited ("Silver Maple")*	USD100	30%	—	30%	Investment holding
Foshan Longguang Junfei Real Estate Co., Ltd.* (note) (佛山市龍光駿飛房地產有限公司)	RMB50,000,000	50%	—	50%	Property development
Foshan Longguang Junye Real Estate Co., Ltd. (note) (佛山市龍光駿業房地產有限公司)	RMB100,000,000	100%	—	100%	Property development
Nanning Longguang Jiuxin Real Estate Development Co., Ltd. (note) (南寧市龍光玖鑫房地產開發有限公司)	RMB50,000,000	100%	—	100%	Property development
Dongguan Longguang Jinrui Real Estate Co., Ltd. (note) (東莞市龍光錦瑞房地產有限公司)	RMB6,500,000	65%	—	65%	Property development
Foshan Chancheng Longguang Junjia Real Estate Co., Ltd. (note) (佛山市禪城區龍光駿嘉房地產有限公司)	RMB20,000,000	100%	—	100%	Property development
Shantou Longguang Junjia Real Estate Co., Ltd. (note) (汕頭市龍光駿嘉房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Nanning Longguang Construction Engineering Co., Ltd. (note) (南寧市龍光建設工程有限公司)	RMB50,000,000	100%	—	100%	Property construction
Nantong Junxiu Real Estate Development Co., Ltd. (note) (南通駿秀房地產開發有限公司)	RMB428,400,000	51%	—	51%	Property development
Shanghai Junhui Real Estate Co., Ltd. (note) (上海駿惠房地產有限公司)	RMB100,000,000	100%	—	100%	Property development

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## 1. Corporate and Group Information (Continued)

### Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Shanghai Junxu Real Estate Co., Ltd. (note) (上海君翊房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Xinxing Paper Industry Co., Ltd. ("Xingxing Paper") <sup>^</sup> (note) (新興紙業(深圳)有限公司)	RMB31,827,373	100%	—	100%	Urban redevelopment
Guangdong Yuhui Decoration Engineering Co., Ltd. (note) (廣東省煜暉裝飾工程有限公司)	RMB100,000,000	100%	—	100%	Provision of decoration services
Logan Century (Zhaoqing) Real Estate Co., Ltd. ("Logan Century") <sup>^</sup> (note) (龍光世紀(肇慶)置業有限公司)	RMB100,000,000	100%	—	100%	Property development
Shenzhen Longguang Junye Real Estate Co., Ltd. ("Shenzhen Junye") <sup>^</sup> (note) (深圳市龍光駿業房地產有限公司)	RMB100,000,000	100%	—	100%	Property development
Jiashan JunJing Real Estate Co., Ltd. <sup>^</sup> (note) (嘉善縣駿景房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Zhaoqing High Tech Zone Longguang Pujun Real Estate Co., Ltd. (note) (肇慶市高新區龍光鉞房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Huizhou Huigang Real Estate Co., Ltd. (note) (惠州惠港置業有限公司)	RMB200,000,000	100%	—	100%	Property development
Nanning Longguang Jiuxi Real Estate Development Co., Ltd. ("Nanning Jiuxi") (note) (南寧市龍光玖璽房地產開發有限公司)	RMB20,000,000	100%	—	100%	Property development
Huizhou Huigang Real Estate Co., Ltd. (note) (惠州惠港置業有限公司)	RMB200,000,000	100%	—	100%	Property development
Guangxi Logan Huida Expressway Investment Co., Ltd. ("Guangxi Huida Expressway") <sup>^</sup> (note) (廣西龍光匯達高速公路投資有限公司)	RMB150,000,000	100%	—	100%	Property development
Shenzhen Yingtai Industrial., Ltd. ("Shenzhen Yingtai") <sup>^</sup> (note) (深圳市盈泰實業有限公司)	RMB10,000,000	100%	—	100%	Property development

# Registered as wholly-foreign-owned enterprises under PRC law

⊗ These entities are accounted for as subsidiaries of the Group because the Group owns more than half of the voting rights even though the equity interests in these entities attributable to the Group are 50% or less.

^ During the year, the Group acquired certain of subsidiaries and details are set out in note 34 to the financial statements.

Note: The official names of these entities are in Chinese. The English translation of the names is for reference only.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 2.1 Basis of Presentation

Subsequent to the reporting period to 7 August 2022, the Group did not pay the interest of the following senior notes (the “Senior Notes”): 4.7% senior notes due 2026 issued on 28 June 2021, 4.25% senior notes due 2025 issued on 31 March 2021, 4.5% senior notes due 2028 issued on 6 January 2021, 5.75% senior notes due 2025 issued on 7 January 2020 and 6.5% senior notes due 2023 issued on 9 July 2019. The outstanding principal of the Senior Notes amounted to US\$1,600 million (RMB10,810 million) and the aggregate unpaid interest amounted to US\$41.8 million (RMB282.5 million). The non-payment of interest for the Senior Notes may lead to demand for acceleration of repayment.

In addition, as of 31 December 2021, the Group recorded net current assets of RMB68,205 million, and the Group’s current portion of interest-bearing bank and other borrowings amounted to RMB35,869 million, while its unrestricted cash and cash equivalents amounted to RMB16,992 million. In view of the prevailing slow-down of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations. In view of the aforesaid, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity and business performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (a) The Group is actively negotiating with financial institutions, holders of senior notes and secured debt and corporate bond investors on the renewal of certain borrowings, senior notes, secured debt and corporate bonds of the Company.
- (b) The Group will continue to implement measures to accelerate the pre-sale and sale of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.
- (c) The Group will continue to dispose of its assets or urban redevelopment projects when needed.
- (d) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

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

## NOTES TO FINANCIAL STATEMENTS

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### 2.2 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value.

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

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 2.2 Basis of Preparation (Continued)

### Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.3 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (early adopted)

The nature and the impact of the revised HKFRSs are described below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

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**2.3 Changes in Accounting Policies and Disclosures (Continued)**

The Group had certain interest-bearing bank loans denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate (“HIBOR”) and the London Interbank Offered Rate (“LIBOR”) as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group’s HIBOR-based borrowings. For the LIBOR-based borrowings, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

**2.4 Issued but not yet effective Hong Kong Financial Reporting Standards**

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
HKFRS 17	<i>Insurance Contracts</i> <sup>2</sup>
Amendments to HKFRS 17	<i>Insurance Contracts</i> <sup>2,5</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>2,4</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> <sup>2</sup>
Amendments to HKAS 8	<i>Definition of accounting estimates</i> <sup>2</sup>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> <sup>2</sup>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> <sup>1</sup>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> <sup>1</sup>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41 <sup>1</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

<sup>5</sup> As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023



## 2.4 Issued but not yet effective Hong Kong Financial Reporting Standards (Continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below:

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework* for Financial Reporting (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity’s right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

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### 2.4 Issued but not yet effective Hong Kong Financial Reporting Standards (Continued)

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2.4 Issued but not yet effective Hong Kong Financial Reporting Standards (Continued)

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

*Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.
- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

## NOTES TO FINANCIAL STATEMENTS

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### 3. Summary of Significant Accounting Policies

#### Investments in associates and joint ventures

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

### 3. Summary of Significant Accounting Policies (Continued)

#### Business combinations and goodwill (Continued)

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

## NOTES TO FINANCIAL STATEMENTS

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### 3. Summary of Significant Accounting Policies (Continued)

#### Fair value measurement

The Group measures its investment properties and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 3. Summary of Significant Accounting Policies (Continued)

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

#### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

**NOTES TO FINANCIAL STATEMENTS**

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**3. Summary of Significant Accounting Policies (Continued)**  
**Related parties (Continued)**

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

**Other property, plant and equipment and depreciation**

Other property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of other property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of other property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of other property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.



### 3. Summary of Significant Accounting Policies (Continued)

#### Other property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of other property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the lease terms of the leasehold land where the buildings are situated
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture, fixtures and other plant and equipment	3 to 10 years

Where parts of an item of other property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of other property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### Properties held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

#### Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties for sale.

#### Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of total land and construction costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 3. Summary of Significant Accounting Policies (Continued)

#### Investment properties

Investment properties include both completed investment properties and investment properties under construction.

Completed investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction costs, and stated at fair value, subsequent to initial recognition, at the end of the reporting period when the fair value can be determined reliably.

Gains or losses arising from changes in the fair values of completed investment properties and investment properties under construction are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of a completed investment property or an investment property under construction are recognised in the statement of profit or loss in the year of the retirement or disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Other property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Other property, plant and equipment and depreciation" above. If a property occupied by the Group as a property under development or a completed property for sale becomes an investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

### 3. Summary of Significant Accounting Policies (Continued)

#### Leases

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

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the lease terms
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If ownership of the leased asset is transferred to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "Completed properties for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 3. Summary of Significant Accounting Policies (Continued)

#### Leases (Continued)

##### Group as a lessee (Continued)

###### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

###### (c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of rented offices (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

##### Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

### 3. Summary of Significant Accounting Policies (Continued)

#### Investments and other financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial assets at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchase or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 3. Summary of Significant Accounting Policies (Continued) Investments and other financial assets (Continued)

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

### 3. Summary of Significant Accounting Policies (Continued)

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 3. Summary of Significant Accounting Policies (Continued) Impairment of financial assets (Continued)

#### General approach (Continued)

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.



### 3. Summary of Significant Accounting Policies (Continued)

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank and other loans, senior notes, corporate bonds and liabilities under cross-border guarantee arrangements.

##### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

##### *Financial liabilities at amortised cost (loans and borrowings)*

After initial recognition, bank and other loans and corporate bonds are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

##### *Senior notes*

Senior notes issued by the Group that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in the statement of profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to the statement of profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 3. Summary of Significant Accounting Policies (Continued)

#### Financial liabilities (Continued)

##### Subsequent measurement (Continued)

###### *Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

##### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

##### Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

### 3. Summary of Significant Accounting Policies (Continued)

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

#### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 3. Summary of Significant Accounting Policies (Continued) Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 3. Summary of Significant Accounting Policies (Continued)

#### Revenue recognition

##### Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

##### (a) *Sale of properties*

Revenue is recognised when 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;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

**NOTES TO FINANCIAL STATEMENTS**

31 December 2021

**3. Summary of Significant Accounting Policies (Continued)****Revenue recognition (Continued)****Revenue from contracts with customers (Continued)***(a) Sale 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 purchaser obtains control of the asset. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of each reporting period as a percentage of total estimated construction costs for each contract.

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

*(b) Construction and decoration services*

Revenue from the provision of construction and decoration services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction and decoration services.

*(c) Provision of management services*

Revenue from the provision of management service is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

*(d) Urban redevelopment business*

Revenue from urban redevelopment business is recognised at a point in time, when the customer obtains control of the assets and the Group has present right to payment and the collection of the consideration is probable.

**Revenue from other source**

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

### 3. Summary of Significant Accounting Policies (Continued)

#### Revenue recognition (Continued)

##### Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

##### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

##### Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

##### Contract costs

###### Costs to fulfil a contract

Other than the costs which are capitalised as properties under development for sale and other property, plant and equipment, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 3. Summary of Significant Accounting Policies (Continued)

#### Contract costs (Continued)

##### Costs of obtaining contracts

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer it would not have incurred if the contract had not been obtained e.g., commission to sales agents. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

#### Share-based payments

##### Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("Equity-Settled Transactions").

The cost of Equity-Settled Transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 30 to the financial statements.

The cost of Equity-Settled Transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.



### 3. Summary of Significant Accounting Policies (Continued)

#### Share-based payments (Continued)

##### Share option scheme (Continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

##### Share award scheme

Where shares are acquired by the Share Award Scheme from the market, the total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as shares held for the Share Award Scheme and deducted from total equity.

Upon vesting, the related costs of the vested awarded shares purchased from the market are credited to shares held for the Share Award Scheme, with a corresponding decrease in the employee share-based compensation reserve for awarded shares.

#### Other employee benefits

##### Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme. Where employees leave the scheme prior to the full vesting of the employer’s contributions, the amount of forfeited contributions cannot be used to reduce the contributions payable by the Group.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the “Pension Scheme”) operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the Pension Scheme. The only obligation of the Group with respect to the Pension Scheme is to pay the ongoing contributions under the Pension Scheme. The contributions are charged to statement of profit or loss as they become payable in accordance with the rules of the Pension Scheme.

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 3. Summary of Significant Accounting Policies (Continued)

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Dividends

Final dividends are recognised as a liability when they have been approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

#### Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong dollars ("HK\$") while RMB is used as the presentation currency because the Group's operation is mainly carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

### 3. Summary of Significant Accounting Policies (Continued)

#### Foreign currencies (Continued)

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to statement of profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries, joint ventures and associates operating outside the PRC are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of non-PRC entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 4. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### **Determining the timing of satisfaction of contracts related to sale of properties**

Revenue from sale of properties is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the legal title of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of the sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgements. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements, based on legal counsel opinion, to classify sales contracts into those with the enforceable right to payment and those without the enforceable right.

##### **Classification between investment properties and owner-occupied properties**

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for these portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

#### 4. Significant Accounting Judgements and Estimates (Continued) Judgements (Continued)

##### **Classification between investment properties and properties held for sale**

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development for sale included in current assets if the properties are intended for sale after their completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

##### **Property lease classification — Group as lessor**

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

##### **Allocation of construction cost on properties under development for sale**

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metres sold during the year multiplied by the average cost per square metre of that particular phase of the project.

##### **Whether the presumption that investment properties stated at fair value are recovered through sale is rebutted in determining deferred tax**

The Group has investment properties located in the PRC which are measured at fair value. Investment property is property held to earn rentals or for capital appreciation or both. In considering whether the presumption in HKAS 12 *Income Taxes* that an investment property measured at fair value will be recovered through sale is rebutted in determining deferred tax, the Group has developed certain criteria in making that judgement, such as whether an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time or through sale. In determining the Group's deferred tax on investment properties, the directors have determined that the presumption set out in HKAS 12 *Income Taxes* that investment properties measured using the fair value model are recovered through sale is rebutted. Continuous assessments on the presumption will be made by management at each reporting date.

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 4. Significant Accounting Judgements and Estimates (Continued)

#### Estimation uncertainty

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

#### Valuation of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development for sale and completed properties for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

#### Investments in joint ventures and associates

The Group has cooperated with certain third parties to engage in certain property development projects through investments in and advances to joint ventures and associates. Significant estimation and judgement are required to assess the recoverability of the receivables from joint ventures and associates because the profitability of the future development of properties by the joint ventures and associates over a number of years can be difficult to predict and can be influenced by broader political and economic factors.

#### Estimation of fair value of investment properties and inventory properties acquired through business combinations

Investment properties, including completed investment properties and investment properties under construction, were revalued at each reporting date during the year based on the appraised market value provided by independent professional valuers. Inventory properties acquired through business combinations were evaluated at fair value at the date of acquisition. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date. The valuations of investment properties under construction and inventory properties under development were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

#### 4. Significant Accounting Judgements and Estimates (Continued)

##### Estimation uncertainty (Continued)

###### PRC corporate income tax (“CIT”)

The Group is subject to CIT in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

###### PRC land appreciation tax (“LAT”)

The Group is subject to LAT in the PRC. The provision for LAT is based on management’s best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded.

###### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

###### Provision for expected credit losses on receivables from joint ventures and associates

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risk of default, loss given default and collateral recovery, changes in which can result in different levels of allowances.

The Group’s expected credit loss calculations on receivables from joint ventures and associates are based on assumptions about risk of default and loss given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the debtors or comparable companies in the market, existing market conditions as well as forward looking estimates at the end of each reporting period. It has been the Group’s policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At 31 December 2021, the carrying amount of the Group’s receivables from joint ventures and associates was RMB39,342 million (2020: RMB21,499 million), and the ECLs are insignificant. Further details of the Group’s receivables from joint ventures and associates, and the key assumptions and inputs used for impairment calculations are given in notes 17, 18 and 20 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### 5. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) the property development segment develops and sells residential and commercial properties, retail shops and office units and sells land held for development;
- (b) the development management segment engages in construction of office premises and residential buildings and provides decoration services for external customers and for group companies, and provides interior decoration services to property buyers;
- (c) the urban redevelopment segment engages in the sale of land and properties held for urban development; and
- (d) the property operation segment leases office units, commercial centers, retail shops and hotels to generate rental income and to gain from the appreciation in the properties' values in the long term.

The Group's revenue from external customers from each operating segment is set out in note 6 to the financial statements.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that depreciation, other income and gains, other expenses, finance costs, share of profits or losses of joint ventures and associates, fair value gains or losses on investment properties and derivative financial instruments and head office and corporate income and expenses are excluded from such measurement. Segment assets and liabilities are not reported to the Group's chief operating decision maker regularly.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.



## 5. Operating Segment Information (Continued)

Information regarding the reportable segments is presented below.

	Property development RMB'000	Property operation RMB'000	Development management RMB'000	Urban redevelopment RMB'000	Total RMB'000
<b>Year ended 31 December 2021</b>					
Revenue from external customers	66,677,321	212,387	8,498,285	2,904,631	78,292,624
Inter-segment revenue	—	45,776	13,567,678	—	13,613,454
Reportable segment revenue	66,677,321	258,163	22,065,963	2,904,631	91,906,078
Reportable segment profit	10,155,876	197,873	2,803,362	1,741,797	14,898,908

	Property development RMB'000	Property operation RMB'000	Development management RMB'000	Urban redevelopment RMB'000	Total RMB'000
<b>Year ended 31 December 2020</b>					
Revenue from external customers	54,858,387	109,085	10,093,142	6,019,115	71,079,729
Inter-segment revenue	—	65,272	14,677,889	—	14,743,161
Reportable segment revenue	54,858,387	174,357	24,771,031	6,019,115	85,822,890
Reportable segment profit	11,812,363	126,034	5,116,915	4,793,051	21,848,363

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

## 5. Operating Segment Information (Continued)

## Information about major customers

During the years ended 31 December 2021 and 2020, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

## Reconciliation of reportable segment revenue and profit or loss

	2021 RMB'000	2020 RMB'000
<b>Revenue</b>		
Reportable segment revenue	91,906,078	85,822,890
Elimination of inter-segment revenue	(13,613,454)	(14,743,161)
Consolidated revenue	78,292,624	71,079,729
<b>Profit</b>		
Reportable segment profit	14,898,908	21,848,363
Elimination of inter-segment profits	(1,312,105)	(3,687,578)
Reportable segment profit derived from the Group's external customers	13,586,803	18,160,785
Other income and gains	2,484,835	2,107,785
Other expenses	(183,924)	(118,363)
Depreciation	(57,080)	(60,100)
Finance costs	(1,298,542)	(2,051,424)
Share of losses of associates	(17,696)	(28,923)
Share of losses of joint ventures	(335,014)	(19,425)
Fair value gains on investment properties, net	1,190,120	1,597,354
Fair value (losses)/gains on derivative financial instruments	(315,247)	218,400
Unallocated head office and corporate expenses	(264,486)	(308,303)
Consolidated profit before tax	14,789,769	19,497,786

## Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers was generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

## 6. Revenue, Other Income and Gains

An analysis of the Group's revenue is as follows:

	2021 RMB'000	2020 RMB'000
<i>Revenue from contracts with customers</i>		
Property development*	66,970,095	55,108,708
Development management income	8,536,451	10,117,866
Urban redevelopment business income	2,904,631	6,019,115
<i>Revenue from other source</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	219,032	116,119
	78,630,209	71,361,808
Less: Sales related taxes	(337,585)	(282,079)
	78,292,624	71,079,729

\* The invoiced amount billed to buyers of properties was RMB72,945,395,000 (2020: RMB60,529,087,000), including value-added tax of RMB5,975,300,000 (2020: RMB5,420,379,000).

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

##### For the year ended 31 December 2021

	Property development RMB'000	Development management RMB'000	Urban redevelopment RMB'000	Total RMB'000
Timing of revenue recognition:				
Goods transferred at a point in time	64,001,631	—	2,904,631	66,906,262
Goods transferred over time	2,675,690	—	—	2,675,690
Services transferred over time	—	8,498,285	—	8,498,285
Total revenue from contracts with customers	66,677,321	8,498,285	2,904,631	78,080,237

##### For the year ended 31 December 2020

	Property development RMB'000	Development management RMB'000	Urban redevelopment RMB'000	Total RMB'000
Timing of revenue recognition:				
Goods transferred at a point in time	54,858,387	—	6,019,115	60,877,502
Services transferred over time	—	10,093,142	—	10,093,142
Total revenue from contracts with customers	54,858,387	10,093,142	6,019,115	70,970,644

## NOTES TO FINANCIAL STATEMENTS

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## 6. Revenue, Other Income and Gains (Continued)

## Revenue from contracts with customers (Continued)

## (i) Disaggregated revenue information (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

## For the year ended 31 December 2021

	Property development RMB'000	Development management RMB'000	Urban redevelopment RMB'000	Total RMB'000
Revenue from contracts with customers				
External customers	66,677,321	8,498,285	2,904,631	78,080,237
Inter-segment sales	—	13,567,678	—	13,567,678
Inter-segment eliminations	66,677,321	22,065,963 (13,567,678)	2,904,631	91,647,915 (13,567,678)
Total revenue from contracts with customers	66,677,321	8,498,285	2,904,631	78,080,237

## For the year ended 31 December 2020

	Property development RMB'000	Development management RMB'000	Urban redevelopment business RMB'000	Total RMB'000
Revenue from contracts with customers				
External customers	54,858,387	10,093,142	6,019,115	70,970,644
Inter-segment sales	—	14,677,889	—	14,677,889
Inter-segment eliminations	54,858,387	24,771,031 (14,677,889)	6,019,115	85,648,533 (14,677,889)
Total revenue from contracts with customers	54,858,387	10,093,142	6,019,115	70,970,644

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021 RMB'000	2020 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Property development	31,833,298	20,944,669
Development management	7,983,495	1,002,756

## 6. Revenue, Other Income and Gains (Continued)

### Revenue from contracts with customers (Continued)

#### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

##### *Property development*

For property sales contracts for which the control of the property is transferred over time, the performance obligation is satisfied over time by reference to the construction costs incurred as a percentage of total estimated construction costs for each contract. The payment is generally due on the contract inception date.

For property sales contracts for which the control of the property is transferred at a point in time, the performance obligation is satisfied when the physical possession or the legal title of the inventories is obtained by the purchaser.

##### *Development management*

The performance obligation is satisfied over time as services are rendered. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

##### *Urban redevelopment business income*

The performance obligation is satisfied when the customer obtains control of the assets.

#### Other income and gains

An analysis of the Group's other income and gains is as follows:

	Notes	2021 RMB'000	2020 RMB'000
Bank interest income		567,488	430,051
Interest income on amounts due from associates and joint ventures		1,052,107	1,309,570
Forfeiture income on deposits received		74,983	42,733
Government subsidies		42,011	9,528
(Loss)/gain on disposal of subsidiaries	35	(4,656)	637
Gain on deemed disposal of subsidiaries upon loss of control, net	35	24,386	39,848
Gain on disposal of joint ventures, net		163,100	—
Gain on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition	34	273,155	—
Gain on bargain purchase, net	34	—	38,146
Foreign exchange differences, net		38,256	—
Others		254,005	237,272
		<b>2,484,835</b>	<b>2,107,785</b>

## NOTES TO FINANCIAL STATEMENTS

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## 7. Finance Costs

An analysis of finance costs is as follows:

	2021 RMB'000	2020 RMB'000
Interest on bank and other loans and other finance costs	2,762,310	2,355,189
Interest on senior notes	1,320,391	1,887,659
Interest on corporate bonds	1,013,974	1,234,666
Total interest expense on financial liabilities not at fair value through profit or loss	5,096,675	5,477,514
Less: Interest capitalised	(3,798,133)	(3,426,090)
	1,298,542	2,051,424

## 8. Profit before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2021 RMB'000	2020 RMB'000
Cost of properties sold		54,417,225	41,045,790
Cost of services provided		6,764,234	8,702,067
Depreciation of other property, plant and equipment	14	199,888	107,013
Less: Amount capitalised		(142,808)	(46,913)
		57,080	60,100
Lease payments not included in the measurement of lease liabilities		24,605	29,947
Auditor's remuneration		8,000	7,800
Employee benefit expenses (including directors' remuneration (note 9)):			
Directors' fee		3,623	3,663
Salaries and other staff costs		1,607,370	1,312,089
Equity-settled share option expense		36,551	76,637
Pension scheme contributions		144,304	48,584
Less: Amount capitalised		(337,142)	(594,621)
		1,454,706	846,352
Foreign exchange differences, net		(38,256)	28,686
Net loss on disposal of items of other property, plant and equipment		759	4
Direct operating expenses arising on rental-earning investment properties		60,290	48,323

## 9. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Hong Kong Listing Rules ("Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 RMB'000	2020 RMB'000
Fees	<b>3,623</b>	3,663
Other emoluments:		
Salaries, allowances and benefits in kind	<b>21,167</b>	22,853
Discretionary performance related bonuses	<b>15,849</b>	20,228
Equity-settled share option expense	<b>4,181</b>	3,502
Pension scheme contributions	<b>533</b>	397
	<b>41,730</b>	46,980
	<b>45,353</b>	50,643

During the year ended 31 December 2020, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 30 to the financial statements. The fair value of such options, which had been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the years ended 31 December 2021 and 2020.

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

## 9. Directors' Remuneration (Continued)

The remuneration of each of the directors is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
<b>2021</b>						
Executive Directors:						
Kei Hoipang ("Mr. Kei", also act as the Chairman of the Group)	—	8,935	6,718	1,939	155	17,747
Xiao Xu	—	3,591	833	679	110	5,213
Lai Zhuobin (Chief Executive)	—	4,466	3,204	679	98	8,447
Zhong Huihong <sup>#</sup>	—	4,175	2,045	448	83	6,751
Non-executive Director:						
Kei Perenna Hoi Ting ("Ms. Kei")	2,378	—	3,049	436	87	5,950
Independent non-executive Directors:						
Zhang Huaqiao	415	—	—	—	—	415
Liu Ka Ying, Rebecca	415	—	—	—	—	415
Cai Suisheng	415	—	—	—	—	415
	<b>3,623</b>	<b>21,167</b>	<b>15,849</b>	<b>4,181</b>	<b>533</b>	<b>45,353</b>
<b>2020</b>						
Executive Directors:						
Mr. Kei (also act as the Chairman of the Group)	—	9,000	10,935	1,850	155	21,940
Xiao Xu	—	3,601	339	601	53	4,594
Lai Zhuobin (Chief Executive)	—	4,501	4,985	635	53	10,174
Wu Jian <sup>®</sup>	—	5,751	701	—	41	6,493
Non-executive Director:						
Ms. Kei	2,400	—	3,268	416	95	6,179
Independent non-executive Directors:						
Zhang Huaqiao	421	—	—	—	—	421
Liu Ka Ying, Rebecca	421	—	—	—	—	421
Cai Suisheng	421	—	—	—	—	421
	<b>3,663</b>	<b>22,853</b>	<b>20,228</b>	<b>3,502</b>	<b>397</b>	<b>50,643</b>

<sup>#</sup> Zhong Huihong was appointed as an executive director of the Company on 1 January 2021.

<sup>®</sup> Mr. Wu Jian resigned as an executive director of the Company with effect from 1 January 2021.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2020: Nil).



## 10. Five Highest Paid Employees

The five highest paid employees during the year included three (2020: two) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2020: three) highest paid employees who are neither a director nor the chief executive of the Company are as follows:

	2021 RMB'000	2020 RMB'000
Salaries, allowances and benefits in kind	7,342	11,403
Discretionary performance-related bonuses	6,066	11,294
Equity-settled share option expense	463	—
Pension scheme contributions	175	137
	<b>14,046</b>	22,834

The emoluments of the two (2020: three) highest paid individuals who are neither a director nor the chief executive of the Company are within the following bands:

	Number of employees	
	2021	2020
HK\$7,000,001 to HK\$7,500,000	—	1
HK\$8,000,001 to HK\$8,500,000	1	1
HK\$8,500,001 to HK\$9,000,000	1	—
HK\$10,000,001 to HK\$10,500,000	—	1
	<b>2</b>	3

No individual waived or agreed to waive any emoluments during the year.

During the year ended 31 December 2020, share options were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 30 to the financial statements. The fair value of such options, which had been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the years ended 31 December 2021 and 2020.

## NOTES TO FINANCIAL STATEMENTS

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**11. Income Tax**

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2020: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	2021 RMB'000	2020 RMB'000
Current charge for the year:		
PRC CIT	3,954,426	4,778,145
PRC LAT	1,249,335	1,539,964
Dividend withholding tax	150,000	360,000
Overprovision in prior years, net:		
PRC CIT	(664,381)	(18,231)
	4,689,380	6,659,878
Deferred (note 28)	(231,907)	(536,186)
Total tax charge for the year	4,457,473	6,123,692

A reconciliation of the tax expense applicable to profit before tax at the statutory/applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2021 RMB'000	2020 RMB'000
Profit before tax	14,789,769	19,497,786
At the statutory/applicable rates of different jurisdictions	3,460,252	5,172,329
Adjustments in respect of current tax of previous periods	(664,381)	(18,231)
Losses attributable to joint ventures and associates	88,176	12,087
Income not subject to tax	(142,801)	(150,143)
Expenses not deductible for tax	906,658	941,115
Effect of withholding tax at prevailing tax rate on the distributable profits of the Group's PRC subsidiaries	150,000	360,000
Tax losses utilised from previous periods	(92,375)	(85,393)
Tax losses not recognised	41,847	52,657
LAT	1,249,335	1,539,964
Tax effect of LAT deductible for PRC CIT	(312,334)	(384,991)
Lower tax rates for specific provinces or enacted by local authority	(226,904)	(1,315,702)
Tax charge at the Group's effective rate of 30% (2020: 31%)	4,457,473	6,123,692

## 12. Dividends

	2021 RMB'000	2020 RMB'000
Interim dividend — HK49 cents (2020: HK43 cents) per ordinary share	2,388,385	2,140,142
Proposed final dividend — Nil (2020: HK58 cents) per ordinary share	—	2,693,469
	2,388,385	4,833,611

The board of directors does not recommend the payment of a final dividend in respect of the current year.

## 13. Earnings per Share attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares of 5,527,768,000 (2020: 5,515,607,000) in issue less the weighted average number of shares held under the share award scheme during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	2021 RMB'000	2020 RMB'000
<b>Earnings</b>		
Profit attributable to owners of the parent	9,975,466	13,016,635
Distribution related to perpetual capital securities	(158,079)	(167,571)
Profit used in the basic and diluted earnings per share calculations	9,817,387	12,849,064

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## 13. Earnings per Share attributable to Ordinary Equity Holders of the Parent (Continued)

	Number of shares	
	2021 '000	2020 '000
<b>Shares</b>		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the year, used in the basic earnings per share calculation	5,399,202	5,488,099
Effect of dilution — weighted average number of ordinary shares: Share options	16,874	41,663
Weighted average number of ordinary shares in issue during the year, used in the diluted earnings per share calculation	5,416,076	5,529,762

## 14. Other Property, Plant and Equipment

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and other plant and equipment RMB'000	Total RMB'000
<b>31 December 2021</b>				
At 1 January 2021:				
Cost	49,882	301,014	324,472	675,368
Accumulated depreciation	(41,809)	(270,060)	(203,606)	(515,475)
Net carrying value	8,073	30,954	120,866	159,893
At 1 January 2021, net of accumulated depreciation	8,073	30,954	120,866	159,893
Additions	19,922	87,925	108,708	216,555
Acquisition of subsidiaries (note 34)	18,010	—	786	18,796
Depreciation (note 8)	(20,199)	(79,442)	(100,247)	(199,888)
Disposals	(18,010)	—	—	(18,010)
Disposal and deemed disposal of subsidiaries (note 35)	—	(209)	(882)	(1,091)
Exchange realignment	—	—	221	221
At 31 December 2021, net of accumulated depreciation	7,796	39,228	129,452	176,476
At 31 December 2021:				
Cost	69,804	388,730	433,305	891,839
Accumulated depreciation	(62,008)	(349,502)	(303,853)	(715,363)
Net carrying value	7,796	39,228	129,452	176,476

## 14. Other Property, Plant and Equipment (Continued)

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and other plant and equipment RMB'000	Total RMB'000
At 1 January 2020:				
Cost	723,346	267,763	309,307	1,300,416
Accumulated depreciation	(18,544)	(207,992)	(181,926)	(408,462)
Net carrying value	704,802	59,771	127,381	891,954
At 1 January 2020, net of accumulated depreciation	704,802	59,771	127,381	891,954
Additions	8,393	27,503	34,279	70,175
Acquisition of subsidiaries (note 34)	—	7,167	9,901	17,068
Depreciation (note 8)	(23,265)	(62,068)	(21,680)	(107,013)
Disposals	—	—	(28,708)	(28,708)
Transfer to investment properties	(681,857)	—	—	(681,857)
Disposal and deemed disposal of subsidiaries (note 35)	—	(1,419)	(493)	(1,912)
Exchange realignment	—	—	186	186
At 31 December 2020, net of accumulated depreciation	8,073	30,954	120,866	159,893
At 31 December 2020:				
Cost	49,882	301,014	324,472	675,368
Accumulated depreciation	(41,809)	(270,060)	(203,606)	(515,475)
Net carrying value	8,073	30,954	120,866	159,893

At 31 December 2021, right-of-use assets in respect of leasehold land with an aggregate carrying amount of approximately RMB6,398,000 (2020: RMB7,003,000) were included in land and buildings and the depreciation charged to the statement of profit or loss in the current year was RMB603,000 (2020: RMB1,167,000).

## NOTES TO FINANCIAL STATEMENTS

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## 15. Investment Properties

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January 2020	20,344,477	6,259,721	26,604,198
Additions	93,847	666,351	760,198
Acquisition of subsidiaries (note 34)	199,968	—	199,968
Transfer upon completion of construction	912,320	(912,320)	—
Transfer from other property, plant and equipment	681,857	—	681,857
Net gain from a fair value adjustment	1,066,106	531,248	1,597,354
Exchange realignment	(49,511)	—	(49,511)
Carrying amount at 31 December 2020 and 1 January 2021	<b>23,249,064</b>	<b>6,545,000</b>	<b>29,794,064</b>
Additions	<b>6,155</b>	<b>1,915,626</b>	<b>1,921,781</b>
Deemed disposal of a subsidiary (note 35)	<b>(54,800)</b>	—	<b>(54,800)</b>
Transfer upon completion of construction	<b>857,610</b>	<b>(857,610)</b>	—
Transfer from completed properties for sale	<b>65,690</b>	—	<b>65,690</b>
Transfer from properties under development for sale	—	<b>2,211,888</b>	<b>2,211,888</b>
Net gain from a fair value adjustment	<b>759,223</b>	<b>430,897</b>	<b>1,190,120</b>
Exchange realignment	<b>(24,542)</b>	—	<b>(24,542)</b>
Carrying amount at 31 December 2021	<b>24,858,400</b>	<b>10,245,801</b>	<b>35,104,201</b>

The Group's completed investment properties and investment properties under development were revalued on 31 December 2021 based on valuations performed by APAC Asset Valuation and Consulting Limited and Greater China (Shanghai) Appraisal Limited, independent professionally qualified valuers, at RMB35,104,201,000 (2020: RMB29,794,064,000). Each year, the management of the Group decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At 31 December 2021, certain of the Group's investment properties were pledged to secure certain bank and other loans granted to the Group (note 38).

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 16.

## 15. Investment Properties (Continued)

### Fair value hierarchy

For the years ended 31 December 2021 and 2020, the fair value measurements of all investment properties of the Group were categorised within Level 3 of the fair value hierarchy and details of their movements are disclosed above.

In the opinion of the directors, for all investment properties that are measured at fair value, the properties have been used in their highest and best use.

The following table illustrates the fair value measurement of the Group's investment properties:

	Fair value measurement using significant unobservable inputs (Level 3)	
	2021 RMB'000	2020 RMB'000
Recurring fair value measurement for:		
Residential — Hong Kong	1,920,518	1,631,117
Commercial — Mainland China	22,937,882	21,617,947
Investment properties under construction	10,245,801	6,545,000
	<b>35,104,201</b>	29,794,064

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2020: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range	
			2021	2020
Completed investment properties				
— Residential	Direct comparison approach	Market unit sale rate (RMB/sq.ft.)	286,365–486,070	265,275–437,475
— Hong Kong				
— Commercial	Direct comparison approach	Market unit sale rate (RMB/sq.m.)	63,873–175,067	12,538–147,724
— Mainland China				
— Commercial	Income approach	Risk-adjusted discount rate	6%–6.5%	3.3%–7.7%
— Mainland China		Expected market rental growth	0%–7.7%	0%–5.5%
		Expected occupancy rate	85%–88%	73%–100%
		Expected yearly unit rental income (RMB/sq.m.)	3,270–8,316	205–1,934
		Capitalisation rate	3.0%–9.0%	3.0%–6.0%
Investment properties under construction	Residual approach	Gross development value (RMB/sq.m.)	8,113–62,491	13,000–18,200
		Budgeted construction costs to be incurred (RMB/sq.m.)	4,896–9,963	2,947
		Development profit	7.3%–15%	5%
		Risk-adjusted discount rate	6%–6.5%	4.35%

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**15. Investment Properties (Continued)****Fair value hierarchy (Continued)**

The valuations of completed investment properties were based on either the direct comparison method by reference to comparable market transactions, which is positively correlated to the market unit sale rate; or the income approach by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties, which is positively correlated to the market rental growth rate, yearly unit rental income and occupancy rate, and negatively correlated to risk-adjusted discount rate and capitalisation rate.

The valuations of investment properties under construction were based on the residual approach, and have taken into account the expected construction costs and future costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan. The valuations of investment properties under construction are positively correlated to the development profit and negatively correlated to the risk-adjusted discount rate.

**16. Leases****The Group as a lessor**

The Group leases its investment properties (note 15) under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB212,387,000 (2020: RMB109,085,000), details of which are included in note 6 to the financial statements.

At 31 December 2021, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2021 RMB'000	2020 RMB'000
Within one year	132,022	83,215
After one year but within two years	125,490	78,775
After two years but within three years	115,072	70,814
After three years but within four years	86,596	73,117
After four year but within five years	49,190	39,236
After five years	98,747	104,153
	<b>607,117</b>	449,310



## 17. Investments in Associates

	2021 RMB'000	2020 RMB'000
Share of net assets	4,291,370	2,037,249
Due from an associate (note)	541,400	1,451,400
	<b>4,832,770</b>	<b>3,488,649</b>

Note: As at 31 December 2021, the amount due from an associate is unsecured, bearing interest at a fixed interest rate of 7.98% (2020: 7.98%) per annum and repayable in 2023 (2020: 2022). As at 31 December 2021 and 2020, the loss allowance was assessed to be minimal.

Particulars of the principal associates, which are unlisted corporate entities, are as follows:

For the year ended 31 December 2021				Proportion of ownership interest			Principal activity
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	
Delight Prime Limited ("Delight Prime") (悦盛有限公司)	Incorporated	BVI	Paid-up capital US\$50,000	20%	—	20%	Property development
Nanjing Yuehong Real Estate Development Company Limited ("Nanjing Yuehong") (南京樾弘房地產開發有限公司)	Incorporated	The PRC	Registered capital RMB2,484,000,000	49%	—	49%	Property development

For the year ended 31 December 2020				Proportion of ownership interest			Principal activity
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	
Delight Prime Limited ("Delight Prime") (悦盛有限公司)	Incorporated	BVI	Paid-up capital US\$50,000	20%	—	20%	Property development
Zhuhai Ruiliang Property Company Limited ("Zhuhai Ruiliang") (珠海市瑞梁房地產有限公司)	Incorporated	The PRC	Registered capital RMB1,318,000,000	50%	—	50%	Property development
Nanning Jinlin Real Estate ("Nanning Jinlin") (南寧錦麟置業有限公司)	Incorporated	The PRC	Registered capital RMB1,140,000,000	50%	—	50%	Property development

Note: The official names of the above entities are in Chinese. The English translation of the names is for reference only.

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**17. Investments in Associates (Continued)**

The directors consider that the Group can only exercise significant influence over Delight Prime and Nanjing Yuehong based on their board composition, and accordingly they are classified as associates of the Group. The associates are accounted for using the equity method in the consolidated financial statements.

An impairment analysis is performed at each reporting period by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2021, the probability of default applied was 18.30% (2020: 27.08%) and the loss given default was approximately to 1.1% (2020: 0%) and the expected credit loss was considered to be minimal.

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2021 RMB'000	2020 RMB'000
<b>Gross amounts of Delight Prime</b>		
Cash and bank balances	7,528	672,510
Current assets (excluding cash and bank balances)	8,770,637	7,666,172
Non-current assets	13,946	16,449
Current liabilities	(7,479,157)	(6,938,516)
Equity	1,312,954	1,416,615
Revenue	—	—
Loss for the year	(13,727)	—
Other comprehensive income	—	—
Total comprehensive loss	(13,727)	—
<b>Reconciled to the Group's interest in Delight Prime</b>		
Gross amounts of net assets of Delight Prime	1,312,954	1,416,615
Group's effective interest	20%	20%
Group's share of net assets of Delight Prime	262,591	283,323
Elimination of other downstream transaction	(14,991)	(17,987)
Amount due from Delight Prime	541,400	1,451,400
Carrying amount in the consolidated financial statements	789,000	1,716,736

## 17. Investments in Associates (Continued)

	2021 RMB'000
<b>Gross amounts of Nanjing Yuehong</b>	
Cash and bank balances	248,388
Current assets (excluding cash and bank balances)	4,343,003
Non-current assets	1,792
Trade and other payables	(2,111,793)
Equity	2,481,390
Revenue	—
Loss for the year	(2,609)
Other comprehensive loss	—
Total comprehensive loss	(2,609)
<b>Reconciled to the Group's interest in Nanjing Yuehong</b>	
Gross amounts of net assets of Nanjing Yuehong	2,481,390
Group's effective interest	49%
Group's share of net assets of Nanjin Yuehong	1,215,881
Carrying amount in the consolidated financial statements	1,215,881

All associates have been accounted for using the equity method in these financial statements and their financial year end dates are coterminous with that of the Group.

The following table illustrates the financial information of the Group's other associates that are not individually material:

	2021 RMB'000	2020 RMB'000
Share of the associates' loss and total comprehensive loss for the year	(13,672)	(28,923)
Aggregate carrying amount of the Group's investments in the associates	2,827,889	1,771,913

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## 18. Investments in Joint Ventures

	2021 RMB'000	2020 RMB'000
Share of net assets	8,559,518	8,753,730
Due from joint ventures (note)	10,007,304	215,051
	<b>18,566,822</b>	<b>8,968,781</b>

Note: As at 31 December 2021, all amounts due from joint ventures are unsecured, interest-free and repayable on 2023 except for amounts of RMB6,665,000,000 which are unsecured and bear interest at fixed interest rates ranging from 4.69% to 5.50% (2020: ranging from 4.69% to 7.98%) per annum and mature from two to five years (2020: two to five years). As at 31 December 2021 and 2020, the loss allowance was assessed to be minimal.

To address the increasing land premium in public bidding, the Group started in 2016 to secure land by teaming up with resourceful joint venture partners. These joint ventures are mainly engaged in urban development projects in Shenzhen, Nanning, Shantou and Zhongshan.

Details of the Group's interests in the principal joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

For the year ended 31 December 2021					Proportion of ownership interest				
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Profit Sharing	Voting right	Principal activity
LN Development (STIRLING) PTE. LTD* ("LN Development")*	Incorporated	Singapore	Registered capital SG\$4,000,000	51%	—	51%	51%	50%	Property investment
Unicorn Bay Limited ("Unicorn Bay") (麒麟灣有限公司)	Incorporated	BVI	Paid-up capital US\$50,000	50%	50%	—	50%	50%	Investment holding
Shenzhen Longan Junbo Real Estate Co., Ltd. ("Shenzhen Junbo") (深圳市龍光駿博房地產有限公司)	Incorporated	The PRC	Registered capital RMB20,000,000	50%	—	50%	50%	50%	Property investment

For the year ended 31 December 2020					Proportion of ownership interest				
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Profit Sharing	Voting right	Principal activity
Shenzhen Yingrui Industrial Co., Ltd. ("Shenzhen Yingrui") (深圳市盈睿實業有限公司)	Incorporated	The PRC	Registered capital RMB10,000,000	50%	—	50%	50%	50%	Investment holding
LN Development (STIRLING) PTE. LTD* ("LN Development")	Incorporated	Singapore	Registered capital SG\$4,000,000	51%	—	51%	51%	50%	Property Investment
Shenzhen Yurongshun Industrial Co., Ltd. (note) (深圳市裕榮實業有限公司)	Incorporated	The PRC	Registered capital RMB10,000,000	50%	—	50%	50%	50%	Investment holding
Unicorn Bay Limited ("Unicorn Bay") (麒麟灣有限公司)	Incorporated	BVI	Paid-up capital US\$50,000	50%	50%	—	50%	50%	Investment holding

\* This entity is accounted for as a joint venture of the Group because the decisions about the relevant activities of this entity require the unanimous consent of both shareholders of this entity.

Note: The official names of the above entities are in Chinese. The English translation of the names is for reference only.

## 18. Investments in Joint Ventures (Continued)

The Group shares control in the above entities with other shareholders, accordingly they are classified as joint ventures of the Group. All the joint ventures in which the Group held interest are unlisted corporate entities whose quoted market prices are not available.

Amounts due from joint ventures represented loans granted to joint ventures. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2021, the probability of default applied was 0.63% (2020: 0.61%) and the loss given default was approximately 0% to 3.51% (2020: 0%) and the expected credit loss was considered to be minimal.

Summarised financial information of the material joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2021 RMB'000	2020 RMB'000
<b>Gross amounts of LN Development</b>		
Cash and bank balances	14,297	557,539
Current assets (excluding cash and bank balances)	3,587,230	4,089,758
Non-current assets	—	182
Trade and other payables	(48,851)	(106,677)
Non-current liabilities	(1,299,709)	(2,182,661)
Equity	2,252,967	2,358,141
Revenue	2,597,874	3,432,994
Profit for the year	323,615	271,706
Other comprehensive loss	(398,469)	(95,400)
Total comprehensive (loss)/income	(74,854)	176,306
<b>Reconciled to the Group's interest in LN Development</b>		
Gross amounts of equity of LN Development	2,252,967	2,358,141
Group's effective interest	51%	51%
Group's share of equity of LN Development	1,149,013	1,202,652
Carrying amount in the consolidated financial statements	1,149,013	1,202,652

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## 18. Investments in Joint Ventures (Continued)

	2021 RMB'000	2020 RMB'000
<b>Gross amounts of Unicorn Bay</b>		
Cash and bank balances	88,853	52,861
Current assets (excluding cash and bank balances)	21,263,994	18,280,611
Non-current assets	232	165,413
Trade and other payables	(2,290,770)	(2,047,030)
Non-current liabilities	(7,369,274)	(6,403,675)
Equity	11,693,035	10,048,180
Revenue	—	—
Loss for the year	(55,520)	(58,830)
Other comprehensive loss	—	(3,185)
Total comprehensive loss	(55,520)	(62,015)
<b>Reconciled to the Group's interest in Unicorn Bay</b>		
Gross amounts of equity of Unicorn Bay	11,693,035	10,048,180
Group's effective interest	50%	50%
Group's share of equity of Unicorn Bay	5,846,517	5,024,090
Carrying amount in the consolidated financial statements	5,846,517	5,024,090

## 18. Investments in Joint Ventures (Continued)

	2021 RMB'000
<b>Gross amounts of Shenzhen Junbo</b>	
Cash and bank balances	374
Current assets (excluding cash and bank balances)	7,259,428
Trade and other payables	(7,243,224)
Equity	16,578
Revenue	—
Loss for the year	(3,336)
Other comprehensive loss	—
Total comprehensive loss	(3,336)
<b>Reconciled to the Group's interest in Shenzhen Junbo</b>	
Gross amounts of equity of Shenzhen Junbo	16,578
Group's effective interest	50%
Group's share of equity of Shenzhen Junbo	8,289
Elimination of other downstream transaction	(8,289)
Amount due from Shenzhen Junbo	6,107,668
Carrying amount in the consolidated financial statements	6,107,668

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2021 RMB'000	2020 RMB'000
Share of joint ventures' loss for the year, net	(267,411)	(128,580)
Share of the joint ventures' other comprehensive loss	—	—
Share of the joint ventures' total comprehensive loss	(267,411)	(128,580)
Aggregate carrying amount of the Group's investments in the joint ventures	5,463,624	2,742,039

## NOTES TO FINANCIAL STATEMENTS

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## 19. Inventories

	2021 RMB'000	2020 RMB'000
Construction:		
Raw materials	325,586	506,068
Property development:		
Properties held for development for sale	3,087,648	4,076,036
Properties under development for sale	93,967,235	84,764,336
Completed properties for sale	19,666,745	16,980,561
	<b>116,721,628</b>	105,820,933
	<b>117,047,214</b>	106,327,001
Properties expected to be recovered within normal operating cycle:		
Within one year	71,887,067	68,928,503
After one year	44,834,561	36,892,430
	<b>116,721,628</b>	105,820,933

All the completed properties for sale are stated at the lower of cost and net realisable value.

At 31 December 2020 and 2021, certain of the Group's properties held for development for sale, properties under development for sale and completed properties for sale were pledged to secure certain bank and other loans granted to the Group (note 38).

Lump sum payments were made upfront to acquire the leased land from the PRC government with lease periods of 40 to 70 years, and no ongoing payments will be made under the terms of these land leases.

Further particulars of the Group's major properties inventories are set out on page 203 to 204 of the Annual Report.



## 20. Trade and Other Receivables, Prepayments and Other Assets

	Notes	2021 RMB'000	2020 RMB'000
Trade receivables	(i)	4,289,977	1,038,943
Prepayments and other receivables		15,354,959	11,328,903
Land deposits	(ii)	887,141	6,612,431
Amounts due from related companies	(iii)	551,373	657,904
Amounts due from non-controlling shareholders	(iii)	5,740,246	3,222,589
Amounts due from associates	(iv)	3,601,557	1,837,920
Amounts due from joint ventures	(v)	25,191,765	17,994,624
Costs of obtaining contracts	(vi)	586,412	484,408
Contract assets	(vii)	1,131,712	—
Derivative financial instruments:			
Senior notes redemption call options (note 26(xxii))		—	300,030
	(viii)	57,335,142	43,477,752
Portion classified as current assets		(56,471,277)	(39,194,772)
Non-current portion		863,865	4,282,980

Notes:

- (i) The Group's trade receivables arise from the sale of properties, leasing of investment properties and provision of construction and decoration services.

Consideration in respect of sale of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. Consideration in respect of provision of construction and decoration services is payable by the customers in accordance with the terms of the related construction and decoration agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

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**20. Trade and Other Receivables, Prepayments and Other Assets (Continued)**

Notes: (Continued)

(i) (Continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 RMB'000	2020 RMB'000
Within 30 days	2,085,030	737,062
31 days to 90 days	833,356	289,126
91 to 180 days	498,256	5,134
181 to 365 days	873,335	7,621
	<b>4,289,977</b>	1,038,943

An impairment analysis for trade receivables is performed at each reporting date using a provision matrix to measure expected credit losses including trade and other receivables. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the evaluation on the provision rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of these balances is considered immaterial. As at 31 December 2021 and 2020, the loss allowance for trade receivables was assessed to be minimal.

- (ii) The amounts represented deposits for the acquisition of land.
- (iii) The amounts due from related companies and non-controlling shareholders are unsecured, interest-free and repayable on demand.
- (iv) Except for amounts of RMB253 million (2020: RMB226 million), which are trade receivables derived from the provision of construction and decoration services by the Group to the associates, with credit period of generally six months, other amounts due from associates are unsecured, interest-free and repayable on demand.

An ageing analysis of the trade receivables from associates as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 RMB'000	2020 RMB'000
Within 30 days	101,217	160,205
31 to 90 days	123,000	62,871
91 to 180 days	26,864	2,140
181 to 365 days	1,568	564
	<b>252,649</b>	225,780

An impairment analysis for trade receivables from associates is performed at each reporting date using a provision matrix to measure expected credit losses including trade and other receivables. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the evaluation on the provision rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of these balances is considered immaterial. As at 31 December 2021 and 2020, the loss allowance for trade receivables was assessed to be minimal.

## 20. Trade and Other Receivables, Prepayments and Other Assets (Continued)

Notes: (Continued)

- (v) Except for the amounts of RMB4,865 million (2020: RMB4,009 million), which are trade receivables derived from the provision of construction and decoration services by the Group to the joint ventures, amounts of RMB250 million as at 31 December 2021 (2020: RMB760 million) which were unsecured, bearing interest at rates 4.7% per annum (2020: 5.70% to 7.30%) and repayable on demand, other amounts due from joint ventures are unsecured, interest-free and repayable on demand.

An ageing analysis of the trade receivables from joint ventures as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 RMB'000	2020 RMB'000
Within 30 days	2,402,671	3,536,662
31 to 90 days	1,703,136	264,743
91 to 180 days	682,381	27,534
181 to 365 days	77,086	179,759
	<b>4,865,274</b>	4,008,698

An impairment analysis for trade receivables from joint ventures is performed at each reporting date using a provision matrix to measure expected credit losses including trade and other receivables. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the evaluation on the provision rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of these balances is considered immaterial. As at 31 December 2021 and 2020, the loss allowance for trade receivables was assessed to be minimal.

- (vi) The amount represents prepaid agency fees in connection with the sale of properties. As at 31 December 2021, the sales commission expense was RMB1,194 million (2020: RMB735 million).
- (vii) Contract assets consist of unbilled amounts resulting from sale of properties when revenue recognised exceeds the amounts billed to the customers. The balance is expected to be recovered or settled within one year. As at 31 December 2021, the loss allowance for contract assets was assessed to be minimal.
- (viii) The financial assets included in the above balances relate to receivables for which there was no recent history of default. As at 31 December 2021 and 2020, the loss allowance was assessed to be minimal.

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**21. Assets and Liabilities under Cross-Border Guarantee Arrangements**

During 2021 and 2020, the Group entered into some cross-border guarantee arrangements with certain financial institutions, whereby certain onshore funding (i.e. in the PRC) and offshore funding (i.e. in Hong Kong) have been used as a pledge against advances to offshore (i.e. in Hong Kong) and onshore (i.e. in the PRC) for the Group's general working capital.

Pursuant to these arrangements which are made in compliance with the relevant rules and regulations promulgated by the State Administration of Foreign Exchange, funds are advanced to the Group's subsidiaries in Hong Kong by depositing a certain amount of funds in the relevant financial institutions by the Group's subsidiaries in the PRC or vice versa. The net cost of such arrangements is less than 1% per annum of the total funds advanced.

	2021 RMB'000	2020 RMB'000
Assets under cross-border guarantee arrangements	<b>10,015,243</b>	4,947,191
Portion classified as current assets	<b>(9,710,243)</b>	(4,547,191)
Non-current portion	<b>305,000</b>	400,000
Liabilities under cross-border guarantee arrangements	<b>11,315,048</b>	6,077,206
Portion classified as current liabilities	<b>(10,768,008)</b>	(5,376,575)
Non-current portion	<b>547,040</b>	700,631

## 22. Cash and Bank Balances

	2021 RMB'000	2020 RMB'000
Cash and bank balances	<b>38,236,324</b>	42,869,161
Portion classified as current assets	<b>(37,110,530)</b>	(41,039,900)
Non-current portion	<b>1,125,794</b>	1,829,261

### Notes:

As at 31 December 2021, the total cash and bank balances amounted to RMB38,236 million (2020: RMB42,869 million), of which:

- (a) deposits in the amount of RMB12,711 million (2020: RMB454 million) were pledged or restricted for bank and other loans (note 38);
- (b) deposits in the amount of RMB7,398 million (2020: RMB5,385 million) are placed in designated bank accounts and can only be applied in the designated property development projects in accordance with the applicable prevailing policies and regulations;
- (c) deposits in the amount of RMB1,135 million (2020: RMB293 million) were pledged or restricted in relation to project development such as mortgage loans granted to the property purchasers;
- (d) unrestricted cash and bank balances amounted to RMB16,992 million (2020: RMB36,737 million); and
- (e) cash and bank balances as at 31 December 2021 are non-current non-pledged and non-restricted time deposits of nil (2020: RMB1,660 million).

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in RMB amounted to RMB34,060,847,000 (2020: RMB35,463,475,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Non-pledged time deposits are made for varying periods of between seven days and six months depending on immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. Non-current portion of non-pledged time deposits are made for varying periods of between two and five years. All the bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

## NOTES TO FINANCIAL STATEMENTS

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## 23. Trade and Other Payables

	Notes	2021 RMB'000	2020 RMB'000
Trade payables	(i)	22,390,931	21,683,379
Other payables and accrued charges	(ii)	6,933,378	5,163,491
Customer deposits received		1,280,090	796,333
Rental and other deposits received		922,484	476,611
Proceeds from asset-backed securities	(iii)	2,608,512	4,045,908
Amounts due to non-controlling shareholders	(iv)	1,214,896	1,781,758
Amounts due to related companies	(v)	121,864	310,635
Amounts due to joint ventures	(vi)	767,966	9,152
Amounts due to associates	(vii)	1,915,151	512,922
Amounts due to controlling shareholders	(viii)	8,770,987	5,683,202
		<b>46,926,259</b>	40,463,391

Notes:

- (i) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021 RMB'000	2020 RMB'000
Within 30 days	4,702,809	5,658,896
31 to 90 days	3,686,768	5,891,352
91 to 180 days	2,724,916	2,984,200
181 to 365 days	5,443,110	3,862,533
Over 365 days	5,833,328	3,286,398
	<b>22,390,931</b>	21,683,379

The trade payables are non-interest-bearing.

- (ii) Other payables are non-interest-bearing and are expected to be settled within one year.
- (iii) The balance represented proceeds, after deduction of certain percentage of upfront fee, received from specific purpose entities ("SPEs") set up by financial institutions in the PRC for the issuance of asset-backed securities ("ABS"), to which the Group has transferred the right of receipt of the remaining sales proceeds of certain properties to be delivered by the Group. Under the assignment arrangement between the Group and the SPEs, as and when the Group receives the sales proceeds from customers, the Group would remit to the holder of the ABS any cash flows it collects on behalf of the SPEs.
- (iv) The amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand, except for amounts of RMB966,535,000 (2020: RMB107,500,000) as at 31 December 2021 which bore interest at fixed interest rates ranging from 4.75% to 8% (2020: 5.7% to 7.0%) per annum.
- (v) The amounts due to related companies are unsecured, interest-free and repayable on demand.
- (vi) The amounts due to joint ventures are unsecured, interest-free and repayable on demand.
- (vii) The amounts due to associates are unsecured, interest-free and repayable on demand.
- (viii) The amounts due to controlling shareholders are unsecured, interest-free and repayable on demand.

## 24. Contract Liabilities

Contract liabilities mainly represent sales proceeds received from buyers in connection with the Group's pre-sales of properties. Balance as at 1 January 2020 was RMB26,030 million. Contract liabilities are expected to be settled within the Group's normal operating cycle. The increase in contract liabilities during the year was mainly due to the growth of the Group's contracted sales and an amount of RMB30,199 million (2020: RMB30,681 million) recognised in relation to the acquisition of subsidiaries, partially offset by the delivery of properties in the current year.

## 25. Bank and Other Loans

	2021			2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	3.75–7.80	2022	7,355,653	4.76–8.78	2021	7,452,110
Bank loans — unsecured	3.48–6.48	2022	6,322,133	3.75–6.65	2021	3,468,579
Other loans — secured	7.15–10.70	2022	9,309,389	6.18	2021	180,000
Other loans — unsecured	—	—	—	9.50–9.90	2021	632,000
			22,987,175			11,732,689
Non-current						
Bank loans — secured	3.06–7.30	2023–2038	21,760,636	4.76–8.80	2022–2038	16,637,534
Bank loans — unsecured	4.00–5.56	2023–2026	4,142,113	5.00–6.90	2022–2025	4,134,344
Other loans — secured	4.00–10.35	2023	3,212,858	9.40	2023	2,600,000
			29,115,607			23,371,878
			52,102,782			35,104,567

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

## 25. Bank and Other Loans (Continued)

	2021 RMB'000	2020 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	<b>13,677,786</b>	10,920,689
In the second year	<b>10,632,801</b>	5,280,242
In the third to fifth years, inclusive	<b>15,269,948</b>	15,294,636
Beyond five years	—	197,000
	<b>39,580,535</b>	31,692,567
Other loans repayable:		
Within one year or on demand	<b>9,309,389</b>	812,000
In the second year	<b>3,212,858</b>	2,600,000
	<b>12,522,247</b>	3,412,000
Portion classified as current liabilities	<b>52,102,782</b>	35,104,567
— based on maturity terms of the loans	<b>(20,410,515)</b>	(9,665,437)
— based on the accumulated pre-sales/sales amount/area of the property development projects and presented as other current liabilities (note 27)	<b>(2,576,660)</b>	(2,067,252)
Non-current liabilities	<b>29,115,607</b>	23,371,878

## Notes:

- (a) Certain of the Group's bank and other loans are secured by the Group's equity interests in certain subsidiaries, bank deposits, investment properties, properties held for development for sale, properties under development for sale and completed properties for sale, details of which are disclosed in note 38 to the financial statements.
- (b) Except for certain bank and other loans of RMB5,055,812,000 (2020: RMB5,557,038,000) and RMB2,466,627,000 (2020: RMB3,357,410,000) as at 31 December 2021 which were denominated in HK\$ and Singapore dollars ("SG\$"), respectively, all of the Group's bank and other loans were denominated in RMB.



## 26. Senior Notes

	Effective interest rate (% per annum)	2021 RMB'000	2020 RMB'000
US\$200m Senior Notes due 2022 (notes (i), (xxii))	5.80	393,099	1,325,331
US\$450m Senior Notes due 2023 (notes (ii), (xxii))	5.42	2,892,423	2,958,417
US\$250m Senior Notes due 2021 (notes (iii), (xxii))	6.75	—	1,668,170
SG\$200m Senior Notes due 2021 (notes (iv), (xxii))	6.60	—	1,056,805
US\$300m Senior Notes due 2021 (notes (v), (xxii))	7.32	—	1,985,679
US\$100m Senior Notes due 2021 (notes (vi), (xxii))	7.62	—	661,267
US\$300m Senior Notes due 2021 (notes (vii), (xxii))	8.05	—	2,002,128
US\$50m Senior Notes due 2022 (notes (viii), (xxii))	9.45	—	315,080
US\$300m Senior Notes due 2022 (notes (ix), (xxii))	7.78	1,952,278	2,004,634
US\$400m Senior Notes due 2023 (notes (x), (xxii))	6.76	2,606,597	2,675,275
US\$100m Senior Notes due 2024 (notes (xi), (xxii))	7.60	636,200	650,636
US\$300m Senior Notes due 2025 (notes (xii), (xxii))	5.96	1,943,018	1,995,736
US\$180m Senior Notes due 2024 (notes (xiii), (xxii))	5.42	1,193,162	1,271,017
US\$100m Senior Notes due 2024 (notes (xiv), (xxii))	4.53	637,929	654,689
US\$300m Senior Notes due 2025 (notes (xv), (xxii))	5.49	1,905,341	1,956,350
US\$300m Senior Notes due 2026 (notes (xvi), (xxii))	5.03	1,892,594	1,944,702
US\$300m Senior Notes due 2028 (notes (xvii), (xxii))	4.64	1,928,308	—
US\$300m Senior Notes due 2025 (notes (xviii), (xxii))	4.97	1,893,458	—
US\$300m Senior Notes due 2026 (notes (xix), (xxii))	4.91	1,930,973	—
US\$60m Senior Notes due 2024 (notes (xx), (xxii))	4.21	386,340	—
		<b>22,191,720</b>	25,125,916
Portion classified as current liabilities (note (xxi))		<b>(2,345,377)</b>	(7,192,358)
Non-current portion (note (xxi))		<b>19,846,343</b>	17,933,558
Analysed into:			
Repayable:			
Within one year		<b>2,345,377</b>	7,192,358
In the second year		<b>5,499,020</b>	3,826,737
In the third to fifth years, inclusive		<b>12,419,015</b>	12,162,119
Beyond five years		<b>1,928,308</b>	1,944,702
		<b>22,191,720</b>	25,125,916

## NOTES TO FINANCIAL STATEMENTS

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## 26. Senior Notes (Continued)

Notes:

- (i) On 3 January 2017, the Company issued senior notes with a principal amount of US\$200,000,000 due in 2022 (the "US\$200m Senior Notes"). The senior notes are interest bearing at 5.75% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 3 January 2022. At any time and from time to time on or after 3 January 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

In October and November 2021, the Company partially redeemed in an aggregate principal amount of US\$23,975,000 of the US\$200m Senior Notes. As at 3 November 2021, the Company has repurchased and not yet cancelled an aggregate principal amount of US\$18,050,000 of the US\$200m Senior Notes. On 3 November 2021, the Company made an offer (the "Offer") for cash to purchase all outstanding US\$200m Senior Notes and US\$50m Senior Notes (note (viii)) with an aggregate principal amount of US\$244,075,000 before their maturity on January 2022. The Offer was completed on 12 November 2021 for the Company to purchase in the principal amount of US\$164,236,000. The Senior Notes partially redeemed in the principal amount of US\$18,050,000 were subsequently cancelled on 17 November 2021. The remaining principal amount of US\$61,789,000 was due on 3 January 2022.

- (ii) On 23 May 2017, the Company issued senior notes with a principal amount of US\$450,000,000 due in 2023 (the "US\$450m Senior Notes"). The senior notes are interest bearing at 5.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 23 February 2023. At any time and from time to time on or after 23 May 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (iii) On 7 March 2018, the Company issued senior notes with a principal amount of US\$250,000,000 due in 2021 ("US\$250m Senior Notes"). The senior notes are interest bearing at 6.375% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 7 March 2021. At any time and from time to time on or after 7 March 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. In March 2021, the Company redeemed the US\$250m Senior Notes in full upon maturity.
- (iv) On 16 April 2018, the Company issued senior notes with a principal amount of SG\$200,000,000 due in 2021 ("SG\$200m Senior Notes"). The senior notes are interest bearing at 6.125% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 16 April 2021. At any time and from time to time on or after 16 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. In April 2021, the Company redeemed the SG\$200m Senior Notes in full upon maturity.
- (v) On 24 April 2018, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2021 ("US\$300m Senior Notes"). The senior notes are interest bearing at 6.875% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 24 April 2021. At any time and from time to time on or after 24 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. In April 2021, the Company redeemed the US\$300m Senior Notes in full upon maturity.
- (vi) On 30 May 2018, the Company issued senior notes with a principal amount of US\$100,000,000 due in 2021 ("US\$100m Senior Notes"). The senior notes are consolidated and form a single series with the US\$300m Senior Notes due 2021 issued on 24 April 2018. The senior notes are interest bearing at 6.875% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 24 April 2021. At any time and from time to time on or after 24 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. In April 2021, the Company redeemed the US\$100m Senior Notes in full upon maturity.
- (vii) On 27 August 2018, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2021 ("US\$300m Senior Notes due 2021"). The senior notes are interest bearing at 7.5% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 27 August 2021. At any time and from time to time prior to 27 August 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. In August 2021, the Company redeemed the US\$300m Senior Notes in full upon maturity.

## 26. Senior Notes (Continued)

Notes: (Continued)

- (viii) On 9 January 2019, the Company issued senior notes with a principal amount of US\$50,000,000 due in 2022 ("US\$50m Senior Notes"). The senior notes are consolidated and form a single series with the US\$200 Senior Notes due in 2022 issued on 3 January 2017. The senior notes are interest bearing at 5.75% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 3 January 2022. The details of the redemption price are disclosed in the relevant offering memorandum. The US\$50m Senior Notes was early redeemed before maturity. The details of the redemption are disclosed in note (i).
- (ix) On 25 February 2019, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2022 ("US\$300m Senior Notes due 2022"). The senior notes are interest bearing at 7.50% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 25 August 2022. At any time and from time to time prior to 25 February 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (x) On 16 July 2019, the Company issued senior notes with a principal amount of US\$400,000,000 due in 2023 ("US\$400m Senior Notes due 2023"). The senior notes are interest bearing at 6.50% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 16 July 2023. At any time and from time to time on or after 16 July 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xi) On 9 September 2019, the Company issued senior notes with a principal amount of US\$100,000,000 due in 2024 ("US\$100m Senior Notes due 2024"). The senior notes are interest bearing at 6.90% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. At any time and from time to time on or after 9 September 2022, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xii) On 14 January 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes due 2025"). The senior notes are interest bearing at 5.75% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 14 January 2025. At any time and from time to time on or after 14 January 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xiii) On 17 January 2020, the Company issued senior notes with a principal amount of US\$180,000,000 due in 2024 ("US\$180m Senior Notes due 2024"). The senior notes are consolidated and form a single series with the US\$100m Senior Notes due 2024 issued on 9 September 2019. The senior notes are interest bearing at 6.90% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. At any time and from time to time on or after 9 September 2022, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xiv) On 17 September 2020, the Company issued senior notes with a principal amount of US\$100,000,000 due in 2024 ("US\$100m Senior Notes"). The senior notes are interest bearing at 4.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 17 September 2024. At any time and from time to time on or after 17 September 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xv) On 19 October 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes"). The senior notes are interest bearing at 5.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 19 October 2025. At any time and from time to time on or after 19 October 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xvi) On 14 December 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2026 ("US\$300m Senior Notes"). The senior notes are interest bearing at 4.85% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 14 December 2026. At any time and from time to time on or after 14 December 2024, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

## NOTES TO FINANCIAL STATEMENTS

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### 26. Senior Notes (Continued)

Notes: (Continued)

- (xvii) On 13 January 2021 the Company issued senior notes with a principal amount of US\$300,000,000 due in 2028 ("US\$300m Senior Notes"). The senior notes are interest bearing at 4.5% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 13 January 2028. At any time and from time to time on or after 13 January 2025, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xviii) On 12 April 2021, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes"). The senior notes are interest bearing at 4.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 12 July 2025. At any time and from time to time on or after 12 July 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xix) On 6 July 2021, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2026 ("US\$300m Senior Notes"). The senior notes are interest bearing at 4.7% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 6 July 2026. At any time and from time to time on or after 6 July 2024, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xx) On 5 August 2021, the Company issued senior notes with a principal amount of US\$60,000,000 due in 2024 ("US\$60m Senior Notes"). The senior notes are interest bearing at 4.15% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 5 August 2024.
- (xxi) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.
- (xxii) Redemption call options represent the fair value of the Company's options to early redeem the senior notes and are recorded as derivative financial instruments under "Trade and other receivables, prepayments and other assets" (note 20). The assumptions applied in determining the fair value of the redemption call options as at 31 December 2021 and 2020 are set out in note 42.

## 27. Corporate Bonds

	2021 RMB'000	2020 RMB'000
Corporate bonds due in 2021	—	3,372,000
Corporate bonds due in 2022 (iii)	5,026,000	5,026,000
Corporate bonds due in 2023 (vi)	105,000	1,000,000
Corporate bonds due in 2024 (v)-(ix)	5,510,000	5,510,000
Corporate bonds due in 2025 (viii)-(xiv)	8,274,000	5,000,000
Commercial mortgage-backed securities due in 2033 (xv)	665,000	—
	<b>19,580,000</b>	19,908,000
Analysed into:		
Repayable:		
Within one year	10,536,000	4,372,000
In the second year	105,000	5,026,000
In the third to fifth years, inclusive	8,274,000	10,510,000
Over 5 years	665,000	—
	<b>19,580,000</b>	19,908,000
Portion classified as non-current liabilities	<b>(9,044,000)</b>	(15,536,000)
Current liabilities	<b>10,536,000</b>	4,372,000
Bank and other loans classified as other current liabilities based on the accumulated pre-sales/sales amount/area of the property development projects (note 25)	<b>2,576,600</b>	2,067,252
Total other current liabilities	<b>13,112,600</b>	6,439,252

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

**27. Corporate Bonds (Continued)**

Notes:

- (i) On 25 July 2016, Shenzhen Logan Holdings Co., Ltd “Shenzhen Logan” issued non-public domestic corporate bonds on Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB3,000,000,000 was 5.15% per annum. The terms of the domestic corporate bonds were 5 years. At the end of third year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 25 July 2019, Shenzhen Logan had adjusted the coupon rate of corporate bonds from 5.15% per annum to 6.00% per annum and the corporate bonds with an aggregate principal amount of RMB1,028,000,000 were sold back to Shenzhen Logan; the corporate bonds with a remaining principal amount of RMB1,972,000,000 was fully repaid on July 2021.

- (ii) On 21 October 2016, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,400,000,000 was 3.4% per annum. The terms of the domestic corporate bonds were 5 years. At the end of third year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 20 October 2019, Shenzhen Logan had adjusted the coupon rate of corporate bonds from 3.4% per annum to 5.20% per annum and the corporate bonds with a principal amount of RMB1,400,000,000 was fully repaid on October 2021.

- (iii) On 1 February 2018, 22 March 2018, 21 May 2018 and 7 December 2018, Shenzhen Logan issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rates of the first, second, third and fourth tranches with principal amounts of RMB2,000,000,000, RMB2,000,000,000, RMB1,000,000,000 and RMB1,000,000,000 were fixed at 6.99% per annum, 7.20% per annum, 7.30% per annum and 7% per annum, respectively. The terms of all these four domestic corporate bonds were 4 years. At the end of second year, Shenzhen Logan shall be entitled to adjust the coupon rates of all these four domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 1 February 2020, Shenzhen Logan had adjusted the coupon rate of first tranche of corporate bonds from 6.99% per annum to 5.40% per annum and the corporate bonds with an aggregate principal amount of RMB1,290,000,000 were sold back to Shenzhen Logan; the first tranche of corporate bonds with a remaining principal amount of RMB710,000,000 are due in February 2022 and were classified as a current liability as at 31 December 2021.

On 22 March 2020, Shenzhen Logan had adjusted the coupon rate of second tranche of corporate bonds from 7.20% per annum to 4.90% per annum and the corporate bonds with an aggregate principal amount of RMB174,000,000 were sold back to Shenzhen Logan; the second tranche of corporate bonds with a remaining principal amount of RMB1,826,000,000 are due in March 2022 and were classified as a current liability as at 31 December 2021.

On 22 March 2022, the Group obtained approval from the holders of corporate bonds with a principal amount of RMB1,826,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group’s subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension.

## 27. Corporate Bonds (Continued)

Notes: (Continued)

- (iv) On 20 November 2018, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,490,000,000 was 5.98% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 20 November 2020, Shenzhen Logan had adjusted the coupon rate of corporate bonds from 5.98% per annum to 4.60% per annum. The corporate bonds were classified as a current liability as at 31 December 2021.

- (v) On 19 March 2019, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,510,000,000 was 5.50% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a current liability as at 31 December 2021.

On 21 March 2022, the Group obtains approval from the holders of corporate bonds with a principal amount of RMB1,510,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension.

- (vi) On 5 August 2019, Shenzhen Logan issued two tranches of private domestic corporate bonds. The coupon rates of the first and second tranches with principal amounts of RMB500,000,000 and RMB1,000,000,000 were fixed at 6.5% per annum and 6.2% per annum, respectively. The terms of the first and second tranches of corporate bonds were 5 years and 4 years, respectively. At the end of the third year and the second year, Shenzhen Logan shall be entitled to adjust the coupon rates of the first and second tranches of corporate bonds respectively and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The first tranche of corporate bonds was classified as a current liability as at 31 December 2021. On 3 August 2021, the corporate bonds with an aggregate principal amount of RMB895,000,000 were sold back to Shenzhen Logan; the second tranche of corporate bonds with a remaining principal amount of RMB105,000,000 are due in August 2023 and were classified as a non-current liability as at 31 December 2021.
- (vii) On 18 November 2019, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 5.09% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a current liability as at 31 December 2021.
- (viii) On 8 January 2020, Shenzhen Logan issued public domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,000,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 31 December 2021.

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**27. Corporate Bonds (Continued)**

Notes: (Continued)

(ix) On 15 April 2020, Shenzhen Logan issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,500,000,000 was 4.69% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a current liability as at 31 December 2021.

On 18 April 2022, the Group obtained approval from the holders of corporate bonds with a principal amount of RMB1,500,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension.

(x) On 24 July 2020, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 4.69% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 31 December 2021.

(xi) On 14 September 2020, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 31 December 2021.

(xii) On 25 March 2021, Shenzhen Logan issued public domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB427,000,000 was 4.90% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 31 December 2021.

(xiii) On 24 June 2021, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,347,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 31 December 2021.

(xiv) On 23 August 2021, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,500,000,000 was 4.70% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 31 December 2021.

(xv) On 27 December 2021, Shenzhen Logan issued private commercial mortgage-backed securities subscribed by private investors. The coupon rate of the private commercial mortgage-backed securities with a principal amount of RMB665,000,000 was 5.20% per annum. The terms of the private commercial mortgage-backed securities were 12 years. At the end of the third year, sixth and ninth years. Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the securities to Shenzhen Logan. The commercial mortgage-backed securities were classified as a non-current liability as at 31 December 2021.



## 28. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

### Deferred tax liabilities

	Revaluation of properties RMB'000	Fair value adjustments arising from business combination RMB'000	Total RMB'000
At 1 January 2020	3,398,714	1,217,737	4,616,451
Charged/(credited) to profit or loss during the year	399,338	(485,596)	(86,258)
Acquisition of subsidiaries (note 34)	—	685,417	685,417
At 31 December 2020 and 1 January 2021	<b>3,798,052</b>	<b>1,417,558</b>	<b>5,215,610</b>
Charged/(credited) to profit or loss during the year	<b>297,530</b>	<b>(249,929)</b>	<b>47,601</b>
Acquisition of subsidiaries (note 34)	—	<b>17,632</b>	<b>17,632</b>
At 31 December 2021	<b>4,095,582</b>	<b>1,185,261</b>	<b>5,280,843</b>

### Deferred tax assets

	Unrealised profits arising from intra-group transactions RMB'000	Provision for LAT RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 1 January 2020	592,269	737,158	363,435	1,692,862
Credited to profit or loss during the year	227,886	101,096	120,946	449,928
At 31 December 2020 and 1 January 2021	<b>820,155</b>	<b>838,254</b>	<b>484,381</b>	<b>2,142,790</b>
Credited to profit or loss during the year	<b>125,786</b>	<b>51,256</b>	<b>102,466</b>	<b>279,508</b>
At 31 December 2021	<b>945,941</b>	<b>889,510</b>	<b>586,847</b>	<b>2,422,298</b>

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31 December 2021

**28. Deferred Tax (Continued)**

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

	2021 RMB'000	2020 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	<b>(1,595,940)</b>	(1,455,960)
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>4,454,485</b>	4,528,780
	<b>2,858,545</b>	3,072,820

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

At 31 December 2021, no deferred tax has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB54,897,765,000 at 31 December 2021 (2020: RMB48,043,425,000).

In the opinion of the directors, the Group's tax losses in respect of which deferred tax assets have not been recognised was not significant as at the end of the reporting period.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 29. Share Capital

A summary of movements in the Company's issued share capital is as follows:

	2021		2020	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	5,520,131	552,013	5,502,860	550,286
Repurchase of shares (note (a))	(3,790)	(379)	(3,746)	(375)
Issuance of shares in connection with the exercise of share options (note (b))	1,067	107	21,017	2,102
Issuance of shares (note (c))	172,000	17,200	—	—
At 31 December	5,689,408	568,941	5,520,131	552,013
RMB'000 equivalent at 31 December		450,569		436,727

Notes:

- (a) Pursuant to section 37(3) of the Companies Law of the Cayman Islands, an amount equivalent to the fair value of the shares repurchased and cancelled of HK\$24,029,000 (equivalent to approximately RMB19,646,000) (2020: HK\$49,038,000 (equivalent to approximately RMB44,793,000)) was transferred out from share capital and share premium during the year.
- (b) During the year, the subscription rights attached to 1,067,000 (2020: 21,017,000) share options were exercised at the subscription price of HK\$7.430 (2020: HK\$2.340 and HK\$7.430) per share, resulting in the issue of an aggregate of 1,067,000 shares for a total cash consideration of HK\$7,927,810 (equivalent to approximately RMB6,655,000) (2020: HK\$54,202,000 (equivalent to approximately RMB48,905,000)) before expenses. An amount of HK\$1,521,000 (equivalent to approximately RMB1,278,000) (2020: HK\$21,998,000 (equivalent to approximately RMB20,030,000)) was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- (c) During the year, a placing and subscription agreement was entered into with certain financial institutions as placing agents to allot and issue 172,000,000 shares at a price of HK\$6.8 per share (the "Placing"). The Placing was completed on 17 December 2021, resulting in the issue of 172,000,000 shares with a total cash consideration of HK\$1,169,600,000 (equivalent to approximately RMB956,264,000) before expenses.

### Share options

Details of the Company's share option scheme are included in note 30 to the consolidated financial statements.

**NOTES TO FINANCIAL STATEMENTS**

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**30. Share Option Scheme and Share Award Scheme****Share option scheme**

The Company operates a share option scheme (the “Share Option Scheme”) which was adopted by an ordinary resolution of the shareholders of the Company on 18 November 2013. Full-time and part-time employees, executives, officers or directors (including independent non-executive directors) of the Group and any advisors, consultants, agents, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group are included in the eligible participants under the Scheme. The maximum number of shares may be granted is 10% of the shares in issue immediately upon completion of the Global offering. Each participant cannot be entitled to more than 0.1% of the total number of shares in issue in any 12-month period unless approval from the independent non-executive directors of the Company is obtained. The option shall expire, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Share Option Scheme.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the total number of shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to directors, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of the share option is determinable by the directors, but should not be less than the highest of (i) the official closing price of the shares of the Company as stated in the Stock Exchange daily quotation sheet on the date of grant of the share options; (ii) the average official closing price of the shares of the Company as stated in the Stock Exchange for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholder’s meetings.

### 30. Share Option Scheme and Share Award Scheme (Continued)

#### Share option scheme (Continued)

The following share options were outstanding under the Share Option Scheme during the year:

	2021		2020	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At beginning of year	8.24	115,972,000	7.81	174,928,000
Granted during the year	—	—	13.08	5,565,000
Lapsed during the year	—	—	8.24	(10,908,000)
Forfeited or expired during the year	10.26	(20,023,500)	5.87	(32,596,000)
Exercised during the year	7.43	(1,067,000)	2.48	(21,017,000)
At 31 December	9.40	94,881,500	8.24	115,972,000

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2021 Number of options	2020 Number of options	Exercise price HK\$	Exercise period
3,690,000	5,565,000	13.08	6/12/2023–6/12/2030
1,621,250	1,895,250	12.64	6/28/2022–6/28/2029
3,264,250	4,585,250	12.64	6/28/2023–6/28/2029
6,322,000	8,258,500	7.64	10/22/2021–10/22/2028
2,872,000	3,492,000	7.64	10/22/2022–10/22/2028
6,769,000	9,087,000	7.64	10/22/2023–10/22/2028
9,061,666	11,475,666	12.5	6/8/2021–6/8/2028
9,061,667	11,475,667	12.5	6/8/2023–6/8/2028
9,061,667	11,475,667	12.5	6/8/2024–6/8/2028
8,112,000	9,179,000	7.43	8/25/2020–8/25/2027
11,682,000	13,161,000	7.43	8/25/2021–8/25/2027
11,682,000	13,161,000	7.43	8/25/2022–8/25/2027
11,682,000	13,161,000	7.43	8/25/2023–8/25/2027
94,881,500	115,972,000		

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**30. Share Option Scheme and Share Award Scheme (Continued)****Share option scheme (Continued)**

No share options were granted during the year. The fair value of the share options granted in 2020 was HK\$13,300,000 (equivalent to RMB11,194,000), of which the Group recognised a share option expense of HK\$4,433,000 (equivalent to RMB3,747,000) during the year ended 31 December 2020. The fair value of equity-settled share options granted during in 2020 was estimated as at the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted and the following table lists the major inputs used:

	2020
Dividend yield (%)	7%
Expected volatility (%)	38%
Risk-free interest rate (%)	0.53%
Exit rates of the grantees of the options granted under the Scheme (%)	25%

The expected volatility reflects the assumption that the historical volatility was indicative of future trends, which might also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 94,881,500 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of additional ordinary shares of the Company and additional share capital of HK\$9,488,000 (equivalent to RMB7,757,000) and share premium of HK\$882,398,000 (equivalent to RMB721,449,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 94,881,500 share options outstanding under the Share Option Scheme, which represented approximately 2% of the Company's shares in issue as at that date.

**Share award scheme**

The Company operates a share award scheme (the "Share Award Scheme") which was adopted by the Board of the Company on 13 May 2021. Unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for 15 years from the date of adoption. The specific objectives of the Share Award Scheme are (i) to promote the effective realisation of the medium and long-term performance growth targets of the Group; (ii) to promote the long-term sustained growth in the shareholder value of the Group; and (iii) to attract outstanding talents in the industry and to motivate and retain outstanding key talents of the Group with rewards and incentives.

### 30. Share Option Scheme and Share Award Scheme (Continued)

#### Share award scheme (Continued)

The Share Award Scheme is operated by an independent trustee which holds the shares in trust for the selected participants, until the shares become vested. The shares to be awarded under the Share Award Scheme will be acquired by the trustee from the open market. The shares granted will be vested in the proportions and on the dates as set out in the relevant letters of grant issued by the Company. Vested shares will be transferred to the selected participants at no cost save that transaction fees and expenses will be payable by the selected participants as transferees.

As at 31 December 2021, the number of the Company's shares held under the Share Award Scheme is 147,758,000 (2020: 72,974,000). None of the shares purchased has been awarded under the Share Award Scheme.

### 31. Perpetual Capital Securities

On 31 May 2017, the Company issued perpetual capital securities with a principal amount of US\$350,000,000 (equivalent to approximately RMB2,363,346,000).

The securities confer the holders a right to receive distributions at the applicable distribution rate of 7% per annum from and including 31 May 2017, payable semi-annually on 31 May and 30 November of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. Unless and until the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount, the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof. The securities may be redeemed at the option of the Company, in whole but not in part.

In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of the perpetual capital securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the perpetual capital securities are classified as equity instruments of the Company.

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### 32. Reserves

#### (i) Share premium

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

#### (ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 3.

#### (iii) PRC statutory reserves

PRC statutory reserves include the general reserve, statutory surplus reserve and statutory reserve fund.

##### General reserve

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

##### Statutory surplus reserve

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

##### Statutory reserve fund

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

#### (iv) Share-based compensation reserve

Share-based compensation reserve represents the fair value of services in respect of share options granted under the share option scheme.

The share options lapsed due to the resignation of certain mid-level managers. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the related share-based compensation reserve is transferred to retained profits.



### 33. Partly-Owned Subsidiary with Material Non-Controlling Interests

The following table lists out the information relating to Heiyuan Meiping, Silver Maple and Shenzhen Minghuida, the subsidiaries of the Group which have material non-controlling interests (“NCI”). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Heyuan Meiping 2021 RMB'000	Silver Maple 2021 RMB'000	Shenzhen Minghuida 2021 RMB'000	Silver Maple 2020 RMB'000	Shenzhen Minghuida 2020 RMB'000
NCI percentage	49%	70%	70%	70%	70%
Current assets	7,593,400	2,798,809	2,292,524	2,889,275	2,292,524
Non-current assets	482	—	322,379	415,854	322,379
Current liabilities	(4,710,005)	—	(5,310)	(289,088)	(5,310)
Non-current liabilities	(64,500)	—	—	—	—
Net assets	2,819,377	2,798,809	2,609,953	3,016,041	2,609,593
Carrying amount of NCI	1,999,291 <sup>#</sup>	2,798,808 <sup>#</sup>	2,599,715 <sup>#</sup>	2,907,945 <sup>#</sup>	2,599,715 <sup>#</sup>
Revenue	1,992,936	—	—	634	—
Profit/(loss) for the year	44,931	—	—	(9,606)	(408)
Total comprehensive income/ (loss)	44,931	—	—	(9,606)	(408)
Profit/(loss) allocated to NCI	4,044	—	—	(4,959)	(7,098)
Cash inflow/(outflow) from operating activities	2,305,866	—	—	276,145	(2,287,619)
Cash outflow from investing activities	(121)	—	—	(276,570)	(322,379)
Cash inflow from financing activities	(70,777)	—	—	2,912,903	2,610,000

<sup>#</sup> The net assets attributable to NCI is the sum of the capital injection plus the share of profit or loss of the relevant projects.

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## 34. Acquisitions of Subsidiaries

## (a) Acquisition of subsidiaries that are not a business

## (i) Year ended 31 December 2021

During the year ended 31 December 2021, the Group acquired certain assets through acquisition of Guangxi Logan Huida Expressway Investment Co., Ltd (“Guangxi Huida Expressway”) from the independent third parties, acquisition of Xinxing Paper Industry Co., Ltd. (“Xinxing Paper”) and Shenzhen Yingtai Industrial Co., Ltd. (“Shenzhen Yingtai”) from joint ventures of the Group and certain companies included in “Others” mentioned below from the independent third parties, joint venture partners or joint ventures of the Group. Upon the completion of these acquisitions, the acquired companies became wholly-owned subsidiaries of the Group, except for a company included in “Others” below being a non-wholly-owned subsidiary. The following table summarises the financial information in relation to the acquisition of subsidiaries. Among subsidiaries acquired in the current year, certain subsidiaries were acquired from joint ventures at an aggregate consideration of RMB1,270,000,000.

	Xinxing Paper RMB'000	Guangxi Huida Expressway RMB'000	Shenzhen Yingtai RMB'000	Others RMB'000	Total RMB'000
Other property, plant and equipment	18,283	8	—	—	18,291
Investment in a joint venture	—	—	5,100	—	5,100
Inventories	1,177,992	1,084,330	220,954	360,564	2,843,840
Trade and other receivables, prepayments and other assets	26,847	21,801	95,420	200,729	344,797
Tax recoverable	1,235	—	135	36	1,406
Cash and bank balances	100	13,062	28	2,523,502	2,536,692
Trade and other payables	(64,457)	(890,962)	(221,637)	(2,726,603)	(3,903,659)
Tax payables	—	(12,239)	—	—	(12,239)
Total identifiable net assets	1,160,000	216,000	100,000	358,228	1,834,228
Non-controlling interests	—	—	—	(148,418)	(148,418)
	1,160,000	216,000	100,000	209,810	1,685,810
Satisfied by:					
Cash consideration	1,160,000	216,000	—	164,660	1,540,660
Consideration payable included in trade and other payables	—	—	100,000	150	100,150
Reclassification from pre-existing interest in joint ventures to investment in a subsidiary	—	—	—	45,000	45,000
	1,160,000	216,000	100,000	209,810	1,685,810

### 34. Acquisitions of Subsidiaries (Continued)

#### (a) Acquisition of subsidiaries that are not a business (Continued)

##### (i) Year ended 31 December 2021 (Continued)

An analysis of the cash flows in respect of the above acquisitions is as follows:

	Xinxing Paper RMB'000	Guangxi Huida Expressway RMB'000	Shenzhen Yingtai RMB'000	Others RMB'000	Total RMB'000
Cash consideration paid	(1,160,000)	(216,000)	—	(164,660)	(1,540,660)
Cash and cash equivalents acquired	100	13,062	28	2,523,502	2,536,692
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	(1,159,900)	(202,938)	28	2,358,842	996,032

##### (ii) Year ended 31 December 2020

During the year ended 31 December 2020, the Group acquired certain assets through acquisition of Beyond Force Company Limited (“Beyond Force”) and certain companies included in “Others” mentioned below from independent third parties, acquisition of Foshan Nanhai Anfengcang Property Management Co., Ltd. (“Foshan Anfengcang”), Zhongshan Guangxing Footwear Co., Ltd. (“Zhongshan Guangxing Footwear”), Shenzhen Longrong Investment Co., Ltd (“Shenzhen Longrong”) and certain companies included in “Others” mentioned below from certain joint ventures of the Group. Upon the completion of acquisitions, the acquired companies became wholly-owned subsidiaries of the Group, except for certain companies included in others below being a non-wholly-owned subsidiary. The following table summarises the financial information in relation to the acquisition of subsidiaries. Among subsidiaries acquired in the current year, certain subsidiaries were acquired from joint ventures at an aggregate consideration of RMB713,000,000.

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## 34. Acquisitions of Subsidiaries (Continued)

## (a) Acquisition of subsidiaries that are not a business (Continued)

## (ii) Year ended 31 December 2020 (Continued)

	Foshan Anfengcang RMB'000	Zhongshan Guangxing Footwear RMB'000	Shenzhen Longrong RMB'000	Beyond Force RMB'000	Others RMB'000	Total RMB'000
Other property, plant and equipment	—	—	—	—	13,702	13,702
Inventories	165,187	184,447	670,693	434,173	449,587	1,904,087
Trade and other receivables, prepayments and other assets	16	38	3,276	114,048	393,672	511,050
Tax recoverable	5,645	11	369	—	180	6,205
Cash and bank balances	537	360	54,551	1,778	71,396	128,622
Trade and other payables	(7,775)	(8,856)	(474,889)	(307,287)	(448,252)	(1,247,059)
Tax payables	—	—	—	(712)	(1)	(713)
Bank and other loans	—	—	(254,000)	—	—	(254,000)
<b>Total identifiable net assets</b>	<b>163,610</b>	<b>176,000</b>	<b>—</b>	<b>242,000</b>	<b>480,284</b>	<b>1,061,894</b>
Non-controlling interests	—	—	—	—	55	55
	<b>163,610</b>	<b>176,000</b>	<b>—</b>	<b>242,000</b>	<b>480,339</b>	<b>1,061,949</b>
Satisfied by:						
Cash consideration	—	176,000	—	—	283,334	459,334
Consideration payable included in trade and other payables	163,610	—	—	242,000	112,960	518,570
Reclassification from pre-existing interest in joint ventures and an associate to investment in a subsidiary	—	—	—	—	84,045	84,045
	<b>163,610</b>	<b>176,000</b>	<b>—</b>	<b>242,000</b>	<b>480,339</b>	<b>1,061,949</b>

An analysis of the cash flows in respect of the above acquisitions is as follows:

	Foshan Anfengcang RMB'000	Zhongshan Guangxing Footwear RMB'000	Shenzhen Longrong RMB'000	Beyond Force RMB'000	Others RMB'000	Total RMB'000
Cash consideration paid	—	(176,000)	—	—	(283,334)	(459,334)
Cash and cash equivalents acquired	537	360	54,551	1,778	71,396	128,622
<b>Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities</b>	<b>537</b>	<b>(175,640)</b>	<b>54,551</b>	<b>1,778</b>	<b>(211,938)</b>	<b>(330,712)</b>

### 34. Acquisitions of Subsidiaries (Continued)

#### (b) Acquisition of subsidiaries that are a business

##### (i) Year ended 31 December 2021

During the year ended 31 December 2021, the Group acquired 50% of equity interests of Logan Century (Zhaoqing) Real Estate Co., Ltd (“Logan Century”), Zhuhai Logan Yaorong Real Estate Development Co., Ltd (“Zhuhai Yaorong”), Shenzhen Logan Junye Real Estate Co., Ltd (“Shenzhen Junye”), Nanning Logan Jiuxi Real Estate Development Co., Ltd (“Nanning Jiuxi”) and certain companies included in “Others” below from joint venture partners, joint ventures and/or independent third parties. Upon completion of the acquisitions, most of the acquired companies became wholly-owned subsidiaries of the Group, except for certain companies included in “Others” below being non-wholly-owned subsidiaries. These acquired companies are principally engaged in the business of property development and property investment in the PRC. Among subsidiaries acquired in the current year, the aggregated consideration for subsidiaries that are a business acquired from joint ventures was RMB34,000,000.

The fair values of the identifiable assets and liabilities of the above transactions as at the date of acquisition were as follows:

Notes	Logan Century RMB'000	Zhuhai Yaorong RMB'000	Shenzhen Junye RMB'000	Nanning Jiuxi RMB'000	Others RMB'000	Total RMB'000
Other property, plant and equipment	—	—	—	55	450	505
Inventories	2,586,798	4,797,112	7,288,834	4,069,731	11,190,240	29,932,715
Trade and other receivables, prepayments and other assets	143,122	86,666	36,000	99,098	1,730,261	2,095,147
Tax recoverable	140,793	263,901	787,832	282,899	909,658	2,385,083
Cash and bank balances	424,059	912,548	3,123,926	1,425,756	8,817,402	14,703,691
Trade and other payables	(377,700)	(1,132,636)	(231,555)	(2,068,069)	(5,551,822)	(9,361,782)
Contract liabilities	(2,092,769)	(3,439,158)	(8,422,308)	(3,283,373)	(12,961,108)	(30,198,716)
Deferred tax liabilities	(2,995)	(8,071)	(869)	(3,695)	(2,002)	(17,632)
Bank and other loans	(767,400)	(1,467,000)	(2,499,200)	(500,000)	(3,181,600)	(8,415,200)
Total identifiable net assets at fair value	53,908	13,362	82,660	22,402	951,479	1,123,811
Non-controlling interests	—	—	—	—	(64,188)	(64,188)
Gains on remeasurement of pre-existing interest in joint ventures	(23,908)	(3,362)	(32,660)	(2,402)	(210,823)	(273,155)
Total consideration	30,000	10,000	50,000	20,000	676,468	786,468
Satisfied by:						
Cash consideration	30,000	10,000	50,000	20,000	249,500	359,500
Consideration payable included in trade and other payables	—	—	—	—	218,902	218,902
Reclassification from pre-existing interest in joint ventures to investment in subsidiaries at fair at date of acquisition	—	—	—	—	208,066	208,066
	30,000	10,000	50,000	20,000	676,468	786,468

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**34. Acquisitions of Subsidiaries (Continued)****(b) Acquisition of subsidiaries that are a business (Continued)****(i) Year ended 31 December 2021 (Continued)**

An analysis of the cash flows in respect of the acquisitions is as follows:

	RMB'000
Cash consideration paid	(359,500)
Cash and bank balances acquired	14,703,691
Net inflow of cash and bank balances included in cash flows from investing activities	14,344,191

The fair value of the other receivables as at the date of the acquisition amounted to RMB2,095,147,000. The gross contractual amount of other receivables was RMB2,095,147,000, of which nil is expected to be uncollectible.

Since the acquisitions, the subsidiaries acquired during the year contributed RMB25,250,981,000 to the Group's revenue and RMB3,051,709,000 to the consolidated profit for the year.

Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year would have been RMB79,496,860,000 and RMB10,364,169,000 respectively.

**(ii) Year ended 31 December 2020**

During the year ended 31 December 2020, the Group entered into equity transfer agreements with certain joint ventures for the acquisition of 72.89% of equity interest of Zhuhai Hengqin and 50% of Dongguan Junyu and entire equity interest of Zhuhai Shunxing and acquired 33% of Zhongshan Tongan from third parties. Upon completion of the acquisitions, the acquired companies became wholly-owned subsidiaries of the Group, except for Zhuhai Hengqin, Zhongshan Tongan and certain companies included in others below being non-wholly-owned subsidiaries. These acquired companies are principally engaged in the business of property development and property investment in the PRC.

### 34. Acquisitions of Subsidiaries (Continued)

#### (b) Acquisition of subsidiaries that are a business (Continued)

##### (ii) Year ended 31 December 2020 (Continued)

The fair values of the identifiable assets and liabilities of the above transactions as at the date of acquisition were as follows:

	Notes	Zhuhai Hengqin RMB'000	Dongguan Junyu RMB'000	Zhongshan Tongan RMB'000	Zhuhai Shunxing RMB'000	Others RMB'000	Total RMB'000
Other property, plant and equipment	15	257	540	413	310	1,846	3,366
Investment properties	16	—	—	—	—	199,968	199,968
Inventories		2,825,594	1,699,556	982,109	2,892,089	24,269,302	32,668,650
Trade and other receivables, prepayments and other assets		308,604	1,754	869,046	43,707	3,518,856	4,741,967
Tax recoverable		326,949	75,554	87,934	48,013	2,000,765	2,539,215
Cash and bank balances		1,169,544	599,949	388,795	118,729	9,377,620	11,654,637
Trade and other payables		(195,297)	(92,726)	(102,374)	(967,314)	(7,385,292)	(8,743,003)
Contract liabilities		(2,570,785)	(892,301)	(1,564,103)	(528,414)	(25,125,240)	(30,680,843)
Deferred tax liabilities	29	(208,972)	(4,990)	(66,557)	(197,120)	(207,778)	(685,417)
Bank and other loans		(583,334)	(494,000)	(120,000)	(607,000)	(5,586,420)	(7,390,754)
<b>Total identifiable net assets at fair value</b>		<b>1,072,560</b>	<b>893,336</b>	<b>475,263</b>	<b>803,000</b>	<b>1,063,627</b>	<b>4,307,786</b>
Non-controlling interests		(177,056)	—	(214,763)	—	(428,226)	(820,045)
Gains on bargain purchase		—	—	—	—	(38,146)	(38,146)
<b>Total consideration</b>		<b>895,504</b>	<b>893,336</b>	<b>260,500</b>	<b>803,000</b>	<b>597,255</b>	<b>3,449,595</b>
Satisfied by:							
Cash consideration		895,504	455,000	—	803,000	307,400	2,460,904
Consideration payable included in trade and other payables		—	—	260,500	—	289,855	550,355
Reclassification from pre-existing interest in joint ventures and an associate to investment in a subsidiary		—	438,336	—	—	—	438,336
		<b>895,504</b>	<b>893,336</b>	<b>260,500</b>	<b>803,000</b>	<b>597,255</b>	<b>3,449,595</b>

An analysis of the cash flows in respect of the acquisitions is as follows:

	RMB'000
Cash consideration paid	(2,460,904)
Cash and bank balances acquired	11,654,637
<b>Net inflow of cash and bank balances included in cash flows from investing activities</b>	<b>9,193,733</b>

The fair value of the other receivables as at the date of the acquisition amounted to RMB4,767,442,000. The gross contractual amount of other receivables was RMB4,767,442,000, of which nil is expected to be uncollectible.

Since the acquisitions, the subsidiaries acquired during the year contributed RMB22,298,066,000 to the Group's revenue and RMB2,707,117,000 to the consolidated profit for the year.

Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year would have been RMB71,327,966,000 and RMB13,154,564,000 respectively.

## NOTES TO FINANCIAL STATEMENTS

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## 35. Disposal of Subsidiaries

## (a) Disposal of subsidiaries

The effect of such disposals on the Group's assets and liabilities is set out below:

	Note	2021 RMB'000	2020 RMB'000
Net assets disposed of:			
Other property, plant and equipment	14	1,033	35
Inventories		12,285,644	382,056
Trade and other receivables, prepayments and other assets		7,475,592	104,493
Tax recoverable		939,745	43,966
Cash and cash equivalents		5,612,103	2,274,831
Trade and other payables		(20,949,754)	(1,178,515)
Tax payables		(176,760)	—
Bank and other loans		(3,570,940)	(1,315,500)
Non-controlling interests		(23,728)	—
Net assets attributable to the Group disposed of		1,592,935	311,366
(Loss)/gain on disposal of subsidiaries, net		(4,656)	637
Reclassification to investments in joint ventures at fair value at date of disposal		(102,859)	—
Total consideration		1,485,420	312,003

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2021 RMB'000	2020 RMB'000
Cash consideration received	1,485,420	312,003
Cash and cash equivalents disposed of	(5,612,103)	(2,274,831)
Net cash outflow arising from disposal	(4,126,683)	(1,962,828)



### 35. Disposal of Subsidiaries (Continued)

#### (b) Deemed disposal of subsidiaries

The effect of such disposals on the Group's assets and liabilities is set out below:

	Notes	2021 RMB'000	2020 RMB'000
Net assets disposed of:			
Other property, plant and equipment	14	58	1,877
Investment properties	15	16,125	—
Inventories		13,156,608	20,990,570
Trade and other receivables, prepayments and other assets		743,743	648,157
Tax recoverable		226,094	235,528
Cash and cash equivalents		7,386,077	2,777,705
Trade and other payables		(17,710,789)	(19,459,861)
Bank and other loans		(3,702,550)	(4,951,000)
Net assets attributable to the Group disposed of		115,366	242,976
Gain on deemed disposal of subsidiaries, net		24,386	39,848
Reclassification to investments in joint ventures at fair value at date of deemed disposal		139,752	282,824

An analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries is as follows:

	2021 RMB'000	2020 RMB'000
Cash and bank balances deconsolidated and outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries	(7,386,077)	(2,777,705)

## NOTES TO FINANCIAL STATEMENTS

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## 36. Notes to the Consolidated Statement of Cash Flows

## (a) Major non-cash transaction

During the year ended 31 December 2020, the Group, a joint venture and a non-controlling shareholder entered into a three-party agreement, pursuant to which the payable amounting to RMB3,960,000,000 due by the Group to the non-controlling shareholder was offset against the Group's receivable due from the joint venture.

## (b) Changes in liabilities arising from financing activities

	Interest payables included in trade and other payables	ABS arrangement included in trade and other payables	Bank and other loans	Senior notes	Dividend payable included in trade and other payables	Corporate bonds	Liabilities under cross-border guarantee arrangements	Amounts due to non-controlling shareholders included in trade and other payables	Amounts due to joint ventures and associates included in trade and other payables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	982,315	4,045,908	35,104,567	25,125,916	5,683,202	19,908,000	6,077,206	1,781,758	522,074	99,230,946
Changes from financing cash flows	—	(1,437,396)	16,063,754	(2,150,539)	(1,969,059)	(328,000)	5,248,558	(640,862)	1,780,485	16,566,941
Foreign exchange movement	—	—	(207,249)	(736,421)	—	—	(10,716)	—	—	(954,386)
Interest expense	3,776,284	—	—	1,320,391	—	—	—	—	—	5,096,675
Interest paid	(3,571,079)	—	—	(1,367,627)	—	—	—	—	—	(4,938,706)
Acquisition of subsidiaries	—	—	8,415,200	—	—	—	—	101,000	(533,922)	7,982,278
Disposal of subsidiaries	—	—	(3,570,940)	—	—	—	—	—	914,480	(2,656,460)
Deemed disposal of subsidiaries	—	—	(3,702,550)	—	—	—	—	—	—	(3,702,550)
Dividends declared	—	—	—	—	5,056,844	—	—	—	—	5,056,844
At 31 December 2021	1,187,520	2,608,512	52,102,782	22,191,720	8,770,987	19,580,000	11,315,048	1,241,896	2,683,117	121,681,582
At 1 January 2020	751,333	4,045,908	26,991,753	21,323,803	5,367,887	21,362,000	921,994	10,370,144	1,614,145	92,748,967
Changes from financing cash flows	—	—	7,390,605	5,064,830	(4,060,139)	(1,454,000)	5,332,376	(8,962,436)	(614,625)	2,696,611
Foreign exchange movement	—	—	(656,045)	(1,507,232)	—	—	(177,164)	—	—	(2,340,441)
Interest expense	2,915,655	—	—	1,887,659	—	—	—	—	—	4,803,314
Interest paid	(2,684,873)	—	—	(1,643,144)	—	—	—	—	—	(4,328,017)
Acquisition of subsidiaries	—	—	7,644,754	—	—	—	—	374,050	(477,446)	7,541,358
Disposal of subsidiaries	—	—	(1,315,500)	—	—	—	—	—	—	(1,315,500)
Deemed disposal of subsidiaries	—	—	(4,951,000)	—	—	—	—	—	—	(4,951,000)
Dividends declared	—	—	—	—	4,375,454	—	—	—	—	4,375,454
At 31 December 2020	982,315	4,045,908	35,104,567	25,125,916	5,683,202	19,908,000	6,077,206	1,781,758	522,074	99,230,946

### 37. Financial Guarantees

At the end of the reporting period, the Group had the following financial guarantees:

	2021 RMB'000	2020 RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes (i) and (ii))	45,121,006	38,446,624
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures, associates and joint ventures partners provided by the Group (note (iii))	17,024,502	12,041,617
Counter-indemnities for guarantees issued in respect of various obligations of the Group (note (iv))	400,000	799,000
	<b>62,545,508</b>	51,287,241

The financial guarantee contracts are measured at the higher of the expected credit loss ("ECL") allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor. The amount initially recognised represents the fair value at initial recognition of the financial guarantees. The Group does not hold any credit enhancements over the guarantee.

Notes:

- (i) As at 31 December 2021 and 2020, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction banks, net of any auction proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, in the event of default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

- (ii) The fair value of the guarantees at initial recognition and the ECL allowance are not significant as the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.
- (iii) As at 31 December 2021, the Group provided seven guarantees to the extent of RMB8,583,361,000 (US\$1,349,000,000) in respect of the borrowings of entities controlled by a joint venture partner. The joint venture partner is an independent third party. The borrowings have been used for the project development of the joint venture partner's joint ventures with the Group. The joint venture partner entered into counter-guarantee agreements with the Group, pursuant to which the joint venture partner provided counter-guarantees to the Group in respect of guarantees provided by the Group to the banks and other lenders to entities controlled by the joint venture partner. The counter-guarantees are secured by property projects, the valuation of which is sufficient to cover the guarantee amount of RMB8,583,361,000 (US\$1,349,000,000) provided by the Group.

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**37. Financial Guarantees (Continued)**

Notes: (Continued)

(iii) (Continued)

As at 31 December 2020, guarantees provided by the Group to banks and other lenders in connection with credit facilities granted to the entities controlled by the joint venture partner amounted to approximately RMB5,474,094,000.

The joint venture partner entered into counter-guarantee agreements with the Group, pursuant to which the joint venture partner provided counter-guarantees to the Group. The counter-guarantees were secured by property projects, the total fair value of which was sufficient to cover the amount of the guarantees.

In the opinion of the directors, the fair value of the guarantees at the initial recognition and the ECL allowance are not significant.

(iv) As at 31 December 2021 and 2020, the Group provided counter-indemnities to certain banks or financial institutions for guarantees issued in respect of various obligations of the Group.

**38. Pledge of Assets**

At the end of the reporting period, the Group's equity interests in certain subsidiaries and the following assets of the Group were pledged to secure certain bank and other loans granted to the Group:

	Notes	2021 RMB'000	2020 RMB'000
Bank deposits	22	8,324,003	453,787
Investment properties	15	6,036,781	900,000
Properties held for development for sale	19	6,931,674	660,040
Properties under development for sale	19	61,825,078	30,443,227
Completed properties for sale	19	4,008,328	3,731,872
		<b>87,125,864</b>	36,188,926

**39. Commitments**

The Group had the following capital commitments at the end of the reporting period:

	2021 RMB'000	2020 RMB'000
Contracted, but not provided for	21,407,045	17,832,312

#### 40. Related Party Transactions

- (a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2021 RMB'000	2020 RMB'000
Construction contracts income from related companies	(i)	194,007	358,982
Construction contracts income from joint ventures	(ii)	3,379,092	7,759,816
Construction contracts income from associates	(ii)	10,724	175,629
Project management service income from joint ventures	(ii)	352,836	559,549
Project management service income from associates	(ii)	2,305	3,052
Project management service income from related companies	(i)	—	1,124
Decoration income from related companies	(i)	8,499	18,271
Decoration income from joint ventures	(ii)	480,775	1,099,629
Decoration income from associates	(ii)	92,957	107,454
Design service income from related companies	(i)	463	2,297
Design service income from joint ventures	(ii)	68,342	87,532
Design service income from associates	(ii)	13,350	2,637
Material income from related companies	(i)	1,271	—
Rental income from related companies	(iii)	32,531	30,973
Rental income from joint ventures	(iii)	5,275	1,608
Interest income from joint ventures	(iv)	966,658	1,257,184
Interest income from associates	(iv)	85,449	116,709
Property management expenses to related companies	(v)	(336,883)	(243,626)

Notes:

- (i) The income was derived from the construction, project management, material, decoration and design services provided to related companies controlled by Mr. Kei at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.
- (ii) The income represented the gross income derived from the construction, project management, decoration and design services provided to joint ventures and associates, which are before the elimination of relevant income between the Group and joint ventures or associates, at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.
- (iii) The rental income arose from the leasing of the Group's investment properties to related companies controlled by Mr. Kei, joint ventures at rates similar to the terms and conditions set out in the rental agreements entered into with the other tenants of the Group.

## NOTES TO FINANCIAL STATEMENTS

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### 40. Related Party Transactions (Continued)

#### (a) (Continued)

Notes: (Continued)

- (iv) This represented the gross interest income from the joint ventures and associates, which is before the elimination of interest between the Group and joint ventures or associates. The Group has been providing funds to joint ventures and associates.
- (v) This represented the property management service provided by related companies controlled by Mr. Kei to the Group in prior year at rates determined in accordance with the terms and conditions set out in the agreements entered into with the relevant parties.

#### (b) Compensation of key management personnel of the Group

Remuneration to key management personnel includes amounts paid to the directors as disclosed in note 9.

Transactions in connection with construction contracts income, project management service income, decoration income and design service income from related companies and property management expenses to related companies above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

### 41. Financial Instruments by Category

Except for the derivative financial instruments, which are classified as financial assets at fair value through profit or loss that are mandatorily measured as such (HKFRS 7.8(a)), other financial assets and financial liabilities of the Group as at 31 December 2021 and 2020 were financial assets at amortised cost, and financial liabilities at amortised cost, respectively.

## 42. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts of the Group's financial instruments, other than derivative financial instruments, and senior notes and corporate bonds, reasonably approximate to their fair values.

Management has assessed that the fair values of the current portion of cash and bank balance, trade receivables, trade payables, the current portion of financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, the current portion of bank and other loans, amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the Group's assets and liabilities not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed, (i) non-current portion of non-pledged time deposits, and (ii) the carrying amounts of the amounts due from joint ventures and associates included in investments in joint ventures and associates, non-current portion of financial assets included in other receivables, bank and other loans and assets and liabilities under cross-border guarantee arrangements approximated to their fair values and were determined as Level 3; (iii) the fair values of the senior notes and certain corporate bonds were RMB21,688,724,000 with carrying amount of RMB22,191,720,000 and RMB14,031,927,000 with carrying amount of RMB14,274,000,000, respectively (2020: RMB26,283,550,000 with carrying amount of RMB25,125,916,000 and RMB12,473,242,000 with carrying amount of RMB12,400,000,000, respectively), and were determined as Level 1; and (iv) the fair values of the remaining corporate bonds were RMB5,260,070,000 with carrying amount of RMB5,306,000,000 (2020: RMB7,562,629,000 with carrying amount of RMB7,508,000,000), and were determined as Level 2.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of bank deposits, amounts due from joint ventures and associates included in investments in joint ventures and associates, non-current portion of financial assets included in other receivables, bank and other loans and certain corporate bonds and assets and liabilities under cross-border guarantee arrangements have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the senior notes and certain corporate bonds are calculated with reference to quoted market prices at the reporting date. The changes in fair value as a result of the Group's own non-performance risk for bank and other loans as at 31 December 2021 and 2020 were assessed to be insignificant.

Derivative financial instruments are measured using residual method by subtracting the fair value of the straight debt from the quoted market price of the notes at the date of valuation. The fair value measurement is negatively correlated to risk free rate, option adjusted spread and discount rate. The carrying amounts of derivative financial instruments are the same as their fair values.

## NOTES TO FINANCIAL STATEMENTS

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## 42. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

## Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

## Assets measured at fair value:

As at 31 December 2021

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Senior notes redemption call options	—	—	—	—

As at 31 December 2020

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Senior notes redemption call options	—	—	300,030	300,030

The movements in fair value measurements within Level 3 during the year are as follows:

	2021 RMB'000	2020 RMB'000
Senior notes redemption call options		
At 1 January	300,030	100,328
Total (loss)/gains recognised in statement of profit or loss	(315,247)	218,400
Exchange realignment	15,217	(18,698)
At 31 December	—	300,030



#### 42. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of senior note redemption call options:

	Valuation techniques	Significant unobservable inputs	Range	
			2021	2020
Senior note redemption call options	Residual method	Risk free rate	0.032% to 1.353%	0.043% to 0.498%
		Option adjusted spread	5.324% to 8.524%	1.750% to 4.129%
		Discount rate	5.356% to 8.765%	1.808% to 4.542%

The fair values of derivative financial instruments are determined using the residual method by subtracting the fair value of the straight debt from the quoted market price of the notes at the date of valuation. The fair value measurement is negatively correlated to risk free rate, option adjusted spread and discount rate.

The Group did not have any financial liabilities measured at fair values as at 31 December 2021 and 2020.

During the year, there were no transfers of fair value measurements between level 1 and level 2 and no transfers into or out of level 3 for both financial assets and financial liabilities (2020: Nil).

#### 43. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise bank and other loans and senior notes and corporate bonds, amounts due from/to related parties, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group's accounting policies related to derivatives are set out in note 3 to the financial statements.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

##### Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant assets with floating interest rates. Restricted deposits were held at banks in the PRC at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other loans with floating interest rates.

## NOTES TO FINANCIAL STATEMENTS

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**43. Financial Risk Management Objectives and Policies (Continued)****Interest rate risk (Continued)**

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2021		
RMB	1%	(215,312)
HK\$	1%	(38,785)
US\$	1%	(18,792)
SG\$	1%	(24,666)
RMB	(1%)	215,312
HK\$	(1%)	38,785
US\$	(1%)	18,792
SG\$	(1%)	24,666
2020		
RMB	1%	(165,824)
HK\$	1%	(66,705)
US\$	1%	(1,257)
SG\$	1%	(37,147)
RMB	(1%)	165,824
HK\$	(1%)	66,705
US\$	(1%)	1,257
SG\$	(1%)	37,147

**Foreign currency risk**

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of China to pay capital account items, such as the repayment of bank and other loans denominated in foreign currencies.

### 43. Financial Risk Management Objectives and Policies (Continued)

#### Foreign currency risk (Continued)

The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign currency through debt or equity financing, including by means of loans or capital contributions from the shareholders.

All the revenue-generating operations of the Group are transacted in RMB. The majority of the Group's assets and liabilities are denominated in RMB except for the Company and certain investment holding companies within the Group operating in Hong Kong and Singapore, in which bank and other loans, senior notes and other receivables were denominated either in HK\$ and SG\$, respectively. The fluctuation of exchange rates of RMB and HK\$ against other foreign currencies will not have a material adverse effect on the operating results of the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates against HK\$, US\$ and SG\$, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in profit before tax RMB'000
2021		
If HK\$ weakens against RMB	(5%)	259,432
If HK\$ strengthens against RMB	5%	(259,432)
If SG\$ weakens against HK\$	(5%)	69,815
If SG\$ strengthens against HK\$	5%	(69,815)

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in profit before tax RMB'000
2020		
If HK\$ weakens against RMB	(5%)	(30,618)
If HK\$ strengthens against RMB	5%	30,618
If SG\$ weakens against HK\$	(5%)	52,840
If SG\$ strengthens against HK\$	5%	(52,840)

## NOTES TO FINANCIAL STATEMENTS

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### 43. Financial Risk Management Objectives and Policies (Continued)

#### Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. The Group performs appropriate and sufficient credit verification procedures for every credit sale transaction to minimise credit risk. There is no significant concentration of credit risk within the Group.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 37.

The credit risk of the Group's other financial assets, which mainly comprise and short term deposits, other receivables and amounts due from related parties, joint ventures and associates, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

#### Maximum exposure and year-end staging

The credit risk of the Group's trade receivables, contract assets, other receivables, amounts due from related parties, non-controlling shareholders, joint ventures and associates, assets under cross-border guarantee arrangements, cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Except for trade receivables and contract assets which apply the simplified approach in calculating ECLs, the credit quality of other financial assets measured at amortised cost is considered to be "normal" as they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition and hence, they are all classified under stage 1 for measurement of ECLs. The loss allowance for all financial assets measured at amortised cost and contract assets were not significant as at 31 December 2021 and 2020.

## 43. Financial Risk Management Objectives and Policies (Continued)

### Credit risk (Continued)

Guarantees given to banks and other lenders in connection with credit facilities granted to associates, joint ventures, joint venture partners and in respect of mortgage facilities provided for certain purchasers of the Group's properties with an aggregate amount of RMB72,279,666,000 (2020: RMB68,806,229,000) is considered to be "normal" as there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Hence, they are all classified under stage 1 for measurement of ECLs.

#### Reconciliation table between Note 37 and Note 43

	2021		2020	
	RMB'000 (Note 37)	RMB'000 (Note 43)	RMB'000 (Note 37)	RMB'000 (Note 43)
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	45,121,006	45,121,006	38,446,624	38,446,624
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures, associates and joint venture partners provided by the Group	17,024,502	27,158,660	12,041,617	30,359,605
Counter-indemnities for guarantees issued in respect of various obligations of the Group	400,000	—	799,000	—
	<b>62,545,508</b>	<b>72,279,666</b>	51,287,241	68,806,229

### Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other loans. In the opinion of the directors of the Company, the Group will have adequate sources of funding to finance its operational needs and manage its liquidity position.

## NOTES TO FINANCIAL STATEMENTS

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## 43. Financial Risk Management Objectives and Policies (Continued)

## Liquidity risk

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Within one year or on demand		In the third to fifth years, inclusive		Beyond five years	Total
	RMB'000	In the second year RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021						
Bank and other loans	25,648,838	14,991,547	15,830,786	—	—	56,471,171
Senior notes	2,345,376	5,885,361	12,032,673	1,928,308	—	22,191,718
Corporate bonds	11,588,672	537,347	8,702,459	699,580	—	21,528,058
Trade payables	22,390,931	—	—	—	—	22,390,931
Financial liabilities included in other payables and accruals	10,664,012	—	—	—	—	10,664,012
Due to related parties	121,864	—	—	—	—	121,864
Due to non-controlling shareholders	1,214,895	—	—	—	—	1,214,895
Due to joint ventures and associates	2,683,117	—	—	—	—	2,683,117
Liabilities under cross-border guarantee arrangements	10,961,611	561,478	—	—	—	11,523,089
	87,619,316	21,975,733	36,565,918	2,627,888	—	148,788,855
Financial guarantees issued:						
Maximum amount guaranteed	72,279,666	—	—	—	—	72,279,666

### 43. Financial Risk Management Objectives and Policies (Continued)

#### Liquidity risk (Continued)

	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Beyond five years RMB'000	Total RMB'000
2020					
Bank and other loans	13,537,876	7,908,362	17,238,726	207,697	38,892,661
Senior notes	8,500,202	4,531,504	12,730,916	2,035,798	27,798,420
Corporate bonds	5,538,068	8,275,788	12,072,530	—	25,886,386
Trade payables	21,683,379	—	—	—	21,683,379
Financial liabilities included in other payables and accruals	8,475,446	—	—	—	8,475,446
Due to related companies	310,635	—	—	—	310,635
Due to non-controlling shareholders	490,258	—	—	—	490,258
Due to associates and joint ventures	522,074	—	—	—	522,074
Liabilities under cross-border guarantee arrangements	5,376,575	700,631	—	—	6,077,206
	64,434,513	21,416,285	42,042,172	2,243,495	130,136,465
Financial guarantees issued:					
Maximum amount guaranteed	68,806,229	—	—	—	68,806,229

#### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using a net debt to equity ratio, which is net debt divided by the total equity. Net debt includes total bank and other loans, senior notes and corporate bonds less cash and bank balances. Total capital comprises all components of equity (i.e., share capital, non-controlling interests, perpetual capital securities and reserves). The Group aims to maintain a healthy and stable net debt to equity ratio.

## NOTES TO FINANCIAL STATEMENTS

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## 43. Financial Risk Management Objectives and Policies (Continued)

## Capital management (Continued)

The net debt to equity ratios as at 31 December 2021 and 2020 were as follows:

	2021 RMB'000	2020 RMB'000
Bank and other loans	52,102,782	35,104,567
Senior notes	22,191,720	25,125,916
Corporate bonds	19,580,000	19,908,000
Less: Cash and bank balances	(38,236,324)	(42,869,161)
Net debt	55,638,178	37,269,322
Total equity	67,768,283	60,671,465
Net debt to equity ratio	82.1%	61.4%

As at 31 December 2021, Shenzhen Logan, a wholly-owned subsidiary of the Company (established in the People's Republic of China) (the "Issuer"), has totally issued an amount of RMB19.6 billion of corporate bonds, of which RMB14.3 billion are publicly issued (2020: RMB12.4 billion). According to the Securities Law of the People's Republic of China, the accumulated bond balance constitutes no more than 40% of the net asset value of the Issuer. Other than the ratio, neither the Company nor any other of its subsidiaries are subject to externally imposed capital requirements.



#### 44. Events after the Reporting Period

- i. On 26 January 2022, the Company entered into a subscription agreement (the “Securities Subscription Agreement”) for the issue of equity-linked securities with a principal amount of HK\$1,950,000,000 (equivalent to approximately RMB1,578,000,000). The securities are interest-bearing at 6.95% per annum and the interest is payable semi-annually in arrears. The maturity date of the securities is 4 August 2026 unless earlier redeemed in accordance with the terms the Securities Subscription Agreement. Closing of the Securities Subscription Agreement took place on 4 February 2022 and further details of the Securities Subscription Agreement are set out in the Company’s announcement dated 27 January 2022.
- ii. In March and April 2022, the Group obtained approval from holders of certain of the Group’s corporate bonds with an aggregate principal amount of RMB4,836,000,000 for the extension of the maturity dates for another 15 months.
- iii. Subsequent to the end of the reporting period, the credit rating issued by certain credit rating agencies had downgraded the Group’s rating. The said downgrading may constitute early repayment of certain bank loans.
- iv. From the reporting date to 7 August 2022, the Group did not pay the interest of the following senior notes (the “Senior Notes”): 4.7% senior notes due 2026 issued on 28 June 2021, 4.25% senior notes due 2025 issued on 31 March 2021, 4.5% senior notes due 2028 issued on 6 January 2021, 5.75% senior notes due 2025 issued on 7 January 2020 and 6.5% senior notes due 2023 issued on 9 July 2019. The outstanding principal of the Senior Notes amounted to US\$1,600 million (RMB10,810 million) and the aggregate unpaid interest amounted to US\$41.8 million (RMB282.5 million). The non-payment of interest for the Senior Notes may lead to demand for acceleration of repayment. In line with its holistic management of its offshore debts and fair treatment of all creditors, the Company would consider suspension of payment with respect of the other USD denominated senior notes.

## NOTES TO FINANCIAL STATEMENTS

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## 45. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	10,544	10,544
Other property, plant and equipment	4,375	5,455
Total non-current assets	14,919	15,999
CURRENT ASSETS		
Prepayments and other receivables	51,627,736	43,418,572
Cash and bank balances	5,759,631	9,127,909
Total current assets	57,387,367	52,546,481
CURRENT LIABILITIES		
Other payables and accruals	22,184,057	14,440,965
Bank loans	8,486,579	3,889,764
Senior notes	2,345,377	7,192,358
Tax payables	150,000	—
Total current liabilities	33,166,013	25,523,087
NET CURRENT ASSETS	24,221,354	27,023,394
TOTAL ASSETS LESS CURRENT LIABILITIES	24,236,273	27,039,393
NON-CURRENT LIABILITIES		
Bank loans	906,784	4,242,141
Senior notes	19,846,343	17,933,558
Total non-current liabilities	20,753,127	22,175,699
Net assets	3,483,146	4,863,694
EQUITY		
Share capital	450,569	436,727
Perpetual capital securities	2,363,346	2,363,346
Reserves (note)	669,231	2,063,621
Total equity	3,483,146	4,863,694

## 45. Statement of Financial Position of the Company (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Exchange reserve RMB'000	Shares held under share award scheme RMB'000	Share-based compensation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2020	—	207,327	—	104,900	2,220,868	2,533,095
Profit and total comprehensive income for the year	—	(71,286)	—	—	4,888,954	4,817,668
Repurchase and cancellation of own shares	(44,451)	—	—	—	—	(44,451)
Equity-settled share-based transactions	—	—	—	76,637	—	76,637
Shares purchased under share award scheme	—	—	(823,306)	—	—	(823,306)
Distribution to holders of perpetual capital securities	—	—	—	—	(167,571)	(167,571)
Effect of forfeited or expired share options	—	—	—	(52,526)	52,526	—
Issuance of shares in connection with the exercise of share options	67,033	—	—	(20,030)	—	47,003
Dividends declared	—	—	—	—	(4,375,454)	(4,375,454)
<b>At 31 December 2020 and 1 January 2021</b>	<b>22,582</b>	<b>136,041</b>	<b>(823,306)</b>	<b>108,981</b>	<b>2,619,323</b>	<b>2,063,621</b>
Profit and total comprehensive income for the year	—	723,555	—	—	2,874,330	3,597,885
Repurchase and cancellation of own shares	(19,336)	—	—	—	—	(19,336)
Issuance of shares	942,202	—	—	—	—	942,202
Equity-settled share-based transactions	—	—	—	36,551	—	36,551
Shares purchased under share award scheme	—	—	(743,334)	—	—	(743,334)
Distribution to holders of perpetual capital securities	—	—	—	—	(158,079)	(158,079)
Effect of forfeited or expired share options	—	—	—	(28,936)	28,936	—
Issuance of shares in connection with the exercise of share options	7,843	—	—	(1,278)	—	6,565
Dividends declared	—	—	—	—	(5,056,844)	(5,056,844)
<b>At 31 December 2021</b>	<b>953,291</b>	<b>859,596</b>	<b>(1,566,640)</b>	<b>115,318</b>	<b>307,666</b>	<b>669,231</b>

## 46. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 23 August 2022.

## FIVE YEARS' FINANCIAL SUMMARY

### CONSOLIDATED RESULTS

	Year ended 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Revenue	<b>78,292,624</b>	71,079,729	57,480,418	44,136,908	27,689,658
Profit attributable to shareholders of the Company	<b>9,975,466</b>	13,016,635	11,269,044	8,288,398	6,527,400

### CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	At 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Non-current assets	<b>62,570,868</b>	50,379,588	46,785,641	39,454,188	28,276,304
Current assets	<b>223,330,689</b>	193,134,060	159,224,484	130,640,489	83,594,544
<b>Total assets</b>	<b>285,901,557</b>	243,513,648	206,010,125	170,094,677	111,870,848
Current liabilities	<b>155,125,799</b>	120,771,336	119,097,089	88,538,511	57,293,756
Non-current liabilities	<b>63,007,475</b>	62,070,847	43,919,017	44,810,380	27,413,283
<b>Total liabilities</b>	<b>218,133,274</b>	182,842,183	163,016,106	133,348,891	84,707,039
<b>Net assets</b>	<b>67,768,283</b>	60,671,465	42,994,019	36,745,786	27,163,809
<b>Total equity attributable to shareholders of the Company</b>	<b>47,894,616</b>	42,403,234	34,194,417	29,248,806	23,306,221
<b>Non-controlling interests</b>	<b>19,873,667</b>	18,268,231	8,799,602	7,496,980	3,857,588
<b>Total equity</b>	<b>67,768,283</b>	60,671,465	42,994,019	36,745,786	27,163,809

# SCHEDULE OF MAJOR PROPERTIES

## GROUP I — PROPERTY INTEREST HELD BY THE COMPANY UNDER DEVELOPMENT/FOR FUTURE DEVELOPMENT FOR SALE

Property	Address	Type	Interest attributable to the Company	Land area (sq.m.)	GFA (sq.m.)	Stage of development (note)	Completion deadline
Qianhai Fairyland 前海天境	4 Qianwan Road, Nanshan District, Shenzhen, PRC	Residential	100%	31,745	260,976	3	2023
Shanghai Fairyland 上海天境	Dinghai Community, Yangpu District, Shanghai, PRC	Residential	100%	14,559	48,396	3	2022
Shenzhen Logan One Splendid Park 深圳錦綉公園壹號	OCT Block, Nanshan District, Shenzhen, PRC	Commercial	94%	37,000	392,798	3	2024
Jiuyue Park 玖悅臺	Renmin Road, Longhua, Minzhi Street, Shenzhen, PRC	Residential	50%	32,667	208,605	3	2022
Ap Lei Chau Project 鴨洲項目	Lee Nam Road, Ap Lei Chau, Hong Kong Island, Hong Kong	Residential	50%	11,752	83,610	3	2024
Stirling Residences 尚景苑	Stirling Road, Queenstown, Singapore	Residential	51%	21,098	88,734	3	2022
The Florence Residence 悅湖苑	Hougang Avenue 2, District 19, Singapore	Residential	100%	36,161	104,108	3	2023
Acesite Park 玖龍臺	Green Island Lake, Chancheng District, Foshan, PRC	Residential	50%	82,078	723,159	3	2022
Celestial Gem Plaza 天瑾廣場	North of Fuhua Road, Lecong, Shunde District, Foshan, China	Residential	50%	20,778	211,225	3	2022
Glory Lake 玖御湖	Shishan Town, Nanhai District, Foshan, China	Residential	50%	72,700	204,093	3	2022
Jiurui Mansion 玖瑞府	Guangming District, Shenzhen, PRC	Residential	100%	10,182	60,732	3	2023
Jiuyu Yazhu 玖譽雅築	Pingshan District, Shenzhen, PRC	Residential	50%	13,286	86,943	3	2022
Logan Acesite Business Center 龍光玖麟商務中心	Nanshan District, Shenzhen, PRC	Residential	100%	21,370	368,250	2	2026
Logan Sirius 龍光天曜	Lingang New City, Shanghai, PRC	Residential	100%	139,422	494,226	3	2023
Tianying(II, III) 天瀛(二、三期)	Tianfu New District, Chendu, PRC	Residential	100%	67,695	270,749	3	2023
Estuary Castle 天宸江樾	Jiangbei New District, Nanjing, PRC	Residential	33%	35,248	115,071	3	2023
Cloud Castle 天宸雲築	Jiangbei New District, Nanjing, PRC	Residential	33%	25,232	84,457	3	2023
Acesite Glory Mansion 玖榮府	Liuhe District, Nanjing, PRC	Residential	76%	25,885	70,402	3	2024
Acesite Splendid Mansion 玖華府	Jiangning District, Nanjing, PRC	Residential	35%	36,860	129,650	3	2023
National Castle 國宸府	Yuelu District, Changsha, PRC	Residential	33%	117,495	455,032	3	2027
Heaven Glory 天譽	Nanhai District, Foshan, PRC	Residential	100%	23,516	106,587	3	2023

## SCHEDULE OF MAJOR PROPERTIES

## GROUP I — PROPERTY INTEREST HELD BY THE COMPANY UNDER DEVELOPMENT/FOR FUTURE DEVELOPMENT FOR SALE (CONTINUED)

Property	Address	Type	Interest attributable to the Company	Land area (sq.m.)	GFA (sq.m.)	Stage of development (note)	Completion deadline
Concord Acesite 和閱玖章	Nanhai District, Foshan, PRC	Residential	50%	23,516	73,951	3	2023
Acesite Sightly Bay 玖悅灣	Sanshui District, Foshan, PRC	Residential	100%	36,143	120,638	3	2024
Glary City 光輝之城	Ouijiangkou New Area, Wenzhou, PRC	Complex	51%	199,506	735,410	3	2026
Acesite Glory Bay 玖譽灣	Longwan District, Wenzhou, PRC	Residential	100%	24,653	106,447	3	2023
Sightly Splendid Bloom 悅年華	Wuzhong District, Suzhou, PRC	Residential	53%	51,873	164,074	3	2023
Singing Lake Anthem 湖語頌	Taicang Science and Education New City, Suzhou, PRC	Residential	30%	103,833	234,485	3	2025
Acesite Peaceful Mansion 玖寧府	Zhenhai District, Ningbo, PRC	Residential	100%	15,378	38,501	3	2023
Celestial Mansion 天皓名邸	Chongchuan district, Nantong, PRC	Residential	51%	51,873	130,802	3	2023
Acesite Lenient Bay 玖榕灣	Xiangzhou District, Zhuhai, PRC	Residential	100%	18,192	86,831	3	2023
Lake City 湖城大境	North of Shanhuai Road, Aviation New City, Jinwan District, Zhuhai, China	Residential	50%	93,523	310,725	3	2023
Logan City 龍光城	No. 88 Southwest Avenue, West of Daya Bay District, Huizhou, PRC	Residential	100%	1,707,115	5,278,755	3	2023
Logan City 龍光城	Yuancheng District, Heyuan City, PRC	Residential	91%	812,000	2,414,090	3	2023
Prestige Sunshine Garden 譽境陽光花園	Zhongyang Avenue, Longhu District, Shantou, PRC	Residential	100%	63,169	332,043	3	2023
Sunny Coast 熙海岸	Beishan Bay Tourist Resort, Haojiang District, Shantou	Residential	100%	216,624	600,585	3	2024
Royal Castle 君禦華府翰林	Changhu Road, Qingxiu District, Nanning, PRC	Residential	50%	24,550	145,978	3	2023
TianYing 天瀛	West of Pingle Avenue, Liangqing District, Nanning, PRC	Residential	50%	107,870	439,366	3	2023
Glory City 玖譽城	No. 6 Jinkai Road, Nanning, PRC	Residential	50%	188,916	814,401	3	2023

Notes: 1. Site formation or upfront set up works

2. Foundation works

3. Superstructure construction

4. Completed for sale

# LOGAN

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