PKU RESOURCES
北大資源(控股)有限公司
PEKING UNIVERSITY RESOURCES (HOLDINGS) COMPANY LIMITED

资源控股
RESOURCES HOLDINGS
(Incorporated in Bermuda with limited liability)
Stock Code : 00618

2021/22 ANNUAL REPORT

CONTENTS

BUSINESS AREAS

Peking University Resources (Holdings) Company Limited ("PKU Resources" or the "Company", together with its subsidiaries, collectively the "Group") was formerly known as EC-Founder (Holdings) Company Limited. In order to generate higher returns for shareholders, the Company began to launch a multi-business development strategy based on information products distribution business starting in 2013. In January 2013, the Company completed the acquisition of a group of companies engaged in the business of property development and property investment, and gradually diversified into the business segments of real estate development and commercial real estate operations.

The Group is principally engaged in distribution of information products in Hong Kong and the PRC, property development and property investment in the PRC. As at 31 March 2022, the Group had a total of 13 property development projects across 9 cities in Mainland China. The total area of the properties held for sales, properties under development and areas pending construction of the Group amounted to approximately 3.17 million square meters.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr Wong Kai Ho (*Chairman*, appointed on 8 October 2021)
Mr Wang Guiwu (appointed on 8 October 2021)
Mr Huang Zhuguang (appointed on 1 December 2021)
Mr Zheng Fu Shuang

Independent non-executive Directors

Mr Chu Kin Wang, Peleus (appointed on 8 October 2021)
Mr Chin Chi Ho, Stanley (appointed on 8 October 2021)
Mr Chung Wai Man (appointed on 8 October 2021)
Mr Hua Yichun (appointed on 1 December 2021)
Mr Wang Bingzhong (appointed on 1 December 2021)

COMMITTEES

Audit Committee

Mr Chu Kin Wang, Peleus (*Chairman*, appointed on 8 October 2021)
Mr Chin Chi Ho, Stanley (appointed on 8 October 2021)
Mr Hua Yichun (appointed on 8 December 2021)

Remuneration Committee

Mr Chung Wai Man (*Chairman*, appointed on 8 October 2021)
Mr Wong Kai Ho (appointed on 8 October 2021)
Mr Chin Chi Ho, Stanley (appointed on 8 October 2021)

Nomination Committee

Mr Wong Kai Ho (*Chairman*, appointed on 8 October 2021)
Mr Hua Yichun (appointed on 8 December 2021)
Mr Chung Wai Man (appointed on 8 October 2021)

COMPANY SECRETARY

Mr Wong Kai Ho (appointed on 15 October 2021)

AUTHORISED REPRESENTATIVES

Mr Wong Kai Ho (appointed on 8 October 2021)
Mr Huang Zhuguang (appointed on 1 December 2021)

AUDITOR

CCTH CPA Limited (appointed on 1 March 2022)
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Bank of Beijing
Bank of Communications
Huaxia Bank
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2303, 23/F
COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Principal registrar

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong branch share registrar and transfer office

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

LISTING INFORMATION

Main board of The Stock Exchange of Hong Kong Limited
Stock code: 00618
Board Lot: 2,000 shares

COMPANY WEBSITE

www.pku-resources.com

Management Discussion and Analysis

MARKET REVIEW

In 2021, the gross domestic product reached RMB114.4 trillion in China, representing a year-on-year increase of 8.1% and an average growth of 5.1% in the past two years. Driven by both the export and real estate industry, the first half of 2021 started on an upbeat note. The construction industry, midstream manufacturing industry and pandemic-related industries recorded a strong growth while the recovery in overseas economies led to an expansion of trade. In the second half of 2021, the real estate industry cooled down rapidly under the stringent control and regulatory measures. Coupled with the tightened dual-control policies for energy consumption, the downward pressure on economic growth has intensified.

Real Estate Business

In 2021, the scale of commodity housing transactions in China reached historical high despite a significantly decelerated growth rate, and the market demonstrated a distinctive "high-to-low" trend. The sales of commodity housing in China amounted to RMB18.2 trillion, representing a year-on-year increase of 4.8%, while the sales area of commodity housing reached 1.79 billion square meters, representing a year-on-year increase of 1.9%. By quarter, the sales of commodity housing in China grew at 88.5%, 17.2%, -14.1% and -18.7%, respectively. In 2021, the new construction area of properties in China was 1.99 billion square meters, down by 11.4% year-on-year, representing a further decrease of 10.2 percentage points as compared with the previous year. The investment in real estate development in China amounted to RMB14.8 trillion, up by 4.4% year-on-year, which however, representing a decline in growth rate of 2.6 percentage points as compared with the previous year.

In the first quarter of 2022, the sales area of commodity housing nationwide amounted to 310 million square meters with a sales amount of RMB2.97 trillion, representing year-on-year decreases of 13.8% and 22.7%, respectively. The investment in real estate development increased by 0.7%, but the growth rate dropped by 24.9 percentage points as compared with the same period of 2021, while the new construction area of properties decreased by 17.5% year-on-year.

Since January 2022, new regulatory policies for the real estate industry were promulgated intensively nationwide, fostering a loosening policy environment. From the demand perspective (i.e. customers), the key policies include the reduction of interest rates of housing mortgage and the percentage of down payment, relaxation of credit limit of provident fund loans and adjustments on purchase restriction qualifications and the lock-in period, the purpose of which were to support the reasonable demands of both home buyers with rigid demands and those requiring home improvements, and to restore market confidence. From the supply perspective (i.e. real estate enterprises), the key policies include policies in relation to sales boost, lowering of the proportion of security deposit for land auctions and support for issuance of bonds by "green-tier (綠檔)" companies, with an aim to facilitate active payment collection by developers, ease the liquidity pressure of real estate enterprises, prevent the spread of default crisis of real estate enterprises and maintain healthy and stable development of the industry.

Distribution Business

Looking back at the end of 2019, the spread of Coronavirus Disease 2019 ("COVID-19") worldwide had posed increased downside risk to the global economy, which remarkably provoked instability and uncertainty in the domestic and global business environment. In the middle of every difficulty lies opportunity, and every crisis carries within it certain first-mover advantages. In 2021, under the combined effect and impact of factors such as the global pandemic and supply/demand restrictions, vast demand for online collaboration as well as remote working and learning has been released. With governments and enterprises accelerated their digital transformation, demand for ICT products also witnessed continuous growth, which has in turn driven further market expansion of the ICT distribution industry.

Characterised by high growth, high value and strong sustainability, digital economy has contributed significantly to economic growth during the pandemic and hence a key area for promoting global economic recovery and grasping the commanding heights for future development. In order to cope with various challenges, nations across the globe actively pressed ahead with their digital transformation, and digital economy has been striding towards the direction of informatization, digitization, networking and intelligence at a faster pace worldwide. The in-depth digital transformation led to direct increases in ICT expenses, especially expenses in relation to emerging ICT technologies used to support digital transformation, such as IT infrastructure, cloud computing, big data, artificial intelligence, 5G, internet security and data security.

According to Gartner's data in January 2022, given the economic recovery following the easing of COVID-19 pandemic, China's IT expenses in 2021 amounted to approximately USD500 billion, up by approximately 6.5% as compared to that of 2020. In addition, benefitted from the swift economic recovery and the accelerated digital business transformation of enterprises propelled by the pandemic, it is expected that China's IT expenses will increase by approximately 8% in 2022 as compared to that of 2021.

OVERALL PERFORMANCE

As disclosed in the announcement of the Company dated 5 January 2022, the Board resolved to change the financial year end date of the Company from 31 December to 31 March. The first reporting period of the Group following the change of financial year end date is the 15-month period from 1 January 2021 to 31 March 2022 (the "Reporting Period").

During the Reporting Period, the Group's revenue increased by 29.9% to approximately RMB11,799.6 million (year ended 31 December 2020: RMB9,085.4 million) as a result of the increase in sales of the information products distribution business (the "Distribution Business") and the increase in areas delivered of property development projects. The Group's gross loss for the Reporting Period was approximately RMB2,653.8 million (year ended 31 December 2020: gross profit of RMB535.2 million), mainly due to the net provision for impairment losses of properties under development and properties held for sales under the property development business of the Group (the "Property Development Business") of approximately RMB3,799.7 million. The Group reported a loss of approximately RMB433.7 million (year ended 31 December 2020: loss of RMB1,845.0 million) during the Reporting Period.

The decrease in loss during the Reporting Period was attributable to the combined effects of the following factors:

a. an increase in other income and gains by approximately RMB5,192.5 million to approximately RMB5,775.6 million (year ended 31 December 2020: RMB583.1 million), which mainly includes (i) net gain from disposal of subsidiaries by the Group of approximately RMB3,928.6 million; and (ii) gains on disposal of properties under development of approximately RMB1,739.8 million;

b. a decrease in the aggregate of selling and distribution expenses and administrative expenses by approximately RMB106.4 million to approximately RMB752.2 million (year ended 31 December 2020: RMB858.6 million) attributable to the strict control on expenses imposed by the management;

c. an increase in other expenses and losses, net by approximately RMB1,093.8 million to approximately RMB1,578.9 million (year ended 31 December 2020: RMB485.1 million) attributable to increase in claim penalty on late repayment of bank and other borrowings;

d. a decrease in finance cost by approximately RMB482.3 million to approximately RMB548.5 million (year ended 31 December 2020: RMB1,030.8 million) attributable to decrease in interest on other borrowings during the Reporting Period; and

e. an increase in income tax expenses by approximately RMB107.1 million to approximately RMB675.3 million (year ended 31 December 2020: RMB568.2 million) as a result of an increase in corporate income tax and land appreciation tax in the PRC during the Reporting Period.

The profit attributable to the owners of the Company and the loss attributable to the non-controlling interests of the Group for the Reporting Period are approximately RMB1,509.5 million (year ended 31 December 2020: loss of RMB2,025.4 million) and RMB1,943.2 million (year ended 31 December 2020: profit of RMB180.4 million) respectively.

Basic and diluted profit per share attributable to owners of the Company for the Reporting Period were approximately RMB23.53 cents (year ended 31 December 2020: loss of RMB31.57 cents).

OPERATING REVIEW

Real Estate Business

Property Development

The turnover of the Property Development Business for the Reporting Period was approximately RMB4,332.8 million (year ended 31 December 2020: RMB3,811.5 million). The segment results recorded a profit of approximately RMB1,078.0 million (year ended 31 December 2020: loss of RMB739.8 million) during the Reporting Period. The growth of segment turnover was primarily attributable to the increase in areas delivered of property development projects. The profit of segment results mainly included: (i) net gains on disposal of subsidiaries by the group of approximately RMB3,928.6 million; (ii) gains on disposal of properties for sale under development of approximately RMB1,739.8 million; and (iii) net impairment of properties under development and properties for sale completed of approximately RMB3,799.7 million.

Following the change in the composition of the Board in October 2021, the current Board has been reviewing the business operations of the Group and its financial performance and positions with a view to devising an action plan for the resumption of trading in the shares of the Company. The Company has disposed of the entire issued share capital of Hong Kong Huzi Limited (the "Disposal Company") to Wealth Elite Group Investment Limited, for the consideration of HK$20 million on 25 March 2022 (the "Disposal"). For details, please refer to "Material acquisitions and disposals of subsidiaries, associates and joint ventures" in this annual report.

During the Reporting Period, in response to the regularized pandemic and industrial changes, the Group pushed forward the resumption of work and production actively. During the Reporting Period, the Group realized contracted sales of approximately RMB2.51 billion, with a contracted gross floor area ("GFA") of approximately 372,000 square meters and an average selling price of approximately RMB6,748 per square meter. Among which, the Group, excluding the Disposal Company and its subsidiaries (collectively the "Disposal Group"), has completed contracted sales of approximately RMB1.29 billion, with a contracted GFA of approximately 219,000 square meters and an average selling price of approximately RMB5,911 per square meter. The Disposal Group has completed contracted sales of approximately RMB1.22 billion, with a contracted GFA of approximately 153,000 square meters and an average selling price of approximately RMB7,949 per square meter.

As at 31 March 2022, the Group had 13 property development projects across 9 cities in Mainland China. The total area of the properties held for sale, properties under development and areas pending construction amounted to approximately 3.17 million square meters.

List of Projects

As at 31 March 2022

Project Name	Project Location	Planning and Development	Planned GFA (sq.m)	Equity Share	Expected year of completion
Boya Binjiang	Foshan, Guangdong	Residential/Commercial	914,183	51%	2022
Yihe Emerald Mansion	Yuxi, Yunnan	Residential/Commercial	468,777	100%	2026
Wei Ming 1898	Kaifeng, Henan	Commercial/Residential	297,651	100%	N/A
Boya	Chongqing	Residential/Commercial	493,462	70%	Completed
Jiangshan Mingmen	Chongqing	Residential/Commercial	679,223	100%	Completed
Yuelai	Chongqing	Residential/Commercial	394,572	70%	Completed
Zijing Mansion	Chongqing	Residential/Commercial	209,337	100%	2022
Boya City Plaza	Chengdu, Sichuan	Commercial/Office	144,008	51%	Completed
Wei Ming Mansion	Hangzhou, Zhejiang	Residential/Commercial	193,771	68%	Completed
580 Project	Chongqing	Residential/Commercial	613,530	100%	N/A
Lianhu Jincheng	Ezhou, Hubei	Residential/Commercial	755,978	90%	2026
Shanshui Nianhua	Wuhan, Hubei	Residential/Commercial	276,468	70%	N/A
Dream City	Guiyang, Guizhou	Residential/Commercial	1,014,000	70%	2024

The Group will further focus on the expansion of its regional property development business, while pushing forward the delivery of projects actively. Facing the changes internally and externally, the Group will make responses prudently and control risks proactively so as to maintain a stable operation of its own business, thereby pushing ahead with the delivery of property projects steadily in the coming year.

Property Investment

The property investment business of the Group recorded an increase in turnover by approximately RMB57.9 million to approximately RMB95.8 million (year ended 31 December 2020: RMB37.9 million) and segment loss of approximately RMB335.0 million (year ended 31 December 2020: profit of RMB510.9 million) during the Reporting Period. The increase in segment revenue was mainly attributed to the increase in rentable floor area during the Reporting Period. The deterioration in segment results was mainly due to the fair value loss on investment properties arising from the decrease in fair value of investment properties of approximately RMB328.5 million (year ended 31 December 2020: gain of RMB478.6 million) during the Reporting Period.

Distribution of Information Products

The Distribution Business recorded a turnover of approximately RMB7,371.0 million for the Reporting Period, representing an increase of approximately RMB2,135.0 million as compared to last financial year (year ended 31 December 2020: RMB5,236.0 million). The segment results recorded a profit of approximately RMB40.2 million (year ended 31 December 2020: RMB28.8 million) during the Reporting Period. The improvement in segment results was due to the increase in turnover, strengthened control over operating costs and improved sales performance.

The Distribution Business is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations, optical screen products, video conference host, conference controller, codec, UPS power supply and notebook computer of a number of internationally famed and branded information product manufacturers such as HP, H3C, CommScope, Lenovo, DELL, SHARP and Joyoung. The increase in turnover during the Reporting Period was mainly attributable to increase in sales volume of information products.

As the business environment in China is becoming more competitive with the unfavorable factors arising from the macro control policies, the management of the Group will continuously refine its product structure to avoid product overlapping and minimise market risk. The Group will focus on the distribution of information products with better trading terms and exploring the more profitable value-added service business.

PROSPECTS

Real Estate Business

Since February 2020, the development of the Group's real estate business (the "Real Estate Business") has been affected by the restructuring of Peking University Founder Group Company Limited ("Peking Founder", together with its subsidiaries, the "Peking Founder Group") and four of its associates, leading to a slower pace of internal development. In continuous pursuit of lean operation, the Group has actively implemented various prudent operation measures, such as "slowing down development, ensuring delivery, destocking, facilitating returns and adjusting structure", optimising existing projects, controlling new projects, expanding sources of income, lowering expenditure, reducing costs, enhancing efficiency and strengthening risk management and control, with a view to coping with the uncertainties of the development of external environment. Meanwhile, the Group also consolidated its core strengths in terms of market, customers, products, services, channels, the supply chain, cost and cash flow control, in order to achieve the goals of improving the performance of the Real Estate Business and ensuring its sustainable development.

Looking ahead, with the concept of "houses are for living in, not for speculation" becoming more prominent, China has successively rolled out a number of control policies on the real estate sector, including "three red lines", concentration management of real estate loans and two-centralized land supply. Such policies aimed to comprehensively monitor and control the three main bodies of local government, real estate enterprises and banks, thereby forming a complete closed loop for control policies of the real estate sector. At present, China's economy is confronted with the threefold pressure of "shrinking demand, supply shock and weakening expectations", which present unprecedented challenges and opportunities to the real estate industry. The business models of relying on land dividend, demographic dividend, real estate financialization and scale-oriented competition with high turnover rate are no longer feasible. In view of the recent favourable policies introduced successively by local governments in relation to the real estate industry, the majority of real estate enterprises have taken the initiative to adjust their future development strategies and explore operating models, such as de-financialization, manufacturing, product functionalization, light asset, diversification and green ecological development, in response to the new situation and norms. Although the era of high gross profit has come to an end, there are still basic demand and room for reasonable profit margin in the market.

Since October 2021, the Group has also taken the initiative to predict market trend and optimized its development strategies. In terms of management, it implemented various measures to reinforce its internal strengths, including adjusting organizational structure, reforming and improving internal mechanism, rebuilding operation flow and enhancing organizational efficiency. In terms of operation, it carried out various measures such as in-depth customer analysis, unrivalled product optimization and strict selection of suppliers for existing projects, with a view to further improving product competitiveness and enhancing management efficiency. As for new projects, the Group has carefully studied and evaluated the market and customers, and moderately controlled the new projects while maintaining a robust cash flow. Taking into account the regional market competition, the Group also implemented differentiated competitive strategies, such as focusing on enhancing functionality and experience, improving cost-efficiency and service quality, as well as achieving a low carbon footprint and valuing ecological protection, striving to better satisfy the reasonable demand of customers under the new situation and new norms, and secure a reasonable operating profit of projects.

Distribution Business

According to Gartner's forecast, global IT expenditure is expected to reach United States Dollars ("USD") 4.5 trillion in 2022, representing a year-on-year increase of 5.1%. It is expected that IT expenditure in China will exceed USD540 billion, representing a growth rate of 7.89%. Pursuant to IDC's estimation, 65% of the world's Gross Domestic Products ("GDP") will be digitalized by 2022, signifying that the economy will embark on a journey of digital transformation. It is expected that the average growth rate of digital expenditure for the next three years (i.e., 2022–2024) will reach 17%.

Digital economy has become a crucial engine for China's economic growth. Looking forward to 2022, driving robust development of digital economy will remain as a major objective, thus the proportion of added value of the core industries of digital economy to GDP has become a new economy index in the 14th Five Year Plan. China has established development goals in the "14th Five Year Plan for the Development of the Digital Economy". By 2025, China's digital economy shall be ushered in a period of full expansion, and the added value of the core industries of digital economy shall account for 10% of GDP. The "Outline of the 14th Five Year Plan for the National Economic and Social Development of the People's Republic of China and the Long-Range Objectives through the Year 2035" highlighted the need to "accelerate digital development and build a digital China". It also proposed to embrace the digital era, activate the potential of data elements, promote the development of a strong nation through the Internet, accelerate the construction of a digital economy, a digital society and a digital government, as well as leverage digital transformation to propel changes in the ways of production, lifestyle and governance in general. With the attention and support from the government on a strategic level, digital economy will witness a development boom.

The track record of healthy operation and solid pipeline of the Distribution Business have laid a foundation for its further development. In the future, the Company will continue to optimize the layout and product structure of the Distribution Business, and expand the scale of its existing Distribution Business at a steady pace, while actively initiating in-depth cooperation with distinguished manufacturers and other partners to secure new source of business growth. Stepping up its effort to improve the profitability of Distribution Business, the Company will maintain effective control on market risk. At the same time, the Company will continue to strengthen the internal operation management and management of cost and expenses, hence improving both internal operation turnover efficiency and internal cash flow. Strict compliance management has been carried out to promote healthy and orderly business development.

Employee

The Group has developed its human resources policies and procedures based on performance and contributions of employees. The Group ensures that the remuneration levels of its employees are competitive and employees are rewarded on a performance basis within the general framework of the Group's salary and bonus systems. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance. The Group adopts share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Group had not granted any share options to its eligible Directors and employees during the Reporting Period.

The Group had 565 employees as at 31 March 2022 (31 December 2020: 1,041).

FINANCIAL REVIEW

Liquidity, financial resources and capital commitments

During the Reporting Period, the Group generally financed its operations with internally generated resources and banking facilities provided by its principal bankers in Mainland China. As at 31 March 2022, the Group had approximately RMB4,518.0 million interest-bearing bank and other borrowings (31 December 2020: RMB12,173.9 million), of which approximately RMB456.8 million (31 December 2020: RMB469.8 million) were floating interest bearing and approximately RMB4,061.2 million (31 December 2020: RMB11,704.1 million) were fixed interest bearing. The borrowings, which were subject to little seasonality, consisted of mainly bank loans, trust receipt loans and loans from certain subsidiaries and associates of Peking Founder, and borrowings from financial institutions. Peking Founder was a former indirect controlling shareholder of the Company during the Reporting Period. Some of the interest-bearing bank and other borrowings are denominated in RMB, of which approximately RMB3,497.9 million (31 December 2020: RMB12,173.9 million) were repayable on demand or within one year and approximately RMB1,020.1 million (31 December 2020: Nil) was repayable within two years. The Group's banking facilities were secured by corporate guarantee given by the Company, Peking Founder, Founder Information (Hong Kong) Limited ("Founder Information") and Peking University Resources Group Co., Ltd. ("Resources Group") (each a former controlling shareholder of the Company during the Reporting Period), and certain properties under development, properties held for sale, the Group's stakes and assignment of return arising from the Group's certain properties under development and properties held for sale. The decrease in bank and other borrowings was mainly attributed to the repayment of bank loans for Property Development Business and the disposal of subsidiaries by the Group during the Reporting Period. The decrease in other payables and accruals by 50.5% to approximately RMB4,254.0 million (31 December 2020: RMB8,591.8 million) was due to the disposal of subsidiaries by the Group during the Reporting Period.

As at 31 March 2022, the Group recorded total assets of approximately RMB18,267.4 million (31 December 2020: RMB38,190.6 million) which were financed by liabilities of approximately RMB15,878.9 million (31 December 2020: RMB38,898.5 million), non-controlling interests of approximately RMB2,850.6 million (31 December 2020: RMB1,136.2 million) and deficit attributable to owners of the Company of approximately RMB462.1 million (31 December 2020: deficit of RMB1,844.1 million). The decrease in deficit attributable to owners of the Company was due to the gain on disposal of subsidiaries during the Reporting Period. The Group's net asset value per share as at 31 March 2022 was RMB37.2 cents (31 December 2020: negative RMB11.0 cents). The increase in net asset value per share was attributable to the gain on disposal of subsidiaries during the Reporting Period.

The Group had total cash and cash equivalents and restricted cash of approximately RMB683.9 million as at 31 March 2022 (31 December 2020: RMB1,863.2 million). As at 31 March 2022, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity, was 1.89 (31 December 2020: negative 17.2) while the Group's current ratio was 1.19 (31 December 2020: 0.94).

As at 31 March 2022, the capital commitments for contracted, but not provided for, properties under development were approximately RMB1,829.0 million (31 December 2020: RMB4,959.2 million).

Treasury policies

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are held mainly in Hong Kong dollars ("HKD"), RMB and USD. Surplus cash is generally placed in short term deposits denominated in HKD, RMB and USD.

Exposure to fluctuations in exchange rates and related hedges

The Group operates mainly in Mainland China and Hong Kong. For the operations in Mainland China, most of its revenues and expense are measured in RMB. For the operations in Hong Kong, most of the transactions are denominated in HKD and USD. The values of RMB against the USD and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of foreign currencies into RMB is subject to the rules and regulations of the foreign exchange controls promulgated by the Chinese government. The Group has minimal exposure to exchange rate fluctuation. No financial instrument was used for hedging purposes.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Save as disclosed below, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

On 21 January 2022, the Company (as vendor) and Wealth Elite Group Investment Limited (as purchaser) entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Company agreed to sell, and the purchaser agreed to purchase the entire issued share capital of the Disposal Company, at the consideration of HK$20,000,000.

The Disposal Company was a direct wholly-owned subsidiary of the Company. The Disposal Company is principally engaged in investment holding. The Disposal Group is principally engaged in property development business in the PRC. Each of the subsidiaries of the Disposal Company is either an intermediary holding company or a company holding property development project(s). Set out below are details of the property development projects being developed by the Disposal Group in the PRC:

List of Projects

As at 25 March 2022

Project Name	Project Location	Planning and Development	Planned GFA (sq.m)	Equity Share	Expected year of completion
Yihe Tianyue	Kunshan, Jiangsu	Residential/Commercial	207,816	100%	2023
Jiujin Yihe	Kunshan, Jiangsu	Residential/Commercial	725,848	51%	Completed
Time	Changsha, Hunan	Commercial/Office	130,802	63%	Completed
Ideal Home	Changsha, Hunan	Residential/Commercial	193,316	70%	Completed
Emerald Park	Zhuzhou, Hunan	Residential	526,508	82%	2024
Resources Boya Plaza	Qingdao, Shandong	Commercial/Office	140,690	70%	Completed
Xindu Xinyuan	Qingdao, Shandong	Residential	149,434	70%	Completed
Yuefu	Dongli, Tianjin	Residential/Commercial	271,382	70%	2023
Yuecheng	Hexi, Tianjin	City Complex Integrating Residential/ Commercial/Office/ Apartment	437,646	60%	Completed
Tuanbo Project	Jinghai, Tianjin	Residential/Commercial	63,033	100%	2024
Boya Gongguan	Dongguan, Guangdong	Residential/Commercial	30,445	100%	Completed
Huangjiang Project	Dongguan, Guangdong	Residential/Commercial	182,828	100%	2024
Phrase 1 of Wei Ming Mansion	Kaifeng, Henan	Commercial/Residential	323,381	100%	2022
Block C, Wei Ming Mansion	Kaifeng, Henan	Commercial/Residential	78,482	100%	Completed
Wei Ming Yangzhe	Kaifeng, Henan	Commercial/Residential	224,671	100%	2025
Yannan	Chongqing	Residential	723,382	70%	N/A
Botai City	Kunming, Yunnan	Residential/Commercial/ Office	424,598	85%	2023
Yannan International	Chengdu, Sichuan	Residential/Commercial	542,851	70%	Completed
Park 1898	Chengdu, Sichuan	Residential	219,376	70%	Completed
Yihe Yajun	Chengdu, Sichuan	Residential	288,421	70%	Completed
Yihe Emerald Mansion	Chengdu, Sichuan	Residential/Commercial	219,039	80%	Completed
Xinfan Project	Chengdu, Sichuan	Commercial/Office	223,126	70%	N/A
Xishanyue	Chengdu, Sichuan	Residential	56,821	70%	Completed
Zhongbei Road Project (Founder International Financial Building)	Wuhan, Hubei	Commercial/Apartment/ Office	204,671	100%	Completed

At the special general meeting of the Company held on 25 March 2022, the shareholders of the Company approved the Disposal and completion of the Disposal took place in accordance with the terms of the Sale and Purchase Agreement on 25 March 2022. Upon completion, the Disposal Company has ceased to be a subsidiary of the Company, and the Company has ceased to have any interest in the Disposal Company, but the Group still had total receivables from the Disposal Group of approximately RMB3,475.2 million. The Group recorded a net gain from the Disposal of approximately RMB3,372.0 million, before taking into account the expenses in relation to the Disposal and after taking into account the market value of the properties and property development projects attributable to the Disposal Group, minority interests of the Disposal Group and the impairment of the receivable from the Disposal Group of RMBnil.

The Disposal constituted a major transaction of the Company under Chapter 14 of the Listing Rules. Please refer to the announcement of the Company dated 21 January 2022, the circular of the Company dated 4 March 2022 and the announcement of the Company dated 25 March 2022 for other details of the Disposal.

Future plans for material investments or capital assets

The Group did not have any concrete future plans for material investments or capital assets as at 31 March 2022 (31 December 2020: Nil). However, the Group always seeks for new investment opportunities in the Real Estate Business and Distribution Business to broaden the revenue and profit potential of the Group and enhance shareholders' value in long term.

Charges on assets

As at 31 March 2022, properties under development of approximately RMB2,425,2 million (31 December 2020: RMB12,176.1 million), properties held for sale of approximately RMB912.3 million (31 December 2020: RMB5,451.7 million), certain equity interests of certain subsidiaries and the assignment of returns arising from certain properties under development and properties held for sale of the Group were pledged to banks to secure general banking facilities granted, as deposits for construction of the relevant properties and as guarantees deposits for certain mortgage loans granted by banks to purchasers of the Group's properties.

Contingent liabilities

As at 31 March 2022, the Group had contingent liabilities relating to guarantees mainly in respect of mortgages granted by certain banks to certain purchasers of the Group's properties amounting to approximately RMB3,136.7 million (31 December 2020: RMB7,886.6 million). This represented the guarantees in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled (but not limited to) to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon issuance of the building ownership certificates which are generally available within one to two years after the purchasers take possession of the relevant properties. The fair value of the guarantees is not significant and the Directors consider that in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made for the guarantees in the consolidated financial statements for the Reporting Period (31 December 2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed below, there is no other significant event affecting the Group after the Reporting Period and up to the date of this annual report:

(a) On 21 April 2022, Chongqing Ruihesheng Project Management Co., Limited* ("Chongqing Ruihesheng"), an indirectly wholly-owned subsidiary of the Company, entered into the equity transfer agreement (the "Equity Transfer Agreement") with certain independent third parties, Chengdu Moding Zhishi Investment Management Co., Limited* ("Chengdu Moding"), Chengdu Yizhong Wisdom Investment Management Co., Limited* ("Chengdu Yizhong"), and Chongqing Shengfu Future Industry Co., Limited* ("Cheongqing Shengfu"), pursuant to which Chengdu Moding has agreed to acquire 26% equity interest of Chongqing Xinlongrui Information Technology Co., Limited* ("Chongqing Xinlongrui") from Chongqing Ruihesheng at the consideration of RMB51,240,392, Chengdu Yizhong has agreed to acquire 17% equity interest of Chongqing Xinlongrui from Chongqing Ruihesheng at the consideration of RMB33,503,333, and Chongqing Shengfu has agreed to acquire 8% equity interest of Chongqing Xinlongrui from Chongqing Ruihesheng at the consideration of RMB15,766,275, respectively.

Chongqing Xinlongrui is an investment holding company and, through its subsidiaries, are principally engaged in property development business in the PRC. Completion of the disposal has taken place on 10 June 2022. Details of the disposal are set out in the announcement of the Company dated 21 April 2022.

(b) According to the announcement of the Company dated 8 April 2022, the Company was informed that a civil compliant has been filed by CITIC Trust Co., Ltd.* ("CITIC Trust") in the Beijing Financial Court against two indirectly wholly-owned subsidiaries of the Company, namely Hong Kong Tianhe Holdings Limited ("HK Tianhe") and Ezhou Jinfeng Property Development Co., Limited* ("Ezhou Jinfeng"), and one non wholly-owned subsidiary of the Company, namely Tianhe Property Development Co., Limited* ("Tianhe Property") as defendants in respect of the outstanding debts under the contract for transfer of equity proceeds (the "New Litigation"). CITIC Trust requested that (i) HK Tianhe and Tianhe Property shall repay the debts amounting to approximately RMB1.05 billion (calculated up to 10 November 2021); and (ii) CITIC Trust shall have the priority in compensation over the proceeds from the auction or sale of the 90% equity interests in Tianhe Property held by HK Tianhe and the land use rights in several properties held by Ezhou Jinfeng. As at the date of this annual report, the case has not been heard. Details of the New Litigation are set out in the announcement of the Company dated 8 April 2022.

MAJOR LITIGATION

As at 31 March 2022, the Group has been involved in the following significant legal proceedings and has been proactively responding to the cases:

(1) In August 2021, Shanghai International Trust Company Limited* ("Shanghai Trust") filed a civil complaint in the Shanghai Financial Court against the indirectly wholly-owned subsidiaries of the Company, namely Chongqing Yingfeng Property Co., Ltd.* ("Chongqing Yingfeng"), Kunshan Fangshi Property Development Co., Limited* ("Kunshan Fangshi") and Hong Kong Yingfeng Holdings Limited ("Hong Kong Yingfeng") in respect of the outstanding debts amounting to RMB413,640,127.62. In December 2021, a mediation agreement was entered into between the relevant subsidiaries and Shanghai Trust. In January 2022, a civil mediation letter was issued by the Shanghai Financial Court, pursuant to which the defendants were required to pay the settlement amounts in instalments to Shanghai Trust by 31 December 2023. Details of this legal proceeding are set out in the announcements of the Company dated 15 October 2021 and 27 January 2022.

* *For identification purposes only*

(2) In August 2021, Shanghai Trust filed a civil complaint in the Shanghai Financial Court against Beijing Founder Century Information System Co., Ltd.* ("Beijing Founder") and Chongqing Yingfeng in respect of the outstanding debts amounting to RMB716,171,285.90 (including outstanding principal and interest). In December 2021, a mediation agreement was entered into between the relevant subsidiaries and Shanghai Trust. In January 2022, a civil mediation letter was issued by the Shanghai Financial Court, pursuant to which the defendants were required to pay the settlement amounts in instalments to Shanghai Trust by 31 December 2023. Details of this legal proceeding are set out in the announcements of the Company dated 15 October 2021 and 27 January 2022.

(3) In August 2021, Minmetals International Trust Co., Ltd ("Minmetals International") filed a civil complaint in the Intermediate People's Court of Xining, Qinghai Province against Dongguan Yihui Property Co., Limited* ("Dongguan Yihui"), Yuxi Runya Property Company Limited* ("Yuxi Runya") and Chongqing Yingfeng in respect of the outstanding debts amounting to approximately RMB1,510 million (Minmetals International changed the amount of outstanding debts of the case to RMB1,458,513,421.66 in December 2021). In February 2022, the Intermediate People's Court of Xining, Qinghai Province issued a civil judgement of Qing 01 Min Chu No.537 (2021), which ruled that Dongguan Yihui and Yuxi Runya shall jointly repay to Minmetals International the principal amount of the borrowings of RMB1,458,513,421.66 together with the corresponding interest and the attorney fee, and Minmetals International has the priority of the compensation from the proceeds of auction and sale of the collateral provided by Yuxi Runya and Chongqing Yingfeng. The relevant companies have appealed the judgement to the Higher People's Court of Qinghai Province. As at the date of this annual report, the second instance proceeding is still on-going.

(4) In August 2021, Minmetals International filed a civil complaint in the Intermediate People's Court of Xining, Qinghai Province against Wuhan Tianhe Jinrui Property Development Company Limited* ("Wuhan Tianhe"), Yuxi Runya and Peking University Resources Group Investment Company Limited* ("Resources Investment") in respect of the outstanding entrusted loans amounting to approximately RMB631 million (including outstanding principal of RMB620 million and outstanding interest and default interest as at 19 August 2021). In February 2022, the Intermediate People's Court of Xining, Qinghai Province issued a civil judgement of Qing 01 Min Chu No. 538 (2021), which ruled that Wuhan Tianhe and Yuxi Runya shall jointly repay to Minmetals International the outstanding principal of RMB620 million together with the interest and attorney fees, and Minmetals International has the priority of compensation from the proceeds of auction and sale of the collateral provided by Wuhan Tianhe and Resources Investment. The relevant companies have appealed the judgement to the Higher People's Court of Qinghai Province. As at the date of this annual report, the second instance proceeding is still on-going.

(5) The New Litigation.

DIVIDEND

No interim dividend is paid during the Reporting Period (year ended 31 December 2020: Nil) and the Board does not recommend the payment of any final dividend for the Reporting Period (year ended 31 December 2020: Nil).

* *For identification purposes only*

RESUMPTION GUIDANCE

On 23 July 2021 and 18 January 2022, the Company received the following resumption guidance from the Stock Exchange (the "Resumption Guidance"):

(i) publish the revised consolidated financial statements of the Company for the year ended 31 December 2020 and address any audit modifications;

(ii) demonstrate the Company's compliance with Rule 13.24 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules");

(iii) announce all material information for the Company's shareholders and investors to appraise the Company's position;

(iv) publish all outstanding financial results and address any audit modifications;

(v) conduct an independent investigation into the Misappropriation and Misconduct (as defined in the announcement of the Company dated 10 December 2021), announce the investigation findings, assess and announce the impact on the Company's financial and operation position, and take appropriate remedial actions; and

(vi) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules.

Details of the Resumption Guidance are set out in the announcements of the Company dated 28 July 2021 and 21 January 2022, respectively.

RESPONSE FROM THE DIRECTORS REGARDING THE CCTH DISCLAIMER OF OPINION SET OUT IN THE INDEPENDENT AUDITOR'S REPORT FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2022

CCTH CPA Limited, the independent auditor of the Company, stated in the independent auditor's report (the "Independent Auditor's Report") set out in this annual report that it did not express an opinion on the consolidated financial statements of the Group for the fifteen months ended 31 March 2022 (the "2021/22 Financial Statements") because of the significance of the matters as to (a) opening balances and corresponding figures (the "Opening Balances Disclaimer") and (b) whether it is appropriate for the preparation of the consolidated financial statements on a going concern basis (the "Going Concern Disclaimer", together with Opening Balances Disclaimer, the "CCTH Disclaimer of Opinion"). Please refer to the section headed "Basis for Disclaimer of Opinion" in the Independent Auditor's Report set out in this annual report for details.

The management's view and assessment on the CCTH Disclaimer of Opinion

Opening balances and corresponding figures

The basis giving rise to the Opening Balances Disclaimer was due to the fact that the predecessor auditor, Ernst & Young disclaimed their opinion on the Group's consolidated financial statements for the year ended 31 December 2020 (the "2020 Financial Statements") and as such, CCTH CPA Limited was unable to draw comfort from the closing balances contained in the 2020 Financial Statements as basis for the opening balances of the 2021/22 Financial Statements.

As CCTH CPA Limited has performed audit procedures that it deemed necessary and did not qualify the closing balances in the 2021/22 Financial Statements, the Company is of the view that the basis giving rise to the Opening Balances Disclaimer will be removed in the subsequent financial statements of the Company. As such, this audit modification on the 2021/22 Financial Statements will be addressed accordingly in the subsequent financial statements of the Company.

Going concern basis

For the year ended 31 December 2020, the Group reported a net loss of approximately RMB1,845.0 million, of which the net loss attributable to owners of the Company amounted to approximately RMB2,025.4 million. It is noted that the Group reported a net loss of approximately RMB433.7 million for the fifteen months ended 31 March 2022, of which profit attributable to owners of the Company amounted to approximately RMB1,509.5 million. This represented a significant improvement on the financial performance of the Group as a whole.

As at 31 December 2020, the Group had a net deficit attributable to the owners of the Company of approximately RMB1,844.1 million and the Group had a net deficit of approximately RMB708.0 million. As at 31 March 2022, the Group had net deficit attributable to the owners of the Company of approximately RMB462.1 million and the Group had net assets of approximately RMB2,388.5 million. Although the Group still had net deficit attributable to the owners of the Company as at 31 March 2022, the Group had turned around the net deficit position to net asset position. The net deficit attributable to owners of the Company as at 31 March 2022 had decreased by approximately 75.0% compared to that of 31 December 2020.

As at 31 March 2022, the Group had interest-bearing bank and other borrowings of approximately RMB4,518.0 million in aggregate which is significantly less than that as at 31 December 2020 of approximately RMB12,173.9 million. The decrease in interest-bearing bank and other borrowings of the Group was mainly due to the completion of the Disposal in March 2022 as substantial amount of bank and other borrowings was attributable to the Disposal Group.

The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures and plans being undertaken or to be undertaken by the Group to mitigate the liquidity pressure and to improve its financial position include, but are not limited to, the following:

(a) The Directors are considering various proposals, including but not limited to disposal of equity interest of certain entities of the Group engaging in property development or pledges of the Group's properties for sales, in order to obtain additional funds to support the Group's working capital needs. As at 31 March 2022, the book value of the properties under development for sale and completed properties for sale of the Group amounted to approximately RMB7,551.3 million and RMB3,093.7 million, respectively.

(b) The Group has been actively negotiating with existing lenders for loan extension, the waiver of the repayable on demand clause and the waiver of possible breach of the undertaking and restrictive covenant requirements relating to certain bank and other borrowings. In particular, the Group has entered into mediation agreements with one of its lenders in December 2021 in relation to the outstanding debts amounting to approximately RMB1,118.8 million (including outstanding principal and interest), pursuant to which the parties agreed on a revised repayment schedule where the Group is required to pay the settlement amounts to the relevant lender in instalments by 31 December 2023.

(c) The management of the Group has prepared a business strategy plan, which has been reviewed by the Board. The business strategy plan mainly focuses on:

(i) The acceleration of pre-sale of suitable properties of the Group

The Group formulated the sales strategy tailored to the local market conditions of each property development project based on their respective product structure and actively responded to the market demands, so as to accelerate the pre-sale and sale of properties under development and completed properties. In addition, the Group strengthened communication and coordination with cooperative banks to speed up the receipt of proceeds from pre-sale and sale of properties under development and completed properties.

(ii) The implementation of cost control measures

The Group formulated and closely monitored the budgeted cost for each stage of property development projects. Cost management system is adopted for real-time cost management and control. The Group has achieved product standardization and adopted transparent tender system for centralized purchase and subcontracting with standard procedures and documents to determine reasonable and competitive bidding price. The structure of marketing expenses has been adjusted in each stage so as to improve the cost-effectiveness ratio in the process of pre-sale and sale of properties under development and completed properties. The Group is also tightening cost controls over the daily administrative and other operating expenses with the objective of improving the working capital and cash flow position of the Group.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due at least within the next twelve months after 31 March 2022.

Removal of the CCTH Disclaimer of Opinion

Assuming (i) all of the above action plans can be implemented as intended; (ii) that there are no other material adverse changes to the business, operation and financial conditions of the Group; and (iii) the supporting evidence in proving the Group's ability to continue as a going concern can be provided to the Company's auditor to its satisfaction, the Company believes that it will be able to address the audit modification expressed by CCTH CPA Limited on the 2021/22 Financial Statements and the CCTH Disclaimer of Opinion will be removed in respect of subsequent financial statements of the Company. The Group will work closely with its auditor with the view to making timely reporting of the consolidated financial statements of the Group for the year ending 31 March 2023 in accordance with the Listing Rules and relevant regulatory requirements.

Audit Committee's view on the CCTH Disclaimer of Opinion

The Audit Committee has reviewed the basis of the CCTH Disclaimer of Opinion and the Company's response and concurs with the view of the Company that the audit modifications as set out in the CCTH Disclaimer of Opinion will be removed in respect of subsequent financial statements of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to the overall standards of corporate governance and has always recognised the importance of accountability and communication with its shareholders. The Company adopted all the code provisions of Corporate Governance Code (the "CG Code"), as set out in Appendix 14 to the Listing Rules, as its own code on corporate governance practices. In the opinion of the Directors, the Company has fully complied with the code provisions as set out in the CG Code during the Reporting Period, save for code provisions D.1.2, D.2.1, D.2.6 and F.2.2.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a model code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard as set out in the Model Code (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry by the Company, all Directors (save that the Company did not receive the confirmations from Mr. Cheung Shuen Lung (a former Director who resigned on 10 November 2021), Mr. Zeng Gang (a former Director who resigned on 12 November 2021), Ms. Sun Min (a former Director who was removed on 10 November 2021), Mr. Ma Jian Bin (a former Director who was removed on 10 November 2021), Ms. Liao Hang (a former Director who was removed on 10 November 2021), Mr. Lai Nga Ming, Edmund (a former Director who resigned on 30 September 2021) and Mr. Lau Ka Wing (a former Director who resigned on 30 September 2021)) have confirmed that they have complied with the Model Code regarding directors' securities transactions throughout the Reporting Period.

BOARD OF DIRECTORS

As at 31 March 2022, the Board of Directors of the Company comprises four executive Directors and five independent non-executive Directors. To the best knowledge of the Directors, there is no relationship (including financial, business, family or other material/relevant relationship) among members of the Board. The composition of the Board during the Reporting Period and up to the date of this annual report is set out as follows:

Executive Directors

Mr Wong Kai Ho (*Chairman*, appointed on 8 October 2021)
Mr Wang Guiwu (appointed on 8 October 2021)
Mr Huang Zhuguang (appointed on 1 December 2021)
Mr Zheng Fu Shuang
Mr Cheung Shuen Lung (*Past chairman*, resigned as chairman on 8 October 2021 and resigned as executive Director on 10 November 2021)
Mr Zeng Gang (*Past president*, resigned as president on 8 October 2021 and resigned as executive Director on 12 November 2021)
Ms Sun Min (removed on 10 November 2021)
Mr Ma Jian Bin (removed on 10 November 2021)
Ms Liao Hang (removed on 10 November 2021)

Non-executive Director

Mr Yau Pak Yue (appointed on 8 October 2021 and resigned on 7 December 2021)

Independent non-executive Directors

Mr Chu Kin Wang, Peleus (appointed on 8 October 2021)
Mr Chin Chi Ho, Stanley (appointed on 8 October 2021)
Mr Chung Wai Man (appointed on 8 October 2021)
Mr Hua Yichun (appointed on 1 December 2021)
Mr Wang Bingzhong (appointed on 1 December 2021)
Mr Ning Rui (appointed on 8 October 2021 and resigned on 8 December 2021)
Mr Chan Chung Kik, Lewis (resigned on 30 September 2021)
Mr Lau Ka Wing (resigned on 30 September 2021)
Mr Lai Nga Ming, Edmund (resigned on 30 September 2021)

The biographical details of each current Director are disclosed on pages 60 to 64 of this annual report.

The Board oversees the Group's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls the operating and financial performance in pursuit of the Group's strategic objectives. Day-to-day management of the Group's business is delegated to the management of the Company under the supervision of the executive Directors. The functions and powers that are so delegated are reviewed periodically to ensure that they remain appropriate. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of Directors, remuneration policy and other major operational and financial matters. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives. The Directors have access to appropriate business documents and information about the Group on a timely basis. All the Directors have access to the company secretary who is responsible for ensuring that the Board procedures, and related rules and regulations, are followed. Minutes of Board/Committee meetings are kept by the company secretary and are open for inspection by the Directors. All Directors and Board committees have recourse to external legal counsels and other professionals for independent advice at the Group's expense upon their request. Appropriate directors' liability insurance cover has also been arranged to indemnify the Directors for liabilities arising out of corporate activities.

The Board held four regular Board meetings at approximately quarterly intervals during the Reporting Period. Additional Board meetings were held when necessary. Due notices and Board papers were given to all Directors prior to the meetings in accordance with the Listing Rules and the CG Code.

The attendance records of each Director at the Board meetings and general meetings during the Reporting Period are as follows:

Name of directors	Board Meetings attended/ Eligible to attend	Annual General Meeting attended/ Eligible to attend	Special General Meeting attended/ Eligible to attend
Executive Directors			
Mr Cheung Shuen Lung (*Past chairman*, resigned as chairman on 8 October 2021 and resigned as executive Director on 10 November 2021)	30/39	N/A	2/3
Mr Zeng Gang (*Past president*, resigned as president on 8 October 2021 and resigned as executive Director on 12 November 2021)	29/40	N/A	2/2
Ms Sun Min (removed on 10 November 2021)	27/39	N/A	0/2
Mr Ma Jian Bin (removed on 10 November 2021)	7/39	N/A	0/2
Ms Liao Hang (removed on 10 November 2021)	27/39	N/A	0/2
Mr Zheng Fu Shuang	6/51	0/1	0/5
Mr Wong Kai Ho (*Chairman*, appointed on 8 October 2021)	21/21	1/1	3/3
Mr Wang Guiwu (appointed on 8 October 2021)	5/21	0/1	1/3
Mr Huang Zhuguang (appointed on 1 December 2021)	6/8	0/1	1/1
Non-executive Director			
Mr Yau Pak Yue (appointed on 8 October 2021 and resigned on 7 December 2021)	6/13	N/A	0/2
Independent Non-executive Directors			
Mr Chan Chung Kik, Lewis (resigned on 30 September 2021)	1/28	N/A	N/A
Mr Lau Ka Wing (resigned on 30 September 2021)	1/28	N/A	N/A
Mr Lai Nga Ming, Edmund (resigned on 30 September 2021)	1/28	N/A	N/A
Mr Chu Kin Wang, Peleus (appointed on 8 October 2021)	18/21	0/1	3/3
Mr Chin Chi Ho, Stanley (appointed on 8 October 2021)	12/21	0/1	1/3
Mr Ning Rui (appointed on 8 October 2021 and resigned on 8 December 2021)	5/14	N/A	0/2
Mr Chung Wai Man (appointed on 8 October 2021)	9/21	1/1	1/3
Mr Hua Yichun (appointed on 1 December 2021)	7/8	0/1	0/1
Mr Wang Bingzhong (appointed on 1 December 2021)	6/8	0/1	0/1

There are also three Board committees under the Board, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee.

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operation and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations.

Directors' training is an ongoing process. In addition, all Directors are encouraged to participate in continuous professional development trainings to develop and refresh their knowledge and skills. The Company updates the Directors on the latest updates 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.

During the Reporting Period, the Company lacks a monthly reporting system and did not prepare and provide all members of the Board with monthly assessment reports on the overall monthly performance, operations and target adjustments of the Group in accordance with the code provision D.1.2 of the CG Code. As a rectification measure, the management of each subsidiary of the Company has submitted to the Board monthly reports on the performance, operations and recommendations on adjustments of the performance targets of each subsidiary of the Company, which covers areas including but not limited to the monthly management and budget accounts, operations, asset security, litigations and contingent liabilities. These reports were presented to the Board after review and approval by the board of directors of each subsidiary of the Company. The Board has reviewed and provided to each Director assessment reports of the overall monthly performance, operations and target adjustments of the Group.

Our current Directors have participated in continuous professional development and have provided to the Company the records of the training they received during the Reporting Period. The individual training record of each current Director received for the Reporting Period is summarised below:

Name of directors	Briefings and updates on the business, operations and corporate governance matters	Attending seminars, workshops or self-study of materials relevant to the business or directors' duties
Executive Directors		
Mr Wong Kai Ho (*Chairman*, appointed on 8 October 2021)	✓	✓
Mr Wang Guiwu (appointed on 8 October 2021)	✓	✓
Mr Huang Zhuguang (appointed on 1 December 2021)	✓	✓
Mr Zheng Fu Shuang	✓	N/A
Independent Non-executive Directors		
Mr Chu Kin Wang, Peleus (appointed on 8 October 2021)	✓	✓
Mr Chin Chi Ho, Stanley (appointed on 8 October 2021)	✓	✓
Mr Chung Wai Man (appointed on 8 October 2021)	✓	✓
Mr Hua Yichun (appointed on 1 December 2021)	✓	✓
Mr Wang Bingzhong (appointed on 1 December 2021)	✓	✓

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors, the Company's policies and practices in compliance with legal and regulatory requirements, the Model Code, and the CG Code and disclosure in this Corporate Governance Report.

CHAIRMAN AND CHIEF EXECUTIVE

The roles of the Chairman and the Chief Executive are separate and are not exercised by the same individual. During the Reporting Period, Mr Cheung Shuen Lung was the Chairman of the Board until he relinquished his role on 8 October 2021 and Mr Wong Kai Ho is the Chairman of the Board since 8 October 2021. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. During the Reporting Period, Mr Zeng Gang was the president of the Company until he resigned on 8 October 2021 and Mr Shi Lei is appointed as the chief executive officer of the Company on 8 October 2021. The president/chief executive officer is responsible for the day-to-day management of the Group's business. Their respective role and responsibilities are set out in writing which have been approved by the Board.

NON-EXECUTIVE DIRECTORS

As at 31 March 2022, there were five non-executive Directors, and all of them were independent. Each independent non-executive Director has entered into a letter of appointment with the Company for a period of one year. Pursuant to the Bye-laws of the Company, one third of all the Directors, including the non-executive Directors, shall be subject to retirement by rotation at each annual general meeting.

All of the independent non-executive Directors as at 31 March 2022 have appropriate professional qualifications or accounting or related financial management expertise. This composition is in compliance with the requirement of Rule 3.10 of the Listing Rules. Each independent non-executive Director as at 31 March 2022 has, pursuant to Rule 3.13 of the Listing Rules, provided an annual confirmation of his independence to the Company and the Company also considers them to be independent.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board was established in 2005 with specific written terms of reference which deal clearly with its authorities and duties. The role and functions of the Remuneration Committee include formulating the remuneration policy, making recommendations to the Board the remuneration packages of all executive Directors and senior management, making recommendations to the Board on the remuneration of non-executive Directors, reviewing and approving performance-based remuneration, and ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the Reporting Period, the Remuneration Committee met once to review and discuss the remuneration policy for the Directors and the remuneration packages of all Directors. The Company's policy on remuneration is to maintain fair and competitive packages based on business needs and industry practice. For determining the level of fees paid to the Directors, market rates and factors such as each Director's workload and required commitment will be taken into account. No individual Director will be involved in decisions relating to his/her own remuneration. The Remuneration Committee adopts the model of making recommendations to the Board on the remuneration packages of individual executive Directors and senior management. Information relating to the remuneration of each Director for the Reporting Period is set out in note 10 to the consolidated financial statements.

The members of the Remuneration Committee during the Reporting Period and their attendance record at the meeting are as follows:

Name of member and their position during the Reporting Period		Meeting attended/Eligible to attend
Mr Chung Wai Man (*Chairman*, appointed on 8 October 2021)	*(Independent non-executive Director)*	1/1
Mr Wong Kai Ho (appointed on 8 October 2021)	*(Executive Director)*	1/1
Mr Chin Chi Ho, Stanley (appointed on 8 October 2021)	*(Independent non-executive Director)*	1/1
Mr Cheung Shuen Lung (resigned on 8 October 2021)	*(Executive Director)*	N/A
Mr Lai Nga Ming, Edmund (resigned on 30 September 2021)	*(Independent non-executive Director)*	N/A
Mr Lau Ka Wing (*Past chairman*, resigned on 30 September 2021)	*(Independent non-executive Director)*	N/A

With effect from 30 September 2021, Mr Lau Ka Wing and Mr Lai Nga Ming, Edmund resigned from the Remuneration Committee. With effect from 8 October 2021: (i) Mr Cheung Shuen Lung resigned from the Remuneration Committee; (ii) Mr Chung Wai Man was appointed as chairman of the Remuneration Committee; and (iii) Mr Wong Kai Ho and Mr Chin Chi Ho, Stanley were appointed as members of the Remuneration Committee.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the three members of the senior management (other than Directors) whose particular are contained in the section headed "Biographical Details of Directors and Senior Management" in the annual report for the Reporting Period by band is set out below:

Remuneration Bands	Number of Senior Management
RMB500,001 to RMB1,000,000	1
RMB2,000,001 to RMB3,000,000	2

NOMINATION COMMITTEE

The Nomination Committee of the Board was established in 2012 with specific written terms of reference which deal clearly with its authorities and duties. Its terms of reference amended and adopted by the Board in December 2018 can be found in the Company's website (www.pku-resources.com) and the Stock Exchange's website (www.hkexnews.hk). The role and functions of the Nomination Committee include determining the policy for the nomination of the Directors, setting out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments of Directors are first considered by the Nomination Committee and recommendations of the Nomination Committee are then put to the Board for decision. The Nomination Committee is also responsible for reviewing the structure, size and diversity of the Board.

The Board Diversity Policy was adopted by the Board on 30 April 2013. In designing the Board's composition, the diversity of the Board has been considered from a number of aspects including, but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of services. Candidates will be considered against objective criteria, having due regard for the benefits or diversity of the Board. The Nomination Committee is responsible for reviewing the Board Diversity Policy, as appropriate; and reviewing the measurable objectives that have been set for implementing the Board Diversity Policy, and reviewing the progress on achieving the objectives.

Out of the nine Directors comprising the Board as at 31 March 2022, five Directors were independent non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of age, cultural and educational background, professional expertise and skills. The Board endeavours to steer forward and ensure that the Board has a balance of skills, experience and diversity of aspects appropriate to the requirements of the Company's business. As at 31 March 2022, there was no female Director comprising the Board. Going forward, the Board intends to maintain at least one female Director while the ultimate decision will be based on merits and contributions which the selected candidates will bring to the Board.

The nomination policy of Directors of the Company was adopted by the Board on 28 December 2018. The policy sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board.

Selection Criteria

When evaluating and selecting candidates for directorships, the members of the Nomination Committee or the Board shall consider the following criteria:

(a) character and integrity;

(b) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategies;

(c) the Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;

(d) willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;

(e) in case of independent non-executive Directors, whether the candidates would be considered independent in accordance with the Listing Rules;

(f) in case of re-election, the overall contribution and service to the Company of the Director to be re-elected and the level of participation and performance on the Board and the other criteria set out in this section; and

(g) such other perspectives appropriate to the Company's business.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Nomination Procedures

(a) the Nomination Committee and/or the Board identifies potential candidates including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agencies and/or advisors. The Nomination Committee then develops a short list of candidates and agrees on proposed candidate(s);

(b) proposed candidate(s) will be asked to submit the necessary personal information, biographical details, together with their written consent to be appointed as a Director. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary;

(c) the Nomination Committee shall, upon receipt of the proposal on appointment of new Director(s) and the personal information (or relevant details) of the proposed candidate(s), evaluate such candidate(s) based on the criteria as set out above to determine whether such candidate(s) is qualified for directorship;

(d) for any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

(e) if the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);

(f) the secretary of the Nomination Committee shall convene a meeting of the Nomination Committee. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for re-election or election at a general meeting, the Nomination Committee shall make nominations or recommendations for the Board's consideration and the Board shall make recommendations to shareholders in respect of the proposed re-election or election of Director(s) at the general meeting;

(g) in order to provide information of the candidates nominated by the Board to stand for election or re-election at a general meeting, a circular will be sent to shareholders. The circular will set out the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations including the Listing Rules, of the proposed candidates; and

(h) the Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting.

During the Reporting Period, the Nomination Committee met once to review the structure, size and diversity of the Board, nomination procedure and the independence of the independent non-executive Directors, and to recommend the Board on the appointment and reappointment of Directors and the succession planning for Directors.

The members of the Nomination Committee during the Reporting Period and their attendance records at the meeting are as follows:

Name of member and their position during the Reporting Period		Meeting attended/Eligible to attend
Mr Wong Kai Ho (*Chairman*, appointed on 8 October 2021)	*(Executive Director)*	1/1
Mr Hua Yichun (appointed on 8 December 2021)	*(Independent non-executive Director)*	N/A
Mr Chung Wai Man (appointed on 8 October 2021)	*(Independent non-executive Director)*	1/1
Mr Ning Rui (appointed on 8 October 2021 and resigned on 8 December 2021)	*(Independent non-executive Director)*	1/1
Mr Cheung Shuen Lung (*Past chairman*, resigned on 8 October 2021)	*(Executive Director)*	N/A
Mr Chan Chung Kik, Lewis (resigned on 30 September 2021)	*(Independent non-executive Director)*	N/A
Mr Lai Nga Ming, Edmund (resigned on 30 September 2021)	*(Independent non-executive Director)*	N/A

With effect from 30 September 2021, Mr Chan Chung Kik, Lewis and Mr Lai Nga Ming, Edmund resigned from the Nomination Committee. With effect from 8 October 2021: (i) Mr Cheung Shuen Lung resigned from the Nomination Committee; (ii) Mr Wong Kai Ho was appointed as the chairman of the Nomination Committee; and (iii) Mr Ning Rui and Mr Chung Wai Man were appointed as members of the Nomination Committee. With effect from 8 December 2021, Mr Ning Rui resigned from the Nomination Committee, and Mr Hua Yichun was appointed as a member of the Nomination Committee.

AUDIT COMMITTEE

The Audit Committee of the Board was established in 1998 in compliance with Rule 3.21 of the Listing Rules with specific written terms of reference which deal clearly with its authorities and duties. Its terms of reference amended and adopted by the Board in December 2018 can be found the Company's website (www.pku-resources.com) and the Stock Exchange's website (www.hkexnews.hk). As at 31 March 2022, the Audit Committee solely comprises independent non-executive Directors, namely, Mr Chu Kin Wang, Peleus *(Chairman)*, Mr Chin Chi Ho, Stanley and Mr Hua Yichun. All the committee members have appropriate professional qualifications or accounting or related financial management expertise.

The primary responsibilities of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, developing and implementing policy on the engagement of external auditors to provide non-audit services, monitoring the integrity of the financial statements and the reports of the Company, overseeing the Company's financial reporting system, risk management and internal control systems and developing and reviewing policies and practices or corporate governance.

During the Reporting Period, the Audit Committee met four times. During the meetings, the Audit Committee reviewed the reports from the independent auditors regarding their audit on annual financial statements, reviewed on interim financial results, discussed the internal control of the Group, and met with the independent auditors.

The attendance records of the members of the Audit Committee at the meetings during the Reporting Period are as follows:

Name of member and their position during the Reporting Period		Meetings attended/Eligible to attend
Mr Chu Kin Wang, Peleus (*Chairman*, appointed on 8 October 2021)	*(Independent non-executive Director)*	3/3
Mr Chin Chi Ho, Stanley (appointed on 8 October 2021)	*(Independent non-executive Director)*	3/3
Mr Hua Yichun (appointed on 8 December 2021)	*(Independent non-executive Director)*	3/3
Mr Ning Rui (appointed on 8 October 2021 and resigned on 8 December 2021)	*(Independent non-executive Director)*	N/A
Mr Chan Chung Kik, Lewis (*Past chairman*, resigned on 30 September 2021)	*(Independent non-executive Director)*	1/1
Mr Lau Ka Wing (resigned on 30 September 2021)	*(Independent non-executive Director)*	1/1
Mr Lai Nga Ming, Edmund (resigned on 30 September 2021)	*(Independent non-executive Director)*	1/1

With effect from 30 September 2021, Mr Chan Chung Kik, Lewis, Mr Lau Ka Wing and Mr Lai Nga Ming, Edmund resigned from the Audit Committee. With effect from 8 October 2021: (i) Mr Chu Kin Wang, Peleus was appointed as chairman of the Audit Committee; and (ii) Mr Chin Chi Ho, Stanley and Mr Ning Rui were appointed as members of the Audit Committee. With effect from 8 December 2021, Mr Ning Rui resigned from the Audit Committee, and Mr Hua Yichun was appointed as a member of the Audit Committee.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the ultimate responsibility to maintain appropriate and effective risk management and internal control systems for the Group to safeguard the interests of shareholders and the Group as a whole and to ensure strict compliance with relevant laws, rules and regulations. The Audit Committee is responsible for reviewing the effectiveness of the risk management and internal control systems and reporting to the Board.

In view of the suspected Misappropriation by Resources Group and the Misconduct of Mr Zeng Gang as disclosed in the announcement of the Company dated 10 December 2021, it is understood that the relevant internal control policies and procedures of the Company have not been effectively implemented. The Company failed to establish effective risk management and internal control systems within the Group pursuant to the code provision D.2.1 of the CG Code. In this regard, the Company has engaged an external internal control consultant firm (the "Internal Control Consultant") to conduct an independent internal control review and to assist the management to improve the internal control systems of the Group. Their work scope covers, among others, certain material aspects of the internal control systems of the Group such as sales and revenue management, procurement, outsourcing and payment management, financial reporting and disclosure management, fixed assets and inventory management, cost management, and funds and cash management. The Company received an internal control review report dated 31 May 2022 issued by the Internal Control Consultant (the "IC Review Report"). The key findings of the IC Review Report, recommendations of the Internal Control Consultant, and the Company's response and remedial actions are disclosed in the announcement of the Company dated 5 July 2022. The Board (including the Audit Committee) has reviewed the IC Review Report and considers that (i) the Internal Control Review has adequately assessed the effectiveness of the internal controls of the Group and ascertained certain internal control deficiencies; (ii) the identified internal control deficiencies have been remediated; and (iii) the remedial actions and improvement measures implemented by the Group are adequate and sufficient to address the identified internal control deficiencies, including those arising from the Misappropriation and the Misconduct.

INSIDE INFORMATION DISCLOSURE POLICY

An Inside Information Policy was adopted by the Company which sets out guidelines to the Directors of the Company, senior officers and all relevant employees of the Group to ensure inside information (as defined in the Listing Rules) (the "Inside Information") of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations. The Company also established Group Internal Notification Policies and Procedures for setting out guidelines for identification and notification of Inside Information and notifiable transactions (as defined in the Listing Rules).

Pursuant to code provision D.2.6 of the CG Code, the issuer should establish a whistleblowing policy and system for employees and those who deal with the issuer (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the audit committee (or any designated committee comprising a majority of independent non-executive directors) about possible improprieties in any matter related to the issuer. During the Reporting Period, while the Company has established a whistleblowing policy and system, it is unable to encourage its employees, management and the Directors to report possible improprieties to the Board or the Audit committee. As a rectification measure, the Company has adopted a new enterprise management system which enables the employees of the Company to raise concerns, in confidence and anonymity, about possible improprieties directly to the Board or the Audit Committee.

AUDITOR'S REMUNERATION

During the Reporting Period, the remuneration in respect of audit and other professional services provided by the Company's auditor, CCTH CPA Limited, is summarised as follows:

	RMB'000
Audit services	3,614

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors of the Company acknowledge their responsibility for the preparation of the financial statements of the Group for the Reporting Period. The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 75 to 77 of this annual report. Save as disclosed in this annual report, the Directors of the Company 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, therefore the Directors of the Company continue to adopt the going concern approach in preparing the consolidated financial statements.

COMPANY SECRETARY

During the Reporting Period, Ms Cheang Yee Wah Eva was the company secretary of the Company until she resigned on 15 October 2021 and Mr Wong Kai Ho was appointed as the company secretary of the Company since 15 October 2021. They are responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, and the applicable laws, rules and regulations were followed. They have taken relevant professional trainings which are in compliance with Rule 3.29 of the Listing Rules for the Reporting Period.

COMMUNICATION WITH SHAREHOLDERS

The Company affirms its commitment to maintaining a high degree of corporate transparency, communicating regularly with its shareholders and ensuring, in appropriate circumstances, the investment community at large being provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the shareholders to exercise their rights in an informed manner.

The Company's annual general meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Pursuant to code provision F.2.2 of the CG Code, the chairman of the board should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. In their absence, the chairman should invite another member of the committee or failing this their duly appointed delegate, to attend. Only Mr. Wong Kai Ho, the Chairman of the Board and Mr. Chung Wai Man, an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee, have attended the annual general meeting of the Company held on 1 March 2022. The other Directors were unable to attend this annual general meeting as they had other engagements.

Under the Listing Rules, all resolutions proposed at general meetings must be voted by poll except where the chairman of a general meeting, in good faith and in compliance with the Listing Rules, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Details of the poll procedures will be explained during the proceedings of general meetings. The poll results will be released and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pku-resources.com).

To provide effective communication, the Company maintains a website at www.pku-resources.com. All the financial information and other disclosures including, *inter alia*, annual reports, interim reports, announcements, circulars, notices and Memorandum of Association and New Bye-Laws are available on the Company's website.

Shareholders may direct their questions about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong (on or after 15 August 2022) or contact the Customer Service Hotline of the Company's Hong Kong branch share registrar and transfer office at (852) 2980 1333. Shareholders may send their enquiries to the Board or the company secretary in written form to the head office and principal place of business in Hong Kong of the Company.

SHAREHOLDERS' RIGHTS

Convene a Special General Meeting

Pursuant to Section 74 of the Companies Act 1981 of Bermuda (as amended) and Bye-law 62 of the Bye-laws of the Company, special general meetings shall be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring a special general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within three months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

Put forward proposals at shareholders' meetings

Shareholder(s) representing not less than one-twentieth (5%) of the total voting rights of all the shareholders of the Company or of not less than 100 shareholders of the Company may by requisition, at their own expense unless the Company otherwise resolves, to put forward proposals at general meetings of the Company pursuant to Sections 79 and 80 of the Companies Act 1981 of Bermuda (as amended). A written notice to that effect signed by the shareholder(s) concerned together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company not less than six weeks before the meeting for requisition(s) requiring notice of a resolution, or not less than one week before the meeting for any other requisition(s).

DIVIDEND POLICY

Policy on Payment of Dividend of the Company is in place setting out the factors in determination of dividend payment of the Company, including results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Board may consider relevant from time to time. The policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

CONSTITUTIONAL DOCUMENTS

The Company did not make any changes in its Memorandum of Association and New Bye-laws during the Reporting Period.

ABOUT THIS REPORT

Overview

This Environmental, Social and Governance Report (the "Report") summarises the environmental, social and governance (the "Environmental, Social and Governance" or "ESG") initiatives, plans and performance of Peking University Resources (Holdings) Company Limited (the "Company", together with its subsidiaries, the "Group", "PKU Resources", "we" or "us") and demonstrates its commitment to sustainable development. Adhering to the management approach of sustainable ESG development, the Group is committed to handling its ESG affairs effectively and responsibly. This principle serves as a core part of our business strategy as we believe that this is the key to our continued success in the future.

Reporting Framework

The Report is prepared pursuant to the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") under Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Reporting Principles

During the preparation of the Report, the Group has adopted the principles of reporting in the ESG Reporting Guide as follows:

- Materiality: Significant issues were identified through materiality assessments during the fifteen months ended 31 March 2022 and those identified were used as the focus for the preparation of the Report. The materiality of the issues was reviewed and confirmed by the Board and the ESG Taskforce (the "ESG Taskforce"). For further details, please refer to the "Communication with Stakeholders" and "ESG Materiality Assessment" sections.

- Quantitative: Supplementary notes have been added to the data disclosed in the Report to explain the standards, methods and sources of conversion factors used in the calculation of emissions and energy consumption.

- Consistency: The scope of reporting and the method of preparation of the ESG Report are substantially the same as that of the previous year, with explanations of changes in the scope of the disclosure and in the method of calculation of data. As the Group has changed its year-end date from 31 December 2021 to 31 March 2022, the reporting period shall cover the data of 15 months. Given that the scope of data is different from that of the previous year (i.e. 12 months), no historical data has been presented for comparison.

For the Group's corporate governance practices, please refer to the section headed "Corporate Governance Report" on pages 20 to 32 of this annual report.

Scope of Reporting

The Report mainly covers the two major scopes of operation, namely the Distribution Business and the Real Estate Business, operated by the Group at its Beijing headquarters, Hong Kong office and various cities in the People's Republic of China (the "PRC"), including Guangdong, Hangzhou, Chengdu, Chongqing, Guiyang, Wuhan and Kaifeng. We will continue to expand the scope of disclosure in the future after the Group's data collection system becomes more mature and the sustainable development work is enhanced.

Reporting Period

The Report details the Group's activities, challenges and measures in ESG aspects during the fifteen months from 1 January 2021 to 31 March 2022 (the "Reporting Period").

Forward-looking Statements

The Report contains forward-looking statements that are based on the current expectation, estimation, projection, belief and assumption regarding the business of the Company and its subsidiaries and the markets in which they operate, and are not guarantees of future performance. Our performance is subject to market risks, uncertainties and factors beyond the control of the Company. As such, the actual results and returns may differ materially from the assumptions made and statements set out in the Report.

Contact Us

We welcome opinions and suggestions from stakeholders. You may provide your valuable opinions on the Report or our sustainability performance by emailing ir@pkurh.com.

BOARD'S STATEMENT – ESG GOVERNANCE STRUCTURE

The Company strives to create values for its shareholders while fulfilling corporate social responsibility. We consider ESG commitment as a part of our corporate social responsibility and we pledge to embed ESG considerations into our decision-making process. To achieve this, we have developed a core governance framework to ensure the alignment of ESG governance with our strategic growth, while advocating ESG integration into our business operations. The structure of our corporate social responsibility is divided into two components, namely the board of directors of the Company (the "Board") and the ESG Taskforce.

Board

- Oversee all ESG matters
- Provide management approaches and strategies
- Examine ESG-related goals and indicators and review the progress

ESG Taskforce

- Collect and analyse ESG data, and evaluate the effectiveness of the policies and procedures
- Ensure the implementation of plans, so as to achieve ESG goals and indicators
- Ensure compliance with ESG-related laws and regulations
- Report to the Board and prepare annual ESG report

The Board has ultimate oversight responsibility for the Group's ESG matters, including ESG approaches, strategies and policies. In order to better manage the Group's ESG performance and identify potential risks, the Board, with the assistance of the ESG Taskforce, conducts regular materiality assessments, taking into account the views of various stakeholders, to assess and prioritise key ESG-related issues.

Environmental, Social and Governance Taskforce (ESG Taskforce)

The Board and the senior management are responsible for ensuring that the Group's ESG strategies and the relevant activities, including climate-related issues, are practical and effective. Authorized by the Board, the ESG Taskforce is responsible for executing all daily tasks in relation to ESG responsibility of the Group.

The Group's ESG Taskforce comprises of core members from different departments of the Group who facilitates the Board in supervising ESG matters. The ESG Taskforce is responsible for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performances, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports.

The ESG Taskforce meets regularly to evaluate the effectiveness of existing policies and procedures, and formulate appropriate solutions to enhance the overall performance of the ESG policies. At the meetings, the ESG Taskforce discusses existing and future plans to monitor and manage the Group's strategic goals for sustainable development, reduce potential risks, and minimise the negative effects on its business operations. By formulating ESG-related goals and indicators to reduce the impact of the Group's operations on the environment, the Group will strive to integrate sustainable development into its business operations and fulfil its corporate responsibility. The ESG Taskforce will report to the Board on a regular basis to evaluate the implementation and effectiveness of the internal control mechanism, and to review the progress of established goals and indicators. The ESG Taskforce will also be involved in enterprise risk management to assist in the assessment and identification of the Group's ESG risks and opportunities.

Communication with Stakeholders

The Group values communication with different stakeholders and takes the initiative to understand their feedbacks on its business and ESG-related matters, striving to integrate sustainable development into every aspect of the operation. In order to fully understand, respond and address the key concerns of different stakeholders, we have always maintained close communications with major stakeholders, including but not limited to investors and shareholders, customers, suppliers, employees, government and regulatory bodies, communities, non-governmental organizations ("NGOs") and media, via various communication channels.

Through different stakeholder engagement and communication channels, we will incorporate stakeholders' expectations into the ESG strategies of the Group. The communication channels for the Group and stakeholders, and their corresponding expectations are as follows:

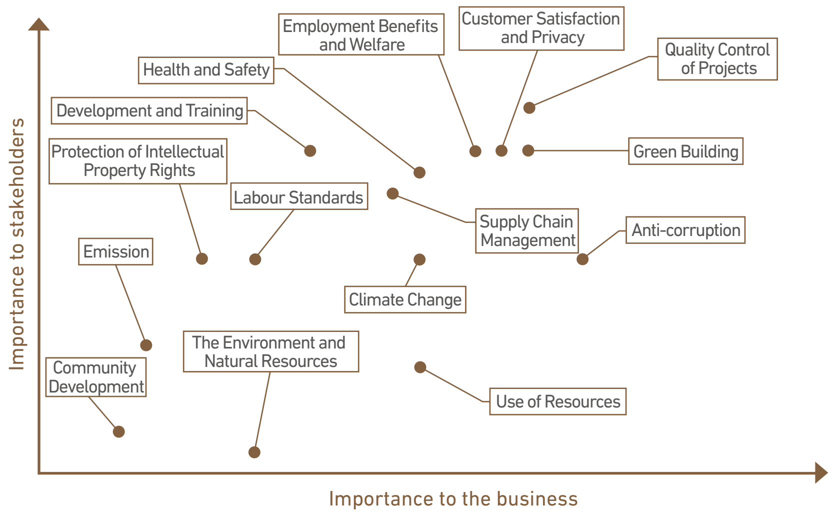
Stakeholders	Communication Channels	Expectations
Investors and Shareholders	• Annual general meeting and other general meetings • Financial reports • Announcements and circulars	• Complying with relevant laws and regulations • Disclosing the latest corporate information in due course • Financial results • Corporate sustainability
Customers	• Customer satisfaction survey • Customer service centre • Customer manager • Complaint review meetings • Hotline • Social media platform • Emails and website	• Perform product and service responsibility • Customer information protection • Compliant operation
Suppliers	• Supplier meetings and events • Supplier on-site audit and management	• Fair competition • Business ethics and reputation • Cooperation with mutual benefits
Employees	• Employee opinion survey • Channels for employees' feedback (forms, suggestion boxes, etc.) • Work performance reviews • Internal media platforms	• Health and safety • Equal opportunities • Remuneration and benefits • Career development
Government and Regulatory Bodies	• Regular performance reports • Written response to public consultation	• Tax payment in accordance with laws • Business ethics • Complying with relevant laws and regulations
Communities, NGOs and Media	• Public and community activities • Community investment programs • ESG Reports	• Giving back to society • Environmental protection • Compliant operation

The Group is committed to working with our stakeholders to improve the Group's ESG performance, and to continue creating greater value for the wider society.

ESG MATERIALITY ASSESSMENT

Apart from referencing our own business development strategies and industry practices, the Group has compiled a list and questionnaire based on the results from last year's materiality assessment to identify major ESG issues of the Group. By issuing questionnaires, the Group's stakeholders and management and staff in major functions are able to assist the Group in reviewing its operations and identifying the relevant ESG issues, and assess the importance of relevant issues to the Group's business and its stakeholders. The Group has analysed the survey results and presented them in a materiality matrix. The Group's material ESG issues during the Reporting Period are set out in the matrix below:

Materiality Matrix



The Group reviewed the result of the materiality assessment and determined that those issues are still relevant to the Group. The Group will regularly oversee its business operation and the ESG performance on an ongoing basis.

A ENVIRONMENT

The Group values the importance of sound environmental management, and is committed to fulfilling the Group's commitment to social responsibility. The Group has formulated related environmental management systems and procedures for daily operations which regulate the emissions and waste generated during operations in order to protect the environment and reduce carbon footprint, thereby fulfilling its long-term sustainable development targets.

Under strict supervision and guidance, all departments will spare no effort in implementing the Group's environmental protection policies, and ensure that all business processes are in compliance with legal requirements. The responsible personnel of environmental affairs at all levels will continue to review the Group's policies and implementation procedures, and report to the management when appropriate. Recommendations and improvement measures will also be raised when necessary.

During the Reporting Period, the Group was not aware of any material non-compliance with related laws and regulations in relation to exhaust gas and greenhouse gas ("GHG"), emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, the Waste Disposal Ordinance of Hong Kong and the Water Pollution Control Ordinance of Hong Kong.

Environmental Goals for 2030

In support of the worldwide efforts for combating climate change and to facilitate the assessment of the effectiveness of the Group's strategies and measures in mitigating the impact of climate change, the Group has set various environmental goals as follows:

The Group has set targets to achieve a reduction in intensity by 2030, using the Reporting Period as the baseline year:

Energy Consumption	Water Consumption	Non-hazardous Waste	GHG Emission
↓ 5%	↓ 5%	↓ 8%	↓ 10%

Guided by these targets, the Group has formulated corresponding business strategies. The steps to be taken to achieve these goals are detailed below.

A1. EMISSIONS

Green Building

The buildings and construction sector accounts for about one-third of global energy consumption and GHG emission. In view of the impact of climate change-related natural disasters on the Group's operation, we have adopted green building practices, which in turn also created numerous opportunities for us. Green buildings are buildings which are environmentally friendly and designed to save energy and resources, not just in their physical structure but through the entire lifecycle of a building – from master planning to design, construction, operation, maintenance, renovation and demolition. We have adopted several important measures in various aspects to make sure buildings are operating at its most optimal efficiency as well as being sustainable. Meanwhile, the Group has adopted its advanced and innovative technology in both buildings' outlook and in-house design. All the projects are not only designed based on its profitability, but also the way it can encourage users to embrace the low carbon lifestyle.

Buildings are oriented to capture the daily wind flow and solar radiation to maintain the room temperature and lighting condition. The concept of sponge city will also be adopted to capture the rainwater for irrigation and even toilet flushing purpose. In the future, the Group aims at prompting a green living lifestyle with various innovative designs while ensuring the quality of the Group's professional services and products will not be affected.

Exhaust Gas Emissions

The Group's exhaust gas emissions generated from its operations are mainly derived from petrol and diesel consumed by transportation. In response to the above emission sources, we actively take the following emission reduction measures:

- Maintain vehicles on a monthly basis to effectively reduce fuel consumption, thereby reducing carbon emissions and exhaust gas emissions
- Conduct annual inspections to ensure vehicles are meeting relevant emission standards
- Actively adopt measures to reduce exhaust gas missions

During the Reporting Period, the Group's exhaust gas emission performance is summarized below:

Type of exhaust gas	Unit	Period from 1 January 2021 to 31 March 2022
Nitrogen oxides (NO_x)	kg	90.63
Sulphur oxides (SO_x)	kg	2.21
Particulate matter (PM)	kg	6.67

GHG Emissions

The Group's GHG emissions are mainly derived from direct GHG emissions generated from petrol and diesel consumed by transportation (Scope 1), and energy indirect GHG emissions from purchased electricity (Scope 2). To better manage GHG emissions, the Group actively adopts electricity conservation and energy saving measures to reduce GHG emissions. The relevant specific measures will be described in the section "Energy Management" under aspect A2. Through the implementation of such measures, employees' awareness of GHG emissions reduction has been raised.

Indicator[1]	Unit	Period from 1 January 2021 to 31 March 2022
Direct GHG emissions (Scope 1)	tCO_2e	399.43
Energy indirect GHG emissions (Scope 2)	tCO_2e	902.93
Total GHG emission (Scope 1 and Scope 2)	tCO_2e	1,302.36
Total GHG emissions intensity [2]	tCO_2e/employees [2]	1.46

Sewage Discharge

The Group adopted the design concept of 'Sponge City' to utilize the rainwater outside the buildings. Moreover, the design of the building has included water recycling facilities to lower the demand for fresh tap water and the energy needed to transfer them. The Group's business activities do not consume significant volume of water, therefore the Group's business activities did not generate a material portion of sewage. As the sewage discharged by the Group will be discharged into the regional water purification plant through the municipal sewage pipe network for treatment, therefore the water consumed by the Group is considered as sewage discharged. The data on water consumption of the Group will be described in the section "Water Management" in aspect A2.

Hazardous Waste

Despite the Group did not generate hazardous wastes during the Reporting Period, the Group has established guidelines in respect of the management and disposal of hazardous wastes. In case of any generation of hazardous wastes, the Group must engage a qualified chemical waste collector to dispose of such wastes in order to comply with relevant environmental laws and regulations.

1 GHG emission data is presented in terms of carbon dioxide equivalent and is based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the HKEX, the latest released emission factors of China's regional power grid basis and the "Sustainability Report 2020" published by HK Electric Investments.

2 During the Reporting Period, the Group had a total of 891 employees in respect of the scope of reporting (including Beijing headquarters and 24 points-of-sales and places of business in Hong Kong and Guangdong, Hangzhou, Chengdu, Chongqing, Guiyang, Wuhan and Kaifeng in Mainland China). The data is also used for calculating other intensity data.

Non-hazardous Waste

The Group adheres to the principles of waste management, upholds high standards in waste reduction and is committed to handling and disposing of all non-hazardous wastes generated by our business activities through abiding by the principle of sustainability and the methodology of "reduce, reuse, recycle and replace". The non-hazardous wastes generated by the Group's business activities are mainly paper, domestic waste and food waste. After collection and sorting, such wastes will eventually be collected and processed collectively by qualified waste disposal service providers. Recyclables (such as paper) will be recycled and reused. In creating a green office environment, the Group has formulated relevant internal standards and systems, including "Office Management Rule", for reference and compliance by our employees. The Group's offices have also provided suitable facilities and encouraged employees to sort waste at its source and recycle waste, striving to achieve the goals of "reduce, reuse, recycle and replace" during operations.

Category of waste	Unit	Period from 1 January 2021 to 31 March 2022
Total non-hazardous waste disposed [3]	tonnes	117
Intensity of non-hazardous waste disposed	tonnes/employees	0.13

A2. Use of Resources

Committed to actively promoting the efficient utilisation of resources, the Group monitors the potential impacts that its business operations brought to the environment, and instils the awareness of resource conservation and environmental protection into the work and life of every employee. We promote a green office and operating environment by adhering to the four basic waste reduction principles of "reduce, reuse, recycle and replace", thereby minimising the environmental impact from the operation of the Group. As stated in aspect A1, the Group has formulated relevant environmental management policies and procedures to manage the use of water, electricity, diesel and petrol. We also focus on the management of the major energy consuming equipment, standardise the operational flow and process to utilise energy efficiently.

Green Office

The Group actively implements the concept of energy-saving and emission reduction, and always monitors the impacts of its operation on the environment. In this regard, the Group integrates green and sustainability concepts into its business planning and daily operations. Relevant internal standards and systems such as "Office Management Rule" are formulated for reference and compliance by our employees. The "Office Management Rule" not only includes working guidelines for every department, but also various green office measures to cultivate the employees' environmental awareness. To minimize carbon emission and waste generated by office operation, the Group includes every aspect of office operation into the "Office Management Rule", encompassing area such as water conservation, office greening, recycling and waste disposal. Employees have been consistently abiding by the "Office Management Rule" and actively implementing energy- and resource-saving measures.

[3] Non-hazardous waste mainly includes paper used by the Group.

Energy Management

During the daily operations, the Group's major energy consumption is electricity consumed in offices, and petrol and diesel consumed by transportation. Air conditioning is identified as the biggest part of building's electricity consumption of the Group. The Group has thus adopted the environmentally friendly design for buildings to reduce the consumption of electricity in terms of air conditioning. Fans and air-conditioners are also replaced by those with higher energy efficiency for the sake of a lower consumption of electricity.

The Group has formulated the goals of energy saving and consumption reduction. The relevant specific measures are as follows:

- Purchase energy-saving electronic appliances
- All departments implement the principle of "Manage by the on-duty staff" in order to foster good habits in terms of turning lights off after use
- Encourage employees to take stairs and reduce usage of the elevator
- Make full use of sunlight and LED lighting
- Switch off the lighting after working hours
- Monitor electricity consumption of office area
- Set a suitable temperature of air conditioners
- Replace long-distance meetings with telephone or video conferencing to reduce carbon emissions of business travel

Through the above measures, employees' awareness of energy conservation and emission reduction has been enhanced.

The Group's performance of energy consumption was as follows:

Types of energy	Unit	Period from 1 January 2021 to 31 March 2022
Direct energy consumption		
– Petrol	kWh	1,416,964.00
– Diesel	kWh	42,609.04
– Natural Gas	kWh	27,789.27
Indirect energy consumption		
– Electricity	kWh	1,029,997.22
Total energy consumption	**kWh**	**2,517,359.53**
Intensity	**kWh/employee**	**2,825.32**

Water Management

The Group's water use is mainly domestic water in offices and water for construction use in real estate projects. The water supply managed by the Group includes toilet water and water for washing and cleaning. We encourage all staff and employees to develop the habit of saving water consciously, and have developed the following water conservation measures:

- Inspect the condition of water supply facilities, if leakage or failure of control devices is found, repair and maintenance shall be carried out in a timely manner
- Use water supply facilities with good water-saving capability whenever possible
- Inspect water supply channels regularly to prevent the wastage of water resources
- Strengthen water-saving promotion efforts by posting water saving slogans

The Group adopted the design concept of 'Sponge City' to utilise the rainwater outside the buildings. Moreover, the design of building has also included the water recycling facilities to lower the demand for the fresh imported water and the energy needed to transfer them.

Due to the geographical location of the Group's offices and real estates, the Group does not encounter any issues in water sourcing. Affected by the epidemic prevention and control policy, the Group has set a target of lowering the water consumption intensity by 2030 and expects to achieve this target through continuous review on the above water-saving measures.

The Group's water consumption performance was as follows:

Indicator	Unit	Period from 1 January 2021 to 31 March 2022
Total water consumption	m^3	9,946.51
Intensity	m^3/employee	11.16

Use of Packaging Materials

Due to its business nature, the Group does not consume significant amount of packaging materials, and thus the use of packaging materials is deemed immaterial to the Group.

A3. The Environment and Natural Resources

The Group actively pursues the best practices for environment protection and focuses on the impact of its business on the environment and natural resources with a view to realizing sustainable development. In addition to complying with the relevant environmental regulations and international standards for protecting the natural environment appropriately, the Group has also implemented a number of measures to reduce its potential environmental impact. On the other hand, the Group also provides environmental education for all of its employees to enhance their environmental awareness.

Employees' Environmental Awareness

In order to achieve sustainable development, the Group expects its employees to put environmentally-friendly lifestyles into practice and hence enhance their awareness of environmental protection. The Group also promotes green travel with its best endeavours. The "Office Management Rule" not only includes working guidelines for every department, but also various green office measures to cultivate the employees' environmental awareness of emission reduction and carbon reduction.

Indoor Air Quality Management

Good indoor air quality is important as employees spend most of their time working at office. Indoor air quality in the Group's workplace is regularly monitored and measured. Pollutants, contaminants and dust particles are filtered out by air purifying equipment in the workplace, and regular cleaning of air conditioning system is conducted to ensure good indoor air quality at offices.

A4. Climate Change

With the accumulation of public knowledge and increasing awareness of environmental protection, climate change has become the relevant topic that is often discussed by the public. Governments and international organisations continued to make further review and jointly investigate the potential risks and the solutions in relation to climate change. The latest Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report further warns of the severity and urgency of the climate crisis. The Chinese government has proposed the goals of 2030 Carbon Peak and 2060 Carbon Neutrality. As such, it is anticipated that China will strive to achieve the goal of carbon neutrality by actively adopting more proactive measures, policies, laws and ordinances in the future.

Being well aware of the threats brought by climate change, the Group actively contributes by eliminating its carbon footprints. The Group also understands the importance of identifying and mitigating major climate-related issues, hence it pays close attention to the potential impact of climate change on our businesses and operations, and is committed to managing the potential climate-related risks that may affect the Group's business activities. According to the reporting framework developed by the Working Group on Climate-Related Financial Disclosures, climate-related risks can be divided into two categories: physical risks and transition risks.

Physical Risks

The increased frequency and severity of extreme weather events, such as typhoons, storms, torrential rain, extreme cold or extreme heat, will bring acute and chronic physical risks to the Group's business. Extreme weather events can threaten the safety of our employees, as well as damage the power grid or communication infrastructure, resulting in decrease in the Group's productivity, which may in turn expose the Group to risks in relation to non-performance and late performance and may have a direct negative impact on the Group's revenue.

To minimise potential risks and hazards, the Group has put in place contingency plans, including flexible working arrangements and precautionary measures under severe or extreme weather conditions. The Group will continue to explore emergency response plans to further reduce the fragility of our office operations when responding to extreme weather events to improve business stability.

Transition Risks

In order to achieve the global vision of carbon neutrality, the Group anticipates that there will be changes in regulation, technology and market landscape caused by climate change, including the tightening of national policies, the generation of environment-related taxes, and client's preference for companies that operate in a more environmentally-friendly manner.

In response to political, legal and reputational risks, the Group continuously monitors changes in laws or regulations and global trends of climate change to avoid increase in costs, fines for non-compliance or reputational risks due to slow responses. In addition, the Group has been taking comprehensive measures to protect the environment, including measures to reduce GHG emissions, and has set targets to gradually reduce the Group's energy consumption and GHG emissions in the future.

The Group also understands the importance of identifying and managing risks in relation to climate change during the course of operation, and strives to, within the limits of its ability, reduce the environmental impact of its business activities on a continuous basis, so as to protect the interests of its business and that of the stakeholders in the long run.

B SOCIAL

B1. Employment

The Group firmly believes that talent is the most important factor to a company's success and serves as the basis of the Group's sustainable development. The Group has established and executed numerous human resources management policies, including Peking University Resources (Holdings) Company Limited Remuneration Management Rules (北大資源(控股)有限公司薪酬管理規則), Peking University Resources (Holdings) Company Limited Recruitment Management Rules (北大資源(控股)有限公司招聘管理規則), Peking University Resources (Holdings) Company Limited Resignation Management Rules (北大資源(控股)有限公司離職管理規則), Peking University Resources (Holdings) Company Limited Attendance and Leave Management Rules (北大資源(控股)有限公司考勤差假管理規則), Peking University Resources (Holdings) Company Limited Welfare Management Rules (北大資源(控股)有限公司福利管理規則) and Peking University Resources (Holdings) Company Limited Staff Training Management Rules (北大資源(控股)有限公司員工培訓管理規則). The Group will continue to optimise the human resources and management system, adheres to the principle of fair and open recruitment and keep ensuring a good platform for career development and a harmonious working environment for employees. In addition, the Group also protects its employees' interests concerning employment, recruitment, training, promotion, resignation, demission, working hours, leaves and holidays, welfare and remuneration and equal opportunities.

During the Reporting Period, the Group was not aware of any material non-compliance with employment related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but not limited to the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and the Regulations on Minimum Wages.

Remuneration and Welfare

The Group puts great emphasis on fair remuneration, attendance and holiday system. The full remuneration will be distributed to every employee in a timely manner. Apart from that, the Group will also lawfully provide public holidays and paid annual leave to the staff. According to different job positions, the Group would strictly implement the annual or working hour salary system, as stated by the Labour Law. Remuneration, attendance and holiday system will be reviewed regularly following market and industry standards. The Group respects the rights of employees to take rest and vacations, and has relevant policies in place to supervise and regulate the working hours of employees and their rights to take various rest periods and holidays. The Group will also abide by the relevant laws and regulations to provide the wages, overtime compensation and paid holidays, etc.

Remuneration Policy – Peking University Resources (Holdings) Company Limited Remuneration Management Rules

- The access of remuneration data is highly restricted to responsible teams and departments heads including senior staff, human resources department and salary management personnel;
- The specific salary system, overall salary adjustment range, labour cost budget and implementation should be reported to the board of directors for approval;
- Salaries are calculated by yearly salary, monthly salary, or hourly rate systems according to different job positions;
- Clearly list out the component of salary and bonus;
- Clearly state the date of monthly salary provision.

Welfare Policy – Peking University Resources (Holdings) Company Limited Welfare Management Rules

- The Group will provide welfare benefit according to the requirements of laws in order to promote staff efficiency, enhance incentive and sustainability of the Group;
- Provide social insurance according to laws, including basic pension insurance, basic medical insurance, unemployment insurance, work injury insurance, maternity insurance, housing provident fund and other statutory benefits;
- Set up staff lounges, maternal and child rooms in order to create a caring and family-friendly working environment;
- Organise various festival celebration activities, team building activities and department exchange to allow employees' interaction.

Recruitment, Promotion and Dismissal

Focusing on the talent-driven enterprise development as its strategy, the Group implements fair recruitment, establishes a fair, democratic, competitive and merit-based talent selection system and clarifies rights and responsibilities in accordance with labour contracts. The Group will not reject job applicants due to factors such as gender, age and race.

Recruitment Policy – Peking University Resources (Holdings) Company Limited Recruitment Management Rules

- The Group recruits talents in order to attain corporate objectives by analysing business development plans, external and other relevant factors, setting up relevant posts and establishing next year recruitment plan at the end of each year;
- The human resources department is responsible for establishing recruitment plans, reviewing the employment needs of various departments and the implementation of recruitment plans;
- Recruitment activities are organised in various forms, including internet recruitment, trainee programme, campus recruitment, etc.;
- Basic requirements for candidates are clearly listed out, including efficiency, cost awareness and commitment;
- Candidates for human resources, finance, law, procurement and other related positions shall go through the background check process.

Dismissal Policy – Peking University Resources (Holdings) Company Limited Resignation Management Rules

- The definitions of active and passive resignation, as well as the subsequent corporate procedures, are clearly established;
- The resignation of employees must comply with law and regulations;
- The supervisor of any resignee and the human resources department shall conduct at least one resignation interview with the employee;
- Before conducting a resignation interview, the staff of the human resources department shall arrange a resignation questionnaire for the resignee to fill in;
- The interviewers shall keep a written record of the resignation interview.

Leaves and Holidays Policy – Peking University Resources (Holdings) Company Limited Attendance and Leave Management Rules

- The Group manages the attendance and leave of the staff with a people-oriented principle;
- The Group implements a five-days-a-week and eight-hours-a-day working system. The working hours of employees in special positions (such as front desk clerks and drivers) shall be established independently according to their job duties;
- Employees have the right to enjoy public holidays and paid annual leave;
- Employees who are having overseas business trip should fill out the "Peking University Resources (Holdings) Company Limited Approval Form for Going Abroad for Business" and seek approval according to the relevant procedure.

Equal opportunity

The Group strictly complies with the relevant regulations, adopts a fair, just and open recruitment process, and has established relevant policies to prevent discrimination against employees on the ground of race, gender, skin colour, age, family background, national tradition, religion, physical fitness, nationality and other factors in the recruitment process, so that employees receive fair treatment in all processes including recruitment, remuneration, training and promotion, thus attracting professionals with different backgrounds to join the Group.

As of 31 March 2022, the breakdown of the Group's employees within the Reporting Scope[4] was as follows:

	2022
Total employee	891
By gender	
Male	457
Female	434
By age group	
Aged under 35	401
Aged 35 to 55	468
Aged over 55	22
By region	
Hong Kong	3
Mainland China	888
Others	–
By employment type	
Full-time	877
Part-time	14

4 Reporting Scope – According to the announcement published by the Group on 28 March 2022, the Group has completed the disposal of Hong Kong Huzi Limited (香港琥諮有限公司). After the completion of the transaction, the number of employees divested from the Group was 326, thus the number of employees as of 31 March 2022 was 565. Since there were only few days between the completion of the transaction and the year-end date, 891, being the number of employees before the disposal of the subsidiary, was used as the number of employees of the Group for the relevant calculation and disclosure.

During the Reporting Period, the Group recorded an employee turnover rate[5] of 28%.

The table below shows the turnover rate breakdown by gender, age and region:

	Total employees (A)	Number of employees left during the Reporting Period (B)	Sum (A+B)	Employee turnover rate[5] B/(A+B) x 100%
Total	891	345	1,236	28%
By gender				
Male	457	199	656	30%
Female	434	146	580	25%
By age group				
Aged under 35	401	147	548	27%
Aged 35 to 55	468	193	661	29%
Aged over 55	22	5	27	19%
By region				
Hong Kong	3	1	4	25%
Mainland China	888	344	1,232	28%

B2. Health and Safety

The Group highly values the safety and health of its employees and facilitates the responsible development between the Company and the employees. Abiding by the laws and regulations such as the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) and the Labour Law of the People's Republic of China, the Company is determined to create a safe and comfortable working environment for the employees. The Group provides a stable working place and has established a set of strict construction guidelines which were implemented at the construction site to help ensure the safety of all employees during construction. The Group assigns specific personnel to perform monthly routine inspections on the safety and site environment. The Group has always been taking precautions as the main measure, and it emphasises safety education and technical training of employees. This can ensure all employees involved in the whole operational progress to have profound knowledge and skills in the applied technology or processes. All employees have to pass safety training and assessment before they continue their work. At the same time, the Group keeps records for regular assessment to ensure all the internal guidelines are well-adopted in offices and projects. Other than commercial insurance for possible work-related injuries of employees and the related compensation, the Group also arranges a regular comprehensive body check for every employee and formed a medical team for patients in need. To ensure a good physical and mental health of our employees, the Group organises employee activities and sports competitions regularly, which helps to improve their physical fitness and achieve the work-life balance.

5 Calculation method of employee turnover rate=Number of employees left during the Reporting Period/(total number of employees within the Reporting Scope + number of employees left during the Reporting Period) x 100%.

The Group has achieved zero employee injuries and fatalities for three consecutive years (including the Reporting Period). During the Reporting Period, the Group had not lost any working days due to work injury. The Group was also not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance of Hong Kong, the Labour Law of the People's Republic of China and Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases.

B3. Development and Training

With the value of "carving crafts with ingenuity", the Group attaches great importance to the staff's skills. This is why the Company employs the concept of "selection, employment, education, promotion and preservation", which enhance the Group's sustainable development and also help the employee to apply their expertise and unleash their potential in the future.

The objectives to achieve the above long-term goals are to provide education, including intense training for newcomers of the Group and regular training for existing staff. For the new staff, the Company tailor-made trainings like "Youth Induction Training (新青年入職培訓)" and "Growth Programme for New Staff (新銳成長計劃)" for them to understand and integrate themselves into the new working environment smoothly. The new employees will take a compulsory exam regarding company knowledge, company system, job training, skills training, etc., before taking up the duty. As for the existing employees, the Group has designed training courses that effectively improve leadership, professional and general capabilities of the staff, especially when during their promotion from elementary, intermediate, to senior management levels.

The Group's training system will be reviewed and designed on an annual basis regarding the business strategy and the subsequence human resource requirement of the Group. Talents are the essential foundation for the Group's development. Therefore, the Group will continuously assist the staff in skill enhancement to provide equal career development and regards raining as a driving force of staff's competitiveness enhancement and career development. In 2020, the Group put more emphasises on anti-corruption training. Through codes, policies, agreements and trainings, all levels of our employees are strictly complying with the principles of ethical responsibility in the Group's business activities. The Group has set up an exam about business compliance and ethics since the year 2020 to increase the anti-corruption awareness within the Group. Also, the Group does education for all the employees before the Lunar Chinese New Year to remind them of the integrity and professionalism.

The Group organised internal training courses according to "Peking University Resources (Holdings) Company Limited Staff Training Management Rule". The human resources department arranged courses based on the follow five objectives:

1. Match training purposes with business development

2. Pay attention to the effectiveness and feasibility of trainings

3. Training resources should be allocated to the target employees

4. Training expenses are extracted from special funds exclusively

5. Evaluate trainings to continuously improve the quality of trainings

The human resources department is responsible for the Group's employee training strategy and plan. The department would collect feedbacks from the levels of corporate, department and employee through questionnaires and interviews, and thus formulate the most suitable annual employee education and training plan every year. After each training, the human resources department will conduct evaluation on the aspects of feedback, learning, behaviour and result. After collecting the feedbacks, the department will analyse the data and compose a training evaluation report.

In the Reporting Period, the Group has organised various types of trainings, including new staff trainings, general skills trainings, leadership trainings, professional skills trainings and E-learning. The Group provided an online platform for all employees to acquire industry knowledge and skills. The online learning platform also contains exams and the E-learning score is one of the reference for the annual human resources appraisal of the Group.

During the Reporting Period, the Group has achieved a 42.87% overall training rate and a total training hour of 5,367.5 hours. The table below shows the training data by age and employee category:

Employee training data	The percentage of employees trained (%)	Average training hours (hours)
Employee gender		
Male	49%	13.18
Female	36%	15.40
Employee category		
Directors	9.43%	10.80
Accounting and finance team	45.71%	12.75
Company secretary	57.89%	18.09
Administration	47.29%	14.03
Construction and operation	43.40%	16.04
Property development sales staff	45.34%	9.52

B4. Labour Standards

Avoid Child and Forced Labour

The Group prohibits the employment of any child and forced labour in its operations. According to Peking University Resources (Holdings) Company Limited Recruitment Management Rules, the Group shall review the identity certificates of any employees who are joining the Group to avoid the employment of child labour. In addition, the labour contract of each employee shall clearly specify the working time, place, tasks and main responsibilities of the employee to protect employees from being assigned work not within their scope of responsibilities. Working overtime, if required, shall be agreed upon through negotiation with overtime pay or time-off as compensations according to relevant laws and regulations to prevent mandatory overtime.

During the Reporting Period, the Group was not aware of any material violation against the relevant laws and regulations on child and forced labour that had a significant impact on the Group. The relevant laws and regulations include, but are not limited to, the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China and the Provisions on the Prohibition of Using Child Labour of the People's Republic of China.

B5. Supply Chain Management

To assure the quality of materials, the Group selects potential suppliers rigorously, and has established a clear supplier assessment management system for supplier selection. The procurement department comprehensively assess the potential suppliers from several areas, such as environmental risk, social risk, product quality, qualification, production plant capability, operational indices of the past three years, existing customer bases, production tools and equipment and relevant projects. The selected supplier is required to submit a list of corporate management information. The standard procedure ensures that the selected suppliers must be able to meet the Group's quality standards. The procurement department will conduct production plant inspection to better understand the selected supplier's background. Upon two rounds of evaluation and interviews, only the qualified suppliers may join the Group's supply chain. In addition, the suppliers shall comply with relevant laws and regulations, including regulations or requirements related to environment and labour rules in order to reduce environmental and social risks. Thereafter, the Group opts to conduct quality assessments, communication feedback and other actions regularly to review the list of suppliers and inspect project quality, in order to ensure that the best suppliers are maintained. Currently, the Group has a list of 1,328 suppliers from 14 regions in China.

Green Procurement

The Group is committed to local procurement in order to implement sustainable development into its operating model. During the procurement process, the Group will give priority to local suppliers and environmentally friendly products and services in anticipation of reducing its carbon footprint caused by procurement through local procurement, while supporting local economic development and creating employment opportunities for local communities. In addition to environmental factors, the Group also takes steps to monitor whether its suppliers or contractors comply with relevant laws and regulations or meet other standards in respect of health and safety, and forced and child labour. We visit the operating places of our suppliers to make sure our suppliers can meet various standards, and take it into consideration in evaluating suppliers. Through the above practices, the Group aims to reduce the environmental and social risks existed in the supply chain.

B6. Product Responsibility

The Group is committed to building the best residence in the pursuit of perfection. Before putting on sale, each project shall meet the Group's quality standard in every detail. Throughout the project development process, there is a system of daily, weekly and monthly inspection management. At the same time, a third-party contractor is engaged to conduct engineering and delivery evaluation of the manufacturers in order to prevent leakage and cracking. Prior to project completion acceptance, the customer relations department and the project department shall undertake a detailed inspection of the common areas and public equipment and facilities in order to ensure that the Group has sufficient time to deal with the problems identified, if any. Before centralized housing delivery, the Group shall conduct a comprehensive internal inspection, ensuring it meets the standard functions and standard contract clauses. After delivery, a customer satisfaction survey shall be conducted to collect opinions and experiences so that the subsequent projects may have better service and quality. During the Reporting Period, no product sold was subject to recall due to safety or health concerns.

Customers can provide their feedbacks to the Group through customer satisfaction surveys and direct contact, etc. After a complaint is received, the customer relations department shall follow up the report within a specified time. The staff is required to complete an investigation within a period specified in the Group's guidelines and meanwhile inform the customer of relevant progress and result. During the Reporting Period, the Group has not received any serious complaints regarding products and services.

Protection of Intellectual Property Rights and Consumer Data

The Group thoroughly understands the importance of protecting intellectual property. Regardless of project or product design, the design department pays attention to the registered designs in the market and notices whether there is any infringement of rights. The Group also strictly abides by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and requires all departments to treat customer information cautiously and understand the importance of personal data and relevant laws, including but not limited to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong). The Group's regulations restrict employees from disclosing customer information to any third party, including partnering manufacturers, without prior consent of customer. The Group will continue to strengthen the relevant measures for the protection of customers' personal information and implement process specifications with higher transparency.

Advertising and Labelling

The Group emphasises the importance of proper advertising and compliance with relevant requirements for media advertising. The Group has established policies and procedures in this regard to ensure that the advertisements and labels are free from false product descriptions, misleading or incomplete information, false labelling and misrepresentation, and in compliance with applicable laws and regulations on advertising and labelling in order to protect the rights and interests of customers from being harmed due to improper advertising and labelling descriptions.

B7. Anti-Corruption

The Group has zero tolerance to any corruption or fraud and strictly abides by the laws and regulations such as the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and the Anti-Corruption Law of the People's Republic of China. The Group's legal department has set up specific risk control position for supervision and has established integrity rules and regulations, from business department operation to project construction management, including detailed provisions for bidding, reimbursement and other contents. The Group also provides training to the employees of anti-commercial bribery and concept of integrity regularly through new employment training, middle to senior management training and special lectures. The Group strives to maintain the integrity image. During the Reporting Period, there was no concluded litigation cases regarding corruption raised by the Group or its employees. The Group was not aware of any material non-compliance with relevant laws and regulations of bribery, extortion, fraud and money laundering.

Reporting System

For any suspected corruption, relevant rules such as "Peking University Resources (Holdings) Company Limited Reporting Management Rule" and "Peking University Resources (Holdings) Company Limited Bonus and Penalty Management Rule" should be followed for investigation. If any employee discovers or suspects any violation of the code of behaviour, a report could be made through a specific mailbox, telephone, e-mail, or at a specified location during reception time. All reports will be recorded in a conversation transcript. After receiving the report, the Group will initiate investigation strictly without disclosing the identity of the reporter and content of report, and the Group will set up a responsible investigation team to collect relevant evidence and information in a fair, justified, independent and efficient manner.

Anti-corruption Training

Training program related to anti-corruption are rendered by the Group to the management and employees to boost their awareness on the prevention of any kind of unethical behavior such as bribery, extortion, fraud and money laundering. During the Reporting Period, all Directors have received anti-corruption training by way of anti-corruption training materials ("ANTI-CORRUPTION PROGRAMME – A GUIDE FOR LISTED COMPANIES" published by ICAC) and have spent approximately 2 hours studying instead of physically attending the training due to COVID-19 pandemic during the Reporting Period.

B8. Charity

The Group has been dedicated to contributing to society while promoting the continuous development of enterprises, participating in the public construction of welfare in culture, education, health and others, and actively leveraging the advantages of the Group to promote the progress of social civilisation. The Group focuses on the society and is committed to sharing corporate technological and cultural development achievements with the community, taking the initiative to engage the community and participate in the construction of public civilisation.

Donation of epidemic prevention materials by Foshan Peking University Resources to provide support for the epidemic prevention work in Sanshui

In order to help Sanshui to prevent epidemic and demonstrate its corporate responsibility, on 22 July 2021, after in-depth understanding and close communication with Sanshui District Government, the Group's Foshan subsidiary found that the anti-epidemic staff wrapped in protective gear under the high temperature faced physical exhaustion and insufficient rest. Therefore, the Group undertook its commitment of "love donation for epidemic prevention and control" to urgently purchase a large number of energy beverages and to deliver scarce supplies to medical staff and epidemic prevention volunteers. During the anti-epidemic period in Sanshui, the Group's Foshan Peking University Resources Property Party Branch sincerely cared about the warm hearted people from all sectors fighting the epidemic, fully cooperated with the work deployment, actively responded to the call and made contribution to this battle. Paying tribute to the people on the front line of fighting the epidemic with practical actions, the Group delivered warm comfort to those who sticked to their posts and guarded Sanshui persistently, and expressed its strong support for the epidemic prevention of Sanshui and even the country with practical actions.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and intensity.	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Not applicable – Explained
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Non-hazardous Waste
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Goals for 2030
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Goals for 2030
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Goals for 2030
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Goals for 2030
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Not applicable – Explained

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Indoor Air Quality Management
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Physical Risks, Transition Risks
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, employment type, age group and geographical region.	Employment

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Avoid Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Avoid Child and Forced Labour

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Green Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Green Procurement
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Protection of Intellectual Property Rights and Consumer Data
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Protection of Intellectual Property Rights and Consumer Data

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption – Reporting System
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption – Anti-corruption Training
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Charity
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Charity
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Charity

EXECUTIVE DIRECTORS

Mr Wong Kai Ho ("Mr Wong"), aged 42, is an executive Director and Chairman of the Company since 8 October 2021 and company secretary of the Company since 15 October 2021. He is also a director of a number of subsidiaries of the Company.

Mr Wong has more than 17 years of experience in financial and business management. Mr Wong worked as a finance analyst of Carter Holt Harvey New Zealand from November 2005 to December 2006 and as a senior auditor of the audit and assurance sector of Ernst & Young from February 2007 to February 2009. From March 2009 to June 2013, he was a senior associate of EHM International Ltd (London). From July 2013 to March 2014, he was a director of Katch Investment (Asia-Pacific) Limited. Mr Wong has experiences in the advisory and asset management industry since March 2014 where he currently is the director and responsible officer of advisory and asset management of Nebula Asset Management Limited. Mr Wong has also been the vice president and assistant chairman of Guoce Geoinformation Technology Industry Park Group Co., Ltd. (國測地理信息科技產業園有限公司) since March 2018.

Mr Wong obtained the Bachelor of Commerce & Administration in Accounting and Commercial Law and Information Systems from Victoria University of Wellington New Zealand in December 2002. He also obtained his professional qualification as a chartered accountant from the New Zealand Institute of Chartered Accountants and a certified public accountant from the Hong Kong Institute of Certified Public Accountants in February 2008 and January 2011, respectively.

As at the date of this annual report, Mr Wong is deemed to be interested in 1,918,000,000 shares (long position) of the Company (representing 29.89% of the Company's issued share capital) under the Securities and Futures Ordinance (the "SFO") by virtue of his interest in Ample Grace Investments Limited.

Mr Wang Guiwu, aged 61, is an executive Director of the Company since 8 October 2021.

He has more than 20 years of experience in business management. From May 1982 to July 1992, Mr Wang Guiwu was the head of foreign funds department of Dandong Foreign Trade and Economic Cooperation Commission* (丹東市外經貿委外資處). From July 1992 to July 1997, Mr Wang Guiwu was the vice magistrate of Kuandian Manchu Autonomous County* (寬甸滿族自治縣). From July 1997 to May 2000, Mr Wang Guiwu worked as the vice department head of the Bureau of Mechanical and Metallurgical Industries of Dandong* (丹東市機械冶金工業局). From May 2000 to May 2013, Mr Wang Guiwu was the president and chairman of Liaoning Huibao International Investment Group Co., Ltd.* (遼寧匯寶國際投資集團有限公司). Mr Wang Guiwu was also a non-executive director of Shengjing Bank Co., Ltd.* (盛京銀行股份有限公司) (stock code: 2066), a bank listed on the Main Board of the Stock Exchange, from 2011 to 2013. Since March 2016, Mr Wang Guiwu has been the director of Liaoning Antai Nonferrous Mining Co., Ltd.* (遼寧安泰有色礦業有限公司), chairman of Guoce Geoinformation Technology Industry Park Group Co., Ltd. (國測地理信息科技產業園有限公司) and chairman of An Tai International Investment Group (Hong Kong) Co., Ltd.* (安泰國際投資集團(香港)有限公司).

Mr Wang Guiwu obtained a diploma of mechanical engineering from Northeastern Institute of Technology* (東北工學院) (now known as Northeastern University (東北大學)) in September 1982.

As at the date of this annual report, Mr Wang Guiwu is deemed to be interested in 1,918,000,000 shares (long position) of the Company (representing 29.89% of the Company's issued share capital) under the SFO by virtue of his interest in Ample Grace Investments Limited.

* *For identification purposes only*

Mr Huang Zhuguang ("Mr Huang"), aged 59, is an executive Director of the Company since 1 December 2021.

Mr Huang has over 30 years of experience in the cultural industry. Mr Huang is the chairman of GuangDong First Union Animation Technology Co., Ltd., a company engaging in production of intelligent electronic toys which he founded in 1998. Mr Huang also founded Firstunion Animation Technology (HK) Co., Limited in 2016 and Shunlian Animation Technology Vietnam Co., Ltd in 2019, respectively. In 2016, Mr Huang founded Guangdong Guancheng Industrial Investment Co., Ltd., a company which principally engages in industrial investments, equity investments and venture capital investments.

Mr Huang obtained a bachelor's degree in business administration from the Communication University of China.

As at the date of this annual report, Mr Huang is deemed to be interested in 1,276,814,973 shares (long position) of the Company (representing 19.90% of the Company's issued share capital) under the SFO by virtue of his interest in Guangdong Guancheng Industrial Investment Co., Ltd.. Guangdong Guancheng Industrial Investment Co., Ltd holds entire the equity interest in GuangDong First Union Animation Technology Co., Ltd., and Guangdong First Union Animation Technology Co., Ltd. holds the entire equity interest in Firstunion Animation Technology (HK) Co., Limited.

Mr Zheng Fu Shuang ("Mr Zheng"), aged 56, is an executive Director of the Company since September 2006.

Mr Zheng is the chairman, chief executive officer and executive director of China Digital Video Holdings Limited, a company listed on the GEM of the Stock Exchange (Stock Code: 8280). He has over 20 years' experience in the radio film and television business in the PRC. He was awarded the "Best Technology Entrepreneur of Private Enterprise in China" (中國優秀民營科技企業家) and "Outstanding entrepreneurs medal of The Hong Kong Polytechnic University's Bauhinia Cup"(香港理工大學紫荊花杯傑出企業家獎) and "The Eighteenth Beijing May Fourth Medal" (第十八屆北京市「五四獎章」).

He graduated from the Institute of Electronics, Chinese Academy of Sciences with a master's degree in Engineering, and Peking University Guanghua School of Management with an EMBA degree.

Mr Zheng has an interest in the shares of the Company, details of which are set out in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" under Directors' report in this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Chu Kin Wang, Peleus ("Mr Chu"), aged 57, is an independent non-executive Director of the Company since 8 October 2021.

Mr Chu has over 30 years of experience in corporate finance, auditing, accounting and taxation. He is an independent non-executive director of China First Capital Group Limited (stock code: 1269), Huayu Expressway Group Limited (stock code: 1823), Tianli Holdings Group Limited (stock code: 117) and Mingfa Group (International) Company Limited (stock code: 846), and an executive director of Momentum Financial Holdings Limited (stock code: 1152), and all of the said companies are listed on the Main Board of the Stock Exchange. Mr Chu is also an independent non-executive director of Madison Holdings Group Limited (stock code: 8057) and Hyfusin Group Holdings Limited (stock code: 8512), and all of the said companies are listed on GEM of the Stock Exchange.

Mr Chu was also an independent non-executive director of Telecom Service One Holdings Limited (stock code: 3997) from April 2013 to December 2017, and Xinming China Holdings Limited (stock code: 2699) from April 2021 to August 2021, and a non-executive director of Perfect Group International Holdings Limited (stock code: 3326) from August 2015 to March 2017. He was also an independent non-executive director of China Huishan Dairy Holdings Company Limited (stock code: 6863) from June 2017 to December 2017, PT International Development Corporation Limited (stock code: 372) from March 2017 to September 2017, Flyke International Holdings Ltd. (stock code: 1998) from February 2010 to December 2020 and a deputy chairman and executive director of Chinese People Holdings Company Limited (stock code: 681) from December 2008 to September 2020. All of the said companies are listed on the Main Board of the Stock Exchange. He was also an independent non-executive director of SuperRobotics Holdings Limited (stock code: 8176), a company listed on GEM of the Stock Exchange from March 2012 to November 2021.

Mr Chu obtained a master's degree in Business Administration from The University of Hong Kong in December 1998. Mr Chu is a fellow of the Hong Kong Institute of Certified Public Accountants and is also an associate of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Corporate Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries).

Mr Chin Chi Ho, Stanley ("Mr Chin"), aged 39, is an independent non-executive Director of the Company since 8 October 2021.

Mr Chin has over 15 years of experience in the areas of audit, financial management, corporate governance and operations in capital markets. Mr Chin served as an audit specialist in PricewaterhouseCoopers and KPMG for 7 years. Mr Chin has extensive experience serving as senior management for multiple Hong Kong listed companies. Mr Chin is currently the independent non-executive director of Champion Alliance International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1629).

Mr Chin has obtained a Master of Business Administration degree from the University of Hong Kong. He was admitted as a Certified Public Accountant (CPA) in 2009. He has also been awarded the qualification of Financial Risk Manager (FRM) in 2009 and Chartered Financial Analyst (CFA) in 2010.

Mr Chung Wai Man ("Mr Chung"), aged 63, is an independent non-executive Director of the Company since 8 October 2021.

Mr Chung has over 24 years of experience in finance and business consulting. Mr Chung started working in The Kwangtung Provincial Bank in 1976, and his last position before leaving the bank in 1996 was a manager in charge of the Tai Po sub-branch. Subsequently in 1996, Mr Chung established Raymond Chung Company, a finance and business consulting firm for corporations in Hong Kong. In 2004, he set up another consulting firm, Excel Linker Capital (Asia) Limited, to provide similar consultancy services. Due to duplicity of the business nature, Raymond Chung Company was closed in September 2006. In 2009, Mr. Chung applied to deregister Excel Linker Capital (Asia) Limited as he decided to quit the consultancy services market.

Mr Chung acted as an independent non-executive director of United Gene High-Tech Group Limited (currently known as Innovative Pharmaceutical Biotech Limited) (stock code: 399) from March 2007 to May 2009, Fu Ji Food and Catering Services Holdings Limited (currently known as Fresh Express Delivery Holdings Group Co., Limited) (stock code: 1175) from June 2011 to July 2013, China Kingstone Mining Holdings Limited (stock code: 1380) from February 2013 to July 2015, Fuguiniao Co., Ltd. (stock code: 1819, the shares of which were delisted on 26 August 2019) from September 2017 to May 2018, Centron Telecom International Holding Ltd. (stock code: 1155, the shares of which were delisted on 1 December 2020) from April 2018 to February 2020, and China Taifeng Beddings Holdings Limited (stock code: 873, the shares of which were delisted on 21 February 2019) from November 2018 to February 2019 and a non-executive director of Arta Techfin Corporation Limited (formerly known as Freeman FinTech Corporation Limited) (stock code: 279) from December 2020 to October 2021, with all of the said companies being companies listed on the Main Board of the Stock Exchange. He acted as an independent non-executive director from January 2009 to August 2013 and a non-executive director from August 2013 to September 2014 of U-RIGHT International Holdings Limited (currently known as Fullsun International Holdings Group Co., Limited) (stock code: 627), a company listed on the Main Board of the Stock Exchange.

Since June 2017, Mr Chung has been an independent non-executive director of China Huishan Dairy Holdings Company Limited (stock code: 6863, the shares of which were delisted on 23 December 2019). Mr Chung currently served as an independent non-executive director of Hifood Group Holdings Co., Ltd. (stock code: 442) and an executive director of Silk Road Logistics Holdings Limited (stock code: 988). All of the said companies were companies listed on the Main Board of the Stock Exchange.

Mr Chung holds a Diploma in Business Management from the Hong Kong Management Association and a Certificate of Bank of China Banking Course.

Mr Hua Yichun ("Mr Hua"), aged 39, is an independent non-executive Director of the Company since 1 December 2021.

Mr Hua is the chief financial officer of Bitmain Technologies Holding Company. Before joining Bitmain Technologies Holding Company in March 2021, he was a partner at the capital markets department of the Hong Kong office of Shearman & Sterling LLP. Mr Hua has approximately 15 years of experience in legal practice.

Mr Hua holds a Bachelor of Laws degree from Peking University and a Bachelor of Laws degree from the University of Nottingham. Mr Hua is qualified to practise law in Hong Kong, New York and England and Wales.

Mr Wang Bingzhong, aged 39, is an independent non-executive Director of the Company since 1 December 2021.

Mr Wang Bingzhong is the chairman and a director of Hong Kong Sustaintech Foundation Limited since November 2021. Mr Wang Bingzhong is a director of LSQ Management Limited since January 2021. He is an executive director and president of Dragon Victory International, a NASDAQ listed company (stock code: LYL) since December 2021. Mr Wang Bingzhong served as an executive director of Loto Interactive Limited, a company listed on GEM of the Stock Exchange (stock code: 8198) from June 2017 and was appointed as its chief executive officer and compliance officer from July 2017 until October 2020, at which point he resigned from all positions of Loto Interactive Limited. Mr Wang Bingzhong served as an associate director of CCB International (Holdings) Limited, and a director of CCBI Overseas Holdings Limited in 2016. Prior to that, Mr Wang Bingzhong was a director of A-TEST Compliance Services (Beijing) Co., Ltd. (奧測世紀(北京)技術股份有限公司) (NEEQ stock code: 830873), a company listed on the National Equities Exchange and Quotations Co. Ltd. (全國中小企業股份轉讓系統), from December 2013 to March 2015.

Mr Wang Bingzhong received a master of business administration from the Hong Kong University of Science and Technology in 2013 as well as a bachelor's degree in computer science and technology from Nanjing University in 2005.

SENIOR MANAGEMENT

Mr Shi Lei ("Mr Shi"), aged 47, is the chief executive officer of the Company since 8 October 2021. Mr Shi obtained a bachelor's degree in electrical engineering and a bachelor's degree in industrial engineering from Tsinghua University in 1997. In 2000, he obtained a master's degree in electrical engineering from Tsinghua University. Mr Shi was the elected president of Tsinghua University Student Union in 1996, and was the chairman of Tsinghua University Graduate Association in 1997. Before joining the Company, he worked in a number of companies, including A. T. Kearney, Bohai Industrial Investment Fund (渤海產業投資基金), Hunan Caixin Financial Holding Group (湖南財信金融控股集團) and Guoce Geoinformation Technology Industry Park Group Co., Ltd. (國測地理信息科技產業園有限公司), and was a director of NanHua Bio-medicine Co., Ltd. (南華生物醫藥股份有限公司) (stock code: 000504), a company listed on the Shenzhen Stock Exchange. Mr Shi has over 21 years of experience in business management and the finance industry.

Mr Xia Ding, aged 53, is the chief operational officer of the Company since 8 October 2021 and the president of several subsidiaries of the Company in Chongqing since April 2013, and is responsible for the overall operation of the Group's business in Chongqing. He obtained a bachelor degree in Industrial and Civil Construction from Chongqing Construction Engineering University (now merged into Chongqing University). Before joining the Company, he worked in a number of property development companies, including Chongqing Jundu Property Development Co., Ltd.* (重慶郡都物業發展有限公司) and Hevol Real Estate Group Co., Ltd.* (和泓置地集團有限公司). He possesses 31 years of knowledge and experience in engineering management and real estate development and operation.

Mr Jiang Xiaoping ("Mr Jiang"), aged 57, has served as the deputy chief executive officer of the Company since 8 October 2021 and the president of several subsidiaries of the Company in Wuhan since 2010, and is responsible for the overall operation of the Group's business in Wuhan. Mr Jiang obtained a bachelor's degree in law from Southwest University of Political Science & Law in 1986 and is qualified as a practising lawyer in the PRC. From 1996 to 2010, Mr Jiang worked for various law firms and companies in the financial industry, and held the posts of manager of the legal department, the assistant president of the general office and the vice president of the general office, responsible for equity investment, corporate restructuring and mergers and acquisitions of various companies. Mr Jiang has over 25 years of work experience in the fields of finance and real estate development.

* *For identification purposes only*

The Directors present their report and the audited financial statements of the Company and the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 1 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the Reporting Period and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 78 to 206 of this annual report.

The Directors do not recommend the payment of any dividend in respect of the Reporting Period.

BUSINESS REVIEW

A review of the business of the Group during the Reporting Period and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing are set out in the section headed "Management Discussion and Analysis" on pages 4 to 19 of this annual report.

The financial risk management objectives and policies of the Group are set out in note 49 to the consolidated financial statements.

An analysis of Group's performance during the Reporting Period using financial key performance indicators is set out in the sections headed "Management Discussion and Analysis" on pages 4 to 19 and "Financial Highlights" on page 206 of this annual report.

Discussions on the Group's environmental policies, relationships with its employees, customers, suppliers and other key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are set out in the section headed "Environmental, Social and Governance Report" on pages 33 to 59 of this annual report.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 205 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the Reporting Period are set out in notes 15 and 16 to the consolidated financial statements, respectively. Further details of the Group's investment properties are set out on page 204 of this annual report.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the Reporting Period are set out in notes 36 and 37 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("2022 AGM") will be held on 15 September 2022. The notice of the 2022 AGM will be published and dispatched to shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 9 September 2022 to Thursday, 15 September 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2022 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong (if the transfer will be lodged on or after 15 August 2022) for registration no later than 4:30 p.m. on Thursday, 8 September 2022.

Remark: The address of the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, will be changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong with effect from 15 August 2022. For details, please refer to the Company's announcement to be made in due course.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

MANAGEMENT CONTRACT

No contracts in respect of the management or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the Reporting Period.

DISTRIBUTABLE RESERVES

In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution or payment of dividends to shareholders provided that, immediately following such distribution or payment, the Company is able to pay off its debts as and when they fall due. As at 31 March 2022, the Company's reserves available for distribution comprised contributed surplus of approximately RMB1,306,591,000. The Company's share premium account, with a balance of approximately RMB258,000 as at 31 March 2022, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the Reporting Period, sales to the Group's five largest customers accounted for less than 17% of the total sales for the Reporting Period. Purchases from the Group's five largest suppliers accounted for 35% of the total purchase for the Reporting Period and purchase from the largest supplier include therein amounted 16%.

None of the Directors of the Company or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest suppliers.

DIRECTORS

The Directors of the Company during the Reporting Period and up to the date of this Directors' report were:

Executive Directors

Mr Wong Kai Ho (*Chairman*, appointed on 8 October 2021)
Mr Wang Guiwu (appointed on 8 October 2021)
Mr Huang Zhuguang (appointed on 1 December 2021)
Mr Zheng Fu Shuang
Mr Cheung Shuen Lung (*Past chairman*, resigned as chairman on 8 October 2021 and resigned as executive Director on 10 November 2021)
Mr Zeng Gang (*Past president*, resigned as president on 8 October 2021 and resigned as executive Director on 12 November 2021)
Ms Sun Min (removed on 10 November 2021)
Mr Ma Jian Bin (removed on 10 November 2021)
Ms Liao Hang (removed on 10 November 2021)

Non-executive Director

Mr Yau Pak Yue (appointed on 8 October 2021 and resigned on 7 December 2021)

Independent non-executive Directors

Mr Chu Kin Wang, Peleus (appointed on 8 October 2021)
Mr Chin Chi Ho, Stanley (appointed on 8 October 2021)
Mr Chung Wai Man (appointed on 8 October 2021)
Mr Hua Yichun (appointed on 1 December 2021)
Mr Wang Bingzhong (appointed on 1 December 2021)
Mr Ning Rui (appointed on 8 October 2021 and resigned on 8 December 2021)
Mr Chan Chung Kik, Lewis (resigned on 30 September 2021)
Mr Lau Ka Wing (resigned on 30 September 2021)
Mr Lai Nga Ming, Edmund (resigned on 30 September 2021)

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual confirmations of independence from each of its independent non-executive Directors as at 31 March 2022, and still considers them to be independent as at 31 March 2022.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the current Directors of the Company and the senior management of the Group are set out on pages 60 to 64 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' EMOLUMENTS

The emoluments of the Directors of the Company are determined by reference to the market rates, commitment, contribution and their duties and responsibilities within the Group.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor an entity connected with a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of the Company's subsidiaries was a party during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2022, the interests and short positions of the Directors in the share capital, underlying shares and debenture of the Company or its associated corporations (within the meaning of Part XV of 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:

Long positions in ordinary shares of the Company:

		Number of ordinary shares held, capacity and nature of interest			Percentage of the Company's issued share capital
Name of Director	Notes	Directly beneficially owned	Through controlled corporation	Total	
Mr Zheng Fu Shuang	1	200,019,000	584,984,000	785,003,000	12.23
Mr. Wong Kai Ho	2	–	1,918,000,000	1,918,000,000	29.89
Mr. Wang Guiwu	3	–	1,918,000,000	1,918,000,000	29.89
Mr. Huang Zhuguang	4	–	1,276,814,973	1,276,814,973	19.90

Notes:

1. Mr Zheng Fu Shuang is interested in 584,984,000 shares through his interest in Starry Nation Limited.

2. Mr Wong Kai Ho is interested in 1,918,000,000 shares through his interest in Ample Grace Investments Limited.

3. Mr Wang Guiwu is interested in 1,918,000,000 shares through his interest in Ample Grace Investments Limited.

4. Mr Huang Zhuguang is interested in 1,276,814,973 shares through his interest in Firstunion Animation Technology (HK) Co., Limited.

Short positions in ordinary shares of the Company:

Name of Director	Note	Number of ordinary shares held, capacity and nature of interest through controlled corporation	Percentage of the Company's issued share capital
Mr Zheng Fu Shuang	1	100,000,000	1.56

Note:

1. Mr Zheng Fu Shuang is interested in these shares through his interest in Starry Nation Limited.

Save as disclosed above, as at 31 March 2022, none of the Directors nor the chief executive of the Company had registered an interest or short position in the shares or underlying shares 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' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors of the Company had any interest in a business (other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or any member of the Group) which is considered to compete or is likely to compete, either directly or indirectly, with the businesses of the Group.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

At 31 March 2022, so far it is known to the Directors of the Company, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

			Long positions		Short positions	
Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital	Number of ordinary shares held	Percentage of the Company's issued share capital
Ample Grace Investments Limited ("Ample Grace")	1	Directly beneficially owned	1,918,000,000	29.89	–	–
Mr Wong Kai Ho	2	Through a controlled corporation	1,918,000,000	29.89	–	–
Mr Wang Guiwu	3	Through a controlled corporation	1,918,000,000	29.89	–	–
Firstunion Animation Technology (HK) Co., Limited ("Firstunion")	4	Directly beneficially owned	1,276,814,973	19.90	–	–
廣東順聯動漫科技有限公司 (Guangdong First Union Animation Technology Co., Ltd.*) ("Guangdong Firstunion")	5	Through a controlled corporation	1,276,814,973	19.90	–	–
廣東貫成實業投資有限公司 (Guangdong Guancheng Industrial Investment Co., Ltd*) ("Guangdong Guancheng")	6	Through a controlled corporation	1,276,814,973	19.90	–	–
Mr Huang Zhuguang	7	Through a controlled corporation	1,276,814,973	19.90	–	–
Mr Zheng Fu Shuang	8	Through a controlled corporation	785,003,000	12.23	100,000,000	1.56
Kaiya Fund Pte. Ltd. ("Kaiya Fund")	9	Directly beneficially owned	641,600,000	10.00	–	–

* *For identification purposes only*

Name	Notes	Capacity and nature of interest	Long positions Number of ordinary shares held	Long positions Percentage of the Company's issued share capital	Short positions Number of ordinary shares held	Short positions Percentage of the Company's issued share capital
Ms Cui Yaling	10	Through a controlled corporation	641,600,000	10.00	–	–
Shine Crest Group Limited	11	Through a controlled corporation	584,984,000	9.12	100,000,000	1.56
Starry Nation Limited	12	Directly beneficially owned	584,984,000	9.12	100,000,000	1.56
Rongtong Fund Management Co., Ltd.	13	Through a controlled corporation	512,784,000	7.99	–	–
Rongtong Ronghai No. 10 SNIA QDII	14	Directly beneficially owned	512,784,000	7.99	–	–

Notes:

1. Ample Grace is interested in 1,918,000,000 shares of the Company.

2. Mr Wong Kai Ho is deemed to be interested in the 1,918,000,000 shares of the Company under the SFO by virtue of his interest in Ample Grace.

3. Mr Wang Guiwu is deemed to be interested in the 1,918,000,000 shares of the Company under the SFO by virtue of his interest in Ample Grace.

4. Firstunion is interested in 1,276,814,973 shares of the Company.

5. Guangdong Firstunion is deemed to be interested in the 1,276,814,973 shares of the Company under the SFO by virtue of its interest in Firstunion.

6. Guangdong Guancheng is deemed to be interested in the 1,276,814,973 shares of the Company under the SFO by virtue of its interest in Guangdong Firstunion.

7. Mr Huang Zhuguang is deemed to be interested in the 1,276,814,973 shares of the Company under the SFO by virtue of his interest in Guangdong Guancheng.

8. Mr Zheng Fu Shuang is interested in 785,003,000 shares of the Company, out of which 200,019,000 shares are held directly by Mr Zheng Fu Shuang and 584,984,000 shares are held through Starry Nation Limited. The 100,000,000 shares of the Company held by Starry Nation Limited are charged to Fountain Luck Holdings Limited, which is indirectly wholly owned by Founder Information, and are classified as a short position of Starry Nation Limited under the SFO.

9. Kaiya Fund is interested in 641,600,000 shares of the Company.

10. Ms Cui Yaling is deemed to be interested in the 641,600,000 shares of the Company under the SFO by virtue of her interest in Kaiya Fund.

11. Shine Crest Group Limited is deemed to be interested in the 584,984,000 shares of the Company under the SFO by virtue of its interest in Starry Nation Limited.

12. Starry Nation Limited is interested in the 584,984,000 shares of the Company.

13. Rongtong Fund Management Co. Ltd. is deemed to be interested in 512,784,000 shares of the Company under the SFO by virtue of its interest in Rongtong Ronghai No. 10 SNIA QDII.

14. Rongtong Ronghai No. 10 SNIA QDII is interested in the 512,784,000 shares of the Company.

Save as disclosed above, so far it is known to the Directors of the Company, as at 31 March 2022, no person, other than the Directors of the Company, whose interests are set out in the section “Directors’ and chief executive’s interests and short positions in shares and underlying shares and debenture” 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.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

On 28 November 2019, the Company entered into a master property management service agreement (the “Master Property Management Service Agreement”) with Resources Group, pursuant to which Resources Group and its associates agreed to provide pre-sale property management services to the Group for the three years ending 31 December 2022. Further details of the transaction were set out in the announcement of the Company dated 28 November 2019.

During the Reporting Period, property management service fees of approximately RMB3,846,000 (2020: RMB47,089,000) were paid to Resources Group. The Directors considered that the provision of property management services by Resources Group was made in accordance with the Master Property Management Service Agreement.

Following the sale of shares of the Company by Founder information to Kaiya Fund on 5 November 2021, Founder Information (acting by the Liquidators) was only interested in 13,719,434 shares in the Company (representing approximately 0.21% of the issued share capital of the Company). Accordingly, Founder Information, Peking Founder (being an associate of Founder Information) and Resources Group (being the holding company of Founder Information) were no longer connected persons of the Company. As a result, the transactions contemplated under the Master Property Management Service Agreement no longer constituted a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

The independent non-executive Directors of the Company have reviewed the continuing connected transaction as set out above and have confirmed that this continuing connected transaction was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or, if there are no sufficient comparable transaction to judge whether it is on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

CCTH CPA Limited, the Company's auditors, were 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. CCTH CPA Limited have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transaction disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

During the Reporting Period, the Company did not fully comply with the requirements under Chapter 14A of the Listing Rules in respect of certain past connected transactions and past continuing connected transactions, details of which are set out in the announcements of the Company dated 15 July 2022 and 22 July 2022.

Save as disclosed above, during the Reporting Period, the Group did not enter into any other connected transaction or continuing connected transaction which is required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DISCLOSURES PURSUANT TO RULES 13.21 AND 13.22 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of the Company's facility agreement, which contain covenants requiring performance obligations of the controlling shareholders of the Company.

On 22 October 2019, the Company (as borrower) signed a facility agreement (the "Facility Agreement") with a financial institution for a facility up to an aggregate amount of USD15,000,000 (the "Facility") for a term of 364 days following the utilisation date. On 22 October 2019, the Group mortgaged a real property in Hong Kong (the "Property") in favour of the lender to secure the performance of the obligations under the Facility Agreement.

Under the Facility Agreement, a mandatory prepayment event occurs if, among other things:

(1) Founder Information ceases to (i) directly or indirectly own and hold not less than 51% of the outstanding shares of the Company; (ii) directly or indirectly remain as the single largest shareholder of the Company; or (iii) have the ability to appoint and/or remove all or majority of the members of the Board; or

(2) the financial statements of the Company ceases to be consolidated with the financial statements of Founder Information under Hong Kong Financial Reporting Standards; or

(3) Resources Group and its subsidiaries together cease to directly or indirectly own and hold not less than 51% of the outstanding shares of Founder Information; or

(4) PKU Asset Management ceases to directly or indirectly control Resources Group.

On 18 November 2020, the Company and, among others, the lender to the Facility Agreement entered into a supplemental deed to the Facility Agreement to extend the repayment date of the Facility (the "Renewed Facility") to 21 October 2021. Save for the Renewed Facility, the specific performance obligations on Founder Information, Resources Group and its subsidiaries together and PKU Asset Management in the Facility Agreement remain unchanged.

As a mandatory repayment event subsequently occurred, the lender appointed a receiver in respect of the Property and the receiver completed a sale of the Property on 15 October 2021. Subsequent to the sale, the receiver had apportioned and distributed approximately HK$131,261,000 out of the sale proceeds to the lender as full and final settlement of the principal and interest owed and payable by the Company to the lender as of 20 October 2021. As at the date of this annual report, the Facility Agreement and the Renewed Facility had been repaid in full.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

AUDITORS

Ernst & Young retired as auditor of the Company upon expiration of its term of office at the conclusion of the annual general meeting of the Company held on 1 March 2022. With effect from 1 March 2022, CCTH CPA Limited has been appointed as the auditor of the Company following the retirement of Ernest & Young. Save as the aforesaid, there has been no change in the auditors of the Company in the preceding three years.

The consolidated financial statements for the fifteen months ended 31 March 2022 of the Company have been audited by CCTH CPA Limited. CCTH CPA Limited will retire at the 2022 AGM and, being eligible, will offer itself for re-appointment at the 2022 AGM.

ON BEHALF OF THE BOARD

Wong Kai Ho
Chairman

Hong Kong
28 June 2022

CCTH CPA LIMITED
中正天恆會計師有限公司

To the shareholders of Peking University Resources (Holdings) Company Limited
(Incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Peking University Resources (Holdings) Company Limited (the "Company") and its subsidiaries (collectively referred as the "Group") set out on pages 78 to 203, which comprise the consolidated statement of financial position as at 31 March 2022, 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 period from 1 January 2021 to 31 March 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(a) Opening balances and corresponding figures

As detailed in the auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2020 (the "2020 Financial Statements"), the predecessor auditor disclaimed their opinion on the Group's consolidated financial statements for the year ended 31 December 2020. Accordingly, we are unable to obtain sufficient and appropriate audit evidence as to whether the 2020 Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended. In addition, we are also unable to form an opinion as to whether the consolidated assets and liabilities of the Group at 31 December 2020 presented in the consolidated statement of financial position are appropriately carried forward and recognised as the opening balances of the Group's respective assets and liabilities as at 1 January 2021.

During the current period, the Group disposed of its former subsidiaries, Hong Kong Huzi Limited ("HK Huzi") and its subsidiaries, including Peking University Resources Group Investment Company Limited ("Resources Investment"), as detailed in note 46 to the consolidated financial statements. Any adjustments to the Group's net liabilities as at 1 January 2021 arising from Resources Investment which were found necessary might give significant impact on the gain on disposal of HK Huzi and its subsidiaries amounted to approximately RMB3,372 million reported in the consolidated financial statements of the Group for the period from 1 January 2021 to 31 March 2022, and the related disclosures as set out in note 46 to the consolidated financial statements.

We also express no opinion on whether the comparative information is properly presented and the comparability of the current period's figures and the corresponding figures.

BASIS FOR DISCLAIMER OF OPINION (continued)

(b) Going concern

As disclosed in note 2 to the consolidated financial statements, at 31 March 2022, the Group had bank and other borrowings amounted to approximately RMB4,518 million, of which approximately RMB3,498 million was included in current liabilities at that date, substantially all of which represent the overdue borrowings due for immediate repayments. In addition, the Group had recorded accrued interests payable amounted to approximately RMB422 million on bank and other borrowings at 31 March 2022 which was included in other payables and accruals. However, the Group had cash and cash equivalents amounted to approximately RMB642 million at 31 March 2022.

The Group had significant cash shortfall of approximately RMB3,278 million at 31 March 2022, which was calculated as the difference between the aggregate of the current portion of bank and other borrowings and the accrued interests payable at 31 March 2022 and the Group's cash and cash equivalents as at that date.

The consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of which depends upon the results of the successful implementation and outcome of the measures, as detailed in note 2 to the consolidated financial statements, to be undertaken by the Group. In view of the material uncertainties relating to the results of those measures to be undertaken by the Group which may cast significant doubt on the Group's ability to continue as a going concern, we have disclaimed our opinion as whether it is appropriate for the preparation of the consolidated financial statements on a going concern basis.

Should the going concern assumption be inappropriate, adjustments would have to be made to the consolidated financial statements to write down the value of assets to their net realisable values, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed disclaimer of opinion to those consolidated financial statements on 12 January 2022.

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("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.

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report that included our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, it is not possible for us to form an opinion on these consolidated financial statements.

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.

CCTH CPA Limited
Certified Public Accountants
Hong Kong, 28 June 2022

David Yim Kai Pung
Practising Certificate Number: P02324

Unit 1510–1517, 15/F., Tower 2,
Kowloon Commerce Centre,
No. 51 Kwai Cheong Road,
Kwai Chung, New Territories,
Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the fifteen months ended 31 March 2022

	Notes	**Period from 1 January 2021 to 31 March 2022 RMB'000**	Year ended 31 December 2020 RMB'000
REVENUE	7	**11,799,624**	9,085,402
Cost of sales		**(14,453,445)**	(8,550,165)
Gross (loss)/profit		**(2,653,821)**	535,237
Other income and gains	7	**5,775,615**	583,075
Selling and distribution expenses		**(307,704)**	(323,672)
Administrative expenses		**(444,447)**	(534,920)
Impairment losses on financial assets, net		**–**	(16,965)
Other expenses and losses		**(1,578,869)**	(485,058)
Finance costs	9	**(548,451)**	(1,030,769)
Share of losses of associates		**(697)**	(3,809)
PROFIT/(LOSS) BEFORE TAX	8	**241,626**	(1,276,881)
Income tax expense	12	**(675,318)**	(568,157)
LOSS FOR THE PERIOD/YEAR		**(433,692)**	(1,845,038)
Profit/(loss) attributable to:			
Owners of the Company		**1,509,499**	(2,025,393)
Non-controlling interests		**(1,943,191)**	180,355
		(433,692)	(1,845,038)

	Note	**Period from 1 January 2021 to 31 March 2022 RMB cents**	Year ended 31 December 2020 RMB cents
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	14		
Basic		**23.53**	(31.57)
Diluted		**N/A**	N/A

	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
LOSS FOR THE PERIOD/YEAR	**(433,692)**	(1,845,038)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of non-Mainland China entities' operations	**(98,870)**	46,378
	(98,870)	46,378
Item that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**69,295**	(6,938)
	69,295	(6,938)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR, NET OF TAX	**(29,575)**	39,440
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR	**(463,267)**	(1,805,598)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**1,485,807**	(1,984,930)
Non-controlling interests	**(1,949,074)**	179,332
	(463,267)	(1,805,598)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Notes	**31 March 2022 RMB'000**	31 December 2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**42,346**	87,843
Investment properties	16	**520,261**	1,523,097
Right-of-use assets	17(a)	**4,530**	18,878
Other intangible assets	19	**3,018**	4,465
Investments in associates	20	**–**	752
Financial assets at fair value through profit or loss	21	**113,818**	–
Deferred tax assets	35	**69,515**	107,264
Total non-current assets		**753,488**	1,742,299
CURRENT ASSETS			
Properties for sale			
– under development	22	**7,551,322**	18,243,990
– completed	23	**3,093,713**	12,001,730
Inventories	24	**506,132**	531,193
Trade and bills receivables	25	**664,799**	1,040,140
Prepayments, other receivables and other assets	26	**5,014,011**	1,767,755
Income tax recoverable		**4**	685,084
Other current assets	27	**–**	315,227
Restricted cash	28	**41,971**	461,300
Cash and cash equivalents	29	**641,949**	1,401,854
Total current assets		**17,513,901**	36,448,273
CURRENT LIABILITIES			
Trade payables	30	**2,012,227**	4,920,330
Other payables and accruals	31	**4,254,000**	8,591,809
Provisions	32	**215,562**	78,775
Contract liabilities	33	**3,488,096**	10,290,733
Interest-bearing bank and other borrowings	34	**3,497,854**	12,173,944
Lease liabilities	17(b)	**4,046**	9,454
Income tax payable		**1,302,254**	2,616,625
Total current liabilities		**14,774,039**	38,681,670
NET CURRENT ASSETS/(LIABILITIES)		**2,739,862**	(2,233,397)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,493,350**	(491,098)

continued/...

	Notes	31 March 2022 RMB'000	31 December 2020 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	34	**1,020,130**	–
Lease liabilities	17(b)	**1,495**	1,118
Deferred tax liabilities	35	**83,188**	215,742
Total non-current liabilities		**1,104,813**	216,860
Net assets/(liabilities)		**2,388,537**	(707,958)
EQUITY			
Share capital	36	**545,335**	545,335
Reserves	38	**(1,007,416)**	(2,389,470)
Equity attributable to owners of the Company		**(462,081)**	(1,844,135)
Non-controlling interests		**2,850,618**	1,136,177
Total equity		**2,388,537**	(707,958)

The consolidated financial statements on pages 78 to 203 were approved and authorised for issue by the board of directors on 28 June 2022 and were signed on its behalf by:

Wong Kai Ho
Director

Huang Zhuguang
Director

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium account RMB'000	Merger reserve RMB'000	Contributed surplus RMB'000	Non-controlling interest reserve RMB'000	Exchange fluctuation reserve RMB'000	General reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020	545,335	258	(238,675)	1,297,299	(134,812)	(96,173)	527,031	(1,759,468)	140,795	962,845	1,103,640
Profit/(loss) for the year	–	–	–	–	–	–	–	(2,025,393)	(2,025,393)	180,355	(1,845,038)
Other comprehensive income/(loss) for the year:											
Exchange differences on translation of non-Mainland China entities' investments	–	–	–	–	–	47,401	–	–	47,401	(1,023)	46,378
Exchange differences on translation of financial statements of the Company	–	–	–	–	–	(6,938)	–	–	(6,938)	–	(6,938)
Total comprehensive income/(loss) for the year	–	–	–	–	–	40,463	–	(2,025,393)	(1,984,930)	179,332	(1,805,598)
Transfer to general reserve	–	–	–	–	–	–	57,657	(57,657)	–	–	–
Dividends to a non-controlling shareholder	–	–	–	–	–	–	–	–	–	(6,000)	(6,000)
At 31 December 2020	545,335	258*	(238,675)*	1,297,299*	(134,812)*	(55,710)*	584,688*	(3,842,518)*	(1,844,135)	1,136,177	(707,958)

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium account RMB'000	Merger reserve RMB'000	Contributed surplus RMB'000	Non-controlling interest reserve RMB'000	Exchange fluctuation reserve RMB'000	General reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021	545,335	258	(238,675)	1,297,299	(134,812)	(55,710)	584,688	(3,842,518)	(1,844,135)	1,136,177	(707,958)
Profit/(loss) for the year	–	–	–	–	–	–	–	1,509,499	1,509,499	(1,943,191)	(433,692)
Other comprehensive (loss)/income for the year:											
Exchange differences on translation of non-Mainland China entities' operations	–	–	–	–	–	(92,987)	–	–	(92,987)	(5,883)	(98,870)
Exchange differences on translation of financial statements of the Company	–	–	–	–	–	69,295	–	–	69,295	–	69,295
Total comprehensive (loss)/income for the year	–	–	–	–	–	(23,692)	–	1,509,499	1,485,807	(1,949,074)	(463,267)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	3,628,119	3,628,119
Adjustments relating to capital contribution to a non-wholly owned subsidiary	–	–	–	–		(103,753)	–	–	(103,753)	73,496	(30,257)
Transfer to general reserve	–	–	–	–	–	–	35,347	(35,347)	–	–	–
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(38,100)	(38,100)
At 31 March 2022	545,335	258*	(238,675)*	1,297,299*	(134,812)*	(183,155)*	620,035*	(2,368,366)*	(462,081)	2,850,618	2,388,537

* The consolidated reserve deficits amounted to RMB1,007,416,000 (31 December 2020: RMB2,389,470,000) presented in the consolidated statement of financial position is the aggregate of the above reserves with asterisk (*).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the fifteen months ended 31 March 2022

	Notes	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**241,626**	(1,276,881)
Adjustments for:			
Finance costs	9	**548,451**	1,030,769
Share of losses of associates		**697**	3,809
Interest income	7	**(45,016)**	(38,844)
Fair value loss/(gain) on investment properties, net	7, 8	**328,465**	(61)
Fair value loss on financial assets through profit or loss	8	**8,282**	–
Fair value gains on transfers from properties held for sale to investment properties	7	**–**	(478,556)
Gain on lease revision	7	**–**	(160)
Gain on disposal of subsidiaries	7	**(3,928,635)**	–
COVID-19-related rent concessions from lessors		**–**	(835)
Depreciation of property, plant and equipment	8	**9,311**	11,896
Depreciation of right-of-use assets	8	**9,476**	11,361
Amortisation of other intangible assets	8	**1,776**	2,069
Loss on disposal of property, plant and equipment and investment properties	8	**52,479**	21
Impairment of trade receivables (reversed)/recognised	7, 8	**(6,500)**	10,846
Impairment of financial assets included in prepayments, other receivables and other assets, net (reversed)/recognised	7, 8	**(18,642)**	6,119
Impairment of inventories, net recognised/(reversed)	8	**8,535**	(22,880)
Impairment of properties under development for sale, net	8	**1,331,721**	583,253
Impairment of completed properties for sale, net	8	**2,468,013**	60,808
		1,010,039	(97,266)
(Increase)/decrease in properties for sale			
– under development		**(2,327,988)**	(3,390,005)
– completed		**5,554,429**	2,965,152
Decrease in inventories		**16,526**	142,858
Decrease in trade and bills receivables		**227,419**	225,200
(Increase)/decrease in prepayments, deposits and other receivables		**(7,142,721)**	246,443
(Increase)/decrease in restricted cash		**(26,723)**	481,507
Decrease in other current assets		**315,227**	–
Decrease in trade payables		**(1,819,072)**	(542,028)
Increase in other payables and accruals		**7,168,898**	1,064,647
Increase/(decrease) in provisions		**215,562**	(25,545)
(Decrease)/increase in contract liabilities		**(2,933,183)**	636,486
Effect of foreign exchange rate changes, net		**(26,427)**	49,334
Cash generated from operations		**231,986**	1,756,783
Interest received		**45,016**	11,068
Interest paid		**(728,749)**	(959,196)
Hong Kong profits tax paid		**–**	(1,046)
Mainland China corporate income tax paid		**(103,167)**	(69,109)
Land appreciation tax paid		**(105,982)**	(150,240)
Net cash (used in)/generated from operating activities		**(660,896)**	588,260

continued/...

	Notes	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	15	**(8,852)**	(6,513)
Purchases of other intangible assets	19	**(545)**	(26)
Proceeds from disposal of property, plant and equipment and investment properties		**112,981**	1,223
Cash outflow from disposal of subsidiaries	46	**(128,862)**	–
Net cash flows used in investing activities		**(25,278)**	(5,316)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new bank and other loans		**260,958**	576,440
Repayment of bank and other loans		**(295,873)**	(1,314,280)
Principal portion of lease payments		**(10,621)**	(8,500)
Dividends paid to non-controlling shareholders		**(38,100)**	(6,000)
Decrease in restricted cash for securing borrowings		**10,360**	14,729
Net cash used in financing activities		**(73,276)**	(737,611)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(759,450)**	(154,667)
Cash and cash equivalents at beginning of period/year		**1,401,854**	1,556,977
Effect of foreign exchange rate changes, net		**(455)**	(456)
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR		**641,949**	1,401,854
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	**641,949**	1,391,820
Non-pledged time deposits with original maturity of less than three months when acquired	29	**–**	10,034
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**641,949**	1,401,854

1. GENERAL INFORMATION

Peking University Resources (Holdings) Company Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and Room 2303, 23/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, respectively.

The Company is an investment holding company and, together with its subsidiaries (together with the Company, the "Group"), are principally engaged in distribution of information products, property development as well as property investment in Mainland China (the "PRC").

As at 31 December 2020, the Company was owned as to approximately 60.01% by Founder Information (Hong Kong) Limited ("Founder Information"), which was in turn owned effectively as to approximately 81.64% by 北大方正集團有限公司 (Peking University Founder Group Company Limited) ("Peking Founder"). The directors considered the ultimate holding company of the Company as at 31 December 2020 to be 北大資產經營有限公司 (Peking University Asset Management Company Limited*), which was established in the PRC. During the period from 1 January 2021 to 31 March 2022, Founder Information disposed of its shareholding in the Company to several third parties, details of which are set out in the Company's announcements dated 6 November 2020, 27 November 2020, 2 February 2021, 22 February 2021, 12 March 2021, 12 April 2021, 3 May 2021, 3 June 2021, 8 July 2021, 6 August 2021, 31 August 2021, 30 September 2021 and 29 October 2021 and following the completion of the disposal, the Company ceased to have any parent company.

Change of accounting period

During the current financial period, the Group changed its reporting period end date from 31 December to 31 March because the directors consider it better coincide with the seasonal operating cycle of the Group's property development business, which usually records higher sales of properties in the first quarter of each year. Such busy season demands heightened commercial efforts, and the change of financial year end date will enable the Group to better utilize its resources on executing its business plans during such busy season. Accordingly, the consolidated financial statements for the current period cover the fifteen-month period from 1 January 2021 to 31 March 2022. The corresponding comparative amounts shown for the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover 12 months from 1 January 2020 to 31 December 2020 and therefore may not be comparable with amounts shown for the current period.

The trading of shares of the Company has been suspended by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as from 26 April 2021 and remained suspended as at 28 June 2022, the date of approval of these consolidated financial statements.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

* *For identification purposes only*

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

Going concern basis

The Group had cash and cash equivalents amounted to approximately RMB641,949,000 at 31 March 2022 and at that date, the Group had bank and other borrowings amounted to approximately RMB4,517,984,000, of which approximately RMB3,497,854,000 was included in current liabilities, substantially all of which represent the overdue borrowings due for immediate repayments. In addition, the Group had recorded accrued interests payable amounted to approximately RMB422,166,000 on bank and other borrowings at 31 March 2022 which was included in other payables and accruals.

The consolidated financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group had significant cash shortfall of approximately RMB3,278,071,000 at 31 March 2022, which was calculated as the difference between the aggregate of the current portion of bank and other borrowings and the accrued interests payable at 31 March 2022 and the Group's cash and cash equivalents as at that date. This cash shortfall may have a significant adverse impact to the going concern of the Group.

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

In view of such circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures and plans are being undertaken or will be undertaken by the Group to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(a) The directors of the Company are considering various proposals, including but not limited to disposal of equity interest of certain group entities engaging in property development or pledges of the Group's properties for sales, in order to obtain additional funds to support the Group's working capital needs. As at 31 March 2022, the book value of the properties under development for sale and completed properties for sale of the Group amounted to approximately RMB7,551.3 million and RMB3,093.7 million, respectively.

(b) The Group has been actively negotiating with existing lenders for loan extension, the waiver of the repayable on demand clause and the waiver of possible breach of the undertaking and restrictive covenant requirements relating to certain bank and other borrowings. In particular, the Group has entered into mediation agreements with one of its lenders in December 2021 in relation to the outstanding debts amounting to approximately RMB1,118.8 million (including outstanding principal and interest), pursuant to which the parties agreed on a revised repayment schedule where the Group are required to pay the settlement amounts to the relevant lender in instalments by 31 December 2023.

(c) The management of the Group has prepared a business strategy plan, which have been reviewed by the board of directors of the Company. The business strategy plan mainly focuses on:

(i) the acceleration of pre-sale of suitable properties of the Group

The Group formulated the sales strategy tailored to the local market conditions of each property development project based on their respective product structure and actively responded to the market demands, so as to accelerate the pre-sale and sale of properties under development and completed properties. In addition, the Group strengthened communication and coordination with cooperative banks to speed up the receipt of proceeds from pre-sale and sale of properties under development and completed properties.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

Going concern basis (continued)

(c) (continued)

(ii) the implementation of cost control measures

The Group formulated and closely monitored the budgeted cost for each stage of property development projects. Cost management system was adopted for real-time cost management and control. The Group has achieved product standardisation and adopted transparent tender system for centralised purchase and subcontracting with standard procedures and documents to determine reasonable and competitive bidding price. The structure of marketing expenses has been adjusted in each stage so as to improve the cost-effectiveness ratio in the process of pre-sale and sale of properties under development and completed properties. The Group is also tightening cost controls over the daily administrative and other operating expenses aiming at improving the working capital and cash flow position of the Group.

The directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due at least within the next twelve months after 31 March 2022. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether management of the Group will be able to implement effectively the aforementioned plans and measures and whether the results and outcome of the implementation of these plans and measures will provide the Group with sufficient working capital to operate as a going concern.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for certain properties and financial assets which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

Basis of preparation (continued)

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.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the degree to which the inputs to the fair value measurements are observable and the significance of the input to the fair value measurement in its entirety) at the end of each reporting period.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group has also early applied the amendment to HKFRS 16 Covid-19-Related Rent Concessions Beyond 30 June 2021 in the current period.

Except as described below, the application of the above amendments to HKFRSs in the current period had no material impact on the Group's financial positions and performance for the current period and prior years and/or on the disclosures set out in these consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current period. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures.

The amendments have had no material impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the period. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for financial instruments measured at amortised cost.

New and amendments to HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all the other new and amendments to HKFRSs not effective will have no material impact on the consolidated financial statements in the foreseeable future.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

Amendments to Hong Kong Accounting Standard ("HKAS") 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". 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.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income/consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisition of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Investments in associates

An associate is an entity over which the Group has 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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Investments in associates (continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- 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 customer obtains control of the distinct 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Revenue from contracts with customers (continued)

(a) Sale of information products

Revenue from the sale of information products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(b) Property development

Revenue from the sale of properties is recognised on delivery of the properties. For a contract for which the period between the time the customer pays for the goods or property and when the Group transfers that promised goods or property to the customer is at least more than one year will be considered for the effects of a financing component. Contract liabilities will be accrued on the long-term advances received based on the length of time between the customer's payment and the delivery of property to the customer and the prevailing interest rates in the market.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for as interest arising from revenue contracts on the same basis as other borrowing costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Revenue from contracts with customers (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

4.5 Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return

For a sale of products with a right of return for dissimilar products, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);

(b) a refund liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

4.6 Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, 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. The capitalised contract costs are amortised and charged to 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand- alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessee (continued)

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, the Group uses the revised discount rate that reflects change in the interest rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- 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;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

Rental income which is derived from the Group's ordinary course of business is presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessor (continued)

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform for a finance lease that is not accounted for as a separate lease, the Group applies the same accounting policies as those applicable to financial instruments (note 4.20).

4.8 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 while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. 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.

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

4.10 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees in Hong Kong 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 the consolidated statement of profit or loss and other comprehensive income 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 within the employees when contributed into the MPF Scheme.

Retirement benefits to employees in the PRC are provided through a defined contribution plan. The Group is required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Share-based payments

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 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 37 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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Taxation (continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.13 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost or fair value less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost or valuation of assets other than freehold land and properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis, as follows:

Buildings	4¾%
Furniture, fixtures and office equipment	12½% to 33⅓%
Motor vehicles	10% to 25%
Leasehold improvements	Over the shorter of the lease terms of 33⅓%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.14 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Intangible assets (other than goodwill)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of two to five years.

4.16 Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash- generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Properties under development/properties for sale

Properties for/under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties for/under development/properties for sale are carried at lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value presents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to completed properties for sale upon completion.

The Group transfers a property from inventories to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

4.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Dividend income which are derived from the Group's ordinary course of business are included in other income.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) *Equity instruments designated as at FVTOCI*

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

(iii) *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income and losses" line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and bills receivables, other receivables and other current assets, restricted cash, cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-months ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and bills receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(ii) *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) *Written-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 2 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables is considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instruments (continued)

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities (including trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings and lease liabilities) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 method to estimate variable consideration and assessing the constraint for the sale of goods

Certain contracts for the sale of goods include a right of return that gives rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a reasonable time frame.

5. 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 or both. Judgement is made by management in 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 if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

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.

Variable consideration for returns

The Group estimates variable consideration to be included in the transaction price for the sale of goods with rights of return.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group updates its assessment of expected returns annually and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future. As at 31 March 2022, the amount recognised as refund liabilities was RMB12,296,000 (31 December 2020: RMB12,296,000) for the expected returns.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the expected credit losses on the Group's trade receivables is disclosed in note 25.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and

(b) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 March 2022 was RMB520,261,000 (31 December 2020: RMB1,523,097,000). Further details, including the key assumptions used for the fair value measurement and a sensitivity analysis, are disclosed in note 16.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for impairment of properties under development and properties held for sale

Management reviews the market conditions of properties under development and properties held for sale of the Group at the end of each reporting period, and makes provision for impairment of properties under development and properties held for sale identified that the net realisable value is lower than cost. Management estimates the net realisable value for properties under development and properties held for sale based primarily on the latest selling prices and current market conditions. If the condition was to deteriorate so that the actual provision might be higher than expected, the Group would be required to revise the basis of making the provision and its future results would be affected.

Provision against inventories

The write-down of inventories to net realisable value is made based on the ageing and estimated net realisable value of inventories. The assessment of the write-down amount involves management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the inventories and the write-down charge/reversal in the period in which such estimate has been changed.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences 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. Further details are included in note 35.

PRC corporate income tax

The Group is subject to income taxes 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 judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. 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

The Group is subject to land appreciation tax ("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 local tax authorities upon the completion of the Group's property development projects. The Group has not finalised its LAT tax returns and payments with the local tax authorities for its property development projects. When the final outcome is determined, it may be different from the amounts that were initially recorded, and any differences will affect the current income tax expense and LAT provision in the period which LAT is ascertained.

6. OPERATING SEGMENT INFORMATION

The executive directors of the Company (the "Executive Directors") are regarded as the chief operating decision-maker. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Operating segments were determined based on these reports.

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

(a) the distribution of information products segment sells information products;

(b) the property development segment sells properties; and

(c) the property investment segment leases and subleases properties.

The Executive Directors 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/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude restricted cash, cash and cash equivalents, income tax recoverable, deferred tax assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, income tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6. OPERATING SEGMENT INFORMATION (continued)

For the fifteen months ended 31 March 2022

	Distribution of information products RMB'000	Property development RMB'000	Property investment RMB'000	Total RMB'000
Segment revenue, other income and gains (note 7)				
Revenue from external customers*	7,371,025	4,332,820	95,779	11,799,624
Other income and gains	1,675	5,728,906	18	5,730,599
	7,372,700	10,061,726	95,797	17,530,223
Segment profit/(loss)	40,212	1,078,004	(335,038)	783,178
Interest income				45,016
Corporate and unallocated expenses				(38,117)
Finance costs				(548,451)
Profit before tax				241,626
Segment assets	4,786,085	12,118,723	638,304	17,543,112
Elimination of inter-segment receivables				(101,052)
Corporate and other unallocated assets				825,329
Total assets				18,267,389
Segment liabilities	2,101,978	7,657,294	317,204	10,076,476
Elimination of inter-segment payables				(101,052)
Corporate and other unallocated liabilities				5,903,428
Total liabilities				15,878,852

6. OPERATING SEGMENT INFORMATION (continued)

	Distribution of information products RMB'000	Property development RMB'000	Property investment RMB'000	Total RMB'000
Other segment information				
Share of losses of associates	697	–	–	697
Fair value gains on transfer from properties for sale – completed to investment properties	–	–	–	–
Reversal of impairment of trade receivables	6,500	–	–	6,500
Reversal of impairment of financial assets included in prepayments, other receivables and other assets, net	–	18,642	–	18,642
Impairment of inventories, net	8,535	–	–	8,535
Impairment of properties for sale, net				
– under development	–	1,331,721	–	1,331,721
– completed	–	2,468,013	–	2,468,013
Depreciation and amortisation	4,020	16,543	–	20,563
Capital expenditure#	2,923	6,450	–	9,373
Other expenses and losses				
– Interest penalty on loan defaults	–	685,787	–	685,787
– Penalty on late payment of land cost	–	–	–	–
– Default penalty on late delivery of development properties sold	–	88,485	–	88,485
– Tax overdue charge	–	202,016	5,470	207,486
– Provision for expected guarantee liability	–	215,562	–	215,562
– Loss on disposal of property, plant and equipment	1,626	4	50,849	52,479
– Fair value loss on investment properties, net	–	–	328,465	328,465

* Revenue reported represents revenue generated from external customers. There were no inter-segment sales for the year.

Capital expenditure consists of additions to property, plant and equipment, other intangible assets and investment properties.

6. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2020

	Distribution of information products RMB'000	Property development RMB'000	Property investment RMB'000	Total RMB'000
Segment revenue, other income and gains (note 7)				
Revenue from external customers*	5,235,950	3,811,529	37,923	9,085,402
Other income and gains	524	65,090	478,617	544,231
	5,236,474	3,876,619	516,540	9,629,633
Segment profit/(loss)	28,837	(739,754)	510,883	(200,034)
Interest income				38,844
Corporate and unallocated expenses				(86,701)
Finance costs (other than interest on lease liabilities)				(1,028,990)
Loss before tax				(1,276,881)
Segment assets	4,871,369	32,103,398	685,246	37,660,013
Elimination of inter-segment receivables				(2,124,943)
Corporate and other unallocated assets				2,655,502
Total assets				38,190,572
Segment liabilities	1,338,208	24,269,323	409,631	26,017,162
Elimination of inter-segment payables				(2,124,943)
Corporate and other unallocated liabilities				15,006,311
Total liabilities				38,898,530

6. OPERATING SEGMENT INFORMATION (continued)

	Distribution of information products RMB'000	Property development RMB'000	Property investment RMB'000	Total RMB'000
Other segment information				
Share of losses of associates	912	2,897	–	3,809
Fair value gains on transfers from properties for sale – completed to investment properties	–	–	(478,556)	(478,556)
Impairment of trade receivables	10,846	–	–	10,846
Impairment of financial assets included in prepayments, other receivables and other assets, net	6,511	(392)	–	6,119
Reversal of impairment of inventories, net	(22,880)	–	–	(22,880)
Impairment of properties for sale, net				
– under development	–	583,253	–	583,253
– completed	–	60,808	–	60,808
Depreciation and amortisation	10,526	14,367	433	25,326
Capital expenditure#	3,216	3,323	–	6,539
Other expenses and losses				
– Interest penalty on loan defaults	–	452,081	–	452,081
– Penalty on late payment of land cost	–	32,956	–	32,956
– Default penalty on late delivery of development properties sold	–	–	–	–
– Tax overdue charge	–	–	–	–
– Provision for expected guarantee liability	–	–	–	–
– Loss on disposal of property, plant and equipment	–	21	–	21
– Fair value gain on investment properties, net	–	–	(61)	(61)

* Revenue reported represents revenue generated from external customers. There were no inter-segment sales for the year.

Capital expenditure consists of additions to property, plant and equipment, other intangible assets and investment properties.

6. OPERATING SEGMENT INFORMATION (continued)

Geographic information

(a) Revenue from external customers

	Distribution of information products RMB'000	Property development RMB'000	Property investment RMB'000	Total RMB'000
Period from 1 January 2021 to 31 March 2022				
Mainland China	**7,352,556**	**4,332,820**	**95,383**	**11,780,759**
Hong Kong	**18,469**	**–**	**396**	**18,865**
	7,371,025	**4,332,820**	**95,779**	**11,799,624**
Year ended 31 December 2020				
Mainland China	5,233,024	3,811,529	35,942	9,080,495
Hong Kong	2,926	–	1,981	4,907
	5,235,950	3,811,529	37,923	9,085,402

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	31 March 2022 RMB'000	31 December 2020 RMB'000
Mainland China	**569,946**	1,634,386
Hong Kong	**209**	649
	570,155	1,635,035

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

There was no revenue from sales to an external customer which accounted for 10% or more of the Group's total revenue for the current period (year ended 31 December 2020: Nil).

7. REVENUE, OTHER INCOME AND GAINS

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

	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Revenue from contracts with customers		
Sale of properties	**4,332,820**	3,811,529
Sale of information products	**7,371,025**	5,235,950
	11,703,845	9,047,479
Revenue from other sources		
Gross rental income	**95,779**	37,923
	11,799,624	9,085,402

Information about the Group's performance obligations in relation to revenue from contracts with customers is summarised below:

Sale of properties

The performance obligation is satisfied when the construction of the relevant property has been completed and the property has been delivered to the customer pursuant to the sales agreements. Payment in advance from customers is normally required and the remaining balance is settled no later than the delivery date of the property or in some circumstances, settled within an agreed period upon the delivery of the property as determined on a case-by-case basis.

7. REVENUE, OTHER INCOME AND GAINS (continued)

Sale of properties (continued)

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2022 and 31 December 2020 are as follows:

	31 March 2022 RMB'000	31 December 2020 RMB'000
Amounts expected to be recognised as revenue		
Within one year	**3,088,402**	7,155,915
In the second year	**239,317**	6,147,754
In the third year	**–**	53,306
	3,327,719	13,356,975

The amounts disclosed above do not include variable consideration which is constrained.

Sale of information products

The performance obligation is satisfied upon delivery of goods and payment is generally due in three to six months from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which gives rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2022 and 31 December 2020 are as follows:

	31 March 2022 RMB'000	31 December 2020 RMB'000
Amounts expected to be recognised as revenue within one year	**46,195**	101,014

7. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains is as follows:

	Notes	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Other income			
Management and consultancy service fee income		–	31,974
Bank interest income		44,069	9,823
Other interest income from related companies		947	29,021
Government grants (note (i))		–	1,361
Gain on lease revision		–	160
Others		35,427	23,662
		80,443	96,001
Gains			
Gain on disposal of associates		1,563	–
Gains on disposal of subsidiaries	46	3,928,635	–
Gains on disposal of properties for sale under development (note (ii))	27	1,739,832	–
Reversal of impairment loss on trade receivables	25	6,500	–
Reversal of impairment loss on other receivables and other assets	26	18,642	–
Fair value gains on transfers from properties for sale – completed to investment properties	23	–	478,556
Fair value gain on investment properties	16	–	61
Foreign exchange gains, net		–	8,457
		5,695,172	487,074
		5,775,615	583,075

Notes:

(i) Various government grants have been received for investments in certain regions in the PRC in which the Company's subsidiaries operate. There are no unfulfilled conditions or contingencies relating to these grants.

(ii) The gain on disposal of properties for sale under development amounted to approximately RMB1,739,832,000 arose from the disposal of certain development properties to the PRC local government.

8. PROFIT/(LOSS) BEFORE TAX

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

	Notes	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Cost of inventories sold		**7,135,771**	5,090,963
Cost of properties sold		**3,509,405**	2,838,021
Impairment of inventories recognised/(reversed), net		**8,535**	(22,880)
Impairment of properties for sale, net			
– under development	22	**1,331,721**	583,253
– completed		**2,468,013**	60,808
Cost of sales		**14,453,445**	8,550,165
Auditor's remuneration		**3,614**	4,380
Depreciation of property, plant and equipment	15	**9,311**	11,896
Less: Depreciation capitalised in properties under development		**(789)**	(3,437)
		8,522	8,459
Depreciation of right-of-use assets	17	**9,476**	11,361
Amortisation of other intangible assets	19	**1,776**	2,069
Impairment of financial assets recognised, net:			
Impairment of trade receivables	25	**–**	10,846
Impairment of financial assets included in prepayments, other receivables and other assets, net	26	**–**	6,119
		–	16,965

8. PROFIT/(LOSS) BEFORE TAX (continued)

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

	Notes	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Other expenses and losses (note (i))			
– Interest penalty on loan defaults		**685,787**	452,081
– Penalty on late payment of land cost		**–**	32,956
– Default penalty on late delivery of development properties sold		**88,485**	–
– Tax overdue charge		**207,486**	–
– Provision for expected guarantee liability		**215,562**	–
– Loss on disposal of property, plant and equipment and investment properties	15, 16	**52,479**	21
– Fair value loss on investment properties, net	16	**328,465**	–
– Other losses		**605**	–
		1,578,869	485,058
Fair value loss on financial assets at fair value through profit or loss	21	**8,282**	–
Lease payments not included in the measurement of lease liabilities	17(c)	**3,072**	9,458
Employee benefit expenses (including the directors' remuneration) (note (iii)):			
Wages and salaries		**223,128**	304,026
Pension scheme contributions (note (ii))		**8,815**	5,935
		231,943	309,961

Notes:

(i) These items are included in "Other expenses and losses" in the consolidated statement of profit or loss.

(ii) At 31 March 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (31 December 2020: Nil).

(iii) The employee benefit expenses shown above did not include employees' wages and salaries and employees' pension scheme contributions that were included in properties for sale under development amounted to approximately RMB82,694,000 (year ended 31 December 2020: RMB93,375,000) and RMB12,356,000 (year ended 31 December 2020: RMB13,953,000) respectively.

9. FINANCE COSTS

An analysis of finance costs is as follows:

	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Interest on bank and other borrowings	**994,660**	1,051,682
Interest on loans from related companies	**33,661**	647,067
Interest expense arising from revenue contracts	**82,992**	700,353
Interest on discounted bills	**3,449**	1,308
Interest expense arising from lease contracts	**769**	1,779
Total interest expense	**1,115,531**	2,402,189
Less: Interest capitalised	**(567,080)**	(1,371,420)
	548,451	1,030,769

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the period/year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "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:

Period from 1 January 2021 to 31 March 2022

	Fees RMB'000	Salaries, allowance and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contribution RMB'000	Total RMB'000
Executive directors and chief executives	–	1,413	266	40	1,719
Non-executive director	30	–	–	–	30
Independent non-executive directors	816	–	–	–	816
	846	1,413	266	40	2,565

Year ended 31 December 2020

	Fees RMB'000	Salaries, allowance and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contribution RMB'000	Total RMB'000
Executive directors and chief executives	–	–	–	–	–
Non-executive director	–	–	–	–	–
Independent non-executive directors	444	–	–	–	444
	444	–	–	–	444

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
For the fifteen months ended 31 March 2022					
Executive directors:					
Mr Cheung Shuen Lung (note (i))	–	–	–	–	–
Mr Zeng Gang (note (ii))	–	–	–	–	–
Ms Sun Min (note (iii))	–	–	–	–	–
Mr Ma Jian Bin (note (iii))	–	–	–	–	–
Ms Liao Hang (note (iii))	–	–	–	–	–
Mr Zheng Fu Shuang	–	–	–	–	–
Mr Wong Kai Ho (note (iv))	–	863	102	9	974
Mr Wang Guiwu (note (v))	–	–	–	–	–
Mr Huang Zhuguang (note (vi))	–	–	–	–	–
	–	863	102	9	974
Chief executive:					
Mr Shi Lei (note (vii))	–	550	164	31	745
	–	1,413	266	40	1,719

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2020					
Executive directors:					
Mr Cheung Shuen Lung (note (i))	–	–	–	–	–
Mr Zeng Gang (note (ii))	–	–	–	–	–
Ms Sun Min (note (iii))	–	–	–	–	–
Mr Ma Jian Bin (note (iii))	–	–	–	–	–
Ms Liao Hang (note (iii))	–	–	–	–	–
Mr Zheng Fu Shuang	–	–	–	–	–
	–	–	–	–	–

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Non-executive director

The fees paid to non-executive director were as follows:

	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Mr Yau Pak Yue (note (viii))	**30**	–

There was no other emoluments payable to non-executive director for the reporting period.

(c) Independent non-executive directors

The fees paid to independent non-executive directors were as follows:

	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Mr Li Fat Chung (note (ix))	**–**	28
Ms Wong Lam Kit Yee (note (ix))	**–**	28
Mr Chan Chung Kik Lewis (note (x))	**135**	148
Mr Lau Ka Wing (notes (ix) and (x))	**135**	120
Mr Lai Nga Ming Edmund (notes (ix) and (x))	**135**	120
Mr Chu Kin Wang, Peleus (note (xi))	**87**	–
Mr Chin Chi Ho, Stanley (note (xi))	**87**	–
Mr Ning Rui (notes (xi) and (xiii))	**30**	–
Mr Chung Wai Man (note (xi))	**87**	–
Mr Hua Yichun (note (xii))	**60**	–
Mr Wang Bingzhong (note (xii))	**60**	–
	816	444

There were no other emoluments payable to the independent non-executive directors for the reporting period.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the reporting period (year ended 31 December 2020: Nil).

Notes:

(i) Mr Cheung Shuen Lung resigned as chairman on 8 October 2021 and resigned as executive director on 10 November 2021.

(ii) Mr Zeng Gang resigned as president on 8 October 2021 and resigned as executive director on 12 November 2021.

(iii) Ms Sun Min, Mr Ma Jian Bin and Ms Liao Hang were removed as executive director on 10 November 2021.

(iv) Mr Wong Kai Ho was appointed as chairman and executive director on 8 October 2021.

(v) Mr. Wang Guiwu was appointed as executive director on 8 October 2021.

(vi) Mr Huang Zhuguang was appointed as executive director on 1 December 2021.

(vii) Mr Shi Lei was appointed as chief executive on 8 October 2021.

(viii) Mr Yau Pak Yue was appointed as non-executive director on 8 October 2021 and resigned on 7 December 2021.

(ix) Mr Li Fat Chung and Ms Wong Lam Kit Yee resigned as independent non-executive directors of the Company and Mr Lau Ka Wing and Mr Lai Nga Ming Edmund were appointed as independent non-executive directors of the Company with the effect from 1 April 2020.

(x) Mr Chan Chung Kik, Lewis, Mr Lau Ka Wing and Mr Lai Nga Ming, Edmund resigned as independent non-executive directors on 30 September 2021.

(xi) Mr Chu Kin Wang, Peleus, Mr Chin Chi Ho, Stanley, Mr Ning Rui and Mr Chung Wai Man were appointed as independent non-executive directors on 8 October 2021.

(xii) Mr Hua Yichun and Mr Wang Bingzhong were appointed as independent non-executive directors on 1 December 2021.

(xiii) Mr Ning Rui resigned as independent non-executive directors on 8 December 2021.

11. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration for the five (year ended 31 December 2020: five) highest paid employees for the reporting period, who are neither a director nor the chief executive of the Company, are as follows:

	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Salaries, allowances and benefits in kind	**5,508**	4,872
Performance related bonuses	**5,570**	4,147
Pension scheme contributions	**156**	154
	11,234	9,173

The number of the five highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	Period from 1 January 2021 to 31 March 2022	Year ended 31 December 2020
HK$1,500,001 to HK$2,000,000	**–**	2
HK$2,000,001 to HK$2,500,000	**2**	3
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**2**	–
	5	5

12. INCOME TAX EXPENSE

	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Provision for:		
– Hong Kong profits tax	–	297
– PRC corporate income tax	**461,985**	203,178
– PRC LAT	**267,855**	158,280
	729,840	361,755
Deferred tax (credit)/charge (note 35)	**(54,522)**	206,402
	675,318	568,157

Hong Kong profits tax

No provision of Hong Kong profits tax has been made for the reporting period as the Group has no assessable profits for the period subject to Hong Kong profits tax. Hong Kong profits tax for the year ended 31 December 2020 has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for that year.

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (year ended 31 December 2020: 25%) on the taxable profits of the Group's PRC subsidiaries for the reporting period.

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (the "LAT") (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures, including borrowing costs and all property development expenditures.

12. INCOME TAX EXPENSE (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates are as follows:

Period from 1 January 2021 to 31 March 2022

	Hong Kong		Mainland China		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
(Loss)/profit before tax	(72,595)		314,221		241,626	
Tax at the statutory tax rate	(11,978)	16.5	78,555	25.0	66,577	27.6
Loss/profit attributable to an associate	(143)	0.2	1	–	(142)	(0.1)
Income not subject to tax	10,174	(14.0)	(1,054,392)	(335.6)	(1,044,218)	(432.2)
Expenses not deductible for tax	540	(0.7)	54,406	17.3	54,946	22.7
Utilisation of tax losses previously not recognised	–	–	(45,592)	(14.5)	(45,592)	(18.9)
Tax losses not recognised	2,787	(3.8)	752,427	239.5	755,214	312.6
Temporary differences not recognised	369	(0.5)	687,273	218.7	687,642	284.6
LAT	–	–	267,855	85.2	267,855	110.9
Tax effect of LAT	–	–	(66,964)	(21.3)	(66,964)	(27.7)
Tax charge at the Group's effective rate	1,749	(2.4)	673,569	214.4	675,318	279.5

Year ended 31 December 2020

	Hong Kong		Mainland China		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
Loss before tax	(5,988)		(1,270,893)		(1,276,881)	
Tax at the statutory tax rate	(988)	16.5	(317,723)	25.0	(318,711)	25.0
Loss attributable to an associate	150	(2.5)	725	(0.1)	875	(0.1)
Income not subject to tax	(797)	13.3	(1)	–	(798)	0.1
Expenses not deductible for tax	–	–	104,812	(8.2)	104,812	(8.2)
Utilisation of tax losses previously not recognised	–	–	(37,349)	2.9	(37,349)	2.9
Tax losses not recognised	1,042	(17.4)	507,987	(40.0)	509,029	(39.9)
Temporary differences not recognised	–	–	191,589	(15.1)	191,589	(15.0)
LAT	–	–	158,280	(12.5)	158,280	(12.4)
Tax effect of LAT	–	–	(39,570)	3.1	(39,570)	3.1
Tax charge at the Group's effective rate	(593)	9.9	568,750	(44.8)	568,157	(44.5)

No tax expense attributable to associates was included in "Share of losses of associates" in the consolidated statement of profit or loss.

13. DIVIDENDS

No dividends have been declared and paid by the Company during the fifteen months ended 31 March 2022 (Year ended 31 December 2020: Nil).

14. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share attributable to owners of the Company is based on the following data:

	Period from 1 January 2021 to 31 March 2022	Year ended 31 December 2020
Earnings/(loss)		
Profit/(loss) for the period/year attributable to owners of the Company (RMB'000)	**1,509,499**	(2,025,393)
Number of shares		
Weighted average number of ordinary shares in issue ('000)	**6,416,156**	6,416,156

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented for the fifteen months ended 31 March 2022 and year ended 31 December 2020 as there were no potential ordinary shares in issue during those period/year.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Period from 1 January 2021 to 31 March 2022						
At 1 January 2021:						
Cost	100,954	40,071	35,721	27,194	–	203,940
Accumulated depreciation	(25,083)	(34,497)	(32,759)	(23,758)	–	(116,097)
Net carrying amount	75,871	5,574	2,962	3,436	–	87,843
Net carrying amount at 1 January 2021	75,871	5,574	2,962	3,436	–	87,843
Additions, at cost	3,174	3,202	2,476	–	–	8,852
Disposals	–	(178)	(35)	(3,150)	–	(3,363)
Disposal of subsidiaries	(38,409)	(2,681)	(585)	–	–	(41,675)
Depreciation charged for the period	(5,288)	(3,480)	(543)	–	–	(9,311)
Net carrying amount at 31 March 2022	35,348	2,437	4,275	286	–	42,346
At 31 March 2022:						
Cost	52,282	19,701	19,586	4,107	–	95,676
Accumulated depreciation	(16,934)	(17,264)	(15,311)	(3,821)	–	(53,330)
Net carrying amount	35,348	2,437	4,275	286	–	42,346

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2020						
At 1 January 2020:						
Cost	98,761	40,004	42,792	26,554	–	208,111
Accumulated depreciation	(20,946)	(31,328)	(38,627)	(22,740)	–	(113,641)
Net carrying amount	77,815	8,676	4,165	3,814	–	94,470
Net carrying amount at 1 January 2020	77,815	8,676	4,165	3,814	–	94,470
Additions, at cost	–	3,680	–	640	2,193	6,513
Disposals	–	(658)	(586)	–	–	(1,244)
Transfers	2,193	–	–	–	(2,193)	–
Depreciation charged for the year	(4,137)	(6,124)	(617)	(1,018)	–	(11,896)
Net carrying amount at 31 December 2020	75,871	5,574	2,962	3,436	–	87,843
At 31 December 2020:						
Cost	100,954	40,071	35,721	27,194	–	203,940
Accumulated depreciation	(25,083)	(34,497)	(32,759)	(23,758)	–	(116,097)
Net carrying amount	75,871	5,574	2,962	3,436	–	87,843

As at 31 March 2022, the building ownership certificates of two of the Group's buildings (with an aggregate carrying amount of approximately RMB27,459,000 (31 December 2020: RMB44,347,000)) registered under the name of the respective subsidiaries of the Group were not yet issued.

As at 31 March 2022, the Group's buildings were not pledged. At 31 December 2020, one of the Group's building with net carrying amount of approximately RMB23,150,000 at that date was pledged to a financial institution to secure loans granted to the Group (note 34).

During the reporting period, the Group disposed of certain of its property, plant and equipment for an aggregate consideration of RMB1,727,000 (year ended 31 December 2020: RMB1,223,000), which gave rise to a loss on disposal amounted to RMB1,636,000 (year ended 31 December 2020: RMB21,000) recognised in profit or loss in respect of the period.

16. INVESTMENT PROPERTIES

	Notes	31 March 2022 RMB'000	31 December 2020 RMB'000
Fair value at the beginning of the period/year		**1,523,097**	757,166
Transfer from properties held for sale		**–**	776,884
Disposal of subsidiaries		**(509,028)**	–
Disposals during the period		**(162,097)**	–
Net (loss)/gain from fair value change of investment properties	7, 8	**(328,465)**	61
Exchange realignment		**(3,246)**	(11,014)
Fair value at end of the period/year		**520,261**	1,523,097

The Group's investment properties consist of five commercial properties in Mainland China (31 December 2020: one residential and seven commercial properties in Mainland China and one commercial property in Hong Kong). The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and residential, based on the nature, characteristics and risks of each property. The Group's investment properties with the fair value of approximately RMB520,261,000 at 31 March 2022 (31 December 2020: RMB1,523,097,000) was estimated by reference to the valuations performed by Greater China Appraisal Limited (31 December 2020: 北京經緯仁達資產評估有限公司 (Beijing Jingwei Renda Assets Appraisal Co., Ltd*)), independent professionally qualified valuers. Each year, the Group's management decides to appoint 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. The Group's management has discussions with the valuer selected on the valuation assumptions and valuation results when the valuation is performed for annual financial reporting.

As at 31 March 2022, the building ownership certificate of the Group's investment properties with the carrying amount of RMB460,657,000 (31 December 2020: RMB787,211,000) registered under the name of the corresponding subsidiaries of the Group were not yet issued.

As at 31 March 2022, the Group's investment properties were not pledged. At 31 December 2020, the Group's investment properties with the carrying amount of approximately RMB165,344,000 were pledged to a financial institution to secure loans granted to the Group (note 34).

The investment properties are leased to third parties under operating leases, further details of which are included in note 17 to the consolidated financial statements.

Further particulars of the Group's investment properties are included on page 204.

During the reporting period, the Group disposed of certain of its investment properties for an aggregate consideration of RMB111,254,000 (year ended 31 December 2020: Nil), which gave rise to a loss on disposal amounted to RMB50,843,000 (year ended 31 December 2020: RMBNil) recognised in profit or loss in respect of the period.

* *For identification purposes only*

16. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

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

	Fair value measurement as at 31 March 2022			
Recurring fair value measurement for:	**Quoted prices in active markets (Level 1) RMB'000**	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Commercial properties	–	–	520,261	520,261
Residential property	–	–	–	–
	–	–	520,261	520,261

	Fair value measurement as at 31 December 2020			
Recurring fair value measurement for:	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties	–	–	1,521,453	1,521,453
Residential property	–	–	1,644	1,644
	–	–	1,523,097	1,523,097

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (year ended 31 December 2020: Nil).

16. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties RMB'000	Residential property RMB'000
Carrying amount at 1 January 2020	755,583	1,583
Transfer from properties under development	776,884	–
Net gains from fair value change recognised in other income and gains, net, in profit or loss	–	61
Exchange realignment	(11,014)	–
Carrying amount at 31 December 2020 and 1 January 2021	1,521,453	1,644
Disposal of subsidiaries	(507,384)	(1,644)
Disposals during the period	(162,097)	–
Net loss from fair value change recognised in other expenses and losses, net, in profit or loss	(328,465)	–
Exchange realignment	(3,246)	–
Carrying amount at 31 March 2022	520,261	–

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	
			Period from 1 January 2021 to 31 March 2022	Year ended 31 December 2020
Residential properties	Market approach	Adjustment on market unit price (per sq.m.)	**-8.5% to 3.0%**	-6.1% to -3.0%
Commercial properties	Income approach	Adjustment on market rental (per sq.m. and per month)	**0%**	2.0% to 6.0%
		Adopted yield	**4.5% to 6.0%**	6.0%
	Market approach	Adjustment on market unit price (per sq.m.)	**-17.3% to 4.2%**	-12.5% to 5.0%

16. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Under the market approach, fair value is estimated based on the unit prices of comparable properties with certain adjustments made to reflect the differences in location, neighbourhood, environment, facilities, etc. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. Physical location and economic characteristics are important criteria to be analysed when comparing such comparable properties against the subject property.

The adjustment on market unit prices is determined by referring to the differences of the subject property against the comparable properties in terms of building facilities, size and age of the comparable properties.

A significant increase (decrease) in the unit prices of comparable properties in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the adjustment to reduce the unit price would result in a significant decrease (increase) in the fair value of the investment properties.

Under the income approach, fair value is estimated by capitalising the current rental income and the reversionary value of the properties after tenancies expire by reference to current market rental transactions by making relevant adjustments.

The adjustment on market rental is determined by referring to the differences of the subject properties against the comparable properties in terms of location, size, and age of the comparable properties. The yields adopted are determined by reference to the current yields of the subject properties and the market yield derived from the rental of comparable properties.

A significant increase (decrease) in market rental in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the adjustment to reduce the market rental would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

17. LEASES

The Group as a lessee

The Group has lease contracts for various buildings and land use rights used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 35 to 42 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leased land RMB'000	Buildings RMB'000	Total RMB'000
As at 1 January 2020	11,217	17,031	28,248
Additions	–	4,923	4,923
Depreciation charged for the year	(392)	(10,969)	(11,361)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(2,932)	(2,932)
As at 31 December 2020 and 1 January 2021	10,825	8,053	18,878
Additions	–	5,590	5,590
Disposal of subsidiaries	(10,335)	(127)	(10,462)
Depreciation charged for the period	(490)	(8,986)	(9,476)
As at 31 March 2022	–	4,530	4,530

17. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the period/year are as follows:

	31 March 2022	31 December 2020
	RMB'000	RMB'000
Carrying amount at beginning of the period/year	**10,572**	18,076
Lease liabilities arising from new leases	**5,590**	4,923
COVID-19-related rent concessions from lessors	**–**	(835)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**–**	(3,092)
Accretion of interest recognised during the year	**769**	1,779
Payments	**(11,390)**	(10,279)
Carrying amount at end of the period/year	**5,541**	10,572
Lease liabilities payable		
– within one year	**4,046**	9,454
– in the second year	**1,495**	1,118
	5,541	10,572
Analysed into:		
Current portion	**4,046**	9,454
Non-current portion	**1,495**	1,118
	5,541	10,572

The weighted average incremental borrowing rates applied to lease liabilities ranged from 9.46% to 10.00% (31 December 2020: 8.15%) per annum and lease liabilities are denominated in Hong Kong dollars and RMB.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Period from 1 January 2021 to 31 March 2022	Year ended 31 December 2020
	RMB'000	RMB'000
Interest on lease liabilities	**769**	1,779
Depreciation charge of right-of-use assets	**9,476**	11,361
Expense relating to short-term leases and other leases with remaining lease terms ended on or before year end (included in administrative expenses)	**3,072**	9,458
COVID-19-related rent concessions from lessors	**–**	(835)
Total amount recognised in profit or loss	**13,317**	21,763

(d) The total cash outflow for leases is disclosed in note 41(c) to the financial statements.

17. LEASES (continued)

The Group as a lessor

The Group leases its investment properties (note 16) consisting of Nil (31 December 2020: one) residential and five (31 December 2020: seven) commercial properties in Mainland China and Nil (31 December 2020: one) commercial property in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group for the period was RMB95,779,000 (year ended 31 December 2020: RMB37,923,000), details of which are included in note 7 to the financial statements.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	31 March 2022	31 December 2020
	RMB'000	RMB'000
Within one year	**47,053**	54,892
After one year but within two years	**49,910**	60,436
After two years but within three years	**50,576**	54,149
After three years but within four years	**46,810**	49,310
After four years but within five years	**39,553**	75,926
After five years	**469,126**	516,880
	703,028	811,593

18. GOODWILL

	31 March 2022	31 December 2020
	RMB'000	RMB'000
Carrying amount		
Cost	**–**	2,261
Accumulated impairment	**–**	(2,261)
	–	–

Goodwill acquired through business combination was allocated to the distribution of information products cash-generating unit, which was fully impaired in 2013.

During the period from 1 January 2021 to 31 March 2022, the subsidiary which was engaged in the distribution of information product, the cash-generating unit to which the goodwill was attributable, was disposed of.

19. OTHER INTANGIBLE ASSETS

	Computer software RMB'000
31 March 2022	
At 1 January 2021	**13,663**
Accumulated amortisation	**(9,198)**
Net carrying amount	**4,465**
Net carrying amount at 1 January 2021	**4,465**
Additions, at cost	**545**
Disposal of subsidiaries	**(216)**
Amortisation provided for the period	**(1,776)**
Net carrying amount at 31 March 2022	**3,018**
At 31 March 2022:	
Cost	**10,020**
Accumulated amortisation	**(7,002)**
Net carrying amount	**3,018**
31 December 2020	
At 1 January 2020:	
Cost	13,637
Accumulated amortisation	(7,129)
Net carrying amount	6,508
Net carrying amount at 1 January 2020	6,508
Additions	26
Amortisation provided for the year	(2,069)
At 31 December 2020	4,465
At 31 December 2020:	
Cost	13,663
Accumulated amortisation	(9,198)
Net carrying amount	4,465

Note: The remaining useful life of the other intangible assets at 31 March 2022 ranged from one to five years (31 December 2020: ranged from two to five years).

20. INVESTMENTS IN ASSOCIATES

	31 March 2022 RMB'000	31 December 2020 RMB'000
Share of net assets	–	752

Particulars of the Group's associates are as follows:

Name	Particulars of capital	Place of incorporation/ registration and business	Percentage of ownership interest As at 31 March 2022	Percentage of ownership interest As at 31 December 2020	Percentage of voting power As at 31 March 2022	Percentage of voting power As at 31 December 2020	Percentage of profit sharing As at 31 March 2022	Percentage of profit sharing As at 31 December 2020	Principal activities
MC.Founder Limited (note (i))	Ordinary shares	Hong Kong	–	37	–	37	–	37	Investment holding and distribution of mobile phones and data products
Guiyang Quanhu Shangcheng Real Estate Development Co., Limited (note (ii))	Paid-in capital	Mainland China	–	10	–	33	–	10	Property development

Notes:

(i) On 24 December 2021, the Group entered into an agreement with an independent third party to dispose of 37% equity interest in an associate, MC Founder Limited, for an aggregate cash consideration of approximately HK$53,000 (equivalent to RMB44,000). The disposal was completed on 24 December 2021. Upon completion of the disposal, MC Founder Limited ceased to be an associate of the Group and the Group discontinued the use of the equity method as of the same date.

(ii) The associate was held by a subsidiary of Hong Kong Huzi Limited, which was disposed of by the Group on 25 March 2022.

The following table illustrates the financial information of the Group's associates that are not material to the Group.

	31 March 2022 RMB'000	31 December 2020 RMB'000
Share of the associates' loss and total comprehensive loss for the period/year	697	3,809
Aggregate carrying amount of the Group's investments in associates	–	752

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2022 **RMB'000**	31 December 2020 RMB'000
Unlisted equity investment	**113,818**	–

The unlisted equity investment as at 31 March 2022 represents the Group's approximately 14.49% equity interest in Chongqing Fangyuan Yingrun Property Co., Limited ("Fangyuan Yingrun"), an entity which was incorporated and is principally engaged in property development in Mainland China.

At 1 January 2021, the Group held 100% equity interest in Fangyuan Yingrun. During the reporting period, the Group disposed of 85.51% equity interest in Fangyuan Yingrun through the disposal by the Group of HK Huzi (note 46(a)) and another subsidiary, Superb Virtue Limited (note 46(d)), and retained its 14.49% equity interest in Fangyuan Yingrun following the completion of the disposal. The carrying amount of the retained 14.49% equity interest in Fangyuan Yingrun amounted to approximately RMB122,100,000 was deemed as cost of the equity interest and was reclassified to financial assets at fair value through profit or loss.

The fair value of the Group's unlisted equity investment as at 31 March 2022 was estimated to be RMB113,818,000 (31 December2020: Nil), which was measured based on estimated market value of Fangyuan Yingrun's assets as at that date. Loss on fair value change of the Group's investment in 14.49% equity interest in Fangyuan Yingrun amounted to approximately RMB8,282,000 (year ended 31 December 2020: Nil) was charged to profit or loss (note 8).

Details regarding the fair value measurement are set out in note 48.

22. PROPERTIES UNDER DEVELOPMENT FOR SALE

	31 March 2022 **RMB'000**	31 December 2020 RMB'000
Properties in Mainland China		
– At cost	**1,740,775**	9,761,197
– At cost less impairment	**5,810,547**	8,482,793
	7,551,322	18,243,990

22. PROPERTIES UNDER DEVELOPMENT FOR SALE (continued)

Movements during the period/year are as follows:

	Note	**Period from 1 January 2021 to 31 March 2022 RMB'000**	Year ended 31 December 2020 RMB'000
At beginning of the period/year		**18,243,990**	17,626,739
Additions, at cost		**3,210,294**	4,061,072
Disposals during the period/year		**(315,226)**	–
Disposal of subsidiaries		**(6,873,043)**	–
Transfer to completed properties held for sale		**(5,382,972)**	(2,860,568)
Less: Impairment loss recognised	8	**(1,331,721)**	(583,253)
At end of the period/year		**7,551,322**	18,243,990
Properties under development expected to be completed within normal operating cycle:			
– Within one year		**3,511,260**	6,805,768
– After one year		**4,040,062**	11,438,222
		7,551,322	18,243,990

All of the Group's properties under development are situated in Mainland China.

As at 31 March 2022, certain of the Group's properties under development with an aggregate carrying amount of approximately RMB2,425,162,000 (31 December 2020: RMB12,176,058,000) were pledged to banks and financial institutions to secure loans granted to the Group (note 34).

23. COMPLETED PROPERTIES FOR SALE

All of the Group's completed properties held for sale are situated in Mainland China and are stated at cost less impairment, if any.

During the year ended 31 December 2020, certain of the Group's properties held for sale with an aggregate carrying amount of RMB298,328,000 were transferred to investment properties at fair value of RMB776,884,000, resulting in a fair value gain of RMB478,556,000 included in the Group's other income and gains (note 7).

As at 31 March 2022, certain of the Group's completed properties for sale with an aggregate carrying amount of approximately RMB912,296,000 (31 December 2020: RMB5,451,684,000) were pledged to banks and financial institutions to secure loans granted to the Group (note 34).

24. INVENTORIES

	31 March 2022 RMB'000	31 December 2020 RMB'000
Trading stocks	**506,132**	531,193

25. TRADE AND BILLS RECEIVABLES

	31 March 2022 RMB'000	31 December 2020 RMB'000
Trade receivables	**699,007**	1,088,687
Bills receivable	**4,075**	42,880
	703,082	1,131,567
Impairment loss on trade receivables	**(38,283)**	(91,427)
	664,799	1,040,140

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade receivables are settled in accordance with the terms of the respective contracts. The credit period is generally three to six months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large 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 receivables. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables, less loss allowance recognised, based on the invoice date and net of loss allowance, is as follows:

	31 March 2022 RMB'000	31 December 2020 RMB'000
Within 6 months	**607,961**	997,003
7 to 12 months	**3,105**	5,719
13 to 24 months	**40,781**	32,972
Over 24 months	**12,952**	4,446
	664,799	1,040,140

Movements in the loss allowance for impairment of trade receivables are as follows:

	31 March 2022 RMB'000	31 December 2020 RMB'000
At beginning of the period/year	**91,427**	80,581
Disposal of subsidiaries	**(46,644)**	–
Impairment losses (reversed)/recognised (notes 7 and 8)	**(6,500)**	10,846
At end of the period/year	**38,283**	91,427

25. TRADE AND BILLS RECEIVABLES (continued)

The decrease in the loss allowance for the fifteen months ended 31 March 2022 was mainly due to decrease in trade receivables. The increase in the loss allowance for the year ended 31 December 2020 was mainly due to the increase in fully impaired trade receivables of RMB7,880,000 which were past due for over 3 years.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2022

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	**0.45%**	**0.80%**	**0.57%**	**73.14%**	**5.48%**
Gross carrying amount (RMB'000)	**606,645**	**3,130**	**41,015**	**48,217**	**699,007**
Expected credit losses (RMB'000)	**2,760**	**25**	**233**	**35,265**	**38,283**

As at 31 December 2020

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.98%	3.04%	15.14%	97.52%	8.40%
Gross carrying amount (RMB'000)	881,120	115,872	12,270	79,425	1,088,687
Expected credit losses (RMB'000)	8,595	3,517	1,858	77,457	91,427

25. TRADE AND BILLS RECEIVABLES (continued)

Included in the Group's trade and bills receivables at 31 March 2022 are amounts due from fellow subsidiaries of approximately RMBnil (31 December 2020: RMB2,372,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

Transferred financial assets that are not derecognised in their entirety

At 31 March 2022, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with the carrying amount of RMB821,000 (31 December 2020: RMB15,900,000) to certain of its suppliers in order to settle the trade payables due to these suppliers (the "Endorsement"). In the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Bills, including sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers had recourse was RMB821,000 as at 31 March 2022 (31 December 2020: RMB15,900,000).

Transferred financial assets that are derecognised in their entirety

At 31 March 2022, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB46,286,000 (31 December 2020: RMB114,963,000). The Derecognised Bills had a maturity within six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills (31 December 2020: Nil). No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The endorsement has been made evenly throughout the period.

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	31 March 2022 RMB'000	31 December 2020 RMB'000
Prepayments		**368,659**	762,935
Deposits and other receivables	(a)	**948,049**	1,036,914
Right-of-return assets		**11,775**	11,775
Amounts due from former group companies	(b)	**3,695,336**	–
Other assets	(c)	**–**	50,000
		5,023,819	1,861,624
Less: impairment loss recognised	(d)	**(9,808)**	(93,869)
		5,014,011	1,767,755

Notes:

(a) Included in the Group's deposits and other receivables are the following:

	31 March 2022 RMB'000	31 December 2020 RMB'000
Amounts due from former fellow subsidiaries		
– interest free	**6,836**	14,647
– interest bearing at 10.5% per annum	**–**	149,100
Amounts due from non-controlling shareholder of subsidiary		
– interest free	**198,514**	15,419
– interest bearing at 10% per annum	**–**	12,250
Amount due from an associate	**–**	6,998
	205,350	198,414

The above amounts are unsecured and repayable on demand.

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

Notes: (continued)

(b) The amounts due from former group companies include the receivables from former group companies accounted to approximately RMB3,695,336,000 at 31 March 2022 arose from the disposal of subsidiaries during the reporting period, details of which are set out in Note 46.

The amounts due from former group companies are unsecured, interest free and repayable on demand except that such amounts to the extent of approximately RMB1,679,692,000 at 31 March 2022 were secured by pledges of shareholding in certain subsidiaries of the Group held by HK Huzi and its subsidiaries.

(c) Other assets at 31 December 2020 represent funds that are interest-free and placed at a financial institution which provided borrowings to the Group. Such funds were released during the period following the Group's repayment of the borrowings to the financial institution.

(d) Movements in the loss allowance for impairment loss recognised, are as follows:

	31 March 2022 RMB'000	31 December 2020 RMB'000
At beginning of the period/year	**93,869**	87,750
Impairment losses (reversed)/recognised, net (notes 7 and 8)	**(18,642)**	6,119
Disposal of subsidiaries	**(65,419)**	–
At end of the period/year	**9,808**	93,869

27. OTHER CURRENT ASSETS

In January 2018, Kaifeng Botao Property Development Co., Limited ("Kaifeng Botao"), a subsidiary of the Group received a notification from Kaifeng Municipal People's Government of China ("Kaifeng Municipal Government") that as the Group's land use rights of 784.82 mu of land in Kaifeng, the PRC, are within a free trade zone as set up in accordance with the Circular of the State Council on the Overall Plan for the China (Henan) Pilot Free Trade Zone (the "Free Trade Zone") and/or the adjacent areas of the Free Trade Zone, Kaifeng Municipal Government intended to repurchase such land use rights with a consideration according to government planning. In August 2018, the land use rights of 357.85 mu of land have been repurchased by Kaifeng Municipal Government at a cash consideration of approximately RMB297,253,000, and the Group recorded a disposal gain of RMB28,216,000 accordingly. As at 31 December 2020, the remaining land use rights of 426.97 mu of land with the carrying amount of approximately RMB315,227,000 were classified as other current assets.

In January 2022, Kaifeng Botao completed the disposal of the remaining piece of land use rights of 426.97 mu to Kaifeng Municipal Government for a cash consideration of approximately RMB2,055,059,000, which resulted in a gain on disposal of approximately RMB1,739,832,000 (year ended 31 December 2020: Nil) included in other income and gains (note 7(ii)).

In January 2022, the Group entered into an agreement with a third party for the disposal of all of its equity interest in HK Huzi and its subsidiaries (note 46), including Kaifeng Botao. The disposal was completed in March 2022 and the Group deconsolidated HK Huzi and its subsidiaries, including Kaifeng Botao.

28. RESTRICTED CASH

The Group's bank deposits at 31 March 2022 with aggregate amounts of RMB10,000,000 (31 December 2020: RMB10,361,000), RMB15,872,000 (31 December 2020: RMB437,268,000) and RMB16,099,000 (31 December 2020: RMB13,671,000) were pledged to banks to secure the Group's borrowings, as deposits for the construction of the relevant properties and as guarantee deposits for certain mortgage loans granted by banks to purchasers of the Group's properties, respectively. The restricted cash is deposited with creditworthy banks with no recent history of default.

29. CASH AND CASH EQUIVALENTS

	31 March 2022 RMB'000	31 December 2020 RMB'000
Cash and bank balances	**641,949**	1,391,820
Time deposits	**–**	10,034
Cash and cash equivalents	**641,949**	1,401,854

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB641,915,000 (31 December 2020: RMB1,394,994,000). The 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. Short term time deposits are made for three months and earn interest at the short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

At 31 March 2022, included in the Group's cash and cash equivalents were cash and bank balances of RMB38,000 (31 December 2020: RMB7,575,000) placed with PKU Founder Group Finance Co., Ltd. ("Founder Finance"), a financial institution approved by the People's Bank of China ("PBOC"). Founder Finance is a subsidiary of Peking Founder (Note 1). The interest rates for these deposits were the prevailing savings rates offered by the PBOC.

30. TRADE PAYABLES

	31 March 2022 RMB'000	31 December 2020 RMB'000
Trade payables	**2,012,227**	4,920,330

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

	31 March 2022 RMB'000	31 December 2020 RMB'000
Within 6 months	**1,570,654**	4,679,208
Over 6 months	**441,573**	241,122
	2,012,227	4,920,330

The trade payables are non-interest-bearing and are normally settled on terms of 45 to 90 days.

31. OTHER PAYABLES AND ACCRUALS

	31 March 2022 RMB'000	31 December 2020 RMB'000
Amount due to former immediate holding company	**–**	726,532
Amount due to former intermediate holding company		
– interest free	**150,493**	244,038
– interest bearing	**–**	2,350,831
Amounts due to former fellow subsidiaries	**111,433**	869,137
Amount due to non-controlling shareholder of a subsidiary	**–**	9,276
Other payables	**3,508,022**	4,311,419
Accruals	**469,660**	33,006
Dividend payable to a non-controlling shareholder	**2,096**	35,274
Refund liabilities	**12,296**	12,296
	4,254,000	8,591,809

31. OTHER PAYABLES AND ACCRUALS (continued)

The amounts due to former immediate holding company, former intermediate holding company, former fellow subsidiaries and non-controlling shareholder of a subsidiary are unsecured, interest free and repayable on demand except that the amount due by the Group to former intermediate holding company of approximately RMB2,350,831,000 at 31 December 2020 was interest bearing at rates ranged from 4.35% to 15% per annum.

Included in the Group's other payables are interest payable on interest-bearing bank and other borrowings amounted to RMB422,166,000 (31 December 2020: RMB1,500,835,000).

Other payables have an average term of less than one year.

32. PROVISIONS

	31 March 2022 **RMB'000**	31 December 2020 RMB'000
At beginning of the period/year	**78,775**	104,320
Provision for the period/year (note (i))	**215,562**	8,135
Disposal of subsidiaries (note (ii))	**(78,775)**	–
Settlements during the period/year	**–**	(33,680)
At end of the period/year	**215,562**	78,775

Notes:

(i) In May 2018, a subsidiary of the Company, Yuxi Runya Property Company Limited ("Yuxi Runya"), executed a guarantee, under which Yuxi Runya has given a guarantee in favour of Minmetals International Trust Company Limited ("Minmetals International"), a PRC financial institution, for loans granted by Minmetals International to a former subsidiary, Dongguan Yihui Property Co., Limited ("Dongguan Yihui"), which is a subsidiary of Hong Kong Huzi Limited ("HK Huzi"), amounted to RMB1,458.5 million. In prior years, this guarantee was regarded transactions occurred within the Group and was not accounted for in the Group's consolidated financial statements.

During the reporting period, the Group disposed of all its equity interest in HK Huzi. Following the completion of the disposal, the fair value of the guarantee to be payable by the Group was estimated by the management of the Group to be approximately RMB215,562,000, after having considered the fair value of the assets and liabilities of Dongguan Yihui, including its property development project located in the PRC, and was recognised in the Group's consolidated financial statements for the reporting period.

(ii) The balance of the provisions at 31 December 2020, amounted to RMB78,775,000 represent the best estimation of cost and compensations made by management of the Group in connection with the litigations lodged against two subsidiaries of HK Huzi who arose from late delivery of properties to customers. In March 2022, the Group completed the disposal of all its equity interest in HK Huzi and the Group derecognised the assets and liabilities of HK Huzi and its subsidiaries, including the outstanding balance of the provisions at 31 December 2020.

33. CONTRACT LIABILITIES

	31 March 2022 RMB'000	31 December 2020 RMB'000
Advance from customers	**3,488,096**	10,290,733

Note:

Movements of contract liabilities are as follows:

	31 March 2022 RMB'000	31 December 2020 RMB'000
At beginning of the period/year	**10,290,733**	9,654,247
Increase in advance from customers during the period/year	**1,812,787**	9,307,255
Revenue recognised that was included in the contract liabilities balance at the beginning of the period/year	**(3,119,969)**	(2,996,797)
Revenue recognised from performance obligations satisfied during the period/year	**(1,543,009)**	(5,673,972)
Disposal of subsidiaries	**(3,952,446)**	–
At end of the period/year	**3,488,096**	10,290,733

Details of contract liabilities are as follows:

	31 March 2022 RMB'000	31 December 2020 RMB'000
Advance from customers from:		
Sale of information products	**52,200**	92,049
Sale of properties	**3,435,808**	10,196,820
Lease of properties	**88**	1,864
Total contract liabilities	**3,488,096**	10,290,733

Contract liabilities include advances received to deliver information products and properties, and significant financing components for the contract where the period between the advance received from customers and the transfer of the promised property or service exceeds one year. The decrease of contract liabilities in respect of the fifteen months ended 31 March 2022 was mainly due to the decrease in advances received from customers in relation to the sale of properties.

Included in the Group's contract liabilities as at 31 March 2022 are amounts due to fellow subsidiaries of approximately RMBnil (31 December 2020: RMB19,400,000).

34. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 March 2022 RMB'000	31 December 2020 RMB'000
Bank loans repayable:		
Within one year or on demand	**475,824**	622,157
Other loans repayable:		
Within one year or on demand	**3,022,030**	11,551,787
In the second year	**1,020,130**	–
	4,042,160	11,551,787
Total bank and other borrowings	**4,517,984**	12,173,944
Less: Bank and other borrowing due within one year and included in current liabilities	**(3,497,854)**	(12,173,944)
Bank and other borrowings not due within one year and included in non-current liabilities	**1,020,130**	–

Notes:

(a) Details of the bank and other borrowings are as follows:

	Outstanding at 31 March 2022			Outstanding at 31 December 2020		
	Effective interest rate %	Maturity	RMB'000	Effective interest rate %	Maturity	RMB'000
Bank loans – secured	–	–	–	9.0	On demand	133,333
Bank loans – unsecured	8.0	On demand	19,000	8.0	On demand	19,000
Bank loans – unsecured@	PRC Loan prime rate ("LPR") +30% to 35%	On demand	280,000	LPR+30% to 35%	On demand	285,000
Bank loans – unsecured@	LPR+69.25 to 75 Basis Points ("bps")	On demand	176,824	LPR+69.25 to 75bps	On demand	184,824
			475,824			622,157
Other loans – secured#	–	–	–	7.8	On demand	700,000
Other loans – secured#	8.0 to 14.5	On demand	2,705,890	8.1 to 14.5	On demand	9,636,482
Other loans – unsecured#	–	–	–	8.51	On demand	490,000
Other loans – unsecured*	4.7 to 8.5	On demand	316,140	6.5 to 10	On demand	690,305
Other loans – unsecured*	–	–	–	15.0	2021	35,000
Other loans – unsecured*	9.5 to 9.7	31 December 2023	1,020,130	–	–	–
			4,042,160			11,551,787
			4,517,984			12,173,944

34. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

(a) Details of the bank and other borrowings are as follows: (continued)

@ The balances represent loans with floating interest rates.

These other loans were obtained from financial institutions.

* These loans amounted to RMB305,247,000 at 31 March 2022 (31 December 2020: RMB240,000,000) and RMB10,893,000 at 31 March 2022 (31 December 2020: RMB450,305,000) were obtained from Peking Founder (note 1) and former fellow subsidiaries respectively.

As at 31 March 2022, default and other interests on bank and other borrowings amounted to approximately RMB422,166,000 (31 December 2020: RMB1,500,835,000 were accrued and included in the Group's other payables and accruals.

(b) The Group's bank and other loans are denominated in the following currencies:

	31 March 2022 RMB'000	31 December 2020 RMB'000
Renminbi	**4,517,984**	12,076,027
United States dollars	**–**	97,917
	4,517,984	12,173,944

(c) As at the end of the reporting period, certain of the Group's bank and other loans are secured by the pledge of the following assets of the Group:

	Notes	**31 March 2022 RMB'000**	31 December 2020 RMB'000
Property, plant and equipment	15	**–**	23,150
Investment properties	16	**–**	165,344
Properties under development for sale	22	**2,425,162**	12,176,058
Completed properties for sale	23	**912,296**	5,451,684
Restricted cash	28	**10,000**	10,361
		3,347,458	17,826,597

In addition, (i) certain of the Group's bank and other loans are secured by the pledge of equity interests of certain subsidiaries and former fellow subsidiaries of the Group, and the assignment of returns arising from certain properties under development for sale and completed properties for sale of the Group; (ii) Peking Founder (note 1), 北大資源集團有限公司 (Peking University Resources Group Co., Ltd.*) ("Resources Group") (note 46(i)) and Founder Information (note 1) have provided corporate guarantees for loans amounting to RMB4,151,844,000 (31 December 2020: RMB11,253,073,000); and (iii) Resources Group has provided properties as security for the Group's loans amounting to RMB3,326,020,000 (31 December 2020: RMB3,330,664,000) as at the end of the reporting period.

* *For identification purposes only*

34. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(d) In prior years, a subsidiary of the Company, Beijing Founder Century Information System Co., Ltd. ("PRC Century"), obtained a loan from a financial institution amounted to RMB2,500 million, and PRC Century in turn made advance of this sum to another subsidiary, Resources Investment, also a subsidiary of HK Huzi. The outstanding principal amount of this loan of approximately RMB1,069 million at 31 March 2022 was included in the Group's other borrowings at that date. During the current period, PRC Century, Resources Investment and Dongguan Yihui Property Co., Limited ("Dongguan Yihui"), a subsidiary of HK Huzi, entered into an agreement, under which the liabilities in relation to this advance due to PRC Century with the outstanding balance of approximately RMB1,069 million (inclusive of interest thereon), which was previously repayable by Resources Investment, was assigned to and is repayable by Dongguan Yihui, on dollar-for-dollar basis. The amount due by Dongguan Yihui to PRC Century of approximately RMB1,069 million has been recognised and included in the amounts due from former group companies (note 26) following the completion of disposal of HK Huzi during the reporting period.

35. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition of a subsidiary RMB'000	Total RMB'000
At 1 January 2020	71,378	23,214	54,788	149,380
Deferred tax charged/(credited) to the statement of profit or loss (note 12)	116,293	2,918	(319)	118,892
Exchange realignment	(506)	–	–	(506)
At 31 December 2020 and 1 January 2021	187,165	26,132	54,469	267,766
Deferred tax (credited)/charged to the statement of profit or loss (note 12)	(130,261)	2,918	1,945	(125,398)
Disposal of subsidiaries	(30,130)	(29,050)	–	(59,180)
Exchange realignment	–	–	–	–
At 31 March 2022	26,774	–	56,414	83,188

35. DEFERRED TAX (continued)

Deferred tax assets

	Impairment RMB'000	Provision for LAT RMB'000	Losses available for offsetting against future taxable profits RMB'000	Significant financing component from receipt in advance RMB'000	Unrealised profit arising from intra-group transactions RMB'000	Total RMB'000
At 1 January 2020	123,347	113,187	–	3,115	7,149	246,798
Deferred tax credited/(charged) to the statement of profit or loss (note 12)	(75,037)	(34,400)	8,871	7,166	5,890	(87,510)
At 31 December 2020 and 1 January 2021	48,310	78,787	8,871	10,281	13,039	159,288
Deferred tax charged to the statement of profit or loss (note 12)	(10,844)	(45,080)	(8,871)	(4,614)	(1,467)	(70,876)
Disposal of subsidiaries	(11,409)	(1,821)	–	(5,667)	–	(18,897)
At 31 March 2022	26,057	31,886	–	–	11,572	69,515

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:

	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**69,515**	107,264
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(83,188)**	(215,742)
	(13,673)	(108,478)

35. DEFERRED TAX (continued)

Deferred tax assets (continued)

Deferred tax assets have not been recognised in respect of the following items:

	31 March 2022 RMB'000	31 December 2020 RMB'000
Tax losses	597,506	5,594,845
Deductible temporary differences	1,935,725	6,843,748
	2,533,231	12,438,593

The Group has tax losses arising in Hong Kong of RMB96,716,000 (31 December 2020: RMB100,591,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of RMB500,790,000 (31 December 2020: RMB5,494,254,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is 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 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 March 2022, no deferred tax has been recognised for withholding taxes that would be payable on the 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 RMB1,791,226,000 at 31 March 2022 (31 December 2020: RMB3,422,954,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

36. SHARE CAPITAL

	31 March 2022 HK$'000	31 December 2020 HK$'000
Authorised:		
15,000,000,000 (31 December 2020 : 15,000,000,000) ordinary shares of HK$0.10 each	**1,500,000**	1,500,000

	31 March 2022		31 December 2020	
	HK$'000	RMB'000 (equivalent)	HK$'000	RMB'000 (equivalent)
Issued and fully paid:				
6,416,155,647 (31 December 2020: 6,416,155,647) ordinary shares of HK$0.10 each	**641,616**	**545,335**	641,616	545,335

There were no change in the issued shares of the Company during both of the periods presented.

37. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include (i) any director (whether executive or non-executive, including any independent non-executive director), senior management, employee (whether full time or part time) of any member of the Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company or (ii) any one or entity who, in the sole opinion of the directors of the Company, has contributed or will contribute to the Group or any substantial shareholder of the Company. The Scheme became effective on 29 May 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date when the scheme was approved by the shareholders of the Company in a general meeting. The maximum number of shares issuable under share options to each eligible participant in the 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 a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. 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 the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

37. SHARE OPTION SCHEME (continued)

The offer of a grant of share options is deemed to have been accepted when the duplicate offer letter comprising the acceptance of the option is signed and 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 ten years from the date of offer of the share options.

The exercise price of the share options is determinable by the directors, but should be the highest of (i) the closing price of the shares of the Company as stated on the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of 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 shareholders' meetings.

No options under the Scheme were granted, exercised or forfeited during both of periods presented and there were no outstanding share options under the Scheme during both of the periods and as at the end of the reporting periods.

38. RESERVES

The amounts of the Group's reserves and the movements therein for the current period and the prior year are presented in the consolidated statement of changes in equity on page 82 of the consolidated financial statements.

The contributed surplus represents the excess of nominal value of the shares of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefore.

The merger reserve comprises the excess of the Company's share of the nominal value of the paid-in capital of the subsidiaries acquired, over the Company's cost of acquisition of the subsidiary under common control; and the deemed distributions to companies controlled by the ultimate holding company.

The non-controlling interest reserve arose from changes in the ownership interests of subsidiaries, without a loss of control.

In accordance with the relevant PRC regulations, each of the Group's PRC subsidiaries is required to transfer not less than 10% of its profit after tax, as determined in accordance with PRC accounting standards and regulations, to the general reserve, which are restricted as to use, until such reserve reaches 50% of its registered capital. The respective amounts of the annual transfer are subject to the approval of the boards of directors of the PRC subsidiaries in accordance with their articles of association.

39. SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company — Direct — As at 31 March 2022 %	Direct — As at 31 December 2020 %	Indirect — As at 31 March 2022 %	Indirect — As at 31 December 2020 %	Principal activities
Yongqin Limited ("Yongqin")	British Virgin Islands/ Hong Kong	Ordinary HKD2	**100**	100	**–**	–	Property investment
Hong Kong Huzi Limited ("HK Huzi") (note (i))	Hong Kong	HKD10,000	**–**	–	**–**	–	Investment holding
Beijing Founder Century Information System Co., Ltd. ("PRC Century")#	PRC/Mainland China	RMB390,000,000	**–**	–	**100**	100	Distribution of information products
Chongqing Fangyuan Yingrun Property Co., Limited (note (ii))@	PRC/Mainland China	RMB642,600,000	**–**	–	**–**	100	Property development
Chongqing Yayuan Henghui Information Technology Co., Limited ("Yayuan Henghui") (note (iii))#	PRC/Mainland China	RMB2,000,000,000	**–**	–	**51**	–	Intragroup funding
Chongqing Yingfeng Property Co., Limited#	PRC/Mainland China	RMB80,000,000	**–**	–	**100**	100	Property development
Chongqing Yuefeng Property Co., Limited^	PRC/Mainland China	RMB50,000,000	**–**	–	**70**	70	Property development
Chongqing Yinghe Yiyuan Enterprise Management Co., Limited ("Yinghe Yiyuan") (note (iv))#	PRC/Mainland China	RMB2,000,000,000	**–**	–	**51**	–	Intragroup funding
Foshan Peking University Resources Property Co., Limited@	PRC/Mainland China	RMB100,000,000	**–**	–	**51**	51	Property development
Guiyang Henglong Property Co., Limited^ ("Guiyang Henglong")	PRC/Mainland China	RMB50,000,000	**–**	–	**70**	70	Property development

39. SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company: Direct As at 31 March 2022 %	Direct As at 31 December 2020 %	Indirect As at 31 March 2022 %	Indirect As at 31 December 2020 %	Principal activities
Kaifeng Boyuan Property Development Co., Limited	PRC/Mainland China	RMB20,000,000	–	–	100	100	Property development
Tianhe Property Development Co., Limited@	PRC/Mainland China	RMB300,000,000	–	–	90	90	Property development
Zhejiang Peking University Resources Property Co., Limited ("Zhejiang Peking University")#	PRC/Mainland China	RMB1,114,558,000	–	–	68	100	Property development
Chengdu Founder Yuancheng Information Technology Co., Limited ("Founder Yuancheng")	PRC/Mainland China	RMB100,000,000	–	–	51	51	Property development
Chengdu Lihui Property Co., Limited@ (note (i))	PRC/Mainland China	RMB50,000,000	–	–	–	70	Property development
Dongguan Yihui Property Co., Limited^ (note (i))	PRC/Mainland China	RMB30,000,000	–	–	–	100	Property development
Founder Century (Hong Kong) Limited ("Century (Hong Kong)") (note (v))	Hong Kong	Ordinary HKD2	–	–	–	100	Distribution of information products
Kaifeng Boming Property Development Co., Limited^ (note (i))	PRC/Mainland China	RMB20,000,000	–	–	–	100	Property development
Kunming Fangyuan Botai Zhiye Company Limited^ (note (i))	PRC/Mainland China	RMB50,000,000	–	–	–	85	Property development
Kunshan Fangshi Property Development Co., Limited^ (note (i))	PRC/Mainland China	RMB50,000,000	–	–	–	100	Property development
Kunshan Hi-Tech Electronic Arts Creative Industry Development Co., Limited ("Kunshan Hi-Tech")^ (note (i))	PRC/Mainland China	RMB200,000,000	–	–	–	51	Property development

39. SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct As at 31 March 2022 %	Direct As at 31 December 2020 %	Indirect As at 31 March 2022 %	Indirect As at 31 December 2020 %	Principal activities
Peking University Resources (Hubei) Asset Management Co., Limited# (note (i))	PRC/Mainland China	RMB30,000,000	–	–	–	100	Property investment
Peking University Resources Group Investment Co., Limited^ (note (i))	PRC/Mainland China	RMB50,000,000	–	–	–	100	Property investment
Qingdao Boya Real Estate Co., Limited^ (note (i))	PRC/Mainland China	RMB30,000,000	–	–	–	70	Property development
Tianjin Boya Properties Co., Limited^ (note (i))	PRC/Mainland China	RMB50,000,000	–	–	–	60	Property development
Tianjin Peking University Resources Real Estate Company Limited^ (note (i))	PRC/Mainland China	RMB50,000,000	–	–	–	70	Property development
Zhuzhou Lixiangcheng Property Development Co., Limited^ (note (i))	PRC/Mainland China	RMB50,000,000	–	–	–	82	Property development

Except for PRC Century, Century (Hong Kong) and YQ, the English names of the above companies were translated from their respective Chinese names by reference only as no English names of these entities have been registered.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

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.

Notes:

(i) During the year, the Group formed a new subsidiary, Hong Kong Huzi Limited ("HK Huzi") and thereafter underwent a group reorganisation, under which certain subsidiaries which are engaged in property development and property investment, were acquired by HK Huzi. On 25 March 2022, the Group disposed of its 100% equity interest in HK Huzi, details of which are set out in note 46.

(ii) In November 2021, the Company entered into an agreement with an independent third party to dispose of 62.96% equity interest in a subsidiary, Superb Virtue Limited ("Superb Virtue") (note 46(d)). The disposal was completed on 30 November 2021. Upon completion of the disposal, Supeb Virtue and its subsidiary, Chongqing Fangyuan Yingrun Property Co., Limited ("Fangyuan Yingrun") ceased to be the subsidiaries of the Group.

39. SUBSIDIARIES (continued)

Notes: (continued)

(iii) The subsidiary was established on 22 December 2021.

(iv) The subsidiary was established on 15 December 2021.

(v) On 1 March 2022, the Company entered into an agreement with an independent third party to dispose of 100% equity interest in a subsidiary, Founder Century (Hong Kong) Limited, for an aggregate cash consideration of HK$1. The disposal was completed on 1 March 2022 and Founder Century (Hong Kong) Limited ceased to be a subsidiary of the Group following the completion of the disposal.

Registered as a wholly-foreign-owned enterprise under PRC law

^ Registered as a limited liability company under PRC law

@ Registered as a Sino-foreign joint venture under PRC law

40. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that has material non-controlling interests are set out below:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31/3/2022	31/12/2020	Period from 1/1/2021 to 31/3/2022	Year ended 31/12/2020	31/3/2022	31/12/2020
				RMB'000	RMB'000	RMB'000	RMB'000
Non-wholly owned subsidiaries of Hong Kong Huzi Limited ("HK Huzi")	Mainland China	**(Note a)**	15%–49%	**(1,008,073)**	(98,892)	**–**	426,357
Zhejiang Peking University Resources Property Co., Limited (Note b)	Mainland China	**32%**	–	**(150,639)**	–	**491,168**	–
Chongqing Yuefeng Property Co., Limited (Note c)	Mainland China	**30%**	30%	**(102,458)**	2,729	**(20,640)**	81,818
Chengdu Founder Yuancheng Information Technology Co., Limited (Note d)	Mainland China	**49%**	49%	**(110,860)**	202,915	**97,848**	208,708
Guiyang Henglong Property Co., Limited (Note e)	Mainland China	**30%**	30%	**(281,680)**	(10,294)	**(101,286)**	180,394
Chongqing Yayuan Henghui Information Technology Co., Limited (Note f)	Mainland China	**49%**	–	**–**	–	**981,000**	–
Chongqing Yinghe Yiyuan Enterprise Management Co., Limited (Note g)	Mainland China	**49%**	–	**–**	–	**981,000**	–
Subsidiaries with individual immaterial non-controlling interests						**421,528**	238,900
						2,850,618	1,136,177

40. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes:

(a) During the reporting period, the Group disposal of HK Huzi and its subsidiaries which are no longer subsidiaries of the Company at the end of the reporting period.

(b) Zhejiang Peking University Resources Property Co., Limited

	31 March 2022	31 December 2020
Percentage of equity interest held by non-controlling interests (%)	**32**	–
Loss for the period/year allocated to non-controlling interests (RMB'000)	**(150,639)**	–
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	**491,168**	–

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000	In respect of year ended 31 December 2020 RMB'000
Revenue	**3,715**	–
Total cost, expenses and other income, net	**(481,934)**	–
Loss for the period/year and total comprehensive income for the period/year	**(478,219)**	–
Loss for the period/year allocated to non-controlling interests	**(150,639)**	–
Current assets	**2,402,747**	–
Non-current assets	**10,035**	–
Current liabilities	**(853,519)**	–
Non-current liabilities	**–**	–
Net assets	**1,559,263**	–
Net assets allocated to non-controlling interests	**491,168**	–
Net cash flows used in operating activities	**(644,311)**	–
Net cash flows used in investing activities	**(10,023)**	–
Net cash flows generated from financing activities	**650,563**	–
Net decrease in cash and cash equivalents	**(3,771)**	–

40. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(c) Chongqing Yuefeng Property Co., Limited

	31 March 2022	31 December 2020
Percentage of equity interest held by non-controlling interests (%)	**30**	30
(Loss)/profit for the period/year allocated to non-controlling interests (RMB'000)	**(102,458)**	2,729
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	**(20,640)**	81,818

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000	In respect of year ended 31 December 2020 RMB'000
Revenue	**5,022**	81,509
Total cost, expenses and other income, net	**(346,549)**	(72,413)
(Loss)/profit for the period/year and total comprehensive income for the period/year	**(341,527)**	9,096
(Loss)/profit for the period/year allocated to non-controlling interests	**(102,458)**	2,729
Current assets	**374,664**	728,666
Non-current assets	**2**	17
Current liabilities	**(443,465)**	(455,957)
Non-current liabilities	**–**	–
Net (liabilities)/assets	**(68,799)**	272,726
Net (liabilities)/assets allocated to non-controlling interests	**(20,640)**	81,818
Net cash flows used in operating activities	**(15,520)**	(43,444)
Net cash flows generated from investing activities	**–**	–
Net cash flows generated from financing activities	**15,473**	–
Net decrease in cash and cash equivalents	**(47)**	(43,444)

40. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(d) Chengdu Founder Yuancheng Information Technology Co., Limited

	31 March 2022	31 December 2020
Percentage of equity interest held by non-controlling interests (%)	**49**	49
(Loss)/profit for the period/year allocated to non-controlling interests (RMB'000)	**(110,860)**	202,915
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	**97,848**	208,708

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000	In respect of year ended 31 December 2020 RMB'000
Revenue	**23,980**	257,821
Total cost, expenses and other income, net	**(250,224)**	156,291
(Loss)/profit for the period/year and total comprehensive income for the period/year	**(226,244)**	414,112
(Loss)/profit for the period/year allocated to non-controlling interests	**(110,860)**	202,915
Current assets	**198,093**	215,529
Non-current assets	**440,318**	766,875
Current liabilities	**(418,322)**	(461,179)
Non-current liabilities	**(20,399)**	(95,291)
Net assets	**199,690**	425,934
Net assets allocated to non-controlling interests	**97,848**	208,708
Net cash flows (used in)/generated from operating activities	**(16,408)**	14,737
Net cash flows generated from investing activities	**–**	–
Net cash flows used in financing activities	**–**	(8,511)
Net (decrease)/increase in cash and cash equivalents	**(16,408)**	6,226

40. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(e) Gaiyang Henglong Property Co., Limited

	31 March 2022	31 December 2020
Percentage of equity interest held by non-controlling interests (%)	**30**	30
Loss for the period/year allocated to non-controlling interests (RMB'000)	**(281,680)**	(10,294)
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	**(101,286)**	180,394

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000	In respect of year ended 31 December 2020 RMB'000
Revenue	**611,122**	31,343
Total cost, expenses and other income, net	**(1,550,055)**	(65,655)
Loss for the period/year and total comprehensive income for the period/year	**(938,933)**	(34,312)
Loss for the period/year allocated to non-controlling interests	**(281,680)**	(10,294)
Current assets	**600,894**	2,436,780
Non-current assets	**69,583**	29,368
Current liabilities	**(929,919)**	(1,739,766)
Non-current liabilities	**(78,178)**	(125,070)
Net (liabilities)/assets	**(337,620)**	601,312
Net (liabilities)/assets allocated to non-controlling interests	**(101,286)**	180,394
Net cash flows generated from operating activities	**33,147**	416,636
Net cash flows generated from investing activities	**–**	–
Net cash flows used in financing activities	**–**	(577,550)
Net increase/(decrease) in cash and cash equivalents	**33,147**	(160,914)

40. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(f) Chongqing Yayuan Henghui Information Technology Co., Limited

	31 March 2022	31 December 2020
Percentage of equity interest held by non-controlling interests (%)	**49**	–
Profit for the period/year allocated to non-controlling interests (RMB'000)	**–**	–
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	**981,000**	–

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000	In respect of year ended 31 December 2020 RMB'000
Revenue	**–**	–
Total cost, expenses and other income, net	**–**	–
Profit for the period/year and total comprehensive income for the period/year	**–**	–
Profit for the period/year allocated to non-controlling interests	**–**	–
Current assets	**981,000**	–
Non-current assets	**–**	–
Current liabilities	**–**	–
Non-current liabilities	**–**	–
Net assets	**981,000**	–
Net assets allocated to non-controlling interests	**981,000**	–

At the end of the reporting period, all of the registered capital of the subsidiary were contributed by the non-controlling interests, accordingly, the net assets of the subsidiary at that date are allocated to non-controlling interests.

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000	In respect of year ended 31 December 2020 RMB'000
Net cash flows used in operating activities	**(981,000)**	–
Net cash flows from investing activities	**–**	–
Net cash flows generated from financing activities	**981,000**	–
Net decrease in cash and cash equivalents	**–**	–

40. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(g) Chongqing Yinghe Yiyuan Enterprise Management Co., Limited

	31 March 2022	31 December 2020
Percentage of equity interest held by non-controlling interests (%)	**49**	–
Profit for the period/year allocated to non-controlling interests (RMB'000)	**–**	–
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	**981,000**	–

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000	In respect of year ended 31 December 2020 RMB'000
Revenue	**–**	–
Total cost, expenses and other income, net	**–**	–
Profit for the period/year and total comprehensive income for the period/year	**–**	–
Profit for the period/year allocated to non-controlling interests	**–**	–
Current assets	**981,001**	–
Non-current assets	**–**	–
Current liabilities	**(1)**	–
Non-current liabilities	**–**	–
Net assets	**981,000**	–
Net assets allocated to non-controlling interests	**981,000**	–

At the end of the reporting period, all of the registered capital of the subsidiary were contributed by the non-controlling interests, accordingly, the net assets of the subsidiary at that date are allocated to non-controlling interests.

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000	In respect of year ended 31 December 2020 RMB'000
Net cash flows used in operating activities	**(981,000)**	–
Net cash flows from investing activities	**–**	–
Net cash flows generated from financing activities	**981,000**	–
Net decrease in cash and cash equivalents	**–**	–

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The considerations from disposal of subsidiaries that occurred during the period comprised set off of current accounts. Further details of the disposals are set out in note 46.

During the reporting period, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,590,000 (31 December 2020: RMB4,923,000) and RMB5,590,000 (31 December 2020: RMB4,923,000), respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Period from 1 January 2021 to 31 March 2022

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2021	12,173,944	10,572	12,184,516
Changes from financing cash flows	(34,915)	(10,621)	(45,536)
New leases	–	5,590	5,590
Interest expense	–	769	769
Interest paid classified as operating cash flows	–	(769)	(769)
Disposal of subsidiaries	(7,621,045)	–	(7,621,045)
At 31 March 2022	4,517,984	5,541	4,523,525

Year ended 31 December 2020

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2020	12,912,955	18,076	12,931,031
Changes from financing cash flows	(737,840)	(8,500)	(746,340)
New leases	–	4,923	4,923
Foreign exchange movement	(1,171)	–	(1,171)
Interest expense	–	1,779	1,779
Interest paid classified as operating cash flows	–	(1,779)	(1,779)
COVID-19-related rent concessions from lessors	–	(835)	(835)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(3,092)	(3,092)
At 31 December 2020	12,173,944	10,572	12,184,516

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Within operating activities	**3,841**	11,237
Within financing activities	**10,621**	8,500
	14,462	19,737

42. CONTINGENT LIABILITIES

Save as disclosed elsewhere in the consolidated financial statements, the Group had contingent liabilities at the end of the reporting period as follows:

(a) The Group had outstanding litigations as detailed in notes 51 and 52;

(b) the Group has given guarantees in favour of certain banks in relation to mortgages granted by these banks to purchasers of the Group's properties amounting to approximately RMB3,136,710,000 (2020: RMB7,886,614,000). Pursuant to the terms of the guarantees, upon default in mortgage payments, if any, by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled (but not limited to) to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon issuance of the building ownership certificates which are generally available within one to two years after the purchasers take possession of the relevant properties. The directors of the Company consider that, in the case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made for the guarantees in the consolidated financial statements for the current period (Year ended 31 December 2020: Nil).

43. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other borrowings are included in note 34 to the financial statements.

44. COMMITMENTS

The Group had the following commitments for the Group's development properties at the end of the reporting period:

	31 March 2022	31 December 2020
	RMB'000	RMB'000
Contracted for:		
Properties under development	**1,829,014**	4,959,157

45. RELATED PARTY TRANSACTIONS

(a) In addition to the related party transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the current period/year:

	Notes	**Period from 1 January 2021 to 31 March 2022**	Year ended 31 December 2020
		RMB'000	RMB'000
Transactions with former fellow subsidiaries:			
Purchases of goods	(i)	**2,289**	17,928
Service fee income	(i)	**–**	24,237
Rental expense	(i)	**–**	8,095
Service fee expenses	(i)	**3,846**	47,885
Interest income	(ii)	**–**	12,537
Interest expense	(iii)	**5,293**	8,591
Interest penalty on loan defaults	(iv)	**–**	93,434
Transactions with former intermediate holding companies:			
Interest expense	(iii)	**28,368**	632,619
Interest penalty on loan defaults	(iv)	**–**	8,345
Transactions with former non-controlling shareholders:			
Interest income	(ii)	**–**	15,309
Interest expense	(iii)	**–**	5,857
Transactions with former associate:			
Service fee income	(i)	**1,156**	6,297
Interest income	(ii)	**584**	1,175

45. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The interest income was attributable to deposits placed at Founder Finance which bear interests at rates ranging from 0.455% to 1.495% per annum (2020: from 0.455% to 1.495% per annum), loans to certain former fellow subsidiaries which bear interests at a rate of 8% per annum (2020: 8% per annum), loans to a former non-controlling shareholder which bear interests at rate of 10.5% per annum (2020: 10.5% per annum), and loans to a former associate which bear interests at a rate of 10% per annum (2020: 10% per annum).

(iii) The interest expenses were charged on loans from former intermediate holding companies (including Peking Founder), which bear interests at rates ranging from 4.5% to 14.41% per annum (2020: 4.35% and 15% per annum), loans from former fellow subsidiaries which bear interests at rates of 8% per annum (2020: from 8.5% to 15% per annum) and loan from a former non-controlling shareholder of a former subsidiary which bear interests at rate of 4.66% and 8.5% per annum (2020: 10% per annum). Further details of these loans are set out in notes 31 and 34.

(iv) The interest penalties on loan defaults were attributable to defaults of loans from a former intermediate holding company and from a former fellow subsidiary and the amounts were determined in accordance with the relevant terms as stipulated in the loan agreements.

(b) Commitments with related parties

At the end of the reporting period, a subsidiary of the Group and 北京北大資源物業經營管理集團有限公司 (Peking University Resources Property Management Company Limited*), a subsidiary of Peking Founder, entered into a one-year rental agreement in respect of lease of several office properties for an aggregate rental charges amounted to RMBnil (31 December 2020: RMB8,500,000).

(c) Compensation of key management personnel (including the directors and chief executive of the Company) of the Group:

	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000
Salaries, allowances and benefits in kind	**4,983**	5,316
Bonuses	**2,666**	4,147
Retirement benefits	**126**	154
Total compensation paid to key management personnel	**7,775**	9,617

Further details of the directors' and chief executive's emoluments are included in note 10.

* *For identification purposes only*

46. DISPOSAL OF SUBSIDIARIES

During the reporting period, the Group disposed of certain subsidiaries as follows:

(a) On 21 January 2022, the Company entered into a sale and purchase agreement with a third party for the disposal of the Group's 100% equity interest in Hong Kong Huzi Limited ("HK Huzi") for a consideration of HK$20,000,000 (equivalent to approximately RMB16,276,000). The consideration was satisfied by offsetting in full against part of the debt due by the Group to the purchaser, on dollar-for-dollar basis. HK Huzi is engaged in investment holding and its subsidiaries are principally engaged in property development and property investment in Mainland China. The disposal was completed on 25 March 2022.

(b) On 17 March 2022, a subsidiary of the Company entered into a sale and purchase agreement with a third party (the "Purchaser") for the disposal of the Group's 70% equity interest in Changsha Loncin Real Estate Development Co., Ltd. ("Changsha Loncin") for a consideration of RMB5,000,000. The consideration was satisfied by offsetting in full against part of the debt due by the Group to the purchaser, on dollar-for-dollar basis. Changsha Loncin is engaged is principally engaged in property development in Mainland China. The disposal was completed on 17 March 2022.

(c) On 17 March 2022, a subsidiary of the Company entered into a sale and purchase agreement with a third party for the disposal of the Group's 70% equity interest in Changsha Henglong Real Estate Development Co., Ltd. ("Changsha Henglong") for a consideration of RMB5,000,000. The consideration was satisfied by offsetting in full against part of the debt due by the Group to the purchaser, on dollar-for-dollar basis. Changsha Henglong is principally engaged in property development in the PRC. The disposal was completed on 17 March 2022.

(d) In November 2021, the Company entered into an agreement with a third party to dispose of 62.96% equity interest in a subsidiary, Superb Virtue Limited ("Superb Virtue") for an aggregate cash consideration of HK$27,000,000 (equivalent to approximately RMB21,974,000). The consideration was satisfied by offsetting in full against part of the debt due by the Group to the purchaser, on dollar-for-dollar basis. Superb Virtue is an investment holding company and its 61.77% equity owned subsidiary, Chongging Fangyuan Yingrun Property Co., Limited ("Fangyuan Yingrun"), is principally engaged in property development in Mainland China. The disposal was completed on 30 November 2021. Upon completion of the disposal, Fangyuan Yingrun ceased to be a subsidiary of the Group.

(e) On 1 March 2022, the Company entered into a sale and purchase agreement with a third party for the disposal of the Group's 100% equity interest in Founder Century (Hong Kong) Limited ("Century (Hong Kong)") for a cash consideration of HK$1. Century (Hong Kong) is engaged in trading of information products in Hong Kong. The disposal was completed on 1 March 2022.

46. DISPOSAL OF SUBSIDIARIES (continued)

The assets and liabilities of the subsidiaries disposed of and the gain/loss on disposals are analysed as follows:

Analysis of assets and liabilities of the subsidiaries over which control was lost:

	HK Huzi RMB'000 (Note (i))	Changsha Loncin RMB'000	Changsha Henglong RMB'000	Superb Virtue RMB'000	Century (Hong Kong) RMB'000	Immaterial subsidiaries RMB'000	Total RMB'000
Property, plant and equipment	41,468	118	59	30	–	–	41,675
Investment properties	488,050	–	–	20,978	–	–	509,028
Right-of-use assets	10,462	–	–	–	–	–	10,462
Other intangible assets	210	6	–	–	–	–	216
Investment in associates	103	–	–	–	–	–	103
Deferred tax assets	18,897	–	–	–	–	–	18,897
Properties for sale – under development	6,395,803	–	–	477,240	–	–	6,873,043
Properties for sale – completed	6,106,778	159,947	1,822	–	–	–	6,268,547
Trade and bills receivables	13,036	–	–	–	141,386	–	154,422
Prepayments, other receivables and other assets	6,826,949	2,197	147,688	9,221	71,133	7,038	7,064,226
Income tax recoverable	564,210	–	–	–	–	–	564,210
Amount due from the group companies	142,241	287	–	41,809	–	–	184,337
Restricted cash	435,691	–	–	–	–	–	435,691
Cash and cash equivalents	124,037	4,596	3	160	56	10	128,862
Trade payables	(1,013,578)	(69,586)	(22)	(5,845)	–	–	(1,089,031)
Other payables and accruals	(10,486,872)	(359,773)	(583,807)	(210,983)	–	–	(11,641,435)
Provisions	(78,775)	–	–	–	–	–	(78,775)
Contract liabilities	(3,942,309)	(4,978)	–	–	(479)	(4,680)	(3,952,446)
Amounts due to group companies (Note (ii))	(3,475,245)	(36)	–	(47,328)	(172,727)	–	(3,695,336)
Interest-bearing bank and other borrowings	(7,371,467)	(5,679)	–	(243,899)	–	–	(7,621,045)
Income tax payable	(1,507,423)	(68,498)	(3,412)	(45,642)	–	–	(1,624,975)
Deferred tax liabilities	(59,180)	–	–	–	–	–	(59,180)
Net (liabilities)/assets disposed of	(6,766,914)	(341,399)	(437,669)	(4,259)	39,369	2,368	(7,508,504)
Gain on disposal of subsidiaries:							
Consideration for disposal	16,276	5,000	5,000	21,974	–	–	48,250
Non-controlling interests	(3,411,226)	(102,436)	(160,251)	45,794	–	–	(3,628,119)
Net liabilities/(assets) disposed of	6,766,914	341,399	437,669	4,259	(39,369)	(2,368)	7,508,504
(Gain)/loss on disposal of subsidiaries	(3,371,964)	(243,963)	(282,418)	(72,027)	39,369	2,368	(3,928,635)
Net cash outflow arising on disposal:							
Cash received on disposal	–	–	–	–	–	–	–
Less: bank balances and cash disposed of	(124,037)	(4,596)	(3)	(160)	(56)	(10)	(128,862)
Net cash outflow arising on disposal of subsidiaries	(124,037)	(4,596)	(3)	(160)	(56)	(10)	(128,862)

46. DISPOSAL OF SUBSIDIARIES (continued)

Notes:

(i) A wholly-owned subsidiary of HK Huzi, Peking University Resources Group Investment Company Limited ("Resources Investment") owed the former intermediate holding company of the Group, Peking University Resources Group Co., Limited ("Resources Group") (the "Alleged Debt") amounted to approximately RMB2,351 million at 31 December 2020 which was included in other payables and accruals as at that date (note 31). During the reporting period, the Company was informed that a civil legal proceeding in Mainland China has been filed by Resources Group against Resources Investment for immediate repayment of the Alleged Debt, which was claimed to be in aggregate RMB7,926 million up to 30 September 2020, and the overdue interests thereon together with litigation costs. As at 31 March 2022 and the date of approval of these consolidated financial statements, this litigation is still pending for court judgements.

The directors of the Company are of the view that following the completion of the disposal by the Group of all the equity interests in HK Huzi during the reporting period, HK Huzi and its subsidiaries, including Resources Investment, are no longer subsidiaries of the Group and the Group is not liable to any of the obligations and liabilities of HK Huzi and its subsidiaries payable to parties other than the entities in the Group, accordingly, such obligations and liabilities, if any, are not required to be accounted for in the consolidated financial statements of the Group for the current period.

(ii) The gross amount due by the former group companies to the Group at completion of the disposal was in aggregate approximately RMB 6,985,832,000. Management of the Group is of the view that the recoverable amounts of the Group's receivables from these former group companies were estimated to be approximately RMB3,475,245,000 after taking into account of the collaterals and financial position of the individual former group companies, which was recognised in the consolidated financial statements.

(iii) During the reporting period and before the completion of the disposal, certain subsidiaries of HK Huzi disposed of their completed properties for sale to other subsidiaries of the Company other than HK Huzi and its subsidiaries for an aggregate cash consideration of approximately RMB1,227 million. These properties for sale are regarded as transactions within the Group and the difference between the consideration for disposal amounted to RMB1,227 million and the carrying amount of such properties at time of disposal amounted to RMB2,502 million were eliminated on group consolidation.

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

31 March 2022

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	**113,818**	**–**	**113,818**
Financial assets at amortised cost			
Trade and bills receivables	**–**	**664,799**	**664,799**
Financial assets included in prepayments, other receivables and other assets	**–**	**4,633,577**	**4,633,577**
Restricted cash	**–**	**41,971**	**41,971**
Cash and cash equivalents	**–**	**641,949**	**641,949**
	113,818	**5,982,296**	**6,096,114**

31 December 2020

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	–	–
Financial assets at amortised cost			
Trade and bills receivables	–	1,040,140	1,040,140
Financial assets included in prepayments, other receivables and other assets	–	993,045	993,045
Restricted cash	–	461,300	461,300
Cash and cash equivalents	–	1,401,854	1,401,854
	–	3,896,339	3,896,339

47. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities

	Financial liabilities at amortised cost	
	31 March 2022	31 December 2020
	RMB'000	RMB'000
Trade payables	**2,012,227**	4,920,330
Lease liabilities	**5,541**	10,572
Financial liabilities included in other payables and accruals	**4,241,704**	8,579,513
Interest-bearing bank and other borrowings	**4,517,984**	12,173,944
	10,777,456	25,684,359

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's financial assets measured at fair value represents the unlisted equity interest classified under financial assets at fair value through profit or loss. Details of the fair value measurements are set out in note 21.

Management has assessed that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost, including cash and cash equivalents, restricted cash, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and lease liabilities, approximate their fair value, which either due to their short term maturities, or that they are subject to floating rates.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

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.

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair values:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 March 2022				
Financial assets at fair value through profit or loss	**–**	**–**	**113,818**	**113,818**
As at 31 December 2020				
Financial assets at fair value through profit or loss	–	–	–	–

The Group did not have any financial liabilities measured at fair value as at 31 March 2022 and 31 December 2020.

During the period, 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 (31 December 2020: Nil).

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. 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 and bills receivables and trade and bills payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

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.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings with floating interest rates. The effective interest rates and terms of repayment of the interest-bearing bank and other borrowings of the Group are disclosed in note 34 to the financial statements.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit/loss before tax (through the impact on floating rate borrowings) and prior to interest capitalisation.

	Increase/ (decrease) in basis points	**(Decrease)/ increase in profit before tax 31 March 2022 RMB'000**	Decrease/ (increase) in loss before tax 31 December 2020 RMB'000
RMB	100	**(4,568)**	(4,698)
RMB	(100)	**4,568**	4,698

Foreign currency risk

The Group has transactional currency exposures. These exposures mainly arise from sales or purchases by the Group's operating units in Hong Kong in currencies other than the units' functional currencies (i.e., HK$). The Group does not enter into any hedging transactions for reducing the Group's exposures to foreign currency risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US dollars and HK$ exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and other components of the Group's equity.

	Increase/ (decrease) in exchange rate %	**(Decrease)/ increase in profit before tax 31 March 2022 RMB'000**	Decrease/ (increase) in loss before tax 31 December 2020 RMB'000
If the HK$ weakens against US dollars	(5)	**198,607**	(56,543)
If the HK$ strengthens against US dollars	5	**(198,607)**	56,543

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at the end of the reporting period. The amounts presented are gross carrying amounts for financial assets.

As at 31 March 2022

	12-month expected credit losses	Lifetime expected credit losses			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	699,007	699,007
Bills receivable	4,075	–	–	–	4,075
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,655,160	–	–	–	4,655,160
– Doubtful**	–	–	–	–	–
Restricted cash	–	–	–	–	–
– Not yet past due	41,971	–	–	–	41,971
Cash and cash equivalents	–	–	–	–	–
– Not yet past due	641,949	–	–	–	641,949
	5,343,155	–	–	699,007	6,042,162

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2020

	12-month expected credit losses	Lifetime expected credit losses			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	1,088,687	1,088,687
Bills receivable	42,880	–	–	–	42,880
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,007,088	–	–	–	1,007,088
– Doubtful**	–	–	79,826	–	79,826
Restricted cash					
– Not yet past due	721,060	–	–	–	721,060
Cash and cash equivalents					
– Not yet past due	1,142,094	–	–	–	1,142,094
	2,913,122	–	79,826	1,088,687	4,081,635

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 25 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when 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. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 March 2022			Carrying
	Within 1 year RMB'000	Over 1 year RMB'000	Total RMB'000	amount RMB'000
Trade payables	**2,012,227**	**–**	**2,012,227**	**2,012,227**
Financial liabilities included in other payables and accruals	**4,241,704**	**–**	**4,241,704**	**4,241,704**
Lease liabilities	**4,348**	**1,596**	**5,944**	**5,541**
Interest-bearing bank and other borrowings	**3,920,021**	**1,075,890**	**4,995,911**	**4,517,984**
	10,178,300	**1,077,486**	**11,255,786**	**10,777,456**

	31 December 2020			Carrying
	Within 1 year RMB'000	Over 1 year RMB'000	Total RMB'000	amount RMB'000
Trade payables	4,920,330	–	4,920,330	4,920,330
Financial liabilities included in other payables and accruals	8,579,513	–	8,579,513	8,579,513
Lease liabilities	11,681	2,278	13,959	10,572
Interest-bearing bank and other borrowings	12,675,785	–	12,675,785	12,173,944
	26,187,309	2,278	26,189,587	25,684,359

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the period ended 31 March 2022 and year ended 31 December 2020.

The Group monitors capital using a debt to equity ratio, which is total interest-bearing bank and other borrowings divided by total equity attributable to owners of the parent. The debt to equity ratios as at the end of the reporting periods were as follows:

	31 March 2022 RMB'000	31 December 2020 RMB'000
Interest-bearing bank and other borrowings	**4,517,984**	12,173,944
Total equity attributable to owners of the Company	**(462,081)**	(1,844,135)
Debt to equity ratio*	**N/A**	N/A

* As at 31 March 2022 and 31 December 2020, the Group had a shareholders' deficit. As such, no gearing ratio was presented.

50. 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:

	31 March 2022 RMB'000	31 December 2020 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	–	–
Property, plant and equipment	209	–
Right-of-use assets	1,153	–
Total non-current assets	1,362	–
CURRENT ASSETS		
Prepayments, other receivables and other assets	37,242	76,076
Cash and cash equivalents	1,914	2,351
Total current assets	39,156	78,427
CURRENT LIABILITIES		
Other payables and accruals	141,460	163,091
Total current liabilities	141,460	163,091
NET CURRENT LIABILITIES	(102,304)	(84,664)
TOTAL ASSETS LESS CURRENT LIABILITIES	(100,942)	(84,664)
NON-CURRENT LIABILITIES		
Lease liabilities	566	–
Net liabilities	(101,508)	(84,664)
EQUITY		
Share capital	545,335	545,335
Reserves (note)	(646,843)	(629,999)
Total equity	(101,508)	(84,664)

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Contributed surplus RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2020	258	1,306,591	220,018	(1,955,351)	(428,484)
Loss for the year	–	–	–	(194,577)	(194,577)
Other comprehensive loss for the year:					
Exchange differences on translation of financial statements of the Company	–	–	(6,938)	–	(6,938)
At 31 December 2020 and at 1 January 2021	258	1,306,591	213,080	(2,149,928)	(629,999)
Profit for the year	–	–	–	87,557	87,557
Other comprehensive loss for the period:					
Exchange differences on translation of financial statements of the Company	–	–	(104,401)	–	(104,401)
At 31 March 2022	258	1,306,591	108,679	(2,062,371)	(646,843)

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus in certain circumstances.

51. LITIGATIONS

As at 31 March 2022, the Group has been involved in the following significant legal proceedings and has been proactively responding to the cases:

(a) In August 2021, Shanghai International Trust Company Limited* ("Shanghai Trust"), a financial institution, filed civil complaints in the Shanghai Financial Court (i) against certain subsidiaries of the Company, namely Chongqing Yingfeng Property Co., Ltd.* ("Chongqing Yingfeng"), Kunshan Fangshi Property Development Co., Limited* ("Kunshan Fangshi") and Hong Kong Yingfeng Holdings Limited ("Hong Kong Yingfeng") in respect of the outstanding debts amounting to approximately RMB413,640,000; and (ii) against other subsidiaries, namely Beijing Founder Century Information System Co., Ltd.* ("Beijing Founder") and Chongqing Yingfeng in respect of the outstanding debts amounting to approximately RMB716,171,000 (including outstanding principal and interest). In December 2021, mediation agreements were entered into between the relevant subsidiaries and Shanghai Trust. In January 2022, civil mediation letters were issued by the Shanghai Financial Court, pursuant to which the defendants were required to pay the settlement amounts totalled approximately RMB1,129,811,000 in instalments to Shanghai Trust by 31 December 2023 which have been included in the Group's bank and other borrowings (note 34) and other payables and accruals (note 31). Details of these legal proceedings are set out in the announcements of the Company dated 15 October 2021 and 27 January 2022.

* *For identification purposes only*

51. LITIGATIONS (continued)

(b) In August 2021, Minmetals International Trust Co., Ltd ("Minmetals International"), a financial institution, filed a civil complaint in the Intermediate People's Court of Xining, Qinghai Province against a subsidiary of HK Huzi, Dongguan Yihui Property Co., Limited* ("Dongguan Yihui"), and the Company's subsidiaries, Yuxi Runya Property Company Limited* ("Yuxi Runya") and Chongqing Yingfeng, in respect of the outstanding debts amounting to approximately RMB1,510 million (Minmetals International changed the amount of outstanding debts of the case to approximately RMB1,458,513,000 in December 2021). In February 2022, the Intermediate People's Court of Xining, Qinghai Province issued a civil judgement, which ruled that (i) Dongguan Yihui and Yuxi Runya shall jointly repay to Minmetals International the principal amount of the borrowings of approximately RMB1,458,513,000 together with the related interest and the other costs (which have been included in the Group's bank and other borrowings (note 34) or other payables and accruals (note 31)); and (ii) Minmetals International has the priority of the compensation from the proceeds of auction and sale of the collateral provided by Yuxi Runya and Chongqing Yingfeng.

The relevant subsidiaries have appealed the judgement to the Higher People's Court of Qinghai Province. Up to the date of approval of these consolidated financial statements, the second instance proceeding is still on-going.

(c) In August 2021, Minmetals International filed a civil complaint in the Intermediate People's Court of Xining, Qinghai Province against a subsidiary of the Company, Wuhan Tianhe Jinrui Property Development Company Limited* ("Wuhan Tianhe"), and Yuxi Runya, and a subsidiary of HK Huzi, Peking University Resources Group Investment Company Limited* ("Resources Investment"), in respect of the outstanding entrusted loans amounting to approximately RMB631 million (including outstanding principal of RMB620 million and outstanding interest and default interest as at 19 August 2021). In February 2022, the Intermediate People's Court of Xining, Qinghai Province issued a civil judgement, which ruled that (i) Wuhan Tianhe and Yuxi Runya shall jointly repay to Minmetals International the outstanding principal of RMB620 million together with the related interest and other costs (which have been included in the Group's bank and other borrowings (note 34) or other payables and accruals (note 31)); and (ii) Minmetals International has the priority of compensation from the proceeds of auction and sale of the collateral provided by Wuhan Tianhe and Resources Investment.

The relevant subsidiaries have appealed the judgement to the Higher People's Court of Qinghai Province. Up to the date of approval of these consolidated financial statements, the second instance proceeding is still on-going.

* *For identification purposes only*

52. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in these consolidated financial statements, the Group's significant events after the end of reporting period are as follows:

(a) On 21 April 2022, Chongqing Ruihesheng Project Management Co., Limited* ("Chongqing Ruihesheng"), an indirectly wholly-owned subsidiary of the Company, entered into the equity transfer agreement with certain independent third parties, Chengdu Moding Zhishi Investment Management Co., Limited* ("Chengdu Moding"), Chengdu Yizhong Wisdom Investment Management Co., Limited* ("Chengdu Yizhong"), and Chongqing Shengfu Future Industry Co., Limited* ("Cheongqing Shengfu") (the "Equity Transfer Agreement"), pursuant to which Chengdu Moding has agreed to acquire 26% equity interest of Chongqing Xinlongrui Information Technology Co., Limited* ("Chongqing Xinlongrui") from Chongqing Ruihesheng at the consideration of RMB51,240,392, Chengdu Yizhong has agreed to acquire 17% equity interest of Chongqing Xinlongrui from Chongqing Ruihesheng at the consideration of approximately RMB33,503,000, and Chongqing Shengfu has agreed to acquire 8% equity interest of Chongqing Xinlongrui from Chongqing Ruihesheng at the consideration of approximately RMB15,766,000, respectively. Chongqing Xinlongrui is an investment holding company and, through its subsidiaries, are principally engaged in property development business in the PRC.

Completion of the disposal has taken place as at the date of approval of these consolidated financial statements. Details of the aforementioned disposal are set out in the Company's announcement dated 21 April 2022.

(b) New Litigation (the "New Litigation")

The Company was informed that a civil compliant has been filed by CITIC Trust Co., Ltd. ("CITIC Trust") in the Beijing Financial Court of the People's Republic China against certain subsidiaries of the Company, namely Hong Kong Tianhe Holdings Limited ("HK Tianhe"), Ezhou Jinfeng Property Development Co., Limited* ("Ezhou Jinfeng"), and Tianhe Property Development Co., Limited* ("Tianhe Property") as defendants in respect of (i) the outstanding debts amounting to approximately RMB1.05 billion (which includes the related interest calculated up to 10 November 2021); and (ii) CITIC Trust's priority in compensation over the proceeds from the auction or sale of the 90% equity interests in Tianhe Property held by HK Tianhe and the land use rights in several properties held by Ezhou Jinfeng. The outstanding debts of RMB1.05 billion have been included in the Group's bank and other borrowings (note 34) or other payables and accruals (note 31).

Up to the date of approval of these consolidated financial statements, the legal case in still at preliminary stage. Details of this legal proceeding are set out in the announcement of the Company dated 8 April 2022.

53. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

* *For identification purposes only*

Location	Use	Tenure	Percentage of interest attributable to the Group
A building to be occupied by a kindergarten and located at the Northern part of Jin Zhou Avenue Beibu New District Chongqing City The PRC	Commercial	Medium term lease	70
A building to be occupied by a kindergarten and located at Da Du Kou Jiulongpo District Chongqing City The PRC	Commercial	Medium term lease	70
A building to be occupied by a kindergarten and located at Cuntan Street Jiangbei District Chongqing City The PRC	Commercial	Medium term lease	100
A building occupied by a cinema and located at the cross of Xiubei Road and Guanshan Road Guanshanhu District Guiyang City Guizhou Province The PRC	Commercial	Medium term lease	70
Various office units on various levels of No. 467 Boya City Plaza Located at Xinyu Road Gaoxin District Chengdu City Sichuan Province The PRC	Commercial	Long term lease	51

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

RESULTS

	Period from 1 January 2021 to 31 March 2022	Year ended 31 December			
		2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	**11,799,624**	9,085,402	24,131,590	24,911,870	16,246,608
PROFIT/(LOSS) FOR THE PERIOD/YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**1,509,499**	(2,025,393)	(2,421,877)	716,310	333,451

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March 2022	As at 31 December			
		2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS	**18,267,389**	38,190,572	38,541,413	42,661,238	47,106,223
TOTAL LIABILITIES	**(15,878,852)**	(38,898,530)	(37,437,773)	(39,656,548)	(44,880,712)
NON-CONTROLLING INTERESTS	**(2,850,618)**	(1,136,177)	(962,845)	(336,184)	(249,263)
	(462,081)	(1,844,135)	140,795	2,668,506	1,976,248

	Period from 1 January 2021 to 31 March 2022 RMB'million	Year ended 31 December 2020 RMB'million	+/(-) Change
FINANCIAL PERFORMANCE			
Revenue	**11,800**	9,085	29.8%
Gross profit margin	**-22.49%**	5.9%	
Loss for the period/year	**(434)**	(1,845)	-76.48%
KEY FINANCIAL INDICATORS			
Cash and cash equivalents	**642**	1,402	-54.21%
Net current assets/(liabilities)	**2,740**	(2,233)	-2.23
Total assets	**18,267**	38,191	-52.17%
Total liabilities	**15,879**	38,899	-59.18%
Interest-bearing bank and other borrowings	**4,518**	12,174	-62.89%
Total equity	**2,388**	(708)	-4.37
Current ratio (times)	**1.19**	0.94	
Gearing ratio	**N/A**	N/A	
Basic profit/(loss) per share (RMB cents)	**23.52**	(31.57)	
Diluted profit/(loss) per share (RMB cents)	**N/A**	N/A	