中國奧園集團股份有限公司
China Aoyuan Group Limited

(Incorporated in the Cayman Islands with limited liability)
HKEx Stock Code: 3883

2022
Annual Report

Striving for
a Promising Future

Group Introduction

China Aoyuan was listed on the Main Board of the Stock Exchange in October 2007 (Stock Code:3883.HK). As the pioneer of composite real estate in China, China Aoyuan integrated related themes into real estate development, with an aim to create harmonious and excellent living experience and cultural value for customers with the concept of "building a healthy lifestyle". The Group focuses on Guangdong-Hong Kong-Macao Greater Bay Area, and covers four major regions including South China, core region of Central and Western China, East China, and Bohai Rim. China Aoyuan has established an extensive urban redevelopment layout and is a top notch player of urban redevelopment in the Greater Bay Area. Looking forward, the Group is committed to become the leader of health life while achieving sustainable and steady development.

Content

Definitions

"2022 Annual General Meeting" or "2022 AGM"	the annual general meeting of the Company held on Wednesday, 24 August 2022
"2023 Annual General Meeting"	the annual general meeting of the Company to be held on Thursday, 24 August 2023
"Aoyuan Beauty Valley"	Aoyuan Beauty Valley Technology Co., Ltd (formerly known as Kinghand Industrial Investment Group Co., Ltd.), the shares of which are listed on Shenzhen Stock Exchange
"Aoyuan Healthy Life Group" or "Aoyuan Healthy"	Aoyuan Healthy Life Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3662)
"Articles of Association"	the amended and restated articles of association of the Company, which was adopted by special resolution in the 2022 AGM, currently in force
"Audit Committee" or "AC"	audit committee of the Company
"Board"	the board of Directors
"Cayman Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
"CG Code"	Corporate Governance Code set out in Appendix 14 to the Listing Rules
"chief executive"	has the meaning ascribed to it under the Listing Rules
"Company" / "China Aoyuan"	China Aoyuan Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Dividend Policy"	a dividend policy adopted by the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"INED(s)"	the independent non-executive director(s) of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Nomination Committee" or "NC"	nomination committee of the Company
"PRC"	the People's Republic of China
"Remuneration Committee" or "RC"	remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme adopted by the Company on 29 May 2018
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"%"	per cent

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Guo Zi Wen *(chairman)*
Mr. Guo Zi Ning
(vice chairman and chief executive officer)
(resigned on 27 April 2023)
Mr. Ma Jun *(co-president)*
Mr. Chen Zhi Bin *(co-president and chief financial officer)*
(appointed on 27 January 2021)
(resigned as the chief financial officer on 27 April 2023)
Mr. Tan Yi *(vice president)*
(appointed on 27 April 2023)
Mr. Chan Ka Yeung Jacky
(senior vice president)
(resigned on 14 April 2022)

Non-Executive Director

Mr. Zhang Jun
(resigned on 29 July 2022)

Independent Non-Executive Directors

Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
Mr. Tsui King Fai *(resigned on 20 January 2023)*
Mr. Wong Wai Keung Frederick
(appointed on 24 February 2023)

AUDIT COMMITTEE

Mr. Cheung Kwok Keung *(chairman)*
Mr. Lee Thomas Kang Bor
Mr. Tsui King Fai *(resigned on 20 January 2023)*
Mr. Wong Wai Keung Frederick
(appointed on 24 February 2023)

REMUNERATION COMMITTEE

Mr. Tsui King Fai *(chairman)*
(resigned on 20 January 2023)
Mr. Lee Thomas Kang Bor *(chairman)*
(appointed as the chairman on 20 January 2023)
Mr. Cheung Kwok Keung
Mr. Wong Wai Keung Frederick
(appointed on 24 February 2023)

NOMINATION COMMITTEE

Mr. Guo Zi Wen *(chairman)*
Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
Mr. Tsui King Fai *(resigned on 20 January 2023)*
Mr. Wong Wai Keung Frederick
(appointed on 24 February 2023)

JOINT COMPANY SECRETARIES

Ms. Wong Mei Shan
Ms. Lee Mei Yi

AUTHORISED REPRESENTATIVES

Mr. Guo Zi Wen
Mr. Guo Zi Ning *(resigned on 27 April 2023)*
Ms. Wong Mei Shan *(appointed on 27 April 2023)*

AUDITOR

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditors

CORPORATE WEBSITE

www.aoyuan.com.cn

STOCK CODE

3883.HK

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Bank of Communications Co., Ltd.
PingAn Bank Co., Ltd.
China Bohai Bank Co., Ltd.
Hang Seng Bank Limited
Nanyang Commercial Bank Limited
China Merchants Bank Co., Ltd.
The Bank of East Asia, Limited
China Everbright Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
China Zheshang Bank Co., Ltd.
Hua Xia Bank Co., Limited
Bank of Guangzhou Co., Ltd.
Guangzhou Rural Commercial Bank Co., Ltd.
China Guangfa Bank Co., Ltd.
Guangdong Huaxing Bank Co., Ltd.
China CITIC Bank Corporation Limited
China Resources Bank of Zhuhai Co., Ltd.

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN PRC

Aoyuan Mansion
No. 108, Huangpu Avenue West
Tianhe District, Guangzhou
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1901-2, 19th Floor, One Peking
No. 1 Peking Road
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

INVESTOR RELATIONS

Email:	ir@aoyuan.net
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	(86) 20-3868 6666
Facsimile:	(852) 2180 6189
	(86) 20-3868 6688

Chairman's Statement

Dear Shareholders and Investors,

Since the second half of 2021, the real estate industry of China has experienced unprecedented changes. In 2022, real estate investments, new starts GFA and contracted GFA sold saw a downward trend, while it still took time for market confidence and demand to recover. As a result, real estate enterprises were facing various degrees of operating pressure. The Group has been working in unity to actively address different difficulties and treating people with sincerity, and striving and commitment. On behalf of the Board, I would like to express my sincere gratitude to our shareholders, investors and other stakeholders for their support and trust in the Company, as well as the tolerance and support given by domestic and foreign creditors in the Company.

In the face of challenges, the Group has been taking all measures to achieve operating targets including delivery and sales. We continued to optimise its cost structure and squeeze on all unnecessary expenses in order to maintain operational stability. Our top priority is to ensure delivery of the project. As a result, a virtuous cycle is formed as the capital flow has been revitalized and the corporate creditability has been restored, while a sound foundation for sales has been laid.

At the same time, the Group also actively consolidated resources to revitalise its assets and promote sales through the introduction of strategic investors and cooperation with branded project manager on the project level. During the year, the Group signed project management agreements with various well known enterprises to revitalise sales of projects in Chongqing, Chengdu, Xi'an and Xiamen, etc. Since 2023, the Group introduced central state-owned enterprises and competent corporate groups to jointly develop various urban redevelopment projects including the Zhuhai Cuiwei urban redevelopment project and reached a strategic cooperation agreement. In 2022, the Group recorded contracted sales of approximately RMB20.22 billion and contracted GFA sold of approximately 2.09 million sq.m..

While stabilising operations, the Group has been actively pushing forward the restructuring of its domestic and offshore debt. Domestically, the Group has entered into arrangements with certain domestic financial institutions to extend the maturity of existing domestic financing arrangements for principal amount in excess of RMB32.7 billion. Progress was also made in the restructuring of offshore debts. The Group has reached agreement in principle with an ad hoc group of holders of offshore senior notes on the key terms of the full restructuring. The restructuring will significantly improve the balance sheet position of the Group and demonstrate the confidence of domestic and offshore stakeholders in the future market and the Company's development. The Group believes that with the support of the domestic and offshore creditors, the completion of the domestic and offshore debt restructuring by stage will be beneficial to the continued recovery of the Group's overall business.

In 2023, although domestic and international situations remain complex, the Chinese government is insisting on stability seeking progress in the midst of focusing on stable growth, employment and commodity prices. Further supportive measures will be introduced to promote the stable development of the real estate industry and the economy as a whole. The Group will continue to ensure the development and smooth delivery of projects and speed up sales and cash collection by strengthening its capability, opening up new resources and saving outflows. Moreover, the Group continuously makes every effort to reach the settlement with domestic and offshore creditors as soon as possible, in order to ensure the stable development of the Company.

The Company is following HKEx's guidance to propel the resumption with a good progress.

With a bright heart, the future is promising. Again, I really appreciate all the understanding and trust our shareholders and investors have given as well as the support from all creditors.

Guo Zi Wen
Chairman

Hong Kong
30 June 2023

Management Discussion and Analysis

BUSINESS REVIEW

In 2022, the pandemic was continuing and the authorities set up various degree of anti-pandemic policies. The real estate market was sluggish. Real estate investment and housing demand were weakening. According to the National Bureau of Statistics, the national real estate investment was down by 10.0% year-on-year to approximately RMB13.3 trillion, while the sales of commodity housing was down by 26.7% year-on-year to RMB13.3 trillion. As the pandemic restriction policies lifted at the end of the year, the government introduced a number of policies to stabilise market expectations.

During the Reporting Period, the Group achieved property contracted sales of approximately RMB20.22 billion with contracted GFA sold of approximately 2.09 million sq.m.. Details of property contracted sales breakdown by region are as follow:

Region	**Property Contracted sales amount** (RMB billion)	**Contracted GFA Sold** ('000 sq.m.)
South China	8.28	809.1
Core Region of Central & Western China	4.94	683.7
East China	5.23	467.2
Bohai Rim	1.47	103.9
Offshore	0.3	26.6
Total	20.22	2,090.5

In 2022, the Group actively stabilised its operations, while steadily advancing the construction of projects to ensure delivery. During the Reporting Period, the Group achieved delivery of approximately 2.09 million sq.m. in 45 cities nationwide.

The Group continues to focus on the urban redevelopment in Greater Bay Area to reserve development impetus. As at 31 December 2022, the Group had urban redevelopment projects with a planned total GFA of 31.55 million sq.m. and a planned saleable area of approximately 13.56 million sq.m..

As at 31 December 2022, the Group has 267 projects with a total landbank of approximately 30.83 million sq.m. and attributable GFA of approximately RMB24.89 million sq.m..

OUTLOOK

2023 is a pivotal year for the implementation of the 14th Five-Year Plan. The Central Economic Work Conference stated the property sector is one of pillar industries, while stressing to ensure a stable property market development.

The Group will continue to strive to resolve risks amid challenges, gradually resume normal operation, striving for a "low debt" and "petite but beautiful" development position to create more value for the shareholders of the Company (the "Shareholder(s)"), investors of the Company (the "Investor(s)") and the society.

FINANCIAL REVIEW

Operating Results

The revenue is primarily generated from property development. In 2022, the Group's total revenue was approximately RMB18,711 million, representing a decrease of approximately RMB31,311 million or 62.6% over approximately RMB50,022 million in 2021. Property development revenue, other revenue such as hotel operation/property management and sales of goods and property investment revenue accounted for 82.1%, 16.6% and 1.3% respectively.

In 2022, the Group's revenue generated from property development amounted to approximately RMB15,353 million, representing a decrease of approximately RMB30,208 million or 66.3% over approximately RMB45,561 million in 2021. The GFA of delivered properties decreased by 62.5% to 2.09 million sq.m. from 5.58 million sq.m. in 2021, while the average selling price decreased by 10.2% to RMB7,335 per sq.m. from RMB8,169 per sq.m. in 2021. This was mainly attributable to the further decrease in the average selling price of residential apartments which accounted for the highest portion of properties delivered compared to the corresponding period in 2021.

Gross Profit and Margin

In 2022, the gross profit of the Group was approximately RMB841 million, representing an increase of 107.0% over negative gross profit of RMB11,935 million in 2021, and the gross profit margin was 4.5%.

Other Income, Gains and Losses

In 2022, the other income, gains and losses of the Group recorded approximately RMB3,731 million net loss, which mainly included exchange loss of approximately RMB2,835 million, interest income of approximately RMB143 million, impairment loss on assets classified as held for sale of approximately RMB1,021 million and other losses of approximately RMB18 million.

Selling and Distribution and Administrative Expenses

In 2022, total selling and distribution expenses of the Group were approximately RMB1,215 million, representing a decrease of 52.1% from approximately RMB2,536 million in 2021, which was mainly attributable to the decrease in overall sales, marketing and promotional activities owing to the decrease in property contracted sales amount during the year. Total administrative expenses decreased by 39.5% from approximately RMB3,921 million in 2021 to approximately RMB2,372 million.

Loss Attributable to Owners of the Company

In 2022, loss attributable to owners of the Company was approximately RMB7,843 million, representing an increase of 76.3% over loss of approximately RMB33,075 million in 2021.

Financial Position

As at 31 December 2022, the Group's total assets amounted to approximately RMB234,426 million (as at 31 December 2021: approximately RMB261,423 million) and total liabilities were approximately RMB252,063 million (as at 31 December 2021: approximately RMB268,953 million).

Current ratio was 0.9 as at 31 December 2022 (as at 31 December 2021: 0.9).

Cash Position

As at 31 December 2022, the Group had cash and bank deposits of approximately RMB5,110 million (as at 31 December 2021: approximately RMB9,262 million). As at 31 December 2022, the Group had restricted bank deposits of approximately RMB4,231 million (as at 31 December 2021: approximately RMB9,153 million).

As at 31 December 2022, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB9,341 million, of which 86.6% was denominated in Renminbi and 13.4% was denominated in other currencies (mainly in HK dollar, Australian dollar and Canadian dollar).

Borrowings, Senior Notes, Corporate Bonds

As at 31 December 2022, the Group had bank and other borrowings of approximately RMB76,294 million (as at 31 December 2021: approximately RMB84,927 million) and senior notes and corporate bonds of approximately RMB32,756 million (as at 31 December 2021: approximately RMB29,481 million) as follows:

	31 December 2022 (RMB million)	31 December 2021 (RMB million)
Repayment period		
Repayable on demand and within one year	**99,446**	112,777
More than one year, but not exceeding two years	**5,935**	1,563
More than two years, but not exceeding five years	**3,219**	68
More than five years	**450**	–
	109,050	114,408

Part of the borrowings of the Group are floating-rate borrowings, of which interest rates are subject to negotiation on an annual basis, thus exposing the Group to cash flow interest rate risk. The Group has implemented certain interest rate management policies which included, among others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

Contingent Liabilities

As at 31 December 2022, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and banking facilities granted to joint ventures and associated companies of the Group amounting to approximately RMB95,373 million (as at 31 December 2021: approximately RMB100,523 million).

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain property purchasers of the Group's property and agreed to repay the outstanding mortgage loans upon the purchasers' default on the repayment of the outstanding mortgage loans and the loan interest accrual thereon. In the opinion of the directors, the fair value of the financial guarantee contracts is not significant at the initial recognition and provision has not been made as the default rate is low.

Commitments

As at 31 December 2022, the Group had construction cost and land payments but not provided for of approximately RMB18,868 million (as at 31 December 2021: approximately RMB23,951 million). In addition, the Group's share of commitments relating to its joint ventures arising from construction cost contracted but not provided for is approximately RMB4,016 million (2021: RMB4,938 million). The Group expects to fund these commitments principally from sale proceeds of properties and bank borrowings.

Foreign Currency Risks

Most of the Group's revenues and operating costs are denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, senior notes denominated in US dollar and bank loans denominated in US dollars, HK dollars and Canadian dollars, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Pledge of Assets

As at 31 December 2022, the Group pledged its properties for sales, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposit of approximately RMB45,321 million (as at 31 December 2021: approximately RMB48,562 million) to various banks to secure project loans and general banking facilities granted to the Group.

EVENTS AFTER THE REPORTING PERIOD

Except for the measures the Group implemented or is in the process of implementing to improve the liquidity and cash flows as disclosed in Note 2 to the consolidated financial statements, subsequent to 31 December 2022, the following significant events have taken place:

Disposals of 60% Equity Interest in Zhuhai Aoyuan Huafu Property Company Limited

On 6 January 2023, the Group entered into two disposal agreements in relation to the disposal of an aggregate of 60% equity interest in Zhuhai Aoyuan Huafu Property Company Limited (珠海奧園華富置業有限公司)("Aoyuan Huafu") with Shandong Yiyang Health Group Real Estate (Group) Co., Ltd. (山東頤養健康集團置業(集團)有限公司), an independent third party, in the aggregate consideration of RMB584,425,700 (equivalent to approximately HK$677,933,000). Completion of the disposals took place on 6 January 2023 and immediately upon which, the Company retained the control of 40% equity interest in Aoyuan Huafu and Aoyuan Huafu ceased to be a subsidiary of the Company. Please refer to the Company's announcement dated 3 February 2023.

Disposal of 29.9% of the Issued Share Capital of Aoyuan Healthy

On 16 February 2023, Main Trend Limited ("Main Trend"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Best Discovery International Limited ("Best Discovery"), an independent third party, pursuant to which Main Trend conditionally agreed to sell, and Best Discovery conditionally agreed to purchase, 29.9% of the issued share capital of Aoyuan Healthy at the consideration of HK$256,000,000 (equivalent to approximately RMB224,168,000).

Immediately after completion of this transaction, Best Discovery and Main Trend shall hold 29.9% and 24.68% of the entire issued share capital of Aoyuan Healthy respectively, and therefore Best Discovery shall become the single largest shareholder of Aoyuan Healthy, and Main Trend together with the Company will cease to be the controlling shareholders of Aoyuan Healthy but shall remain as the substantial shareholders of Aoyuan Healthy. Aoyuan Healthy and its subsidiaries will cease to be accounted as the subsidiaries of the Group by virtue of the completion.

Disposal of the entire issued share capital in each of Aoyuan 133ASurrey GP Ltd., 133A Street Projects Ltd. and Aoyuan Parking and Storage (BC) Ltd

On 11 May 2023, the Group entered into a sale and purchase agreement with Macdonald Communities Limited ("Macdonald Communities"), an independent third party, pursuant to which, the Group conditionally agreed to sell, and Macdonald Communities conditionally agreed to purchase, the entire issued and outstanding common shares of Aoyuan Parking and Storage (BC) Ltd., 133A Street Projects Ltd. and Aoyuan 133ASurrey GP Ltd. and the interest free promissory note issued by 133A Street Projects Ltd. in the amount of CAD50,300,000 in the aggregate consideration of CAD50,300,004 (equivalent to approximately RMB258,346,000). Upon completion of the disposal of the aforesaid issued and outstanding common share, Aoyuan Parking and Storage (BC) Ltd., 133A Street Projects Ltd., Aoyuan 133ASurrey GP Ltd. and their subsidiaries (as the case may be) will cease to be subsidiaries of the Company. Please refer to the Company's announcement dated 12 May 2023.

Independent Investigation as to the Fund Flows Matters

In response to certain fund flows with the related parties of Aoyuan Healthy and its subsidiaries (the "Fund Flows Matters") and the independent investigations into the Fund Flows Matters conducted by the investigation firm engaged by the Aoyuan Healthy's investigation committee (the "AH Investigations") as disclosed in the announcements of Aoyuan Healthy dated 3 October 2022 and 31 March 2023, an independent investigation committee (the "Independent Investigation Committee"), comprising all the independent non-executive Directors, has been established and the Independent Investigation Committee has engaged an independent financial adviser in March 2023 to provide independent views on, among others, the adequacy of the AH Investigations and the integrity of the personnel involved during the corresponding period. Further, the Independent Investigation Committee has engaged an independent investigator in May 2023 to conduct independent forensic investigation (the "Forensic Investigation") into the Fund Flows Matters. The Forensic Investigation seeks to establish the relevant facts and circumstances surrounding the Fund Flows Matters, which may be followed by a targeted internal control assessment to assess whether there are indications of potential weaknesses or deficiencies in the Company's internal control systems in connection with the Fund Flows Matters, together with the status of any rectification measures that may have been implemented to-date.

The Company has been actively cooperating with the independent financial adviser and the independent investigator. The work of the independent financial adviser and the independent investigator is still in progress and no conclusion has been drawn as at the date of this report. The Independent Investigation Committee will provide its views by separate announcement after reviewing the reports from the independent financial adviser and the independent investigator.

Progress of the Offshore Debt Restructuring

The Company and its advisors have been engaged in active discussions with certain major offshore creditors to implement a holistic financial restructuring that would provide the Group with a sustainable capital structure to deliver long term value for all of its stakeholders. The Company is pleased to announce that it has agreed the key commercial terms of the offshore holistic debt restructuring plan (the "Holistic Restructuring") with the ad-hoc group comprising holders of certain offshore senior notes issued by the Company (representing approximately 33.10% of the outstanding principal amount of certain offshore senior notes issued by the Company).

Once implemented, the Holistic Restructuring will provide the Group with a sustainable capital structure, allowing the Company to focus on its daily operations with a view to enhance stakeholder value.

The Company continues to engage in constructive discussions with all relevant stakeholders with the assistance of KPMG.

Offshore creditors of the Company are encouraged to contact the following representative to facilitate the Company's efforts to implement a potential restructuring plan:

KPMG Advisory (China) Limited

Address: 8/F, Prince's Building, 10 Chater Road, Hong Kong
Email: aoyuan.restructuring@kpmg.com

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2022, the Group had 9,002 employees (31 December 2021: 13,032 employees). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations, the Group provides contributions to social insurance of China and contribution to the Mandatory Provident Fund Scheme of Hong Kong for eligible employees. The Group also provides employees in China with medical insurance, individual work injury insurance, maternity insurance and unemployment insurance.

Biographical Details of Directors

Guo Zi Wen, Executive Director

Chairman

Guo Zi Wen, aged 58, is the founder of the Group, and holds a Master degree in business administration. He is an executive Director of the Group, the Chairman and the chairman of the Nomination Committee. Mr. Guo is also a director of certain subsidiaries of the Company. Mr. Guo is mainly responsible for the formulation of development strategies of the Company, as well as giving guidance to the Group's project planning, financing and investment, and leads the overall administration management of the Group.

In 2008, Mr. Guo was awarded as one of the Top 10 Outstanding Entrepreneurs of the Past Three Decades in China Real Estate and was recognized as one of the Top 30 Leaders in the Residential Construction of Guangdong. In 2014, Mr. Guo received the Award of "Outstanding Leaders for the Year" nominated by Nanfang Media and Peking University. In 2015, Mr. Guo was awarded "2015 Corporate Social Responsibility Outstanding Enterprise Award" (2015企業社會責任傑出企業家獎) by Xinhuanet.com (新華網). Mr. Guo Zi Wen is also a director and a distinguished alumni of Guangzhou Jinan University. He served as a member of the Standing Committee of the Nineth Chinese People's Political Consultative Conference in Guangdong Province, the vice president of the Nineth Session of the Guangdong Federation of Industry and Commerce, the vice chairman of the Tenth Session of the Guangdong Federation of Industry and Commerce and other social positions. Except for being a Director of the Company, Mr. Guo has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas. Mr. Guo is the brother of Mr. Guo Zi Ning.

Guo Zi Ning, Executive Director

Guo Zi Ning, aged 61, resigned as an executive Director, a vice chairman and the chief executive officer of the Group on 27 April 2023. He participated in the formation of the Group in 1996, and leads the party committee, trade union and corporate culture of the Group. Mr. Guo holds a Master degree in business administration and a doctor degree in business administration; and he obtained a Postdoctoral certificate from the California State University Monterey Bay in U.S. in September 2016. Mr. Guo has also been an external tutor of Peking University HSBC Business School EDP Centre (北京大學經濟學院高級管理教育(EDP)中心) since November 2017, and is currently a distinguished professor of the faculty of economics at Peking University and a member of the National Steering Committee for Postgraduate Education of Business Administration Degree (全國工商管理專業學位研究生教育指導委員會). Mr. Guo was the chairman of the board and non-executive director of Aoyuan Healthy Life Group (3662.HK) between 9 July 2018 and 16 February 2023 and resigned on 16 February 2023. Mr. Guo is the brother of Mr. Guo Zi Wen.

Ma Jun, Executive Director

Co-president

Ma Jun, aged 46, is an executive Director and a co-president of the Group. He is also a director of certain subsidiaries of the Company. Mr. Ma is mainly responsible for the operation and management of property development of the Group. Mr. Ma holds a Master degree in civil engineering construction from Chongqing University and a Bachelor degree in environmental engineering from Tianjin University in the PRC. Mr. Ma joined the Group in March 2015, he was appointed as an executive Director on 28 August 2015 and was appointed as co-president of the Group on 21 March 2021. Mr. Ma worked at 中海地產天津公司 (in English, for identification purpose only, China Overseas Land Tianjin Company) as deputy general manager and Autren Real Estate (Group) Co., Ltd. as an executive vice president and possesses more than 20 years of experience in the real estate industry. Mr. Ma was appointed as chairman of the board and non-independent director of Aoyuan Beauty Valley Technology Co., Ltd (000615.SZ) (formerly known as Kinghand Industrial Investment Group Co., Ltd.) in 15 July 2020 and resigned on 29 December 2021.

Chen Zhi Bin, Executive Director

Co-president and Chief Financial Officer

Chen Zhi Bin, aged 41, is an executive Director and co-president of the Group. From 19 April 2019 to 27 April 2023, Mr. Chen had served as the chief financial officer of the Group. He is mainly responsible for the domestic and external debt restructuring. Mr. Chen graduated from Sun Yat-Sen University in the PRC with a bachelor's degree in finance and is a member of The Chinese Institute of Certified Public Accountants. Mr. Chen joined the Group in August 2014, he was appointed as an executive Director on 27 January 2021 and was appointed as co-president of the Group on 21 March 2021. Mr. Chen had served in renowned companies such as Deloitte Touche Tohmatsu CPA and Fantasia Holdings as an audit manager and a general manager of finance department. Mr. Chen resigned as the chief financial officer on 27 April 2023. Mr. Chen had served as a non-executive director of Aoyuan Healthy Life Group Company Limited (3662.HK) from July 2018 to January 2021.

Chan Ka Yeung Jacky, Executive Director

Senior Vice President

Chan Ka Yeung Jacky, aged 43, was an executive and a senior vice president of the Group. Mr. Chan is mainly responsible for listed company related affairs, including corporate finance and capital markets management, as well as advisory of International Investment Group. He graduated from the University of Illinois at Urbana-Champaign in the USA with extensive experiences in finance industry and corporate management. Mr. Chan joined the Group in October 2013, and was appointed as an executive Director on 15 April 2019 and left his positions as an executive Director and a senior vice president of the Group on 14 April 2022. He had previously been the capital markets department head of Agile Group and the chief investment officer of Zhong An Group. Except for being a Director of the Company, Mr. Chan has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Zhang Jun, Non-executive Director

Zhang Jun, aged 47, was a non-executive Director. Mr. Zhang graduated from Zhongnan University of Economics and Law, majoring in Marketing and studied in Wuhan University with a minor in Industrial and Civil Architecture. Mr. Zhang joined the Group in February 2015 and was appointed as an executive Director on 20 April 2020, and was re-designated as a non-executive Director on 30 July 2021. He resigned as a non-executive Director on 29 July 2022. Mr. Zhang served as a deputy general manager of operation and marketing and vice president in renowned companies such as Dalian Wanda Group Company Limited and China Yurun Food Group Limited. Except for being a Director of the Company, Mr. Zhang has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Tsui King Fai, Independent Non-executive Director

Tsui King Fai, aged 73, was appointed as an independent non-executive Director on 13 September 2007. Mr. Tsui is the chairman of Remuneration Committee, member of Audit Committee and Nomination Committee. Mr. Tsui holds a Master degree of science in accountancy and a Bachelor degree of business administration with first class honours awarded by the University of Houston. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Accountants in Australia and New Zealand and a member of the American Institute of Certified Public Accountants. He has over 40 years of extensive experience in accounting, finance and investment management, particularly in investments in Mainland China. He had worked for two of the "Big Four" audit firms in Hong Kong and the United States of America and served in various public listed companies in Hong Kong in a senior capacity. Mr. Tsui resigned as an independent non-executive Director, the chairman of Remuneration Committee, a member of each of the Audit Committee and Nomination Committee on 20 January 2023. He was an independent non-executive director of Lippo China Resources Limited (156.HK) up to 30 December 2022. Currently, Mr. Tsui is an independent non-executive director of Lippo Limited (226. HK), Hongkong Chinese Limited (655.HK), Vinda International Holding Limited (3331.HK) and Newton Resources Limited (1231.HK), all listed on the Main Board of the Stock Exchange.

Cheung Kwok Keung, Independent Non-executive Director

Cheung Kwok Keung, aged 56, was appointed as an independent non-executive Director on 20 January 2011. Mr. Cheung is the chairman of Audit Committee, a member of each of Remuneration Committee and Nomination Committee. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over 20 years of experience in auditing, accounting and financial management. Mr. Cheung was the chief financial officer and company secretary of Lee & Man Paper Manufacturing Limited (2314.HK) up to 31 December 2022, which is listed on the Main Board of Stock Exchange, and was an independent non-executive director of Coolpoint Innonism Holding Limited (formerly known as DCB Holdings Limited, 8040.HK) from 19 January 2018 to 7 February 2023, which is listed on the GEM of the Stock Exchange.

Lee Thomas Kang Bor, Independent Non-executive Director

Lee Thomas Kang Bor, aged 69, was appointed as an independent non-executive Director on 13 April 2021. Mr. Lee is the chairman of Remuneration Committee (from 20 January 2023 onwards), a member of each of Audit Committee and Nomination Committee. Mr. Lee graduated from The Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) with a higher diploma in accountancy in 1976. He received his bachelor and master of laws degrees from the University of London in 1988 and 1990, respectively. Mr. Lee is a member of the Henan Provincial Committee of the Chinese People's Political Consultative Conference, a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants (UK), the Taxation Institute of Hong Kong, and a member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Lee was called to the Bar of the Honourable Society of Lincoln's Inn in 1990. Mr. Lee is a past president and an advisor of the Taxation Institute of Hong Kong, a past president and honorary advisor of Asia Oceania Tax Consultants' Association and a past president of Hong Kong Professional and Senior Executives Association. Mr. Lee is the chairman of Thomas Lee & Partners Limited, Certified Tax Advisers. From August 2008 to March 2021, Mr. Lee served as an independent non-executive director of Sparkle Roll Group Limited (970.HK); From September 2005 to May 2022, Mr. Lee served as an independent non-executive director of China Infrastructure & Logistics Group Limited (1719.HK) the shares of which are listed on the Main Board of the Stock Exchange.

Tan Yi

Tan Yi, aged 43, is vice president of the Group. He graduated from Sun Yat-Sen University with a master's degree in laws. He joined the Group in October 2006, he was appointed as an executive Director on 27 April 2023, and is mainly responsible for overall daily operation and compliance, investment and legal management of the Group.

Yang Hai Neng

Yang Hai Neng, aged 48, is a vice president of the Group. He graduated from Fudan University with an EMBA master degree. He had worked in well-known property companies such as CIFI and BRC, and served as the general manager of city companies and group president assistant. He joined the Group in January 2018 and is currently responsible for operation and management of real estate development projects in Zhejiang, Jiangsu, Shanghai and Hunan.

Zhang Chao

Zhang Chao, aged 38, is vice president of the Group. He graduated with a master's degree in civil engineering from Chongqing University. He served as general manager and assistant president of Greenland, Yango, and Seedland. He joined the Group in July 2021, and is mainly responsible for the operation and management of real estate development projects in Shenzhen, Huizhou, Zhuhai and Zhanjiang.

Yin Ji

Yin Ji, aged 41, is a vice president of the Group. He graduated from Sun Yat-sen University with an EMBA degree. He worked as a marketing manager, general manager of city companies, president assistant and general manager of South China in companies such as Vanke, Guangdong Resources Group, and Fosun Health Capital. He joined the Group in March 2018, and is mainly responsible for the operation management work of real estate development projects in regions such as Beijing, Chongqing and Chengdu and capital investment of the Group.

JOINT COMPANY SECRETARIES

Wong Mei Shan

Wong Mei Shan, joined the Group in July 2017 and was appointed as the company secretary of the Company in August 2018. She is a certified public accountant and a fellow member of Hong Kong Institute of Certified Public Accountants, with over 10 years of experience in company secretarial, corporate governance and compliance affairs. She holds a Bachelor of Business Administration degree in accounting from the Hong Kong University of Science and Technology and a Bachelor of Laws degree from the University of London.

Lee Mei Yi

Lee Mei Yi, was appointed as the company secretary of the Company in January 2017. She is an executive director of Corporate Services of Tricor Services Limited. She holds an Honours Bachelor's degree in Accountancy and is a Chartered Secretary and a fellow member of both the Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute.

Corporate Governance Report

The Board recognizes the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders. The Board and senior management of the Company recognized their responsibility to maintain the interest of the shareholders and to enhance their value. The Board also believes a deliberate policy of corporate governance can facilitate a company in rapid growth under a healthy governance structure and strengthen the confidence of shareholders and investors.

DIRECTORS' RESPONSIBILITIES

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

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

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit. Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

– satisfactory and sustainable returns to Shareholders;

– that the interests of those who deal with the Company are safeguarded;

– that overall business risk is understood and managed appropriately;

– the delivery of high-quality products and services to the satisfaction of customers; and

– that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for establishing a sound corporate governance framework and procedures and has adopted the CG Code as its corporate governance code of practices.

During the year, the Board had performed, without limitation to, the following:

(a) formulation and review of the Company's policies and practices on corporate governance;

(b) review of the training and continuous professional development of Directors and senior management;

(c) review and monitoring of the Company's policies and practices in compliance with legal and regulatory requirements;

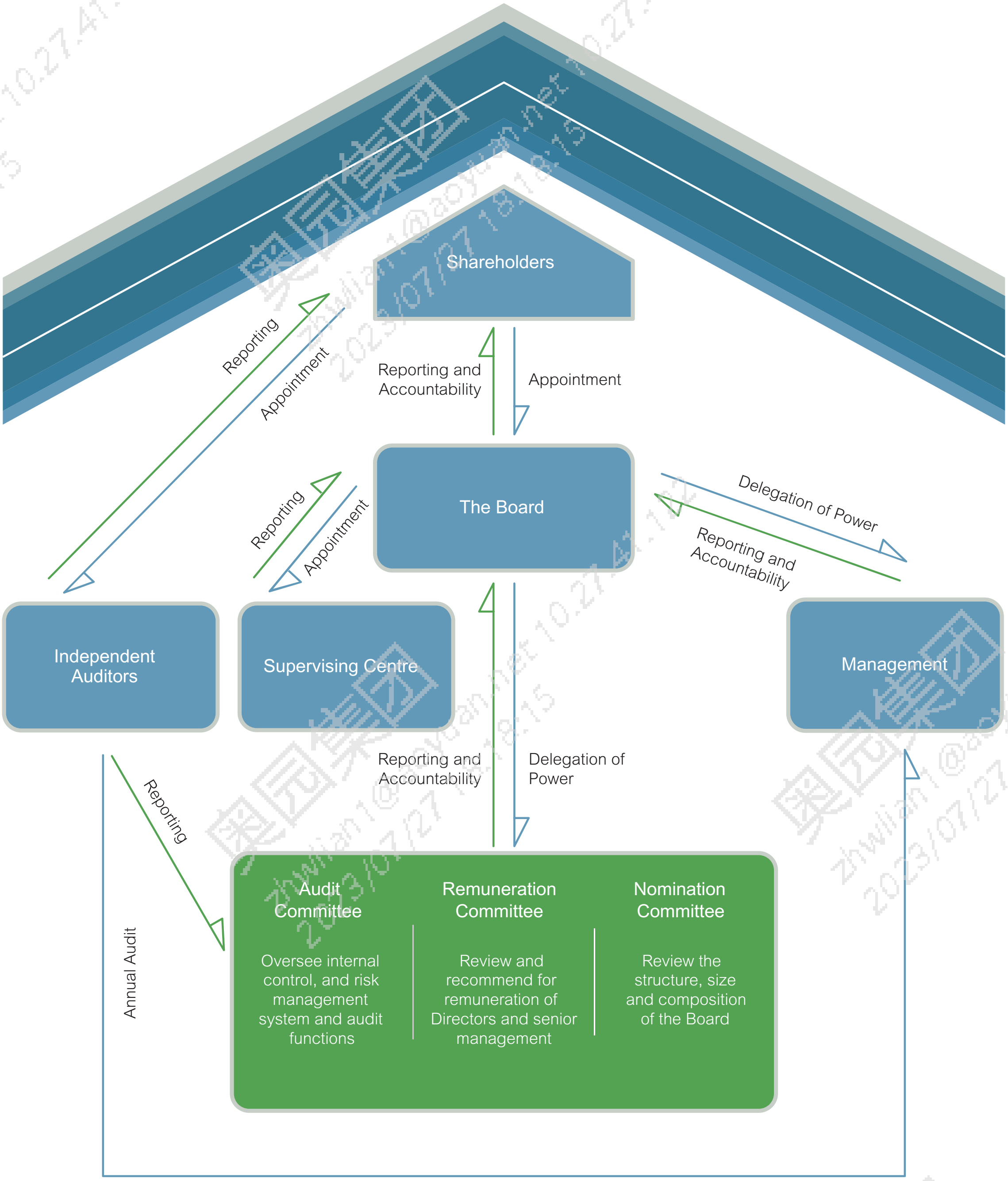
(d) formulation, review and monitoring of the code of conduct and compliance applicable to employees and Directors;

(e) review and monitoring of the risk management and internal control system of the Company to ensure their effectiveness; and

(f) review of the Company's compliance with the CG Code and disclosure in this report.

For the year ended 31 December 2022, the Company has complied with the provisions of the CG code, details of which are set out on pages 18 and 33 of this report.

CORPORATE GOVERNANCE STRUCTURE



Board of Directors

As at 31 December 2022, the Board comprised four executive Directors namely Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Ma Jun and Mr. Chen Zhi Bin and three independent non-executive Directors, namely Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Lee Thomas Kang Bor. The Board possesses a balance of skills and experience appropriate for the requirements of the Company's business. The Directors possess management, finance and accounting professional qualifications with extensive experience in diversified business.

The Board is responsible to the shareholders for providing effective leadership, and ensuring transparency and accountability of the Group's operations. It sets the Company's values and aims at enhancing shareholders' value. It formulates the Group's overall strategy and policies and sets corporate and management targets, key operational initiatives as well as policies on risk management pursuant to the Group's strategic objectives.

The Board is scheduled to meet at least four times a year to determine overall strategic direction and objectives, approve interim and annual results, and discuss other significant matters on the businesses and operations of the Group. During the year ended 31 December 2022, a total of 9 Board meetings were held. Details of the Directors' attendance at the Board meetings are set out under "Directors'/Committee Members' Attendance at Meetings" below.

There is no relationship among members of the Board except that Mr. Guo Zi Wen is the brother of Mr. Guo Zi Ning.

Directors'/Committee Members' Attendance at Meetings

	Meeting Attended/Held During the Year Ended 31 December 2022					
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors						
Mr. Guo Zi Wen	9/9			1/1	1/1	1/1
Mr. Guo Zi Ning *(resigned on 27 April 2023)*	9/9				1/1	1/1
Mr. Ma Jun	9/9				1/1	1/1
Mr.Chen Zhi Bin	9/9				1/1	1/1
Mr. Chan Ka Yeung Jacky *(resigned on 14 April 2022)*	9/9				1/1	1/1
Non-executive Director						
Mr. Zhang Jun *(resigned on 29 July 2022)*	9/9				0/0	0/0
Independent Non-executive Directors						
Mr. Tsui King Fai *(resigned on 20 January 2023)*	9/9	2/2	3/3	1/1	1/1	1/1
Mr. Cheung Kwok Keung	8/9	2/2	3/3	1/1	1/1	1/1
Mr. Lee Thomas Kang Bor	9/9	2/2	3/3	1/1	1/1	1/1

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate.

The Company has arranged and funded suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. The Company Secretarial Department of the Company would provide relevant reading materials to the Directors to ensure that they are apprised of the latest changes in the commercial, legal and regulatory requirements in relation to the Company's businesses, and to refresh their knowledge and skills. In addition, all Directors are encouraged to attend external forum, or training course on relevant topics. During the year, the Directors had provided their records of continuous professional development to the Company. The Board has reviewed and monitored the continuous professional development of the Directors.

The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

(1) Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops; and

(2) Reading news/journal/magazine/other reading materials as regards real estate, legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Records of the Directors' training during 2022 are as follows:

Members of the Board	Training received
Executive Directors	
Mr. Guo Zi Wen *(Chairman)*	(1) & (2)
Mr. Guo Zi Ning *(vice chairman and chief executive officer) (resigned on 27 April 2023)*	(1) & (2)
Mr. Ma Jun *(co-president)*	(1) & (2)
Mr. Chen Zhi Bin *(co-president and chief financial officer) (resigned as the chief financial officer on 27 April 2023)*	(1) & (2)
Mr. Chan Ka Yeung Jacky *(senior vice president) (resigned on 14 April 2022)*	(1) & (2)
Non-executive Director	
Mr. Zhang Jun *(resigned on 29 July 2022)*	(1) & (2)
Independent Non-executive Directors	
Mr. Tsui King Fai *(resigned on 20 January 2023)*	(1) & (2)
Mr. Cheung Kwok Keung	(1) & (2)
Mr. Lee Thomas Kang Bor	(1) & (2)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Guo Zi Wen is the Chairman of the Board and Mr. Guo Zi Ning is the Chief Executive Officer of the Company. The Chairman of the Board is responsible for the overall strategic development of the Group's operation. The Chief Executive Officer, on the other hand, is principally responsible for the overall management of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the existing INEDs has been appointed for a term of one year, subject to the provision of retirement and rotation of Directors under the Articles of Association.

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three INEDs. Two of the INEDs have appropriate professional qualifications or accounting or related financial management expertise.

As at the date of this annual report, Mr. Cheung Kwok Keung has served the Board for more than nine years. Notwithstanding their length of tenure, in view of their professionalism, extensive business experience and familiarity with the Company's affairs, the Board is of the opinion that they possesses the required character, integrity and experience to ensure their independence in order to objectively scrutinise the Company's performance.

The Company has received confirmations of independence pursuant to Rule 3.13 of the Listing Rules from each of the INEDs and considers them to be independent.

The Chairman of the Board encourages open and active discussions. Directors may speak freely at the Board meetings and actively participate in the discussions of significant decision-makings of the Company.

The Chairman of the Board places great emphasis on the communication with INEDs and meets INEDs at least once a year in the absence of executive Directors to discuss about the Company's development strategies, corporate governance, and operation management. During the year, the Chairman of the Board held a meeting with all INEDs without the presence of the executive Directors. Details of their attendance record are set out in the following table:

Name of Director	Number of Meeting Attended/ Number of Meeting Held
Mr. Guo Zi Wen	1/1
Mr. Tsui King Fai *(resigned on 20 January 2023)*	1/1
Mr. Cheung Kwok Keung	1/1
Mr. Lee Thomas Kang Bor	1/1

BOARD INDEPENDENCE EVALUATION

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2022, all Directors has completed the independence evaluation individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

BOARD COMMITTEES

(a) Audit Committee

During the year, the AC consists of three members with all INEDs, namely, Mr. Cheung Kwok Keung (as chairman), Mr. Tsui King Fai and Mr. Lee Thomas Kang Bor. Mr. Cheung Kwok Keung, the chairman of AC, has appropriate professional qualifications, accounting and related financial management expertise, with appropriate professional qualification as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the AC are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee financial reporting system and internal control procedures of the Company.

The terms of reference of the AC are in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. For the year ended 31 December 2022, the AC held 2 meetings. Details of the committee members' attendance at the AC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the AC during the year ended 31 December 2022 is set out below:

- reviewed the Company's relationship with the external auditors, discussed with the Company's external auditors on the tasks performed by them including the nature and scope of their audit and reporting obligations, and reviewed the terms of engagement and remuneration of the external auditors;
- met with the auditors to discuss the accounting and audit issues of the Group and reviewed their findings, recommendations and representations;
- reviewed the Group's internal control and risk management system; and
- reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes.

(b) Remuneration Committee

During the year, the RC consists of three members with all INEDs, namely, Mr. Tsui King Fai (as chairman), Mr. Cheung Kwok Keung, and Mr. Lee Thomas Kang Bor.

The terms of reference of the RC are in compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to the chairman of the Board about their remuneration proposals for other executive Directors, make recommendation to the Board on the Company's remuneration policy and structure for all Directors' and senior management, assessing performance of the executive Directors, make recommendation to the Board on the remuneration packages of individual Directors' and senior management and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

For the year ended 31 December 2022, the RC held 3 meetings. Details of the committee members' attendance at the RC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the RC during the year ended 31 December 2022 is set out below:

- reviewed the existing policy and structure of the remuneration of management of the Group;
- made recommendations to the Board on the remuneration packages of the executive Directors and management of the Group; and
- assessed performance of the executive Directors.

The remuneration of the senior management (excluding Executive Directors), whose biographical details are included in section headed "Biographies of Directors and Senior Management" of this Annual Report, during the year falls within the following bands:

Remuneration (RMB)	Number of Individuals
500,000-1,000,000	2
1,000,000-1,500,000	2

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions and discretionary bonus. Executive Directors shall receive options to be granted under the Company's share option scheme. The remuneration policy for non-executive Director and independent non-executive Directors is to ensure that non-executive Director and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Director and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Non-executive Director and independent non-executive Directors shall not receive options to be granted under the Company's share option scheme. Individual Directors and senior management have not been involved in deciding their own remuneration.

During the year ended 31 December 2022, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

(c) Nomination Committee

During the year, the NC consists of four members with one executive Director, namely Mr. Guo Zi Wen (as chairman) and three INEDs, namely, Mr. Tsui King Fai, Mr. Cheung Kwok Keung, and Mr. Lee Thomas Kang Bor.

The terms of reference of the NC are in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the NC are to review the structure, size and composition of the Board and make recommendations to the Board regarding candidates to fill vacancies on the Board.

For the year ended 31 December 2022, the NC held 1 meeting. Details of the committee members' attendance are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the NC during the year ended 31 December 2022 is set out below:

- made recommendations to the Board on the re-election of Directors at the 2022 AGM;
- made recommendations to the Board on the new appointment of an executive Director and independent non-executive Director;
- assessed the independence of INEDs; and
- reviewed the structure, size and composition of the Board.

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

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

According to the Articles of Association, Directors shall be elected at the Shareholders' general meeting. At the expiry of a Director's term, the Director may stand for re-election and reappointment for further term. Subject to the compliance of the provisions of the relevant laws, the general meeting of the Shareholders may dismiss by ordinary resolution any Directors of whom the term of office has not expired (the claim for compensation under any contracts shall however be not affected).

The procedures for the appointment, re-election and removal of directors are set out in the Articles of Association. The remuneration committee carefully considers the qualifications and experience of director candidates and recommends them to the Board for consideration. After the Board passes the nomination resolution in relation to the candidate, it is proposed to the general meeting to elect the relevant candidates for approval.

DIRECTOR NOMINATION POLICY

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

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

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

- Skills, experience and professional expertise – the candidate should possess the skills, knowledge, experience, qualification and professional expertise which are relevant to the operation of the Group.
- Diversity – the candidate should be considered with due regard to the diversity perspectives set out in the board diversity policy of the Company.
- Commitment – the candidate should be able to devote sufficient time to attend the board meetings and participate in induction, training and other relevant activities.
- Standing – the candidate must satisfy the Board and the Stock Exchange that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a director of the Company.
- Independence – the candidate to be nominated as an independent non-executive Director must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year 2022, there were some changes in the composition of the Board as below:

1. Mr. Chan Ka Yeung Jacky resigned as an executive Director and the senior vice president of the Group, with effect from 14 April 2022.
2. Mr. Zhang Jun resigned as a non-executive Director, with effect from 29 July 2022.

Save as disclosed, there was no other change in the composition of the Board during 2022.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board, based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time.

All Board appointments will be made on meritocracy and candidates will be considered against objective criteria, with due regard for the benefits of the diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, skills, age, professional experience, knowledge, cultural, educational background, ethnicity and length of service. The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption.

With the existing Board members coming from a variety of business and professional background, having a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. Furthermore, our Board has a wide range of age, ranging from 41 years old to 72 years old. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, at present, the composition of our Board satisfies our Board Diversity Policy. During the year, the Board did not have female director, but the Board will try to achieve the target of appointing at least 1 female director in the coming future.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness. The Nomination Committee will discuss any revision that may be required and recommend any such revisions to the Board for consideration and approval.

GOING CONCERN AND MITIGATION MEASURES

In view of the matters described in the section headed "Basis for disclaimer of opinion – Multiple Uncertainties Relating to Going Concern" in the "Independent Auditor's Report" on pages 117 to 119 of this annual report, the Company's independent auditor, SHINEWING (HK) CPA Limited (the "Auditor"), did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2022.

The Directors have carefully considered the Group's anticipated cash flow projections for the next 18 months from 31 December 2022 and have given due consideration to the matters that give rise to material uncertainty as to its ability to continue as a going concern, and accordingly, have proactively come up with debt solutions to improve the liquidity position, details of which are set out in note 2 to the consolidated financial statements as contained in this annual report. In the Directors' opinion, in view of such plans and measures, the Group will be able to optimize resources to revitalize the construction and sales of its properties and meet its financial obligations as and when they fall due within the next 18 months from 31 December 2022. Accordingly, the Directors consider that the preparation of the consolidated financial statements as at 31 December 2022 on a going concern basis is appropriate.

The Board has discussed the going concern issue with the Group's management and is sincerely satisfied that with the orderly implementation of the plans and measures regarding debt restructuring resolution, it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Audit Committee has discussed with the Board and the Group's management regarding the going concern issue, and with the orderly implementation of the plans and measures regarding debt restructuring resolution, agreed with the position taken by the Group's management and the Board regarding the accounting treatment adopted by the Company.

The Audit Committee also discussed and understood the concerns of the Auditor that uncertainties exist as to whether the Group's management will be able to attain its plans and measures. There is no disagreement by the Board, the Group's management nor the Audit Committee with the position taken by the Auditor regarding the going concern issue.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

The AC assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

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

All divisions conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division.

The management, in coordination with division heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the AC and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the AC on the effectiveness of the risk management and internal control systems for the year ended 31 December 2022.

The Internal Audit Department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the AC.

The Board, as supported by the AC as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2022, and considered that such systems are effective and adequate. The annual review also covered the financial reporting, internal audit function, and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 December 2022 and confirm that the financial statements contained herein give a true and fair view of the results and state of affairs of the Group for the year under review. The Directors consider that the financial statements have been prepared in conformity with the statutory requirements and the applicable accounting standards.

Auditor's Remuneration

An analysis of the remuneration paid/payable to the external auditor, SHINEWING (HK) CPA Limited, in respect of audit services and non-audit services for the year ended 31 December 2022 is set out below:

	RMB'000
Audit services	11,500*
Non-audit services	
– Others	98

* Another RMB3,500,000 is payable to a member firm for audit services in relation to a subsidiary of the Company registered in the PRC.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding directors' dealings in the securities of the Company. The Model Code is sent to each director of the Company on his/her initial appointment and from time to time which is amended or restated.

Upon specific enquiry by the company secretary of the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2022.

JOINT COMPANY SECRETARIES

Ms. Wong Mei Shan and Ms. Lee Mei Yi are the joint company secretaries of the Company. Ms. Lee Mei Yi is an executive director of Corporate Services of Tricor Services Limited, and is not a full time employee of the Company. Ms. Wong Mei Shan is a full time employee of the Company. For the year ended 31 December 2022, both of Ms. Wong and Ms. Lee have received not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company recognizes the importance, and takes high priority, on communication with its shareholders. Certain key information on shareholders' rights is provided below:

1. Communication with Shareholders

The general meetings provides a channel for communication between the Board and the Shareholders. The Group makes great efforts to enhance the communication with Shareholders. The Shareholders can visit the website of the Company (www.aoyuan.com.cn) for updated information of the Group and press releases are also posted on our website in a timely manner. Notice of the AGM together with the meeting materials will be despatched to all shareholders at least 20 clear business days before the AGM.

2. Procedures to convene and put forward proposals at extraordinary general meeting

Shareholders may request the Company to convene a general meeting according to the provision as set out in the Articles of Association and the Cayman Companies Act. A copy of the Articles of Association can be found on the Company's website.

Pursuant to Article 58 of the Articles of Association of the Company, the Board may, whenever it thinks fit, call extraordinary general meetings. Any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within 2 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 convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

3. Procedures for Shareholders to Propose a Person for Election as a Director of the Company

The Company also adopted a set of procedures for putting forward proposals by the Shareholders at general meetings.

According to the provisions of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director.

If a Shareholder wishes to propose a person other than a Director of the Company for election as a Director at a general meeting, he/she can deposit a written notice at the principal place of business of the Company in Hong Kong for the attention of the Board and Company Secretary. The period for lodgment of such written notice shall commence on the day after the despatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

To facilitate the Company to inform Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned and that person indicating his/her willingness to be elected.

In order to allow the Shareholders have sufficient time to receive and consider the proposal of election of the proposed person as a Director of the Company, Shareholders are encouraged to submit and lodge the written notice as early as practicable.

The procedures for shareholders to nominate a person for election as a Director of the Company is available on the Company's website with title "Procedures for Shareholders to Propose a Person for Election as a Director of the Company".

4. Procedures to send enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Units 1901–2, 19th Floor, One Peking, No. 1 Peking Road, Tsimshatsui, Kowloon, Hong Kong by post for the attention of the Company Secretary.

INVESTOR RELATIONS

The Company's website (www.aoyuan.com.cn) provides comprehensive and understandable news and information of the Company to the Shareholders, other stakeholders and investors. The Company will also update the website information from time to time to inform Shareholders and investors of the latest development of the Company.

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will facilitate Shareholders and investors to make the best investment decisions. To achieve this, the Company maintains a website at http://www.aoyuan.com.cn, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted.

The general meetings of the Company also provide good opportunity for exchange of views between the Board and the Shareholders. The Chairman as well as chairmen of the NC, RC and AC or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at Shareholders' meetings.

The Board believes effective investor relations can contribute towards lowering cost of capital, improving market liquidity for the Company's stock and building a more stable Shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and following a policy of disclosing information to Shareholders, investors, analysts and bankers. Keeping the Shareholders aware of our corporate strategies and business operations is one of the key missions of our investor relations team.

CONSTITUTIONAL DOCUMENT

During the year, the amended and restated Memorandum and Articles of Association was adopted by the shareholders of the Company in the 2022 AGM held on 24 August 2022 for reflecting the amendments made to the relevant Listing Rules, including Appendix 3 to the Listing Rules with effect from 1 January 2022. An up-to-date version of the Company's Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website.

DIVIDEND POLICY

The Board has adopted a dividend policy in compliance with code provision E.1.5 of the CG Code:

Pursuant to the Dividend Policy, the Company does not have any pre-determined dividend payout ratio. The declaration, payment and amount of dividends are subject to the discretion of the Board having regard to the following factors:

(1) the Group's actual and expected financial performance;

(2) the Group's expected working capital requirements, capital expenditure requirements and future development plans;

(3) retained profits and distributable reserves of the Company and each of the other members of the Group;

(4) the Group's liquidity position;

(5) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

(6) the contractual restrictions on the payment of dividends by the Company to its Shareholders, if any;

(7) the statutory and regulatory restrictions on the payment of dividends by the Company; and

(8) any other factors the Board may consider relevant.

The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The declaration and payment of dividend by the Company is also subject to any restrictions under the Cayman Companies Act, any applicable laws, rules and regulations and the Articles of Association. The declaration and payment of future dividend under the Dividend Policy are subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders of the Company as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

Environmental, Social and Governance Report

1 ABOUT THIS REPORT

China Aoyuan Group Limited ("China Aoyuan" or the "Company"), together with its subsidiaries (the "Group", "we" or "us"), as a leading developer and operator of composite real estate and theme properties in China, are committed to building a harmonious and beautiful living experience and cultural values for the homeowners with a brand concept of "Building Healthy Life". The Group also fulfills its corporate social responsibility by actively giving back to the community and contributing in the areas such as education, poverty alleviation and community support. The Group firmly believes that through our persistent efforts, China Aoyuan will achieve sustainable and quality development and become a long-lived enterprise with stable operations.

1.1 Reporting Standards

China Aoyuan Group Limited and its subsidiaries are pleased to present the Environmental, Social and Governance ("ESG") Report (the "ESG Report"), which outlines the efforts and achievements of the Group in environmental and social aspects over the past year.

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and with reference to the Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China of Chinese Academy of Social Sciences ("CASS-CSR4.0"), the GRI Sustainability Reporting Standards (the GRI Standards) and the Guide for Business Action on the Sustainable Development Goals ("SDGs").

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has complied with the mandatory disclosure requirements and the "Comply or Explain" provisions therein.

1.2 Scope of Reporting

The Report mainly discloses the ESG performance of business related to property development and property investment in Mainland China from 1 January 2022 to 31 December 2022 (the "2022 Financial Year", the "Reporting Period" or the "Year"). As the nature of the business is similar (and so as the corresponding environmental, social and governance impacts) in each region and the scale of business is directly proportional to revenue, thus we use revenue to determine the scope of reporting. Unless otherwise stated, the disclosure scope of the Report is consistent with that of the 2021 Environmental, Social and Governance Report, including policies and management practices on material environmental, social and governance issues relating to property development and real estate investment.

The environment data disclosed in this report include only the direct emission and consumption data generated from offices and sales centres during the operation of relevant businesses of property development and investment of the Group, and do not include the environment data generated from third parties of the Group, such as contractors, tenants and customers. The data on human resource, occupational health and safety and training disclosed in this report include data of all businesses of the Group as a whole.

1.3 Principles of ESG Reporting

The Group based on the four reporting principles of materiality, quantitativeness, consistency and balance in the compilation of this report. In preparing the ESG Report, the Group has paid attention to the principles of materiality, quantitativeness, consistency and balance, and has applied such reporting principles as set out in the Environmental, Social and Governance Reporting Guide above in the following manners:

Materiality

The content of the ESG Report is determined on the basis of a stakeholder engagement and materiality assessment process which includes identifying ESG-related issues, collecting and reviewing comments and suggestions from management and stakeholders, assessing the relevance and materiality of different issues, and preparing and validating the reported content. The ESG Report covers the key issues which are concerns for different stakeholders.

Quantitativeness

The disclosure of quantified environmental and social KPIs in the ESG Report provides stakeholders with a comprehensive understanding of the Group's ESG performance. Information on the standards, methods, references and data resources for these KPIs are set out where appropriate.

Consistency

To facilitate comparison of the ESG Report of different years, the Group has adopted a consistent reporting format and calculation method as far as reasonably practicable. Any changes to the methodology have also been presented and explained in detail in the corresponding section.

Balance

The relevant data and contents of the Group are disclosed in an objective and balanced manner.

2 BOARD STATEMENT

2.1 Vision and Mission

With the brand philosophy of "Building a Healthy Lifestyle" and the corporate core value of "Efficiency, Integrity, Responsibility and Shared Success", the Group is committed to providing customers with a quality living environment and creating an active and healthy lifestyle, building a healthy living ecosystem.

Customer experience is of cardinal importance to the Group. The Group values customer feedback, striving to improve customer satisfaction through establishing a customer satisfaction control system. The Group pursues innovation in products and services, and therefore enhances brand awareness and reputation to gain customer recognition.

The Group is committed to enhancing its corporate management as impetus for quality growth. The Group has continued to raise the standardisation requirements in various areas such as project operation, sales management, procurement and safety management, thereby enhancing overall operational efficiency. The Group has also stepped up its monitoring and auditing efforts to build up a working culture of integrity. Moreover, the Group actively promotes the upgrading and dissemination of its corporate culture to form common values and objectives in the enterprise. We have strengthened the recruitment and cultivation of talents and improved the incentive and appraisal mechanisms to create an environment encouraging staff to demonstrate their talents.

3 STATEMENT OF THE BOARD

3.1 ESG Governance Structure

China Aoyuan is committed to incorporating the concept of sustainable development into the governance structure with the Board taking the lead in implementing sustainable development objectives and commitments. The Audit Committee under the Board is responsible to oversee the management and working group, regularly assesses the overall risk of the Group and formulates corresponding plans to reduce the risk to an acceptable level.

The Group's ESG Working Group is led by members of the Board of Directors and comprises heads of functional departments. Its main responsibilities are to:

- Keep abreast of the latest developments and regulations on corporate governance and ensure that the Group's systems and practices are in line with regulatory requirements
- Report regularly to the Board on sustainability-related issues and the governance of the entity
- Ensure integration of the structure and system of the Group with sustainable development strategies
- Ensure the clear and accurate disclosure of the performance and investment in sustainable development of the Group
- Arrange targeted training for staff so that the sense of sustainability is embedded in the corporate culture

If there are significant risks in the business operation, the Board will follow up in a timely manner to prevent them from affecting the Group's operation and profitability.

3.2 Stakeholder Engagement and Materiality Assessment

Stakeholder engagement is of great importance to the sustainable development of the Group. In order to understand and meet the opinions and expectations of stakeholders regarding the Group within the ESG context, the Group actively maintains good communication with all internal and external stakeholders. Effective communication with stakeholders also provide the Group with insight into existing risks and potential opportunities. The Group has categorized its key stakeholders into the following eight groups, covering all key stakeholders who are affected by or have a significant impact on the operations of the Group. The communication channels of the Group with each category of stakeholders are set out in the following table:

China Aoyuan Stakeholder Communication List

Stakeholders	Expectations and requirements	Communication channel and response
Government and Regulators	• Comply with national policies, laws and regulations • Promote local economic development • Bolster local employment • Pay taxes on time	• Communicate with regulators regularly • Inspection and supervision • Case reporting
Shareholders	• Revenue return • Compliant operation • Enhance corporate value • Clear information flow and effective communication	• General meeting • Company announcement • E-mail, telephone and company website • Case reporting • Site visit
Business partners	• Integrity operation • Fair competition • Perform according to the law • Mutual benefit	• Business communication • Negotiation for cooperation • Review and evaluation meeting • Exchanges and seminars
Customers	• Quality products and services • Health and safety • Perform according to the law • Integrity operation	• Customer communication meeting • Customer service center and hotline • Customer opinion survey • Social media platforms • Return visits
Environment	• Comply with emission standards • Energy conservation and emission reduction • Ecological protection	• Communicate with local environment authorities • Communicate with local residents • Report submission
Industry	• Industry standard formulation • Promote industry development	• Exchanges and visits • Participate in industry forums
Employees	• Rights and interests protection • Occupational health and safety • Compensation and benefits • Career development • Humanistic caring	• Staff communication meeting • Internal newsletterl and Intranet • Employee mailbox • Training and workshops • Staff activities
Community and the public	• Open access to information • Improved community environment • Engage in public welfare	• Company website • Company announcement • Media interviews • Social media platforms

Issues of which stakeholders are concerned are constantly changing according to changes in the market and the environmental conditions. In this regard, based on market trends, opinions gathered via stakeholder communication, and internal review made by the Board, we have updated and identified material ESG issues which have a direct impact on the Group's operations on an annual basis. The Group also engages a third-party ESG consultant to conduct a materiality assessment of the Group in order to better understand the expectations of each stakeholder category on the Group and to develop a more market-appropriate operating strategy.

In order to identify material and relevant issues within the ESG aspects in business operation, we conducted a materiality assessment through questionnaires. We undertstood from internal stakeholders, external stakeholders and the Group management the issues which they consider relevant and important to stakeholders and the Group's operations. The Group adopted the following three steps to assess the materiality of an issue towards stakeholders and the entire business. The materiality assessment was established by combining the questionnaire results and materiality maps[1] provided by renowned external organizations. The assessment results are also used by the Board as a reference to enhance the effectiveness of management and measures within the Group. In summary, materiality assessment and issues are developed through a 3-step process as follows:

Note:

1 The materiality maps referred to in the include the Environmental, Social and Governance Sector Materiality Map prepared by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB) Foundation respectively.

China Aoyuan's Material Issues

During the Year, the Group identified 13 key ESG-related issues together with ESG consultants, which will be discussed in detail in each chapter of this report.

	Key Issues	Communication channel and response
Employment and Labour Practices	14. Employment Compliance	11 EMPLOYMENT AND LABOUR PRACTICES
	15. Employees' Remuneration and Benefits	11 EMPLOYMENT AND LABOUR PRACTICES
	16. Employees' Working Hours and Rest Period	11 EMPLOYMENT AND LABOUR PRACTICES
	17. Diversity and Equal Opportunity	11 EMPLOYMENT AND LABOUR PRACTICES
	18. Occupational Health and Safety	10 HEALTH AND SAFETY
	19. Training and Education	11 EMPLOYMENT AND LABOUR PRACTICES
Operational Practices	21. Operational Compliance	5 REAL ESTATE PROJECT QUALITY AND ADVERTISEMENT
	24. Procurement Practices	8 SUPPLY CHAIN MANAGEMENT
	25. Quality Management	5 REAL ESTATE PROJECT QUALITY AND ADVERTISEMENT 8 SUPPLY CHAIN MANAGEMENT
	26. Customer Health and Safety	5 REAL ESTATE PROJECT QUALITY AND ADVERTISEMENT
	28. Customer Service Management	6 CUSTOMER SERVICES
	31. Customer Privacy Protection	7 INTELLECTUAL PROPERTY AND PERSONAL INFORMATION PROTECTION
	32. Anti-corruption	4 ANTI-CORRUPTION

3.3 Materiality Matrix and Corresponding Issues

Based on the results above, the issues of concern to stakeholders of the Group for the Year 2022 are set out as follows:

Environment	Employment and Labour Practices	Operation Practices	Community Investment
1. Environmental Compliance	14. Employment Compliance	21. Operational Compliance	33. Charity
2. Air Pollutant Management	15. Employees' Remuneration and Benefits	22. Managing Environmental Risks of Supply Chain	34. Promotion of Community Development
3. Fleet Emissions Management	16. Employees' Working Hours and Rest Period	23. Managing Social Risks of Supply Chain	35. Poverty Alleviation
4. Wastewater Management	17. Diversity and Equal Opportunity	24. Procurement Practices	
5. Greenhouse Gas Emission	18. Occupational Health and Safety	25. Quality Management	
6. Waste Management	19. Training and Education	26. Customer Health and Safety	
7. Energy Consumption	20. Prevention of Child Labour and Forced Labour	27. Responsible Sales and Marketing	
8. Use of Water Resources		28. Customer Service Management	
9. Green Energy Project		29. Research and Development	
10. Use of Raw Materials and Packaging Materials		30. Information Security	
11. Ecological Protection		31. Customer Privacy Protection	
12. Responding to Climate Change		32. Anti-corruption	
13. Prevention and Handling of Environmental Incidents			

3.4 Opinions and Feedbacks

For details on the environmental, social and corporate governance of the Group, please refer to the official website of China Aoyuan Group Limited (https://aoyuan.com.cn). For any questions or suggestions regarding this report, please feel free to contact us via email: ir@aoyuan.net

CORPORATE GOVERNANCE

4 ANTI-CORRUPTION

4.1 Supervision Centre

The Supervision Centre has continued to strengthen the Group's internal governance and training. It has organized regular exchange sessions, training, seminars on integrity risk prevention and exchanges for various departments, and communicated with different enforcement agencies. The Supervision Centre has also adopted relaxed approaches to promote integrity awareness, such as the production of a microfilm "Choice" adapted from a real-life case, the appointment of integrity supervisors, the launch of WeChat emoji pack with the theme of integrity, the organisation of public court hearings.

During the Year, no significant matters in violation with any laws and regulations relating to bribery, extortion, fraud and money laundering were identified. The Group will strictly comply with relevant laws and regulations, and establish a joint anti-corruption mechanism to enhance the integrity awareness of its staff.

4.2 All-round Integrity System

The Group adheres to the corporate spirit of "Efficiency, Integrity, Responsibility and Shared Success", and actively promotes the corporate integrity culture. The Group adheres to the following policies:

- Strictly following the Listing Rules of the Main Board of Hong Kong Stock Exchange and local laws and regulations, promoting high transparency and corporate governance, to ensure the Group's operation is compliant with laws and with integrity
- Attaching importance to the integration of internal integrity mechanism building into operations and strictly enforcing the "Ordinance on the Supervision Work of China Aoyuan Group"
- Strengthening integrity building, setting up correspondence channels and defining the duties of each functions and the approval authority of each position
- Fullfilling the responsibility under "integrity indicators", such as setting up and executing the guidelines on gift registration and reporting
- Enhancing the integrity awareness of the staff through training, and strictly enforcing the "Eight Rules of Aoyuan", and issuing integrity tips from time to time
- Requiring new employees to sign a commitment letter on integrity and self-discipline, and carring out integrity review on the performance appraisal. The staff are required to should abide by professional ethics, so that they can realize their personal values under the principle of integrity
- Establishing supplier relationships with integrity and transparency. Integrity clauses and whistle-blowing channels are included in the supplier contract. The procurement procedures are electronized to prevent commercial bribery
- Actively establishing a joint mechanism on the prevention of commercial crimes, and jointly promoting the building of integrity culture with the stakeholders, including property owners, suppliers and business partners through three defences, namely "Anti-corruption by culture", "Internal management and control" and "External joint defense"

4.3 "Three defences" on Anti-corruption

The Audit and Supervision Centre is determined to implement the decision and deployment of the Board, firmly lays equal stress on prevention and combat, and strives to build the full-coverage "three defences":

1) **Working with human resources department to guard the entrance line of employees:** The Audit and Supervision Centre carries out a review of integrity in the process of employee induction and promotion in according with the Regulations on Supervision Work of China Aoyuan Group. At the same time, the Audit and Supervision Centre gives feedbacks to the Board based on the clues found in the data from alliances such as the Trust and Integrity Enterprise Alliance, the Enterprise Anti-Fraud Alliance and the "Greater Bay Area Enterprise Monitoring Alliance" and internal investigation for future policy improvement. Employees at deputy manager level and above of the Group and regional companies are required to conduct regular integrity review and at the time of induction and promotion.

2) **Building three-level vertical education defence for headquarters, regional companies and project companies:** The Audit and Supervision Centre promote the materiality of integrity through intranet, internal magazine and other channels.

3) **Establishing the "three-in-one" supervision comprising disclosure, inspections and review:** The Audit and Supervision Centre has fully implemented integrity notice and conducted review on the management suggestions provided for cases, monitored the implementation of rectification measures, and built a solid integrity management defence.

4.4 Whistle-blowing Policies

The Group establishes various whistle-blowing channels to ensure smooth supervision and encourages the real-name whistle-blowing, while strictly keeping the information of the whistle-blower confidential. For anonymous reports, the whistle-blower is required to provide clues or evidence which can be verified. Upon receipt of an anonymous report without clear clues and evidence, the Audit and Supervision Centre may reject the report if, after communicating with the whistle-blower by mail or phone call, the whistle-blower fails to reply within the prescribed time or refuses to provide relevant information on the whistle-blowing matter.

Diagram of the whistle-blowing process

4.5 Integrity Education for All

The Group is committed to promoting integrity education for all, which covers the introduction of integrity construction, interpretation of supervision regulations, and integrity rules, analysis of typical cases and other works, and invites professional teams to communicate with the staff to enhance the awareness. The Company Secretary sends latest corruption prevention information issued by the Hong Kong Independent Commission Against Corruption to the Board members to strengthen the Board's integrity awareness, and provide practical advice and plan to the Board members to implement effective anti-corruption measures at both individual and corporate levels, so as to facilitate a healthy development of the Group.

The Group's Audit and Supervision Centre is responsible for coordinating the construction of the Group-wide integrity education system and formulating annual integrity education plans. The Audit and Supervision Centre arranges integrity training on integrity building and anti-corruption rules and regulations.

During the Year, the Group was not involved in any corruption lawsuits, and did not provide anti-corruption training.

SERVICE RESPONSIBILITY

5 REAL ESTATE PROJECT QUALITY AND ADVERTISEMENT

The Group has continually improved the quality of projects from design to engineering, marketing and after-sales services in order to enhance the Group's operational efficiency and customer satisfaction. The Group has also set project inspection systems and quality inspection standards based on the best quality standards of national and international projects, which will be regularly updated and communicated to relevant staff. We also require suppliers to comply with such standards and include them in the terms of relevant contracts when negotiating such contracts. To enhance the quality of our projects, the Group's Operations Management Centre has issued a number of construction management systems, including the "Standard and Prohibited Construction Practices of the Aoyuan Group". Also, the Group has an internal organization that conducts regular inspections to check the quality of the construction in accordance with these standards. The Group has also commissioned Shenzhen Ruijie Engineering Consulting Services Company Limited(深圳瑞捷工程諮詢服務有限公司), which is ranked first in the industry, to conduct physical measurements and safety assessments and benchmarking analysis against industry standards, with a view to improve the construction workmanship as a whole.

All projects strictly comply with national legal requirements and are inspected and accepted by relevant governmental authorities to ensure that the projects meet the standards. The Group has established the "Product Delivery Practice Guidelines of the Aoyuan Group"to regulate the property delivery process, including pre-delivery inspection and follow-up, and delivery process operation. When the properties are handed over, we will arrange for a dedicated team to carry out inspection procedures for walls, windows, floors, kitchens and toilets, and furniture for the prospective owners in accordance with the "Practice Guidelines on Sub-tenant Inspection of Housing of the Aoyuan Group"and the "Joint Assessment Management Measures for Delivery Areas of the Aoyuan Group", and inspect whether the properties meet the delivery standards and are consistent with the sales information in accordance with the established standards. In case any problems are found, the Group will follow up in a timely manner in accordance with the "Guidelines for the Management of Defects in Products and Services of the Aoyuan Group".

During the Year, the Group received accolades including the 17th Kinpan Award (for the Jiangsu region best main unit space design and best supporting activity space design) and the Guangzhou 2022 Excellent Engineering Survey and Design Industry Award, showcasing the quality of the Group's real estate projects.

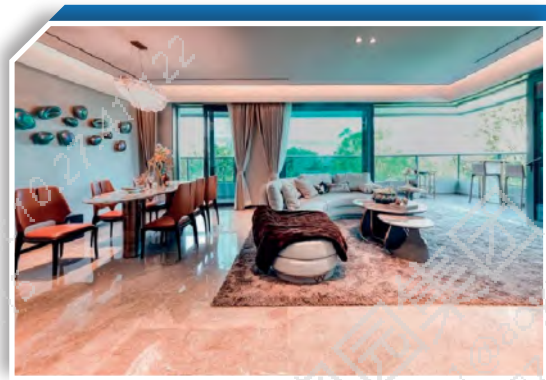
In terms of marketing, the Group has established relevant systems for sales, pricing and positioning, and adhered to the Group's principle of integrity, which prohibits any misrepresentation in sales advertisements and sales brochures that would mislead consumers.

Case Study: "A+ Factory"

The Group has formulated the "A+ Factory Engineering Operation Guidelines". All areas of the "A+ Factory" displays should be built on a per delivery basis to create a "what you see is what you get" effect. Xi'an Puyue Bay and Jingzhou Xuefuli apparently have passed the "A+ Factory Engineering Operation Guidelines" and achieved spectacular results.

A+ Factory: Jingzhou Xuefuli

Landscape Experience in line with delivery standards



Fine Decoration Experience – Display of Workmanship in line with delivery standards

6 CUSTOMER SERVICES

China Aoyuan has always made customer relationship management an important direction in the building of its core competitiveness. We have analyzed the current customer service management model and restructured and improved the customer service structure, upgraded the existing customer service centre and upgraded the service management system with a view to raising the standards of customer service to an industry-leading level.

6.1 Customer Service Structure

A well-established customer service organisation is the foundation of quality customer service. To this end, China Aoyuan Customer Service Centre has carried out organisational restructuring, and set up service teams for each project, so as to provide customers with services that are in close proximity and easily accessible.

China Aoyuan further established rules and regulations to inject the "soul"of the system into the service centre. In 2022, based on the Customer Service Management System, the nine systems of the customer service were stipulated and published which, provides all-round service guidelines and practices on risk aversion, customer complaint handling, customer contact and business relationship.

6.2 Handling Customer Complaints

During the financial year of 2022, the Group received a total of 10,800 (2021: 22,201) complaints on service. The Group has formulated the "Customer Service Management System of Aoyuan Group", the "Guidelines on Handling Customer Relationship Crises of the Aoyuan Group" and the "Customer Complaint Management System of the Aoyuan Group" to regulate the implementation and execution of the general customer service process, as well as the response, notification and management of customer relationship crises. The group's customer Service Centre is responsible for the overall coordination of the Group's customer service operations, clarifying the customer complaint handling process, improving the efficiency and quality of complaint handling, properly resolving customer requests, avoiding escalation of complaints and deepening of losses, reducing the risk of negative public opinion, safeguarding the Company's brand image and enhancing customer satisfaction.

China Aoyuan attaches great importance to customer feedback and complaint handling. The Group has issued the "Complaint Handling System of the 400 Customer Service Hotline" and the "Standardized Service Operation Guide of the Call Centre". With the Group customer service centre, the customer experience management process could focus more on unified handling, efficient resolution, quality control and data analysis, in order to enhance customer service experience and handling efficiency. Once a customer complaint is received, the Group will arrange for our customer service officers to proactively contact the customer by phone to follow up on the case and provide independent solutions for the customer's complaint or improvement plans. In the financial year of 2022, the Group achieved a customer complaint closure rate of 80% for the 400 Customer Service Hotline.

Spotlight: 400 Customer Service Hotline

With the 400 Customer Service Hotline, staff at the service centre handle customers' complaints systematically and improve service experience for customers, and can identify interdepartmental resource sharing, multiple business processing and marketing and other integrated functions, replacing the previous simple telephone answering and registration consultation model.

400 hotline operator receives request for assistance → Fast and accurate communication to the responsible person → Procures first contact with the customer within 24 hours → Supervision through the escalation mechanism process → Visits the customer after the case ends

Forms a closed-loop management system

6.3 Improving Customer's Satisfaction

Working on customer relationship maintenance and satisfaction improvement, China Aoyuan has set up a customer loyalty fund for handling customer issues and organizing customer activities so as to increase customer loyalty. For issues that are most likely to cause disputes, such as launching new projects and product sales, the Group has formulated relevant regulatory systems, such as the "Management Measures on Project Delivery of Aoyuan Group" and "Sales Service Contact Standardization Manual for Prospective Owners of Aoyuan Group", to strictly control the project quality, reduce the proportion of complaints, and improve customer satisfaction.

7 INTELLECTUAL PROPERTY AND PERSONAL INFORMATION PROTECTION

In order to protect intellectual property rights, the Group's headquarters uniformly arranges trademark registration and entrusts a professional intermediary team to provide advice and services. The Group adopts a rigorous attitude to review and consider the development of the Group in respect of existing and future trademark registrations, and makes strategic arrangements to achieve effective protection of intellectual property rights.

The Group is committed to complying with national and local laws and regulations in relation to personal information and privacy, and to deal with the methods and guidelines for collecting, utilizing, storing, disclosing, transferring, confidentializing and accessing personal information in accordance with the Six Data Protection Principles in order to protect the personal information provided by our customers and employees in the avoidance of information leakage or illegal use. During the 2022 Financial Year, the Group had no significant matters in violation with any laws and regulations related to product and service quality.

7.1 Company Information Security Protection

Information security protection has become a new challenge for enterprises in the information era. China Aoyuan puts emphasis on information security construction and has formulated systems such as the "Information Security Management Measures (2021) Version" and "Information Security Incident Management Regulations", which provide guidance on how to handle information security incidents with different levels of impact and causes of occurrence. In addition, the Company has established an information security leadership team and an information security working group to fulfil the responsibility for information security maintenance. The Group is confident through the building of the protective firewall for information security, which effectively protects the information of the Group and personal data of its customers.

7.2 Customer Information and Privacy Protection

With the increasing advancement in technology, the Group recognizes the importance of maintaining a secure information network. The Group places great importance on the protection of customer information and privacy by constantly overcoming technical firewall to prevent information leakage. The Group also has internal control over its staff. The new recruits are asked to sign integrity and confidentiality agreements. Our staff are required to comply with laws and regulations such as the "Anti-Unfair Competition Law" and the" Labour Contract Law", as well as rules and regulations such as the "Aoyuan Group Confidentiality System". The Group strictly prohibits employees from disclosing user information. If any information leakeage is discovered, the Group will dismiss the employee or terminate his or her employment contract, and reserves the right to seek legal action against that employee.

8 SUPPLY CHAIN MANAGEMENT

The Group attaches importance to supply chain management and formulates its internal management system such as bidding and procurement, and suppliers inspection, and strictly regulates the supply chain and procurement activities.

8.1 Supplier Selection Process, Considerations and Supervision

The Group has set up the "Aoyuan Group Suppliers Management System" to strictly implement the supplier admission assessment procedures. A professional supplier database is established for the cultivation of high-quality strategic partners. The Group has set up regional supplier management teams to manage different types of suppliers at different levels, and conducts regular meetings and relationship maintenance with its suppliers.

The Group conducts annual or quarterly performance assessments by supplier category. The Group assesses suppliers' contract fulfillment on a quarterly basis through third party patrol inspection, unannounced inspection, and random inspection. The Group maintains and updates the supplier database on quantity, quality, work progress, cooperativeness, contract fulfillment and responsibility, etc. The Group has established a stringent assessment system for evaluating suppliers' performance. We conduct appraisal on suppliers and give rating based on comprehensive criteria including project experience, professional knowledge, environmental protection policies and measures, records of work-related injuries and accidents, whether child labours and forced labours are used and community engagement, etc. We also require suppliers to obtain from third party institutions certifications on quality, environmental protection and social responsibility, such as ISO9001, ISO14001 and other domestic and overseas accreditations relating to social responsibility.

The Group continuously monitors the suppliers on the construction status, the products and services provided by them, regularly reviews the list of suppliers, conducts appraisal on their KPIs and arranges on-site inspections. The Group has also developed evaluation methods and scoring criteria by supplier category. If any supplier is discovered of not meeting our standard, it is required to make improvement immediately, failing of which the service of that supplier will be terminated or it will be blacklisted to ensure that all the existing suppliers meet our quality requirements and the criteria on social responsibility.

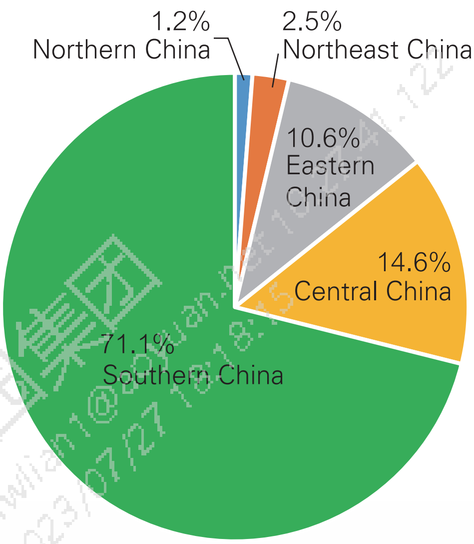
The Group adopts a fair and open tendering mechanism. We conducts regular supplier benchmarking with the benchmark real estate enterprises in the region to explore the resources of suppliers with similar values, strong performance capability and high quality product realisation capability. We also conducts supplier inspections of important categories in all directions, strictly controlling the potential risks of suppliers' entry and shortlisting. In addition, we invites sufficient number of companies to participate in bidding, and segregate duties during the bidding process such as identifying suppliers and reviewing tender documents to ensure their confidentiality. We regularly review the tendering mechanism with internal audit and supervision department, in order to reduce risks on bribery and malpractices due to control loopholes.

In addition, the Group requires its suppliers to comply with practices encouraging them to use more environment-friendly products and services, and establishes effective monitoring methods to maintain a green supply chain. When a supplier violates the Group's requirements or fails to meet the performance requirements in the course of providing services or products, its regular evaluation results will reflect the case and renewal of contract will be affected. In severe cases, the Group may even terminate cooperation with the supplier immediately.

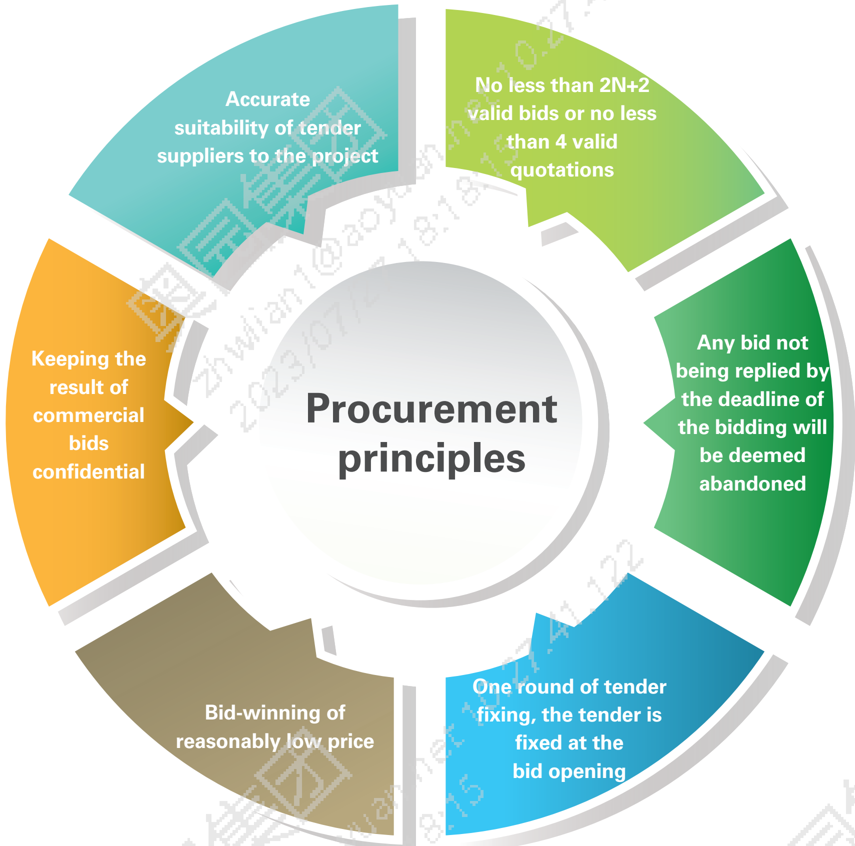
8.2 List of Suppliers

The Group strives to fulfill its social responsibility and protect the environment in the development of its business, and incorporates green concepts in its supply chain management and procurement. The Group gives preference to suppliers that are geographically closer to the projects in the procurement process to reduce the carbon footprint in the transportation process. The Group will also consider using products that have a smaller impact on the environment, such as those with environmental labels, as long as they meet production requirements. At the same time, the Group put in place comprehensive warehouse control procedures to keep track of materials and products in storage, encourage staff to be aware of the shelf life of materials and products, and prioritize the use of materials and products purchased earlier to avoid unnecessary wastage. During the Year, the group has 993 major suppliers (2021: 7,804). During the Year, the Group has re-categorized its suppliers and identified them into five major categories, namely civil construction, application for project approval and construction, landscaping, fitting-out works and electrical and mechanical, hence the supply list was reorganized and ineffective suppliers were removed, so the data differed significantly from the 2021 data. The Group's major suppliers are as follows:

Suppliers Distribution



The Group strictly requires suppliers tendering with the following principles:



8.3 Supplier Communication and Training

China Aoyuan places high value on communication with suppliers. We have improved the cooperation efficiency and enhanced mutual trust and dependence through communications such as stocktaking seminars, thematic workshops, post-tender meeting, quarterly meeting, face-to-face on-site meeting with new suppliers. Quarterly communication meetings will be held no less than three times a year to discuss the results of third-party assessment and inspection, highlights and problems, case studies, management requirements, rewards and penalties, etc. For unsuccessful suppliers, the Group will communicate effectively with them after the tender process, focusing on the entire tender process, and pay attention to the status of unsuccessful suppliers. The Group will also organize supplier appreciation meetings at the Group and regional levels on a regular basis to evaluate quality suppliers, and provide corresponding prizes and rewards to the awarded units, so as to lay a good foundation for strategic cooperation for sustainable development.

In addition to good communication, the Group provides post-award fostering of new suppliers by arranging "induction guides"to help them understand the system and culture of Aoyuan, and discusses the current status of project cooperation and improvement measures to help them better meet the expectations and requirements of Aoyuan.

9 COMMUNITY INVESTMENT

Property development and community operations are our main businesses, which are closely linked to community contributions. We actively contribute to the community and continue to devote efforts to education, poverty alleviation and community development, in order to fulfill our corporate social responsibility. The Aoyuan Charity Foundation under the Group made a total of 8 donations during the Year. The total amount of community investments made is shown in the following table:

Community Investment Name of Activity	Scope of Contribution	Year 2022 Contribution Amount (RMB)
Aoyuan Charity Foundation	Donation	296,773

9.1 Aoyuan Charity Foundation

With the goal of "helping as many people in need as possible", the Group has continued to contribute to the public welfare and charity cause for many years, and has established the Aoyuan Charity Foundation to carry out charitable activities such as the "Double Tens, Double Hundreds"targeted charity work, teaching with love, donation to schools, disaster relief and public welfare volunteer work to help poverty eradication and village revitalisation, and continuing to spread the truth, goodness and beauty.

Aoyuan Charity Foundation's charitable activities during the Year included donations of teaching equipment, village construction, helping the unprivileged and sending regards to anti-pandemic staff.

9.1.1 Donation of Teaching Equipment

In line with the strategic plan of the nation to alleviate poverty and revitalise the rural areas, the Group carried out the "Double Tens, Double Hundreds"targeted donation campaign during the Year. The Group donated teaching equipment to Luoxi Primary School, Luoxi Town, Luhe County, Guangdong. The Group also provided scholarships to needy students in the school to alleviate their financial burden.

Donation teaching equipment to Luoxi Primary School, Luoxi Town in Luhe County

9.1.2 Helping and Assisting Needy Households

During the Year, the Group continued to provide targeted assistance to needy villages. The Group donated edible oil, eggs and noodles and other food items as well as comfort money to the needy villagers in Dongli Village during the Spring Festival.

Spring Festival greetings for the needy from the Aoyuan Charity Foundation

9.2 Supporting Workers

Following the outbreak of the COVID-19 pandemic, the Group provided protective gears and other materials to the areas in need to support their fighting against the pandemic. During the Year, the Group donated to the Zhongcun Street Nucleic Acid Testing Station the commonly used items including milk, water, food to enable the medical workers to quickly replenish their energy and to express our greetings.

Aoyuan Charity Foundation’s greetings for the nucleic acid testing staff at Zhongcun Street for the prevention and control of the pandemic

EMPLOYMENT AND PERSONNEL MANAGEMENT

10 HEALTH AND SAFETY

The Group strictly complies with national laws and regulations, formulates internal safety management systems and annual targets, establishes an organisational structure for the work, and clearly sets out the safety responsibilities of managers at all levels and manages performance appraisals. The Group also closely monitors the safety red lines and strives to reduce the risk of injury to employees, partners and customers. The Group places emphasis on raising the safety awareness of employees, creating a safe and healthy corporate culture and protecting the safety and occupational health of employees.

Employees who were unfortunately injured at work during the year were issued with a "Confirmations of Work Injury"in accordance with the procedures and received appropriate subsidies, granting of leave or reimbursement of medical expenses from the Group or their insurers. In the past three years, the Group had not suffered any work-related fatality of employees. Work-related injuries and fatalities and work days lost due to work-related injuries of the Group are set out in the following table:

Year 2022		Year 2021	
Number of work-related injuries	**Lost days due to work-related injuries**	Number of work-related injuries	Lost days due to work-related injuries
9	**612.0**	19	1845.5

10.1 Occupational Safety Management

10.1.1 Safety Management Structure and System

The Group strictly enforces the relevant occupational safety laws and regulations, and has established a safety management system and a safety responsibility system to implement a series of measures to protect the health and safety of its employees. The Safety Management Committee ("Safety Committee"), as the highest decision-making body for the Group's safety management, is responsible for safety management requirements, safety drill arrangements, staffing standards, safety incident management, safety assessment management and other safety management and production-related tasks. In addition, the Group conducts the comprehensive review of the fulfillment of safety responsibility that covers general managers of regional companies, engineering leaders, project leaders and safety, health and environment management personnel, to strengthen the safety supervision of each level and to safeguard the employees in the production process.

The Group has also launched a number of employee health and safety training programmes during the year, including emergency fire evacuation, training on the operation and use of fire-fighting devices, induction training for new employees, training for resuscitation on drowning, training on food safety and training on emergency handling of playground facility, etc., in order to equip employees with a wide range of safety knowledge and to enable them to protect themselves in case of emergency and to perform simple emergency treatment.

10.1.2 Occupational Safety Promotion and Drilling

"Heartbeat 240s" - 2022 Healthy Aoyuan First Aid Training

In line with the brand philosophy of "Building a healthy lifestyle", we hope to enhance employees' first aid awareness and improve their ability of scientific rescue through a series of activities. The training included not only lectures and demonstrations, but also hands-on sessions to equip employees with relevant knowledge and skills to deal with common emergencies in daily life.

Lecture by expert

Hands-on session led by expert

2022 Aoyuan Corporate Culture: Rehabilitation Workshop

With the physical harm and trouble caused by office workers' sedentary lifestyle in mind, this session of the Aoyuan Workshop invited professional rehabilitation instructors from the Guangdong Provincial Sports Team to provide detailed guidance to employees on the rehabilitation of back pain, shoulder and neck strain, injury prevention during exercise and post-exercise recovery in daily life. Also, hands-on sessions were arranged for employees.

Hands-on sessions led by expert

Lecture by expert

10.2 Fighting against COVID-19

The Group is committed to protecting the health and safety of its employees. In response to the COVID-19 pandemic, the Group has formulated the "Operational Guidelines on COVID-19 Prevention" and the " COVID-19 Prevention and Control Plan" to standardize and regulate management in daily life and during emergency in relation to the outbreak and to strengthen the capabilities of the Group's projects and departments to deal with the outbreak. The Group has also put in home quarantine measures and related implementation procedures in accordance with the latest local pandemic prevention requirements to ensure that diagnosed employees are kept at a distance from other employees to protect their health. In addition, the Group also pays close attention to the health of frontline employees by issuing pandemic prevention health kits and disinfecting the office premises regularly during the Year to provide a safe working environment and protect their health and safety.

Distribution of pandemic prevention health kits to employees

10.3 Construction Quality and Safety

10.3.1 Construction Safety Management System

China Aoyuan values construction quality and has a comprehensive quality and safety management system in place. The Group has formulated policies such as "Regulations on Management of Engineering Works of Aoyuan Group", "Aoyuan Group Development Project Safety and Civilized Construction Standards", "Aoyuan Group Management Measures for Major Hidden Safety Hazards" and "Aoyuan Group Development Project Safety Management Standards" to manage and monitor employee safety on site and during construction.

In addition to strict enforcement of relevant laws and regulations, the Group has also formulated a series of management measures for construction safety management and management of labour protective gears for employees, including keeping medical kits at fixed locations, issuing labour protective gears on a regular basis as required, supervising employees to use labour protective gears properly, and making available sufficient labour protective gears such as safety helmets, safety belts, safety footwear, plastic shoes and raincoats at construction sites to create a safe working environment. At the same time, before the construction of each project commences, the Group will assign the person in charge of each unit as the person primarily liable for safety management and sign a safety management responsibility letter to ensure the effective implementation of the on-site safety system. Each unit is required to organize regular safety management meetings and prepare safety management reports to the Safety Department under the Group's Quality Control Centre for record.

The Group has established emergency response organizations with clear responsibility mechanism. An emergency response plan has been formulated. Upon occurrence of a safety incident, the responsible person in charge of the unit should initiate the corresponding crisis management plan as soon as possible and report the incident to higher level following the procedures and according to the severity of the situation. Relevant department of the Group headquarters shall determine the initiation of corresponding plan and method of handling according to the severity of the incident.

10.3.2 Implementation of Safety Inspection and its Standards

In order to better meet the market demand and improve the quality of our projects, we have implemented the "Aoyuan Group's Subcontractor Project Evaluation Management System", the "Management Measures for Unannounced Inspection by Aoyuan Group" and the "Guidance Manual for Management and Control over Fine Decoration of Aoyuan Group". The Group also developed a safety inspection and risk prevention system and scoring standards, and conducts quarterly, monthly and weekly safety inspections. If any major construction hazards or fire hazards are found, the work will be stopped immediately and can be resumed only after the relevant unit has conducted a safety review with satisfactory results.

In addition, we will also hire well-known external construction consultants to conduct quality and safety assessments for ongoing projects on a monthly basis. Such assessments cover project quality, construction safety, material quality, management pattern and quality risks. Through benchmarking with the industry by third party assessment of the subcontractors, the scores obtained by China Aoyuan's subcontractors in the quality and safety assessments were at the forefront of the industry in 2022.

10.3.3 Construction Quality and Three Levels of Safety Inspection System

To ensure the quality and safety of its projects, China Aoyuan has established the 3-level quality and safety inspection system which includes the Group, regional companies and project units.

Headquarter:

Operation Department of the Group divides labour by region, and the responsible person performs normal monitoring on the construction quality in the region. Construction inspections will be carried out on a quarterly basis to perform construction quality inspections on all projects and the inspection results are reported. Special meetings are held on key projects and a dedicated person is arranged to follow up and supervise such projects as appropriate to ensure the quality management is under control. Meanwhile, the Group will carry out non-regular campaigns such as "quality month" or "quality special action".

Regional companies:

Quality management and control unit has been set up in regional companies to be responsible for the implementation of quality management requirements on projects. The unannounced inspections and project assessments have been carried out in regional companies on a monthly basis to implement Eight Requirements for Quality Management and Control, while implementing various special quality compaigns as required by the Group.

Project units:

Implements quality management and control requirements by the Group and regional companies, and cooperates with the supervisory unit to supervise the constructors to comply with the requirements of the government and the Group on quality management and control.

10.3.4. Safe Production Training Activity

In order to raise the safety awareness of our employees and their attention on work safety, the Group arranges various training on safe work every year, such as Fire Prevention Month, Safety Month, Safe Work Knowledge Contest, Quality Control Month and Skill Competition. At the same time, through safety activities and safety promotional campaign, the Group will enhance the safety knowledge, skills, awareness and emergency handling capability from the management to the general staff in order to improve the overall project quality.

10.3.5 Rapid Response Mechanism on Construction Quality and Safety Issues

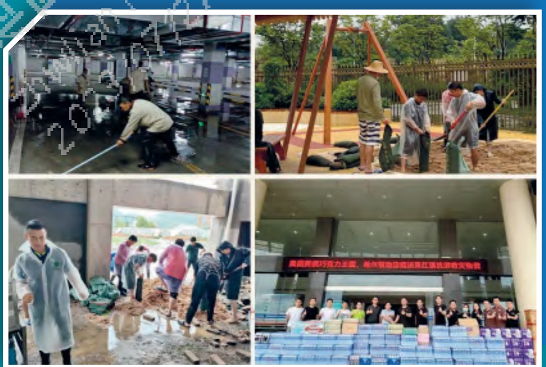
China Aoyuan has established emergency response teams with clear responsibilities. An emergency response plan has been formulated and responsible person in charge of the incident unit should initiate the corresponding crisis management plan as soon as possible after the occurrence of the safety incident, and report the incident to higher level following the procedures according to the severity of the situation. Relevant departments of the headquarter shall determine on the initiation of corresponding plan and method of handling the incident.

Case Study: Action to Prevent Flooding – Aoyuan Makes Every Safeguarding Effort

Rapid Response to Flood Prevention

In response to the flooding in Guangdong in June, Aoyuan Yingde Chocolate Kingdom responded quickly and took immediate action. Responsible persons at all levels stepped up their shifts and conducted flood safety checks on facilities and equipment such as sewers, drainage networks, workers quarters at construction sites and outdoor equipments to prevent safety incidents.

As regards the community, the staff of Aoyuan property management unclogged water pipes and removed fallen trees in a timely manner despite the heavy rain. Property managers reminded owners to take safety precautions from door-to-door. For owners whose homes were damaged by flooding, project representatives from Aoyuan Yingde Chocolate Kingdom actively participated in the local rescue operations to help rebuild their homes and distributed drinking water and supplies to the people affected and worked together to get through the flood season.



Case Study: Aoyuan Builds Safety Defences in Full Swing

The Bell is Ringing for Heightening of Precaution

In the Northeast Region, the Shenyang Aoyuan Expo Plaza conducted 35 comprehensive inspections on fire safety, flood prevention and roofing safety, and conducted comprehensive tests on the district fire fighting system, emergency fire drills simulation, lift drills and fire fighting safety training with the Aoyuan International City in Shenyang, etc.. By launching the comprehensive fire safety management programme on equipment and facilities, residents can rest assured of having a safe home.

Shop tenants and consumers were invited to participate in the whole process of the drill, which enhanced the awareness of safety laws and regulations, general knowledge of safe production and emergency response capability of Aoyuan commercial management team, shop tenants and consumers. It further improved the emergency response capability of the commercial management team in fire prevention, explosion prevention and disaster relief, and laid the foundation for creating a safe and secure shopping environment.

11 EMPLOYMENT AND LABOUR PRACTICES

11.1 Employee Rights

The hard work of our employees is inextricably linked to the long-term development and success of the Group's business. The Group complies with employment-related laws and regulations, including but not limited to the "Labour Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China" and the "Prohibition of Child Labour Provisions". In order to attract and retain talents to meet the Group's development needs and to implement its corporate strategy, the Group is committed to protecting the rights of its employees and providing them with competitive remuneration, training and development opportunities.

The Group promotes a harmonious and diverse work environment and strives to treat people of all cultural backgrounds, gender, religion, marital status, etc. equally. Our recruitment criteria is based on the candidate's resume and interview performance. We offer reasonable remuneration and fair promotion opportunities based on the performance of employee. The Group respects the relationship with its employees. Any termination of employment is subject to appropriate notice periods and clear communication with the employee regarding the reasons. No employees will be dismissed without justification.

In order to increase the diversity of our workforce and provide development opportunities for the young people, the Group offers opportunities for the physically challenged and fresh graduates every year as well as in-house on-the-job training and courses to nurture them to become an important force in the Group and a future pillar of society.

11.2 Employee Recruitment

The Group strictly complies with relevant laws and regulations. The Group has also established a clear human resources management system and standard operating procedures, which are fully implemented by the human resources department and reviewed by the Board on a regular basis. The human resources department regularly reviews the relevant laws and regulations and issues notices as soon as the relevant provisions are updated. During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations relating to employment.

The Group has a well-defined and comprehensive talent recruitment process and configuration to prevent any irregularities or illegal recruitment, such as child labour or forced labour. The human resources department requires candidates to produce their identitification documents, academic qualifications and employment proof at the time of recruitment to ensure that their age and identity are consistent with the documents they have submitted. The Group also performs pre-employment checks on the prospective employee, including interfacing with the former employer to understand the prospective employee's performance and verification of information from relevant government departments. Important work terms such as job duties, working hours, remuneration, social benefits, insurance, labour protection, work ethics and termination of contract are clearly stated in the employment contract. All employees must voluntarily sign an employment letter with the Group to ensure the rights of both parties. There were no material breaches of laws and regulations relating to the prevention of child labour or compulsory labour during the Reporting Periods.

There is a strict gate-keeping process for the recruitment. In the event that a minor under the age of 16 is recruited, the Group will immediately stop the employment procedures, and the person in charge of human resources concerned will be criticised and his/her annual performance incentives will be deducted. In the event that child labour is found, the Group will immediately report the matter to the local labour department, arrange for a health check and cover any medical expenses that may be incurred. The human resources department will contact their guardians, make full payment of wages earned and arrange for escort or return by their guardians.

11.3 Staff Benefits/Staff Care

In order to enhance the social security of our employees, the Group taken out corresponding social insurance for all employees at the time of employment. As a "Joyful@Healthy Workplace" certified by the Hong Kong Occupational Safety and Health Council, the Group has always in place blood pressure monitors and touchless thermometers in the office to ensure that employees can monitor their health conditions at all times. The Group is committed to promoting healthy lifestyle, organizing sports activities such as sports clubs and sports day, as well as psychological counselling services to encourage staff to get used to exercising while relieving stress.

The Group understands the importance of the sense of belonging and cohesiveness among its employees in the overall development. In this regard, China Aoyuan organized a wide range of staff care activities such as quarterly birthday parties, "Summer Holiday Cooler", and festive activities like "Goddess Care Activity" on March 8 Women's Day and "Afternoon Tea and Childhood Memory Activity" on June 1 Children's Day. The Group also organizes various activities to improve the physical and mental health of our employees and to promote the concept of work-life balance. For example, the monthly book recommendation sessions, the "Weight-losing Competition", the "Sports Season for All" and the basketball tournament.

Good communication is important to understand the needs of employees and get them to be engaged at work. The Group is committed to listening to its staff and build various communicating channels, including performance interviews, staff meetings, the AOffice mobile work platform, e-newsletters, social media, the intranet, corporate magzine and the suggestions mailbox.

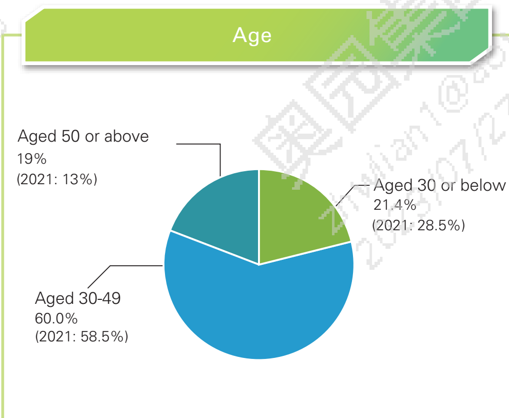
11.4 Staff Promotion and Rewarding System

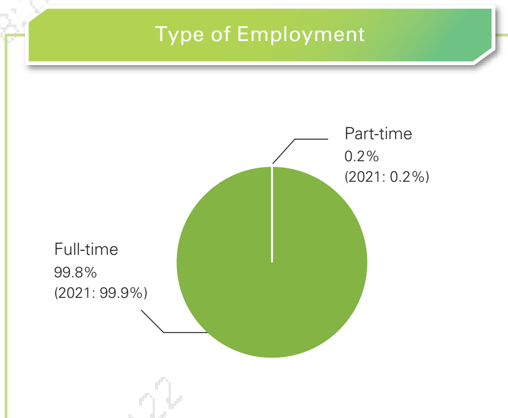
To retain talent and encourage performance, the Group will give priority to internal promotion when a vacancy arises. The Group established a promotion management process and promotion cycles and conditions for different ranks. Promotion results and salary adjustments will be determined by the ability and performance of the staff, ensuring that all staff are given equal opportunities and that those who are capable will be rewarded. Staff remuneration is linked to performance and competency, and performance will be evaluated on two scales, "key performance" and "competency-based attitude".

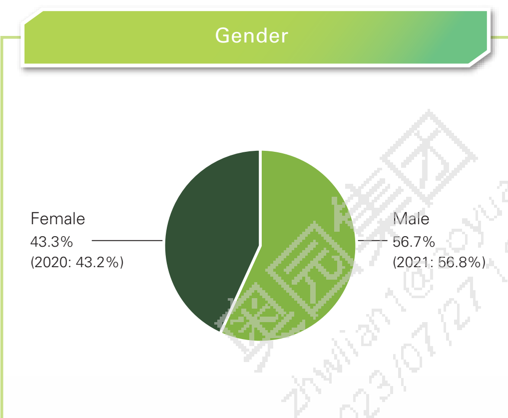
To reward staff performance and encourage self-improvement, the Group has set up awards and benefits such as certificate allowance, instant award, annual award, etc., and publicised the achievements of the awarded staff and the awards received. For employees who have obtained professional qualifications or awards, the Group will provide them with cash bonuses, paid leave, salary adjustments and promotions in accordance with the management system. The Group will impose penalties and warnings for employees who fail to perform or improperly perform their duties in violation of the rules and regulations. The reward and punishment system has been recorded in the Group's human resources management system to ensure fairness in reward and punishment.

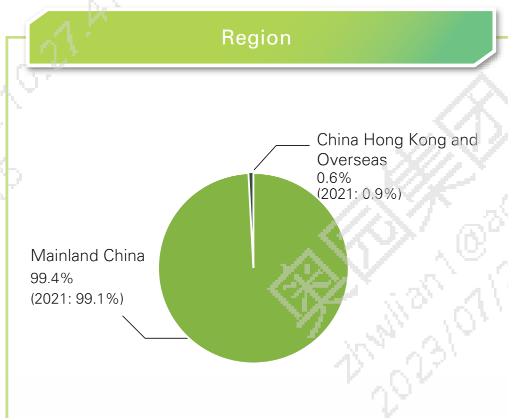
11.5 Annual Employment Data/Employee Distribution

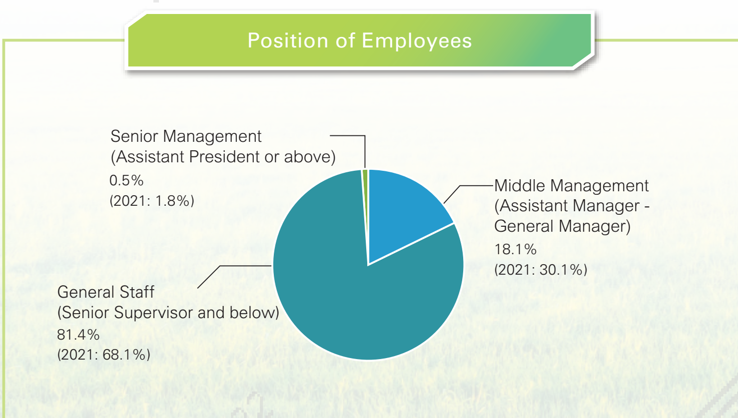
The total number of employees of China Aoyuan in 2022 was 14,375 (2021: 18,258), 99.1% of whom were full-time employees, of which 99.4% were in Mainland China. Details of the Group's employee distribution are set out below:











The Group had 9,473 (58%) staff turnover in 2022. The following table shows the Group's employment turnover figures in 2022 :

Employee Turnover (%)	Year 2022	Year 2021
Total	**58**	62
By Gender		
Male	**61**	66
Female	**17**	56
By Age		
Below 30 years old	**73**	75
Between 30 – 50 years old	**54**	60
Above 50 years old	**48**	41
By Geographic Region		
Mainland China	**58**	62
China Hong Kong	**2**	21
Overseas	**9**	18

During the Year 2022, the Group had no significant matters in violation with any laws and regulations related to employment. The Group strictly complies with relevant laws and regulations. The Human Resources Department will review the relevant laws and regulations on a regular basis. If the relevant provisions are updated, the staff will be notified immediately, and the Group will organize relevant staff training if necessary.

11.6 Career Development and Training

11.6.1 The Group's Planning for Staff Training

China Aoyuan attaches great importance to the career development and nurturing of its employees to create a learning organisation, with the goal of increasing the competitiveness of the Group and its employees as a whole. The Group provide a comprehensive on-the-job training which is mainly in-house, with supplementary external training for our staff. The courses are delivered either online or offline and are taught and led by professional instructors. In addition to preparing the course materials, instructors are required to mark the trainees at the end of the course to monitor their progress and participation. At the end of the quarter, instructors are also required to provide quarterly summaries and thematic training programmes to the staff in charge as a guide to improve the quality of the courses for the coming quarter.

During the Year, the Group organized a wide range of training courses covering sales, finance, legal, customer relations, real estate, management, product and market analysis, project management, psychological quality, effective communication, self-improvement and workplace etiquette to enhance staff's competence and confidence in their work.

11.6.2 Resources Invested by the Group in Staff Training

The Group has also set up a series of targeted training and mentorship programmes through the "Aoyuan School of Management" and the "Aoyuan Night School" to ensure the availability of talents to support the sustainable development of the Group.

a) Aoyuan School of Management

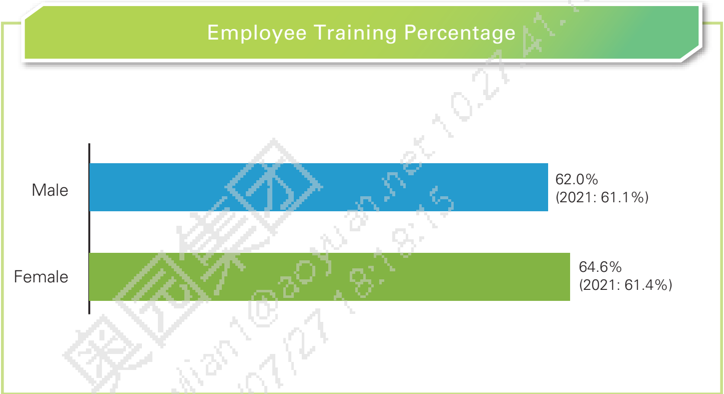
Aoyuan School of Management is in line with the development strategy of the Group and has built a training system characterized by "three-verticals" (leadership, cultural power, professional enhancement) and "three-horizontals" (talent team development, business empowerment, industry dialogues). The School will focus on training current staff, new recruits, management trainees, middle and senior managers, and successor echelons, to nurture talents for the Group and lay the foundation for long-term corporate development.

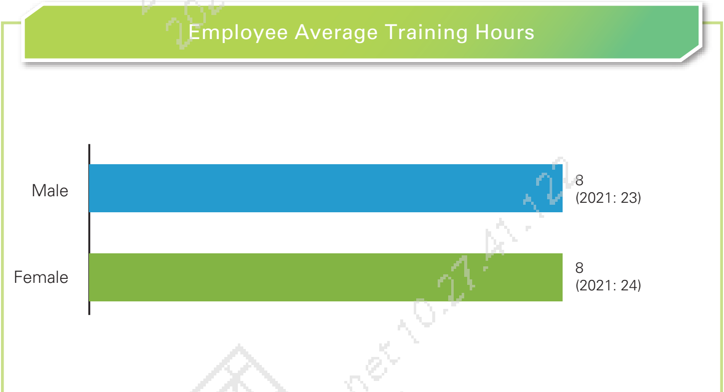
b) Aoyuan Night School

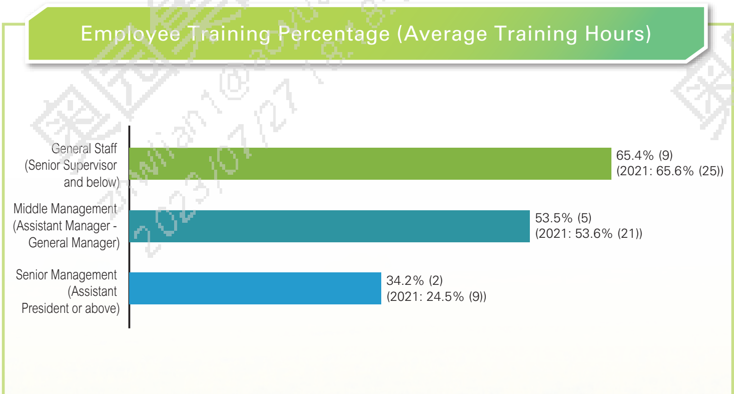
Since May 2022, the Group has launched a training programme called Aoyuan Night School to build a continuous learning organization. Within a short span of three months, Aoyuan Night School has held 16 courses successfully with cumulative attendance of 6,000 participants. Courses regarding various perspectives of professional skills have been conducted, including property management and business management, to facilitate organizational iteration and empowerment.

11.6.3 Number of Participants in Internal/External Training and Training Hours during the Year

The Group is committed to nurturing talents and provides sufficient resources to organize a wide range of training programmes and offer opportunities for its employee. The training is conducted to align with the Group's comprehensive internal ranking system and promotion mechanism, providing a wide range of career development opportunities. The Group invested more than RMB287,500 this year on staff training. The number of employees trained reached 9,075 and the total number of training hours reached 116,140, as listed in the chart below.







11.7 Diversity and Inclusion Policy

In line with our meritocratic approach, China Aoyuan and Aoyuan Healthy were accredited The Racial Diversity and Inclusion Charter For Employers by the Hong Kong Equal Opportunities Commission in January and May 2021 respectively, with China Aoyuan being one of the first 100+ signatories to the Charter and the first Mainland real estate enterprise having the accreditation. The Group's policy on diversity and inclusion was fully recognised by the Labour and Welfare Bureau of the Hong Kong Special Administrative Region Government under the Talent-Wise Employment Charter.

11.8 Family-Friendly Measures

With its family-friendly and people-oriented human resources policy and management's commitment to promoting equal opportunities, China Aoyuan was awarded the "Equal Opportunity Employer for Family Status Equality" by the Hong Kong Equal Opportunities Commission, the first Mainland real estate enterprise to receive such recognition. Meanwhile, the Group was awarded the "Breastfeeding Friendly Workplace" by the Hong Kong Committee for UNICEF for two consecutive years, an award which recognises companies that provide breastfeeding facilities and support to working mothers, and help working mothers to take care of their family responsibilities when they return to work after childbirth.

As a responsible employer, China Aoyuan will continue to demonstrate its social responsibility, improve its human resources management system and stimulate the vitality of its talents and organisation.

ENVIRONMENTAL MANAGEMENT

12 ENVIRONMENTAL PROTECTION

The Group attaches great importance to the impact of its operational activities on the surrounding environment and ecosystem. Therefore, environmental risk assessments are conducted before and after the development of real estate projects. In the phases of planning, design, construction and operation, efforts are made to minimise the impact on the surrounding environment such as noise pollution and dust pollution, and to take into account the protection of biodiversity and natural habitats. The Group also sets environmental targets for each real estate project and continuously monitors, reports and reviews the environmental performance of the projects to reduce the environmental risks to an acceptable level.

In response to the country's carbon neutrality and sustainable development objectives, the Group is committed to achieving low carbon operations and integrating environmental protection concepts into its corporate sustainability strategy and approach. The Group ensures that its comply with national laws and regulations on environmental protection, as well as the formulation of different internal management regulations and systems to implement environmental protection work. The Group sets annual environmental targets and work arrangements during the year to build a sustainable corporate. The environmental targets set by the Group for the current year are as follows:

Environment Related Targets

Environmental Aspect	Environmental Targets
Greenhouse Gas	We are committed to reducing greenhouse gas emissions and responding to the "Action Plan for Peak Carbon Dioxide Emissions by 2030" issued by The State Council to achieve the national carbon peak target by 2030. The Group set an annual target to reduce greenhouse gas emissions by 5% by 31 December 2023.
Use of Energy	We are committed to reducing energy consumption, promoting energy conservation and consumption reduction, and replacing conventional energy with renewable energy and clean energy. The Group set an annual target to reduce energy consumption by 5-10% by 31 December 2023.
Use of Water Resources	We step up internal publicity to promote water conservation and recycling habits, and regularly check and repair water facilities to reduce losses, so as to improve the efficiency of water usage. The Group set an annual target to save 30-40% of its water use by 31 December 2023.
Waste	We promote paperless office, reuse of used resources, separation of domestic waste and industrial waste, and improve the efficiency of recycling and the types of recycled items. The Group set an annual target to increase the recycling rate of computer waste to 100% by 31 December 2023 to reduce the waste generated during operation.

12.1 Green Construction

China Aoyuan is concerned about the impact of construction development on the ecosystem. Environmental assessment, inspection and acceptance of the project to the surrounding environment are carried out before and after project development to analyse, predict and assess the impact of the project on the ecosystem and biodiversity. The Group also pays attention to the cultivation of plants and prevention of pests and diseases in the process of landscape implementation to ensure the variety of greenery and biodiversity.

China Aoyuan strictly complies with relevant laws and regulations such as the "Regulations on the Administration of Construction Project Environmental Protection"and the "Interim Provisions on Civilized Construction and Environmental Management of Construction Sites"to promote green construction practices. The Group actively promotes new environmental technologies such as modular construction and aluminum film system to reduce construction waste, construction noise and on-site dust. In view of the waste pollution, light pollution, noise pollution and dust pollution caused by construction sites to the surrounding environment, the Group has taken a number of measures to reduce waste emissions and implement resource recycling with the goal of protecting the environment and lowering its environmental impact.

12.2 Environmental Building Projects

Over the years, the Group is committed to the exploration of the concept of eco-living and pursuit of architectural quality. In recent years, the Group has also actively invested in new techniques and technologies, gradually adopting aluminium mouldings to replace traditional wooden templates in order to reduce its reliance on wood.

The Group's Chongqing Aoyuan Jade Mansion and Changde Aoyuan Scenery Bay are designed with reference to green building standards and have been filed for record. Guangzhou Aoyuan Academy No. 8, Guangzhou Aoyuan Kangwei Plaza, Huizhou Aoyuan Lingyu, Zhuhai Tianyue Bay Garden, Zhuhai Golden Bay Project all achieved the two-star Green Building Standard.

12.3 Green Building

China Aoyuan promotes green development and strictly adheres to relevant laws and regulations to actively integrate the concept of environmental protection into its corporate development, creating high-quality green buildings that use renewable resources for its customers. China Aoyuan has implemented the construction concept of sponge city in a number of projects to collect rainwater and irrigation water for reuse, reducing water wastage and increasing the area of greenery in the projects for air purification, sound and noise absorption and temperature regulation. Meanwhile, the Group has also enhanced the use of lead-free taps, energy-saving lights and other eco-friendly materials in its projects to provide owners with a green and healthy living space.

Adhering to the Group's sustainable development concept of "shared responsibility for environmental protection", the Group carefully plans green belts around construction sites at all stages of design, construction and completion, and develops comprehensive policies and a series of measures to ensure effective preservation of ecological appearance and minimize the negative impact to the surrounding environment. In addition, for the light pollution, noise pollution and dust pollution that the property development business may cause to surrounding environment, the Group takes different actions to control and minimize the impact on ecological environment during construction.

Light pollution management

- Limit the intensity and angle of illumination during night-time construction to avoid disturbing the community and affecting the livelihood of residents
- Use protective equipment such as shades to reduce the impact of glare

Noise pollution management

- Requires contractors to control construction noise by conducting regular noise assessments, using qualified silent construction machinery, measuring noise levels with noise detectors, installing noise barriers, silencers and enclosures to prevent noise from spreading to nearby residential areas, selecting appropriate time slots for major construction work, etc.
- Strictly requiring workers to wear devices to protect their hearing

Dust pollution management

- Uses precast concrete components and finished mortar to reduce the amount of dust generated on the construction site and install extensive sprinklers on the construction sites and conduct periodical spraying to reduce dust in the air
- Various measures such as hardening of roads, covering of exposed soil and washing of vehicles before leaving the construction sites are adopted to prevent dust from polluting the nearby environment and community
- Sprinklers with automatic spray flushing system have been set up in side way of all main carriageways in the construction site to reduce road dust

12.4 Green Office

China Aoyuan promotes the concept of "low-carbon office" and pays attention to the use of resources and impact to the environment in the office. It strictly complies with internal management policies such as the "Office Environment Management Measures for China Aoyuan Tower" and "Energy-Saving and Consumption-Reduction Management Manual for China Aoyuan Tower" to carry out energy saving and consumption reduction work.

The Group actively promotes the efficient use of resources by its staff. The Group saves water and electricity and reduces energy consumption by posting water and electricity saving slogans, controlling the hours of electricity consumption in public areas, setting energy-saving temperatures for air-conditioning, turning off idle electrical equipment in a timely manner and using water-saving sensor taps. The Group takes measures in the management of office consumables and advocates paperless office. Various measures such as setting permission for color photocopying, real name registration for office stationery, encouraging double-sided printing and recycling of paper to save resources such as paper and toner cartridges are adopted to reduce waste.

The Group also focuses on advocating water saving plans in the office, which include the adoption of water-saving devices, such as sensor taps, reducing water pressure to the lowest practicable level and using dual flush toilets, etc to reduce unnecessary wastage. The Group also regularly checks office water consumption and inspects the plumbing tanks to ensure that there is no leakage. If any leakages are found, repair will be done immediately to ensure that it is in line with overall water-use plans. The Group also regularly advocates water conservation and promotes water-saving measures to staff through posters and e-mails to further enhance their awareness of environmental protection.

13 Engergy Usage and Emissions

The Group has integrated environmental protection into its development approach. The Group strives to provide its customers with green buildings that are comfortable, low energy consumption and make good use of renewable energy. At the same time, the Group considers the concept of environmental protection and energy saving as part of its sustainable business objectives, and pays close attention to the consumption of resources in its daily production and operation activities to ensure that resources are well utilised. During the Year, the Group used 4.50 tonnes of packaging materials[1], all of which were paper and paper-based materials.

13.1 Energy Efficiency

The Group has introduced low energy consumption construction technology to reduce water usage and the energy required in the lighting, air-conditioning and ventilation systems during the construction process. In addition, the Group actively adopts environmental construction designs and reduces the energy consumption in the routine operation of buildings from external wall design, glass window material, hot water system and other aspects.

In terms of office environment, the Group promotes and encourages the effective use of resources in various aspects to raise awareness on resource conservation and environmental protection. The Group compiled the "Energy Saving and Consumption Reduction Management Manual for the Aoyuan Group Building", formulated a corresponding reward and penalty system and set up an "Energy consumption management and monitoring team" to strengthen the supervision and management of energy saving and consumption reduction and carry out energy saving and consumption reduction inspections with record and analysis of electricity and water consumptions to enhance the overall environmental performance of the Group.

[1] Packaging materials are disclosed for the first time in Year 2022, and there is no data for Year 2021 for comparative disclosure.

13.2 Water Efficiency

The Group has actively taken various measures with contractors to improve water efficiency, establishing water quota guidelines, recording water consumption at construction sites for regular review, and posting water-saving slogans within the sites to increase staff awareness. Contractors are also required to plan the water supply system at the constrction site, and set up water recycling devices and surface water and rainwater collection systems. We collect reusable sewage and natural water which, after sedimentation and filtration, is used for washing machines, significantly increasing the reuse of water resources. During the Year, the Group has not encountered any difficulties in sourcing water.

The Group implemented sponge city construction in various projects in Qingdao and other cities for the recycling of rainwater and irrigation water which effectively reduces wastage of water and protects the ecological environment. Various projects of the Group such as the Xi'an project are designed in accordance with the Green Building two-star standard to ensure that the water resource utilisation of the building meets international standards.

The Group's energy consumption and water consumption data for the Year are set out in the following table:

Energy Consumption [1]	**Year 2022**	Year 2021
Total energy consumption (MWh)	**10,177**	5,945
Direct energy[2]	**1,029**	2,805[5]
Indirect energy[3]	**9,148**	3,140[6]
Energy consumption intensity (MWh/per group company)	**598.63**	165.14

Water Consumption	**Year 2022**	Year 2021
Total water consumption [4] (m^3)	**63,023.27**	8,870.00
Intensity of water consumption (m^3/per group company)	**3,707.25**	246.39

Notes:

1 The resource consumption data disclosed in this report includes only energy and water used directly by the Group in its business operation. Data on resources used by third parties such as outsourced contractors, tenants and customers of the Group are not included.

2 Direct energy consumption includes energy consumption from petrol use. The data are calculated based on the National Standard "Gasoline for Motor Vehicles" (GB17930-2016) issued by the State General Administration of the PRC for Quality and the "Land transportation enterprise – Guidelines for the greenhouse gas emissions accounting and reporting (Trial)" issued by the National Development and Reform Commission of the PRC (the "NDRC").

3 Indirect energy consumption includes energy consumption from purchased electricity. It is calculated based on the actual electricity consumption amount purchased by the Group.

4 Total water consumption is calculated based on the actual water consumption by the Group.

5 2021 Direct energy consumption is disclosed in unleaded petrol (litres), to ensure consistency in reporting, the units disclosure of 2021 direct energy consumption unit have been converted to megawatt hour (MWh).

6 2021 Indirect energy consumption is disclosed in terms of electricity (kWh), to ensure consistency in reporting, the units disclosure of 2021 indirect energy consumption have been converted to megawatt hour (MWh).

13.3 Climate Change Adaptation and Greenhouse Gas Emission Management

To attain the global goal of zero greenhouse gas emissions by 2050, the Group expects that climate change will have a certain impact on its daily operations and assets. Therefore, the Group is committed to reducing carbon emissions generated during the course of operation and reducing its carbon footprint in order to eliminate the impact of climate change and demonstrate its responsibility as a green enterprise.

The Group set up an Extreme Weather Response Team to assess climate risks for all projects, identify direct and indirect physical and transitional risks arising from climate change, and take preventive measures and emergency relief efforts. Physical risks such as strong typhoons, hailstone, rainstorm and flooding, high temperature and other extreme weather conditions will cause direct damage to the structure of the buildings and bring serious challenges and risks to the safety of residents. Transition risk refers to changes in the economy, regulations, consumer behavior, technology, etc. caused by actions to address climate change. Transition risks may affect the entire industry chain and market, raising new investment and cost considerations for enterprises, investors, and consumers, and even reducing the value of their assets.

In order to cope with the increasingly severe climate change and the risks caused by it, the Group formulated relevant climate solutions, requiring all future development projects to conduct local climate studies to ensure that resilience of the property is enhanced. The Group will continue to adopt green building practices and undergo application of green materials and technologies, enhance asset value and create new values and services for investors and the community.

The Group's greenhouse gas emissions data for the year are set out in the following table:

Greenhouse Gases [1]	**Year 2022**	Year 2021
Total greenhouse gas emissions (Tonnes of carbon dioxide equivalent)	**4,350.53**	3,012.81
Scope 1: Direct emissions 2 (Tonnes of carbon dioxide equivalent)	**256.45**	773.71
Scope II: Indirect energy emissions 3 (Tonnes of carbon dioxide equivalent)	**1,497.966**	2,235.37
Scope 3: Other indirect emissions 4 (Tonnes of carbon dioxide equivalent)	**2,593.53**	3.73
Greenhouse gas emission intensity (Tonnes of carbon dioxide equivalent/per group company)	**451.43**	83.69

Notes.

1 The resource consumption data disclosed in this report only includes greenhouse gas emissions generated directly from the Group's operations. Resource data used by the Group's third parties such as contractors, tenants and customers are not included. Greenhouse gas emissions include carbon dioxide, methane, and nitrous oxide, and are presented in tonnes of carbon dioxide equivalent.

2 Scope 1 covers emissions from mobile combustion sources. The calculation method of fuel consumption by vehicle is based on Appendix II Reporting Guidance on Environmental KPIs published by the Stock Exchange ("Appendix II") and emission factors is based on the "Land Transport Enterprises – Guidelines on Greenhouse Gas Emission Accounting and Reporting (Trial)" issued by the NDRC.

3 Scope 2 Indirect energy emissions include indirect greenhouse gas emissions generated from purchased electricity. The data is calculated based on the "Guidelines on Greenhouse Gas Emission Accounting and Reporting" provided by the NDRC. The conversion factors used are from the "Average Carbon Dioxide Emission Factor of China Regional Power Grid".

4 Scope 3 Other indirect emissions includes electricity usage on water treatment, and methane generated from disposal of waste paper. To better reflect the Group's actual emissions, Scope 3 of the Year also includes indirect emissions generated from business air travel. The emission factors used for water treatment are based on Appendix II, "Study on Energy Consumption of Urban Water Supply System in China" published by Tsinghua University, "Statistical analysis and quantitative identification of the law of energy consumption in urban sewage treatment plants in China" published by Tsinghua University and National Urban Water and Drainage Engineering Technology Research Center. The calculation method and emission factors for methane emissions from disposal of waste paper are based on Appendix II. Emissions from business air travel are calculated based on the International Civil Aviation Organization (ICAO) Carbon Emissions Calculator.

13.4 Sewage Treatment

Although the Group does not generate a large volume of sewage directly during the course of daily operation, we are also well aware of the negative impact on the environment brought by sewage. Therefore, we require contractors to adopt measures on sewage treatment to ensure that the discharge of sewage complies with the environmental protection requirements, and strictly prohibit the discharge of sewage without treatment directly into the municipal drainage system.

The measures undertaken include:

- installing sewage treatment system, including desilter, oil separator and septic-tank, and only purified sewage could be discharged into drainage pipeline of designated municipal drainage system;

- regularly maintaining and cleaning up sewage treatment facilities to ensure the normal and effective operation; a portion of the treated sewage will be reused in the site to reduce water usage.

The Group will continue to monitor the performance of its construction site contractors in the treatment of sewage, review and improve its policy on sewage treatment from time to time, so as to ensure that the treatment process complies with national regulations, and strive to reduce the production and discharge of sewage.

13.5 Waste Management

The waste directly generated by the Group mainly comes from office paper and domestic waste. The Group advocates reducing and recycling paper documents (including waste paper, posters, letters and envelops) and encourages the use of environmentally friendly paper. Recycling bins are set up in offices to collect waste paper. Notices are posted at conspicuous locations next to the copiers/printers to remind staff to use double-sided photocopying or reusable paper to utilise resources. The Group also conducts regular paper counts to monitor paper consumption and take appropriate improvement measures.

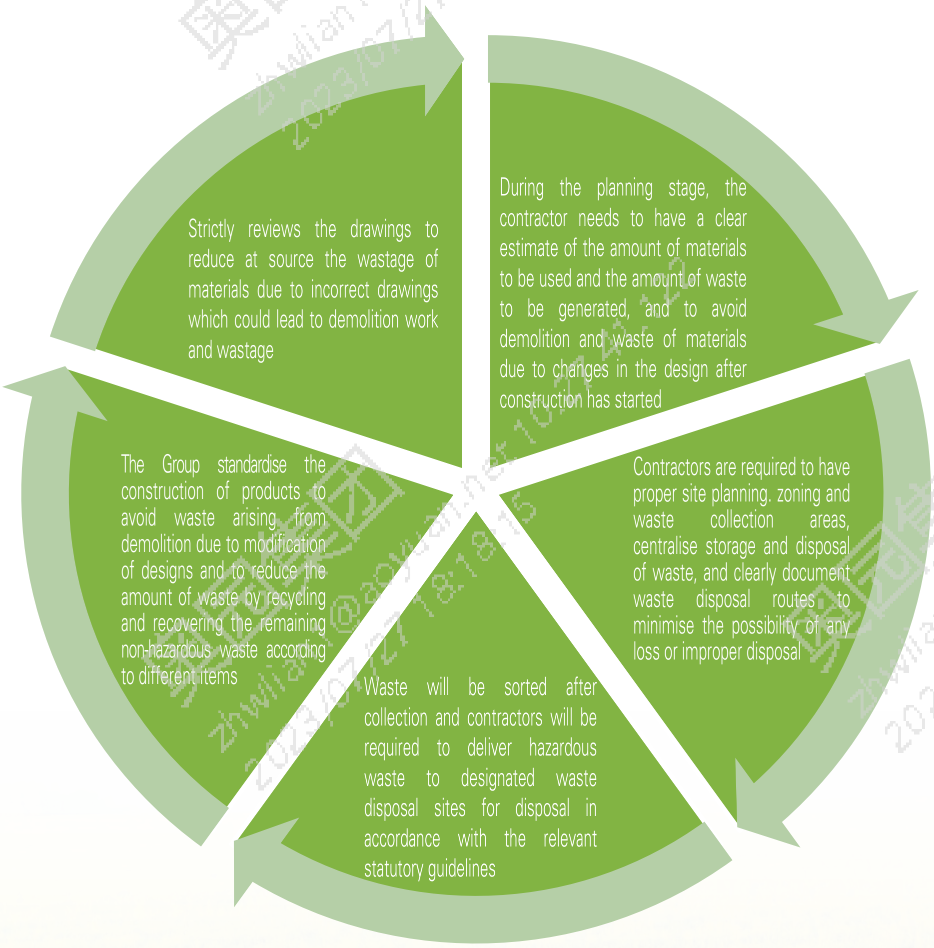
The Group actively promote paperless office and paperless concepts to employees. We encourage employees to store documents electronically, use e-mail as the main communication method and replace manual approval with electronic approval to replace paper-based office administration systems ("OA Systems") with electronic OA Systems.

The Group takes measures in the management of office consumables. Real name registration for office stationery and replacement of toner cartridges are in place for employees. The Group also reminds staff to reduce the use of disposable and non-recyclable products (e.g. plastic cutlery) and sets up waste separation and recycling facilities in the office to encourage employee to develop a proactive recycling and environmental protection habit.

In 2022, the Group generated 120 tonnes of waste paper (2021: 247 tonnes), all of which is recycled.

A total of 908 kg of hazardous waste (2021: 6,551 kg[1]) was collected during the Year, all of which was electronic equipment waste. All electronic equipment waste was collected and recycled by qualified recyclers.

The Group also strictly requires contractors to establish a comprehensive waste disposal mechanism to control and reduce the amount of waste by various means so as to eliminate its impact on the surrounding environment.



[1] 2021 Hazardous waste is disclosed in terms of computer units, and to ensure consistency in reporting, the units disclosure of 2021 hazardous waste have been converted to kilograms.

13.6 Air Pollutant Emission Management

The Group has taken different measures to effectively monitor the various emissions from contractors during the construction process in order to control the impact on the environment. During the project planning stage, the Group will set pollutant emission standards and limits with the contractor, and real-time environmental monitoring instruments are to be installed to continuously monitor the actual emissions at construction sites. The Group will collect the data regularly to compare with industry benchmarks to analyze and formulate plans for improvements. In case of excess emissions, contractors are required to report to the Group immediately and identify the source of the problem. In order to reduce the particulate matter ("PM2.5") generated during the construction process, we have installed the PM2.5 detectors in a number of projects to monitor dust emission levels, and reduce the particulate matter in the air by spraying water to improve air quality. The Group also requires contractors to use low-polluting fuels which meet emission standards as the main fuel for construction machinery and transport vehicles. Contractors should also install filtering and conversion equipments in the exhaust pipe to effectively reduce the emission of air pollutants. There was no reported case of investigation by the regulatory authorities as a result of excessive emission during the Reporting Period.

The Group's air pollutant data for the Year are set out in the following table:

Air Pollutant [1]	**Year 2022**	Year 2021
Nitrogen oxides (kg)	**177.86**	121.76
Sulphur oxides (kg)	**1.57**	4.28
Particulate matter (kg)	**13.28**	8.97

Notes:

1 The Group's direct air pollutant emissions are mainly from emissions from motor vehicles in motion. The calculation method and emission factors of vehicle exhaust come from Appendix II.

13.7 Environmental Compliance Management

The Group adheres to the philosophy of building a low-carbon and healthy lifestyle. The following low-carbon and green policies are implemented in an effort to reduce the negative impacts of the operating activities on the environment:

Compliance supervision

- Strictly comply with the relevant environmental and emission regulations and standards, and promptly address and report any exceedance or non-compliance

Group operation

- Identify sources of greenhouse gases, air emissions, effluents, waste and adopt the best environmental practices to improve the Group's emission performance
- Promote environmental awareness and advocate the Group's environmental philosophy and policies among staff so that they can perform their duties in a manner consistent with the Group's environmental policy
- Committed to sustainable development and take the environment into account in business decisions

Third parties

- Require contractors to use low-emission construction techniques and materials and continuously monitor the greenhouse gases, air emissions, effluents, waste, etc. generated by contractors in real estate projects
- Leverage the Group's influence to actively promote the performance of environmental obligations by business partners, suppliers and customers

The Group strives to strictly comply with environmental-related laws, regulations and requirements of the business operation regions in the process of project development. During the Reporting Period, the Group has not identified any material breaches of the laws and regulations related to environmental protection.

To ensure that the Group complies with environmental-related laws and regulations, the engineering department will check the relevant laws and regulations on a regular basis. If there are any updates on the relevant provisions, contractors will be notified in real time and required to comply with the relevant provisions, and will be informed, trained and monitored. The Group implements the following control measures for contractors:

- The Group requires contractors to comply with local environmental policies and such requirements form part of the contract terms
- The Group conducts regular inspections on contractors during the construction to detect and prevent irregularities
- The construction materials used by the contractors in the contract must be green materials which are in compliance with the national requirements

REPORTING CONTENT INDEX

Appendix 1

List of Policies, Laws and Regulations

ESG indicators	Internal policy of the Company	Complying with external laws and regulations
A1. Emissions	Aoyuan Group Vehicle and Driver Management System (2020 revised edition)	Environmental Protection Law of the People's Republic of China
		Law on Prevention and Control of Pollution From Environmental Noise of the People's Republic of China
A2. Use of Resources	Notice on Further Carrying Out Energy-Saving and Consumption-Reduction	Law on Prevention and Control of Atmospheric Pollution of the People's Republic of China
A3. The Environment and Natural Resources	Energy-Saving and Consumption-Reduction Management Manual for China Aoyuan Tower	Law on Prevention and Control of Water Pollution of the People's Republic of China
	Office Environment Management Regulations for China Aoyuan Tower	Law on Marine Environment Protection of the People's Republic of China
		Regulations of the People's Republic of China on the Administration of Prevention and Control of Pollution from Land-based Sources and Damage to the Marine Environment
		Law on the Prevention and Control of Environmental Pollution by Solid Wastes
		National List of Hazardous Wastes
		Consolidated Management of Hazardous Waste Transfer Forms
		Work Program for the Control of Greenhouse Gas Emissions in the 13th Five-Year Plan
		Regulations on National Environmental Monitoring and Management
		Urban Appearance and Environment Health Management Regulations
		Regulations on the Administration of Construction Project Environmental Protection
		Law on Environmental Impact Assessment of the People's Republic of China
		Regulations on the Administration of Construction Engineering Survey and Design
		Interim Provisions on Civilized Construction and Environmental Management of Construction Sites
		Environmental Noise Emission Standards for Construction Site Area
		Environmental Quality Standard for Noise

ESG indicators	Internal policy of the Company	Complying with external laws and regulations
B1. Employment	Manual on Human Resource Management System of China Aoyuan Regulations on Supervision Work of Aoyuan Group Staff Manual	Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China Law of the People's Republic of China on the Promotion of Employment Social Insurance Law of the People's Republic of China Law on Protection of the Disabled of the People's Republic of China Underage Workers Special Protection Provisions Prohibition of Child Labour Provisions Special Provisions on Labour Protection for Female Workers Regulations on Minimum Wages

<table>
<tr><th>ESG indicators</th><th>Internal policy of the Company</th><th>Complying with external laws and regulations</th></tr>
<tr><td>B2. Health and Safety</td><td>Safety Management Policy of China Aoyuan Group
Introduction of CRM System
Information Security Management Measures of China Aoyuan (2019 Edition)
Safe and Civilised Construction Standards for Project Development of Aoyuan Group
Statement of Safety Responsibility
Safety Culture Manual
Safety Management Policy of Aoyuan Property Group
Safe and Civilised Construction Standards for Project Development of China Aoyuan
Management Measures for Major Hidden Safety Hazards of China Aoyuan
Safety Management Standards for Project Development of China Aoyuan
Regulations on Management of Engineering Works of Aoyuan Property Group
Guidance Manual for Management and Control over Fine Decoration of Aoyuan Property Group
Notice on Further Strengthening the Management of the Pandemic Containment for Project
Safety Management Standards for Dangerous Operations
Manual on Standardisation of Fire Fighting Facilities in Operating Premises
Sub-project-based Safety Management Measures for Dangerous Segments (Trial)
Safety Management Measures for Cooperative Projects (Trial)
Guidelines for Work of Temporary Party Branches at Construction Sites</td><td>Labour Law of the People's Republic of China
Law on Prevention and Control of Occupational Diseases of the People's Republic of China
Law of the People's Republic of China on Safe Production
Regulations on the Safe Production Management of Construction Projects
Trade Union Law of the People's Republic of China
Law of the People's Republic of China on Fire Protection
Law of the People's Republic of China on Response to Emergencies
Regulations for the Safe Management of Hazardous Chemicals
Regulations on the Reporting and Investigation of Workplace Safety Accidents
Provisional Regulations on the Identification and Management of Hidden Production Accident Risks
Regulations of the People's Republic of China on Work Injury Insurance
Regulations on Occupational Health Supervision and Administration in the Workplace
Classification and Catalog of Occupational Diseases
Social Insurance Law of the People's Republic of China</td></tr>
</table>

ESG indicators	Internal policy of the Company	Complying with external laws and regulations
B3. Development and Training	Manual on Human Resource Management System of China Aoyuan Training Programme For The Year	Labour Law of the People's Republic of China Human Resource Management System Labour Law of the People's Republic of China Social Insurance Law of the People's Republic of China Law on Protection of Women's Rights and Interests of the People's Republic of China Trade Union Law of the People's Republic of China
B4. Labour Standards	Manual on Human Resource Management System of China Aoyuan Staff Manual	Labour Law of the People's Republic of China Prohibition of Child Labour Provisions Law of the People's Republic of China on the Protection of Minors
B5. Supply Chain Management	Rules on Bidding-based Procurement of Aoyuan Group (2020 Edition) Marketing Work Tender Management System of China Aoyuan (2020 Edition) Supplier Management System of Aoyuan Group (2021 Edition) Guidelines for Inspection of Suppliers of Aoyuan Property Group (2020 Edition) Measures for Consultant and Management of Engineering Cost Assessment of Aoyuan Group (2020 Edition) Cost Management System of Aoyuan Group (2020 Edition)	Construction Law of the People's Republic of China Bidding and Tendering Law of the People's Republic of China Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China Law of the People's Republic of China on Government Procurement Provisions on Construction Projects Subject to Mandatory Bidding

ESG indicators	Internal policy of the Company	Complying with external laws and regulations
B6. Product Responsibility	Pre-launch Risk Inspection System for Projects of China Aoyuan Operational Guidelines on Disclaimer Contents Involved in Prop Sales of China Aoyuan Management Measures for Project Delivery Initiation of China Aoyuan Complaint Handling Rules for the 400 Customer Service Hotline of China Aoyuan (Trial) Notice on Reaffirming the Timeliness and Quality of Customer Complaint Handling Customer Satisfaction Objectives and Assessment Measures for 2020 Sales Service Contact Standardization Manual for Prospective Owners of Aoyuan Group Customer Service Management System of China Aoyuan (Real Estate Sector) Engineering Standard Practices and Prohibited Practices of Aoyuan Property Group Product Delivery Operation Guidelines of Aoyuan Property Group Inspection Guidelines for Household Acceptance of Aoyuan Property Group Management Measures for Joint Review of the Delivery Area of Aoyuan Group Customer Service Management System of Aoyuan Property Group Handling Guidelines for Customer Relationship Crisis of Aoyuan Property Group The Quality Control Management Incentive Regulations of Aoyuan Group Third Party Project Evaluation Management System of Aoyuan Property Group Management Measures for Unannounced Inspection of Aoyuan Property Group Qualify Control Standardisation System System and Goal: A+ Factory	Criminal Law of the People's Republic of China Construction Law of the People's Republic of China Construction Engineering Quality Management Regulations Advertising Law of the People's Republic of China Product Quality Law of the People's Republic of China Tort Liability Law of the People's Republic of China Consumers' Interests Protection Law of the People's Republic of China General Rules of the Civil Law of the People's Republic of China Contract Law of People's Republic of China Real Rights Law of the People's Republic of China Product Quality Law of the People's Republic of China Consumers' Interests Protection Law of the People's Republic of China Advertising Law of the People's Republic of China Trademark Law of the People's Republic of China Urban Real Estate Administration Law of the People's Republic of China Construction Engineering Quality Management Regulations Regulation on the Administration of Development and Operation of Urban Real Estate Code of Fire Protection for Building Design GB50016–2014 Residential Building Code GB5368–2005 Guiding Opinions of the General Office of the State Council on Vigorously Developing Prefabricated Buildings Standard for Assessment of Prefabricated Buildings Regulations on Property Management Regulatory Measures on the Sale of Commodity Housing

ESG indicators	Internal policy of the Company	Complying with external laws and regulations
B7. Anti-corruption	Internal Control Management System (Trial)	Company Law of the People's Republic of China
	Internal Control Self-Assessment Toolkit	Anti-Money Laundering Law of the People's Republic of China
	Operational Guidelines for Internal Control Self-Assessment	Law of the People's Republic of China Against Unfair Competition
	The Audit Accountability System of Aoyuan Group	Interim Provisions on Prohibiting Commercial Bribery
	Regulations on Supervision Work of Aoyuan Group (Trial)	Anti-Monopoly Law of the People's Republic of China
	The Eight Military Rules of Aoyuan	Bidding and Tendering Law of the People's Republic of China
		Supervision Law of the People's Republic of China
B8. Community Investment		Charity Law of the People's Republic of China

Appendix 2

Reference Table of Indices

Subject Areas, General Disclosures and Key Performance Index of Environmental, Social and Governance		Corresponding	SDGs	GRI
A Environmental				
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.	12 Environment Protection 13 Resource Usage and Emissions	SDG 6, 7, 11, 12, 13, 14, 15	GRI 2: General disclosure 2021 2-22, 2-23, 2-27 GRI 3: Material Topics 2021 3-3
	KPI A1.1 The types of emissions and respective emissions data	13 Resource Usage and Emissions	SDG 13	GRI 305: Emissions 2016 305-1, 305-2, 305-3, 305-6, 305-7
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	13 Resource Usage and Emissions	SDG 13	GRI 305: Emissions 2016 305-1, 305-2, 305-4
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	13 Resource Usage and Emissions	SDG 11, 12	GRI 306: Waste 2020 306-3
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	13 Resource Usage and Emissions	SDG 11, 12	GRI 306: Waste 2020 306-3
	KPI A1.5 Description of measures to mitigate emissions and steps taken to achieve them.	12 Environment Protection 13 Resource Usage and Emissions	SDG 7, 13	GRI 305: Emissions 2016 305-5
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and steps taken to achieve them.	12 Environment Protection 13 Resource Usage and Emissions	SDG 11, 12	GRI 306: Waste 2020 306-4, 306-5

Subject Areas, General Disclosures and Key Performance Index of Environmental, Social and Governance		Corresponding	SDGs	GRI
A Environmental				
A2. Use of Resources	**General disclosure** Policies on the efficient use of resources, including energy, water and other raw materials	13 Resource Usage and Emissions	SDG 6, 7, 12	GRI 2: General disclosure 2021 2-22, 2-23, 2-27 GRI 3: Material Topics 2021 3-3
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in 000s) and intensity (e.g. per unit of production volume, per facility).	13 Resource Usage and Emissions	SDG 7	GRI 302: Energy 2016 302-1, 302-3
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	13 Resource Usage and Emissions	SDG 6, 12	GRI 303: Water and Effluents 2018 303-5
	KPI A2.3 Description of energy use efficiency initiatives and steps taken to achieve them.	12 Environment Protection 13 Resource Usage and Emissions	SDG 7	GRI 302: Energy 2016 302-4, 302-5
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and steps taken to achieve them.	12 Environment Protection 13 Resource Usage and Emissions	SDG 6, 12	GRI 303: Water and Effluents 2018 303-1
	KPI A2.5 Total packaging materials used for finished products (in tons), and if applicable, with reference to per unit produced	13 Resource Usage and Emissions	SDG 12	GRI 301: Materials 2016 301-1
A3. The Environment and Natural Resources	**General Disclosure** Policies on minimizing the issuer's significant impact on the environment and natural resources	12 Environment Protection	SDG 6, 7, 11, 12	GRI 2: General disclosure 2021 2-22, 2-23, 2-27 GRI 3: Material Topics 2021 3-3
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	12 Environment Protection	SDG 6, 7, 11, 12	GRI 303: Water and Effluents 2018 303-1 GRI 304: Biodiversity 2016 304-2 GRI 306: Waste 2020 306-1, 306-2

Subject Areas, General Disclosures and Key Performance Index of Environmental, Social and Governance		Corresponding	SDGs	GRI
A Environmental				
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	13 Resource Usage and Emissions	SDG 12	GRI 2: General disclosure 2021 2-22, 2-23
	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	13 Resource Usage and Emissions	SDG 12	GRI 201: Economic Performance 2016 201-2
B Social				
Employment and Labour Practices				
B1. Employment	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issue relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	10 Health and Safety 11 Employment and Labour Practices	SDG 3, 5, 8, 9, 12	GRI 2: General disclosure 2021 2-22, 2-23, 2-27 GRI 3: Material Topics 2021 3-3
	KPI B1.1 Total workforce by gender, employment type (such as fulltime or part-time), age group and geographical region	11 Employment and Labour Practices	SDG 5,12	GRI 405: Diversity and Equal Opportunity 2016 405-1
	KPI B1.2 Employee turnover rate by gender, age group and geographical region	11 Employment and Labour Practices	SDG 5,12	GRI 401: Employment 2016 401-1

Subject Areas, General Disclosures and Key Performance Index of Environmental, Social and Governance		Corresponding	SDGs	GRI
B Social				
Employment and Labour Practices				
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.	10 Health and Safety 11 Employment and Labour Practices	SDG 3	GRI 2: General disclosure 2021 2-22, 2-23, 2-27 GRI 3: Material Topics 2021 3-3
	KPI B2.1 Number and rate of work-related fatalities in the past three years (including the reporting years).	10 Health and Safety	SDG 3	GRI 403: Occupational Health and Safety 2018 403-9, 403-10
	KPI B2.2 Lost days due to work injury	10 Health and Safety	SDG 3	
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	10 Health and Safety 11 Employment and Labour Practices	SDG 3	GRI 403: Occupational Health and Safety 2018 403-1, 403-3, 403-5, 403-7
B3. Development and Training	**General Disclosure** Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	11 Employment and Labour Practices	SDG 3	GRI 403: Occupational Health and Safety 2018 403-1, 403-3, 403-5, 403-7
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management and middle management).	11 Employment and Labour Practices	SDG 3	
	KPI B3.2 The average training hours completed per employee by gender and employee category	11 Employment and Labour Practices	SDG 3	GRI 404: Training and Education 2016 404-1

Subject Areas, General Disclosures and Key Performance Index of Environmental, Social and Governance		Corresponding	SDGs	GRI
B Social				
Employment and Labour Practices				
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.	11 Employment and Labour Practices	SDG 12	GRI 2: General disclosure 2021 2-27 GRI 3: Material Topics 2021 3-3
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour	11 Employment and Labour Practices	SDG 12	GRI 408: Child Labour 2016 408-1 GRI 409: Forced or Compulsory Labour 2016 409-1
	KPI B4.2 Description of steps taken to eliminate such practices when discovered	11 Employment and Labour Practices	SDG 12	GRI 408: Child Labour 2016 408-1 GRI 409: Forced or Compulsory Labour 2016 409-1
Operational Practices				
B5. Supply Chain Management	**General Disclosure** Policies on managing environmental and social risks of the supply chain	8 Supply Chain Management	SDG 3, 9, 11, 12, 17	GRI 2: General disclosure 2021 2-6
	KPI B5.1 Number of suppliers by geographical region	8 Supply Chain Management	SDG 12	GRI 2: General disclosure 2021 2-6
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	8 Supply Chain Management	SDG 12	GRI 2: General disclosure 2021 2-6 GRI 308: Supplier Environmental Assessment 2016 308-1, 308-2 GRI 414: Supplier Social Assessment 2016 414-1, 414-2

Subject Areas, General Disclosures and Key Performance Index of Environmental, Social and Governance		Corresponding	SDGs	GRI
B Social				
Operational Practices				
B5. Supply Chain Management	**KPI B5.3** Description of practices relating to identifying environmental and social risks at each stage of the supply chain and how they are implemented and monitored	8 Supply Chain Management	SDG 12	GRI 2: General disclosure 2021 2-6 GRI 308: Supplier Environmental Assessment 2016 308-1, 308-2 GRI 414: Supplier Social Assessment 2016 414-1, 414-2
	KPI B5.4 Description of practices relating to promoting the use of environment-friendly products and services in selection of suppliers and how they are implemented and monitored	8 Supply Chain Management	SDG 12	GRI 2: General disclosure 2021 2-6
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, labeling and privacy matters relating to products and services provided and methods of redress.	5 quality and advertisement of real estate project 8 Supply Chain Management	SDG 3, 11, 12	GRI 2: General disclosure 2021 2-27 GRI 3: Material Topics 2021 3-3 GRI 416: Customer Health and Safety 2016 416-2 GRI 417: Marketing and Labeling 2016 417-2, 417-3 GRI 418: Customer Privacy 2016 418-1
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	6 Customer Service	SDG 3, 11, 12	GRI 416: Customer Health And Safety 2016 416-2
	KPI B6.2 Number of products and service related complaints received and how they are dealt with	6 Customer Service	SDG 3, 11, 12	GRI 2: General disclosure 2021 2-25 GRI 418: Customer Privacy 2016 418-1

Subject Areas, General Disclosures and Key Performance Index of Environmental, Social and Governance		Corresponding	SDGs	GRI
B Social				
Operational Practices				
B6. Product Responsibility	**KPI B6.3** Description of practices relating to observing and protecting intellectual property rights	7 Intellectual property and personal information protection	SDG 12	
	KPI B6.4 Description of quality assurance process and recall procedures	N/A		
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	7 Intellectual property and personal information protection	SDG 12	GRI 418: Customer Privacy 2016 418-1
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.	4 Anti-corruption	SDG 16	GRI 2: General disclosure 2021 2-27 GRI 3: Material Topics 2021 3-3 GRI 205: Anti-corruption 2016 205-3
	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	4 Anti-corruption	SDG 16	GRI 205: Anti-corruption 2016 205-3
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	4 Anti-corruption	SDG 16	GRI 2: General disclosure 2021 2-26
	KPI B7.3 Description of anti-corruption training provided to directors and staff	4 Anti-corruption	SDG 16	GRI 205: Anti-corruption 2016 205-3

Subject Areas, General Disclosures and Key Performance Index of Environmental, Social and Governance		Corresponding	SDGs	GRI
B Social				
Community				
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	9 Community Investment	SDG 1, 2, 3, 4, 8, 9, 10, 11	GRI 203: Indirect Economic Impacts 2016 203-1
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, needs of labour, health, culture and sports)	9 Community Investment	SDG 1, 2, 3, 4, 8, 9, 10, 11	GRI 203: Indirect Economic Impacts 2016 203-1
	KPI B8.2 Resources contributed (e.g. money and time) to the focus area	9 Community Investment	SDG 1, 2, 3, 4, 8, 9, 10, 11	GRI 202：Market Positioning 2016 201-1

Appendix 3

"CASS-CSR 4.0 REPORT WRITING GUIDE" INDEX OF INDICATORS

	Number of Indicator	Indicator Description	Location of Disclosure	Disclosure Status
		Part I: Preface to the Report (P-Series)		
(P1) Reporting Specifications				
	P1.1	Quality assurance	1.1 Reporting Standards	Fully adopted
	P1.2	Information interpretation	1.2 Scope of Reporting	Partially adopted
	P1.3	Reporting system	1.2 Scope of Reporting	Fully adopted
P2) Message from the Management				
	P2.1	Situation analysis and strategic consideration of corporate social responsibility performance	2 Message from the Board	Partially adopted
	P2.2	Annual work progress in corporate social responsibility	2 Message from the Board 3.2 Stakeholder Engagement and	Partially adopted
(P3) Responsibility Focus				
	P3.1	Major corporate social responsibility events	2 Message from the Board 3.2 Stakeholder Engagement and Materiality Assessment	Partially adopted
	P3.2	Progress and achievement in key corporate social responsibility issues	2 Message from the Board 3.2 Stakeholder Engagement and Materiality Assessment	Partially adopted
(P4) Corporate Profile				
	P4.1	Organisational structure and operating location	2.1 Vision and Mission 2.4 Corporate Culture and Philosophy 3.1 ESG Governance Structure	Partially adopted
	P4.2	Main products, services and brands	2.1 Vision and Mission 2.4 Corporate Culture and Philosophy	Fully adopted
	P4.3	Enterprise size and influence	2.1 Vision and Mission 2.4 Corporate Culture and Philosophy	Fully adopted
	P4.4	Major changes in organisational size, structure, ownership or supply chain during the reporting period	3.1 ESG Governance Structure 8) Supply Chain Management	Fully adopted

	Number of Indicator	Indicator Description	Location of Disclosure	Disclosure Status
		Part II: Responsibility Management (G Series)		
(G1) Vision				
	G1.1	Corporate mission, vision, values	2.1 Vision and Mission 2.4 Corporate Culture and Philosophy	Fully adopted
	G1.2	Corporate social responsibility ideas or slogans	2.1 Vision and Mission 2.4 Corporate Culture and Philosophy	Fully adopted
(G2) Strategy				
	G2.1	Identification and management of material issues in corporate social responsibility	3.1 ESG Governance Structure 3.2 Stakeholder Engagement and Materiality Assessment 3.3 Materiality Matrix and Corresponding Issues	Fully adopted
		Strategic planning and annual plans for corporate social responsibility programs	3.1 ESG Governance Structure 3.2 Stakeholder Engagement and Materiality Assessment 3.3 Materiality Matrix and Corresponding Issues	Fully adopted
		Promotion of integration of corporate social responsibility into corporate development strategy and day-to-day operation	3.1 ESG Governance Structure	Fully adopted
(G3) Organisation				
	G3.1	Support for and promotion of corporate social responsibility work from the highest authority	3.1 ESG Governance Structure	Fully adopted
	G3.2	Leading group for and working mechanism on corporate social responsibility	3.1 ESG Governance Structure 3.2 Stakeholder Engagement and Materiality Assessment	Fully adopted
	G3.3	Organisational system and division of responsibilities of corporate social responsibility	3.1 ESG Governance Structure	Fully adopted
(G4) System				
	G4.1	Formulation of corporate social responsibility system	3.1 ESG Governance Structure	Fully adopted
	G4.2	Construction of corporate social responsibility indicator system	3.1 ESG Governance Structure	Partially adopted
	G4.3	Implementation of corporate social responsibility performance appraisal or assessment		Not adopted

Number of Indicator	Indicator Description	Location of Disclosure	Disclosure Status
(G5) Capability			
G5.1	Implementation of corporate social responsibility training		Not adopted
G5.2	Implementation of theoretical research on corporate social responsibility		Not adopted
G5.3	Participation of research projects and formulation of corporate social responsibility standards, initiatives and guidelines		Not adopted
(G6) Engagement			
G6.1	Identification of and responding to pursuits of stakeholders	3.2 Stakeholder Engagement and Materiality Assessment	Fully adopted
G6.2	Internal and external communication mechanisms and activities of corporate social responsibility	3.1 ESG Governance Structure	Partially adopted
G6.3	Joining of corporate social responsibility organisations or conventions		Not adopted
Part III: Market Performance (M-Series)			
(M1) Responsibilities for Shareholders			
M1.1	Regulation of corporate governance	4.2 Workplace Integrity and Anti-corruption and Prevention Department – Independent Supervision Centre	Fully adopted
M1.2	Nomination and selection process of the highest governing group and its committee		Not adopted
M1.3	Anti-corruption	4 Anti-corruption	Fully adopted
M1.4	Compliance information disclosure		Not adopted
M1.5	Protection of minority shareholders		Not adopted
M1.6	Growth		Not adopted
M1.7	Profitability		Not adopted
M1.8	Security		Not adopted

Number of Indicator	Indicator Description	Location of Disclosure	Disclosure Status
(M2) Responsibilities for Customers			
M2.1	Improvement of accessibility to products/services	6.4 Improvement of Customer Service Level 10.3.3 Construction Quality Management and Control System and Five Levels of Safety Inspection System	Fully adopted
M2.2	Management system for product/ service quality	5 Real Estate Project Quality and Advertisment 6.1 Customer Service System 10.3.1 Construction Safety Management System 10.3.3 Construction Quality Management and Control System and Five Levels of Safety Inspection System	Fully adopted
M2.3	Qualified rate of products		Not adopted
M2.4	Adherence of innovation-driven model		Not adopted
M2.5	Investment in R&D		Not adopted
M2.6	Number of new patents		Not adopted
M2.7	Industrialisation of scientific and technological achievements	Case Study: "A+ Factory"	Partially adopted
M2.8	Prohibition of false or misleading information	5 Real Estate Project Quality and Advertisment	Partially adopted
M2.9	Product information publicity or customer training		Not adopted
M2.10	Potential risk warning		Not adopted
M2.11	Fair dealing		Not adopted
M2.12	Advocating of sustainable consumption		Not adopted
M2.13	Customer information protection	7.1 Company Information Security Protection Measures 7.2 Customer Information and Privacy Protection	Fully adopted
M2.14	Active after-sales service system	6.5 Customer Membership Platform	Partially adopted
M2.15	Active responding to consumer complaints	6.3.1 Complaint Handling System of the 400 Customer Service Hotline 6.4 Customer Satisfaction Improved	Fully adopted
M2.16	Complaint resolution rate	6.3 Handling Customer Complaints	Fully adopted
M2.17	Stop-loss and compensation		Not adopted
M2.18	Customer satisfaction		Not adopted

Number of Indicator	Indicator Description	Location of Disclosure	Disclosure Status
(M3) Responsibilities for Partners			
M3.1	Integrity operation	5 Real Estate Project Quality and Advertisment	Partially adopted
M3.2	Business contract performance rate		Not adopted
M3.3	Fair competition		Not adopted
M3.4	Strategic sharing mechanism and platform		Not adopted
M3.5	Respect and protection of intellectual property rights	7 Intellectual Property and Personal Information Protection	Partially adopted
M3.6	Assistance to industrial development		Not adopted
M3.7	Fair trade		Not adopted
M3.8	Corporate social responsibility policies, initiatives and requirements for suppliers	8.1 Supplier Selection Process, Considerations and Supervision 8.2 List of Suppliers	Partially adopted
M3.9	Number of potential suppliers rejected for failing to comply with corporate social responsibility practices		Not adopted
M3.10	Day-to-day management mechanism for corporate social responsibility of suppliers	8.1 Supplier Selection Process, Considerations and Supervision	Fully adopted
M3.11	Review process and methods for corporate social responsibility of suppliers	8.1 Supplier Selection Process, Considerations and Supervision	Fully adopted
M3.12	Number of suppliers reviewed during the reporting period		Not adopted
M3.13	Number of suppliers eliminated for failing to comply with corporate social responsibility practices		Not adopted
M3.14	Corporate social responsibility review of and communication with suppliers	8.3 Supplier Communication and Training	Partially adopted
M3.15	Corporate social responsibility training for suppliers	8.3 Supplier Communication and Training	Fully adopted
M3.16	Performance of corporate social responsibility training for suppliers		Not adopted

Number of Indicator	Indicator Description	Location of Disclosure	Disclosure Status
		Part IV: Society Performance (S-Series)	
(S1) Responsibilities for Government			
S1.1	Legal and compliance system building	4.2 Workplace Integrity and Anti-corruption and Prevention Department –Independent Supervision Centre 4.3 All-round Anti-corruption and Bribery	Fully adopted
S1.2	Legal and compliance training	4.6 Integrity Education for All	Fully adopted
S1.3	Total taxes		Not adopted
S1.4	Participation of comprehensively deepening reforms	4.6 Integrity Education for All	Partially adopted
S1.5	Creation of job opportunities		Not adopted
S1.6	Job opportunities created during the reporting period	11.5 Annual Employment Data/ Employee Distribution	Fully adopted
(S2) Responsibilities for Employees			
S2.1	Employee composition	11.5 Annual Employment Data/ Employee Distribution	Fully adopted
S2.2	Equal employment	11.1 Employee Rights 11.2 Employee Recruitment	Fully adopted
S2.3	Signing rate of labour contracts		Not adopted
S2.4	Democratic management		Not adopted
S2.5	Proportion of female managers		Not adopted
S2.6	Employee privacy management	7.1 Company Information Security Protection Measures	Fully adopted
S2.7	Fighting against forced labour, harassment, and maltreatment	11.2 Employee Recruitment	Partially adopted
S2.8	Diversity and equal opportunity	11.1 Employee Rights 11.2 Employee Recruitment 11.7 Diversity and Inclusion Policy	Fully adopted
S2.9	Number of annual paid leave days each employee		Not adopted
S2.10	Compensation and benefit system	11.3 Staff Benefits/Staff Care 11.4 Staff Promotion and Rewarding System	Partially adopted
S2.11	Occupational health management	10.1 Occupational Safety Management	Fully adopted

Number of Indicator	Indicator Description	Location of Disclosure	Disclosure Status
S2.12	Work environment and condition guarantee		Not adopted
S2.13	Employee mental health assistance program	11.3 Staff Benefits/Staff Care	
S2.14	Employee training system	11.6 Career Development and Training	Fully adopted
S2.15	Annual training performance	11.6.3 Number of Participants in Internal/External Training and Training Hours during the Year	Partially adopted
S2.16	Career development channel	11.6.1 The Group's Planning for Staff Training 11.6.2 Resources Invested by the Group in Staff Training	Fully adopted
S2.17	Work and life balance		Not adopted
S2.18	Assistance to employees with difficulties		Not adopted
S2.19	Employee satisfaction		Not adopted
S2.20	Employee turnover	11.5 Annual Employment Data/ Employee Distribution	Fully adopted
(S3) Work Safety			
S3.1	Work safety management system	10.3.1 Construction Safety Management System	Fully adopted
S3.2	Safety emergency management mechanism	10.3.1 Construction Safety Management System 10.3.5 Rapid Response Mechanism on Construction Quality and Safety Issues	Fully adopted
S3.3	Safety education and training	10.3.4. Safe Production Training Activity	Fully adopted
S3.4	Safety training performance		Not adopted
S3.5	Investment in work safety	10.3.2 Implementation of Safety Inspection and its Standards 10.3.3 Construction Quality and Three levels of safety inspection system	Fully adopted
S3.6	Work safety accident rate	10 Health and Safety	Fully adopted
S3.7	Number of casualties of employees	10 Health and Safety	Fully adopted

Number of Indicator	Indicator Description	Location of Disclosure	Disclosure Status
(S4) Responsibilities for Community			
S4.1	Community communication and engagement mechanism		Not adopted
S4.2	Employee localization policy		Not adopted
S4.3	Local employment rate		Not adopted
S4.4	Local procurement policy		Not adopted
S4.5	Support for the development of community women, indigenous habitants, farmers, ranchers, and fishermen		Not adopted
S4.6	Public welfare guidelines or major public welfare causes	9.1 Aoyuan Charity Foundation	Partially adopted
S4.7	Establishment of corporate public welfare fund/foundation	9.1 Aoyuan Charity Foundation	Fully adopted
S4.8	Total donations	9 Community Investment	Fully adopted
S4.9	Launch of brand projects for public welfare causes	9.1 Aoyuan Charity Foundation	Partially adopted
S4.10	Policies and measures for supporting volunteer activities		Not adopted
S4.11	Performance of employee volunteer activities		Not adopted
S4.12	Assistance to targeted poverty alleviation	9.1.2 Helping and Assisting Needy Households	Partially adopted
S4.13	Special funds for poverty alleviation		Not adopted
S4.14	Number of people lifted out of poverty		Not adopted
Part V: Environmental Performance (E-Series)			
(E1) Green Management			
E1.1	Environmental management system	12 Environmental Protection 13.7 Environmental Compliance Management	Fully adopted
E1.2	Early warning and emergency mechanism for environmental protection	13.3 Climate Change Adaptation and Greenhouse Gas Emission Management	Partially adopted
E1.3	R&D and application of environmental technologies		Not adopted
E1.4	Statistical accounting system and methods of environmental indicators	13 Energy Usage and Emissions	Fully adopted

Number of Indicator	Indicator Description	Location of Disclosure	Disclosure Status
E1.5	Environmental protection training and publicity		Not adopted
E1.6	Construction of green supply chain	12.1 Green Construction 12.2 Environmental-Building Projects	Partially adopted
E1.7	Support for development of green and low-carbon industries	12.2 Environmental-Building Projects 12.4 Green Office 13.1 Energy Efficiency	Fully adopted
E1.8	Total investment in environmental protection		Not adopted
E1.9	Tackling climate change	13.3 Climate Change Adaptation and Greenhouse Gas Emission Management	Partially adopted
E1.10	Carbon sink		Not adopted
(E2) Green Production			
E2.1	Green design	12.2 Environmental-Building Projects	Partially adopted
E2.2	Procurement and use of environmentally-friendly raw materials	12.3 Green Building	Partially adopted
E2.3	Energy conservation policies and measures	13 Energy Usage and Emissions	Fully adopted
E2.4	Policies and measures for improving energy efficiency	13.1 Energy Efficiency	Fully adopted
E2.5	Total energy consumption and consumption reduction yearly	13.1 Energy Efficiency	Partially adopted
E2.6	Comprehensive energy consumption of per unit of output value		Not adopted
E2.7	Policies and measures for using clean energy		Not adopted
E2.8	Clean energy use or its proportion		Not adopted
E2.9	Policies and measures for saving water resources	13.2 Water Efficiency	Fully adopted
E2.10	Annual fresh water consumption	13.2 Water Efficiency	Fully adopted
E2.11	Fresh water consumption of per unit of industrial value added		Not adopted
E2.12	Policies, measures or technologies for reducing waste gas emissions	13.6 Air Pollutant Emission Management	Fully adopted
E2.13	Waste gas emissions and emission reduction	13.6 Air Pollutant Emission Management	Partially adopted

Number of Indicator	Indicator Description	Location of Disclosure	Disclosure Status
E2.14	Policies, measures or technologies for reducing wastewater discharge	13.4 Sewage Treatment	Fully adopted
E2.15	Wastewater discharge and reduction of wastewater discharged	13.4 Sewage Treatment	Partially adopted
E2.16	Systems, measures or technologies for reducing solid waste discharge	13.5 Waste Management	Fully adopted
E2.17	Solid waste discharge and reduction of solid waste discharged	13.5 Waste Management	Fully adopted
E2.18	Policies and measures for developing circular economy		Not adopted
E2.19	Circular economy development performance		Not adopted
E2.20	Green packaging		Not adopted
E2.21	Total amount of packaging materials for finished products (in tons), and if applicable, with reference to per unit produced	13 Resource Usage and Emissions	Fully adopted
E2.22	Green logistics		Not adopted
E2.23	Impacts of products and products in the course of transit on environment		Not adopted
E2.24	Plans and actions launched for reducing greenhouse gas emissions	12 Environment Protection 13.3 Climate Change Adaptation and Greenhouse Gas Emission Management	Fully adopted
(E3) Green Operation			
E3.1	Green office measures	12.4 Green Office	Fully adopted
E3.2	Green office performance		Not adopted
E3.3	Ecological restoration and management	12.3 Green Building	Partially adopted
E3.4	Protection of biodiversity	12.3 Green Building	Partially adopted
E3.5	Zero net deforestation		Not adopted
E3.6	Environmental protection and public welfare programs		Not adopted

The Board herein present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. The activities of its principal subsidiaries are set out in note 50 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 120 to 121.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2022 (2021: Nil).

The dividend policy of the Group is set out on page 33 to this report.

BUSINESS REVIEW

A fair review of the Group's business during the year, a discussion on the prospect of the Group's future business development, a description of the principal risks and uncertainties that the Group may be facing and an analysis of the Group's performance during the year using financial key perform indicators are provided in the Chairman's Statement on pages 6 to 7 and the Management Discussion and Analysis on pages 8 to 13 of this annual report.

The financial risk management objectives and policies of the Group are shown in note 39 to the consolidated financial statements. The particulars of significant events affecting the Group that have occurred subsequent to the reporting date are set out in note 53 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a socially responsible corporation, the Group has endeavoured to strictly comply with laws and regulations regarding environmental protection and the Group has adopted the ecotechnology to ensure our project output meets the standards and ethics in respect of environmental protection.

The Company recognizes the importance of environmental protection. The Company is committed to providing an eco-friendly energy environment for our staff and has developed energy conservation and carbon reduction policy so as to minimize negative environmental impacts.

Details of the Group's environmental policies are contained in the section headed "Environmental, Social and Governance Report" on pages 34 to 102 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the financial year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of the Group.

RELATIONSHIP WITH STAKEHOLDERS

We fully understand that employees, customers and suppliers and others (together "stakeholders") are the key to our sustainable and stable development. We are committed to maintaining a good relationship with our stakeholders so as to ensure our continuing development.

The Group regarded our staff as the most valuable assets of the Company. The Group is providing a fair and harmonious workplace where individuals with diverse cultural backgrounds are treated equally. The Group offers a reasonable remuneration package and fair opportunities for career advancement based on employees' performance. The Group also provides our staff with different trainings, including on-the-job training and training courses provided by professional organisations in order to enhance staff development and career progression.

The Group believes that our vendors (including contractors) are equally important in building high-quality property projects. The Company proactively communicates with our vendors to ensure they are committed to delivering high-quality and sustainable output.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for each of the last five financial years is set out in the Five Years Financial Summary on page 312 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out below, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2022.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 37 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the Cayman Companies Act which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

RESERVES

Details of movements in the reserves of the Company during the year are set out in note 54 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for less than 30% of the total sales of the Group for the year. Purchases from five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

None of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the number of the issued Shares) had any interest in the Group's five largest suppliers and customers.

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group as at 31 December 2022 are set out in note 33 to the consolidated financial statements of this annual report.

SENIOR NOTES AND BONDS

Details of senior notes and corporate bonds of the Company are set out in note 35 to the consolidated financial statements and in the announcements dated 6 September 2017, 15 January 2019, 11 February 2019, 14 June 2019, 30 July 2019, 2 September 2019, 2 March 2020, 24 June 2020, 17 September 2020, 11 November 2020, 15 January 2021, 22 February 2021,15 June 2021 and 30 June 2021 respectively.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 18 to 33.

ANNUAL GENERAL MEETING

The 2023 Annual General Meeting will be held on Thursday, 24 August 2023 and the notice of the AGM will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the entitlement of Shareholders to attend and vote at the 2023 Annual General Meeting, the register of members of the Company will be closed from Thursday, 17 August 2023 to Thursday, 24 August 2023, both days inclusive. In order to be eligible to attend and vote at the 2023 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 16 August 2023.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Guo Zi Wen *(chairman)*
Mr. Guo Zi Ning *(vice chairman and chief executive officer) (resigned on 27 April 2023)*
Mr. Ma Jun *(co-president)*
Mr. Chen Zhi Bin *(co-president and chief financial officer) (appointed on 27 January 2021) (resigned as the chief financial officer on 27 April 2023)*
Mr. Tan Yi (vice president) *(appointed on 27 April 2023)*
Mr. Chan Ka Yeung Jacky *(senior vice president) (resigned on 14 April 2022)*

Non-Executive Director

Mr. Zhang Jun *(re-designated from executive Director to non-executive Director on 30 July 2021) (resigned on 29 July 2022)*

Independent Non-Executive Directors

Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
Mr. Wong Wai Keung Frederick (appointed on 24 February 2023)
Mr. Tsui King Fai *(resigned on 20 January 2023)*

According to the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

In accordance with Article 84 of the Articles of Association, Mr. Chen Zhi Bin, Mr. Cheung Kwok Keung and Mr. Lee Thomas Kang Bor shall retire at the 2023 AGM. In accordance with Article 83(3) of the Articles of Association, Mr. Tan Yi and Mr. Wong Wai Keung Frederick shall hold office until the first annual general meeting after their appointment and be subject to re-election at such meeting. All of the above Directors, being eligible, will offer themselves for re-election at the 2023 AGM.

The Company has received annual confirmations of independence from all INEDs, and still considers them to be independent as at the date of this report.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AFTER THE REPORTING PERIOD

The changes in the information of the Directors, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Cheung Kwok Keung was the chief financial officer and company secretary of Lee & Man Paper Manufacturing Limited (2314.HK), which is listed on the Main Board of Stock Exchange, up to 31 December 2022 and was an independent non-executive director of Coolpoint Innonism Holding Limited (formerly known as DCB Holdings Limited, 8040.HK) up to 7 February 2023, which is listed on the GEM of the Stock Exchange.

Mr. Tsui King Fai resigned as an Independent non-executive Director, the chairman of the Remuneration Committee, a member of each of the Audit Committee and Nomination Committee with effect from 20 January 2023.

Mr. Lee Thomas Kang Bor was appointed as the chairman of the Remuneration Committee with effect from 20 January 2023.

Mr. Wong Wai Keung Frederick was appointed as an Independent non-executive Director, a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 24 February 2023.

Mr. Guo Zi Ning resigned as an executive Director, a vice chairman and the chief executive officer and an authorised representative with effect from 27 April 2023.

Mr. Chen Zhi Bin resigned as the chief financial officer of the Group with effect from 27 April 2023.

Mr. Tan Yi was appointed as an executive Director with effect from 27 April 2023.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the existing Directors of the Company are set out on pages 14 to 16 of this annual report.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Promoting good corporate governance and managing enterprisewide risk is a priority of the Company. The Company convinced that corporate governance and Directors and Officers Liability Insurance (the "D&O Insurance") complement each other. The Company has arranged appropriate D&O Insurance coverage on Directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out from corporate activities. The D&O Insurance will be reviewed and renewed annually.

DIRECTORS' SERVICE CONTRACTS

Each of the existing executive Directors has been appointed for a term of three years subject to the provision of retirement and rotation of directors under the Articles of Association of the Company.

Each of the independent non-executive Directors has been appointed for a term of one year at an annual remuneration set out in their appointment letters and other discretionary bonuses as may be determined by the Board according to the recommendation of the Remuneration Committee of the Company subject to the provision of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, no other Director have entered into service contract with the Company which are not determined by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN MATERIAL CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance, to which the Company, its subsidiaries or fellow subsidiaries, was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

There is no transactions, arrangements and contract of significance to the business of the Group between the Company, or any of its subsidiaries, or a controlling shareholder or any of its subsidiaries during the year. During the year, no transactions, arrangements and contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries was made.

MANAGEMENT CONTRACT

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

PERMITTED INDEMNITY PROVISION

During the year under review and up to the date of this report, the Company's Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Director.

During the year under review and up to the date of this report, the Company has taken out and maintained appropriate insurance to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, the interests or short positions of the Directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code were as follows:

(a) Long position in shares and/or underlying shares under equity derivatives of the Company:

Name of Director	Personal interest	Corporate interest	Total	Percentage
Mr. Guo Zi Wen	–	1,660,925,625 *(note i)*	1,660,925,625	56.01%
Mr. Guo Zi Ning *(note ii)* *(resigned on 27 April 2023)*				
Mr. Ma Jun	3,500,000	–	3,500,000	0.12%
Mr. Chen Zhi Bin	1,250,000	–	1,250,000	0.04%
Mr. Chan Ka Yeung Jacky *(resigned on 14 April 2022)*	2,850,000	–	2,850,000	0.10%
Mr. Zhang Jun *(resigned on 29 July 2022)*	2,989,000	–	2,989,000	0.10%

(b) Long position in shares and/or underlying shares of the associated corporation of the Company:

Name of director	Name of associated corporation	Capacity	Number of shares	Percentage
Guo Zi Ning	Aoyuan Healthy Life Group Company Limited	Interest of spouse	1,143,000 *(note iii)*	0.16%

Notes:

i. *1,395,201,062 ordinary shares are registered in the name of Ace Rise Profits Limited while 265,724,563 ordinary shares are registered in the name of Joy Pacific Group Limited. Ace Rise Profits Limited is owned as to 90% by Joy Pacific Group Limited (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited. Sturgeon Limited is wholly-owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. On 23 August 2022, the trustee of The Golden Jade Trust has changed to First Advisory Trust (Singapore) Limited, and its nominee has changed to Arowana Holdings Limited. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. The settlors of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner.*

ii. *Since April 2013, upon completion of a share transfer, Ace Rise Profits Limited is owned as to 90% by Joy Pacific Group Limited (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited, a company wholly owned by Ms. Su Chaomei who is the wife of Mr. Guo Zi Ning, a Director of the Company. As a result, Mr. Guo Zi Ning has a deemed effective interest of about 4.7% of the shares of the Company. Since Ace Rise Profits Limited is not a controlled corporation of Mr. Guo Zi Ning or Ms. Su Chaomei under the SFO, no notice has been filed under the SFO by Mr. Guo Zi Ning in respect his deemed interest in Ace Rise Profits Limited.*

iii *The 1,143,000 shares are beneficially owned by Ms. Su Chaomei, who is the spouse of Mr. Guo Zi Ning.*

iv. *Mr. Guo Zi Wen and his spouse, Ms. Jiang Miner, held a principal of US$5 million of the 7.95% senior notes due 2024 issued by the Company.*

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the Share Option Scheme, none of the Directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right for the year ended 31 December 2022.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

In order to eliminate competing business with the Group, on 20 September 2007, Mr. Guo Zi Wen, Mr. Guo Zi Ning and Ms. Jiang Miner, spouse of Mr. Guo Zi Wen, entered into a deed of non-competition with the Company.

In compliance with the deed of non-competition signed on 20 September 2007, each of Mr. Guo Zi Wen, Mr. Guo Zi Ning and Ms. Jiang Miner has made an annual declaration on his/her compliance with the non-competition undertaking.

Save as disclosed above, none of the Directors had an interest in any business which competes or may compete with the business in which the Group is engaged.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

The following information is disclosed by the Company pursuant to Rule 13.18 and 13.21 of Chapter 13 of the Listing Rules:

On 9 April 2019, the Company as borrower and a group of financial institutions as lenders entered into a loan agreement supplemented by a lender accession on 15 July 2019 (collectively the "2019 Loan Agreement"), pursuant to which facilities a banking relating to secured dual currency term loan facilities in aggregate of approximately HK$1.6 billion was granted by the lenders to the Company. Such banking facility will mature on the date falling thirty-six (36) months/three (3) years from the date of the 2019 Loan Agreement. Pursuant to the 2019 Loan Agreement, among other things, if (a) Mr. Guo Zi Wen and Mr. Guo Zi Ning cease to hold, directly or indirectly, at least 40% of beneficial shareholding in the Company, collectively remain as the single largest shareholder of the Company and/or maintain management control over the Company; or (b) Mr. Guo Zi Wen and Mr. Guo Zi Ning cease to be the Chairman and the vice chairman of the Board respectively, the lenders will have the power to declare the commitment under the 2019 Loan Agreement to be cancelled and/or declare all outstanding amounts together with interest accrued and all other sums payable by the Company to be immediately due and payable.

On 21 January 2020, the Company as borrower and a group of financial institutions as lenders entered into a loan agreement supplemented by a lender accession on 29 April 2020 (collectively the "2020 Loan Agreement"), pursuant to which a banking facility relating to secured dual currency term loan facilities in aggregate of approximately HK$2.1 billion was granted by the lenders to the Company. Such banking facility will mature on the date falling thirty-six (36) months/three (3) years from the date of the 2020 Loan Agreement. Pursuant to the 2020 Loan Agreement, among other things, if (a) Mr. Guo Zi Wen and Mr. Guo Zi Ning cease to hold collectively maintain, directly or indirectly, at least 40% of beneficial shareholding in the Company, collectively remain as the single largest shareholder of the Company and/or maintain management control over the Company; and (b) Mr. Guo Zi Wen and Mr. Guo Zi Ning cease to be the Chairman and the vice chairman of the Board of the Company respectively, the lenders will have the power to declare the commitment under the 2020 Loan Agreement to be cancelled and/or declare all outstanding amounts together with interest accrued and all other sums payable by the Company to be immediately due and payable.

On 8 March 2021, the Company as borrower and a group of financial institutions as lenders entered into a loan agreement (the "2021 Loan Agreement"), pursuant to which a banking facility relating to secured dual currency term loan facilities in aggregate of approximately HK$1.8 billion was granted by the lenders to the Company. Such banking facility will mature on the date falling thirty-six (36) months/three (3) years from the date of the 2021 Loan Agreement. Pursuant to the 2021 Loan Agreement, among other things, if (a) Mr. Guo Zi Wen and Mr. Guo Zi Ning shall at all times collectively maintain, directly or indirectly, at least 40% of beneficial shareholding in the Company, collectively remain as the single largest shareholder of the Company and/or maintain management control over the Company; or (b) Mr. Guo Zi Wen and Mr. Guo Zi Ning shall remain as the Chairman and the vice chairman of the Board of the Company respectively, the lenders will have the power to declare the commitment under the 2021 Loan Agreement to be cancelled and/or declare all outstanding amounts together with interest accrued and all other sums payable by the Company to be immediately due and payable.

GROUP'S EMOLUMENT POLICY

The Company's policy on determining the emolument payable to Directors are based on the skill, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions. To enable the Remuneration Committee to give better advice on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information.

The details of the Directors' emoluments and senior management's remuneration for the year ended 31 December 2022 are set out in note 12 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, so far as is known to the Directors or chief executives of the Company, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in shares of the Company

Name of shareholder	Capacity	Number of shares	Approximate percentage of the issued share capital
Ace Rise Profits Limited(Note)	Beneficial owner	1,395,201,062	47.05%
Joy Pacific Group Limited(Note)	Interest of controlled corporation/ Beneficial owner	1,660,925,625	56.01%
Sturgeon Limited (Note)	Interest of controlled corporation	1,660,925,625	56.01%
Arowana Holdings Ltd.(Note)	Interest of controlled corporation	1,660,925,625	56.01%
First Advisory Trust (Singapore) Limited(Note)	Trustee	1,660,925,625	56.01%
Ms. Jiang Miner(Note)	Settlor of The Golden Jade Trust	1,660,925,625	56.01%
Hopka Investments Limited(Note)			

Note:

The 1,395,201,062 shares are registered in the name of Ace Rise Profits Limited, while 265,724,563 ordinary shares are registered in the name of Joy Pacific Group Limited. Ace Rise Profits Limited is owned as to 90% by Joy Pacific Group Limited (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited. Sturgeon Limited is wholly owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. On 23 August 2022, the trustee of The Golden Jade Trust has changed to First Advisory Trust (Singapore) Limited, and its nominee has changed to Arowana Holdings Limited. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. The settlors of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner.

Since April 2013, upon completion of a share transfer, Ace Rise Profits Limited is owned as to 90% by Joy Pacific Group Limited (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited, a company wholly owned by Ms. Su Chaomei who is the wife of Mr. Guo Zi Ning, a Director of the Company. As a result, Mr. Guo Zi Ning has a deemed effective interest of about 4.7% of the Company. Since Ace Rise Profits Limited is not a controlled corporation of Mr. Guo Zi Ning or Ms. Su Chaomei under the SFO, no notice has been filed under the SFO by Mr. Guo Zi Ning in respect of his deemed interest in Ace Rise Profits Limited.

Save as disclosed above, as at 31 December 2022, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by the shareholders of the Company at the annual general meeting of the Company held on 29 May 2018, which shall be valid and effective for a period of 10 years from 29 May 2018. The purpose of the Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Eligible participants of the Share Option Scheme include mainly the directors, employees, suppliers of goods or services, customers, shareholders, business partners and professional advisers of the Company.

The maximum number of Shares which may be issued upon exercise of all share options to be granted and granted under the Share Option Scheme is 268,157,135 shares of the Company, representing 10.00% of the total number of issued shares of the Company as at 29 May 2018 (being the date of the annual general meeting of the Company approving the Share Option Scheme).

The maximum number of Shares issuable under the share options to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue as at any time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting. The exercise period of the share options granted is determinable by the Directors, save that the period commences on the date on which the offer is made and ends on a date which is not later than 10 years from the date of the offer of the share options subject to any provisions of the Share Option Scheme determining the rights of the grantees. The offer of a grant of share option may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the 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 the offer; and (iii) the nominal value of a share of the Company.

There were no options granted, exercised, cancelled/lapsed or outstanding under the Share Option Scheme during the year.

The total number of shares of the Company issuable upon exercise of all options granted and may be granted under the Share Option Scheme is 243,157,135 shares, representing approximately 8.20% of the issued shares of the Company as at the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the year and up to the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 53 to the consolidated financial statements.

INDEPENDENT AUDITOR

The financial statements for the year ended 31 December 2022 have been audited by SHINEWING (HK) CPA Limited. It is the auditor's responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept liability to any other person for the contents of the independent auditor's report.

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer itself for re-appointment at the 2023 AGM.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 117 to 119.

On behalf of the Board
Guo Zi Wen
Chairman

Hong Kong, 30 June 2023

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

To the shareholders of China Aoyuan Group Limited
(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Aoyuan Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 120 to 311, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2022. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as 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. 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

Multiple uncertainties related to going concern

We draw attention to note 2 to the consolidated financial statements prepared by the directors of the Company (the "Directors"), which states that during the year ended 31 December 2022, the Group recorded a net loss of approximately RMB8,496 million and a net operating cash outflow. As at 31 December 2022, the Group's current liabilities exceeded its current assets by approximately RMB29,869 million, the Group's total bank and other borrowings and senior notes and bonds amounted to approximately RMB109,050 million and the Group has total commitments (including its share of commitments made jointly with other investors relating to its joint ventures) of approximately RMB22,884 million, while the Group has total bank balances and cash (including restricted bank deposits) of approximately RMB9,342 million. In addition, as at 31 December 2022 and as of the date of approval of these consolidated financial statements, the Group had defaulted or cross-defaulted certain bank and other borrowings and senior notes and bonds and has been and is being sued by various parties for various reasons, details of which are set out by the Directors in note 2 to these consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

BASIS FOR DISCLAIMER OF OPINION (Continued)

Multiple uncertainties related to going concern (Continued)

Notwithstanding the abovementioned, these consolidated financial statements have been prepared by the Directors on a going concern basis, the validity of which depends upon the successful outcome of the Group's various plans and measures, as set out in note 2 to these consolidated financial statements, to mitigate its liquidity pressure and to improve its financial performance, which are subject to multiple uncertainties.

As a result of the multiple uncertainties, their potential interaction and the possible cumulative effect thereof, we are unable to form an opinion as to whether the going concern basis of preparation as adopted by the Directors is appropriate. Should the Group fail to achieve the intended effects resulting from the various plans and measures as mentioned in note 2 to these consolidated financial statements, it might not be able to operate as a going concern, and adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of all these potential adjustments have not been reflected in these consolidated financial statements of the Group for the year ended 31 December 2022.

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

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charge 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 Hong Kong Institute of Certified Public Accountants (the "HKICPA") and to issue an auditor's report, solely to you, as a body, in accordance with the terms of our 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.

The engagement partner on the audit resulting in the independent auditor's report is Lau Kai Wong.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lau Kai Wong
Practising Certificate Number: P06623

Hong Kong
30 June 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
Revenue	(6)		
Contracts with customers		**18,459,360**	49,767,069
Leases		**251,712**	254,547
Total revenue		**18,711,072**	50,021,616
Cost of sales		**(17,870,190)**	(61,956,498)
Gross profit/(loss)		**840,882**	(11,934,882)
Other income, gains and losses, net	(8)	**(3,731,073)**	(13,138,832)
Change in fair value of investment properties		**(171,810)**	95,844
Selling and distribution expenses		**(1,215,099)**	(2,536,220)
Administrative expenses		**(2,372,462)**	(3,920,746)
Loss on disposal of subsidiaries	(42)	**(943,837)**	(2,506,669)
Share of results of joint ventures		**(111,680)**	(443,107)
Share of results of associates		**60,935**	(75,550)
Finance costs	(9)	**(427,772)**	(1,777,276)
Loss before tax	(10)	**(8,071,916)**	(36,237,438)
Income tax (expense)/credit	(11)	**(424,110)**	749,892
LOSS FOR THE YEAR		**(8,496,026)**	(35,487,546)
Attributable to:			
Owners of the Company		**(7,842,958)**	(33,074,609)
Non-controlling interests		**(653,068)**	(2,412,937)
		(8,496,026)	(35,487,546)

	NOTE	2022 RMB'000	2021 RMB'000
OTHER COMPREHENSIVE INCOME/(EXPENSES)			
Item that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain/(loss) on equity instruments designated at fair value through other comprehensive income ("FVTOCI")		**4,476**	(72,081)
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		**(4,965)**	(16,559)
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR		**(489)**	(88,640)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR		**(8,496,515)**	(35,576,186)
Attributable to:			
– Owners of the Company		**(7,843,447)**	(33,163,249)
– Non-controlling interests		**(653,068)**	(2,412,937)
		(8,496,515)	(35,576,186)
Loss per share (RMB cents)			
Basic	(14)	**(264.47)**	(1,214.45)
Diluted	(14)	**(264.47)**	(1,214.45)

Consolidated Statement of Financial Position

As at 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	(15)	**3,694,201**	4,121,069
Right-of-use assets	(16)	**900,102**	1,122,439
Investment properties	(17)	**12,623,124**	14,147,700
Goodwill	(18)	**829,948**	875,737
Intangible assets	(19)	**78,858**	91,932
Interests in joint ventures	(20)	**1,623,823**	2,696,282
Interests in associates	(21)	**1,080,977**	1,667,386
Financial assets at fair value through profit or loss ("FVTPL")	(29)	**259,217**	214,727
Equity instruments designated at FVTOCI	(22)	**490,369**	479,317
Deferred tax assets	(23)	**3,478,210**	4,011,528
Deposits paid for acquisition of property, plant and equipment		**2,524**	31,289
Total non-current assets		**25,061,353**	29,459,406
CURRENT ASSETS			
Properties for sale	(26)	**142,718,029**	152,482,119
Inventories		**200,091**	208,066
Trade and other receivables	(27)	**33,237,234**	34,664,054
Amounts due from non-controlling shareholders of subsidiaries	(24)	**2,474,933**	4,783,687
Amounts due from joint ventures	(25)	**9,826,733**	13,555,280
Amounts due from associates	(28)	**547,480**	447,528
Financial assets at FVTPL	(29)	**68,397**	52,342
Tax recoverable		**5,098,240**	5,104,409
Restricted bank deposits	(30)	**4,231,253**	9,152,960
Bank balances and cash	(30)	**5,110,292**	9,262,210
		203,512,682	229,712,655
Assets classified as held for sale	(36)	**5,851,850**	2,250,746
Total current assets		**209,364,532**	231,963,401

	NOTES	2022 RMB'000	2021 RMB'000
CURRENT LIABILITIES			
Trade and other payables	(31)	**51,734,603**	50,431,777
Contract liabilities	(32)	**62,997,380**	70,954,970
Amounts due to non-controlling shareholders of subsidiaries	(24)	**2,968,840**	3,863,048
Amounts due to joint ventures	(25)	**8,501,038**	12,300,210
Amounts due to associates	(28)	**1,209,978**	1,185,393
Tax liabilities		**9,677,345**	10,280,800
Bank and other borrowings	(33)	**66,690,263**	83,295,322
Lease liabilities	(34)	**353,571**	196,733
Senior notes and bonds	(35)	**32,755,541**	29,481,330
		236,888,559	261,989,583
Liabilities directly associated with assets classified as held for sale	(36)	**2,345,111**	1,725,227
Total current liabilities		**239,233,670**	263,714,810
Net current liabilities		**(29,869,138)**	(31,751,409)
Total assets less current liabilities		**(4,807,785)**	(2,292,003)
Non-current liabilities			
Bank and other borrowings	(33)	**9,604,087**	1,632,119
Deferred tax liabilities	(23)	**1,484,375**	1,570,996
Lease liabilities	(34)	**1,161,505**	1,447,449
Senior notes and bonds		**–**	–
Deferred income		**579,144**	587,222
Total non-current liabilities		**12,829,111**	5,237,786
Net liabilities		**(17,636,896)**	(7,529,789)

	NOTE	2022 RMB'000	2021 RMB'000
EQUITY			
Capital and reserves			
Share capital	(37)	**27,726**	27,726
Reserves		**(22,745,141)**	(15,532,523)
Equity attributable to owners of the Company		**(22,717,415)**	(15,504,797)
Non-controlling interests		**5,080,519**	7,975,008
TOTAL EQUITY		**(17,636,896)**	(7,529,789)

The consolidated financial statements on pages 120 to 311 were approved and authorised for issue by the Board of Directors on 30 June 2023 and are signed on its behalf by:

Guo Zi Wen
Director

Chen Zhi Bin
Director

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000 (Note a)	Special reserve RMB'000 (Note b)	Translation reserve RMB'000	Revaluation reserve RMB'000 (Note c)	Retained profits/ (accumulated losses) RMB'000	Sub-total RMB'000	Non-Controlling interests RMB'000	Total RMB'000
At 1 January 2021	25,567	4,325,714	1,093	623,718	(743,365)	28,383	57,205	14,234,572	18,552,887	35,699,759	54,252,646
Loss for the year	–	–	–	–	–	–	–	(33,074,609)	(33,074,609)	(2,412,937)	(35,487,546)
Fair value loss on equity instruments at FVTOCI	–	–	–	–	–	–	(72,081)	–	(72,081)	–	(72,081)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(16,559)	–	–	(16,559)	–	(16,559)
Other comprehensive expenses for the year	–	–	–	–	–	(16,559)	(72,081)	–	(88,640)	–	(88,640)
Total comprehensive expenses for the year	–	–	–	–	–	(16,559)	(72,081)	(33,074,609)	(33,163,249)	(2,412,937)	(35,576,186)
Recognition of equity-settled share-based payment	–	–	–	–	–	–	–	–	–	7,172	7,172
Issue of new shares (note 37)	2,217	818,428	–	–	–	–	–	–	820,645	–	820,645
Share repurchase (note 37)	(58)	(41,029)	58	–	–	–	–	–	(41,029)	–	(41,029)
Disposal of subsidiaries (note 42)	–	–	–	–	–	–	–	–	–	(793,206)	(793,206)
Acquisitions of subsidiaries (note 40)	–	–	–	–	–	–	–	–	–	377,532	377,532
Acquisitions of additional interests from non-controlling shareholders of subsidiaries (note 41)	–	–	–	–	401,779	–	–	–	401,779	(22,592,516)	(22,190,737)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	27,230	27,230
Withdrawal of capital contribution by a former non-controlling shareholder of subsidiaries	–	–	–	–	–	–	–	–	–	(2,144,823)	(2,144,823)
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	(2,075,830)	(2,075,830)	–	(2,075,830)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(193,203)	(193,203)
At 31 December 2021	**27,726**	**5,103,113**	**1,151**	**623,718**	**(341,586)**	**11,824**	**(14,876)**	**(20,915,867)**	**(15,504,797)**	**7,975,008**	**(7,529,789)**

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000 *(Note a)*	Special reserve RMB'000 *(Note b)*	Translation reserve RMB'000	Revaluation reserve RMB'000 *(Note c)*	Accumulated losses RMB'000	Sub-total RMB'000	Non-Controlling interests RMB'000	Total RMB'000
At 1 January 2022	27,726	5,103,113	1,151	623,718	(341,586)	11,824	(14,876)	(20,915,867)	(15,504,797)	7,975,008	(7,529,789)
Loss for the year	-	-	-	-	-	-	-	(7,842,958)	(7,842,958)	(653,068)	(8,496,026)
Fair value gain on equity instruments at FVTOCI	-	-	-	-	-	-	4,476	-	4,476	-	4,476
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(4,965)	-	-	(4,965)	-	(4,965)
Other comprehensive (expenses)/ income for the year	-	-	-	-	-	(4,965)	4,476	-	(489)	-	(489)
Total comprehensive (expenses)/ income for the year	-	-	-	-	-	(4,965)	4,476	(7,842,958)	(7,843,447)	(653,068)	(8,496,515)
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-	-	1,940	1,940
Disposal of subsidiaries (note 42)	-	-	-	-	-	-	-	-	-	(814,016)	(814,016)
Acquisitions of additional interests from non-controlling shareholders of subsidiaries (note 41)	-	-	-	-	630,829	-	-	-	630,829	(889,136)	(258,307)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	7,581	7,581
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(547,790)	(547,790)
At 31 December 2022	27,726	5,103,113	1,151	623,718	289,243	6,859	(10,400)	(28,758,825)	(22,717,415)	5,080,519	(17,636,896)

Notes:

(a) The statutory reserve represents the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China (the "PRC") (based on the subsidiaries' PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserve reaches 50% of the registered capital of the subsidiaries. The statutory reserve cannot be reduced except either in setting off the accumulated losses or increasing capital.

(b) Special reserve represents amounts arising from the acquisitions of additional equity interests in subsidiaries from non-controlling shareholders of subsidiaries or disposal/deemed disposal of equity interests in subsidiaries without losing control. It represents the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.

(c) Revaluation reserve represents (i) revaluation surplus arising from transfer of owner-occupied properties to investment properties at the date of change in use amounted to RMB45,205,000 net of related deferred tax during the year ended 31 December 2007; and (ii) cumulative revaluation deficit of RMB55,605,000 (2021: RMB60,081,000) arising from fair value changes on equity instruments designated at FVTOCI.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
OPERATING ACTIVITIES		
Loss before tax	**(8,071,916)**	(36,237,438)
Adjustments for:		
Change in fair value of investment properties	**171,810**	(95,844)
Gain on change in fair value of financial assets at FVTPL	**(44,487)**	(19,720)
Investment return from financial assets at FVTPL	**(10,110)**	(23,945)
Gain on termination of leases	**(847)**	(9,505)
Finance costs	**427,772**	1,777,276
Share of results of joint ventures	**111,680**	443,107
Share of results of associates	**(60,935)**	75,550
Loss on disposal of subsidiaries	**943,837**	2,506,669
Gain on disposal of subsidiaries classified as held for sale	**(77,346)**	–
(Gain)/loss on disposal of joint ventures and associates	**(14,123)**	97,704
Share-based payments	**1,940**	7,172
Bank interest income	**(65,138)**	(820,010)
Other interest income	**(77,438)**	(103,106)
Depreciation of property, plant and equipment	**328,062**	366,498
Depreciation of right-of-use assets	**260,564**	414,795
Amortisation of intangible assets	**13,074**	60,594
Loss on disposal property, plant and equipment	**50,369**	173,815
Exchange losses/(gain), net	**2,835,381**	(805,277)
Impairment losses on properties for sale	**–**	18,391,036
Impairment losses on trade and other receivables	**154,207**	6,344,987
Impairment losses on amounts due from non-controlling shareholders of subsidiaries ("NCI")	**–**	2,034,996
Impairment losses on amounts due from joint ventures	**–**	433,773
Impairment losses on amounts due from associates	**–**	33,225
Impairment losses on right-of-use assets	**–**	1,056,178
Impairment losses on intangible assets	**–**	159,424
Impairment losses on property, plant and equipment	**–**	883,777
Impairment losses on goodwill	**45,789**	593,785
Impairment losses on interests in joint ventures	**–**	1,843,914
Impairment losses on interests in associates	**18,907**	306,268
Impairment losses on contract assets	**–**	11,766
Impairment losses on assets classified as held for sale	**1,021,478**	1,193,941
Loss attributable to subsidiaries classified as held for sale	**77,346**	–
Amortisation of deferred income	**(29,235)**	(23,882)
Operating cash flows before movements in working capital	**(1,989,359)**	1,071,523
Decrease/(increase) in properties for sale	**2,357,228**	(1,659,302)
Decrease in inventories	**7,297**	483,055
Decrease/(increase) in trade and other receivables	**2,071,628**	(3,360,024)
Increase in trade and other payables	**3,472,175**	4,373,508
Decrease in contract liabilities	**(345,703)**	(258,227)
Increase in deferred income	**21,157**	71,439
Cash from operations	**5,594,423**	721,972

	NOTES	2022 RMB'000	2021 RMB'000
Enterprise Income Tax ("EIT") and Land Appreciation Tax ("LAT") paid		**(1,012,861)**	(2,685,344)
Interest paid		**(5,969,215)**	(11,163,868)
NET CASH USED IN OPERATING ACTIVITIES		**(1,387,653)**	(13,127,240)
INVESTING ACTIVITIES			
Placement of restricted bank deposits		**(1,058,167)**	(4,902,251)
Withdrawal of restricted bank deposits		**5,979,874**	13,052,575
Placement of bank deposits		**–**	(13,030,961)
Withdrawal of bank deposits		**–**	30,606,624
Settlement of consideration payable for acquisitions of subsidiaries in prior year		**(109,309)**	(396,806)
Payments for investment properties		**(26,210)**	(722,664)
Acquisitions of subsidiaries (net of cash and cash equivalents acquired)	40	**–**	1,618,751
Purchases of property, plant and equipment		**(123,145)**	(1,393,476)
Payments for right-of-use assets		**–**	(22,822)
Advances to NCI		**(74,026)**	(3,286,616)
Repayments from NCI		**385,148**	1,899,706
Advances to joint ventures		**(2,632,495)**	(5,005,675)
Repayments from joint ventures		**2,581,710**	7,553,599
Repayments from associates		**115,180**	427,749
Advances to associates		**(215,132)**	(467,718)
Investments in joint ventures		**–**	(452,954)
Investments in associates		**–**	(10,838)
Investments in financial assets at FVTPL		**(211,800)**	(10,028)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	42	**(595,357)**	659,740
Cash outflows of subsidiaries classified as held for sale		**(77,667)**	–
Interest received		**142,576**	923,116
Investment return from financial assets at FVTPL		**–**	23,945
Proceeds on disposal of property, plant and equipment		**111,776**	65,424
Proceeds from disposal of investment properties		**46,785**	275,717
Proceeds from disposal of joint ventures		**799,767**	54,103
Proceeds from disposal of associates		**196,896**	765
Proceeds from disposal of subsidiaries classified as held for sale (net of cash and cash equivalents disposed of)	42	**457,172**	–
Proceeds from disposal of equity instruments designated at FVTOCI		**3,524**	61,686
Proceeds from disposal of financial assets at FVTPL		**198,728**	699,973
Proceeds upon maturity of financial assets at FVTPL		**10,110**	48,775
NET CASH FROM INVESTING ACTIVITIES		**5,905,938**	28,269,439

	2022 RMB'000	2021 RMB'000
FINANCING ACTIVITIES		
New bank and other borrowings raised	**1,178,781**	59,027,071
Repayment of bank and other borrowings	**(8,391,038)**	(67,762,085)
Proceeds received from senior notes and bonds, net of issue expenses	**–**	6,833,347
Settlement of senior notes and bonds	**(10,750)**	(6,710,601)
Early redemptions of senior notes	**–**	(4,068,906)
Repayment of lease liabilities	**(166,486)**	(177,561)
Interest paid on lease liabilities	**(136,250)**	(64,174)
Advances from NCI	**1,057,061**	986,800
Repayments to NCI	**(590,011)**	(2,713,433)
Advances from joint ventures	**6,553,876**	20,037,368
Repayments to joint ventures	**(6,642,062)**	(25,476,426)
Advances from associates	**329,383**	1,101,585
Repayments to associates	**(304,798)**	(54)
Dividends paid to owners of the Company	**–**	(2,075,830)
Dividends paid to NCI	**(547,790)**	(193,203)
Acquisition of additional interests from NCI	**(258,307)**	(18,082,686)
Contribution from NCI	**7,581**	27,230
Withdrawal of capital contribution by a former NCI	**–**	(2,144,823)
Proceeds from issue of new shares	**–**	820,645
Share repurchase	**–**	(41,029)
NET CASH USED IN FINANCING ACTIVITIES	**(7,920,810)**	(40,676,765)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,402,525)**	(25,534,566)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(827,703)**	14,626
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**9,408,224**	34,928,164
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**5,177,996**	9,408,224
An analysis of cash and cash equivalents in as follows:		
BANK BALANCES AND CASH	**5,110,292**	9,262,210
BANK BALANCES AND CASH CLASSIFIED AS HELD FOR SALE	**67,704**	146,014
	5,177,996	9,408,224

1. GENERAL INFORMATION

China Aoyuan Group Limited (the "Company") is a limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The Company's immediate holding company is Ace Rise Profits Limited, a limited company which was incorporated as an exempted company with limited liability in the British Virgin Islands. Its ultimate holding company is Joy Pacific Group Limited, a limited liability company incorporated in the British Virgin Islands which is controlled by Mr. Guo Zi Wen. The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 50.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company (the "Directors") have, at the time of approving the consolidated financial statements, a reasonable expectation that the Company and its subsidiaries (collectively referred to as the "Group") has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Going concern basis

During the year ended 31 December 2022, the Group recorded a net loss of approximately RMB8,496 million and a net operating cash outflow. As at 31 December 2022, the Group's current liabilities (after reclassifying certain bank and other borrowings and senior notes and bonds with scheduled repayment dates beyond one year after 31 December 2022 as current liabilities due to defaults and cross defaults in repayment) exceeded its current assets by approximately RMB29,869 million. At the same date, the Group's total bank and other borrowings and senior notes and bonds amounted to RMB109,050 million, out of which approximately RMB99,446 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has commitments including its share of commitments made jointly with investors relating to its joint ventures in aggregate of approximately RMB22,884 million, while the Group has total bank balances and cash (including restricted bank deposits) of approximately RMB9,342 million.

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

Going concern basis (Continued)

As at 31 December 2022, the Group had defaulted the repayment of certain bank and other borrowings of approximately RMB23,812 million and senior notes and bonds of approximately RMB32,756 million. Such events triggered default and cross-default clauses in several bank and other borrowings and senior notes and bonds of the Group. As a result of such, the relevant banks and financial institutions have the rights to request the Group to immediately repay bank and other borrowings of approximately RMB29,261 million. Subsequent to 31 December 2022 and up to the date of these consolidated financial statements, apart from the aforesaid bank and other borrowings and senior notes and bonds, the Group had not repaid bank and other borrowing of approximately RMB3,223 million that are due for repayment. Furthermore, as at 31 December 2022 and up to the date of these consolidated financial statements, the Group has been and is being sued by various parties for various reasons. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the Directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern and the appropriateness of the use of the going concern basis in the preparation of these consolidated financial statements. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing the following measures:

(a) The Group, together with its financial and legal advisors, have maintained active communication with the offshore creditors to formulate and agree a practical and feasible offshore holistic debt restructuring plan (the "Holistic Restructuring") aimed at addressing the current liquidity issue, enhancing credit profile of the Group and protecting the interests of all stakeholders.

The Group and an ad-hoc group comprising holders of certain offshore senior notes and bonds issued by the Company (the "AHG"), together with respective advisors, have been engaged in constructive discussion towards a consensual Holistic Restructuring that would provide the Group with a sustainable capital structure to deliver long term value for all of its stakeholders. As at the date of approval of these consolidated financial statements, the Group has agreed the key commercial terms of the Holistic Restructuring with the AHG. The Directors are confident that the Holistic Restructuring will ultimately reach a conclusion based on recently successful outcomes that have been completed.

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

Going concern basis (Continued)

(b) The Group has been actively negotiating with onshore open market bond investors on the extension of debts. As at the date of approval of these consolidated financial statements, a modified repayment arrangement was made in respect of the principal and related interests amounting to approximately RMB6,834 million in aggregate, where the repayment period has been extended to 2026 with the interest rates remaining unchanged.

The Group has been also actively negotiating with other onshore lenders on the extension of borrowings. As at the date of approval of these consolidated financial statements, the Group has entered into contract all arrangements with certain onshore financial institutions to extend the maturity of existing onshore financing arrangements involving borrowings of approximately RMB19,751 million in principal amount.

The Directors believe that the Group will be able to extend the repayment period for its other onshore open market bonds and onshore financing arrangements.

(c) The Group has been actively exploring and will continue to explore potential opportunities of asset disposal to create liquidity for, and alleviate or resolve debt issues.

(d) To ensure the stability and sustainable operation of the Group's business, the Group has consolidated and optimised resources to revitalise the construction and sales of its properties, reducing its operating expenses and make every effort to improve the Group's liquidity position.

(I) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.

(II) The Group has prioritised delivery of property development projects. As at the date of approval of these consolidated financial statements, majority of the Group's property development projects are progressing according to schedule, and the Group continues to ensure the completion and delivery of its property development projects.

(III) The Group has adjusted organisational structure to reduce the management levels, enhance management efficiency and effectively control costs and expenses. The Group will continue to actively assess additional measures to further reduce discretionary spending.

(IV) The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group is confident that it will be able to reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

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

Going concern basis (Continued)

Taking into account the above plans and measures, and the Group's cash flow projections prepared by the management covering a period of not less than twelve months from 31 December 2022, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2022 on a going concern basis.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, it might not be able to operate as a going concern, and, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of all these potential adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2022.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In current year, the Group has applied the following amendments to IFRSs, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements.

Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts-Cost of Fulfilling a Contract*
Amendments to IFRSs	*Annual Improvements to IFRSs 2018 – 2020 cycle*

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

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (Continued)

Amendments to IAS 16 Property, Plant and Equipment-Proceeds before Intended Use

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2 Inventories.

The Group's existing accounting policy is to account for sale proceeds on samples produced during testing as reduction of cost of the relevant property, plant and equipment. Upon application of the amendments, such sale proceeds and the related costs will be included in profit and loss with corresponding adjustments to the cost of property, plant and equipment. The amendments did not have any significant impact on the financial position or performance of the Group.

New and amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[3]
IFRS 17 (including the June 2020 and February 2022 amendments to IFRS 17)	*Insurance Contracts and related Amendments*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*[4]

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or before a date to be determined
[3] Effective for annual periods beginning on or after 1 January 2024
[4] Effective immediately upon issue on 23 May 2023, except for new disclosures, which are required for annual periods beginning on or after 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, earlier application of the amendments is permitted. The application of the amendments is not expected to have significant impact on the financial positions and performance of the Group.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (Continued)

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. Based on the Group's outstanding liabilities as at 31 December 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

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

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (Continued)

Amendments to IAS 8 – Definition of Accounting Estimates and the Correction of Errors

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements have been prepared in accordance with IFRSs. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance.

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The disposal group held for sale is stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 36.

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 IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

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

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is 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.

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:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group 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.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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 from the date of the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component 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 ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing 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 including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries 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)

Basis of consolidation (Continued)

Changes in the Group's ownership 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 specific/permitted by applicable IFRSs). 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 IFRS 9 Financial Instruments ("IFRS 9") 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 properties for sale 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations

Businesses combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value, which is calculated as the sum of the acquisition-date fair values of 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.

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

- deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with IAS 12 Income Taxes ("IAS 12");

- assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 19 Employee Benefits respectively;

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

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5") 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 IFRS 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

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 amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the acquisition-date amounts 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 either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests, unless as required by another standards, are measured at their acquisition-date fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 groups 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 of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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 joint ventures and associates is set out in "Investments in associates and joint ventures" below.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures

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.

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

The Group's investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method, except for the investments classified as held for sale in which case it is accounted for in accordance with IFRS 5. Under the equity method, investments in associates and joint ventures are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) 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 to the extent that the recoverable amount of the net investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, 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 or joint venture and the retained interest is a financial asset within the scope of IFRS 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 or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture 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 or partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such classification requires the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 and investment properties, which continue to be measured in accordance with the accounting policies.

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 customers.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

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 asset is created or enhanced; 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 good or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

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.

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (agency commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised 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 assets relate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

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

The asset so recognised is subsequently amortised 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 assets relate. The asset is subject to impairment review.

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 IFRS 16 Leases or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings, office equipment and transportation vehicles 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within "investment properties" and "properties for sale", respectively.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

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.

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 in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

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 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)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as 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.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the 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.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers ("IFRS 15") 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Refundable rental deposits

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

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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.

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 or joint ventures.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense 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 dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. 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 an associate or joint arrangement 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 includes a foreign operation 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 associate 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 borrowing 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.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses, net".

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits

Retirement benefit costs

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments arrangement

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on the assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits/accumulated losses. When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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 base 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other 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 arising on investments in subsidiaries and interests in associates and 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 the 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 when the liability is settled or the asset is realised, based on tax rates (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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary difference arising from subsequent revisions to the carrying amounts of the right-of-use assets and lease liabilities resulting from remeasurement of the lease liabilities and lease modifications that are not subject to the initial recognition exemption are recognised on the date of remeasurement or modification.

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 it relates 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.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

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

Properties 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.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment, except for building under development/construction in progress to its residual value over its estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives or the principal annual rates of items of property, plant and equipment are as follows:

	Useful lives
Buildings	Over the shorter of the relevant lease term or 3%-5% per annum
Office equipment	3 to 5 years
Transportation vehicles	3 to 15 years
Leasehold improvements	Over the shorter of relevant lease term or 3 to 10 years
Plant and machinery	5 to 15 years

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.

Investment properties

Investment properties are properties and/or land held to earn rentals and/or for capital appreciation (including investment properties under construction for such purpose).

Investment properties are initially measured at cost, including directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, 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.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

The intangible assets in relation to property management contracts have finite useful lives and are amortised on a straight-line basis over the remaining term ranging from two to ten years.

The intangible assets in relation to patent and customer relationship of chemical fiber products manufacturing is amortised on a straight-line basis over a term of five years based on the management of the Company's best estimate.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives and contract costs 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. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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 ("CGU") to which the asset belongs.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above) (Continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the CGU to which they belong for the purpose of evaluating impairment of that CGU.

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 CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) 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 CGU, the group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. 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 CGUs. 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 CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or the group of CGUs) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the 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 represents 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 properties for sale upon completion.

Inventories

Inventories represent trading merchandises are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. 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.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and 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).

Provisions for land acquired are based on estimates of required expenditure on the properties. The Group estimates its liabilities for land acquired based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work, escalated for inflation, then discounted at a discount rate that reflects current market assessment of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. Provisions for land acquired are added to the cost of properties for sale in the period in which the obligation is identified.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at 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 payment (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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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 hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial assets 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 the date of 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 IFRS 3 Business Combinations ("IFRS 3") applies.

A financial asset is classified as 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 is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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.

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 revaluation 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 continue to be held in the revaluation reserve.

Dividends on 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. Dividend are included in the "other income, gains and losses" line item in profit or loss.

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 includes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses, net" line item.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amounts due from NCI, joint ventures and associates, restricted bank deposits and bank balances and cash). 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-month 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 receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when 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 increase in the likelihood or risk of a default occurring since initial recognition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset 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.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitments is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 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 the instrument 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 of default 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; or

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(iv) Write-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. 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.

(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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder of a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade receivables are 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 the 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.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, where the corresponding adjustment is recognised through a loss allowance account.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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 revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits/accumlated losses.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or 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 Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in the 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities is classified as at FVPTL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies; (ii) held for trading or (iii) it is designated at FVTPL.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to NCI, joint ventures and associates, bank and other borrowings and senior notes and bonds) are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair value. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

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.

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Company are required to make judgments, 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.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the management of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern basis

Although the Group had net current liabilities of approximately RMB29,869,138,000 and net liabilities of approximately RMB17,636,896,000 as at 31 December 2022, the Group manages its liquidity risk by monitoring its current and expected liquidity requirements regularly and ensuring sufficient liquid cash to meet the Group's liquidity requirements in the short and long term. Details of the factors that may cast doubt on the Group's ability to continue as a going concern are disclosed in note 2.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the management of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the management of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes of both EIT and LAT on changes in fair value of all investment properties.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgment in applying accounting policies (Continued)

Control over 奧園美谷科技股份有限公司 Aoyuan Beauty Valley Technology Co., Ltd ("Aoyuan Beauty Valley") and its subsidiaries (the "Aoyuan Beauty Valley Group")

The Aoyuan Beauty Valley Group is accounted for as subsidiaries of the Group although the Group holds 29.99% ownership interests and voting rights in Aoyuan Beauty Valley Group and the remaining equity interests of the Aoyuan Beauty Valley Group are owned by shareholders that are unrelated to the Group. Details of these are set out in note 50.

The management of the Company assessed whether or not the Group has control over the Aoyuan Beauty Valley Group based on whether the Group has practical ability to direct the relevant activities of the entity unilaterally. In making the judgement, management considered the Group's power in making decisions over the relevant activities of the Aoyuan Beauty Valley Group at different times throughout its life in accordance with memorandum of associations, such as the approval of the operation plan and budget, appointing, remunerating and terminating the key management personnel. After assessment, management concluded that the Group has control over the Aoyuan Beauty Valley Group as its relevant activities are approved by a simple majority of the board of directors of Aoyuan Beauty Valley and the Group is able to appoint more than half of the board of directors of Aoyuan Beauty Valley in which the Group has the practical ability to direct the relevant activities at shareholders' meeting.

Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances. Subsidiaries are consolidated, which means each of their assets, liabilities and transactions is included line by line in the Group's consolidated financial statements, whereas the interests in joint ventures and associates are equity accounted for as investments in the consolidated statement of financial position.

Key sources of estimation uncertainty

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable amount of the CGUs to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a group of CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation and volatility in financial markets.

As at 31 December 2022, the carrying amounts of goodwill and intangible assets are approximately RMB829,948,000 (2021: RMB875,737,000) and RMB78,858,000 (2021: RMB91,932,000), respectively. Details of the impairment assessment are disclosed in note 18.

Fair value measurements of investment properties

The investment properties of the Group are measured at fair value for financial reporting purposes. The management of the Company have set up a property valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an investment property, the Group uses market-observable data to the extent it is available. The Group engages qualified external valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties. Note 17 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties. Changes to these assumptions, would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2022, the carrying amount of the Group's investment properties is approximately RMB12,623,124,000 (2021: RMB14,147,700,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Determination of net realisable value of properties for sale

Properties for sale are stated at the lower of the cost and net realisable value. The net realisable value is the estimated selling price (which has taken into account a number of factors including recent prices achieved for similar property types in the same project or by similar properties, and the prevailing and forecasted real estate market conditions in the PRC, Canada and Hong Kong) less estimated costs to completion (if any), estimated selling expenses and estimated other taxes, which are determined based on best available information. Where there is any decrease in the estimated selling price arising or increase in costs arising from any changes to the property market conditions, there may be written down on the properties under development for sale and completed properties for sale.

As at 31 December 2022, the aggregate carrying amount of properties for sale amounted to approximately RMB142,718,029,000 (2021: RMB152,482,119,000), net of impairment loss on properties for sale approximately RMB7,583,083,000 (2021: RMB12,354,461,000), which are located in the PRC, Canada and Hong Kong.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the property, plant and equipment and right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to recognise impairment loss in the consolidated statement of profit or loss and other comprehensive income.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

LAT

The Group is subject to LAT in the PRC. LAT is prepaid when properties are pre-sold to the buyers and is provided when properties are delivered to the buyers and revenue is recognised. The appropriateness of the rates used are determined by the appreciation of land value. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their LAT calculations and payments with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The amount of the land appreciation is determined with reference to proceeds of the sales of properties less the estimated deductible expenditures, including the cost of land use rights and relevant property development expenditures. The Group recognised the LAT based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Deferred tax assets

As at 31 December 2022, a deferred tax asset of RMB3,282,237,000 (2021: RMB3,378,933,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately RMB38,078,943,000 (2021: RMB30,565,455,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Provision of ECL for amounts due from NCI, joint ventures and associates and trade and other receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

At the end of the reporting period, the Directors have assessed the past due status of the amounts due from NCI, joint ventures and associates, the financial position of those debtors as well as the economic outlook of the industries in which those debtors operate, and concluded that there has not been a significant increase in the credit risk since initial recognition of the amounts. Accordingly, the loss allowance for the amounts due from NCI, joint ventures and associates is measured at an amount equal to 12-month ECL.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's amounts due from NCI, joint ventures, associates and trade and other receivables are disclosed in note 39.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of interests in associates and joint ventures

As at 31 December 2022, considering the existence of the of impairment indicators, the Group performed impairment assessment on certain associates and joint ventures. Determining whether impairments loss should be recognised requires an estimation of the recoverable amounts of the relevant investments in associates/joint ventures which are the higher of value in use and fair value less costs of disposal. The value in use calculation requires the management of the Group to estimate the present value of the estimated cash flows expected to arise from dividends to be received from the associates/joint ventures and the proceeds from the ultimate disposals of the investment taking into account factors, including discount rate. In cases where the actual cash flows are less or more than expected, or changes in facts and circumstances which result in revision of future cash flows estimation or discount rate, a reversal or further recognition of impairment loss may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place. As at 31 December 2022, the carrying amount of the interests associates and joint ventures amounted to approximately RMB1,080,977,000 and approximately RMB1,623,823,000 respectively (2021: RMB1,667,386,000 and approximately RMB2,696,282,000 respectively), net of impairment loss on interests in associates and joint ventures of approximately RMB154,989,000 (2021: RMB306,268,000) and RMB126,695,000 (2021: RMB126,695,000), respectively.

6. REVENUE

Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2022			
	Property development RMB'000	Property investment RMB'000	Other RMB'000	Total RMB'000
Types of goods or services				
Sales of properties				
Residential apartments	12,024,761	–	–	12,024,761
Commercial apartments	93,225	–	–	93,225
Retail shops and others	1,114,660	–	–	1,114,660
Low-density residential	2,119,868	–	–	2,119,868
	15,352,514	–	–	15,352,514
Others				
Property management services	–	–	1,308,946	1,308,946
Others	–	–	1,797,900	1,797,900
	–	–	3,106,846	3,106,846
Revenue from contracts with customers	15,352,514	–	3,106,846	18,459,360
Property investment Commercial and retail shops	–	251,712	–	251,712
Total	15,352,514	251,712	3,106,846	18,711,072
Timing of revenue recognition				
At a point of time	15,352,514	–	1,795,451	17,147,965
Recognised over time	–	–	1,311,395	1,311,395
	15,352,514	–	3,106,846	18,459,360
Rental income	–	251,712	–	251,712
Total	15,352,514	251,712	3,106,846	18,711,072

6. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

	For the year ended 31 December 2021			
	Property development RMB'000	Property investment RMB'000	Other RMB'000	Total RMB'000
Types of goods or services				
Sales of properties				
Residential apartments	34,832,198	–	–	34,832,198
Commercial apartments	5,146,343	–	–	5,146,343
Retail shops and others	3,840,666	–	–	3,840,666
Low-density residential	1,741,888	–	–	1,741,888
	45,561,095	–	–	45,561,095
Others				
Property management services	–	–	1,628,858	1,628,858
Others	–	–	2,577,116	2,577,116
	–	–	4,205,974	4,205,974
Revenue from contracts with customers	45,561,095	–	4,205,974	49,767,069
Property investment Commercial and retail shops	–	254,547	–	254,547
Total	45,561,095	254,547	4,205,974	50,021,616
Timing of revenue recognition				
At a point of time	45,561,095	–	2,595,737	48,156,832
Recognised over time	–	–	1,610,237	1,610,237
	45,561,095	–	4,205,974	49,767,069
Rental income	–	254,547	–	254,547
Total	45,561,095	254,547	4,205,974	50,021,616

6. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Performance obligations for contracts with customers

The Group recognises revenue from goods and services from the following major sources:

- Sales of properties;
- Property management services;
- Sales of goods and provisions of services; and
- Hotel operations.

For contracts entered into with customers on sales of properties, the relevant properties specified in contracts will be delivered to specified customers with no alternative use on the relevant properties. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, it is concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the remaining consideration is probable.

The Group receives certain percentage of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price.

For property management services income from properties managed, where the Group acts as principal and is primary responsible for providing the property management services to property owners. As property owners simultaneously receive and consume the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.

6. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Performance obligations for contracts with customers (Continued)

For sales of goods, revenue is recognised when the customer obtains the control of the goods, being at the point the goods are delivered to the customer's specific location, the Group has presented right to payment and the collection of the consideration is probable.

For provision of services, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) the amount of revenue can be measured reliably;

(b) it is probable that the economic benefits associated with the transaction will flow to the entity;

(c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

For hotel operations, the Group recognises revenue when the promised goods and services are transferred to the customers.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	2022 **RMB'000**	2021 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**12,788,114**	35,685,089

7. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on the type of operation. The Group's reportable and operating segments under IFRS 8 Operating Segments are as follows:

Property development	–	development and sale of properties
Property investment	–	lease of investment properties
Others	–	hotel operation, provision of property management services, sales of goods and provision of services

No operating segments have been aggregated in arriving at the reportable segments of the Group. The following is an analysis of the Group's revenue and results by reportable and operating segments:

	For the year ended 31 December 2022			
	Property development RMB'000	**Property investment RMB'000**	**Others RMB'000**	**Total RMB'000**
External segment revenue	**15,352,514**	**251,712**	**3,106,846**	**18,711,072**
Segment result	**(3,262,186)**	**(5,666)**	**(97,401)**	**(3,365,253)**
Other income, gains and losses, net				**(2,709,595)**
Loss on disposal of subsidiaries				**(943,837)**
Unallocated corporate expenses				**(574,714)**
Share of results of joint ventures				**(111,680)**
Share of results of associates				**60,935**
Finance costs				**(427,772)**
Loss before tax				**(8,071,916)**

7. SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2021			
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
External segment revenue	45,561,095	254,547	4,205,974	50,021,616
Segment result	(28,399,301)	140,898	(3,679,786)	(31,938,189)
Other income, gains and losses, net				1,377,070
Loss on disposal of subsidiaries				(2,506,669)
Unallocated corporate expenses				(873,717)
Share of results of joint ventures				(443,107)
Share of results of associates				(75,550)
Finance costs				(1,777,276)
Loss before tax				(36,237,438)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 4. Segment results represent the profit generated or loss incurred by each segment without allocation of central administration costs including directors' salaries, head office operating expenses, certain amount of other income, gains and losses, net, loss on disposal of subsidiaries, share of results of joint ventures and associates and finance costs. This is the measure reported to the Group's chief executive officer for the purposes of resource allocation and performance assessment.

7. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	2022 RMB'000	2021 RMB'000
Property development	**179,942,530**	190,333,764
Property investment	**13,731,450**	15,467,562
Others	**8,388,734**	8,011,105
Total segment assets	**202,062,714**	213,812,431
Unallocated assets:		
Interests in joint ventures	**1,623,823**	2,696,282
Interests in associates	**1,080,977**	1,667,386
Financial assets at FVTPL	**327,614**	267,069
Equity instruments designated at FVTOCI	**490,369**	479,317
Deferred tax assets	**3,478,210**	4,011,528
Amounts due from joint ventures	**9,826,733**	13,555,280
Amounts due from associates	**547,480**	447,528
Tax recoverable	**5,098,240**	5,104,409
Restricted bank deposits	**4,231,253**	9,152,960
Bank balances and cash	**5,110,292**	9,262,210
Others	**548,180**	966,407
Consolidated assets	**234,425,885**	261,422,807

7. SEGMENT INFORMATION (Continued)

Segment liabilities

	2022 RMB'000	2021 RMB'000
Property development	**118,479,965**	125,246,005
Property investment	**69,925**	137,591
Others	**3,590,264**	3,822,830
Total segment liabilities	**122,140,154**	129,206,426
Unallocated liabilities:		
Bank and other borrowings	**76,294,350**	84,927,441
Senior notes and bonds	**32,755,541**	29,481,330
Amounts due to joint ventures	**8,501,038**	12,300,210
Amounts due to associates	**1,209,978**	1,185,393
Tax liabilities	**9,677,345**	10,280,800
Deferred tax liabilities	**1,484,375**	1,570,996
Consolidated liabilities	**252,062,781**	268,952,596

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable and operating segments other than interests in joint ventures and associates, financial assets at FVTPL, equity instruments designated at FVTOCI, deferred tax assets, amounts due from joint ventures and associates, tax recoverable, restricted bank deposits, bank balances and cash, certain property, plant and equipment and other assets not attributable to respective segment.

- all liabilities are allocated to reportable and operating segments other than amounts due to joint ventures and associates, tax liabilities, bank and other borrowings, senior notes and bonds and deferred tax liabilities.

7. SEGMENT INFORMATION (Continued)

Other segment information

	For the year ended 31 December 2022				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	36,265	–	115,645	–	151,910
Additions of investment properties	–	76,053	–	–	76,053
Additions of right-of-use assets	3,672	–	31,029	3,589	38,290
Depreciation of property, plant and equipment	9,583	–	280,613	37,866	328,062
Depreciation of right-of-use assets	31,447	–	203,817	25,300	260,564
Amortisation of intangible assets	–	–	13,074	–	13,074
Loss on disposal of property, plant and equipment	–	–	50,369	–	50,369
Impairment losses on trade and other receivables	6,044	–	148,163	–	154,207
Impairment losses on goodwill	–	–	45,789	–	45,789
Impairment losses on interests in associates	18,907	–	–	–	18,907
Change in fair value of investment properties	–	171,810	–	–	171,810
Impairment loss on assets classified as held for sale	1,021,478	–	–	–	1,021,478

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	For the year ended 31 December 2021				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	38,050	–	1,083,688	281,831	1,403,569
Additions of investment properties	–	768,134	–	–	768,134
Additions of right-of-use assets	18,645	–	1,403,197	–	1,421,842
Depreciation of property, plant and equipment	38,443	–	286,358	41,697	366,498
Amortisation of intangible assets	–	–	60,594	–	60,594
Depreciation of right-of-use assets	22,577	–	355,868	36,350	414,795
Loss on disposal of property plant and equipment	16,312	–	152,846	4,657	173,815
Impairment losses on property, plant and equipment	–	–	883,777	–	883,777
Impairment losses on goodwill	–	–	593,785	–	593,785
Impairment losses on interests in joint ventures	1,843,914	–	–	–	1,843,914
Impairment losses on interests in associates	306,268	–	–	–	306,268
Impairment losses on contract assets	–	–	11,766	–	11,766
Impairment losses on right-of-use assets	–	–	1,056,178	–	1,056,178
Impairment losses on intangible assets	–	–	159,424	–	159,424
Impairment losses on trade and other receivables	4,908,490	16,431	1,182,255	237,811	6,344,987
Impairment losses on amounts due from NCI	2,034,996	–	–	–	2,034,996
Impairment losses on amounts due from joint ventures	433,773	–	–	–	433,773
Impairment loss on properties for sale	18,391,036	–	–	–	18,391,036
Impairment losses on amounts due from associates	33,225	–	–	–	33,225
Impairment losses on assets classified as held for sale	1,193,941	–	–	–	1,193,941
Change in fair value of investment properties	–	95,844	–	–	95,844

7. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations and location of non-current assets are substantially in the People's Republic of China (the "PRC"). Information about the Group's revenue from external customers is presented based on location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets. All non-current assets are allocated to reportable and operating segments other than equity instruments designated at FVTOCI, financial assets at FVTPL and deferred tax assets.

	Revenue from external customers for the year ended 31 December		Non-current assets as at 31 December	
	2022 RMB'000	2021 RMB'000	**2022 RMB'000**	2021 RMB'000
Mainland China	**18,458,501**	48,812,656	**20,580,123**	24,373,537
Hong Kong	**–**	–	**233,958**	328,854
Australia	**250,805**	1,200,157	**–**	5,170
Canada	**1,766**	8,803	**19,476**	46,273
	18,711,072	50,021,616	**20,833,557**	24,753,834

Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2022 and 2021.

8. OTHER INCOME, GAINS AND LOSSES, NET

	2022 RMB'000	2021 RMB'000
Exchange loss/(gains), net	**2,835,381**	(805,277)
Gain on change in fair value of financial assets at FVTPL	**(44,487)**	(19,720)
Investment return from financial assets at FVTPL	**(10,110)**	(23,945)
Bank interest income	**(65,138)**	(820,010)
Other interest income	**(77,438)**	(103,106)
Government subsidy*	**(29,235)**	(23,882)
Loss on disposal of property, plant and equipment	**50,369**	173,815
(Gain)/Loss on disposal of joint ventures	**(206,450)**	98,469
Loss/(Gain) on disposal of associates	**192,327**	(765)
Gain on disposal of subsidiaries classified as held for sale	**(77,346)**	–
Impairment losses on trade and other receivables	**154,207**	6,344,987
Impairment losses on amounts due from joint ventures	**–**	433,773
Impairment losses on amounts due from NCI	**–**	2,034,996
Impairment losses on amounts due from associates	**–**	33,225
Impairment losses on interests in joint ventures	**–**	1,843,914
Impairment losses on interests in associates	**18,907**	306,268
Impairment losses on right-of-use assets	**–**	1,056,178
Impairment losses on intangible assets	**–**	159,424
Impairment losses on property, plant and equipment	**–**	883,777
Impairment losses on goodwill	**45,789**	593,785
Impairment losses on contract assets	**–**	11,766
Impairment loss on assets classified as held for sale	**1,021,478**	1,193,941
Others	**(77,181)**	(232,781)
	3,731,073	13,138,832

* Government subsidy represented unconditional cash payments granted by government authorities and conditional grants related to development of property projects.

9. FINANCE COSTS

	2022 RMB'000	2021 RMB'000
Interest on:		
Bank and other borrowings	**6,089,568**	8,901,816
Senior notes and bonds	**2,099,497**	2,250,401
Amount due to a joint venture	**18,000**	18,000
Other payables	**63,994**	53,874
Lease liabilities	**136,250**	64,174
Total borrowing costs	**8,407,309**	11,288,265
Less: amounts capitalised to properties under development for sale	**(7,929,694)**	(9,465,519)
amounts capitalised to investment properties under construction	**(49,843)**	(45,470)
	427,772	1,777,276

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 7.56% (2021: 7.22%) per annum to expenditure on the qualifying assets.

10. LOSS BEFORE TAX

	2022 RMB'000	2021 RMB'000
Loss before tax has been arrived at after charging/(crediting):		
Directors' emoluments	**13,374**	30,112
Other staffs' salaries	**1,375,984**	2,738,368
Other staffs' retirement benefit scheme contributions	**18,622**	104,918
Other staffs' share-based payments	**1,940**	7,172
Total staff costs	**1,409,920**	2,880,570
Less: amounts capitalised to properties under development for sale	**(292,109)**	(507,626)
	1,117,811	2,372,944
Cost of properties for sale/inventories recognised as an expense (excluding impairment loss on properties for sale)	**15,274,293**	40,992,348
Impairment loss on properties for sale (included in cost of sales)	**–**	18,391,036
Depreciation of property, plant and equipment	**328,062**	366,498
Depreciation of right-of-use assets	**260,564**	414,795
Amortisation of intangible assets (included in administrative expenses)	**13,074**	60,594
Gross rental income in respect of investment properties	**(251,712)**	(254,547)
Less: direct operating expenses from investment properties that generated rental income during the year	**177,653**	179,091
	(74,059)	(75,456)

11. INCOME TAX EXPENSE/(CREDIT)

	2022 RMB'000	2021 RMB'000
Income tax expense/(credit) recognised comprises of:		
Current tax:		
PRC		
EIT		
– Current year	**178,099**	2,571,109
– Underprovision in prior year	**1,020**	31,038
LAT	**(31,363)**	(372,119)
Other jurisdiction	**20,930**	3,368
	168,686	2,233,396
Deferred tax (note 23)		
PRC	**276,221**	(2,922,528)
Other jurisdictions	**(20,797)**	(60,760)
	255,424	(2,983,288)
Income tax expense/(credit) for the year	**424,110**	(749,892)

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, subject to certain preferential income tax policies.

Under the Provisional Regulations of the People's Republic of China on LAT (the "LAT Provisional Regulations") and Implementation Regulation of the LAT Provisional Regulations, the tax rate of the PRC subsidiaries is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and relevant property development expenditures.

No provision for Hong Kong profits tax has been made in the consolidated financial statements for both years as the Group's income neither arises in, nor is derived from, Hong Kong.

11. INCOME TAX (EXPENSE)/CREDIT (Continued)

Under Australian tax law, the tax rate used for the year is 30% (2021: 30%) on taxable profits on Australian incorporated entities. The Australian subsidiaries of the Company are considered as an income tax consolidated group and are taxed as a single entity. Under Canadian tax law, the tax rate used for the year is 26.5% (2021: 26.5%) on taxable profits on Canadian incorporated entities. Tax provision for Australian profits tax has been made in the consolidated financial statements for the year ended 31 December 2021 as there were assessable profits while no tax provision for Australian profits tax has been made in the consolidated financial statements for the year ended 31 December 2022 as there was no assessable profit arises in Australia. While no tax provision for Canadian profits tax has been made in the consolidated financial statements for the years ended 31 December 2022 and 2021 as there was no assessable profit arises in Canada.

The income tax expense/(credit) for the year can be reconciled to the loss before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2022 **RMB'000**	2021 RMB'000
Loss before tax	**(8,071,916)**	(36,237,438)
Tax charge at domestic tax rate of 25%	**(2,017,979)**	(9,059,359)
Tax effect of share of results of joint ventures and associates	**12,686**	129,664
Tax effect of expenses not deductible for tax purpose	**771,933**	2,186,075
Tax effect of income not taxable for tax purpose	**(3,148)**	(2,629)
Tax effect of tax losses not recognised	**1,823,759**	6,306,140
Utilisation of tax losses previously not recognised	**(147,712)**	(72,600)
Reversal for LAT	**(31,363)**	(372,119)
Tax effect of LAT	**7,841**	93,030
Deferred tax effect of LAT on revaluation of investment properties	**9,772**	6,462
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(2,699)**	4,406
Differential tax rate on temporary differences of subsidiaries		
Under provision in prior year	**1,020**	31,038
Income tax expense/(credit) for the year	**424,110**	(749,892)

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Fees RMB'000	Salaries and allowances RMB'000	Performance related bonus (note (a)) RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2022					
Executive director:					
Guo Zi Wen	–	1,726	–	57	1,783
Guo Zi Ning (Note b)	–	2,271	–	40	2,311
Ma Jun	–	3,435	–	40	3,475
Chan Ka Yeung (Note c)	–	2,984	–	5	2,989
Zhang Jun (Note d)	–	210	–	40	250
Chen Zhi Bin (Note e)	–	1,373	–	40	1,413
Independent non-executive director:					
Tsui King Fai (Note f)	389	–	–	–	389
Cheung Kwok Keung	382	–	–	–	382
Lee Thomas Kang Bor (Note h)	382	–	–	–	382
	1,153	11,999	–	222	13,374

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

	Fees RMB'000	Salaries and allowances RMB'000	Performance related bonus (note (a)) RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2021					
Executive director:					
Guo Zi Wen	–	3,900	370	49	4,319
Guo Zi Ning (Note b)	–	3,900	340	34	4,274
Ma Jun	–	3,950	–	34	3,984
Chan Ka Yeung (Note c)	–	6,491	4,447	15	10,953
Zhang Jun (Note d)	–	2,011	–	34	2,045
Chen Zhi Bin (Note e)	–	3,041	400	31	3,472
Independent non-executive director:					
Tsui King Fai (Note f)	370	–	–	–	370
Cheung Kwok Keung	364	–	–	–	364
Hu Jiang (Note g)	66	–	–	–	66
Lee Thomas Kang Bor (Note h)	265	–	–	–	265
	1,065	23,293	5,557	197	30,112

Notes:

(a) The performance related bonus is determined as a percentage of the contract sales or amount of offshore financing of the Group for the years ended 31 December 2022 and 2021.

(b) Mr. Guo Zi Ning resigned with effect from 27 April 2023.

(c) Mr. Chan Ka Yeung's service contract was expired on 14 April 2022.

(d) Mr. Zhang Jun's service contract was expired on 29 July 2022.

(e) Mr. Cheng Zhi Bin was appointed on 27 January 2021.

(f) Mr. Tsui King Fai retired with effect from 20 January 2023.

(g) Mr. Hu Jiang resigned with effect from 13 April 2021.

(h) Mr. Lee Thomas Kang Bor was appointed on 13 April 2021.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as independent non-executive directors of the Company.

Mr. Guo Zi Ning is also the Chief Executive Officer of the Company and his remuneration disclosed above includes those for services rendered by him as the Chief Executive Officer.

No directors waive any emolument during the current year or the prior year and none of the directors have received any inducement pay for joining or upon joining the Company.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, five (2021: four) were executive directors and the Chief Executive of the Company whose emoluments are included in the disclosures in this note above. For the year ended 31 December 2021, the emoluments of the remaining one (2022: nil) individual was as follows:

	2022 RMB'000	2021 RMB'000
Salaries and allowances	–	3,182
Performance related bonus	–	400
Retirement benefit scheme contributions	–	–
	–	3,582

The emoluments were within the following band:

	2022 No. of employees	2021 No. of employees
HK$4,000,001 to HK$4,500,000 (equivalent to RMB3,336,001 to RMB3,787,000)	–	1

During the year, no emolument was paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

	2022 RMB'000	2021 RMB'000
Dividends, recognised as distribution during the year:		
No final dividend for 2021 (2021: 2020 final dividend of RMB66 cents and a special dividiend of RMB11 cents)	–	2,075,830

A final dividend in respect of the year ended 31 December 2020 of RMB66 cents (equivalent to HK78.4 cents) per ordinary share and a special dividend of RMB11 cents (equivalent to HK13.1 cents) per ordinary share in an aggregate amount of RMB2,075,830,000 (equivalent to approximately HK$2,466,733,000), taking into account of 2,695,883,354 ordinary shares in issue at 31 December 2020, have been proposed by the Board of Directors and approved by the shareholders of the Company in the annual general meeting.

At a meeting of the board of directors held on 30 June 2023, the directors resolved not to declare any dividend to shareholders for the year ended 31 December 2022.

14. LOSS PER SHARE

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

	2022 RMB'000	2021 RMB'000
Loss:		
Loss for the year attributable to owners of the Company used in the basic loss per share calculation:	**(7,842,958)**	(33,074,609)

	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,965,571**	2,723,419

For the purpose of computation of diluted loss per share of the Company for the year ended 31 December 2022 and 2021, the Company had taken into consideration the effects of the share options issued by the non-wholly-owned listed subsidiaries.

There are no potential dilutive events for the Company during both years.

The diluted loss per share of the Company for the year ended 31 December 2022 and 2021 are the same as the basic loss per share for the respective year.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Building under development/ Construction in progress RMB'000	Office equipment RMB'000	Transportation vehicles RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Total RMB'000
COST							
At 1 January 2021	2,214,314	1,664,522	364,324	108,367	412,522	235,216	4,999,265
Exchange realignment	(1,114)	–	(620)	(70)	(463)	–	(2,267)
Additions	1,054,540	210,938	70,570	5,322	50,321	11,878	1,403,569
Acquisitions of subsidiaries	13,277	46	8,417	1,611	4,603	21,903	49,857
Transferred	726,135	(1,638,477)	–	–	–	912,342	–
Reclassify to assets classified as held for sale	(6,938)	–	–	–	–	–	(6,938)
Disposals of subsidiaries	–	–	(14,244)	(13,775)	(5,501)	(8)	(33,528)
Disposals	(34,774)	(187,013)	(47,555)	(6,315)	(13,574)	(2,734)	(291,965)
At 31 December 2021	**3,965,440**	**50,016**	**380,892**	**95,140**	**447,908**	**1,178,597**	**6,117,993**
Exchange realignment	**589**	**–**	**58**	**9**	**87**	**–**	**743**
Additions	**63,564**	**32,043**	**36,771**	**852**	**12,807**	**5,873**	**151,910**
Transferred	**7,072**	**(46,957)**	**10,174**	**358**	**–**	**29,353**	**–**
Reclassify to assets classified as held for sale	**(78,436)**	**–**	**(541)**	**(217)**	**–**	**(41)**	**(79,235)**
Disposals of subsidiaries	**(10,741)**	**–**	**(5,660)**	**(1,498)**	**(2,415)**	**(6,532)**	**(26,846)**
Disposals	**(44,887)**	**(2,168)**	**(35,358)**	**(18,964)**	**(11,122)**	**(213,237)**	**(325,736)**
At 31 December 2022	**3,902,601**	**32,934**	**386,336**	**75,680**	**447,265**	**994,013**	**5,838,829**
DEPRECIATION AND IMPAIRMENT							
At 1 January 2021	365,972	–	215,169	69,658	147,806	11,682	810,287
Exchange realignment	(69)	–	(315)	(9)	(53)	–	(446)
Provided for the year	145,817	–	59,481	11,450	101,173	48,577	366,498
Reclassify to assets classified as held for sale	(1,768)	–	–	–	–	–	(1,768)
Disposals of subsidiaries	–	–	(5,013)	(2,916)	(690)	(79)	(8,698)
Disposals	(21,011)	–	(25,980)	(4,313)	(240)	(1,182)	(52,726)
Impairment	883,777	–	–	–	–	–	883,777
At 31 December 2021	**1,372,718**	**–**	**243,342**	**73,870**	**247,996**	**58,998**	**1,996,924**
Exchange realignment	**130**	**–**	**36**	**2**	**22**	**–**	**190**
Provided for the year	**193,324**	**–**	**39,335**	**7,187**	**12,268**	**75,948**	**328,062**
Reclassify to assets classified as held for sale	**(3,089)**	**–**	**(434)**	**(217)**	**–**	**(56)**	**(3,796)**
Disposals of subsidiaries	**(3,725)**	**–**	**(2,387)**	**(1,291)**	**(1,918)**	**(3,840)**	**(13,161)**
Disposals	**(19,629)**	**–**	**(13,406)**	**(11,415)**	**(981)**	**(118,160)**	**(163,591)**
At 31 December 2022	**1,539,729**	**–**	**266,486**	**68,136**	**257,387**	**12,890**	**2,144,628**
CARRYING VALUES							
At 31 December 2022	**2,362,872**	**32,934**	**119,850**	**7,544**	**189,878**	**981,123**	**3,694,201**
At 31 December 2021	2,592,722	50,016	137,550	21,270	199,912	1,119,599	4,121,069

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 December 2022, buildings and construction in progress of approximately RMB2,591,868,000 (2021: RMB2,491,582,000) were pledged for certain banking facilities granted to the Group. All the buildings of the Group are situated on leasehold land in the PRC under medium lease term.

Impairment assessment

Due to the substantial uncertainty in the economic and business environment in China impacted by the COVID-19 pandemic, with setbacks caused by variant strains of the COVID-19 virus emerging during the fourth quarter of the year, the management of Company concluded there was an indication for impairment of the properties, plant and equipment within hotel and tourism (the "Hotel and Tourism Properties") with carrying amount of RMB2,813,300,000 as at 31 December 2021 and performed impairment assessment on the carrying amounts of the Group's Hotel and Tourism Properties. The recoverable amounts of the Hotel and Tourism Properties are estimated individually.

The recoverable amounts of the Hotel and Tourism Properties are estimated based on their respective value in use determined by discounting the future cash flows to be generated from the continuing use of these assets. That calculation uses cash flow projections based on financial budgets approved by the management covering the following 5 years with reference to past performance and expectations for market development and a pre-tax discount rates ranging from 8.25% to 8.5% as at 31 December 2021. The annual growth rate used ranges from 15% to 18.3% which are based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. The cash flows beyond the five-year period are extrapolated using 3% to 5% growth rate. The growth rates and discount rate have been assessed taking into consideration the higher degree of estimation uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets.

Based on the result of the assessment, management of the Company determined that the recoverable amounts of the Hotel and Tourism Properties are lower than the carrying amounts. An impairment loss of RMB883,777,000 was recognised during the year ended 31 December 2021 (2022: Nil) to write down the carrying amounts of these Hotel and Tourism Properties to the respective recoverable amounts as at 31 December 2021.

16. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land RMB'000	Buildings RMB'000	Office equipment RMB'000	Transportation vehicles RMB'000	Total RMB'000
As at 31 December 2022					
Carrying amount	**587,044**	**312,980**	**78**	**–**	**900,102**
As at 31 December 2021					
Carrying amount	742,038	379,105	1,105	191	1,122,439
For the year ended 31 December 2022					
Depreciation charge	**(25,235)**	**(233,745)**	**(1,393)**	**(191)**	**(260,564)**
For the year ended 31 December 2021					
Depreciation charge	(32,854)	(347,951)	(775)	(33,215)	(414,795)
Impairment	–	(1,056,178)	–	–	(1,056,178)

	2022 RMB'000	2021 RMB'000
Expense relating to short-term leases	**18,033**	48,131
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	**405**	8,877
Total cash outflow for leases	**321,174**	321,565
Additions to right-of-use assets	**38,290**	1,421,842

For both years, the Group leases various properties and office equipment for its operations. Lease contracts are entered into for fixed term of 13 months to 40 years (2021: 13 months to 40 years), and do not have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold lands where its office buildings and hotels are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests.

16. RIGHT-OF-USE ASSETS (Continued)

The Group regularly enters into leases for office equipment and transportation vehicles. During the year ended 31 December 2022, additions to right-of-use assets amounted to RMB38,290,000 due to increase in new leases (2021: RMB107,327,000 due to increase in new leases and land use rights) and Nil (2021: RMB1,314,515,000) arising from acquisitions of subsidiaries.

As at 31 December 2021 and 2022, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets is stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Based on the result of the assessment, management of the Company determined that the recoverable amounts of right-of-use assets are lower than the carrying amounts. An impairment loss of RMB1,056,178,000 (2022: Nil) was recognised during the year ended 31 December 2021 to write down the carrying amounts of these right-of-use assets to the respective recoverable amounts as at 31 December 2021. As at 31 December 2022, the impairment loss on right-of-use assets amounted to RMB1,075,175,000 (2021: RMB1,075,175,000).

As at 31 December 2022, right-of-use assets of RMB34,238,000 (2021: RMB78,542,000) were pledged for certain banking facilities granted to the Group.

During the year ended 31 December 2022, the Group has early terminated certain leases and recorded a gain on early termination of RMB847,000 (2021: RMB9,505,000).

17. INVESTMENT PROPERTIES

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years (2021: 1 to 20 years). Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The lease of retail stores contain variable lease payment that are based on 3% to 20% (2021: 0.7% to 15%) sales and minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
At 1 January 2021	9,914,267	2,494,272	12,408,539
Acquisitions of subsidiaries	1,150,900	–	1,150,900
Additions	176,209	591,925	768,134
Transfer upon completion of construction work	1,513,696	(1,513,696)	–
Disposals	(275,717)	–	(275,717)
Net change in fair value recognised in profit or loss	45,463	50,381	95,844
At 31 December 2021	**12,524,818**	**1,622,882**	**14,147,700**
Additions	**63,780**	**12,273**	**76,053**
Disposals	**(1,412,462)**	**(16,357)**	**(1,428,819)**
Net change in fair value recognised in profit or loss	**(187,135)**	**15,325**	**(171,810)**
At 31 December 2022	**10,989,001**	**1,634,123**	**12,623,124**

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

At 31 December 2022, investment properties of approximately RMB4,841,166,000 (2021: RMB5,431,835,000) were pledged to secure certain banking facilities granted to the Group.

The fair values of investment properties under construction and completed investment properties were determined by reference to valuations carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a qualified external valuer which is not connected with the Group. The fair values of the investment properties were determined by the qualified external valuer on the following basis:

17. INVESTMENT PROPERTIES (Continued)

Completed investment properties

By reference to capitalised income to be derived from the properties tenancies and the reversionary income potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

Investment properties under construction

By reference to the current or recent prices of investment properties under construction and estimated costs to completion based on construction budget, committed contracts, allowances for contingencies as well as developer's profit margin, which reflect the risks associated with the completion of the development of the properties and in achieving the anticipated income or capital appreciation on the date of valuation.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use. The following tables give information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. There were no transfers into or out of Level 3 during the year.

At 31 December 2022

Investment properties held by the Group	Fair value 2022 RMB'000	Fair value 2021 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties, including retail shops and commercial buildings	10,883,401	12,419,418	Level 3	Income capitalisation method-income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield	2.5%-6.0% (2021: 3%-6.0%)	A slight increase in term yield would result in a significant decrease in fair value, and vice versa.
					2. Reversionary yield	3.0%-6.5% (2021: 4.25%-6.5%)	A slight increase in reversionary yield would result in a significant decrease in fair value, and vice versa.
					3. Unit rent (RMB/sqm/month)	6 – 245 (2021: 6 – 247)	A significant increase in unit rent would result in a significant increase in fair value, and vice versa.

17. INVESTMENT PROPERTIES (Continued)

At 31 December 2022 (Continued)

Investment properties held by the Group	Fair value 2022 RMB'000	Fair value 2021 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties, including retail shops and office	105,600	105,400	Level 3	Direct comparison method-based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	Adjustment made to account for differences in location and level	N/A (2021: N/A)	N/A
Investment properties under construction, including retail shops and commercial buildings	1,278,245	1,267,600	Level 3	Residual method-based on gross development value and taken into account the construction costs to completion, developer's profit, marketing costs	1. Gross development value (RMB'000) on completion basis	300,000-717,100 (2021: 313,400-724,600)	A significant increase in gross development value would result in a significant increase in fair value, and vice versa
					2. Developer's profit	8%-15% (2021: 10%-15%)	A significant increase in developer's profit would result in a significant decrease in fair value, and vice versa.
					3. Marketing costs	4% (2021: 4%)	A slight increase in marketing costs would result in a significant decrease in fair value, and vice versa.
					4. Construction costs to completion	24,400,000-230,000,000 (2021: 36,200,000-230,000,000)	A significant increase in construction costs to completion would result in a significant decrease in fair value and vice versa.
Investment properties under construction, including undeveloped land for retail shops and commercial buildings	355,878	355,282	Level 3	Direct comparison method-based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Comparable land price (RMB/sqm)	395-848 (2021: 736-903)	A significant increase in comparable land price would result in a significant increase in fair value.
Total	12,623,124	14,147,700					

18. GOODWILL

	2022 RMB'000	2021 RMB'000
COST		
At 1 January	**1,469,522**	688,144
Acquisitions of subsidiaries (note 40)	**–**	781,378
At 31 December	**1,469,522**	1,469,522
IMPAIRMENT		
At 1 January	**(593,785)**	–
Impairment	**(45,789)**	(593,785)
At 31 December	**(639,574)**	(593,785)
Carrying amounts	**829,948**	875,737

Year ended 31 December 2021

The Group acquired 70% equity interest in Guangdong MS Arora Health Management Consulting Co., Ltd. ("Guangdong MS Arora") from independent third parties, in which Guangdong MS Arora is principally engaged in providing aesthetic medicine in Guangdong Province, the PRC.

In addition, the Group acquired 60% equity interest in Zhejiang Liantianmei Enterprise Management Co., Ltd ("Liantianmei") from independent third parties, in which Liantianmei is principally engaged in providing aesthetic medicine in Zhejiang Province, the PRC.

Further, the Group acquired 100% equity interest in Beijing Bo'an Property Management Company ("Beijing Bo'an") from independent third parties, in which Beijing Bo'an is principally engaged in providing property management services in Beijing Province, the PRC.

18. GOODWILL (Continued)

Impairment testing of goodwill

For the purposes of impairment testing, goodwill above have been allocated to the CGUs from which goodwill arose. The gross carrying amounts of goodwill as at 31 December 2022 and 2021 allocated to these CGUs are as follow:

	2022 RMB'000	2021 RMB'000
Property management service:		
– Anhui Hanlin Property Services Company Limited ("Anhui Hanlin")	**1,602**	1,602
– Shenzhen Huazhong Property Management Company Limited ("Shenzhen Huazhong")	**1,889**	1,889
– Beijing Bo'an	**56,758**	56,758
– Ningbo Hongjian Management Services Co., Ltd ("Ningbo Hongjian")	**25,050**	25,050
– Easy Life Smart Community Services Group Co., Ltd ("Easy Life")	**197,577**	197,577
Chemical fiber products manufacturing:		
– Aoyuan Beauty Valley Technology Co., Ltd ("Aoyuan Beauty Valley")	**462,026**	462,026
Medical aesthetic services:		
– Guangdong MS Arora	**7,284**	7,284
– Liantianmei	**717,336**	717,336
	1,469,522	1,469,522

The goodwill represented the excess of the consideration paid over the identifiable assets acquired and liabilities assumed, in relation to the acquisition of the issued share capital of certain subsidiaries.

Management of the Company allocated goodwill to individual cash generating unit of above businesses for the purpose of impairment testing. The recoverable amount of cash-generating unit of these businesses is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the management.

18. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue	The basis used to determine the value assigned is based on past performance and management expectation for the market development. For properties management services, revenue is based on the existing charge rates and revenue-bearing gross floor area ("GFA") of the properties expected to be delivered during the budget period. For chemical fiber products manufacturing, revenue is based on the historical revenue and planed enlarging production capacity of the Group. For medical aesthetic service, the revenue is based on the historical revenue and planed enlarging production capacity of the Group.
Gross profit margin	The gross profit margin of these business were assumed to be ranging from 15.1% to 25.2% (2021: 13.1% to 29.7%) for CGUs under properties management services and 11.5% to 49.5% (2021: 25% to 51.6%) for medical aesthetic service, and was 11.4% to 13.5% for chemical fiber products manufacturing*.
Discount rates	The discount rates used are before tax and reflect specific risks relating to the relevant units. The discount rate applied to cash flow projections in relation to properties management services was approximately from 18.3% to 22.7% (2021: 18.3% to 25.1%) and to medical aesthetic services was 13.7% (2021: 13.9%), and to chemical fiber products manufacturing was 12.4%.
Long-term growth rate	The growth rate used to extrapolate the cash flows beyond the five-year period was ranging from 0% to 2% (2021: 0% to 2%) for CGUs under properties management services business and 0% (2021: 0%) for medical aesthetic services and was 3% for chemical fiber products manufacturing*. The growth rate does not exceed long-term average growth rate for the business in which the CGU operates. The growth rates and discount rate have been assessed taking into consideration higher degree of estimation uncertainties in the current year due to volatility in the financial markets.

* In respect of chemical fiber products manufacturing, the relevant goodwill was fully impaired during the year ended 31 December 2021 and the parameters disclosed are for the year ended 31 December 2021 only.

The values assigned to the key assumptions on market development of the industries in which the CGU operates, discount rates and long-term growth rate are consistent with external information sources.

18. GOODWILL (Continued)

Medical aesthetic services

During the current year, due to the volatility in the financial markets and increase in proportion of provision of low gross profit margin aesthetic medicine services based on Group's strategy to attract more customers, gross profit margin had been forecasted prudently and in turn causes the carrying amounts of Guangdong MS Arora CGU and Liantianmei CGU to exceed their recoverable amounts. Accordingly, impairment loss of RMB45,789,000 has been recognised in the current year.

Based on the result of impairment assessment, the recoverable amounts, carrying amounts and details of impairment provision of medical aesthetic services CGUs as at 31 December 2022 are as follows:

	Recoverable amount RMB'000	Carrying amount RMB'000	Impairment provision RMB'000
Guangdong MS Arora CGU	88,575	95,860	7,285
Liantianmei CGU	718,623	757,127	38,504
			45,789

The above impairment provisions as at 31 December 2022 have been allocated to the following asset classes.

Impairment loss recognised on intangible assets

An impairment loss of approximately RMB159,424,000 was recognised during the year ended 31 December 2021 to write down the carrying amounts of intangible assets included in Aoyuan Beauty Valley CGU to its recoverable amounts as at 31 December 2021.

Impairment loss recognised on goodwill

An impairment loss of approximately RMB7,285,000 (2021: Nil) and RMB38,504,000 (2021: Nil) was recognised during the year ended 31 December 2022 to write down the carrying amounts of goodwill included in Guangdong MS Aorora CGU and Liantianmei CGU, respectively, to their respective recoverable amounts as at 31 December 2022.

In relation to Guangdong MS Arora CGU and Liantianmei CGU that was impaired during the year, any variation in the key assumptions above would either result in further impairment or lead to a reversal of impairment.

During the year ended 31 December 2021, due to the increase in the unit production cost and uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in the financial markets, gross profit margin had been forecasted prudently and in turn caused the carrying amount of Aoyuan Beauty Valley CGU to exceed its recoverable amount. Accordingly, impairment losses recognised on goodwill and intangible assets of RMB462,026,000 and RMB159,424,000, respectively, has been recognised during the year ended 31 December 2021.

18. GOODWILL (Continued)

Impairment loss recognised on goodwill (Continued)

During the year ended 31 December 2021, certain property management contracts of Easy Life had not been renewed upon expiry which affected its forecast revenue and in turn caused the carrying amount of Easy Life CGU to exceed its recoverable amount. Accordingly, impairment loss on goodwill of RMB131,759,000 has been recognised during the year ended 31 December 2021.

19. INTANGIBLE ASSETS

	Property management contracts RMB'000	Patent RMB'000	Customer relationship RMB'000	Total RMB'000
COST				
At 1 January 2021	82,889	102,641	124,047	309,577
Acquisitions of subsidiaries	29,912	–	–	29,912
At 31 December 2021	**112,801**	**102,641**	**124,047**	**339,489**
Disposal of subsidiaries	**(6,307)**	**–**	**–**	**(6,307)**
At 31 December 2022	**106,494**	**102,641**	**124,047**	**333,182**
AMORTISATION AND IMPAIRMENT				
At 1 January 2021	7,596	10,177	9,766	27,539
Charge for the year	13,273	19,873	27,448	60,594
Impairment	–	72,591	86,833	159,424
At 31 December 2021	**20,869**	**102,641**	**124,047**	**247,557**
Charge for the year	**13,074**	**–**	**–**	**13,074**
Disposal of subsidiaries	**(6,307)**	**–**	**–**	**(6,307)**
At 31 December 2022	**27,636**	**102,641**	**124,047**	**254,324**
CARRYING VALUES				
At 31 December 2022	**78,858**	**–**	**–**	**78,858**
At 31 December 2021	91,932	–	–	91,932

Details of the impairment assessment of such intangible assets for the year ended 31 December 2021 were disclosed in note 18.

20. INTERESTS IN JOINT VENTURES

	2022 RMB'000	2021 RMB'000
Cost of investments in joint ventures and share of post acquisition (losses)/profits	**1,750,518**	2,822,977
Impairment	**(126,695)**	(126,695)
Share of net assets	**1,623,823**	2,696,282

During the year ended 31 December 2022, the Group disposed of certain joint ventures with a carrying amount of RMB960,779,000 (2021: RMB513,184,000) for a consideration of RMB1,167,229,000 (2021: RMB414,715,000) of which RMB367,462,000 (2021: RMB29,000,000) was included under other receivables at 31 December 2022.

Particulars of the Group's material joint venture are as follows:

Name of entity	Place of establishment/ principal place of operation	Proportion of registered capital/voting rights held by the Group		Registered capital		Principal activity
		2022	2021	**2022 RMB'000**	2021 RMB'000	
青島海唐置業有限公司 Qingdao Haitang Real Estate Co., Ltd (Note a)	PRC	**50%**	50%	**50,000**	50,000	Property development
南京金基華海置業有限公司 Nanjing Jinji Huahai Real Estate Co., Ltd. (Note b)	PRC	**50%**	50%	**300,000**	300,000	Property development
廣州廣宏房地產開發有限公司Guangzhou Guanghong Real Estate Development Co., Ltd (Note c)	PRC	**30%**	30%	**500,000**	500,000	Property development
貴港市顧榮房地產開發有限公司Guigang Gurong Real Estate Development Co., Ltd (Note d)	PRC	**60%**	60%	**166,667**	166,667	Property development
廣西瀚鑫房地產開發有限公司Guangxi Hanxin Real Estate Development Co., Ltd (Note e)	PRC	**60%**	60%	**30,000**	30,000	Property development

20. INTERESTS IN JOINT VENTURES (Continued)

Notes:

(a) According to the Articles of Association of Qingdao Haitang Real Estate Co., Ltd ("Qingdao Haitang"), the Group has power to appoint three out of five directors in the board of Qingdao Haitang, and the boards of directors is responsible for all operating and financing decisions of Qingdao Haitang. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venturers, and each party cannot individually control Qingdao Haitang. Therefore, Qingdao Haitang is accounted for as a joint venture of the Group.

(b) According to the Articles of Association of Nanjing Jinji Huahai Real Estate Co., Ltd. ("Nanjing Jinji"), the Group has power to appoint three out of five directors in the board of Nanjing Jinji, and the boards of directors is responsible for all operating and financing decisions of Nanjing Jinji. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Nanjing Jinji. Therefore, Nanjing Jinji is accounted for as a joint venture of the Group.

(c) According to the Articles of Association of Guangzhou Guanghong Real Estate Development Co., Ltd. ("Guangzhou Guanghong"), the Group has power to appoint three out of five directors in the board of Guangzhou Guanghong, and the boards of directors is responsible for all operating and financing decisions of Guangzhou Guanghong. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guangzhou Guanghong. Therefore, Guangzhou Guanghong is accounted for as a joint venture of the Group.

(d) According to the Articles of Association of Guigang Gurong Real Estate Development Co., Ltd. ("Guigang Gurong"), the Group has power to appoint three out of five directors in the board of Guigang Gurong, and the boards of directors is responsible for all operating and financing decisions of Guigang Gurong. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guigang Gurong. Therefore, Guigang Gurong is accounted for as a joint venture of the Group.

(e) According to the Articles of Association of Guangxi Hanxin Real Estate Development Co., Ltd. ("Guangxi Hanxin"), the Group has power to appoint three out of five directors in the board of Guangxi Hanxin, and the boards of directors is responsible for all operating and financing decisions of Guangxi Hanxin. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guangxi Hanxin. Therefore, Guangxi Hanxin is accounted for as a joint venture of the Group.

20. INTERESTS IN JOINT VENTURES (Continued)

The summarised financial information in report of the Group's interests in material joint ventures are set out below:

Qingdao Haitang

	2022 RMB'000	2021 RMB'000
Current assets	**5,276,587**	4,268,894
Non-current assets	**15**	24
Current liabilities	**3,360,063**	2,054,029
Non-current liabilities	**685,000**	970,000
Loss and total comprehensive expense for the year	**(13,350)**	(144,452)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Qingdao Haitang recognised in the consolidated financial statements:

	2022 RMB'000	2021 RMB'000
Net assets of Qingdao Haitang	**1,231,539**	1,244,889
Proportion of the Group's ownership interest	**50%**	50%
Carrying amount of the Group's interest	**615,770**	622,445

20. INTERESTS IN JOINT VENTURES (Continued)

Nanjing Jinji

	2022 RMB'000	2021 RMB'000
Current assets	**591,805**	2,010,220
Non-current assets	**2**	33
Current liabilities	**144,355**	1,738,888
Non-current liabilities	**115,000**	115,000
Profit/(Loss) and total comprehensive income/(expense) for the year	**176,087**	(6,358)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nanjing Jinji recognised in the consolidated financial statements:

	2022 RMB'000	2021 RMB'000
Net assets of Nanjing Jinji	**332,452**	156,365
Proportion of the Group's ownership interest	**50%**	50%
Carrying amount of the Group's interest	**166,226**	78,183

Guangzhou Guanghong

	2022 RMB'000	2021 RMB'000
Current assets	**953,340**	956,083
Non-current assets	**49**	69
Current liabilities	**188,652**	9,674
Non-current liabilities	**311,321**	494,624
Profit/(Loss) and total comprehensive income/(expense) for the year	**1,562**	(9,306)

20. INTERESTS IN JOINT VENTURES (Continued)

Guangzhou Guanghong (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangzhou Guanghong recognised in the consolidated financial statements:

	2022 **RMB'000**	2021 RMB'000
Net assets of Guangzhou Guanghong	**453,416**	451,854
Proportion of the Group's ownership interest	**30%**	30%
Carrying amount of the Group's interest	**136,025**	135,556

Guigang Gurong

	2022 **RMB'000**	2021 RMB'000
Current assets	**894,025**	1,171,857
Non-current assets	**7,525**	277,611
Current liabilities	**239,380**	775,082
(Loss)/Profit and total comprehensive (expense)/income for the year	**(12,216)**	54,755

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guigang Gurong recognised in the consolidated financial statements:

	2022 **RMB'000**	2021 RMB'000
Net assets of Guigang Gurong	**662,170**	674,386
Proportion of the Group's ownership interest	**60%**	60%
Carrying amount of the Group's interest	**397,302**	404,632

20. INTERESTS IN JOINT VENTURES (Continued)

Guangxi Hanxin

	2022 **RMB'000**	2021 RMB'000
Current assets	**607,542**	688,878
Non-current assets	**–**	83,233
Current liabilities	**267,495**	424,860
(Loss)/Profit and total comprehensive (expense)/income for the year	**(7,204)**	184,466

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangxi Hanxin recognised in the consolidated financial statements:

	2022 **RMB'000**	2021 RMB'000
Net assets of Guangxi Hanxin	**340,047**	347,251
Proportion of the Group's ownership interest	**60%**	60%
Carrying amount of the Group's interest	**204,028**	208,351

20. INTERESTS IN JOINT VENTURES (Continued)

Aggregate information of joint ventures that are not individually material

	2022 **RMB'000**	2021 RMB'000
The Group's share of loss and total comprehensive expense	**(181,866)**	(508,443)

	2022 **RMB'000**	2021 RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures (before impairment)	**231,167**	1,373,810

21. INTERESTS IN ASSOCIATES

	2022 **RMB'000**	2021 RMB'000
Cost of investments in associates and share of post acquisition (losses)/profits	**1,235,966**	1,973,654
Impairment	**(154,989)**	(306,268)
Share of net assets	**1,080,977**	1,667,386

During the year ended 31 December 2022, the Group disposed of certain associates with a carrying amount of RMB655,099,000 (2021: RMB1,969,968,000) for a consideration of RMB462,772,000 (2021: RMB1,969,968,000) of which RMB265,876,000 (2021: Nil) was included under other receivables at 31 December 2022.

21. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's material associates as at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ principal place of operation	Attributable interest indirectly held by the Group 2022	Attributable interest indirectly held by the Group 2021	Registered capital 2022 (RMB'000)	Registered capital 2021 (RMB'000)	Principal activity
嘉善裕軒房地產開發有限公司Jiashan Yuxuan Property Development Limited ("Jiashan Yuxuan")	PRC	**49%**	49%	**234,000**	234,000	Property development
阜阳百俊房地產開發有限公司Fuyang Baijun Property Development Limited ("Fuyang Baijun")	PRC	**49%**	49%	**682,260**	682,260	Property development
孝感裕恒房地產開發有限公司Xiaogan Yuheng Real Estate Development Co., Ltd ("Xiaogan Yuheng") (Note (a))	PRC	**65%**	65%	**210,000**	210,000	Property development
重慶市金帛錦房地產開發有限公司 Chongqing Jinbojin Real Estate Development Co., Ltd ("Chongqing Jinbojin")	PRC	**49%**	49%	**280,000**	280,000	Property development

Note:

(a) The Group has only 49% voting rights in the shareholders' meeting of Xiaogan Yuheng and appoints only 2 directors, out of 5 directors, to the board of directors of Xiaogan Yuheng. Therefore, Xiaogan Yuheng is classified as an associate of the Group.

21. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the Group's interests in material associates are set out below:

Jiashan Yuxuan

	2022 RMB'000	2021 RMB'000
Current assets	**1,948,110**	2,010,124
Non-current assets	**19,139**	22,116
Current liabilities	**1,193,796**	1,219,491
Non-current liabilities	**10,385**	14,690
(Loss)/Profit and total comprehensive (expense)/income for the year	**(34,991)**	22,913

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiashan Yuxuan recognised in the consolidated financial statements:

	2022 RMB'000	2021 RMB'000
Net assets of Jiashan Yuxuan	**763,068**	798,059
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**373,903**	391,049

Fuyang Baijun

	2022 RMB'000	2021 RMB'000
Current assets	**1,481,893**	1,468,836
Current liabilities	**757,350**	495,237
Non-current liabilities	**64,100**	294,000
(Loss)/profit and total comprehensive (expense)/income for the year	**(19,156)**	20,249

21. INTERESTS IN ASSOCIATES (Continued)

Fuyang Baijun (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Fuyang Baijun recognised in the consolidated financial statements:

	2022 **RMB'000**	2021 RMB'000
Net assets of Fuyang Baijun	**660,443**	679,599
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**323,617**	333,004

Xiaogan Yuheng

	2022 **RMB'000**	2021 RMB'000
Current assets	**846,517**	1,209,691
Non-current assets	**423**	3,729
Current liabilities	**670,276**	1,014,394
Loss and total comprehensive expense for the year	**(22,362)**	(398)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Xiaogan Yuheng recognised in the consolidated financial statements:

	2022 **RMB'000**	2021 RMB'000
Net assets of Xiaogan Yuheng	**176,664**	199,026
Proportion of the Group's ownership interest	**65%**	65%
Carrying amount of the Group's interest	**114,832**	129,367

21. INTERESTS IN ASSOCIATES (Continued)

Chongqing Jinbojin

	2022 RMB'000	2021 RMB'000
Current assets	**547,147**	727,513
Non-current assets	**347**	199
Current liabilities	**234,843**	473,237
Non-current liabilities	**7,950**	2,881
Profit/(Loss) and total comprehensive income/(expense) for the year	**53,107**	(9,833)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Chongqing Jinbojin recognised in the consolidated financial statements:

	2022 RMB'000	2021 RMB'000
Net assets of Chongqing Jinbojin	**304,701**	251,594
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**149,303**	123,281

Aggregate information of associates that are not individually material

	2022 RMB'000	2021 RMB'000
The Group's share of profit/(loss) and total comprehensive income/(expense)	**75,980**	(91,622)

	2022 RMB'000	2021 RMB'000
Aggregate carrying amount of the Group's interests in these associates (before impairment)	**274,311**	996,953

22. EQUITY INSTRUMENTS DESIGNATED AT FVTOCI

Equity instruments designated at FVTOCI:

	2022 **RMB'000**	2021 RMB'000
Listed equity investments:		
– Equity securities listed on the Shenzhen Stock Exchange	**31,980**	45,240
Unlisted equity investments	**458,389**	434,077
	490,369	479,317

The above equity investments repr'sent the Group's equity interest in entities established in the PRC and Hong Kong. The management of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. For the details of fair value measurement of the above equity instruments, please refer to note 39 to these consolidated financial statements.

23. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 **RMB'000**	2021 RMB'000
Deferred tax assets	**3,478,210**	4,011,528
Deferred tax liabilities	**(1,484,375)**	(1,570,996)
	1,993,835	2,440,532

23. DEFERRED TAXATION (Continued)

The deferred tax (assets)/liabilities recognised by the Group and movements thereon during the year are as follows:

	Change in fair value of investment properties RMB'000	Revaluation of properties RMB'000	Tax losses RMB'000	Undistributed earnings of PRC subsidiaries RMB'000	Temporary differences of LAT payables RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2021	1,450,390	334,892	(1,237,803)	244,586	179,575	(648,304)	323,336
Acquisitions of subsidiaries	–	–	(31,394)	–	–	9,000	(22,394)
Disposal of subsidiaries	–	–	117,143	–	–	–	117,143
Reclassify to assets classified as held for sale	–	–	124,671	–	–	–	124,671
Charge/(credit) to profit or loss for the year	3,048	–	(2,351,550)	–	(589,519)	(45,267)	(2,983,288)
At 31 December 2021	**1,453,438**	**334,892**	**(3,378,933)**	**244,586**	**(409,944)**	**(684,571)**	**(2,440,532)**
Disposal of subsidiaries	**–**	**–**	**187,132**	**–**	**–**	**–**	**187,132**
Reclassify to assets classified as held for sale	**–**	**–**	**4,141**	**–**	**–**	**–**	**4,141**
Charge/(credit) to profit or loss for the year	**(34,232)**	**–**	**(94,577)**	**–**	**275,727**	**108,506**	**255,424**
At 31 December 2022	**1,419,206**	**334,892**	**(3,282,237)**	**244,586**	**(134,217)**	**(576,065)**	**(1,993,835)**

23. DEFERRED TAXATION (Continued)

As at 31 December 2022, the Group had unused tax losses of approximately RMB51,207,891,000 (2021: RMB44,081,187,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB13,128,948,000 (2021: RMB13,515,732,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB38,078,943,000 (2021: RMB30,565,455,000) due to the unpredictability of future profits streams. The unrecognised tax losses will expire in the follow years:

	2022	2021
	RMB'000	RMB'000
2022	**–**	214,611
2023	**558,412**	565,904
2024	**1,328,939**	1,329,460
2025	**3,218,572**	3,230,920
2026	**25,098,842**	25,224,560
2027	**7,874,178**	–
	38,078,943	30,565,455

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. For the years ended 31 December 2022 and 2021, no deferred taxation has been provided in the consolidated financial statements in respect of no temporary differences attributable to accumulated profits of the PRC subsidiaries.

24. AMOUNTS DUE FROM/(TO) NCI

	2022 RMB'000	2021 RMB'000
Amounts due from NCI	**4,324,557**	6,818,683
Impairment	**(1,849,624)**	(2,034,996)
	2,474,933	4,783,687

Included in the balances of amounts due from NCI as at 31 December 2022, approximately RMB479,800,000 (2021: RMB1,156,717,000) are unsecured, interest-bearing ranged from 5% per annum to 15% per annum (2021: 5% per annum to 15% per annum) and repayable on demand or within one year. The remaining balances are unsecured, interest-free and repayable on demand.

The remaining balances of amounts due from/(to) NCI at 31 December 2022 and 2021 are unsecured, interest-free and repayable on demand.

25. AMOUNTS DUE FROM/(TO) JOINT VENTURES

Amounts due from joint ventures

Included in the balances of amounts due from joint ventures as at 31 December 2022 is the amount due from 青島海唐置業有限公司 Qingdao Haitang Property Development Co., Ltd of RMB105,620,000 (2021: RMB105,620,000) with an interest rate of 12% per annum and repayable on demand.

The remaining balances as at 31 December 2021 and 2022 are unsecured, interest-free and repayable on demand.

Amounts due to joint ventures

Included in the balance of amounts due to joint ventures as at 31 December 2022, the amount of RMB115,000,000 (2021: RMB115,000,000) is due to Nanjing Jinji. The amount is unsecured, interest-bearing interest at 12% per annum and repayable on demand. Further, as at 31 December 2021, the amount of RMB447,002,000 was due to 廣東金奧商業保理有限公司 Guangdong Jian Ao Business Factoring Co., Ltd ("Guangdong Jian Ao"). The amount was unsecured, interest-bearing at 4% per annum and repayable on demand.

The remaining balances as at 31 December 2022 and 2021 are unsecured, interest-free and repayable on demand.

26. PROPERTIES FOR SALE

	2022 RMB'000	2021 RMB'000
Properties for sale comprise of:		
Completed properties	**25,392,992**	19,557,041
Properties under development	**117,325,037**	132,925,078
	142,718,029	152,482,119

Properties for sale which are expected to be recovered in more than twelve months after the end of the reporting period are classified under current assets as it is expected to be realised in the Group's normal operating cycle.

As at 31 December 2022, the impairment loss on properties under development and properties held for sale to net realisable value amounted to RMB7,583,083,000 (2021: RMB12,354,461,000).

At 31 December 2022, certain of the Group's properties for sale with carrying value of RMB37,808,216,000 (2021: RMB39,222,333,000) were pledged for certain banking facilities granted to the Group by banks and other financial institutes.

27. TRADE AND OTHER RECEIVABLES

	Notes	2022 RMB'000	2021 RMB'000
Trade and bills receivables	(a)	**1,369,723**	1,104,271
Less: Allowance for expected credit losses		**(521,768)**	(443,450)
		847,955	660,821
Rental receivables	(b)	**106,681**	98,795
Other receivables	(c)	**23,545,542**	22,382,500
Security deposits		**1,626,143**	1,959,937
Less: Allowance for expected credit losses	(d)	**(6,048,996)**	(6,140,071)
		19,122,689	18,202,366
Contract assets		**97,789**	357,084
Contract costs	(e)	**861,149**	814,730
Advances to constructors and suppliers		**3,401,609**	4,531,471
Deposits paid for potential purchases of land use rights and property projects		**4,912,719**	5,242,599
Other tax prepayments		**3,886,643**	4,756,188
		33,237,234	34,664,054

27. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) Considerations in respect of properties sold are paid by purchasers in accordance with the terms of the related sale and purchase agreements.

Property management and services fee is received in accordance with the terms of the relevant property service agreements, normally within 60 days after the issuance of demand note to the property owners. Each property owner from the property management services has a designated credit limit.

Payments terms with wholesale customers for purchases of goods are mainly on credit. The wholesale customers are allowed with a credit period of 0 to 60 days from date of issuance of the invoices. There is no credit period granted for retail customers.

The following is the aging analysis of gross trade receivables, determined based on the date of the properties were delivered and sales were recognised and services were provided:

	2022 **RMB'000**	2021 RMB'000
0 to 60 days	**209,420**	164,958
61 to 180 days	**123,340**	133,861
181 to 365 days	**222,440**	501,321
1 to 2 years	**614,921**	174,802
2 to 3 years	**133,344**	82,868
Over 3 years	**66,258**	46,461
	1,369,723	1,104,271

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 (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

(b) Rental receivables from tenants are payable on presentation of demand notes.

(c) Other receivables mainly included the receivables from disposal of equity interests, payments on behalf of customers, temporary payments made for potential property projects, deposit paid to an independent third party for a short-term borrowing, receivable from refund of the deposit for land auction and other temporary payments.

(d) As at 31 December 2022, an impairment loss of RMB6,048,996,000 (2021: RMB6,140,071,000) for financial assets including other receivables and security deposits was recognised.

Where applicable, an impairment analysis is performed at each reporting date by considering ECLs, which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2022 ranged from 0% to 100% (2021: 0% to 100%).

(e) Contract costs represent the incremental agency commissions to intermediaries in connection with obtaining sale of properties contracts with customers. These costs are charged to profit or loss upon revenue from sales of properties are recognised.

Details of impairment assessment of trade and other receivables are set out in note 39.

28. AMOUNTS DUE FROM/TO ASSOCIATES

Included in the balances of amounts due from associates as at 31 December 2022 are an amount due from 阜陽百俊房地產有限公司 Fuyang Baijun Real Estate Co., Ltd of RMB164,771,000 (2021: RMB178,179,000. The amount is unsecured, interest-bearing at 8% per annum and is repayable on demand.

The remaining balances of amounts due from/to associates as at 31 December 2021 and 2022 are unsecured, interest-free and repayable on demand.

29. FINANCIAL ASSETS AT FVTPL

	Note	2022 RMB'000	2021 RMB'000
Listed equity securities	(a)	–	36,950
Unlisted equity instruments	(a)	259,217	214,727
Wealth management plans	(a)	68,397	15,392
		327,614	267,069
Less: Non-current		(259,217)	(214,727)
		68,397	52,342

(a) Details of fair value measurements of these financial assets are set out in note 39 to these consolidated financial statements.

30. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits

As at 31 December 2022, the balances represent deposits amounting to RMB45,380,000 (2021: RMB1,338,184,000) for securing short term loan facilities granted by banks and carrying interest at variable interest rates ranging from 0.1% to 3.9% (2021: 0.3% to 3.8%) per annum. The remaining deposits amounted to RMB4,185,873,000 (2021: RMB7,814,776,000) are subject to construction securities, mortgage guarantees and judicial freeze.

Bank balances and cash

As at 31 December 2022, the balances represented the deposits have an original maturity of three months or less. Included in bank balances and cash are balances which, in accordance with the applicable government regulations, are placed in restricted bank accounts, amounting to RMB795,394,000 (2021: RMB3,269,261,000), which can only be applied in the designated property development projects.

The bank balances carry interest at variable interest rates ranging from 0.3% to 3.0% (2021: 0.3% to 4.2%) per annum.

31. TRADE AND OTHER PAYABLES

	Note	2022 RMB'000	2021 RMB'000
Trade payables	(a)	**19,827,754**	20,034,796
Other payables		**23,505,472**	22,001,063
Consideration payables for acquisition of subsidiaries		**1,420,493**	1,529,802
Other taxes payables		**6,980,884**	6,866,116
		51,734,603	50,431,777

Notes:

(a) The following is an aging analysis of trade payables determined based on the invoice date:

	2022 RMB'000	2021 RMB'000
0 to 60 days	**6,175,361**	5,647,757
61 to 180 days	**9,803,077**	10,180,844
181 to 365 days	**1,788,539**	1,907,225
1 to 2 years	**1,010,969**	1,146,930
2 to 3 years	**663,287**	739,930
Over 3 years	**386,521**	412,110
	19,827,754	20,034,796

Trade payables principally comprise amounts outstanding for payments to sub-contractors of property development projects and purchases of construction materials. The average credit period for trade purchases is from 6 months to 1 year.

At 31 December 2022, the balance of trade payables with age over 1 year include retention money payable of RMB580,255,000 (2021: RMB630,377,000) to the sub-contractors of property development projects, which represents approximately 5% to 10% of the contract prices.

According to the construction contracts, the retention money is interest-free and would be paid to the sub-contractors in 1 to 3 years upon completion of development of the properties.

32. CONTRACT LIABILITIES

	2022 RMB'000	2021 RMB'000
Property development	**61,619,080**	69,660,551
Others	**1,378,300**	1,294,419
	62,997,380	70,954,970

As at 31 December 2022, contract liabilities of RMB33,029,746,000 (2021: RMB18,443,470,000) is expected to be released to profit or loss after twelve months from the end of the reporting date.

33. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2022 RMB'000	2021 RMB'000
The bank and other borrowings comprise:		
RMB bank borrowings	**26,075,589**	31,674,150
United States dollar ("USD") bank borrowings	**981,217**	1,177,977
Hong Kong dollar ("HKD") bank borrowings	**5,503,532**	4,913,556
Canadian dollar ("CAD") bank borrowings	**1,199,646**	1,413,887
RMB other borrowings (note)	**35,033,647**	39,354,969
USD other borrowings (note)	**5,946,632**	5,451,494
HKD other borrowings (note)	**665,486**	609,112
CAD other borrowings (note)	**888,601**	332,296
	76,294,350	84,927,441

Note: As at 31 December 2022, the balances of other borrowings amounting to RMB42,534,366,000 (2021: RMB45,747,871,000) represent loans provided by other financial institutions, which are secured by properties for sale and/or guaranteed by the Company.

	2022 RMB'000	2021 RMB'000
Analysed into:		
Bank and other borrowings repayable:		
On demand or within one year	**66,690,263**	83,295,322
More than one year, but not exceeding two years	**5,935,424**	1,563,319
More than two years, but not exceeding five years	**3,218,663**	68,800
Over five years	**450,000**	–
	76,294,350	84,927,441
Amount classified as current liabilities	**(66,690,263)**	(83,295,322)
Non-current portion	**9,604,087**	1,632,119

33. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

The bank and other borrowings bear interests at:

Contracted interest rates

	2022 RMB'000	2021 RMB'000
104% to 110% % of lending rate of the People's Bank of China ("PBC rate") (2021: 110% to 140% of PBC rate)	**3,076,393**	3,744,846
Fixed rate ranging from 2.6% to 16% (2021: 1.1% to 16%)	**64,644,961**	73,662,708
Hong Kong Interbank Offered Rate ("HIBOR") plus 1.7% to 4.95% (2021: 1.5% to 4.95%)	**6,289,751**	5,599,275
London Interbank Offered Rate ("LIBOR") plus 4.95% (2021: 1.05% to 4.95%)	**194,998**	174,429
Canada Prime Rate plus 1.2% to 2.05% (2021: 1.2% to 2.05%)	**2,088,247**	1,746,183
	76,294,350	84,927,441

Other than the assets pledged as disclosed elsewhere in the consolidated financial statements, equity interests of certain subsidiaries of the Company were pledged for the bank and other borrowing facilities granted to the Group.

Pursuant to some of the Group's borrowings' agreements, any default under the Group's borrowings will trigger the cross default resulting in the relevant borrowings becoming repayable on demand. As at 31 December 2022, the Group had defaulted the repayment of certain bank and other borrowings of approximately RMB23,811,643,000. Such events triggered default and cross-default clauses in several other bank borrowings of the Group. As at 31 December 2022, the negotiations with lender had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, accordingly, these bank and other borrowings became repayable on demand as at 31 December 2022. All cross-default borrowings are presented under current liabilities in the Group's consolidated statement of financial position as at 31 December 2022.

34. LEASE LIABILITIES

	2022 RMB'000	2021 RMB'000
Lease liabilities payable:		
Within one year	**353,571**	196,733
Within a period of more than one year but not more than two years	**125,485**	235,780
Within a period of more than two years but not more than five years	**266,909**	326,588
Within a period of more than five years	**769,111**	885,081
	1,515,076	1,644,182
Less: Amount due for settlement with 12 months shown under current liabilities	**(353,571)**	(196,733)
Amount due for settlement after 12 months shown under non-current liabilities	**1,161,505**	1,447,449

The weighted average incremental borrowing rates applied to lease liabilities range from 3.20% to 9.55% (2021: 3.20% to 9.55%).

During the year ended 31 December 2022, the Group entered into a number of new lease agreements and recognised lease liabilities of RMB38,290,000 (2021: RMB84,505,000). The Group also terminated a number of lease agreements with lease liabilities amounting to RMB910,000 (2021: RMB42,884,000).

35. SENIOR NOTES AND BONDS

	Issue date	Maturity date	Listed on	Principal amount '000	Interest rate	Guaranteed by	2022 RMB'000	2021 RMB'000
2017 Notes 2	September 2017	September 2022	Singapore Exchange Securities Trading Limited ("SGX")	USD250,000	5.375% p.a.	Subsidiaries of the Company	**1,827,772**	1,608,369
2019 Notes 2	January 2019	January 2022	SGX	USD500,000	8.5% p.a.	Subsidiaries of the Company	**3,623,333**	3,298,491
2019 Notes 3	February 2019	February 2023	SGX	USD225,000	7.95% p.a.	Subsidiaries of the Company	**1,735,381**	1,467,007
2019 Notes 5	Aug 2019	February 2023	SGX	USD250,000	7.95% p.a.	Subsidiaries of the Company	**1,934,434**	1,675,304
2019 Notes 4	June 2019	June 2023	N/A	USD200,000	7.35% p.a.	Subsidiaries of the Company	**1,496,971**	1,274,409
2019 Listed Corporate Bonds	September 2019	September 2023	SSE	RMB1,500,000	6.8% p.a.	N/A	**1,527,573**	1,522,178
2020 Notes 1	January 2020	January 2021	N/A	USD200,000	8.0% p.a.	Subsidiaries of the Company	**1,448,637**	1,319,839
2020 Notes 3	July 2020	February 2024	SGX	USD460,000	6.35% p.a.	Subsidiaries of the Company	**3,477,620**	2,990,207
2020 Notes 6	September 2020	March 2026	SGX	USD350,000	6.2% p.a.	Subsidiaries of the Company	**2,575,905**	2,215,592
2020 Notes 7	November 2020	August 2025	SGX	USD230,000	5.98% p.a.	Subsidiaries of the Company	**1,694,955**	1,460,412
2020 Listed Corporate Bonds 1	March 2020	March 2025	SSE	RMB2,540,000	5.5% p.a.	N/A	**2,623,586**	2,610,452
2020 Listed Corporate Bonds 2	August 2020	August 2025	SSE	RMB1,180,000	5.65% p.a.	N/A	**1,194,373**	1,190,360
2021 Notes 1	January 2021	January 2022	SGX	USD188,000	4.2% p.a.	Subsidiaries of the Company	**1,329,876**	1,211,751
2021 Notes 2	March 2021	March 2027	SGX	USD350,000	5.88% p.a.	Subsidiaries of the Company	**2,539,362**	2,200,128
2021 Notes 3	June 2021	June 2024	SGX	USD20,000	7.95% p.a.	Subsidiaries of the Company	**1,488,299**	1,250,949
2021 Notes 4	August 2021	August 2022	N/A	USD50,000	8.5% p.a.	Subsidiaries of the Company	**370,430**	313,164
2021 Listed Corporate Bonds	July 2021	June 2025	SSE	RMB1,820,000	6.8% p.a.	N/A	**1,867,034**	1,861,968
Bonds of Aoyuan Beauty							**-**	10,750
							32,755,541	29,481,330

35. SENIOR NOTES AND BONDS (Continued)

(a) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate ranging from 5.8% to 13.0% (2021: 5.8% to 13.0%) per annum to the liability component respectively since the corresponding notes and bonds were issued.

Movements of the liability component in above notes and corporate bonds during the year are set out below:

	2022 **RMB'000**	2021 RMB'000
Carrying amount as at 1 January	**29,481,330**	33,919,690
Proceeds received	**–**	6,833,347
Exchange loss (gain)	**1,185,464**	(549,123)
Interest expenses	**2,099,497**	2,250,401
Interest paid to notes holders	**–**	(2,193,478)
Early redemptions	**–**	(4,068,906)
Repayment	**(10,750)**	(6,710,601)
Carrying amount as at 31 December	**32,755,541**	29,481,330

(b) Early redemption options of the Company are regarded as embedded derivatives not closely related to the host contract. The management of the Company consider that the fair value of the early redemption options is insignificant on initial recognition date, 31 December 2021 and 31 December 2022.

36. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

FOR THE YEAR ENDED 31 DECEMBER 2022

Subsequent to 31 December 2022, on 6 January 2023, the Group entered into the share transfer agreement to dispose of its 60% equity interest in Zhuhai Aoyuan Huafu Property Company Limited (the "Aoyuan Huafu Disposal Group") with an independent third party at the consideration of RMB584,167,000. The Aoyuan Huafu Disposal Group is mainly engaged in property development in the PRC. The disposal of the Group's equity interest in the Aoyuan Huafu Disposal Group is to improve the Group's liquidity position amid the negative real estate market. As at 31 December 2022, the Group had already received bids from potential buyers for the disposal of the Aoyuan Huafu Disposal Group. As such, the Aoyuan Huafu Disposal Group was classified as a disposal group held for sale. The disposal of the Aoyuan Huafu Disposal Group does not constitute as a discontinued operation as the Aoyuan Huafu Disposal Group is not considered as a separate major line of Group's business or geographical area of operations of the Group based on the strategy of the Group.

The major classes of assets and liabilities of the Aoyuan Huafu Disposal Group classified as held for sale and other assets classified as held for sale as at 31 December 2022 are as follows:

	2022 RMB'000
Assets	
Property, plant and equipment	**75,439**
Deferred tax assets	**4,141**
Properties for sale	**6,131,751**
Tax recoverable	**2,634**
Trade and other receivables	**591,659**
Cash and bank balances	**67,704**
	6,873,328
Impairment on assets classified as held for sale	**(1,021,478)**
Assets classified as held for sale	**5,851,850**
Liabilities	
Trade and other payables	**373,554**
Contract liabilities	**673,558**
Bank and other borrowings	**1,297,999**
Liabilities directly associated with assets classified as held for sale	**2,345,111**
Net assets of the disposal group held for sale	**3,506,739**

36. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

In accordance with IFRS 5, the Aoyuan Huafu Disposal Group held for sale with a carrying amount of RMB4,528,217,000 was written down to its fair value of RMB3,506,739,000, resulting in an impairment loss on assets classified as held for sale of RMB1,021,478,000, which was included in profit or loss during the year ended 31 December 2022.

FOR THE YEAR ENDED 31 DECEMBER 2021

Subsequent to 31 December 2021, on 23 June 2022, the Group entered into the share sale deeds ("the "Share Sales Deeds") to dispose of its 49% equity interest in Aoyuan Property Group (Australia) Pty Ltd ("APGA") and dispose of 100% equity interest in A.C.N. 657 824 701 Pty Ltd I 657 824 701 (the "ACN") (collectively with APGA, the "Disposal Group") with an independent third party in the consideration of AUD1 (equivalent to approximately RMB5) and AUD1 (equivalent to approximately RMB5), respectively. The Disposal Group was mainly engaged in property development in Australia. The disposal of the Group's equity interest in the Disposal Group was to improve the Group's liquidity position amid the negative real estate market. As at 31 December 2021, the Group had already received bids from potential buyers for the disposal of the Disposal Group. As such, the Disposal Group was classified as a disposal Group held for sale. The disposal of Disposal Group did not constitute as a discontinued operation as the Disposal Group was not considered as a separate major line of Group's business or geographical area of operations of the Group based on the strategy of the Group.

36. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

The major classes of assets and liabilities of the Disposal Group classified as held for sale as at 31 December 2021 were as follows:

	2021 RMB'000
Assets	
Property, plant and equipment	5,170
Right-of-assets	21,129
Deferred tax assets	124,671
Properties for sale	2,868,218
Tax recoverable	4,246
Trade and other receivables	56,690
Cash and bank balances	146,014
Restricted bank deposits	218,549
	3,444,687
Impairment on assets classified as held for sale	(1,193,941)
Assets classified as held for sale	2,250,746
Liabilities	
Trade and other payables	153,122
Amounts due to NCI	1,222
Bank and other borrowings	1,473,666
Lease liabilities	22,677
Tax liabilities	74,540
Liabilities directly associated with assets classified as held for sale	1,725,227
Net assets directly associated with the Disposal Group	525,519

In accordance with IFRS 5, the Disposal Group held for sale with a carrying amount of RMB1,719,460,000 was written down to its fair value of RMB525,519,000, resulting in an impairment loss on assets classified as held for sale of RMB1,193,941,000, which was included in profit or loss during the year ended 31 December 2021.

37. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2021, 31 December 2021 and 31 December 2022	100,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2021	2,702,883,354	27,028
Shares repurchased (note (a))	(7,000,000)	(70)
Issue of shares (note (b))	269,688,000	2,697
At 31 December 2021 and 2022	2,965,571,354	29,655

	2022 RMB'000	2021 RMB'000
Shown in the consolidated financial statements as	**27,726**	27,726

Notes:

(a) During the year ended 31 December 2021, the Company repurchased its own shares of 7,000,000 ordinary shares through The Stock Exchange of Hong Kong Limited with an aggregate consideration of RMB49,297,000 and the shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

(b) On 27 September 2021, the Company entered into a subscription agreement with Successful Lotus Limited to subscribe for 107,875,000 subscription shares at the subscription price of HK$3.708 per subscription share. The subscription was completed on 8 October 2021, with net proceeds from the subscription of HK$398,776,000 (equivalent to approximately RMB330,904,000), of which RMB895,000 and RMB330,009,000 were credited to the share capital and share premium account of the Company, respectively. Particulars of the above were set out in the Company's announcement dated 27 September 2021.

On 27 September 2021, the Company entered into a subscription agreement with Joy Pacific Group Limited to subscribe for 161,813,000 subscription shares at the subscription price of HK$3.708 per subscription share. The subscription was completed on 28 December 2021, with net proceeds from the subscription of HK$599,292,000 (equivalent to approximately RMB489,741,000), of which RMB1,322,000 and RMB488,419,000 were credited to the share capital and share premium account of the Company, respectively. Particulars of the above were set out in the Company's announcement dated 27 September 2021.

All the new ordinary shares issued rank pari passu with the then existing shares in all respects.

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes amounts due to NCI disclosed in note 24, amounts due to joint ventures disclosed in note 25, amounts due to associates disclosed in note 28, bank and other borrowings disclosed in note 33, senior notes and bonds disclosed in note 35, net of cash and cash equivalents and restricted bank deposits, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Company reviews the capital structure periodically. As part of this review, the management of the Company assesses budgets of major property projects taking into account of the provision of funding. Based on the operating budgets, the management of the Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts.

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 **RMB'000**	2021 RMB'000
Financial assets		
At amortised cost	**42,268,016**	56,163,647
Equity instruments designated at FVTOCI	**490,369**	479,317
Financial assets at FVTPL	**327,614**	267,069
Financial liabilities		
At amortised cost	**166,482,880**	175,323,083

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments designated at FVTOCI, financial assets at FVTPL, trade and other receivables, amounts due from NCI, joint ventures and associates, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to NCI, joint ventures and associates, bank and other borrowings, senior notes and bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings, restricted bank deposits and bank balances.

The Group is also exposed to fair value interest rate risk related primarily to fixed-rate bank and other borrowings, interest bearing portion of amounts due from joint ventures, associates and NCI and amounts due to joint ventures and senior notes and bonds. The Group currently does not enter any interest rate swaps to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate risk for its variable-rate bank and other borrowings at the end of the reporting period. The restricted bank deposits and bank balances are not included in the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is minimal. The analysis is prepared assuming the variable-rate bank and other borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 (2021: 50) basis points increase or decrease is used when reporting cash flow interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rates had been 50 (2021: 50) basis points higher/lower with all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2022 would increase/decrease by RMB54,401,000 (2021: post-tax loss for the year would increase/decrease by RMB46,289,000).

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk

The Group's transactions were mainly conducted in RMB, the functional currency of the Company and its subsidiaries, and its major receivables and payables are denominated in RMB. The Group is subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currency other than the functional currency of the relevant group entity. The majority of the Group's foreign currency transactions and balances are denominated in HKD, AUD, CAD and USD. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's material foreign currency denominated monetary assets and monetary liabilities include bank and other borrowings, senior notes and bonds and bank balances at the end of respective reporting period and the carrying amounts are as follows:

	2022 **RMB'000**	2021 RMB'000
Assets		
HKD	**605,677**	897,435
USD	**7,399**	11,063
AUD	**484,373**	40
Intra-group assets		
CAD	**2,436,816**	2,691,847
Liabilities		
HKD	**6,169,018**	5,522,668
USD	**32,470,824**	28,915,093

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2021: 5%) increase and decrease in RMB against the relevant foreign currencies including intra-group balances. The sensitivity rates used represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates a decrease in post-tax loss (an increase in post-tax loss) where RMB strengthens 5% (2021: 5%) against the relevant currency. For a 5% (2021: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the post-tax loss.

	2022	2021
	RMB'000	RMB'000
Loss for the year		
HKD	**269,932**	223,677
USD	**1,562,789**	1,389,883
CAD	**(121,841)**	(134,592)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instruments measured at FVTOCI and financial assets at FVTPL. The Group invested in certain unquoted equity instruments for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI, and financial assets at FVTPL. The Group currently does not have a hedging policy in relation to the price risk. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

In order to minimise the credit risk of trade receivables, and contract assets, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of these balances individually and/or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model in accordance with IFRS 9 on trade balances individually or based on provision matrix. For trade receivables and contract assets, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. The lifetime ECL provided for trade receivables and contract assets is RMB78,318,000 (2021: RMB415,236,000) (life-time not credit-impaired) for the year ended 31 December 2022 based on historical credit loss experience adjusted by forward-looking estimates without undue cost or effort, the loss rate ranging from 30% to 100% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The credit risk of other receivables and amounts due from NCI, joint ventures and associates are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group performs impairment assessment under ECL model in accordance with IFRS 9 on these outstanding balances.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

For other receivables, the Group measures the loss allowance at 12m ECL, unless when 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 increase in likelihood or risk of a default occurring since initial recognition. Certain other receivables had significant increase in credit risk since initial recognition for these financial assets. The balances are monitored on an ongoing basis and the Group's exposure to credit risk is not significant since the Group only trades with creditworthy third parties, there is no requirement for collateral.

Where applicable, an impairment analysis on other receivables is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings, if any. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate ranging from 0% to 100% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Group has provided 12m ECL amounting to RMB75,889,000 (2021: RMB5,941,517,000) for other receivables for the year ended 31 December 2022.

For amounts due from NCI, joint ventures and associates, the Group measures the loss allowance at 12m ECL. The Group has made periodic assessments as well as individual assessment on recoverability based on historical settlement records and adjusts for forward-looking information. Taking into account the property assets held by NCI, joint ventures and associates, if applicable, in view of the strong financial capability of these debtors and considering the future prospects of the industry in which these debtors operate at, (i.e. the Group will consider the pre-sale plan of the property projects held by joint ventures or associates, where applicable), the Group consider there is significant risk of default or the loss given default for certain amounts due from NCI, joint ventures and associates and expect some losses from non-performance by these debtors, and accordingly, impairment of Nil (2021: RMB2,501,994,000) was recognised in respect of the amounts due from NCI, joint ventures and associates during the year ended 31 December 2022.

The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. The management of the Company consider the probability of default is negligible on the basis of high credit-rating issuers during both years.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

There has been no significant changes to estimation techniques or assumptions made during the current year.

The concentration of credit risk in respect of trade receivables is minimal, of which the single largest customer as at 31 December 2022 represents approximately 7.3% (2021: 9.0%). No other customer represent more than 5% of the total trade receivables as at 31 December 2022 and 2021.

The Group also exposes to concentration of credit risk in respect of amounts due from certain NCI, joint ventures and associates at the amounts of RMB1,849,624,000, RMB405,724,000 and RMB33,225,000 (2021: RMB2,034,996,000, RMB433,773,000 and RMB33,225,000), respectively, representing 42.8%, 4.0% and 5.7% (2021: 29.8%, 3.1% and 6.9%) of total amounts due from NCI, joint ventures and associates. The management of the Company continue to monitor and assess the financial status of the counterparties, and they believe the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

As at 31 December 2022 and 2021, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB95,372,762,000 (2021: RMB100,523,162,000) as at 31 December 2022. At the end of the reporting period, the management of the Company has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Details of the financial guarantee contracts are set out in note 44.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The management of the Company closely monitor the liquidity position and its compliance with lending covenants and expect to have adequate sources of funding to finance the Group's property projects and operations.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. For non-derivative financial liabilities and lease liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount at 31 December 2022 RMB'000
2022							
Trade and other payables	–	44,753,133	–	–	–	44,753,133	44,753,133
Amounts due to NCI	–	2,968,840	–	–	–	2,968,840	2,968,840
Amounts due to joint ventures	–	8,386,038	–	–	–	8,386,038	8,386,038
Amounts due to joint ventures	12.00%	132,581	–	–	–	132,581	115,000
Amounts due to associates	–	1,209,978	–	–	–	1,209,978	1,209,978
Bank and other borrowings	7.96%	69,533,276	3,964,462	3,564,289	537,503	77,599,530	76,294,350
Senior notes and bonds	6.34%	32,755,541	–	–	–	32,755,541	32,755,541
Financial guarantees contracts	–	95,372,762	–	–	–	95,372,762	–
		255,112,149	3,964,462	3,564,289	537,503	263,178,403	166,482,880
Lease liabilities	9.28%	320,032	240,667	539,974	1,145,070	2,245,743	1,515,076

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount at 31 December 2021 RMB'000
2021							
Trade and other payables	–	43,565,661	–	–	–	43,565,661	43,565,661
Amounts due to NCI	–	3,863,048	–	–	–	3,863,048	3,863,048
Amounts due to joint ventures	–	11,738,208	–	–	–	11,738,208	11,738,208
Amounts due to joint ventures	5.64%	575,802	3,781	–	–	579,583	562,002
Amounts due to associates	–	1,185,393	–	–	–	1,185,393	1,185,393
Bank and other borrowings	7.86%	82,725,435	2,418,278	134,462	–	85,278,175	84,927,441
Senior notes and bonds	6.23%	29,481,330	–	–	–	29,481,330	29,481,330
Financial guarantees contracts	–	100,523,162	–	–	–	100,523,162	–
		273,658,039	2,422,059	134,462	–	276,214,560	175,323,083
Lease liabilities	9.27%	331,121	314,660	659,467	1,278,561	2,583,809	1,644,182

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial instruments	Fair value as at 31 December 2022 RMB'000	2021 RMB'000	Fair value hierarchy	Valuation techniques and key inputs
Equity instruments designated at FVTOCI				
– unlisted investments	**458,389**	434,077	Level 3	Market approach considers comparable company enterprise value and discount for lack of marketability.
– listed investments	**31,980**	45,240	Level 1	Quoted price based on Shenzhen Stock Exchanges at the end of the reporting period (or the nearest day of trading).
Financial assets at FVTPL				
– unlisted equity instruments	**259,217**	214,727	Level 3	Discounted cash flow. Future cash flows are estimated based on expected return of the underlying investments
– fund investments and wealth management plans	**68,397**	15,392	Level 3	Discounted cash flow. Future cash flows are estimated based on expected return, and the contracted investment costs, discounted at a rate that reflects the internal rate of return of the underlying investments.
– listed investments	**–**	36,950	Level 1	Quoted price based on Hong Kong Stock Exchange at the end of the reporting period (or the nearest day of trading).

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments (Continued)

The following table presents the reconciliation of Level 3 measurements of financial assets throughout the year:

	Equity instruments designated at FVTOCI RMB'000	Financial assets at FVTPL RMB'000
At 1 January 2021	462,120	818,644
Additions	–	10,029
Acquisitions of subsidiaries	–	48,775
Consideration for acquisition of subsidiaries	–	(70,523)
Exchange realignment	(875)	–
Disposal	–	(569,920)
Matured	–	(48,775)
Change in fair value	(27,168)	41,889
At 31 December 2021	434,077	230,119
Additions	–	211,800
Exchange realignment	10,100	–
Disposal	(11,200)	(158,792)
Change in fair value	25,412	44,487
At 31 December 2022	458,389	327,614

Except for the senior notes and bonds, equity instruments designated at FVTOCI, and financial assets at FVTPL, the management of the Group considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values at the end of the reporting period.

The fair values of financial assets and financial liabilities (other than certain equity instruments designated at FVTOCI, certain financial assets at FVTPL and senior notes and bonds) of the Group is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

40. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries

There are no acquisition of assets and liabilities through acquisitions of subsidiaries during the year ended 31 December 2022.

For the year ended 31 December 2021

The Group elected to apply the optional concentration test in accordance with IFRS 3. For acquisitions in which the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents and deferred tax assets and goodwill resulting from the effects of deferred tax liabilities) acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the Group concluded that the acquired set of activities and assets is not a business. Therefore, these transactions are accounted for as acquisition of assets and liabilities through acquisitions of subsidiaries.

In an event where the concentration test is not met, management of the Company has performed a detailed assessment of the acquired subsidiaries which are engaged in property development that hold parcels of land but without significant process at the date of acquisition. Therefore, the acquired set of activities and assets is not a business and these transactions are accounted for as acquisition of assets and liabilities through acquisitions of subsidiaries.

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note)	Consideration RMB'000
深圳中建源實業有限公司 (Shenzhen Zhongjianyuan iindustrial Co., Ltd.)	Guangdong, the PRC	December	100%	1,000,895
湛江市東昇環保生物柴油科技有限公司 (Zhanjiang Dongsheng Environmental Protection Biodiesel Technology Co., Ltd.)	Guangdong, the PRC	January	60%	131,212
珠海市奧園天悦灣房地產開發有限公司 (Zhuhai Aoyuan Tianyue Bay Real Estate Development Co. Ltd.)	Guangdong, the PRC	January	70%	–
梅州市奧泰置業有限公司 (Meizhou Aotai Real Estate Co., Ltd.)	Guangdong, the PRC	January	51%	120,544

40. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2021 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note)	Consideration RMB'000
滁州萬興置業有限公司 (Chuzhou Wanxing Real Estate Co., Ltd.)	Anhui, the PRC	December	100%	43,759
東莞奧航置業有限責任公司 (Dongguan Aohang Property Co. Ltd.)	Guangdong, the PRC	December	100%	–
東莞市匯鑫房地產投資有限公司 (Dongguan Huixin Real Estate Investment Co., Ltd.)	Guangdong, the PRC	December	55%	227,572
寧波奧宇企業管理咨詢有限公司 (Ningbo Aoyu Enterprise Management Consulting Co., Ltd.)	Zhejiang, the PRC	June	100%	–
深圳市匯威置業有限公司 (Shenzhen Huiwei Real Estate Co. Ltd.)	Guangdong, the PRC	June	90%	71,500
中山市廣睿置業有限公司 (Zhongshan Guangrui Real Estate Co. Ltd.)	Guangdong, the PRC	February	80%	–
天津星科置業有限公司 (Tianjin Xingke Real Estate Co. Ltd.)	Tianjin, the PRC	June	100%	73,662
深圳市輝勝房地產開發有限公司 (Shenzhen Huisheng Real Estate Development Co., Ltd.)	Guangdong, the PRC	September	100%	–
成都奧騰置業有限公司 (Chengdu Aoteng Real Estate Co., Ltd.)	Sichuan, the PRC	December	98%	1,893,114

40. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2021 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note)	Consideration RMB'000
合肥奧邦置業有限公司 (Hefei Aobang Real Estate Co. Ltd.)	Anhui, the PRC	January	100%	10,991
廣州奧榮置業有限公司 (Guangzhou Aorong Property Co., Ltd.)	Guangdong, the PRC	June	100%	–
瑞昌奧園置業有限公司 (Ruichang Aoyuan Property Co., Ltd.)	Jiangxi, the PRC	June	79%	81,122
廣東奧拓養老投資有限公司 (Guangdong Aotuo Pension Investment Co. Ltd.)	Guangdong, the PRC	December	51%	–
廣東山水禪林文化產業有限公司 (Guangdong Shanshui Zen Forest Cultural Industry Co. Ltd.)	Guangdong, the PRC	December	51%	–
金華星耀文化演藝有限公司 (Jinhua Xingyao Culture Performing Arts Co., Ltd.)	Zhejiang, the PRC	December	51%	–
北京市溪水花園物業管理有限公司 (Beijing Water Garden Property Management Co., Ltd.)	Beijing, the PRC	December	51%	255,908
珠海奧譽置業有限公司 (Zhuhai Aoyu Real Estate Co. Ltd.)	Guangdong, the PRC	December	51%	–
珠海奧園匯盛置業有限公司 (Zhuhai Aoyuan Huisheng Real Estate Co., Ltd.)	Guangdong, the PRC	December	51%	37,491

40. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2021 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note)	Consideration RMB'000
新鄭市忘我置業有限公司 (Xinzheng Selfless Real Estate Co., Ltd.)	Henan, the PRC	December	51%	42,467
廣州奧園盛譽置業有限公司 (Guangzhou Aoyuan Shengyu Real Estate Co., Ltd.)	Guangdong, the PRC	December	71%	40,584
武漢奧禧悦拓科技有限公司 (Wuhan Aoxi Yuetuo Technology Co., Ltd.)	Hubei, the PRC	December	51%	2,817
廣州盛譽建築材料有限公司 (Guangzhou Shengyu Building Materials Co., Ltd.)	Guangdong, the PRC	December	51%	–
重慶展宜貿易有限責任公司 (Chongqing Zhanyi Trade Co., Ltd.)	Chongqing, the PRC	December	51%	–
廣州奧晟科技有限公司 (Guangzhou Aosheng Technology Co., Ltd.)	Guangdong, the PRC	December	60%	–
廣州奧輝科技有限公司 (Guangzhou Aohui Technology Co., Ltd.)	Guangdong, the PRC	December	64%	17,354
上海奧港科技有限公司 (Shanghai Aogang Technology Co., Ltd.)	Shanghai, the PRC	December	51%	–
廣州越時代電子商務有限公司 (Guangzhou Yueshidai e-commerce Co., Ltd.)	Guangdong, the PRC	December	51%	–
廣州建冠置業有限公司 (Guangzhou Jianguan Real Estate Co. Ltd.)	Guangdong, the PRC	December	89%	335,625

40. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2021 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note)	Consideration RMB'000
廣州銘尚置業有限公司 (Guangzhou Mingshang Real Estate Co. Ltd.)	Guangdong, the PRC	December	51%	–
廣州穗譽置業有限公司 (Guangzhou Suiyu Real Estate Co. Ltd.)	Guangdong, the PRC	December	51%	–
廣州奧粵投資有限公司 (Guangzhou Aoyue Investment Co., Ltd.)	Guangdong, the PRC	December	60%	–
廣州尚宇置業有限公司 (Guangzhou Shangyu Real Estate Co. Ltd.)	Guangdong, the PRC	December	51%	24,617
西安奧園駿遠房地產開發有限公司 (Xi 'an Aoyuan Junyuan Real Estate Development Co., Ltd.)	Xi'an, the PRC	December	51%	56,236
惠州獅峰實業有限公司 (Huizhou Shifeng Industrial Co., Ltd.)	Guangdong, the PRC	December	51%	128,721
成都市奧譽置業有限公司 (Chengdu Aoyu Real Estate Co., Ltd.)	Chengdu, the PRC	December	51%	45,688
四川奧園天驕置業有限公司 (Sichuan Aoyuan Tianjiao Real Estate Co. Ltd.)	Chengdu, the PRC	December	60%	81,954
廣州首實房地產有限公司 (Guangzhou Shoushi Real Estate Co., Ltd.)	Guangdong, the PRC	December	40%	–
鄭州奧錦置業有限公司 (Zhengzhou Aojin Real Estate Co. Ltd.)	Henan, the PRC	December	60%	–

40. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

For the year ended 31 December 2021 (Continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note)	Consideration RMB'000
廣州奧園百貨有限公司 (Guangzhou Aoyuan Department Store Co., Ltd.)	Guangdong, the PRC	December	100%	13,122
廣州尚品房產代理有限公司 (Guangzhou Shangpin Real Estate Agency Co., Ltd.)	Guangdong, the PRC	December	100%	3,749
廣東奧園教育投資發展集團有限公司 (Guangdong Aoyuan Education Investment and Development Group Co., Ltd.)	Guangdong, the PRC	December	51%	–
				4,740,704

Note:

(i) The equity interest acquired represents the equity interest acquired by the acquirer.

These transactions were accounted for as purchases of assets and liabilities. Details are summarised below:

	2021 RMB'000
Consideration transferred:	
Cash consideration paid in current year	1,531,528
Interests in joint ventures	1,705,096
Consideration payable due within one year included in trade and other payables	1,504,080
	4,740,704

40. ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (Continued)

(ii) Assets acquired and liabilities recognised at date of acquisition are as follows:

	2021 RMB'000
Property, plant and equipment	27,736
Right-of-use assets	1,183,913
Investment properties	1,150,900
Financial assets of FVTPL	21,746
Deferred tax assets	26,634
Amounts due from joint ventures	421,070
Properties for sale	27,888,932
Inventories	433,522
Trade and other receivables	12,063,120
Amounts due from NCI	1,364,915
Tax recoverable	327,090
Bank balances and cash	3,778,654
Trade and other payables	(10,716,291)
Contract liabilities	(12,073,311)
Bank and other borrowings due	(17,019,527)
Amounts due to joint ventures	(875,750)
Amounts due to NCI	(1,360,842)
Lease liabilities	(1,206,957)
Deferred income	(350,554)
	5,085,000
Less: Non-controlling interests (note)	(344,296)
Fair value of net identifiable assets	4,740,704

Net cash inflows of cash and cash equivalents in respect of the above acquisitions:

	2021 RMB'000
Bank balances and cash of the subsidiaries acquired	
Cash consideration paid	(1,531,528)
Less: cash and cash equivalent acquired	3,778,654
	2,247,126

Note: The non-controlling interests recognised at the acquisition date was measured in accordance with share of net assets at fair value at the acquisition date.

40. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of business

There is no acquisition of business during the year ended 31 December 2022.

For the year ended 31 December 2021

During the year ended 31 December 2021, the Group acquired following subsidiaries at a total consideration of approximately RMB884,190,000. These transactions have been accounted for as business combinations using acquisition accounting. Upon completion of the acquisitions, following companies became indirect subsidiaries of the Company. The principal activities of acquired subsidiaries are engaged in the medical aesthetic service and property management service.

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired	Consideration
				RMB'000
Guangdong MS Arora	Guangdong, the PRC	November	100%	30,000
Beijing Bo'an	Beijing, the PRC	January	100%	87,000
Liantianmei	Zhejiang, the PRC	March	60%	767,190
				884,190

Acquisition-related costs were insignificant and had been recognised as an expense and included in the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

40. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of business (Continued)

For the year ended 31 December 2021 (Continued)

The fair values of assets acquired and liabilities recognised at the dates of acquisitions are as follows:

	RMB'000
Property, plant and equipment	22,121
Right-of-use assets	130,602
Intangible assets	29,912
Deferred tax assets	4,760
Inventories	25,896
Trade and other receivables	83,033
Financial assets at FVTPL	48,775
Bank balances and cash	176,292
Trade and other payables	(145,056)
Contract liabilities	(121,818)
Lease liabilities	(107,225)
Deferred income	(2,244)
Deferred tax liabilities	(9,000)
	136,048
Less: non-controlling interests of acquired subsidiaries	(33,236)
	102,812

40. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of business (Continued)

For the year ended 31 December 2021 (Continued)

The fair value of trade and other receivables at the dates of acquisitions amounted to RMB83,033,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB83,138,000 at the dates of acquisitions. The best estimate at acquisition date of the contractual cash flows not expected to be collected is RMB105,000.

	RMB'000
Cash consideration paid in current year	804,667
Interests in joint ventures	9,000
Financial assets at FVTPL	70,523
Plus: non-controlling interest	33,236
Less: recognised amounts of net assets acquired	(136,048)
Goodwill arising on acquisitions	781,378

The non-controlling interests recognised at the acquisition dates were measured by reference to the proportionate share of recognised amounts of net assets of above acquired subsidiaries and amounted to RMB33,236,000.

Goodwill arose on the acquisitions of above subsidiaries because the acquisition included the assembled workforce and some potential contracts which do not meet the criteria for identifiable intangible assets as at the dates of acquisitions. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

	RMB'000
Net cash outflow arising on acquisition:	
Consideration paid in cash	(804,667)
Bank balances and cash acquired	176,292
	(628,375)

Included in the loss for the year ended 31 December 2021 was a profit of RMB68,326,000 attributable to the additional business generated by the acquired subsidiaries. Revenue for the year ended 31 December 2021 includes RMB502,509,000 generated from the acquired subsidiaries.

40. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of business (Continued)

For the year ended 31 December 2021 (Continued)

Had the acquisition been completed on 1 January 2021, the Group's revenue for the year ended 31 December 2021 would have been RMB50,172,629,000, and loss for the year ended 31 December 2021 would have been RMB35,402,487,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future results.

41. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2022

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration RMB'000
重慶奧航房地產開發有限公司 (Chongqing Aohang Real Estate Development Co. LTD)	PRC	51%	100%	143,100
上饒市悅盛房地產開發有限公司 (Shangrao Yuesheng Real Estate Development Co. LTD)	PRC	51%	100%	78,207
成都奧騰置業有限公司 (Chengdu Aoteng Real Estate Development Co. LTD)	PRC	98%	100%	37,000
				258,307

These acquisitions have been accounted for as equity transactions and the difference between the total consideration paid and the carrying amounts of the attributable non-controlling interests acquired of RMB630,829,000 had been recognised directly in special reserve for the year ended 31 December 2022.

41. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (Continued)

For the year ended 31 December 2021

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
湛江市奧泰房地產開發有限公司 (Zhanjiang Aotai Real Estate Development Co., Ltd.)	PRC	60%	100%	387,512
廣州宏順投資有限公司 (Guangzhou Hongshun Investment Co., Ltd.)	PRC	80%	100%	464,596
凱毅(廣州)置業有限公司 (Kaiyi (Guangzhou) Real Estate Co., Ltd.)	PRC	86%	100%	200,000
奧園集團(英德)有限公司 (Aoyuan Group (Yingde) Co., Ltd.)	PRC	51%	100%	1,300,000
廣州郡峰置業有限公司 (Guangzhou Junfeng Real Estate Co., Ltd.)	PRC	90%	100%	499,994
廣州奧凱置業有限公司 (Guangzhou Aokai Real Estate Co., Ltd.)	PRC	51%	100%	399,976
廣州宏富投資有限公司 (Guangzhou Hongfu Investment Co., Ltd.)	PRC	80%	100%	166,426
廣州奧園宏業置業有限公司 (Guangzhou Aoyuan Hongye Real Estate Co., Ltd.)	PRC	51%	100%	899,000

41. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (Continued)

For the year ended 31 December 2021 (Continued)

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
珠海奧園港盛科技有限公司 (Zhuhai Aoyuan Gangsheng Technology Co., Ltd.)	PRC	60%	100%	124,997
廣州欣潤置業有限公司 (Guangzhou Xinrun Real Estate Co., Ltd.)	PRC	51%	100%	4,000,000
惠州市泰恒晟房地產開發有限公司 (Huizhou Taihengsheng Real Estate Development Co., Ltd.)	PRC	80%	100%	150,000
湖州奧冠置業有限公司 (Huzhou Aoguan Real Estate Co., Ltd.)	PRC	90%	100%	154,405
奧園(深圳)城市更新集團有限公司 (Aoyuan (Shenzhen) Urban Renewal Group Co., Ltd.)	PRC	51%	100%	4,500,000
廣東奧園城市更新集團有限公司 (Guangdong Aoyuan Urban Renewal Group Co., Ltd.)	PRC	51%	100%	4,500,000
深圳市奧啟富投資發展有限公司 (Shenzhen Aoqifu Investment Development Co., Ltd)	PRC	51%	100%	2,000,000
廣州尚軒置業有限公司 (Guangzhou Shangxuan Real Estate Co., Ltd)	PRC	60%	100%	672,058
廣州奧康投資有限公司 (Guangzhou Aokang Investment Co., Ltd)	PRC	51%	100%	539,515

41. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (Continued)

For the year ended 31 December 2021 (Continued)

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
合肥前海漢華置業有限公司 (Hefei Qianhai Hanhua Real Estate Co., Ltd)	PRC	90%	100%	109,310
深圳弘譽泰富房地產有限公司 (Shenzhen Hongyu Taifu Real Estate Co., Ltd)	PRC	51%	100%	350,219
福州奧園置業有限公司 (Fuzhou Aoyuan Real Estate Co., Ltd)	PRC	80%	100%	117,400
安吉銀瑞房地產開發有限公司 (Anji Yinrui Real Estate Development Co., Ltd)	PRC	73%	100%	166,049
廣州奧鵬投資有限公司 (Guangzhou Aopeng Investment Co., Ltd)	PRC	51%	100%	280,930
Other entities				208,350
				22,190,737

These acquisitions have been accounted for as equity transactions and the difference between the total consideration paid and the carrying amounts of the attributable non-controlling interests acquired of RMB401,779,000 had been recognised directly in special reserve for the year ended 31 December 2021.

42. DISPOSAL OF SUBSIDIARIES

Details of the net assets disposed of in respect of the transactions for the years ended 31 December 2022 and 2021 are summarised below:

	2022 **RMB'000**	2021 RMB'000
Property, plant and equipment	**13,685**	24,830
Right-of-use assets	**–**	1,336
Deferred tax assets	**187,132**	117,143
Properties for sale	**9,204,805**	23,119,493
Inventories	**678**	34,251
Trade and other receivables	**469,903**	6,888,826
Amounts due from joint ventures	**118,945**	1,125,918
Amounts due from NCI	**1,030,163**	–
Tax recoverable	**502,183**	935,183
Bank balances and cash	**637,340**	1,359,402
Amounts due from subsidiaries of the Group	**–**	609,558
Trade and other payables	**(1,225,452)**	(8,530,645)
Contract liabilities	**(6,938,329)**	(10,021,789)
Amount due to a joint venture	**(68,599)**	–
Amounts due to subsidiaries of the Group	**(789,575)**	(1,825,496)
Amounts due to NCI	**(393,789)**	(869,152)
Tax liabilities	**(257,928)**	(3,028,460)
Provisions	**–**	(1,955,420)
Bank and other borrowings	**(257,000)**	(2,662,200)
Lease liabilities	**–**	(3,761)
Net assets disposed of	**2,234,162**	5,319,017

42. DISPOSAL OF SUBSIDIARIES (Continued)

Loss on disposal of subsidiaries

	2022 RMB'000	2021 RMB'000
Cash consideration	**449,647**	2,019,142
Retained equity interests in joint ventures	**26,662**	–
Net assets disposed of	**(2,234,162)**	(5,319,017)
Non-controlling interests	**814,016**	793,206
Loss on disposal	**(943,837)**	(2,506,669)

Net cash (outflow)/inflow arising from disposal of subsidiaries:

	2022 RMB'000	2021 RMB'000
Cash consideration received	**449,647**	2,019,142
Less: bank balances and cash of the subsidiaries disposed of	**(637,340)**	(1,359,402)
Less: Consideration receivables included in other receivables	**(407,664)**	–
Net cash (outflow)/inflow arising on disposal	**(595,357)**	659,740

In addition, the Group completed the disposal of the Disposal Group during the year ended 31 December 2022.

	2022 RMB'000
Cash consideration	**525,519**
Net assets disposed of	**(448,083)**
Gain on disposal	**77,436**
Cash consideration received	**525,519**
Less: bank balances and cash disposed of	**(68,347)**
Net cash inflow arising on disposal	**457,172**

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flow will be, classified in the Group's consolidated financial statements of cash flows from financing activities.

				Non-cash changes						
	At 1 January 2022 RMB'000	Financing cash flow RMB'000	Interest paid RMB'000	Finance cost of the year RMB'000	Non-cash financing RMB'000	Disposal of subsidiaries RMB'000	Reclassify to held for sale RMB'000	Dividend declared RMB'000	Foreign exchange gains RMB'000	At 31 December 2022 RMB'000
Amounts due to NCI	3,863,048	467,050	-	-	(967,469)	(393,789)	-	-	-	2,968,840
Amounts due to joint ventures	12,300,210	(88,186)	-	18,000	(3,660,387)	(68,599)	-	-	-	8,501,038
Amounts due to associates	1,185,393	24,585	-	-	-	-	-	-	-	1,209,978
Bank and other borrowings	84,927,441	(7,212,257)	(5,905,221)	6,089,568	(891,000)	(257,000)	(1,297,999)	-	840,818	76,294,350
Senior notes and bonds	29,481,330	(10,750)	-	2,099,497	-	-	-	-	1,185,464	32,755,541
Lease liabilities	1,644,182	(302,736)	-	136,250	37,380	-	-	-	-	1,515,076
Other payables	-	-	(63,994)	63,994	-	-	-	-	-	-
Dividend payable to NCI	-	(547,790)	-	-	-	-	-	547,790	-	-
	133,401,604	(7,670,084)	(5,969,215)	8,407,309	(5,481,476)	(719,388)	(1,297,999)	547,790	2,026,282	123,244,823

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	At 1 January 2021 RMB'000	Financing cash flow RMB'000	Interest paid RMB'000	Non-cash changes: Acquisition of subsidiaries RMB'000	Finance cost of the year RMB'000	Non-cash financing RMB'000	Disposal of subsidiaries RMB'000	Reclassify to held for sale RMB'000	Dividend declared RMB'000	Foreign exchange gains RMB'000	At 31 December 2021 RMB'000
Amounts due to NCI	5,481,613	(1,726,633)	–	1,360,842	–	(382,400)	(869,152)	(1,222)	–	–	3,863,048
Amounts due to joint ventures	23,938,123	(5,439,058)	–	875,750	18,000	(7,092,605)	–	–	–	–	12,300,210
Amounts due to associates	683,862	1,101,531	–	–	–	(600,000)	–	–	–	–	1,185,393
Bank and other borrowings	80,953,294	(8,735,014)	(8,916,516)	17,019,527	8,901,816	199,701	(2,662,200)	(1,473,666)	–	(359,501)	84,927,441
Senior notes and bonds	33,919,690	(3,946,160)	(2,193,478)	–	2,250,401	–	–	–	–	(549,123)	29,481,330
Lease liabilities	669,397	(241,735)	–	1,314,182	64,174	(133,394)	(3,761)	(22,677)	–	(2,004)	1,644,182
Other payables	–	–	(53,874)	–	53,874	–	–	–	–	–	–
Dividend payable	–	(2,075,830)	–	–	–	–	–	–	2,075,830	–	–
Dividend payable to NCI	–	(193,203)	–	–	–	–	–	–	193,203	–	–
	145,645,979	(21,256,102)	(11,163,868)	20,570,301	11,288,265	(8,008,698)	(3,535,113)	(1,497,565)	2,269,033	(910,628)	133,401,604

44. FINANCIAL GUARANTEE CONTRACTS

At the end of respective reporting period, the Group had financial guarantee contracts as follows:

	2022 RMB'000	2021 RMB'000
Guarantees given to banks in connection with facilities granted to third parties	**83,672,788**	85,799,645
Guarantees given to banks in connection with facilities granted to joint ventures	**11,635,874**	13,829,517
Guarantees given to banks in connection with facilities granted to associates	**64,100**	894,000

44. FINANCIAL GUARANTEE CONTRACTS (Continued)

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain purchasers of the Group's properties and agreed to repay the outstanding mortgaged loans upon the purchasers' default on the repayment of the outstanding mortgage loans and the loan interest accrual thereon. In the opinion of the management of the Company, the fair value of the financial guarantee contracts is not significant at the initial recognition and provision has not been made as the default rate is low.

The Group had provided guarantees in respect of banking facilities granted by banks to the Group's joint ventures and associates. In the opinion of the management of the Company, the fair value of guarantee contracts are insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

45. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Contingent rental for certain properties was charged to tenants and was determined by a certain percentage of turnover earned by the tenants upon they exceed the pre-determined monthly rental. The contingent rental income recognised during the year ended 31 December 2022 amounted to RMB9,508,000 (2021: RMB10,564,000). The properties held by the Group for rental purpose have committed tenants for periods ranging from 1 to 21 years (2021: 1 to 21 years).

Minimum lease payments receivable on leases are as follows:

	2022 **RMB'000**	2021 RMB'000
With one year	**153,787**	175,330
In the second year	**117,630**	164,356
In the third year	**97,722**	128,467
In the fourth year	**77,796**	105,688
In the fifth year	**55,908**	83,986
After five years	**370,232**	536,158
	873,075	1,193,985

Rental from certain tenants of an investment property are determined at the amount of the higher of a specified percentage of their turnover and a fixed monthly rental. The remaining properties are expected to generate rental yields of average 0.35% to 5.05% (2021: 0.35% to 5.05%) per annum on an on-going basis.

46. OTHER COMMITMENTS

At the end of respective reporting period, the Group has other commitments as follow:

	2022 RMB'000	2021 RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	**18,443,761**	23,530,484
Construction cost commitments for investment properties contracted for but not provided in the consolidated financial statements	**424,601**	420,137

The Group's share of commitments made jointly with other investors relating to its joint ventures are as follows:

	2022 RMB'000	2021 RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	**4,015,974**	4,938,479

47. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	2022 RMB'000	2021 RMB'000
Property, plant and equipment (note 15)	**2,591,868**	2,491,582
Right-of-use assets (note 16)	**34,238**	78,542
Investment properties (note 17)	**4,841,166**	5,431,835
Restricted bank deposits (note 30)	**45,380**	1,338,184
Properties for sale (note 26)	**37,808,216**	39,222,333
	45,320,868	48,562,476

The Group's equity interests in certain subsidiaries, which hold certain pledged properties under development for sale included above, have been pledged to secure certain banking facilities granted to the Group.

48. RETIREMENT BENEFITS PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

Contribution to the defined contribution plans in Australia and Canada are made by the employer based on a certain percentage of the employees' salaries and wages.

The Group recognised the retirement benefit contributions of RMB18,844,000 (2021: RMB105,115,000) for the year ended 31 December 2022.

49. RELATED PARTY TRANSACTION

(a) Other than as disclosed elsewhere in these consolidated financial statements, the Group had material transactions during the year with related parties as follows:

Related party	Nature of transaction	**2022 RMB'000**	2021 RMB'000
Joint Ventures	Interest income	**12,674**	12,674
Joint Ventures	Interest expense	**18,000**	18,000
Joint Ventures	Services income	**22,425**	22,552
Joint Ventures	Construction services income	**–**	106
NCI (note)	Interest income	**51,582**	76,178
Associate	Services income	**6,302**	–
Associate	Rental income	**1,730**	–
Associate	Other expenses	**98,119**	–
Associate	Interest expense	**13,182**	14,254

Note: These entities have significant influence over several non-wholly owned subsidiaries of the Company.

(b) The remuneration of key management personnel during the year is as follows:

	2022 RMB'000	2021 RMB'000
Short-term benefits	**21,241**	50,580
Retirement benefit scheme contributions	**563**	465
	21,804	51,045

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) General information of principal subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
Add Hero holding Limited ("Add Hero") (note a)	British Virgin Islands ("BVI")	**100%**	100%	US$10,000	Investment holdings	Limited liability company
130 Elizabeth Street Pty Ltd	Australia	–	70%	AUD10,000	Property development	N/A
Prime Gordon Pty Ltd	Australia	–	100%	AUD1,000	Property development	N/A
Prime Moss Vale Pty Ltd	Australia	–	100%	AUD1,000	Property development	N/A
Prime Esplanade Development Pty Ltd (formerly known as Prime ABC Pty Ltd)	Australia	–	87.5%	AUD1,000	Property development	N/A
Prime Woolooware 3 Pty Ltd	Australia	–	75%	AUD1,000	Property development	N/A
Prime Woolooware 4 Pty Ltd	Australia	–	75%	AUD1,000	Property development	N/A
5799 Yonge Street Limited Partnership	Canada	**100%**	100%	CAD1,000	Property development	N/A
Capital Benefit Limited	HK	**100%**	100%	HKD1	Property development	Limited liability company
Greatmax International Limited	HK	**100%**	100%	HKD1	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
奧園集團有限公司 (Aoyuan Group Company Limited) ("Aoyuan Group")	PRC	**100%**	100%	RMB6,110,000,000	Investment holding, loan financing and property development	Limited liability company
廣州奧園資產經營管理有限公司 (Guangzhou Aoyuan Assets of Management Company Limited)	PRC	**100%**	100%	RMB50,000,000	Provision of consultancy services	Limited liability company
江門江奧地產開發有限公司 (Jiangmen Jiangao Real Estate Development Company Limited)	PRC	**51%**	51%	RMB50,000,000	Property development	Limited liability company
瀋陽奧園新城置業有限公司 (Shenyang Aoyuan New City Property Company Limited)	PRC	**100%**	100%	RMB1,030,000,000	Property development	Limited liability company
廣州奧譽房地產開發有限公司 (Guangzhou Aoyu Real Estate Exploitation Company Limited)	PRC	**100%**	100%	HKD1,390,000,000	Property development	Limited liability company
廣州南沙奧園養生酒店有限公司 (Guangzhou Nansha Aoyuan Health Hotel Company Limited)	PRC	**100%**	100%	RMB110,000,000	Hotel operation	Limited liability company
雲浮奧園置業有限公司 (Yun Fun Aoyuan Properties Company Limited)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
重慶粵奧置業有限公司 (Chongqing Yueao Property Company Limited)	PRC	**100%**	100%	RMB450,000,000	Property development	Limited liability company
奧園集團重慶置業有限公司 (Aoyuan Group Chongqing Property Company Limited)	PRC	**100%**	100%	RMB784,313,725	Property development	Limited liability company
廣州康威集團有限公司 (Guangzhou Kangwei Group Company Limited)	PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company
佛山市南海奧譽房地產開發有限公司 (Foshan Nanhai Ao Yu Real Estate Development Company Limited)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
奧園集團(梅州)有限公司 (Aoyuan Group (Meizhou) Company Limited)	PRC	**100%**	100%	RMB380,000,000	Property development	Limited liability company
佛山奧冠置業有限公司 (Foshan Aoguan Property Company Limited)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
奧園集團(佛山)置業有限公司 (Foshan Aoyuan Property Company Limited)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
奧園集團(英德)有限公司 (Yingde Aoyuan Group Company Limited)("Yingde Aoyuan")	PRC	**100%**	100%	RMB1,000,000,000	Property development	Limited liability company
奧園集團(韶關)有限公司 (Shaoguan Aaoyuan Group Company Limited)	PRC	**100%**	100%	RMB180,000,000	Property development	Limited liability company
重慶奧譽置業有限公司 (Chongqing Aoyu Property Company Limited)	PRC	**100%**	100%	RMB1,600,000,000	Property development	Limited liability company
蕉嶺奧園廣場有限公司 (Jiaoling Aoyuan Square Company Limited)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
重慶錦奧置業有限公司 (Chongqing Jinao Property Company Limited)	PRC	**100%**	100%	RMB2,519,702,072	Property development	Limited liability company
五華奧園廣場有限公司 (Wuhua Aoyuan Square Company Limited)	PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
廣東蕉嶺建築工程集團有限公司 (Guangdong Jiaoling Construction Engineering Group Company Limited.)	PRC	**100%**	100%	RMB300,000,000	Construction & design	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
廣西瀚林地產開發有限公司 (Guangxi Hanlin Property Development Company Limited)	PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
安徽勤聯房地產開發有限公司 (Anhui Qinlian Property Development Company Limited)	PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company
廣東奧園投資有限公司(曾用名：廣東奧園瀚林投資有限公司) (Guangdong Aoyuan Investment Company Limited, formerly known as Guangdong Aoyuan Hanlin Investment Company Limited)	PRC	**100%**	100%	RMB100,000,000	Investment holding	Limited liability company
安徽瀚德房地產開發有限公司 (Anhui Hande Property Development Company Limited)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
安徽瀚華房地產開發有限公司 (Anhui Hanhua Property Development Company Limited)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
珠海市梅溪置業有限公司 (TB001) (Zhuhai Meixi Property Company Limited)	PRC	**93%**	93%	RMB10,000,000	Property development	Limited liability company
瀏陽奧園廣場房地產開發有限公司 (Liuyang Aoyuan Plaza Proprty Development Company Limted)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
玉林奧園置業有限公司 (Yulin Aoyuan Property Company Limited)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
成都宜華置業有限公司 (Chengdu Yihua Property Company Limited)	PRC	**100%**	100%	RMB1,500,000,000	Property development	Limited liability company
深圳市奧弘置業有限公司 (Shenzhen Aohong Real Estate Company Limited)	PRC	**100%**	61%	RMB200,000,000	Property development	Limited liability company
深圳市瀾灣弘盛投資有限公司 (Shenzhen Lanwan Hongsheng Investments Company Limited)	PRC	**80%**	80%	RMB71,400,000	Investment holding	Limited liability company
廣州市雄泰房地產開發有限公司 (Guangzhou Xiongtai Property Development Co., Ltd)	PRC	**100%**	100%	RMB520,000,000	Property development	Limited liability company
惠州市泰華房地產開發有限公司 (Huizhou Taihua Property Development Co., Ltd)	PRC	**100%**	100%	RMB80,000,000	Property development	Limited liability company
惠州市泰瑞房地產開發有限公司 (Huizhou Tairui Property Development Co., Ltd)	PRC	**100%**	100%	RMB35,680,000	Property development	Limited liability company
惠州市泰宏房地產開發有限公司 (Huizhou Taihong Property Development Co., Ltd)	PRC	**100%**	100%	RMB35,680,000	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
中山市華利高房地產投資有限公司 (Zhongshan Hualigao Property Investment Co., Ltd)	PRC	**100%**	100%	RMB25,000,000	Property development	Limited liability company
佛山市南海恒德勝嘉置業有限公司 (Foshan Nanhai Hengde Shengjia Properties Co., Ltd)	PRC	**100%**	100%	RMB250,000,000	Property development	Limited liability company
寧波海拓置業有限公司 (Ningbo Haituo Real Estate Company Limited)	PRC	**100%**	100%	RMB160,000,000	Property development	Limited liability company
寧波天派置業有限公司 (Ningbo Tianpai Real Estate Company Limited)	PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company
寧波迪賽前豐置業有限公司 (Ningbo Disai Qianfeng Real Estate Company Limited)	PRC	**100%**	100%	RMB210,000,000	Property development	Limited liability company
中山市三鄉鎮宏泰房地產開發有限公司 (Zhongshan Sanxiang Hongtai Real Estate Development Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
中山市金磚永固置業發展有限公司 (Zhongshan Jinzhuanyonggu Property Co., Ltd)	PRC	**77%**	77%	RMB152,277,483	Property development	Limited liability company
惠州大亞灣房利美投資有限公司 (Huizhou Dayawan Fanglimei Investment Co., Ltd)	PRC	**100%**	100%	RMB17,680,000	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
惠州市元谷實業有限公司 (Huizhou Yuangu Industrial Co., Ltd)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
湘潭星舟置業有限責任公司 (Xiangtan Xingzhou Property Development Co., Ltd)	PRC	**100%**	100%	RMB68,000,000	Property development	Limited liability company
福建省華力偉業置地有限公司 (Fujian Hualiweiye Property Co., Ltd)	PRC	**55%**	55%	RMB200,000,000	Property development	Limited liability company
寧波逸榮達置業有限公司 (Ningbo Yirongda Property Co., Ltd.)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
青島星海灣置業有限公司 (Qingdao Xinghai Bay Properties Limited)	PRC	**80%**	80%	RMB50,000,000	Property development	Limited liability company
珠海來利科技有限公司 (Zhuhai Laili Technology Co., Ltd)	PRC	**70%**	70%	RMB80,000,000	Property development	Limited liability company
中山市鋭大房地產有限公司 (Zhongshan Rui Da real estate Co., Ltd)	PRC	**95%**	95%	RMB20,000,000	Property development	Limited liability company
惠州市合富地產開發有限公司 (Huizhou Hefu Real Estate Development Co., Ltd.)	PRC	**80%**	80%	RMB56,650,000	Property development	Limited liability company
成都環美置業有限公司 (Chengdu Huan Mei Co., Ltd.)	PRC	**100%**	100%	RMB1,863,160,000	Property development	Limited liability company
惠州龍圓房地產開發有限公司 (Huizhou Longyuan Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
青島盛季金茂建設發展有限公司 (Qingdao Shengji Jinmao Construction Development Co., Ltd.)	PRC	**64%**	64%	RMB200,000,000	Property development	Sino-foreign joint venture
惠州市鴻泰昌實業有限公司 (Huizhou Hongtaichang Industrial Co., Ltd.)	PRC	**100%**	100%	RMB71,120,000	Property development	Limited liability company
郴州加利申房地產開發有限公司 (Chenzhou Jialishen Real Estate Development Co., Ltd)	PRC	**70%**	70%	RMB333,340,000	Property development	Limited liability company
重慶勁揚房地產開發有限公司 (Chongqing Jingyang Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
重慶新紅陽實業有限公司 (Chongqing Xinhongyang Industrial Co., Ltd.)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
珠海市祥田房地產開發有限公司 (Zhuhai Xiangtian Real Estate Development Co., Ltd.)	PRC	**90%**	90%	RMB23,880,000	Property development	Limited liability company
臺山市君華置業投資有限公司 (Taishan Junhua Property Investment Co., Ltd.)	PRC	**100%**	100%	RMB87,000,000	Property development	Limited liability company
揚州奧園置業有限公司 (Yangzhou Aoyuan Property Co., Ltd.)	PRC	**100%**	100%	RMB530,000,000	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
荊州奧園房地產開發有限公司 (Jingzhou Aoyuan Property Co., Ltd)	PRC	**100%**	100%	RMB352,941,200	Property development	Limited liability company
青島盛世嘉德商業發展有限公司 (Qingdao Shengshi Jiade Business Development Co. Ltd)	PRC	**64%**	64%	US$102,040,000	Property development	Limited liability company
湖南省晨啟智穀科技發展有限公司 (Hunan Chenqizhigu Technology Development Co. Ltd)	PRC	**100%**	100%	RMB53,333,300	Property development	Limited liability company
清遠市合創泰富房地產開發有限公司 (Qingyuan Hechuang Taifu Real Estate Development Co., Ltd)	PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
廣漢鼎興置業有限公司 (Guang han dingxing real estate co. LTD)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
惠州慶達房地產有限公司 (Huizhou Qingda Real Estate Co., Ltd.)	PRC	**60%**	60%	RMB75,000,000	Property development	Limited liability company
昆明亞利泰商貿有限責任公司 (Kunming Alitai Trading Co., Ltd.)	PRC	**51%**	51%	RMB30,612,244	Property development	Limited liability company
重慶奧驕房地產開發有限公司 (Chongqing Aojiao Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
碭山縣七彩世界房地產開發有限公司 (Dangshan Qicai World Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB204,081,600	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
重慶博昂置業有限公司 (Chongqing Boang Real Estate Co., Ltd)	PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
佛山市南海嘉美置業有限公司 (Foshan Nanhai Jiamei Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB260,000,000	Property development	Limited liability company
鄭州望啓置業有限公司 (Zhengzhou Wangqi Real Estate Co., Ltd.)	PRC	**85%**	85%	RMB250,000,000	Property development	Limited liability company
四川中盛九鼎置業有限公司 (Sichuan Zhongsheng Jiuding Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB80,000,000	Property development	Limited liability company
恩平進升房地產開發有限公司 (Enping Jinsheng Real Estate Development Co., Ltd.)	PRC	**70%**	70%	HK$66,666,700	Property development	Limited liability company
恩平華璟房地產開發有限公司 (Enping Huajing Real Estate Development Co., Ltd.)	PRC	**70%**	70%	HK$66,666,700	Property development	Limited liability company
合肥前海漢華置業有限公司 (Hefei Qianhai Hanhua Real Estate Co., Ltd)	PRC	**100%**	100%	RMB22,222,200	Property development	Limited liability company
成都新西南房地產有限公司 (Chengdu New Southwest Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB14,546,536	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
衡陽市世安房地產開發有限公司 (Hengyang Shi'an Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB16,326,500	Property development	Limited liability company
重慶天投實業有限公司 (Chongqing Tiantou Industrial Co., Ltd.)	PRC	**100%**	100%	RMB370,467,347	Property development	Limited liability company
珠海韜睿投資發展有限公司 (Zhuhai Taorui Investment Development Co., Ltd.)	PRC	**73%**	73%	RMB242,537,300	Investment holding	Limited liability company
珠海民商互聯網金融大廈開發有限公司 (Zhuhai Civil and Commercial Internet Finance Building Development Co., Ltd.)	PRC	**60%**	60%	RMB100,000,000	Property development	Limited liability company
陝西萬怡置業有限公司 (Shaanxi Wanyi Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB30,000,000	Property development	Limited liability company
西安市怡景苑房地產開發有限公司 (Xi'an Yijingyuan Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB40,000,000	Property development	Limited liability company
成都宏懋實業有限公司 (Chengdu Hongmao Industrial Co., Ltd.)	PRC	**100%**	100%	RMB244,898,000	Property development	Limited liability company
廣州奧園錦泰置業有限公司 (Guangzhou Aoyuan Jintai Real Estate Co., Ltd.)	PRC	**51%**	51%	RMB36,047,000	Investment holding	Sino-foreign joint venture

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
江門市蓬江區白石永灝地產開發有限公司 (Jiangmen Pengjiang Baishi Yonghao Real Estate Development Co., Ltd.)	PRC	**43% (note b)**	43% (note b)	RMB100,000,000	Investment holding	Limited liability company
常德市金粟置業有限責任公司 (Changde Jinsu Real Estate Co., Ltd)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
天津市五一陽光投資發展有限公司 (Tianjin May Day Sunshine Investment Development Co., Ltd.)	PRC	**100%**	100%	RMB140,000,000	Property development	Limited liability company
安吉銀瑞房地產開發有限公司 (Anji Yinrui Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB68,500,000	Property development	Limited liability company
安吉銀凱置業有限公司 (Anji Yinkai Real Estate Co., Ltd)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
安吉銀盛置業有限公司 (Anji Yinsheng Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
上海奧園旅遊發展有限公司 (Shanghai Olympic Garden Tourism Development Co., Ltd.)	PRC	**100%**	100%	RMB90,909,000	Cultural tourism	Limited liability company
上海江南田園休閒會所有限公司 (Shanghai Jiangnan Pastoral Leisure Club Co., Ltd.)	PRC	**100%**	100%	RMB18,181,800	Hotel operation	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
廣州新弘房地產有限公司 (Guangzhou Xinhong Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
西安奧園錦泰置業有限公司 (Xi'an Aoyuan Jintai Property Co., Ltd.)	PRC	**76%**	76%	RMB102,040,800	Property development	Limited liability company
昆山奧盛置業有限公司 (Kunshan Aosheng Property Co., Ltd)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
蘇州市隆福房地產開發有限公司 (Suzhou Longfu Real Estate Development Co., Ltd)	PRC	**51%**	51%	RMB122,488,980	Property development	Limited liability company
河北綠科房地產開發有限公司 (Hebei Ivke Real Estate Development Co., Ltd)	PRC	**98%**	98%	RMB227,275,000	Property development	Limited liability company
武漢工建金奧房地產開發有限公司 (Wuhan Gongjian Jinao Real Estate Development Co., Ltd)	PRC	**100%**	100%	RMB116,670,000	Property development	Limited liability company
重慶億尊投資有限公司 (Chongqing Yizun Investment Co., Ltd)	PRC	**80%**	80%	RMB50,000,000	Property development	Limited liability company
瀘州合府置業有限公司 (Luzhou Hefu Real Estate Co., Ltd)	PRC	**51%**	51%	RMB102,040,816	Property development	Limited liability company
南充合府置業有限公司 (Nanchong Hefu Real Estate Co., Ltd)	PRC	**51%**	51%	RMB61,224,490	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
重慶天聯置業有限責任公司 (Chongqing Tianlian Real Estate Co., Ltd)	PRC	**80%**	80%	RMB20,000,000	Property development	Limited liability company
湖州奧冠置業有限公司 (Huzhou Aoguan Property Co., Ltd.)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
上饒市悅盛房地產開發有限公司 (Shangrao Yuesheng Real Estate Development Co., Ltd)	PRC	**100%**	51%	RMB20,000,000	Property development	Limited liability company
嘉善譽鴻房地產開發有限責任公司 (Jiashan Yuhong Real Estate Development Co., Ltd)	PRC	**100%**	100%	RMB1,000,000	Property development	Limited liability company
長興奧園置業有限公司 (Changxing Aoyuan Property Co., Ltd.)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
河南茂睿置業有限公司 (Henan Maorui Property Co., Ltd.)	PRC	**51%**	51%	RMB10,000,000	Property development	Limited liability company
平潭奧新置業有限公司 (Pingtan Aoxin Property Co., Ltd)	PRC	**60%**	37%	RMB100,000,000	Property development	Limited liability company
合肥七彩世界置業有限公司 (Hefei Qicai Real Estate Co., Ltd)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
邢臺市宏煜房地產開發有限公司 (Xingtai Hongyu Real Estate Development Co., Ltd.)	PRC	**60%**	60%	RMB125,000,000	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
湖南經閣鴻運置業有限公司 (Hunan Jingge Hongyun Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB37,500,000	Property development	Limited liability company
重慶奧航房地產開發有限公司 (Chongqing Aohang Real Estate Development Co., Ltd.)	PRC	**100%**	51%	RMB280,000,000	Property development	Limited liability company
徐州鴻濤居房地產開發有限公司 (Xuzhou Hongtaoju Real Estate Development Co., Ltd)	PRC	**60%**	60%	RMB110,185,000	Property development	Limited liability company
梅州市奧創置業有限公司 (Meizhou Aochuang Property Co., Ltd.)	PRC	**26% (note b)**	26% (note b)	RMB100,000,000	Property development	Limited liability company
宣城世茂卓盈房地產開發有限公司 (Xuancheng Shimaozhuoying Real Estate Development Co., Ltd)	PRC	**51%**	51%	RMB20,000,000	Property development	Limited liability company
臨澧奧園置業有限公司 (Linli Aoyuan Property Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
巢湖金實置業有限公司 (Chaohu Jinshi Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB111,111,200	Property development	Limited liability company
興寧奧園置業有限公司 (Xingning Aoyuan Property Co., Ltd)	PRC	**50% (note b)**	50% (note b)	RMB100,000,000	Property development	Limited liability company
泉州奧嘉置業有限公司 (Quanzhou Aojia Property Co., Ltd)	PRC	**41% (note b)**	41% (note b)	RMB10,000,000	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
西安利申置業有限公司 (Xi'an Lishen Real Estate Co., Ltd.)	PRC	**83%**	83%	US$50,000,000	Property development	Sino-foreign joint venture
醴陵奧江置業有限公司 (Liling Aojiang Property Co., Ltd.)	PRC	**51%**	51%	RMB10,000,000	Property development	Limited liability company
漳州奧園置業有限公司 (Zhangzhou Aoyuan Property Co., Ltd.)	PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
藤縣中顧置業投資有限公司 (Tengxian Zhonggu Real Estate Investment Co., Ltd)	PRC	**60%**	60%	RMB25,000,000	Property development	Limited liability company
五華縣新永宏腳手架材料有限公司 (Wuhua Xinyonghong Scaffolding material Co., Ltd.)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
廣州市合勝實業發展有限公司 (Guangzhou Hesheng Industrial Development Co., Ltd)	PRC	**50%**	50%	RMB1,000,000,000	Property development	Limited liability company
廣州東塱塑膠製品有限公司 (Guangzhou Donglang Plastics Co., Ltd.)	PRC	**100%**	100%	RMB1,000,000	Property development	Limited liability company
張家口奧熙房地產開發有限公司 (Zhangjiakou Aoxi Real Estate Development Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
重慶柯爵企業管理有限公司 (Chongqing Kejue Enterprise Management Co., Ltd.)	PRC	**80%**	80%	RMB1,100,000,000	Investment holding	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
合肥奧行置業有限公司 (Hefei Aoxing Real Estate Co., Ltd)	PRC	**100%**	100%	RMB60,000,000	Property development	Limited liability company
廊坊榮弘房地產開發有限責任公司 (Langfang Ronghong Property Development Co., Ltd)	PRC	**60%**	60%	RMB20,000,000	Property development	Limited liability company
漳州奧昕房地產有限公司 (Zhangzhou Aoxin Real Estate Co., Ltd)	PRC	**100%**	100%	RMB1,000,000	Property development	Limited liability company
廣州奧名置業有限公司 (Guangzhou Aoming Real Estate Co., Ltd)	PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
南昌航夢置業有限公司 (aNanchang Hangmeng Real Estate Co., Ltd)	PRC	**100%**	100%	RMB12,500,000	Property development	Limited liability company
江蘇綠信置業有限公司 (Jiangsu Lvxin Real Estate Co., Ltd)	PRC	**30% (note b)**	30% (note b)	RMB100,000,000	Property development	Limited liability company
江陰惠升置業有限公司 (Jiangyin Huisheng Real Estate Co., Ltd)	PRC	**100%**	100%	RMB220,873,280	Property development	Limited liability company
東莞市匯正實業投資有限公司 (Dongguan Huizheng Industrial Investment Co., Ltd)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
合肥奧東置業有限公司 (Hefei Aodong Real Estate Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
興寧敏尚房地產開發有限公司 (Xingning Minshang Real Estate Development Co. Ltd)	PRC	**50%**	50%	RMB10,000,000	Property development	Limited liability company
景德鎮金投置地有限公司 (Jingdezhen Jintou Land Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
廬山市金投置地有限公司 (Lushan Gold Investment Land Co., Ltd)	PRC	**100%**	100%	RMB30,000,000	Property development	Limited liability company
咸寧奧泰置業發展有限公司 (Xianning Aotai Real Estate Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
奧園美谷科技股份有限公司 (Aoyuan Beauty Valley Technology Co., Ltd)	PRC	**30.04% (note b)**	29.93% (note b)	RMB781,180,319	Property development and chemical fiber products manufacturing	Limited liability company
樂生活智慧社區服務集團股份有限公司 (Easy Life Smart Community Services Group Co., Ltd)	PRC	**80% (note b)**	80% (note b)	RMB54,360,000	Property development	Limited liability company
揚州中城同進房地產有限公司 (Yangzhou Zhongchengtongjin Property Development Co., Ltd)	PRC	**60%**	100%	RMB650,000,000	Property development	Limited liability company
宿州新城金悅房地產開發有限公司 (Suzhou New City Jinyue Property Development Co., Ltd)	PRC	**51%**	51%	RMB20,000,000	Property development	Limited liability company
肇慶市天匯置業有限公司 (Zhaoqing Tianhui Real Estate Co., Ltd)	PRC	**100%**	100%	RMB250,050,000	Property development	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2022	2021	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
江門市華盈投資有限公司 (Jiangmen Huaying Investment Co., Ltd)	PRC	**48% (note b)**	48% (note b)	RMB1,000,000,000	Property development	Limited liability company
溫州市瀚暘置業有限公司 (Wenzhou Hanyang Real Estate Co., Ltd)	PRC	**51%**	51%	RMB203,000,000	Property development	Limited liability company
茂名奧園東江置業有限公司 (Maoming Aoyuan Dongjiang Real Estate Co., Ltd)	PRC	**60%**	60%	RMB100,000,000	Property development	Limited liability company
高安市瑞興投資發展有限公司 (Gao 'an Ruixing Investment Development Co., Ltd)	PRC	**100%**	100%	RMB348,750,000	Property development	Limited liability company
高安市宏利高投資發展有限公司 (Gao'an Hongligao Investment Development Co., Ltd)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
廣州奧虹置業有限公司 (Guangzhou Aohong Real Estate Co., Ltd)	PRC	**80%**	100%	RMB20,000,000	Property development	Limited liability company
六安奧禾置業有限公司 (Lvan Aohe Real Estate Co., Ltd)	PRC	**51%**	51%	RMB20,000,000	Property development	Limited liability company
孝感奧泰房地產開發有限公司 (Xiaogan Aotai Property Development Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
奧園健康生活集團有限公司 (Aoyuan Healthy Life Group Company Limited)	Cayman Islands	**54.58% (note b)**	54.58% (note b)	HKD100,000,000	Investment holding	Limited liability company

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Notes

(a) Add Hero is directly held by the Company and the remaining subsidiaries comprising the Group are indirectly held by the Company.

(b) These companies are held by the Group through more than one tier of shareholding structure which leads to effective equity interest attributable to the Group in these companies to be less than 50% while penetrating to the bottom shareholding.

(c) BVI and Hong Kong incorporated companies are operating in Hong Kong, Australia and Canada incorporated companies are operating in Australia and Canada, respectively, and other subsidiaries are operating in the PRC.

(d) None of the subsidiaries had issued any debt securities at the end of the year except for the Aoyuan Group which has issued RMB7,040,000,000 (2021: RMB7,040,000,000) of corporate bonds, in which the Group has RMB7,040,000,000 (2021: RMB7,040,000,000) interest.

(e) The above table lists the principal subsidiaries of the Company which, in the opinion of the management of the Company, principally affect the results or assets of the Group. To give full details of subsidiaries would, in the opinion of the management of the Company, result in particulars of excessive length.

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(b) Composition of the Group

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of businesses	Number of subsidiaries 2022	2021
Investment holding	BVI	47	46
	Hong Kong	77	74
	PRC	84	85
	Australia	–	5
	Canada	2	2
Property development and investment	PRC	291	310
	Australia	–	13
	Canada	32	32
Provision of consultancy and management services	PRC	108	111
Others	PRC	104	105
		745	783

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group as at 31 December 2022 and 2021 that have material non-controlling interests:

Name of subsidiary	Place establishment and principal place of business	Proportion of ownership interests held by non-controlling interests		Total comprehensive (expenses)/income allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	**2022**	2021	**2022**	2021
Aoyuan Healthy	PRC	45%	45%	**82,764**	(84,207)	**423,076**	339,431
Non-wholly subsidiaries of Aoyuan Healthy	PRC	20%-35%	20%-35%	**12,105**	(3,972)	**60,883**	48,778
Aoyuan Beauty Valley	PRC	70%	70%	**(108,805)**	(556,036)	**1,112,509**	1,251,708
Non-wholly subsidiaries of Aoyuan Beauty Valley	PRC	12%-49%	12%-49%	**(9,994)**	(16,031)	**641,243**	711,142
Individually immaterial subsidiaries with non-controlling interests				**(629,138)**	(1,752,691)	**2,842,808**	5,623,949
				(653,068)	(2,412,937)	**5,080,519**	7,975,008

Summarised financial information in respect of non-wholly owned subsidiaries of the Group that has material non-controlling interests is set out below. The summarised financial information/consolidated financial information below represents amounts before intergroup eliminations.

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Aoyuan Healthy

	2022 **RMB'000**	2021 RMB'000
Non-current assets	**553,976**	547,084
Current assets	**1,667,050**	1,746,162
Current liabilities	**1,190,987**	1,450,240
Non-current liabilities	**37,681**	46,913
Equity attributable to the owners of the Company	**508,399**	407,884
Equity attributable to the NCI of Aoyuan Healthy	**423,076**	339,431
Equity attributable to NCI of subsidiaries of Aoyuan Healthy	**60,883**	48,778
Revenue	**1,629,751**	1,941,747
Expenses	**1,466,587**	2,139,033
Profit/(loss) and total comprehensive income/(expenses) for the year	**194,325**	(189,370)
Profit/(loss) and total comprehensive income/(expenses) attributable to owners of Company	**99,456**	(101,191)
Profit/(loss) and total comprehensive income/(expenses) attributable to NCI of Aoyuan Healthy	**82,764**	(84,207)
Profit/(loss) and total comprehensive income/(expenses) attributable to NCI of subsidiaries of Aoyuan Healthy	**12,105**	(3,972)
Dividend distributions to NCI	**–**	46,181
Net cash outflow from operating activities	**(105,682)**	(86,340)
Net cash (outflow)/inflow from investing activities	**(50,652)**	31,095
Net cash outflow from financing activities	**(272,098)**	(245,321)
Net cash outflow	**(428,432)**	(300,566)

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Aoyuan Beauty Valley

	2022 **RMB'000**	2021 RMB'000
Non-current assets	**3,630,485**	3,989,242
Current assets	**825,373**	1,088,764
Current liabilities	**659,190**	827,102
Non-current liabilities	**1,566,354**	1,751,608
Equity attributable to the owner of the Company	**476,562**	536,446
Equity attributable to the NCI of Aoyuan Beauty Valley	**1,112,509**	1,251,708
Equity attributable to NCI of subsidiaries of Aoyuan Beauty Valley	**641,243**	711,142
Revenue	**1,413,590**	923,853
Expenses	**1,578,998**	1,734,107
Loss and total comprehensive expenses for the year	**(165,408)**	(810,254)
Loss and total comprehensive expenses attributable to owners of the Company	**(46,609)**	(238,187)
Loss and total comprehensive expenses attributable to the NCI of Aoyuan Beauty Valley	**(108,805)**	(556,036)
Loss and total comprehensive expenses attributable to NCI of subsidiaries of Aoyuan Beauty Valley	**(9,994)**	(16,031)
Dividend distributions to NCI	**(38,157)**	(5,192)
Net cash inflow/(outflow) from operating activities	**64,723**	(114,258)
Net cash outflow from investing activities	**(60,096)**	(13,693)
Net cash (outflow)/inflow from financing activities	**(329,493)**	295,076
Net cash (outflow)/inflow	**(324,866)**	167,125

51. MAJOR NON-CASH TRANSACTIONS

The Group had the following significant non-cash transactions:

i) During the year ended 31 December 2021, consideration for the acquisition of additional interests in NCI of approximately RMB1,969,968,000 (2022: Nil) were settled by the Group's interests in joint ventures and approximately RMB2,138,083,000 (2022: Nil) remained unsettled as at 31 December 2021 carried as other payables.

ii) During the year ended 31 December 2022, the Group entered into a number of new lease agreements and recognised lease liabilities of RMB38,290,000 (2021: RMB84,505,000).

iii) During the year ended 31 December 2022, the Group entered into settlement arrangements with various joint ventures, associates and NCI for the settlement of amounts due from (to) them of approximately RMB3,660,387,000 (2021: RMB7,092,605,000), Nil (2021: RMB600,000,000) and RMB967,469,000 (2021: RMB382,400,000) respectively.

iv) During the year ended 31 December 2022, consideration for the disposal of investment properties of RMB461,034,000 (2021: Nil) and RMB891,000,000 (2021: Nil) were utilised to settle the Group's other payables and bank and other borrowings, respectively.

v) During the year ended 31 December 2021, the Group disposal of certain of its joint ventures for aggregate consideration of RMB414,750,000 (2022: Nil) out of which RMB331, 612,000 (2022: Nil) was settled by offsetting with the Group's other payables.

52. LITIGATION

As at 31 December 2022 and up to the date of the consolidated financial statements, the Group has certain litigations with its business partners regarding the settlement of the overdue/outstanding operational payables, banks and other borrowings and senior notes and bonds.

The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group is confident that it will be able to reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

53. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, other than disclosed elsewhere in these consolidated financial statements, the Group had following significant events taken place:

(a) On 6 January 2023, the Group entered into a sales and purchases agreement with a purchaser, who is an independent third party, of which, the Group agreed to sell 60% equity interest of Zhuhai Aoyuan Huafu Property Company Limited to the purchaser at the consideration of HK$677,933,000 (equivalent to approximately RMB584,426,000).

(b) On 16 February 2023, the Group entered in to a sales and purchases agreement with a purchaser, who is an independent third party, of which, the Group agreed to sell 29.9% equity interest of Aoyuan Healthy Life Group Company Limited to the purchaser at the consideration of HK$256,000,000 (equivalent to approximately RMB224,168,000).

(c) On 11 May 2023, the Group entered into a sales and purchases agreement with a purchaser, who is an independent third party, of which, the Group agreed to sell the entire equity interest of Aoyuan Parking and Stoerage (BC) Ltd., 133A Street Projects Ltd. and Aoyuan 133ASurrey GP Ltd. and the sale note to the purhcaser in the aggregate consideration of CAD50,300,000 (equivalent to approximately RMB258,346,000).

54. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022 **RMB'000**	2021 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**736**	719
Investments in subsidiaries	**–**	–
	736	719
CURRENT ASSETS		
Trade and other receivables	**1,410**	1,410
Amounts due from subsidiaries	**11,794,844**	12,059,057
Bank balances and cash	**9,265**	104,601
	11,805,519	12,165,068
CURRENT LIABILITIES		
Trade and other payables	**1,862,720**	1,172,688
Bank and other borrowings	**7,117,972**	6,671,302
Senior notes	**25,542,975**	22,285,622
	34,523,667	30,129,612
NET CURRENT LIABILITIES	**(22,718,148)**	(17,964,544)
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET LIABILITIES	**(22,717,412)**	(17,963,825)
CAPITAL AND RESERVES		
Share capital	**27,726**	27,726
Reserves	**(22,745,138)**	(17,991,551)
TOTAL EQUITY	**(22,717,412)**	(17,963,825)

54. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium RMB'000	Capital redemption reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2021	4,325,714	1,093	(2,042,859)	2,283,948
Loss and total comprehensive income for the year	–	–	(18,977,126)	(18,977,126)
Issue of new shares	818,428	–	–	818,428
Share repurchase	(41,029)	58	–	(40,971)
Dividend recognised as distribution	–	–	(2,075,830)	(2,075,830)
At 31 December 2021	5,103,113	1,151	(23,095,815)	(17,991,551)
Loss and total comprehensive expense for the year	–	–	(4,753,587)	(4,753,587)
31 December 2022	5,103,113	1,151	(27,849,402)	(22,745,138)

Five Years Financial Summary

For the year ended 31 December 2022

Consolidated results

	Year ended 31 December				
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022 RMB'000**
Revenue	31,005,834	50,531,150	67,793,792	50,021,616	**18,711,072**
(Loss)/Profit before taxation	6,954,292	10,589,492	13,608,527	(36,237,438)	**(8,071,916)**
Income tax (expense)/credit	(4,014,825)	(5,367,662)	(6,557,481)	749,892	**(424,110)**
(Loss)/Profit for the year	2,939,467	5,221,830	7,051,046	(35,487,546)	**(8,496,026)**

Consolidated assets, equity and liabilities

	As of 31 December				
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022 RMB'000**
Assets					
Non-current assets	17,050,666	27,422,906	35,029,037	29,459,406	**25,061,353**
Current assets	171,807,553	262,457,527	290,649,419	231,963,401	**209,364,532**
Total assets	188,858,219	289,880,433	325,678,456	261,422,807	**234,425,885**
Equity and liabilities					
Non-current liabilities	37,091,741	56,036,501	65,273,697	5,237,786	**12,829,111**
Current liabilities	121,032,632	196,847,324	206,152,113	263,714,810	**239,233,670**
Total liabilities	158,124,373	252,883,825	271,425,810	268,952,596	**252,062,781**
Equity attributable to owners of the Company	11,872,217	15,029,881	18,552,887	(15,504,797)	**(22,717,415)**
Non-controlling interests	18,861,629	21,966,727	35,699,759	7,975,008	**5,080,519**
Total equity and liabilities	188,858,219	289,880,433	325,678,456	261,422,807	**234,425,885**

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