合景泰富集團
KWG GROUP HOLDINGS

BUILD HOME
WITH HEART
CREATE FUTURE
WITH ASPIRATION

2022
ANNUAL REPORT

KWG GROUP HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

Stock Code : 1813

Contents

Corporate Information and Information for Shareholders

CORPORATE INFORMATION

Directors

Executive Directors
KONG Jianmin *(Chairman)*
KONG Jiantao
(Chief Executive Officer)
KONG Jiannan
CAI Fengjia

Independent Non-executive Directors
LEE Ka Sze, Carmelo
TAM Chun Fai
LI Binhai (Retired on 2 June 2022)
LAW Yiu Wing, Patrick
(Appointed on 21 July 2022)

Company Secretary

CHAN Kin Wai

Authorised Representatives

KONG Jianmin
CHAN Kin Wai

Audit Committee

TAM Chun Fai *(Chairman)*
LEE Ka Sze, Carmelo
LI Binhai (Retired on 2 June 2022)
LAW Yiu Wing, Patrick
(Appointed on 21 July 2022)

Remuneration Committee

TAM Chun Fai *(Chairman)*
KONG Jianmin
LI Binhai (Retired on 2 June 2022)
LAW Yiu Wing, Patrick
(Appointed on 21 July 2022)

Nomination Committee

KONG Jianmin *(Chairman)*
TAM Chun Fai
LI Binhai (Retired on 2 June 2022)
LAW Yiu Wing, Patrick
(Appointed on 21 July 2022)

Registered Office

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

Principal Place of Business in Hong Kong

Units 8503–05A, Level 85
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Principal Share Registrar and Transfer Agent

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor
Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

Agricultural Bank of China Limited
China Construction Bank
Corporation
China Minsheng Banking Corp. Ltd.
Hang Seng Bank (China) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of
China (Asia) Limited
Industrial and Commercial Bank
of China Limited
Shanghai Pudong Development
Bank Co., Ltd.
Standard Chartered Bank (China)
Limited
Standard Chartered Bank
(Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai
Banking Corporation Limited

Auditor

Ernst & Young
Registered Public Interest Entity
Auditor

Legal Advisors

as to Hong Kong law:
Sidley Austin

as to Cayman Islands law:
Conyers Dill & Pearman

INFORMATION FOR SHAREHOLDERS

Website

www.kwggroupholdings.com

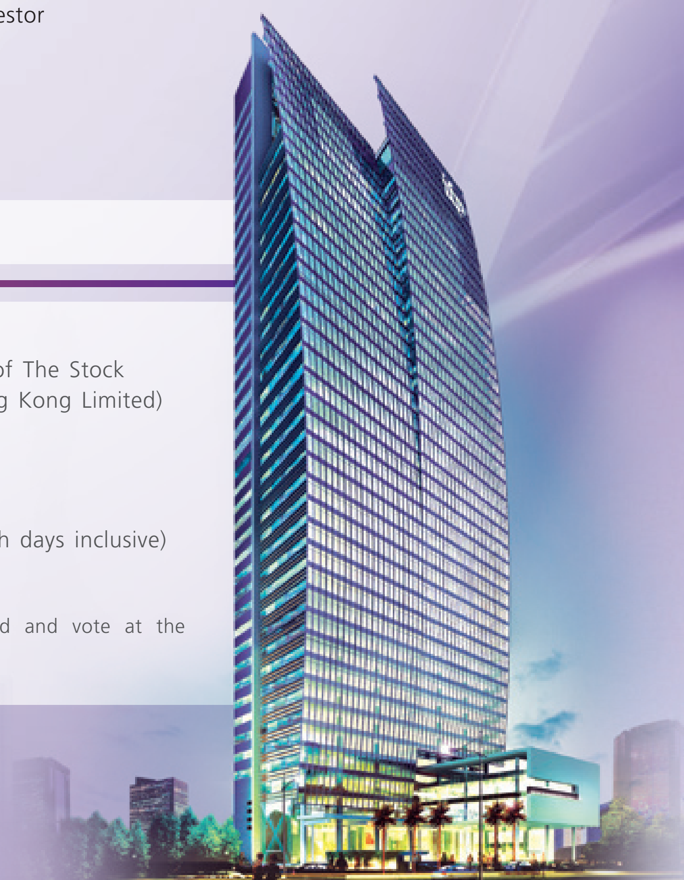
Stock Code

1813 (Main Board of The Stock Exchange of Hong Kong Limited)

2022 Financial Calendar

Interim results announcement	:	30 August 2022
Annual results announcement	:	31 March 2023
Closure of register of members(Note)	:	29 May to 1 June 2023 (both days inclusive)
Annual general meeting	:	1 June 2023

Note: For the purpose of determining shareholders' entitlement to attend and vote at the annual general meeting



Corporate Profile

Founded in 1995, KWG Group Holdings Limited ("KWG" or the "Company", together with its subsidiaries, collectively the "Group") was listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 01813.HK) in July 2007. As one of the leading integrated urban operators in China, the Group has always adhered to its core philosophy of "building home with heart, creating future with aspiration", and upheld the development strategy of "originating from Guangzhou, expanding nationwide across China". Over the years, with the focus on first- and second-tier cities, KWG has been making efforts in the business development in the Greater Bay Area and Yangtze River Delta Region, as well as the Bohai Rim and other important urban economic zones in Central and Western China. Currently, it has established a presence in over 40 cities.

Over the past 28 years, the Group has established a comprehensive property development system that is well supported by a balanced portfolio offering different types of products, including mid- to high-end residential properties, serviced apartments, villas, office buildings, hotels and shopping malls. While deepening its business in real estate development and commercial operation, the Group has also made strategic expansions into a wide range of segments including education and big health to achieve synergic development with its business in the real estate segment.

Looking forward, while focusing on the project development of residential properties and commercial properties, the Group will also continue its endeavor to attach great importance to "environmental, social and governance (the "ESG")" issues, thereby promoting the Company's environmental, social and governance practices in all aspects and moving towards sustainable development.

Honours and Awards

Some of the awards received by the Group are set out below:

No.	Name of award	Entity/project being awarded	Awarded by
1	Outstanding Contribution Award for Housing and Urban-Rural Development	The Group	Guangzhou Housing and Urban-Rural Development Report Research Office
2	2022 Carbon Reduction Guard International Certification	The Group	Enterprise Asia's Carbon Champion
3	2022 Excellence Award for Digital Development	The Group	Guandian Index Research Institute
4	2022 ESG Responsibility Enterprise	The Group	Leju Caijing
5	2022 Model Enterprise for Carbon Neutrality	The Group	2022 International Green Zero-carbon Festival
6	ESG Benchmark Enterprise of the Year	The Group	National Business Daily
7	2022 Outstanding Enterprise for ESG Practice	The Group	Investor.org.cn
8	Times Public Welfare Pioneer Award	The Group	The 15th Times Marketing Ceremony 2022
9	2022 Greater Bay Area Influential Enterprise	The Group	Southern Metropolis Daily
10	2022 Diversified Business Operation Award	The Group	Jiemian List of New Economic Drivers
11	2022 TOP 19 China Real Estate Enterprises with Super Product Capacity	The Group	EHConsulting
12	2022 Top Ten Luxury Residence Product Lines of China Real Estate Enterprises — "ZHEN" series of KWG	The Group	EHConsulting

No.	Name of award	Entity/project being awarded	Awarded by
13	2022 Top Ten Best Selections of High-end Works of Chinese Real Estate Enterprises — Landmark Arte Masterpiece of KWG	The Group	EHConsulting
14	Top 100 Hong Kong Listed Companies — ESG Excellent Enterprise Award	The Group	Top 100 Hong Kong Listed Companies Research Centre
15	2022 "Gelonghui Gold Award" — "Information Disclosure Award of the Year" for Excellent Listed Companies in Greater China Region	The Group	Gelonghui
16	The 6th China Excellent IR "Best Information Disclosure Award"	The Group	RoadShow China, China Excellent IR
17	2022 Public Welfare Innovation Award	The Group	The 12th Philanthropy Festival 2022
18	2022 MUSE DESIGN AWARDS Gold MUSE	Beijing Tongzhou Office Buildings	MUSE Awards
19	Bronze Prize in Professional Category of "Bauhaus" Prizes	KWG • U Fun (Guangzhou Knowledge City)	Bauhaus
20	Mall China Shopping Mall Industry 2021 List of Excellent Stars — List of Excellent Stars of Shopping Malls to be Newly Opened	KWG • U Fun (Guangzhou Knowledge City)	Mall China
21	Platinum Award of TITAN Property Awards	KWG • U Fun (Guangzhou Knowledge City)	TITAN Property Awards
22	"Golden Coordinate Award" for Commercial Properties 2021–2022 Prominent Enterprises for Promoting Innovative Commercial Properties	The Group	Golden Coordinate
23	High-growth Commercial Real Estate Enterprise of the Year	The Group	Linkshop.com
24	TOP 30 China Real Estate Business Management Enterprises by Comprehensive Strength	The Group	CRIC
25	TOP 20 China Office Building Operators by Comprehensive Strength	The Group	CRIC
26	Five-star Case of "2022 CCFA Golden Lily Best Practice Case in Shopping Mall Category"	The Group	CRIC
27	TOP 20 2022 Commercial Office Building Operators by Performance Strength Index	The Group	Guandian
28	2022 List of Excellent Enterprises for Marketing Planning	The Group	Mall China
29	2022 List of Excellent Enterprises for City Promotion	The Group	Mall China
30	2022 Innovative Commercial Real Estate Enterprise	The Group	Winshang.com
31	2022 TOP 30 Retail Commercial Real Estate Enterprises by Comprehensive Strength	The Group	Winshang.com
32	The 22nd China Golden Horse Awards Internet Celebrity Hotel Brand	MUSTEL	The 22nd China Golden Horse Awards
33	The 22nd China Golden Horse Awards Top Ten Hotel Management Companies	The Mulian Hotel Group	The 22nd China Golden Horse Awards
34	Meadin MBI Commercial Value Brand Award	The Mulian Hotel	Meadin Tourism and Accommodation Industry MBI

Chairman's Statement

Go through the cycles with steady progress to reach further
Promote sustainable operation to adhere to long-termism!

Looking back at 2022, the industry was facing unprecedented challenges and difficulties. Due to the continuously increasing downward pressure on the real estate market and the restricted financing channels of the industry, the liquidity pressure of real estate enterprises increased accordingly. Amid this round of industry cycle, the survival of the fittest in the real estate industry was accelerating. Since the second half of 2022, various favorable policies for the industry have been introduced one after another, involving, among others, the lowering of reserve requirement ratios and interest rates by the central bank, the ease of restrictions on high-frequency purchases in various regions, the introduction of the "three arrows" for credit, bonds and equity financing, the relief measures for real estate enterprises, and the protection of people's livelihood by ensuring the delivery of properties, all of which aim to actively promote market recovery and facilitate the healthy and steady development of the industry.

At present, the real estate industry is still at the stage of adjustment with the market still being dominated by wait-and-see sentiment, though signs of gradual recovery have arisen. Under the new situation, the logic of industry development has to change, and real estate enterprises need to realize their long-term value through steady operation amid this industry cycle. The Report to the 20th National Congress of the Communist Party of China and the Central Economic Work Conference have mentioned the positioning of "adhering to the principle that "housing properties are for living in, and not for speculation" for many times. In order to better meet the basic and upgrading housing living

demand, local governments have implemented "city-specific policies". We believe that the real estate industry will manage to make it through the severe situation gradually after ending the previous high-turnover and high-leverage routes and achieve healthy and steady development in the long run.

Since its establishment 28 years ago, KWG has always been committed to its core philosophy of "building home with heart, creating future with aspiration". In the past year, we adhered to our original aspiration by building high-quality human settlements with craftsmanship to fulfill people's expectations for a better living environment. By integrating artistic space, humanistic experience, high-end esthetics and green design, we successfully developed a variety of products under the "ZHEN" series, such as Guangzhou Landmark Arte Masterpiece, Guangzhou Richmond Greenville and Shenzhen Grand Oasis, which have received positive response and recognition from the market. We have been constantly creating high-quality and high-value-added properties for our customers, with an aim to realize people's dream of pursuing a better life. As for marketing, considering the demand for a new environment and the demand from new markets, the Group has actively implemented measures to enable its customers to grasp the dynamics of all housing sources of the Group online through its "CoKWG Premium Houses (一合好房)" online marketing platform. In 2022, we organized online traffic attraction activities such as the "11.11 KWG House Purchase Festival" through our "CoKWG Premium Houses" online marketing platform, to innovate marketing by integrating online and offline resources.

Since its establishment 28 years ago, KWG has been focusing on its development in key cities in the Greater Bay Area, Yangtze River Delta, Bohai Rim and Southwest China. Our in-dept development in high-tier cities has enabled us to be more resilient against risks during the downturn of the industry. When the market recovers and the buyers' confidence is rebuilt, the first- and second-tier cities will show relatively large market demand together with a faster rebound and stronger sell-through capability, and the Group will be benefited even when facing industry adjustment. By leveraging the diversified business ecosystem that we have built, we continued to create commercial value such that cash flows could still be generated for the Group despite the pandemic and industry downturn.

2022 was an exceptionally difficult year for the industry. In the face of industry fluctuations, we proactively took steps for sound debt management. In 2022, the Group repaid onshore corporate bonds, CMBS and ABS of RMB7,544 million, offshore US$363 million bonds and offshore syndicated loans of HK$1,284 million, with a total repayment amount of approximately RMB11,300 million. The Group successfully completed the exchange offers for two offshore senior notes in an aggregate amount of US$900 million due in September 2022 and the bonds in an amount of US$700 million due in September 2023, which alleviated its short-term liquidity pressure.

Since November 2022, the "three arrows", a set of policies for credit, bonds and equity financing, has been introduced successively, which has comprehensively covered major financing channels of real estate enterprises, and facilitated the improvement of difficult financing situation of real estate enterprises. On 8 November, the Association of Financial Market Institutional Investors issued a document to promote and expand the tool for supporting the bond financing of private enterprises (the "Second Arrow") to support the bond financing of private enterprises including real estate enterprises, which is expected to support approximately RMB250,000 million of bond financing of private enterprises. Benefited from this policy, the Group successfully issued medium-term notes of RMB700 million in January 2023, which were

unconditionally and irrevocably guaranteed in full by China Bond Issuance Co., Ltd. with a joint and several liability.

As for environmental, social and governance aspects, by adhering to the philosophy of environmental symbiosis led by green practice, we continue to explore the ways to adhere to long-termism on the road to sustainable development. In 2022, the Group's MSCI ESG rating was upgraded from "BB" to "BBB". In particular, the Group performed well in terms of green building, product quality and safety, and corporate behavior, reflecting the excellent achievements of the Group's continuous exploration in sustainable development, which has been recognized by the international capital market. The Group will continue to incorporate ESG-related strategic considerations into the whole cycle and process of design, planning and construction, and actively explore the direction of sustainable urban development and operation in the future.

Outlook for 2023

Under the general tone of the central government's policy that "housing properties are for living in, and not for speculation", the real estate industry is expected to show gradual recovery with real estate enterprises being able to realize sound and steady operation gradually in 2023. In the coming year, KWG Group will actively take up opportunities and challenges, and continue its adherence to the core philosophy of "building home with heart, creating future with aspiration" to gather synergy and maintain steady operation. The Group will continue to develop products with craftsmanship, repay customers with services, enhance its governance standard, and move towards sustainable development. The Group will actively improve its debt structure, continuously reduce its total debt, actively promote sales and en-bloc office sales, and enhance its cash liquidity in all aspects through "strengthening sales and reducing liabilities". The Group will adhere to long-termism to realize high-quality development and create long-term value for our society, shareholders and customers!

Appreciation

On behalf of the Group and the board of directors, I would like to extend my sincere appreciation to all shareholders, investors, partners, and customers for their ensuring support and assistance to KWG. I would also like to express my uttermost gratitude to all our directors, management and employees for their unwavering contributions and dedication, as KWG could only sustain its development with their outstanding wisdom and unremitting efforts. Let us forge ahead and soldier on hand in hand!

KONG Jianmin
Chairman

28 April 2023

Management Discussion and Analysis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Financial Review

Revenue

Revenue of the Group comprises primarily the (i) gross proceeds from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties and (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered. The revenue is primarily generated from its three business segments: property development, property investment and hotel operation.

The revenue amounted to approximately RMB13,452.6 million in 2022, representing a decrease of 43.6% from approximately RMB23,844.7 million in 2021. The decrease is mainly attributable to the continued and prolonged COVID-19 pandemic, resulting in delays in construction progress and hence the properties delivery schedule. Lockdowns in various cities in the PRC in response to the pandemic also have a negative impact on the Group's revenue from property investment and hotel operation. The real estate market has also worsened during the year, resulting in weakened property buyers confidence.

In 2022, the revenue generated from property development, property investment and hotel operation were approximately RMB11,908.0 million, RMB944.4 million and RMB600.2 million, respectively.

Proportionate revenue amounted to approximately RMB22,462.0 million in 2022, representing a decrease of 49.3% from approximately RMB44,282.9 million in 2021.

Property development

Revenue generated from property development decreased by 46.3% to approximately RMB11,908.0 million in 2022 from approximately RMB22,191.7 million in 2021, primarily due to a decrease in the total gross floor area ("GFA") delivered to 806,218 sq.m. in 2022 from 1,598,546 sq.m. in 2021.

The average selling price ("ASP") increased from RMB13,882 per sq.m. in 2021 to RMB14,770 per sq.m. in 2022, reflecting a change in delivery portfolio with different city mix and product mix as compared with that for the corresponding period in 2021.

Proportionate revenue generated from property development decreased by 51.2% to approximately RMB20,580.2 million in 2022 from approximately RMB42,180.8 million in 2021, primarily due to a decrease in the total GFA delivered to 1,348,216 sq.m. in 2022 from 2,671,164 sq.m. in 2021.

Property investment

Revenue generated from property investment slightly decreased by 1.4% to approximately RMB944.4 million in 2022 from approximately RMB957.4 million in 2021.

Hotel operation

Revenue generated from hotel operation decreased by 13.7% to approximately RMB600.2 million in 2022 from approximately RMB695.6 million in 2021, primarily due to the decreased occupancy rate resulting from the tightening control of the COVID-19 pandemic.

Cost of Sales

Cost of sales of the Group primarily represents the costs incurred directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, cost of obtaining land use rights and capitalised borrowing costs on related borrowed funds during the period of construction.

Cost of sales decreased by 17.3% to approximately RMB15,548.4 million in 2022 from approximately RMB18,799.2 million in 2021, mainly due to the decrease in total GFA delivered in sale of properties.

Land cost per sq.m. increased from RMB5,321 in 2021 to RMB7,625 in 2022.

Construction cost per sq.m. increased from RMB4,322 in 2021 to RMB7,338 in 2022, due to the change in delivery portfolio with different city mix compared with that in 2021.

Gross Loss

Gross loss of the Group was approximately RMB2,095.8 million in 2022, whereas gross profit of approximately RMB5,045.5 million was recorded in 2021. The Group has taken certain actions to improve the sales, including the implementation of price reduction for certain projects. Also, certain properties with low or negative profit margins, including carparking spaces and public rental housing properties, were delivered during the year, leading to the gross loss recorded during the year.

Proportionate core gross loss of the Group was approximately RMB3,869.7 million in 2022, whereas a proportionate core gross profit of approximately RMB10,325.9 million was recorded in 2021.

Other Income and Gains, Net

Other income and gains decreased by 65.5% to approximately RMB617.3 million in 2022 from approximately RMB1,787.9 million in 2021. The decrease was mainly attributable to the decrease in the cash and cash equivalents balance during the year, resulting in the decrease in interest income from approximately RMB891.1 million in 2021 to approximately RMB515.9 million in 2022.

Selling and Marketing Expenses
Selling and marketing expenses of the Group decreased by 22.2% to approximately RMB1,407.0 million in 2022 from approximately RMB1,808.0 million in 2021. This was mainly attributable to the decrease in contracted sales and properties delivered during the year as a result of the COVID-19 pandemic, resulting in a decrease in sales commission and advertising and promotional expenses.

Administrative Expenses
Administrative expenses of the Group decreased by 9.4% to approximately RMB1,666.5 million in 2022 from approximately RMB1,839.5 million in 2021, mainly due to the decrease in staff costs. The Group reduced the number of employees during the year as one of the cost reduction measures.

Fair Value Losses on Investment Properties, Net
The Group reported fair value losses on investment properties of approximately RMB1,064.0 million for 2022 (2021: approximately RMB662.2 million). In response to the worsening of the PRC property market, a more prudent approach has been adopted during the revaluation process to reflect the current market condition, resulting in a more significant revaluation losses during the year.

Finance Costs
Finance costs of the Group being approximately RMB128.9 million in 2022 (2021: approximately RMB303.0 million), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, thus they have not been capitalised.

Share of profits and losses of joint ventures
The Group recorded a share of losses of joint ventures of approximately RMB3,973.1 million in 2022 (2021: share of profits of approximately RMB2,165.4 million).

This is mainly attributable to impairment losses made on properties under development and completed properties held for sale of approximately RMB1,914.9 million, fair value losses on investment properties of approximately RMB645.7 million and write-off of deferred tax assets of approximately RMB244.4 million.

Income tax credits/(expenses)
The Group recorded income tax credits of approximately RMB855.0 million in 2022, whereas an income tax expenses of approximately RMB1,518.1 million was recorded in 2021. This is primarily due to the Group recorded a loss before tax as a result of the decrease in revenue in 2022. Besides, the Group had written back the deferred tax liabilities related to the revaluation of properties.

(Loss)/profit for the year
The Group reported loss for the year of approximately RMB9,842.3 million in 2022 (2021: profit of approximately RMB2,562.9 million), as a result of the above-mentioned factors.

Interest in associates
The decrease in the interest in associates as at 31 December 2022 was mainly attributable to the disposal of various associates during the year.

Interest in joint ventures

The decrease in the interest in joint ventures as at 31 December 2022 was mainly attributable to the disposal of various joint ventures during the year, including the joint venture projects of Upper River Bank located in Kai Tak, Hong Kong and the Chengdu Sky Ville located in Chengdu, the PRC, and the share of losses of joint ventures recorded during the year.

Prepayments, other receivables and other assets

Increase in the balance of prepayments, other receivables and other assets as at 31 December 2022 is mainly attributable to the increase in prepayments of contract cost and other taxes, and the increase in deposits paid for the Group's urban redevelopment projects.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2022, the carrying amounts of the Group's cash and bank balances were approximately RMB10,337.9 million (31 December 2021: approximately RMB29,447.5 million).

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties.

Borrowings and Charges on the Group's Assets

As at 31 December 2022, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB46,057.3 million, RMB27,212.3 million and RMB2,121.0 million respectively. Amongst the bank and other loans, approximately RMB16,886.1 million will be repayable within 1 year, approximately RMB19,289.7 million will be repayable between 2 and 5 years and approximately RMB9,881.5 million will be repayable over 5 years. Amongst the senior notes, approximately RMB3,237.9 million will be repayable within 1 year and approximately RMB23,974.4 million will be repayable between 2 and 5 years. All of the domestic corporate bonds will be repayable within 1 year.

As at 31 December 2022, the Group's bank and other loans of approximately RMB42,758.1 million were secured by buildings, land use rights, investment properties, properties under development, and completed properties held for sale with total carrying value of approximately RMB68,856.5 million, and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The Group's domestic corporate bonds were guaranteed by the Company.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately RMB3,056.8 million as at 31 December 2022 which were denominated in Hong Kong dollar of approximately RMB1,779.4 million and denominated in U.S. dollar of approximately RMB1,277.4 million respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB10,301.1 million which were charged at fixed interest rates as at 31 December 2022. The Group's senior notes were denominated in U.S. dollar and charged at fixed interest rates as at 31 December 2022. The Group's domestic corporate bonds were denominated in RMB and charged at fixed interest rates as at 31 December 2022.

Gearing Ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and bank balances) over the total equity. As at 31 December 2022, the gearing ratio was 161.8% (31 December 2021: 79.2%).

Risk of Exchange Rate Fluctuation

The Group mainly operates in Mainland China, so most of its revenues and expenses are measured in RMB. In addition, except for the above mentioned, the Company's domestic corporate bonds were denominated in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

During 2022, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar decreased and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Contingent Liabilities

(i) As at 31 December 2022, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB15,499.0 million (31 December 2021: approximately RMB21,016.4 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considers that in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made in the financial statements as at 31 December 2022 and 2021 for the guarantees.

(ii) As at 31 December 2022 and 2021, the Group had provided guarantees in respect of 1) certain bank loans for joint ventures and associates, and 2) certain bank acceptance bills for third parties.

Employees and Emolument Policies

As at 31 December 2022, the Group employed a total of approximately 3,600 employees (31 December 2021: approximately 6,500). Employee benefit expense (excluding Directors' and chief executive's remuneration) of the Group incurred was approximately RMB1,009.9 million during the year ended 31 December 2022. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

The Company has adopted the share option scheme and the share award scheme in order to recognise and motivate the contributions by the eligible participants of the Group, and help in retaining them for the Group's further development.

In addition, training and development programmes are provided on an on-going basis throughout the Group.

Market Review

In 2022, due to the impact of the pandemic, geopolitical conflicts, international trade frictions and other factors, the global economic growth slowed down, and China's economy showed strong resilience. With the eased epidemic control measures, the prevention and control of the COVID-19 pandemic has achieved a major decisive victory. China has set the target of 5% for its GDP growth in 2023, and believes that its economy will attain steady growth.

In 2022, the real estate control policy will still adhere to the general tone of "housing properties are for living in, and not for speculation", "city-specific policies" as well as ensuring stable land prices, housing prices and expectations. The central government and various ministries and commissions released positive signals one after another, and local governments implemented city-specific policies in all aspects. According to the monitoring results of China Index Academy, more than a thousand real estate control policies were introduced in over 300 provinces and cities (counties) in 2022, reaching the peak in recent years in terms of intensity and frequency of policy control. The real estate policies have entered a stage of substantial relaxation, and such policy control in so many cities with high frequency has hit a record high for the same period in history, and the policy environment of the industry has entered the cycle of relaxation.

Due to the increasing downward pressure on the macro-economy, the expected weakened residents' income and unstable market expectations, coupled with the fact that the real estate industry is still undergoing adjustment, the wait-and-see sentiment in the market remains strong in general, and it still takes time for the home buyers to restore their confidence gradually.

In 2022, the national investment in real estate development amounted to RMB13,289.5 billion, representing a year-on-year decrease of 10.0%; the sales area of commodity properties was 1,358.37 million sq.m., representing a year-on-year decrease of 24.3%; and the sales amount of commodity properties amounted to RMB13,330.8 billion, representing a decrease of 26.7%. In 2022, the funds received by real estate developers amounted to RMB14,897.9 billion, representing a year-on-year decrease of 25.9%. Based on the overall data, real estate enterprises are facing unprecedented challenges and pressures.

At several important meetings, the central government reiterated that "the real estate industry is a pillar industry of the national economy". The stability of the real estate market has a significant impact on economic growth, employment, tax income, residents' wealth and financial stability. The market recovery has played a positive role in driving the steady growth of consumption and investment. The Government Work Report for this year proposed that "as there are many hidden risks in the real estate market, those risks of high-quality leading real estate enterprises shall be prevented and resolved in an effective manner, asset and liability position shall be improved, and disorderly expansion shall be prevented, so as to promote the steady development of the real estate industry. More efforts shall be paid to the establishment of a housing security system to support the basic and upgrading housing living demand, so as to solve the housing problems for new citizens and young people". The relevant statements reflect the State's stable and constant attitude towards real estate policies.

In this new era, real estate enterprises had better to make scientific decisions, seize opportunities, continuously improve their product and service capabilities and strengthen their resilience against industry risks, thereby achieving steady and quality development.

Business Review

At present, the industry is still undergoing in-depth adjustment. KWG Group has always adhered to its strategic direction of steady operation and diversified development.

In 2022, the Group's gross pre-sales amounted to RMB50.86 billion, and the area pre-sold was 2,567,000 sq.m., with an average pre-selling price of RMB19,800 per sq.m.. Among the 128 projects for sale, in terms of contribution to pre-sales amount, 54% were from the Greater Bay Area and 22% were from the Yangtze River Delta Region; and in terms of city tiers, 90% were from first- and second-tier cities, and the Group continued its efforts in the in-depth development in high-tier cities.

During the reporting period, the Group launched key projects such as Guangzhou Landmark Arte Masterpiece, Guangzhou Richmond Greenville, Canton Financial Center, Foshan Oriental Bund, Shenzhen Grand Oasis, Yancheng KWG Haya City and International Commercial Plaza in Jiaxing, which were recognized by the market with their superior locations and excellent product capabilities.

Moreover, in 2022, the Group established a key account sales team to expand key customer resources to promote en-bloc sales, and intended to sell the commercial projects located in first-tier cities such as Guangzhou, Beijing and Shanghai. The Group will actively promote and realize en-bloc sales, which are expected to bring stable and considerable cash inflows and enhance the Group's financial security.

After years of development, the Group has developed diversified and synergistic integrated operational strengths, and continued to drive the value enhancement of its brand, which has been recognized by authoritative institutions for many times. In 2022, the Group won the "2022 Greater Bay Area Influential Enterprise" awarded by Southern Metropolis Daily and the "2022 Diversified Business Operation Award" under the "List of New Economic Drivers" awarded by Jiemian. We were honored to receive the "Outstanding Contribution Award for Housing and Urban-Rural Development" from Guangzhou Housing and Urban-Rural Development Report Research Office. At the China Commercial Properties "Golden Coordinate" Award Ceremony of 17th China Commercial Property Festival held by Winshang.com, the Group, with its diversified business ecological layout, craftmanship presented in commercial space aesthetics of "Art Narration, Ecology and Lohas", continuously enhanced operational capabilities and growth of commercial value, was awarded the "Golden Coordinate — Prominent Enterprises of the Year for Promoting Innovative Commercial Properties".

As at 31 December 2022, the Group had a total of 174 projects located in 44 cities in Mainland China and Hong Kong, China, and owned attributable land bank of approximately 14.41 million sq.m. and a total GFA of approximately 19.67 million sq.m., representing an attributable ratio of approximately 73%. The Group deployed its resources for the in-depth development in high-tier cities with the focus on the core cities in the Greater Bay Area.

At present, ensuring liquidity and controlling cash flows are the top priorities for private real estate enterprises. In terms of regional deployment, the Group made efforts in the in-depth development in the Greater Bay Area and Yangtze River Delta Region, and key cities in the Bohai Rim region with Beijing and Tianjin as the center, and the core cities in Central and Western China with the focus on Chengdu, Chongqing and Nanning.

The Report to the 20th National Congress of the Communist Party of China proposed to implement urban renewal initiatives, strengthen urban infrastructure construction, and create a livable, resilient and smart city. This year, Guangzhou will focus on urban renewal projects and overcome all the difficulties. At the Guangzhou High-quality Development Conference held at the beginning of the year, the Municipal Housing and Urban-Rural Development Bureau clearly planned to promote 127 urban village redevelopment projects. KWG will follow the policy requirements, promote urban renewal projects in a steady and orderly manner, and continue its efforts in "organic" urban renewal. The Group has been deeply engaged in urban renewal in the Greater Bay Area to replenish abundant saleable resources in the future. At present, the Group has successfully won the tenders and secured the cooperation qualifications for four old village redevelopment projects, namely Jishan Village in Tianhe District, Guangzhou, Shixia Village in Zengcheng District, Guangzhou, Shuangsha Village in Huangpu District, Guangzhou and Nangang Village in Huangpu District, Guangzhou. On 28 October 2022, the "Shuangsha Old Village Redevelopment Implementation Plan (Area Planning)" was officially approved. The Group will continue to adhere to its mission of "Letting the city grow with vitality" with its passion for Shuangsha, and facilitate the transformation of Shuangsha community into the "Haisi International Innovation City" in Guangzhou. In the future, the Group will integrate its operational capabilities in diversified industries and continue to explore the model of cooperating with state-owned enterprises to give full play to the advantages of both parties, thereby promoting urban space upgrading, facilitating industrial upgrading, and helping villagers achieve a better life desired.

Investment Properties

The Group has successfully established its business presence in the core areas and new economic zones of first- and second-tier cities in the Greater Bay Area, Yangtze River Delta, Bohai Rim, Chengdu, Chongqing and Nanning. The Group has 45 investment projects that have commenced operation, including 11 shopping malls, 10 office buildings and 24 hotels.

(1) Shopping malls

Through diversified product layout and in-depth cooperation with KWG Living Group Holdings Limited ("KWG Living"), the Group has deployed its resources for 11 shopping malls in six core first- and second-tier cities, namely Beijing, Shanghai, Guangzhou, Chengdu, Suzhou and Foshan. While inheriting the local cultural heritage of the city, the Group has accurately positioned every commercial complex, leveraged refined operational capabilities and high-quality brand portfolio, and successfully developed the product lines of three major shopping malls, namely the "U Fun" shopping malls, which create a fashionable, healthy and refined "Lohas" lifestyle covering all commercial aspects, the "M • Cube" shopping malls, which dedicatedly provide modern and fashionable consumer experience and a personalized lifestyle for young and trendy people, and the "Ufun Walk" shopping malls, which focus on creating a dynamic, leisure, convenient and vital consumer experience for community businesses based on the needs of the communities and families, so as to meet the needs of different customer groups for leisure and entertainment. This year, KWG's commercial property division won numerous awards, including the "High-growth Commercial Real Estate Enterprise of the Year" granted by Linkshop.com, the "TOP 30 China Real Estate Business Management Enterprises by Comprehensive Strength" granted by CRIC, and the "2022 Innovative Commercial Real Estate Enterprise" and "2022 TOP 30 Retail Commercial Real Estate Enterprises by Comprehensive Strength" granted by Winshang.com.

In April 2022, the first "U Fun" in South China, namely Guangzhou Knowledge City U Fun Shopping Mall, commenced commercial operation. Being the first "U Fun" in South China, the project has created a dynamic space for the city with a more inclusive and open attitude, and become a new commercial landmark in the eastern part of Guangzhou. Guangzhou Knowledge City U Fun recorded a cumulative customer flow of 310,000 customers within 6 days after its opening, with over 70% of the stores were the first stores of respective brands. The mall won the Platinum Award of TITAN Property Awards and the Bronze Prize in Professional Category of "Bauhaus" Prizes, reflecting the fact that it was well recognized by the market.

In 2022, the resurgence of the pandemic brought new challenges to the operation of the Group's shopping malls. KWG's commercial property division developed its core operational capabilities through multi-dimensional advancement. The Group strived for new development through refreshing the brands of its shopping malls and win-win cooperation with its partners. By anticipating consumption trends and refining its project business portfolios, the Group created a highly recognizable "KWG Sample" through introducing innovative business brand portfolios such as the "First Stores", "Internet Celebrity Stores", "Featured Stores" and benchmark brand stores with its strong investment attraction capabilities and brand attraction capabilities, so as to inject new vitality into its offline business development and the regions and cities where the projects are located. We fully utilized the anniversary celebration period of our three major shopping malls, during which, we carried out diversified marketing activities through innovative initiatives such as organizing nation-wide activities, creating original IP and realizing cross-industry cooperation, and gathered commercial popularity through holding the "Ideal Green Living Festival" and the "SUPER • K • ONE Super KWG Fans Festival". According to the normalized management situation of the pandemic, we built a "Warm Line of Defense" though holding more than 800 online and offline marketing activities, and more than 300 membership events, deeply connecting the public life and continuously improving the shopping experience of consumers. Despite the resurgence of the pandemic, the Group's shopping malls still demonstrated strong resilience in 2022. The attributable rental income of shopping malls remained stable, reflecting the excellent operational capabilities of the commercial property team. With the comprehensively lifting of epidemic control measures, the Group's shopping malls have shown gradual recovery.

In 2022, the Group fully launched three digital intelligence platforms, namely the "merchant service platform", "membership marketing platform" and "big data platform", reflecting its deepened efforts in applications that have empowered its business development and significantly improved its asset management capabilities and digital marketing capabilities, and marking the comprehensive commencement of the journey to digital transformation and upgrading of the B2B and B2B2C businesses of KWG's commercial asset management division for achieving high-quality development.

In the future, the Group's shopping malls will maintain communication with consumers to convey its core concept of "Art Narration, Ecology and Lohas", and continue to develop shopping malls with "empathy, themes and aesthetics".

(2) Office Buildings

The Group's office buildings are located in the core business areas of first- and second-tier cities such as Guangzhou, Shanghai, Chengdu, Suzhou and Nanning. With its superior geographical location, excellent product development capabilities and in-depth cooperation with KWG Living, the Group has successfully created three high-end office building brands, namely IFP (International Finance Place), IMP (International Metropolitan Plaza) and ICP (International Commerce Place), building a quality office and living ecosystem and becoming a long-term partner of many Fortune Global 500 companies.

Currently, the Group has 10 office buildings that have commenced operation: the operating office buildings in Guangzhou include International Finance Place and International Metropolitan Plaza in Pearl River New Town, International Commerce Place in Pazhou, KWG Flourishing Biotech Square in Guangzhou Biological Island, Technology Commerce Centre in Guangzhou Science City and Colorland Centre in Nansha, and those in Shanghai, Chengdu, Suzhou and Nanning include International Metropolis Plaza in Pudong Bund, Chengdu International Commerce Place in the Financial High-tech District in southern Chengdu, Leader Plaza in Suzhou Industrial Park Area and Guangxi International Finance Place at the headquarters base in Nanning Wuxiang New District, respectively.

The Group's office buildings are located in the central business districts of first-tier and strong second-tier cities. Through the core concepts of "comfortable technology", "inclusive space" and "homologous service", the Group has created innovative business scenarios and attracted high-quality tenants mainly from well-known financial institutions and Fortune 500 multinational companies, forming a quality and stable tenant structure with a constantly stable occupancy rate. The commercial office building teams continued to provide quality services to customers with their extraordinary operational capabilities, which helped the Group attain stable rental income.

In 2022, with its outstanding business capabilities and sound indicators, KWG's commercial office building division stood out from numerous quality enterprises and was awarded the "TOP 20 2022 Commercial Office Building Operators by Performance Strength Index" by Guandian Index and the "TOP 20 China Office Building Operators by Comprehensive Strength" by CRIC. During the year, the International Finance Place located in Tongzhou, Beijing won the Gold Award of MUSE DESIGN AWARDS and the "Global Future Design Award" of GFD Awards; the International Finance Place in Guangxi was awarded the "2022 Guangxi Real Estate Business Landmark Award", reflecting the fact that its brand value was well recognized by the market.

(3) Hotels

At present, the Group has 24 hotels that have commenced operation, including hotels that are operated under cooperation with international hotel management groups and those under self-owned brands of the Group.

After the mature development in recent years, The Mulian Hotel Group, a self-owned brand of the Group, has accumulated adequate and extensive experience of operating a large-scale international hotel group. By adopting the operational model of focusing on both light and heavy assets, it has developed business in 7 first- and second-tier cities across the country, with a total of 19 hotels that have commenced operation. The hotel group took the initiative to adapt to market segments and has successively developed a number of self-owned hotel brands targeting different consumer groups such as The Mulian Hotel, MUSTEL, MORDIN and SAISON.

In 2022, the Group opened a new MUSTEL hotel in Guangzhou Knowledge City. Under the normalization of epidemic prevention and control, The Mulian Hotel Group cared about users' needs for different lifestyles and created a living experience with ultra-convenient service and highly thematic environment. After the lifting of epidemic control measures, the occupancy rate of the Group's hotels has shown a recovery trend.

In 2022, The Mulian Hotel Group was awarded the "MBI Commercial Value Brand of the Year for Mid-to-high-end Hotels" by Meadin Index. In the 22nd China Golden Horse Awards, The Mulian Hotel Group and its trendy and multi-space-hotel brand MUSTEL, stood out from numerous brands under evaluation and selection, and won two significant awards, namely the "Top Ten Hotel Management Companies" and "Internet Celebrity Hotel Brand", reflecting the fact that they were well recognized by the market.

Comprehensively Improving ESG Management and Actively Fulfilling Corporate Social Responsibility

The Group has been committed to sustainable development and has established an ESG committee and an ESG working group under the Audit Committee. In 2022, the Group released its first independent ESG report, which enhanced our ESG disclosures in all areas. The Group's MSCI ESG rating was upgraded from "BB" to "BBB". In particular, the Group performed well in terms of green building, product quality and safety, and corporate behavior, reflecting the excellent achievements of the Group's continuous exploration in sustainable development, which has been recognized by the international capital market. The Group is devoted to comprehensively improving its ESG practice and disclosure. We attach great importance to the occupational health and safety of our employees, constantly strengthen green development by increasing the proportion of green buildings and prefabricated buildings, and actively promote anti-corruption and integrity, with an aim to become a caring and socially responsible enterprise.

In 2022, the Company was awarded the "Carbon Reduction Guard Certification" with a rating of "Standard Level" under the Carbon Champion Programme by Enterprise Asia, being the first domestic real estate enterprise in China that received such certification. We were also awarded the ESG Excellent Enterprise Award by Top 100 Hong Kong Listed Companies Research Centre, the 2022 ESG Responsibility Enterprise by Leju Caijing, the 2022 Model Enterprise for Carbon Neutrality by 2022 International Green Zero-carbon Festival, and the ESG Benchmark Enterprise of the Year by National Business Daily, which indirectly reflected the authoritative recognition from international organizations and various major media for KWG's ESG capabilities.

Adhering to the philosophy of environmental symbiosis led by green practice, KWG attaches great significance to environmental symbiosis in its project development and operation, and leads the industry towards green, sustainable and high-quality development. As at the end of 2022, the Group had a total of 109 certified green building projects and 46 projects which were undergoing the certification process in Mainland China. Moreover, the Group was awarded the BEAM Plus New Buildings (HKGBC BEAM Plus) Provisional Gold Rating by the Hong Kong Green Building Council for a project in Hong Kong, China. In 2022, against the backdrop of the "double carbon" goal and sustainable development, the Group organized the "Ideal Green Living Festival" in 7 major cities covering 16 shopping mall and office building projects in China. Through a series of activities, the Group connected with its cross-border partners, brand merchants and consumers. For example, the "Low Carbon Challenge" green operation jointly launched with Ant Forest conveyed the concept of environmental protection while promoting online and offline traffic attraction and member activation. Besides, the Group has adopted underground reclaimed water plants for its office buildings to realize the utilization of recyclable water resources and achieve zero sewage discharge, and made full use of recyclable building materials and energy-saving equipment, thereby putting the concept of low-carbon environmental protection into practice and leading the way to green and smart commerce. 6 major projects of the Group, namely International Finance Place in Guangzhou, International Metropolis Plaza in Guangzhou, KWG Flourishing Biotech Square in Guangzhou, Colorland Centre in Nansha, KWG Technology Innovation Centre and International Commerce Place in Guangzhou, were successfully selected as the first batch of pilot units of zero carbon digital intelligence buildings in China.

Based on the current situation and taking sustainable development as an important strategic direction, KWG focuses on high-quality and sustainable development, continuously enhances its own capabilities, and actively fulfills its social responsibility, with an aim to realize the vision of creating a better life together. The Group has created a digitalized charity platform for everyone's participation in public welfare issues with easy access via mobile devices under a new and innovative public welfare model. In 2022, with the theme of "Little Wishes Full House, Colours Come True", we joined the Guangzhou Charity Federation's "Little Wishes" public welfare project, with an objective to care for children with critical illness and illuminate the little wishes of children with critical illness through the innovative model of "Light Public Welfare". Our "Love Hat Action of KWG Art Museum" won the Top Digital Annual Special Award and received "The 11th Philanthropy Festival — Public Welfare Innovation Award of the Year" from China Philanthropy (中國公益) for digital public welfare innovation.

In the future, the Group will continue to enhance its "green competitiveness" and become a caring and responsible enterprise.

Outlook

In light of the improved epidemic situation since the beginning of this year, China's economic improvement is expected to strengthen. With the target of about 5.0% for the annual GDP growth, its macro economy adheres to the idea of "making progress while maintaining stability". Favorable policies will continue to be implemented for the real estate industry. In general, after the Spring Festival, the sales market of new and second-hand housing properties in key cities has picked up. However, the current real estate market is still facing significant challenges, and it still takes some time for market confidence to gradually recover. Under the general tone of the central government's policies of "housing properties are for living in, and not for speculation" and "city-specific policies", local governments will continue to implement "city-specific policies", and the market performance of cities in different regions and categories will continue to differentiate. Since November 2022, a set of policies for credit, bonds and equity financing, has been introduced successively, which has comprehensively covered major financing channels of real estate enterprises. In January this year, the Group successfully issued medium-term notes of RMB700 million at the National Association of Financial Market Institutional Investors, which were unconditionally and irrevocably guaranteed in full by China Bond Issuance Co., Ltd. with a joint and several liability. We believe that the gradual opening up of financing channels in the future will be beneficial for the real estate industry to make it through the severe industrial situation safely and achieve recovery and rebound, facilitating the smooth transition of the industry to a new development model.

The high-quality assets developed and operated by the Group over the years have strong capability to generate fundamental resources in the downward stage of the industry — cashability and additional room for financing, which provide the Group with a solid asset protection cushion to effectively fight against industry risks. On the premise of risk prevention and control, the Group will continue to make efforts in its development in the two major economic regions, namely the Greater Bay Area and Yangtze River Delta, with the focus on core first- and second-tier cities, and continue to promote its urban renewal projects. Currently, the proportions of land bank in the two regions to the total land bank and the saleable resources to the total saleable resources are 65% and 82%, respectively. In 2023, the Group will be committed to the implementation of the marketing system of precise marketing, cost reduction and efficiency enhancement, continue its efforts in the in-depth development in first- and second-tier cities with the focus on large-scale projects, devote itself to creating products, and achieve cost reduction and efficiency enhancement by strengthening digital marketing and precise marketing to customers. The Group will continue to promote our key projects, such as the high-end projects under the "ZHEN" series: Landmark Arte Masterpiece in Guangzhou, Richmond Greenville in Guangzhou, ONE68 in Guangzhou, Grand Oasis in Shenzhen, The Corniche in Hong Kong, as well as the projects acquired through industry injection in Jiaxing and Yancheng. The Group's confidence comes from its product competitiveness after the real estate industry returns to refined management. The Group will "create products with more vitality" by developing residential properties that emphasize on the uniqueness of location, artistic design and advanced innovation. As the saleable resources this year are mainly attributable from the products in the first-tier and strong second-tier cities in the Greater Bay Area and Yangtze River Delta Region, the first- and second-tier cities will show relatively large market demand together with a faster rebound and stronger sell-through capability when the real estate market recovers and the buyers' confidence is rebuilt. This year, the Group aims to continuously improve its asset and liability position and enhance its cash liquidity in all aspects through "strengthening sales and reducing liabilities".

Looking forward, the real estate industry will gradually achieve steady and healthy development, and we shall continue to "improve our internal capabilities" to comprehensively enhance our competitiveness and gather synergies, so as to realize synergic development among diversified businesses such as the businesses of real estate development, shopping malls, office buildings and hotels. The Group will constantly strengthen its corporate governance capability, adhere to prudent and sound financial management, strengthen the protection of high-quality assets, continue the adherence to the philosophy of "building home with heart, creating future with aspiration", create value for customers on an ongoing basis, promote sustainable operation and adhere to long-termism.

Overview of the Group's Property Development

As at 31 December 2022, the Group's major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Lingshui, Wenchang, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing, Foshan, Hefei, Wuhan, Xuzhou, Jiaxing, Taizhou, Jinan, Changshu, Lishui, Chongqing, Taicang, Wuxi, Zhaoqing, Zhongshan, Nantong, Liuzhou, Shenzhen, Shaoxing, Huizhou, Jiangmen, Wenzhou, Dongguan, Yangzhou, Ningbo, Meishan, Chenzhou, Wuzhou, Xi'an, Kunming, Yancheng, Fuzhou, Sanya and Hong Kong.

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
1	The Summit	Guangzhou	Residential/villa/serviced apartment/office/commercial/hotel	938	100
2	International Metropolitan Plaza	Guangzhou	Office/commercial	40	50
3	Tian Hui Plaza (including The Riviera and Top Plaza)	Guangzhou	Serviced apartment/office/commercial/hotel	44	33.33
4	KWG Flourishing Biotech Square	Guangzhou	Office/commercial	84	100
5	KWG Skysite	Guangzhou	Villa/serviced apartment/office/commercial/hotel	297	100
6	The Eden	Guangzhou	Residential/commercial	2	50
7	Paradise by Moony Sky	Guangzhou	Villa/hotel	41	100
8	Essence of City	Guangzhou	Residential/villa/commercial	15	100
9	International Commerce Place	Guangzhou	Office/commercial	50	50
10	CFC (including Mayfair and IFE (International Finance Edifice))	Guangzhou	Serviced apartment/office/commercial	58	33.33
11	The Horizon	Guangzhou	Residential/villa/serviced apartment/office/commercial/hotel	14	50
12	Blooming River	Guangzhou	Residential/villa/commercial	77	50
13	Nansha River Paradise	Guangzhou	Residential/commercial	8	50
14	V-city	Guangzhou	Serviced apartment/commercial	144	70
15	Montkam	Guangzhou	Residential/villa	14	30
16	E-city	Guangzhou	Serviced apartment/commercial	458	67
17	Guangzhou Luogang M • Cube	Guangzhou	Commercial/hotel	2	10
18	Technology Commerce Center	Guangzhou	Office/commercial	6	50
19	The Beryl (Guangzhou Development Area Hotel A Project)	Guangzhou	Villa/serviced apartment/commercial/hotel	11	60
20	The Beryl (Guangzhou Development Area Hotel B Project)	Guangzhou	Villa/serviced apartment/office/commercial	16	60

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
21	Landmark Arte Masterpiece	Guangzhou	Residential/serviced apartment/commercial	97	100
22	Clover Shades	Guangzhou	Residential/commercial	62	62.5
23	The Emerald	Guangzhou	Residential	65	100
24	KWG Biovalley	Guangzhou	Villa/serviced apartment/office/commercial	192	80
25	Longyatt Mansion	Guangzhou	Residential/commercial	90	100
26	Dreams Garden	Guangzhou	Residential/commercial	279	100
27	Lakeside Mansion	Guangzhou	Residential/commercial	322	100
28	Richmond Greenville	Guangzhou	Residential	91	100
29	Guangzhou Nansha Project	Guangzhou	Educational	89	60
30	The Star Garden	Guangzhou	Residential/commercial	194	87.5
31	ONE68	Guangzhou	Serviced apartment/office/commercial/hotel	69	100
32	IFP	Guangzhou	Office/commercial	61	100
33	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
34	The Mulian Huadu	Guangzhou	Hotel	25	100
35	W Hotel/W Serviced Apartments	Guangzhou	Hotel/serviced apartment	80	100
36	The Mulian Guangzhou	Guangzhou	Hotel	8	100
37	The Sapphire	Suzhou	Residential/serviced apartment/office/commercial/hotel	37	100
38	Suzhou Apex	Suzhou	Residential/serviced apartment/commercial/hotel	127	100
39	Suzhou Emerald	Suzhou	Residential/commercial	1	100
40	Leader Plaza	Suzhou	Serviced apartment/office/commercial	21	100
41	Fortune Plaza	Suzhou	Office/commercial/hotel	21	100
42	Suzhou Jade Garden	Suzhou	Residential/commercial	2	100
43	Orient Aesthetics	Suzhou	Residential/commercial	3	20
44	Orient Moon Bay	Suzhou	Residential	1	50
45	Swan Harbor Park	Suzhou	Residential/serviced apartment/office/commercial/hotel	133	50
46	Lunar River	Suzhou	Residential/commercial	47	51
47	Blessedness Seasons	Suzhou	Residential/commercial	36	49
48	Moonlit River	Suzhou	Residential	48	50

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
49	The Vision of the World	Chengdu	Residential/serviced apartment/commercial	39	100
50	Chengdu Cosmos	Chengdu	Residential/serviced apartment/office/commercial/hotel	236	100
51	Yunshang Retreat	Chengdu	Residential/villa/serviced apartment/commercial/hotel	577	55
52	The Jadeite	Chengdu	Residential/villa/commercial/hotel	46	100
53	Fragrant Seasons	Beijing	Residential/villa/serviced apartment/commercial	1	100
54	La Villa	Beijing	Residential/villa/commercial	8	50
55	Beijing Apex	Beijing	Residential/villa/serviced apartment/commercial	2	50
56	M • Cube	Beijing	Commercial	16	100
57	Summer Terrace	Beijing	Residential/commercial	1	100
58	Uptown Riverside I	Beijing	Serviced apartment/office/commercial	128	100
59	Uptown Riverside II	Beijing	Serviced apartment/office/commercial	67	100
60	Rose and Ginkgo Mansion	Beijing	Residential/villa/office/commercial	27	33
61	The Core of Center (Beijing Niulanshan Complex Project)	Beijing	Residential/villa/commercial/hotel	191	100
62	The Core of Center (Beijing Niulanshan 1107# Project)	Beijing	Residential	6	100
63	New Chang'an Mansion	Beijing	Residential/office/commercial/hotel	31	100
64	Pearl Coast	Lingshui	Residential/villa/commercial/hotel	97	100
65	Moon Bay	Wenchang	Residential/villa/commercial/hotel	341	100
66	The Cloud World	Wenchang	Villa/commercial	76	100
67	International Metropolis Plaza	Shanghai	Office/commercial	30	75.5
68	Shanghai Apex	Shanghai	Residential/serviced apartment/commercial/hotel	37	100
69	Shanghai Sapphire	Shanghai	Residential/serviced apartment/commercial	43	85.3
70	Amazing Bay	Shanghai	Residential/serviced apartment/office/commercial/hotel	28	50
71	Vision of World	Shanghai	Residential/serviced apartment/commercial/hotel	55	51
72	Glory Palace	Shanghai	Residential	3	100
73	KWG Biovalley	Shanghai	Office/commercial	121	90
74	Jinnan New Town	Tianjin	Residential/office/commercial/hotel	233	25

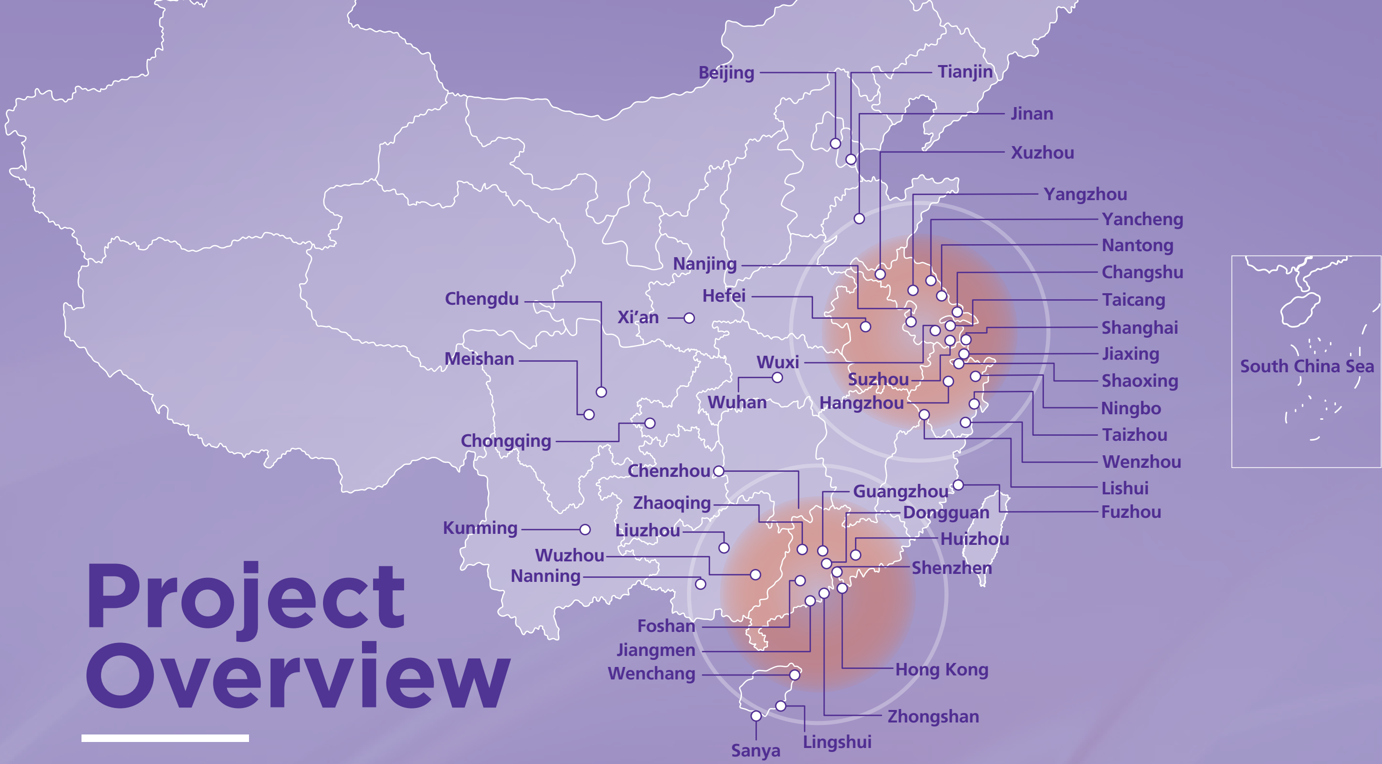
No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
75	Tianjin The Cosmos	Tianjin	Residential/villa/commercial	262	100
76	Tianjin Apex	Tianjin	Residential/office/commercial	32	100
77	Beautiful and Happy Life	Tianjin	Residential/commercial	95	100
78	Joy Fun City	Tianjin	Residential/commercial	173	60
79	The Core of Center	Nanning	Residential/villa/serviced apartment/ commercial/hotel	260	100
80	International Finance Place	Nanning	Office/commercial	59	100
81	Top of World	Nanning	Residential/villa/serviced apartment/ commercial/hotel	80	100
82	Fragrant Season	Nanning	Residential/villa/commercial	15	100
83	Impression Discovery Bay I	Nanning	Residential/commercial	1	34
84	Impression Discovery Bay II	Nanning	Residential/commercial	3	34
85	Emerald City	Nanning	Residential/serviced apartment/ commercial	408	100
86	The Mulian Hangzhou	Hangzhou	Commercial/hotel	18	100
87	The Moon Mansion	Hangzhou	Residential/villa	3	100
88	Sky Ville	Hangzhou	Residential/villa	1	100
89	Puli Oriental	Hangzhou	Residential/commercial	8	50
90	Urban Artwork	Hangzhou	Serviced apartment/commercial	1	60
91	Malus Moon	Hangzhou	Residential/villa/commercial	4	100
92	Oriental Dawn	Hangzhou	Residential/commercial	9	50
93	Precious Mansion	Hangzhou	Residential/office/commercial	88	100
94	Season Mix	Hangzhou	Residential/commercial/hotel	41	25
95	Shine City	Nanjing	Residential/office/commercial	1	50
96	South Bank Palace	Nanjing	Residential/commercial	1	19.75
97	Ruyi Palace	Nanjing	Residential/commercial	1	50
98	Oriental Bund	Foshan	Residential/villa/serviced apartment/ commercial/hotel	910	50
99	The Riviera	Foshan	Residential/commercial	31	51
100	One Palace	Foshan	Residential/serviced apartment/ commercial	7	33.3
101	Foshan Apex	Foshan	Residential/serviced apartment/ commercial	6	50
102	China Image	Foshan	Residential/commercial	4	34
103	Water Moon	Hefei	Residential/commercial	1	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
104	City Moon	Hefei	Residential/commercial	1	100
105	The One	Hefei	Residential/commercial	86	100
106	Park Mansion	Hefei	Residential	2	50
107	The Buttonwood Season I	Wuhan	Residential/villa/commercial	9	100
108	The Buttonwood Season II	Wuhan	Residential/villa/commercial	131	100
109	Exquisite Bay	Xuzhou	Residential/commercial	6	100
110	Fragrant Season	Xuzhou	Residential/commercial	11	50
111	Xuzhou Tongshan Project I	Xuzhou	Residential	1	33
112	Xuzhou Tongshan Project II	Xuzhou	Residential/commercial	1	33
113	Oriental Milestone	Xuzhou	Residential	137	100
114	Majestic Mansion	Jiaxing	Residential/commercial	3	100
115	Star City	Jiaxing	Residential	1	25
116	Noble Peak	Jiaxing	Residential	2	100
117	International Commercial Plaza	Jiaxing	Residential/serviced apartment/office/ commercial/hotel	360	100
118	Top of World Residence I	Taizhou	Residential	2	100
119	Top of World Residence II	Taizhou	Residential/commercial	4	100
120	Linhai Mansion	Taizhou	Residential/commercial	2	100
121	Star Mansion	Taizhou	Residential/commercial	2	33
122	Lead Peak Mansion	Taizhou	Residential/commercial	1	100
123	Emerald the Bay	Taizhou	Residential/serviced apartment/office/ commercial	255	50
124	Jinan Capital of Phoenix	Jinan	Residential/commercial	1	20
125	Jinan Tianchen	Jinan	Residential/commercial	26	20
126	Fragrant Season	Changshu	Residential	6	40
127	The Inherited Villa	Changshu	Residential	1	25
128	Liu Xiang Mansion	Lishui	Residential/commercial	8	49
129	The Riviera Chongqing	Chongqing	Residential/commercial/hotel	19	100
130	The Cosmos Chongqing	Chongqing	Residential/serviced apartment/office/ commercial/hotel	257	100
131	The Moon Mansion	Chongqing	Residential/commercial	1	39
132	Splendid City	Chongqing	Residential/commercial	1	50
133	Mansion of Jasper	Chongqing	Residential/commercial	1	50
134	Jade Moon Villa	Chongqing	Residential/commercial	1	50
135	Jinzhu Tianyi Huayuan	Taicang	Residential	47	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
136	Oriental Mansion	Wuxi	Residential/commercial	1	20
137	Exquisite Palace	Wuxi	Residential/commercial	3	45
138	Vision of the World	Zhaoqing	Residential/commercial	101	100
139	River View Mansion	Zhaoqing	Residential/commercial	1	33
140	The Moon Mansion	Zhongshan	Residential/commercial	40	50
141	Serenity in Prosperity	Nantong	Residential/villa/commercial	4	51
142	Oriental Beauty	Nantong	Residential	1	70
143	Central Mansion	Nantong	Residential	21	70
144	The Moon Mansion	Liuzhou	Residential/villa/commercial	44	100
145	Fortunes Season	Liuzhou	Residential/commercial/hotel/educational	955	100
146	Shenzhen Bantian Project	Shenzhen	Serviced apartment/office/commercial/hotel	61	51
147	KWG Topchain City Center	Shenzhen	Serviced apartment/office/commercial	28	51
148	Grand Oasis	Shenzhen	Serviced apartment/office/commercial/hotel	39	55
149	Shenzhen Longhua Project	Shenzhen	Residential/office/commercial/industrial/educational	79	50
150	Shaoxing Project	Shaoxing	Residential/villa	1	24.9
151	Skyline Seasons	Huizhou	Residential/commercial	233	100
152	Huizhou Longmen Project — Educational# [2019]011	Huizhou	Educational	11	100
153	Huizhou Longmen Project — Educational# [2019]014	Huizhou	Educational	61	100
154	The Horizon	Jiangmen	Residential	1	100
155	Jiangmen Apex International	Jiangmen	Residential/serviced apartment/commercial	45	100
156	Cullinan Mansion	Wenzhou	Residential/commercial	17	100
157	Art Wanderland	Dongguan	Residential/commercial	1	12.5
158	Center Mansion	Dongguan	Residential/villa/commercial	6	20
159	Yangzhou Apex	Yangzhou	Residential/commercial	88	100
160	Ningbo Beilun Project	Ningbo	Residential	1	49
161	Parkview Palace	Ningbo	Residential	2	49
162	Cloud Mansion	Ningbo	Residential	2	50

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
163	Meishan Apex	Meishan	Residential/commercial	1	100
164	River State	Meishan	Residential/commercial	57	34
165	Chenzhou Wangxian Eco-tourism Project	Chenzhou	Residential/villa	71	50
166	KWG Tusholdings Ice Snow	Wuzhou	Residential/commercial	215	75
167	Meet	Xi'an	Serviced apartment/commercial/hotel	28	100
168	Salar de Uyuni	Kunming	Residential/commercial/hotel	262	67.11
169	Salar de Uyuni Guan Lake [Phase 2 — #17–28]	Kunming	Residential/commercial	87	70.56
170	Salar de Uyuni Guan Lake [Phase 1 — #17–29]	Kunming	Residential/commercial	112	70.56
171	KWG Haya City	Yancheng	Residential/serviced apartment/ commercial/hotel	660	100
172	Phoenix International	Fuzhou	Serviced apartment/office/commercial	47	22.4
173	Sanya Haitangwan Project	Sanya	Serviced apartment	8	6.72
174	The Corniche (formerly known as Hong Kong Ap Lei Chau Project)	Hong Kong	Residential	35	50

Project Overview



Guangzhou — 36 projects
Total Attributable GFA
approximately 4,136,000 sqm
The Summit
International Metropolitan Plaza
Tian Hui Plaza (including The Riviera and Top Plaza)
KWG Flourishing Biotech Square
KWG Skysite
The Eden
Paradise by Moony Sky
Essence of City
International Commerce Place
CFC (including Mayfair and IFE (International Finance Edifice))
The Horizon
Blooming River
Nansha River Paradise
V-city
Montkam
E-city
Guangzhou Luogang M • Cube
Technology Commerce Center
The Beryl (Guangzhou Development Area Hotel A Project)
The Beryl (Guangzhou Development Area Hotel B Project)
Landmark Arte Masterpiece
Clover Shades
The Emerald
KWG Biovalley
Longyatt Mansion
Dreams Garden
Lakeside Mansion
Richmond Greenville
Guangzhou Nansha Project
The Star Garden
ONE68
IFP
Four Points by Sheraton Guangzhou, Dongpu
The Mulian Huadu
W Hotel/W Serviced Apartments
The Mulian Guangzhou

Foshan — 5 projects
Total Attributable GFA
approximately 958,000 sqm
Oriental Bund
The Riviera
One Palace
Foshan Apex
China Image

Huizhou — 3 projects
Total Attributable GFA
approximately 305,000 sqm
Skyline Seasons
Huizhou Longmen Project — Educational#[2019]011
Huizhou Longmen Project — Educational#[2019]014

Shenzhen — 4 projects
Total Attributable GFA
approximately 207,000 sqm
Shenzhen Bantian Project
KWG Topchain City Center
Grand Oasis
Shenzhen Longhua Project

Zhaoqing — 2 projects
Total Attributable GFA
approximately 102,000 sqm
Vision of the World
River View Mansion

Jiangmen — 2 projects
Total Attributable GFA
approximately 46,000 sqm
The Horizon
Jiangmen Apex International

Zhongshan — 1 project
Total Attributable GFA
approximately 40,000 sqm
The Moon Mansion

Hong Kong — 1 project
Total Attributable GFA
approximately 35,000 sqm
The Corniche (formerly known as Hong Kong Ap Lei Chau Project)

Dongguan — 2 projects
Total Attributable GFA
approximately 7,000 sqm
Art Wanderland
Center Mansion

Yancheng — 1 project
Total Attributable GFA
approximately 660,000 sqm
KWG Haya City

Suzhou — 12 projects
Total Attributable GFA
approximately 487,000 sqm
The Sapphire
Suzhou Apex
Suzhou Emerald
Leader Plaza
Fortune Plaza
Suzhou Jade Garden
Orient Aesthetics
Orient Moon Bay
Swan Harbor Park
Lunar River
Blessedness Seasons
Moonlit River

Jiaxing — 4 projects
Total Attributable GFA
approximately 366,000 sqm
Majestic Mansion
Star City
Noble Peak
International Commercial Plaza

Shanghai — 7 projects
Total Attributable GFA
approximately 321,000 sqm
International Metropolis Plaza
Shanghai Apex
Shanghai Sapphire
Amazing Bay
Vision of World
Glory Palace
KWG Biovalley

Taizhou — 6 projects
Total Attributable GFA
approximately 266,000 sqm
Top of World Residence I
Top of World Residence II
Linhai Mansion
Star Mansion
Lead Peak Mansion
Emerald the Bay

Hangzhou — 9 projects
Total Attributable GFA
approximately 175,000 sqm
The Mulian Hangzhou
The Moon Mansion
Sky Ville
Puli Oriental
Urban Artwork
Malus Moon
Oriental Dawn
Precious Mansion
Season Mix

Xuzhou — 5 projects
Total Attributable GFA
approximately 156,000 sqm
Exquisite Bay
Fragrant Season
Xuzhou Tongshan Project I
Xuzhou Tongshan Project II
Oriental Milestone

Hefei — 4 projects
Total Attributable GFA
approximately 90,000 sqm
Water Moon
City Moon
The One
Park Mansion

Yangzhou — 1 project
Total Attributable GFA
approximately 88,000 sqm
Yangzhou Apex

Taicang — 1 project
Total Attributable GFA
approximately 47,000 sqm
Jinzhu Tianyi Huayuan

Nantong — 3 projects
Total Attributable GFA
approximately 26,000 sqm
Serenity in Prosperity
Oriental Beauty
Central Mansion

Wenzhou — 1 project
Total Attributable GFA
approximately 17,000 sqm
Cullinan Mansion

Lishui — 1 project
Total Attributable GFA
approximately 8,000 sqm
Liu Xiang Mansion

Changshu — 2 projects
Total Attributable GFA
approximately 7,000 sqm
Fragrant Season
The Inherited Villa

Ningbo — 3 projects
Total Attributable GFA
approximately 5,000 sqm
Ningbo Beilun Project
Parkview Palace
Cloud Mansion

Wuxi — 2 projects
Total Attributable GFA
approximately 4,000 sqm
Oriental Mansion
Exquisite Palace

Nanjing — 3 projects
Total Attributable GFA
approximately 3,000 sqm
Shine City
South Bank Palace
Ruyi Palace

Shaoxing — 1 project
Total Attributable GFA
approximately 1,000 sqm
Shaoxing Project

Tianjin — 5 projects
Total Attributable GFA
approximately 796,000 sqm
Jinnan New Town
Tianjin The Cosmos
Tianjin Apex
Beautiful and Happy Life
Joy Fun City

Beijing — 11 projects
Total Attributable GFA
approximately 478,000 sqm
Fragrant Seasons
La Villa
Beijing Apex
M • Cube
Summer Terrace
Uptown Riverside I
Uptown Riverside II
Rose and Ginkgo Mansion
The Core of Center (Beijing Niulanshan Complex Project)
The Core of Center (Beijing Niulanshan 1107# Project)
New Chang'an Mansion

Jinan — 2 projects
Total Attributable GFA
approximately 27,000 sqm
Jinan Capital of Phoenix
Jinan Tianchen

Liuzhou — 2 projects
Total Attributable GFA
approximately 999,000 sqm
The Moon Mansion
Fortunes Season

Chengdu — 4 projects
Total Attributable GFA
approximately 898,000 sqm
The Vision of the World
Chengdu Cosmos
Yunshang Retreat
The Jadeite

Nanning — 7 projects
Total Attributable GFA
approximately 826,000 sqm
The Core of Center
International Finance Place
Top of World
Fragrant Season
Impression Discovery Bay I
Impression Discovery Bay II
Emerald City

Kunming — 3 projects
Total Attributable GFA
approximately 461,000 sqm
Salar de Uyuni
Salar de Uyuni Guan Lake [Phase 2 — #17-28]
Salar de Uyuni Guan Lake [Phase 1 — #17-29]

Wenchang — 2 projects
Total Attributable GFA
approximately 417,000 sqm
Moon Bay
The Cloud World

Chongqing — 6 projects
Total Attributable GFA
approximately 280,000 sqm
The Riviera Chongqing
The Cosmos Chongqing
The Moon Mansion
Splendid City
Mansion of Jasper
Jade Moon Villa

Wuzhou — 1 project
Total Attributable GFA
approximately 215,000 sqm
KWG Tusholdings Ice Snow

Wuhan — 2 projects
Total Attributable GFA
approximately 140,000 sqm
The Buttonwood Season I
The Buttonwood Season II

Lingshui — 1 project
Total Attributable GFA
approximately 97,000 sqm
Pearl Coast

Chenzhou — 1 project
Total Attributable GFA
approximately 71,000 sqm
Chenzhou Wangxian Eco-tourism Project

Meishan — 2 projects
Total Attributable GFA
approximately 58,000 sqm
Meishan Apex
River State

Fuzhou — 1 project
Total Attributable GFA
approximately 47,000 sqm
Phoenix International

Xi'an — 1 project
Total Attributable GFA
approximately 28,000 sqm
Meet

Sanya — 1 project
Total Attributable GFA
approximately 8,000 sqm
Sanya Haitangwan Project

Directors

Executive Directors

KONG Jianmin, aged 55, is the founder of the Group. He has been an executive director and the chairman of the Company (the "Chairman") since July 2007. Mr. KONG is also the chairman of the nomination committee and a member of the remuneration committee of the Company. He is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, business operation and sales and marketing. Mr. KONG graduated from Jinan University (暨南大學) in the PRC majoring in computer science in 1989. Mr. KONG has over 28 years of experience in property development and investment. He founded the Group in November 1994. Prior to founding the Group, from December 1985 to July 1993, he worked at the Guangzhou Baiyun Road Sub-branch of Industrial and Commercial Bank of China Limited, where he served as a credit officer. Mr. KONG is a non-executive director and the chairman of KWG Living which is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. KONG is a brother of Messrs. KONG Jiantao and KONG Jiannan, both are executive directors of the Company. Mr. KONG is also a director of most of the Company's subsidiaries incorporated in the British Virgin Islands (the "BVI"), Hong Kong and the PRC.

KONG Jiantao, aged 52, has been an executive director and the chief executive officer of the Company (the "Chief Executive Officer") since July 2007. Mr. KONG is responsible for the overall operation of the Group's projects. He has over 28 years of experience in property development and has been a director of the Group since 1995. Mr. KONG is the younger brother of Messrs. KONG Jianmin and KONG Jiannan, both are executive directors of the Company. Mr. KONG is also a director of most of the Company's subsidiaries incorporated in the BVI, Hong Kong and the PRC.

KONG Jiannan, aged 57, has been an executive director and executive vice president of the Company since July 2007. He is responsible for coordinating and managing human resources, administrative management, IT management and legal affairs of the Group. Mr. KONG graduated from the Guangzhou Radio and TV University (廣州市廣播電視大學) (also known as the Open University of China (Guangzhou)(國家開放大學(廣州))) in the PRC majoring in law in October 1988. Mr. KONG has over 22 years of experience in the real estate industry. From November 1997 to June 2007, he served as a director of Guangzhou Hejing Real Estate Co., Ltd. (廣州合景房地產開發有限公司), a subsidiary of the Company, where he was primarily responsible for coordinating and managing human resources, administrative management and IT management. Prior to joining the Group, from September 1984 to October 1997, he worked at the Dongshan District Justice Bureau (東山區司法局) in Guangzhou, the PRC, where he last served as a section chief. Mr. KONG is an executive director and the chief executive officer of KWG Living which is listed on the Stock Exchange. Mr. KONG is the elder brother of Messrs. KONG Jianmin and KONG Jiantao, both are executive directors of the Company. Mr. KONG is also a director of most of the Company's subsidiaries incorporated in the BVI, Hong Kong and the PRC.

CAI Fengjia, aged 53, has been an executive director of the Company and the chief executive officer of the Company's real estate business since September 2018 and December 2017 respectively. Mr. CAI graduated from Hunan University with a bachelor's degree in architecture and is a registered architect. Mr. CAI joined the Group in May 2007 and served as the deputy general manager of its Suzhou's real estate sector, the general manager of its Hangzhou's real estate sector and the general manager of Eastern China District. Prior to joining the Group, Mr. CAI worked in Guangdong Provincial Architectural Design Institute (廣東省建築設計院) from 1992 to 2005.

Independent Non-Executive Directors

LEE Ka Sze, Carmelo *JP*, aged 62, is an independent non-executive director of the Company and a member of the audit committee of the Company. Mr. LEE joined the Company in June 2007. He received a bachelor's degree in Laws and the Postgraduate Certificate in Laws from The University of Hong Kong. He is qualified as a solicitor in Hong Kong, England and Wales, Singapore and Australian Capital Territory and has been a partner of Messrs. Woo, Kwan, Lee & Lo since 1989. Mr. LEE is a non-executive director of Playmates Holdings Limited and Safety Godown Company, Limited and an independent non-executive director of China Mobile Limited, all of which are listed on the Stock Exchange. Mr. LEE is an independent non-executive director of S.F. Holding Co., Ltd. which is listed on The Shenzhen Stock Exchange. Mr. LEE is a member of chairmen pool of Listing Review Committee of the Stock Exchange since 5 July 2019. He is also a member of HKSAR InnoHK Steering Committee, the chairman of the Appeal Tribunal Panel (Buildings) (Section 45 of the Buildings Ordinance, Chapter 123 of the Laws of Hong Kong), a member of Campaign Committee of The Community Chest of Hong Kong and the co-chairman of The Community Chest Corporate Challenge Half Marathon. He was the chairman of the Listing Committee of the Stock Exchange from May 2012 to July 2015 after serving as a deputy chairman and a member of the Listing Committee of the Stock Exchange from 2009 to 2012 and from 2000 to 2003, respectively. Mr. LEE resigned as a non-executive director of CSPC Pharmaceutical Group Limited with effect from 1 January 2021. He also resigned as an independent non-executive director of China Pacific Insurance (Group) Co., Ltd. and Esprit Holdings Limited respectively with effect from 12 May 2020 and 1 January 2021.

TAM Chun Fai, aged 60, is an independent non-executive director of the Company, the chairman of the audit committee of the Company, the chairman of the remuneration committee of the Company and a member of the nomination committee of the Company. Mr. TAM joined the Company in June 2007. He graduated from The Hong Kong Polytechnic University with a bachelor's degree in accountancy. He is a member of the Hong Kong Institute of Certified Public Accountants and Chartered Financial Analyst. Mr. TAM has almost 38 years of experience in auditing, corporate advisory services and financial management, as well as compliance work. He is an executive director and the company secretary of Beijing Enterprises Holdings Limited and an independent non-executive director of Hi Sun Technology (China) Limited, both of which are listed on the Stock Exchange.

LAW Yiu Wing, Patrick, aged 59, is an independent non-executive director of the Company and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. LAW joined the Company in July 2022. Mr. LAW holds a Bachelor of Building (Hons.) Degree from the University of New South Wales, Australia and a Master of Business Administration Degree from the Australian Graduate School of Management. He is a member of the Australian Institute of Building and CPA Australia. Mr. LAW has extensive experience in property development, strategic planning, financial and general management gained from listed companies. Mr. LAW was the Chief Operating Officer, Hong Kong of Minmetals Land Limited, a company listed on the Stock Exchange from September 2006 to July 2022.

Senior Management

LI Ning, aged 58, is the chief designer of design management center of the Group. Mr. LI joined the Group in November 2010 and is mainly responsible for the development and design of products of the Group. Mr. LI graduated from Murdoch University, Australia with a master's degree in business administration. Mr. LI is a grade-one national registered architect and senior architecture design engineer. Mr. LI has over 32 years of experience in designing large-scaled integrated architecture and operational management.

CHEN Guangchuan, aged 54, is the vice president of the Group. Mr. CHEN joined the Group in October 2009 and was the general manager of its Hainan's real estate sector. He is now mainly responsible for the management of land reserves in China as well as finance management of the Group. Mr. CHEN graduated from Guangzhou Open University, majoring in business administration. Before joining the Group, Mr. CHEN was a general manager of a real estate company.

JIN Yanlong, aged 43, is the general manager of the Southern China District of the Group. Mr. JIN joined the Group in June 2008 and was the engineering manager, the deputy general manager of its Hangzhou's real estate sector and the general manager of its Suzhou's real estate sector. Currently, Mr. JIN is mainly responsible for the overall management and operation of Southern China District of the Group. Mr. JIN obtained a bachelor's degree in electrical engineering and automation from Nanjing Tech University.

HUANG Yanping, aged 48, is the vice president of the finance and treasury department of the Group. Ms. HUANG joined the Group in September 2008 and was the director of the finance and treasury department and the general manager of the finance and treasury department of the Group. Currently, Ms. HUANG is mainly responsible for the management of finance and treasury of the Group. She has 25 years of extensive experience in financial management. Ms. HUANG graduated from the University of Maryland in the United States with a master's degree in business administration.

LUO Qing, aged 58, is the general manager of construction sector of the Group. Mr. LUO joined the Group in August 2001 and was the general manager of its Chengdu's real estate sector, the general manager of its Beijing's real estate sector and the general manager of its Wuhan's real estate sector. Mr. LUO graduated from South China University of Technology, majoring in construction engineering. Before joining the Group, Mr. LUO worked in a sound first-tier main construction contractor in Guangzhou. He has 37 years of extensive experience in the management of construction work.

YAO Zhimin, aged 61, is the vice president of the treasury department of the Group. Mr. YAO joined the Group in March 2018 and is responsible for the management of treasury activities. Mr. YAO graduated from the Shenzhen University with a bachelor's degree in finance. Prior to joining the Group, Mr. YAO worked as the president and general manager at the Guangzhou Xiajiu Road Sub-branch, Guangzhou Dezhengzhong Road Sub-branch, settlement and electronic banking department of Guangzhou Branch and Guangzhou Baiyun Road Sub-branch of Industrial and Commercial Bank of China Limited. Mr. YAO has 32 years of experience in the management of treasury activities.

Corporate Governance Code

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor's confidence and the Company's accountability and transparency, but also important to the Company's long-term success. Key practices adopted by the Company on corporate governance are as follows:

- Develop and review the Company's policies and practices on corporate governance

- Review and monitor the training and continuous professional development of directors and senior management

- Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements

The Group strives to attain and maintain effective corporate governance practices and procedures. Throughout the year, the Company has complied with the requirement under the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save as disclosed below.

- Following the retirement of Mr. LI Binhai on 2 June 2022, the Company failed to meet the requirements of (i) having at least three independent non-executive Directors on the Board under Rule 3.10(1) of the Listing Rules; (ii) the audit committee of the Company (the "Audit Committee") comprising a minimum of three members under Rule 3.21 of the Listing Rules; (iii) the remuneration committee of the Company (the "Remuneration Committee") comprising a majority of independent non-executive Directors under Rule 3.25 of the Listing Rules; and (iv) the nomination committee of the Company (the "Nomination Committee") comprising majority of independent non-executive Directors under Rule 3.27A of the Listing Rules.

  After the appointment of Mr. LAW Yiu Wing, Patrick on 21 July 2022, the Company has complied with the requirements of Rule 3.10(1), Rule 3.21, Rule 3.25 and Rule 3.27A of the Listing Rules.

- Code provision C.5.7 of the CG Code stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

  During the year, the following continuing connected transactions were dealt by written resolutions instead of physical board meeting:

  — the leasing of a property to Guangzhou Jinyu Business Investments Company Limited* (廣州晉譽商務投資有限公司) ("Guangzhou Jinyu") of which Mr. KONG Jiantao is the executive Director and chief executive officer of the Company, and also the ultimate beneficial owner of Guangzhou Jinyu. Therefore, Mr. KONG Jiantao was regarded as having material interests in the aforesaid leasing.

  — the leasing of a property to Guangzhou Kai Chuang Business Investments Group Company Limited* (廣州凱創商務投資集團有限公司) ("Guangzhou Kai Chuang") of which Mr. KONG Jiantao is the executive Director and chief executive officer of the Company, and also the ultimate beneficial owner of Guangzhou Kai Chuang. Therefore, Mr. KONG Jiantao was regarded as having material interests in the aforesaid leasing.

* For identification purposes only

— the renewal of (i) property lease framework agreement; (2) publicity planning service framework agreement; (3) marketing channel service framework agreement; (4) commercial operational and value-added services framework agreement; (5) commercial property management services framework agreement; (6) property agency services framework agreement; and (7) residential property management services framework agreement between the Company and KWG Living. Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan, being the executive Directors, are the ultimate controlling shareholders of each of the Company and KWG Living pursuant to the shareholders' agreements entered into among their respective controlled entities. Therefore, KWG Living, as an associate of the controlling shareholders of the Company, is a connected person of the Company.

The Board considered that (1) the terms of the above transactions are on normal commercial terms or better, and the relevant terms of the agreements for each of the transactions (including the relevant annual caps) are fair and reasonable, and are in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole; (2) the relevant Directors have abstained from voting on the relevant resolutions of the above transactions; and (3) the adoption of written resolutions would facilitate and maximize the effectiveness of decision-making and implementation. The Board shall nevertheless review its board meeting arrangement from time to time to ensure the appropriate action is being taken to comply with the requirements under the CG Code.

• Code provision B.2.4(a) of the CG Code stipulates where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should, among others, disclose the length of tenure of each existing independent non-executive director on a named basis in the circular to shareholders. The Company has not set out such information in the circular of the Company dated 3 May 2022.

  Mr. TAM Chun Fai, Mr. LEE Ka Sze, Carmelo and Mr. LI Binhai (retired on 2 June 2022) were appointed as independent non-executive Directors on 12 July 2007, 12 July 2007 and 1 July 2012, respectively, and as at 21 April 2022 (being the latest practicable date prior to the printing of the circular dated 3 May 2022 for the purpose of ascertaining certain information), had served as such for more than 14 years, 14 years and 9 years, respectively.

Corporate Strategy, Business Model and Culture

The Group is continuing to uphold the mission of "Build Home with Heart, Create Future with Aspiration" through the alignment of the Group's culture, values and strategies. The Group's strategies includes balanced and sound asset management strategy, rigorous and pragmatic land reserve strategy, comprehensive and diversified industrial layout strategy and policy-oriented development and planning strategy. Each of the employees of the Group understand and implement the following Group's standard:

— Advocate finding problems and giving suggestions; object to proposing problems without giving suggestions.

— Advocate personal involvement and pragmatism; object to grandiose ideas and working behind closed doors.

— Advocate sufficient communication and working together; object to getting benefits at others expense.

— Advocate efficient execution and being result-oriented; object to procrastination and opportunism.

— Advocate service consciousness and putting customers first; object to superiority and bureaucracy.

— Advocate taking responsibility and admitting to mistakes; object to muddling along and finding excuses.

— Advocate integrity and conservation; object to corruption and extravagance.

During the year, the Group continued to strengthen its culture through the implementation of the Group's standard to achieve the Company's mission, values and strategies.

More information about the Group's culture is available on the Company's website.

Board of Directors

The Board is in charge of the task of maximizing the financial performance of the Company and making decisions in the best interest of the Company. The Board is also responsible for formulating business policies and strategies, directing and supervising management of the Group, adopting and monitoring internal business and management control, approving and monitoring annual budgets and business plans, reviewing operational and financial performance, considering dividend policy, reviewing and monitoring the Company's systems of financial control and risk management. The Board has delegated the day-to-day management, administration and operation of the Group and implementation and execution of Board policies and strategies to the executive Directors and management of the Company.

All Directors have full and timely access to all relevant information in relation to the Group's businesses and affairs as well as unrestricted access to the advice and services of the company secretary of the Company (the "Company Secretary"). The Directors may seek independent professional advice at the Company's expenses in carrying out their duties and responsibilities.

Board Composition

As at the date of this report, the Board has seven Directors, including four executive Directors, Mr. KONG Jianmin (Chairman), Mr. KONG Jiantao (Chief Executive Officer), Mr. KONG Jiannan and Mr. CAI Fengjia and three independent non-executive Directors, Mr. LEE Ka Sze, Carmelo, Mr. TAM Chun Fai and Mr. LAW Yiu Wing, Patrick. Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan are brothers. Save as disclosed above, there is no financial, business, family or other material/relevant relationship among members of the Board.

The biographical details of the Directors, including relationships among members of the Board, are set out on pages 33 and 34 of this report. The latest list of Directors setting out their roles and responsibilities is available for inspection at the websites of the Company and the Stock Exchange.

Board Diversity

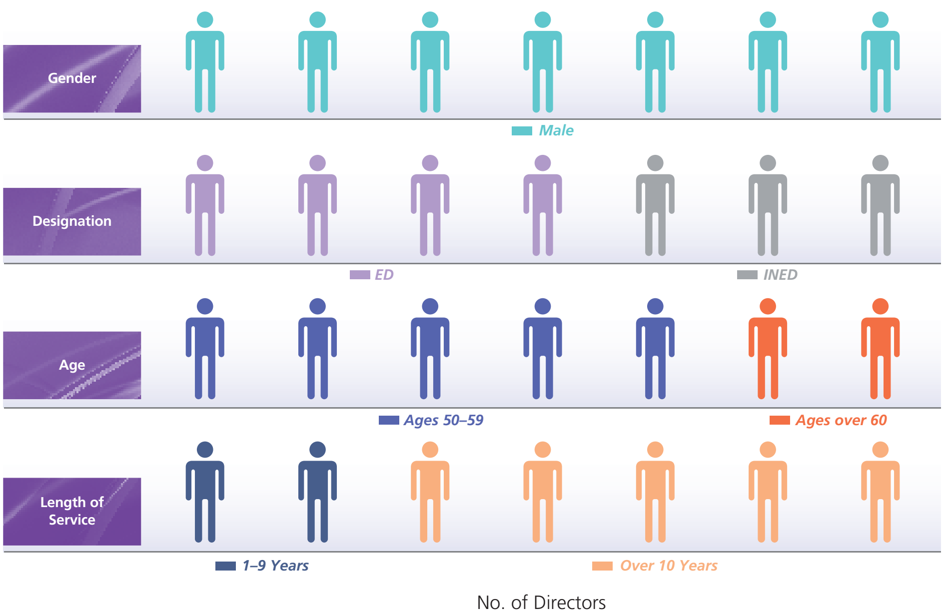
The Board has adopted a board diversity policy (the "Diversity Policy") which sets out the approach by the Company to achieve diversity on the Board. Under the Diversity Policy, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining its competitive advantage and supporting its sustainable development. In determining an optimum composition of the Board, the Company will consider all aspects of diversity and will also take into account factors based on its own business model and specific needs from time to time. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, skills and industry experience and expertise, cultural and educational background, and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The board will appoint at least a director of a different gender on the board before 31 December 2024. The senior management of the Group comprising 1 female and 5 male, reflecting a gender equality principle generally adhered by the Group. The Group is determined to maintain gender diversity and equality in terms of the whole workforce.

During the year, the nomination and remuneration committee of the Company and the Board have taken into account the Diversity Policy in the appointment of Mr. LAW Yiu Wing, Patrick as independent non-executive Director.

The current composition and structure of the Board are established with reference to the Diversity Policy, reflecting diverse mix of educational background, professional knowledge, industry experience and length of service, which are also in line with the Group's demand for all-round sustainable development. The diversity mix of the Board as at the date of this report is summarised in the following charts:

Diversity Mix



Remarks:
INED — independent non-executive Directors
ED — executive Directors

Chairman and Chief Executive Officer

Mr. KONG Jianmin is the Chairman and Mr. KONG Jiantao is the Chief Executive Officer. As disclosed, Mr. KONG Jianmin and Mr. KONG Jiantao are brothers. Despite their relationship, the divisions of responsibilities between the Chairman and the Chief Executive Officer are clearly divided to ensure a balance of power and authority and to reinforce their independence and accountability.

The Chairman is mainly responsible for providing leadership to the Board and ensuring that the Board functions effectively; providing all Directors with that information which is adequate, complete and reliable in a timely manner, formulating good corporate governance practice and process and making sure to adopt proper measures to maintain effective contact with the Shareholders. The Chief Executive Officer is mainly responsible for the daily operations and the overall management of the Group, execution of business policies and objectives as formulated and adopted by the Board and reported to the Board for the overall operation of the Group.

Independent Non-executive Directors

The Company currently has three independent non-executive Directors ("INEDs"), representing more than one-third of the Board and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the INEDs an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules, therefore the Company considered all the INEDs to be independent.

During the year, the INEDs contributed to the Company on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance of Board and Board committees meetings, and proposed their independent opinions on several matters in relation to strategy, policy, the Company's performance and risk monitoring.

Mr. LEE Ka Sze, Carmelo and Mr. TAM Chun Fai have served as independent non-executive Director for over 9 years. Despite their long term of service, however, the Board is of the view that their individual independence should not be determined solely by the length of service. Mr. LEE Ka Sze, Carmelo and Mr. TAM Chun Fai made positive contributions to the Company by proposing independent, constructive and well-founded opinions over their term of office, and their succession in service as directors will bring about certain stability to the Board. In addition, it will also be of great benefit to the Board to maintain its members who have rendered long term service to the Company and are familiar with the Group's business and its market situation. The Board will also consider that they can still continue to demonstrate a high degree of independent judgment after taking into consideration of the factors that may affect their independence pursuant to Rule 3.13 of the Listing Rules, hence, both of them are considered to be independent.

Appointments and Re-election of Directors

Each Director has entered into a service contract or a letter of appointment with the Company for a term of three years, subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's Articles of Association (the "Articles of Association").

Directors' Insurance

The Company has purchased suitable and adequate insurance coverage for all Directors against their litigation liabilities arising from legal actions due to the performance of corporate activities. The Company reviews the insurance purchased annually to ensure the provision of reasonable and sufficient protection.

Operation of the Board

During the year, the Board held four regular meetings. At these board meetings, Directors discussed and exchanged their views on significant issues and general operations of the Group, formulated business policies and strategies, reviewed the Group's financial and operational performance, and approved the annual and interim results of the Group. It also reviewed the Group's risk management and internal control systems, board diversity, remuneration policy and environmental, social and governance report etc.

In addition to the aforesaid regular meetings, the senior management of the Group provides to Directors, on a regular basis, monthly updates and other information with respect to the performance, business activities and development of the Group. Throughout the year, the Directors participate in the deliberation and approval of certain matters of the Company by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the Company Secretary or other executives of the Company as and when required. Whenever warranted, additional board meetings are held.

During the year, the Chairman held one meeting with independent non-executive Directors without the presence of other Directors.

Attendances of the Directors at the board meetings and the annual general meeting in 2022 are set out as follows:

Directors	Meetings Attended/ Eligible to Attend	Attendance at 2022 Annual General Meeting
Executive Directors		
KONG Jianmin *(Chairman)*	4/4	√
KONG Jiantao *(Chief Executive Officer)*	4/4	√
KONG Jiannan	4/4	✗
CAI Fengjia	4/4	√
Independent Non-executive Directors		
LEE Ka Sze, Carmelo	4/4	✗
TAM Chun Fai	4/4	✗
LI Binhai (Retired on 2 June 2022)	2/2	√
LAW Yiu Wing, Patrick (Appointed on 21 July 2022)	2/2	–

Regular board meetings in each year are scheduled well in advance to facilitate maximum attendance of Directors. At least 14 days' notice of a regular board meeting is normally given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying board papers are normally sent to Directors at least 3 days before the intended date of a board meeting. Directors may participate in meetings in person, by phone or by other communication means. All minutes are kept by the Company Secretary and are open for inspection at reasonable time on reasonable notice by any Director.

Directors are required to declare their respective interests (if any) in the matters to be considered at the board meetings in accordance with the Articles of Association, and a Director who is considered to be materially interested in the matter shall abstain from voting right for approving such matter.

Compliance with Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2022.

Training and support for Directors

All Directors are encouraged to 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.

Upon appointment to the Board, all newly appointed Directors have been provided with necessary induction training and materials to ensure that they have proper understanding of the operation and business of the Company and their responsibilities under the relevant laws, regulations and rules.

To further ensure that all Directors are adequately informed about the Company's business and operations as well as his responsibilities under relevant laws, rules and regulations, all Directors are regularly provided materials regarding the Company's most recent performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time. The Company has also organized a seminar on the Listing Rules with the participation of external legal counsels.

During the year, the Directors have participated in adequate continuous professional development through their attendance of seminars, taking training courses and online learning resources. According to the information provided to the Company by the Directors, they attended the following trainings as of 31 December 2022:

Directors	Attending trainings, seminars, conferences or briefings
Executive Directors	
KONG Jianmin	√
KONG Jiantao	√
KONG Jiannan	√
CAI Fengjia	√
Independent Non-executive Directors	
LEE Ka Sze, Carmelo	√
TAM Chun Fai	√
LI Binhai (Retired on 2 June 2022)	N/A
LAW Yiu Wing, Partick (Appointed on 21 July 2022)	√

Annual Remuneration Payable to the Members of Senior Management

The annual remuneration of the members of the senior management by band for the year ended 31 December 2022 is as follows:

Remuneration Bands (RMB)	Number of Individuals
0–1,000,000	1
1,000,001–2,000,000	4
2,000,001–3,000,000	1

Board Committees

The Board has established four board committees, namely Audit Committee, Remuneration Committee, Nomination Committee and executive committee of the Company (the "Executive Committee"). Each of the Board committees has its respective written terms of reference approved by the Board, which cover its duties, authority and functions. Such terms of reference comply with the requirements of the Listing Rules and have taken into account the specific business needs of the Company. The Board committees have sufficient resources to perform their duties, report to the Board on the results of their meetings, raise key issues and findings, and provide recommendations to assist the Board in decision-making.

Audit Committee

The Audit Committee was established in 2007. The terms of reference of the Audit Committee was determined and updated in accordance with the Corporate Governance Code, which was amended from time to time. As at the date of this report, the Audit Committee comprises three members who are independent non-executive Directors, namely Mr. TAM Chun Fai (chairman), Mr. LEE Ka Sze, Carmelo, and Mr. LAW Yiu Wing, Partick.

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of external auditor, review financial statements and express material advice in respect of financial reporting matters, as well as review the financial control, internal control, risk management systems, corporate governance and environmental, social and governance of the Company. The terms of reference of the Audit Committee are available for inspection at the websites of the Company and the Stock Exchange respectively.

The Environmental, Social and Governance Committee (the "ESG Committee") was established in 2021 under the Audit Committee. The ESG Committee is responsible to assist the Audit Committee to formulate policies and reporting guidelines on environmental, social and governance matters with reference to the requirements of the rules governing the listing of securities on the Stock Exchange from time to time.

Five Audit Committee meetings were held during the year. The work of the Audit Committee is summarized as follows:

— reviewed the interim and annual results of the Group, and recommended the Board to adopt such results;

— met with the auditor to discuss the accounting and audit issues of the Group, and reviewed their findings, recommendations and representations;

— reviewed the Group's continuing connected transactions, financial control, internal control and risk management systems;

— reviewed the independence of the external auditor, recommended the appointment of external auditor and its terms of appointment;

— reviewed the corporate governance of the Company;

— reviewed the Group's environmental, social and governance related matters under Appendix 27 of the Listing Rules; and

— reviewed the Group's risk management and internal control systems.

The Audit Committee also had a private meeting with the external auditor without the presence of the management to discuss any area of concern.

Attendance of the members at the Audit Committee meetings for the year ended 31 December 2022 is set out as follows:

Committee Members	Meetings Attended/ Eligible to Attend
TAM Chun Fai	5/5
LEE Ka Sze, Carmelo	5/5
LI Binhai (Retired on 2 June 2022)	3/3
LAW Yiu Wing, Partick (Appointed on 21 July 2022)	2/2

Remuneration Committee

The Remuneration Committee was established in 2007. The terms of reference of the Remuneration Committee was determined and updated in accordance with the Corporate Governance Code, which was amended from time to time. As at the date of this report, the Remuneration Committee comprises an executive Director, namely Mr. KONG Jianmin, and two independent non-executive Directors, namely Mr. TAM Chun Fai (chairman) and Mr. LAW Yiu Wing, Partick.

The primary duties of the Remuneration Committee are to formulate and make recommendations on remuneration policy and remuneration package (including but not limited to the share scheme of the Company) of the Directors and members of senior management to the Board. The terms of reference of the Remuneration Committee are available for inspection at the websites of the Company and the Stock Exchange respectively.

Two Remuneration Committee meetings were held during the year. The work of the Remuneration Committee is summarized below:

— reviewed the remuneration policies and structure;

— reviewed the packages of the Directors and senior management;

— reviewed and updated the terms of reference of the Remuneration Committee; and

— reviewed the remuneration package of the new Director who was appointed during the year.

Attendance of the members at the Remuneration Committee meeting for the year ended 31 December 2022 is set out as follows:

Committee Members	Meetings Attended/ Eligible to Attend
TAM Chun Fai	2/2
KONG Jianmin	2/2
LI Binhai (Retired on 2 June 2022)	1/1
LAW Yiu Wing, Partick (Appointed on 21 July 2022)	1/1

Nomination Committee

The Nomination Committee was established in 2007. The terms of reference of the Nomination Committee was determined and updated in accordance with the Corporate Governance Code, which was amended from time to time. As at the date of this report, the Nomination Committee comprises an executive Director, namely Mr. KONG Jianmin (chairman), and two independent non-executive Directors, namely Mr. TAM Chun Fai and. Mr. LAW Yiu Wing, Partick.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and make recommendations to the Board regarding the selection of director candidates. The terms of reference of the Nomination Committee are available for inspection at the websites of the Company and the Stock Exchange respectively.

One Nomination Committee meeting was held during the year. The work of the Nomination Committee is summarized as follows:

— reviewed the structure, size and composition (including skills, expertise and experience) of the Board;

— evaluated the independence of INEDs, considered the retirement and re-election of the Directors and reviewed whether the time and attention made to the Company's affairs is sufficient by each Director; and

— re-election a suitable candidate to replace the retired Director.

The Nomination Committee has set the measurable objectives including but not limited to gender, age, cultural and educational background, length of service and professional experience for the implementation of board diversity of the Company. Details are set out in the paragraphs under "Board Composition" and "Board Diversity" in this report. The Nomination Committee reviews the Diversity Policy to ensure its continued effectiveness from time to time. It is of the view that the Board comprises seven Directors who are drawn from a diverse background and professional experience, thereby ensuring critical review and control of the management process. The balanced composition of the Board brings effective performance by providing sound judgment on strategic issues and effective oversight of and guidance to management. The biographical details of the Directors set out in pages 33 and 34 of this report demonstrate a diversity of skills, expertise, experience and qualifications.

Having reviewed the implementation of the Diversity Policy and the structure, size and composition of the Board, the Nomination Committee considered that the requirements of the board diversity policy had been met.

Attendance of members at the Nomination Committee meeting for the year ended 31 December 2022 is set out as follows:

Committee Members	Meeting Attended/ Eligible to Attend
KONG Jianmin	1/1
TAM Chun Fai	1/1
LI Binhai (Retired on 2 June 2022)	1/1
LAW Yiu Wing, Partick (Appointed on 21 July 2022)	0/0

Nomination Policy

The Company's policy for the nomination of Directors (the "Nomination Policy") was adopted pursuant to resolutions of the Board. Pursuant to the Nomination Policy, the Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the Shareholders for election as Directors at general meetings of the Company or to appoint as Directors to fill casual vacancies or as an addition to the existing Board. The non-exhaustive factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- Reputation for integrity;
- Accomplishment and experience;
- Compliance with legal and regulatory requirements;
- Commitment in respect of available time and relevant interest; and
- Diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Nomination Committee shall also assess the independence of independent non-executive Directors, and shall take into account factors for independence as prescribe by the Listing Rules in force as amended from time to time.

Executive Committee

The Executive Committee was established in 2019 and performs its duty in accordance with the terms of reference which were amended from time to time. As at the date of this report, the Executive Committee comprises executive Directors, namely Mr. KONG Jianmin (chairman), Mr. KONG Jiantao, Mr. KONG Jiannan and Mr. CAI Fengjia. The Board has delegated to the Executive Committee with authority and responsibility for handling the management functions and day-to-day operations of the Company, while reserving certain key matters such as the declaration of interim dividend, making recommendation of final dividend or other distributions for the approval by the Board. The Executive Committee monitors the execution of the Company's business plans and the operations of business units of the Company and convenes meeting regularly as and when necessary.

Audit and Accountability

Financial reporting

The Directors acknowledged their responsibility for preparing the financial statements of the Group for the year ended 31 December 2022, and confirmed that the financial statements contained herein gave a true and fair view of the results and state of affairs of the Group during the year.

Disclaimer of Opinion

The Company's independent auditor, Ernst & Young issued a disclaimer of opinion on the consolidated financial statements of the Group, details of which are set out in the independent auditor's report.

Basis for Disclaimer of Opinion

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB9,842 million for the year ended 31 December 2022, and as of 31 December 2022, the Group's current portion of interest-bearing bank and other borrowings amounted to RMB22,245 million, while its cash and cash equivalents amounted to RMB3,356 million. Subsequent to the year end date, in April 2023, an aggregate amount of principal of RMB212 million of interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment date (the "Defaulted Borrowings"), triggering certain long term interest-bearing bank and other borrowings ("Cross Defaulted Borrowings") amounted to RMB31,163 million becoming repayable on demand. These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking plans and measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including:

(i) obtaining additional new sources of financing as and when needed;

(ii) negotiation with banks and financial institutions on the extension for repayments of borrowings;

(iii) negotiation with the Group's existing lenders of the Defaulted Borrowings and Cross Defaulted Borrowings to reach agreements with them for not taking any actions against the Group to exercise their rights to demand immediate payment of the principals and interests of these borrowings;

(iv) timely implementation of plans to accelerate the pre-sales and sales of properties under development and completed properties, as well as the collection of outstanding sales proceeds and other receivables, and to control costs and capital expenditure so as to generate adequate net cash inflows to the Group; and

(v) seeking for suitable opportunities to dispose of certain equity interests in joint ventures or associates of the Group which are engaged in property development in order to generate additional cashflow.

Management's Position, View and Assessment on the Disclaimer of Opinion

In view of the uncertainties relating to going concern, the Directors have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

(i) the Group has been actively negotiating with the Group's existing lenders to seek renewal or extension for repayment of the Group's senior notes and bank and other borrowings;

(ii) the Group will continue to actively communicate with banks on a timely basis to secure relevant project development loans for qualified project development;

(iii) the Group will continue to seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;

(iv) the Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties;

(v) the Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses and capital expenditures; and

(vi) the Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies, as well as en-bloc sales of commercial properties, in order to generate additional cash inflows.

In respect of the acceleration of sales of properties, the Company has (i) optimized the management structure in the business department so as to enable the senior management of the Group to have access to the first-hand knowledge on the market demand for making timely decision on the selling strategies; and (ii) implemented the sales incentive policy for the sales team including the sales commission and bonus to motivate the sales team. The Company has published monthly operating data in order to keep Shareholders updated of the sales of properties.

In addition, the Company has closely monitored the collection of the outstanding sales proceeds with the coordination between different departments. The finance department has closely worked with the business department so as to ensure mortgage loans from the banks will be timely released to the customers to settle the outstanding sales proceeds. In terms of expenses and cost control, the Group has streamlined its management structure, downsized the business department and strategically reduced its cost and expenses on project designing.

The Directors are of the opinion that, taking into account the above plans and measures (in particular, the successful negotiation with the Group's existing lenders of the Defaulted Borrowings and Cross Defaulted Borrowings to reach agreements with them for not taking any actions against the Group to exercise their rights to demand immediate payment of the principals and interests of these borrowings), the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the following 12 months from 31 December 2022. Accordingly, the directors of the Company are satisfied 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.

Notwithstanding the above plans and measures, significant uncertainties exist as to whether the Group will be able to implement them successfully. Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

The Company will implement the measures and plans as set out above in order to resolving its liquidity problem. It endeavours to resolve the disclaimer of opinion issue in the next financial year. However, as mentioned above, there are still uncertainties as to whether the Group will be able to implement the plans and measures successfully. If any of the plans or measures fail to implement, the going concern issue will subsist and the timing of removing the disclaimer of opinion may be delayed.

The Company will continue to take proactive measures so to resolve its liquidity issue and will publish an appropriate announcement if there is any material development in accordance with the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Audit Committee's View on the Disclaimer of Opinion

The Audit Committee had critically reviewed the disclaimer of opinion, the management's position concerning the disclaimer of opinion (the "Management's Position") and measures taken by the Group for addressing the disclaimer of opinion. The Audit Committee agreed with the Management's Position based on the reasons above. Moreover, the Audit Committee requested the management to take all necessary actions to address the uncertainties regarding going concern underlying the disclaimer of opinion with a view to resolving the going concern issue as soon as practicable. The Audit Committee had also discussed with Ernst & Young regarding the financial position of the Group, measures taken and to be taken by the Group, and considered the Ernst & Young's rationale and understood its consideration in arriving its opinion.

External Auditor

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" contained in this report.

For the year ended 31 December 2022, the external auditor's remuneration in respect of audit services provided to the Group amounted to RMB6,500,000 and fees for non-audit services amounted to an aggregate amount of approximately RMB2,132,000, being the service charge for the review of financial information, tax services and other reporting services.

Risk Management and Internal Control

The Board is responsible for maintaining sound and effective risk management and internal control systems in order to safeguard the Group's assets and the Shareholders' interests, and reviewing and monitoring the effectiveness of such systems on a regular basis. The Audit Committee assists the Board in performing its governance functions regarding, among others, finance, operation, compliance, risk management and internal control of the Group. The Board and the Audit Committee receive quarterly reports on internal control and risk management. The Group's risk management team assists the Board and/or the Audit Committee in reviewing the effectiveness of the risk management and internal control systems on an ongoing basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Group's business goals, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group adopts the "three lines of defense" model as the basic structure of its risk management and internal control systems:

First line of defense: The Group integrates the risk management system into the core operating practices of its business. Each operating unit is responsible for identifying and evaluating their own risks, setting appropriate risk control measures within the scope of their responsibilities, strictly implementing relevant risk control measures, and reporting to the management on the status of risk management in a timely manner.

Second line of defense: Each functional department of the Group provides and promotes the methodology and tools of risk management and control for the first line of defense, and at the same time, coordinates with each other especially for the management of significant matters involving various fields, processes and departments, and gives risk reminders and carries out control strategy study on such basis.

Third line of defense: The Group's risk management team is mainly responsible for monitoring the compliance with policies and procedures by the Group and its major departments as well as the effectiveness of its internal control structure, conducting independent assessment, providing constructive advice to relevant management and reporting to the executive Directors. The Group's risk management team organizes regular risk assessment of the Group and formulates internal audit plan for the year based on the results of the risk assessment, and at the same time, reports to the Audit Committee on the results of the audit on a regular basis.

The Board has reviewed and assessed the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2022 and considered that such systems are effective and adequate.

The Company has established a whistleblowing policy for the employees of the Group and those who deal with the Group (e.g. customers and suppliers) to raise their concerns about possible improprieties in any matter related to the Group in confidence and anonymity.

In addition, the Group is committed to abiding by all laws and regulations to prevent corruption and bribery in all business dealing. The Group's anti-corruption policy provides information and guidance to employees of the Group and related third parties who deal with the Group on how to recognize and deal with bribery and corruption and to handle corporate donation and sponsorship activities of the Group.

Both the whistleblowing policy and the anti-corruption policy will be reviewed on a regular basis, any suspected cases will be reported to the Audit Committee. During the year, no case of whistleblowing was noted by the Audit Committee under review.

Policy on Inside Information

The Company has adopted policies on monitoring, reporting and disclosure of inside information (as defined in the Listing Rules). This ensures timely reporting and disclosure as well as fulfilment of the Group's continuous disclosure obligations.

Company Secretary

Mr. CHAN Kin Wai is the Company Secretary and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters.

Mr. CHAN Kin Wai has taken no less than 15 hours of relevant professional training during the year.

Shareholder Relations

The Company understands the importance of maintaining effective mutual communication with its Shareholders and values every opportunity to communicate with them. The Company has disclosed clear and relevant information to Shareholders through various channels in a timely manner. Annual and interim reports are printed and sent to all Shareholders by post as requested. The Company has also complied with the Listing Rules by posting announcements, notices, annual reports, interim reports, shareholders' circulars and monthly updates etc. on the websites of the Stock Exchange and the Company for the designated period. Apart from these documents, press releases and newsletters are posted on the Company's website to enhance its transparency. Being constantly updated in a timely manner, the website also contains a wide range of additional information on the Company's business activities.

In addition to publication of information, the annual general meeting of the Company provides a platform for communication between Shareholders and Directors. The chairman of the Board personally chairs the annual general meeting to ensure Shareholders' views are communicated to the Board. Moreover, the briefing on the Company's business and the questions and answer session at the meeting allow Shareholders to stay informed of the Group's strategies and goals.

The annual general meeting proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices and Shareholders' rights are preserved. Notice of annual general meeting is delivered to all Shareholders at least 21 clear days prior to the date of the meeting, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. At the beginning of the meeting, the procedures for demanding and conducting a poll will be explained by the chairman of the meeting. Vote results are released by way of publication of an announcement.

Shareholders' Rights

Procedures for shareholders to convene an Extraordinary General Meeting ("EGM")

Pursuant to the article 58 of the Articles of Association, any one or more member(s) 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 (the "EGM Requisitionists") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require the EGM 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 two (2) months after the deposit of such requisition.

The EGM Requisitionists can deposit the written request at the Company's principal place of business in Hong Kong, which is presently situated at Units 8503–05A, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The EGM Requisitionists must state in their request(s) the objects of the EGM, and such request must be signed by all the EGM Requisitionists, any may consist of several documents in like form, each signed by one or more of the EGM Requisitionists.

The share registrar will verify the EGM Requisitionists' particulars in the EGM Requisitionists' request. Promptly after confirmation from the share registrar that the EGM Requisitionists' request is in order, the Company Secretary will arrange the Board to convene an EGM by serving sufficient notice to all the registered Shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the EGM Requisitionists' request is verified not in order, the EGM Requisitionists will be advised of this outcome and accordingly, an EGM will not be convened as requested.

If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the EGM Requisitionists' himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the EGM Requisitionists by reason of the Board's failure to duly convene the EGM shall be reimbursed to the EGM Requisitionists by the Company.

Procedures for putting forward proposals at general meeting

There are no provisions in the Articles of Association or the Companies Act of the Cayman Islands for Shareholders to put forward new resolutions at general meetings. However, Shareholders are requested to follow the article 58 of the Articles of Association for including a resolution at the EGM. The requirements and procedures are set out above. Pursuant to the article 85 of the Articles of Association, no person other than a director retiring at a meeting. Shall, unless recommended by the directors for election, be eligible for election as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the principal place of business in Hong Kong or at the share registrar of the Company provided that such notices must be lodged with the Company at least fourteen (14) days prior to the date of the general meeting of election but no earlier than the day after despatch of the notice of the general meeting appointed for such election. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for Shareholders to propose a person for election as director is posted on the Company's website.

Investor Relations

Communication with Shareholders

Shareholders may at any time send their enquiries and concerns to the Board in writing through the investor relations department which contact details are as follows:

Investor Relations Department
KWG Group Holdings Limited
Units 8503–05A, Level 85, International Commerce Centre,
1 Austin Road West, Kowloon, Hong Kong

Fax: (852) 2878 7091
Email: ir@kwggroupholdings.com

Constitutional documents

On 13 January 2023, the Shareholders approved to adopt the amended and restated articles of association of the Company and to the exclusion of the existing Articles of Association to (i) bring the Articles of Association to be in line with the relevant requirements of the applicable laws of the Cayman Islands and the Listing Rules; (ii) enable the Company to convene and hold electronic or hybrid general meetings of the Shareholders and provide flexibility to the Company in relation to the conduct of general meetings; and (iii) make other miscellaneous and housekeeping changes to update or clarify the provisions of the Articles of Association, including consequential amendments in line with the above amendments to the Articles of Association, where it is considered desirable or to better align the wording with that of the Listing Rules and the applicable laws of Cayman Islands. For details, please refer to the announcement of the Company dated 21 November 2022 and the circular of the Company dated 21 December 2022. The latest consolidated version of the memorandum and articles of association of the Company is available on the websites of the Company and HKEXnews.

Dividend Policy

The Company has adopted a dividend policy which aims to provide the Shareholders with a sustainable dividend out of the profit of the Group. Declaration of dividends is subject to the discretion of the Board, taking into consideration of factors such as the Group's financial results, Shareholders' interests, general business conditions and strategies, capital requirements, taxation considerations, contractual, statutory and regulatory restriction and any other factors that the Board may deem relevant. The policy will be reviewed from time to time so as to keep in line with the future prospects and capital requirements of the Group and the changes in market conditions.

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

Principal Activities

The principal activities of the Group are property development, property investment and hotel operation, the details of principal activities of its principal subsidiaries are set out in note 1 to the financial statements.

Business Review

A fair review of the Group's business during the year, including an analysis of the Group's performance using financial key performance indicators, a description of the principal risks and uncertainties facing by the Group, an indication of likely future development in the Group's business, and particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2022 (if any) can be found in the sections headed, the "Chairman's Statement" and the "Management Discussion and Analysis" in this report. The financial risk management objectives and policies of the Group can be found in note 43 to the financial statements.

The Environmental, Social and Governance Report of the Company for the year ended 31 December 2022 will be published on the websites of the Company (www.kwggroupholdings.com), the HKEXnews (www.hkexnews.hk) and the Singapore Exchange (www.sgx.com).

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 on page 82.

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

Five Year Financial Summary

A financial summary of the Group for the last five financial years is set out on page 196 of this report.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements of this report.

Investment Properties, Properties under Development and Completed Properties Held for Sale

Details of investment properties of the Group during the year are set out in note 14 to the financial statements; and details of the properties under development of the Group and completed properties held for sale by the Group during the year are set out in notes 19 and 20 respectively. Further details of the Group's major investment properties are set out on page 195 of this report.

Shares in issue

The details of the movement in the Company's share capital during the year are set out in note 30 to the financial statements of this report.

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

On 17 December 2022, the Company entered into the placing and subscription agreement (the "Placing and Subscription Agreement") with J.P. Morgan Securities plc, as the Placing Agent and Hero Fine Group Limited, as the Vendor. Pursuant to the Placing and Subscription Agreement, the Placing Agent has agreed to act as the agent of Vendor to place 235,000,000 existing shares of the Company (the "Shares") to not less than six independent placees (the "Placing") and the Vendor has agreed to subscribe at the subscription price (which is equivalent to the placing price of HK$2.01 per Share) for the same number of new Shares as the Placing that have been placed by the Placing Agent.

Upon the completion of the Placing, the Company allotted and issued 235,000,000 Shares to the Vendor on 23 December 2022. The new Shares represent approximately 7.38% of the total number of shares of the Company in issue as enlarged by the allotment and issue of the new Shares. Such new Shares have an aggregate nominal value of HK$23,500,000 based on the par value of HK$0.1 per Share and the aggregate market value of the Shares is approximately HK$554.6 million, based on the closing price of HK$2.36 per Share on 16 December 2022 (i.e. the last trading day).

The net proceeds of approximately HK$466,975,000 from Placing had been applied for refinancing existing indebtedness and general corporate purposes.

Debentures Issued

During the year, the Company issued the following senior notes that are listed on the Singapore Exchange through an exchange offer for existing senior notes:

(1) On 14 September 2022, the Company issued the 6% senior notes with an aggregate amount of US$ $794,925,800 due 2024.

(2) On 30 September 2022, the Company issued the 7.875% senior notes with an aggregate amount of US$636,469,000 due 2024.

Further details are set out in note 27 to the financial statements.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Purchase, Sale or Redemption of Listed Securities

On 14 September 2022, the Company has by way of an exchange offer settled the 6% senior notes due September 2022 with an aggregate principal amount of US$650,000,000 (the "September 2022 A Notes") and 5.2% senior notes due September 2022 with an aggregate principal amount of US$250,000,000 (the "September 2022 B Notes") (collectively, the "September 2022 Notes") by (i) an issue of US$794,925,800 in principal amount of the January 2024 new notes; and (ii) payment of US$41,838,200 in cash as upfront principal payment. US$606,037,000 in principal amount of the September 2022 A Notes and US$230,727,000 in principal amount of the September 2022 B Notes validly tendered for exchange and accepted pursuant to the exchange offer have been cancelled. After such cancellation, the remaining outstanding principal amount of the September 2022 A Notes and September 2022 B Notes is US$43,963,000 and US$19,273,000, respectively, which are repaid on their respective maturity dates in September 2022.

On September 30, 2022, the Company has by way of an exchange offer settled the 7.875% Senior Notes due September 2023 with an aggregate principal amount of US$700,000,000 (the "September 2023 Notes") by an issue of US$636,469,000 in principal amount of the August 2024 New Notes. US$636,469,000 in principal amount of the September 2023 Notes validly tendered for exchange and accepted pursuant to the exchange offer will be cancelled. Upon such cancellation, the remaining outstanding principal amount of the September 2023 Notes will be US$63,531,000.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in notes 44 and 32 to the financial statements and in the consolidated statement of changes in equity respectively.

Distributable Reserves

Total distributable reserves of the Company as at 31 December 2022, calculated in accordance with article 143 of the Articles of Association, amounted to approximately RMB809,745,000.

Charitable Donations

The charitable donations made by the Group during the year amounted to approximately RMB1,393,000.

Major Customers and Contractors

For the year ended 31 December 2022, sales to the Group's five largest customers accounted for less than 30% of the Group's revenue in the year.

In the year under review, purchases from the Group's largest contractors and five largest contractors accounted for approximately 11.8% and 27.6% respectively, of the total purchases for the year.

Bank borrowings

The details of bank borrowings of the Group as of 31 December 2022 are set out in note 27 to the financial statements of this report.

Directors

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

Executive Directors
KONG Jianmin *(Chairman)*
KONG Jiantao *(Chief Executive Officer)*
KONG Jiannan
CAI Fengjia

Independent Non-executive Directors
LEE Ka Sze, Carmelo
TAM Chun Fai
LI Binhai (Retired on 2 June 2022)
LAW Yiu Wing, Patrick (Appointed on 21 July 2022)

Biographical details of the Directors are set out on pages 33 and 34 of this report.

Pursuant to Article 84 of the articles of association of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. KONG Jiannan, Mr. CAI Fengjia and Mr. Lee Ka Sze, Carmelo shall retire from office by rotation and stand for re-election at the forthcoming annual general meeting of the Company.

Pursuant to Article 83(3) of the articles of association of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Accordingly, Mr. LAW Yiu Wing, Patrick shall retire from office by rotation and stand for re-election at the forthcoming annual general meeting of the Company.

The Company has received annual confirmations of independence from Mr. LEE Ka Sze, Carmelo, Mr. TAM Chun Fai and Mr. LAW Yiu Wing, Patrick, and as of the date of this report still considers them to be independent.

Directors' Service Contracts

The executive Directors and independent non-executive Directors have entered into service contracts and letters of appointment with the Company for a term of three years respectively.

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

Directors' Remuneration

The Directors' remunerations are subject to the recommendations of the Remuneration Committee and the Board's approval. The remunerations are determined by the Board with reference to Directors' duties, responsibilities, performances and the results of the Group.

Directors' Interests in a Competing Business

During the year and up to the date of this report, none of the Directors or any of their respective associates have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Director's Interests in Transactions, Arrangements and Contract

Save as disclosed under the section headed "Continuing Connected Transactions" on pages 70 to 76 of this report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, or its subsidiaries was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangement to Acquire Shares or Debentures

Mr. CAI Fengjia, executive Director, was awarded shares of the Company pursuant to the share award scheme of the Company (the "Share Award Scheme"). Details are set out in the section headed "Share Award Scheme" on pages 68 and 69 of this report.

Save for the above, at no time during the year or at the end of 2022 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

Equity-linked Agreements

Other than the share option scheme of the Company (the "Share Option Scheme") set out on pages 65 to 68 of this report, no equity-linked agreements were entered into by the Company during the year or existed at the end of the year.

Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) 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 the directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

(i) Long positions in Shares and underlying Shares

	Number of Shares held					
Name of Director	Personal Interests (held as beneficial owner)	Family Interests (interests of spouse or child under 18)	Corporate Interests (interests of controlled corporation)	Other Interests	Total	Approximate% of the issued share capital(1)
KONG Jianmin	–	–	1,594,749,652(3)	399,053,500(2)(3)	1,993,803,152	58.32%
KONG Jiantao	–	–	256,804,687(4)	1,443,385,000(2)(4)	1,700,189,687	49.73%
KONG Jiannan	–	–	144,338,500(5)	1,553,761,500(2)(5)	1,698,100,000	49.67%
CAI Fengjia	316,628(6)	112,000(7)	–	32,000(8)	460,628	0.01%
LEE Ka Sze, Carmelo	30,000	–	–	–	30,000	0.00%
TAM Chun Fai	30,000	–	–	–	30,000	0.00%

Notes:

(1) The approximate percentages were calculated based on 3,418,506,445 Shares in issue as at 31 December 2022.

(2) On 30 December 2018, Plus Earn Consultants Limited ("Plus Earn"), a company wholly-owned by Mr. KONG Jianmin and directly holds 1,299,046,500 Shares; Right Rich Consultants Limited ("Right Rich"), a company wholly-owned by Mr. KONG Jiantao and directly holds 254,715,000 Shares; and Peace Kind Investments Limited ("Peace Kind"), a company wholly-owned by Mr. KONG Jiannan and directly holds 144,338,500 Shares, entered into a shareholders' agreement (the "Shareholders' Agreement") to regulate their dealings in the Shares. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under Section 317(1)(a) of the SFO.

(3) Mr. KONG Jianmin is deemed to be interested in a total of 1,993,803,152 Shares including (i) 1,299,046,500 Shares held by Plus Earn which is wholly-owned by Mr. KONG Jianmin; (ii) 295,703,152 Shares held by Hero Fine Group Limited ("Hero Fine") which is wholly-owned by Mr. KONG Jianmin; and (iii) 254,715,000 Shares held by Right Rich and 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement.

(4) Mr. KONG Jiantao is deemed to be interested in a total of 1,700,189,687 Shares including (i) 254,715,000 Shares held by Right Rich which is wholly-owned by Mr. KONG Jiantao; (ii) 1,109,587 Shares held by Excel Wave Investments Limited ("Excel Wave") which is wholly-owned by Mr. KONG Jiantao; (iii) 980,100 Shares held by Wealth Express Investments Limited ("Wealth Express") which is wholly-owned by Mr. KONG Jiantao; and (iv) 1,299,046,500 Shares held by Plus Earn and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders' Agreement.

(5) Mr. KONG Jiannan is deemed to be interested in a total of 1,698,100,000 Shares including (i) 144,338,500 Shares held by Peace Kind which is wholly-owned by Mr. KONG Jiannan; and (ii) 1,299,046,500 Shares held by Plus Earn and 254,715,000 Shares held by Right Rich pursuant to the Shareholders' Agreement.

(6) During the year, a total of 78,000 awarded Shares granted to Mr. CAI Fengjia by the Company were vested, of which 15,663 awarded Shares were sold by the trustee for the purpose of covering the PRC withholding tax, pursuant to the Share Award Scheme. Further details of awarded shares are set out in the section headed "Share Award Scheme" in this report.

(7) These Shares were held by Mr. CAI Fengjia's spouse.

(8) These shares represented the interests in awarded Shares granted to Mr. CAI Fengjia by the Company and remained unvested.

(ii) Interests in debentures of the Company

Name of Director	Capacity/Nature of Interests	Amount of Debentures Interested
KONG Jiantao	Interest of a controlled corporation[(1)]	US$2,000,000
	Interest of spouse[(2)]	US$9,650,000
KONG Jianmin	Interest of a controlled corporation[(3)]	US$6,650,000

Notes:

(1) Excel Wave, a company wholly-owned by Mr. KONG Jiantao, held US$2,000,000 of US$300,000,000 7.40% senior notes of the Company due 2024. Accordingly, Mr. KONG Jiantao is deemed to be interested in the aforesaid amount of the senior note held by Excel Wave under the SFO.

(2) The spouse of Mr. KONG Jiantao held totally US$9,650,000 senior notes including (i) US$3,000,000 of US$300,000,000 7.40% senior notes of the Company due 2024 and (ii) US$6,650,000 of US$794,925,800 6.0% senior notes of the Company due 2024. Accordingly, Mr. KONG Jiantao is deemed to be interested in the aforesaid amount of the senior notes held by his spouse under the SFO.

(3) Hero Fine, a company wholly-owned by Mr. KONG Jianmin, held US$6,650,000 of US$794,925,800 6.0% senior notes of the Company due 2024. Accordingly, Mr. KONG Jianmin is deemed to be interested in the said amount of senior note held by Hero Fine under the SFO.

(iii) Long positions in the shares of associated corporations

Name of Director	Name of Associated Corporations	Capacity	Number of shares held	% of issued voting shares
KONG Jianmin	Plus Earn	Beneficial owner	1,000	100.00%

Save as disclosed above, as at 31 December 2022, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) 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 the directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 31 December 2022, to the knowledge of the Directors, the following entities (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares and underlying shares of the Company:

	Number of Shares held			
Name Substantial of Shareholder	Beneficial Owner	Other Interests	Total	Approximate % of the issued share capital[1]
Plus Earn[2]	1,299,046,500	399,053,500[6]	1,698,100,000	49.67%
Hero Fine[3]	295,703,152	–	295,703,152	8.65%
Right Rich[4]	254,715,000	1,443,385,000[6]	1,698,100,000	49.67%
Peace Kind[5]	144,338,500	1,553,761,500[6]	1,698,100,000	49.67%

Notes:

(1) The approximate percentages were calculated based on 3,418,506,445 Shares in issue as at 31 December 2022.

(2) Plus Earn is legally and beneficially owned as to 100% by Mr. KONG Jianmin. Pursuant to the SFO, Plus Earn is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 1,299,046,500 Shares directly held by it; (ii) 254,715,000 Shares held by Right Rich and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders' Agreement.

(3) Hero Fine is legally and beneficially owned as to 100% by Mr. KONG Jianmin.

(4) Right Rich is legally and beneficially owned as to 100% by Mr. KONG Jiantao. Pursuant to the SFO, Right Rich is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 254,715,000 Shares directly held by it; and (ii) 1,299,046,500 Shares held by Plus Earn and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders' Agreement.

(5) Peace Kind is legally and beneficially owned as to 100% by Mr. KONG Jiannan. Pursuant to the SFO, Peace Kind is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 144,338,500 Shares directly held by it; and (ii) 1,299,046,500 Shares held by Plus Earn and 254,715,000 Shares held by Right Rich pursuant to the Shareholders' Agreement.

(6) On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into the Shareholders' Agreement to regulate their dealings in the Shares. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under Section 317(1)(a) of the SFO.

Save as disclosed above, as at 31 December 2022, no other person (other than the Directors and chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

Pursuant to the shareholder's resolutions of the Company passed on 9 February 2018, the Company has adopted a new Share Option Scheme for the purpose of providing incentives and rewards to eligible participants (the "Eligible Participant(s)") who will contribute and had contributed to the success of the Group's operations.

The following is a summary of the principal terms of the Share Option Scheme:

1. *Purpose*

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (2) below) had or may have made to the Group.

The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. *Participants of the Share Option Scheme*

The Board may, at its discretion, offer to grant an option to the Eligible Participants to subscribe for such number of new shares as the Board may determine at an exercise price as the Board may determine.

An "Eligible Participant" means:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any Directors (including non-executive Directors and independent non-executive Directors) or any directors of the subsidiaries of the Company; and

(iii) any advisers, consultants, suppliers, customers and agents to the Company or its subsidiaries.

3. Total number of shares available for issue under the Share Option Scheme

The maximum number of shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 314,932,505 shares, being 9.98% of the total number of issued shares as at the date of the adoption of the Share Option Scheme, and 9.21% as at the date of this report.

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

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

Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a connected person) abstaining from voting.

5. The period within which the shares must be taken up under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

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

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

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be repaid

Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant before the prescribed acceptance date (being a date not later than 30 days after the date of the offer). To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

8. *Basis of determining the exercise price*

Subject to adjustments made, the subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share.

9. *Remaining life of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years, commencing from 13 February 2018.

A summary of the principal terms and conditions of the Share Option Scheme is set out in the Appendix to the circular of the Company dated 24 January 2018.

Details of the options granted under the Share Option Scheme and its movement during the year are as follows:

			Number of share options						
Grantees	Date of grant	Exercise period	As at 1 January 2022	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31 December 2022	Exercise price per share (HK$)	Closing price per share immediately before the date of grant (HK$)
Employees[1]	13.02.2018	13.02.2019 to 2.02.2022[2]	645,000	–	–	(645,000)[3]	–	11.12	10.70

Notes:

(1) All of the options were granted to certain employees of the Group. None of the grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules).

(2) (i) One-third of the respective options granted are exercisable from the first anniversary of the date of grant (i.e. 13 February 2019); (ii) one-third of the respective options granted are exercisable from the second anniversary of the date of grant (i.e. 13 February 2020); and (iii) the respective remaining options granted are exercisable from the date of the third anniversary of the date of grant (i.e. 13 February 2021).

(3) All the share options lapsed automatically upon the expiry of the validity period of the share options.

Valuation of Share Options

The Company has been using the binomial option pricing model (the "Model") to value the share options granted. The fair value of the share options determined at the date of grant using the Model was approximately RMB3,282,000. The fair value of options was estimated on the date of grant using the following assumptions:

Dividend Yield	7.18%
Expected Volatility	43.35%
Risk-free Interest Rate	0.841%
Expected Life of Share Options	4 years
Weighted Average Share Price	HK$13.05

For the year ended 31 December 2022, the Group has not recognised (2021: approximately RMB32,000) in share-based payment expenses in the statement of profit or loss in respect of the share options granted.

Further details of the Share Option Scheme are set out in note 31 to the financial statements of this report.

Share Award Scheme

The Share Award Scheme was adopted by the Board on 19 January 2018 (the "Adoption Date") in order to recognize and motivate the contributions by certain employees of the Company and/or member of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; to attract suitable personnel for further development of the Group; and to provide certain employees with a direct economic interest in attaining a long-term relationship between the Group and certain employees. Subject to the rules of the Share Award Scheme (the "Scheme Rules"), the Board may, from time to time, at its absolute discretion select any eligible participant (other than any excluded participant as defined under the Scheme Rules) for participation in the Share Award Scheme as a selected participant (the "Selected Participant(s)"), and determine the number of shares to be granted to the Selected Participant.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date. Pursuant to the Share Award Scheme, the trustee, Computershare Hong Kong Trustees Limited and any additional or replacement trustee, shall purchase from the open market or subscribe for the relevant number of shares awarded and shall hold such shares on trust for the Selected Participants until they are vested in the relevant Selected Participant in accordance with the provisions of the Share Award Scheme. The Board, through its authorized representative(s), shall cause to pay to the trustee the subscription or purchase price for the shares and the related expenses from the Company's resources.

The Board shall not make any further award of awarded shares which will result in the total number of shares granted under the Share Award Scheme exceeding 5% of the total number of issued shares of the Company from the date of adoption. Details of the Scheme Rules are set out in the announcement of the Company dated 19 January 2018.

Since the Adoption Date and up to 31 December 2022, a total of 8,583,000 awarded shares had been awarded under the Share Award Scheme. The vesting of the awarded shares is subject to the conditions as set out in the Share Award Scheme and the fulfillment of such conditions as specified by the Board.

During the year, details of the awarded shares granted under the Share Award Scheme and their movement are set out below:

Awardees	Date of grant	Vesting date	Number of awarded shares				
			As at 1 January 2022	Awarded during the year	Vested during the year	Lapsed during the year	As at 31 December 2022
CAI Fengjia (Executive Director)	08.04.2019	(1)	46,000	–	(46,000)(3)	–	–
	14.04.2020	(2)	64,000	–	(32,000)(3)	–	32,000
Directors of certain subsidiaries of the Company	08.04.2019	(1)	154,000	–	(154,000)(4)	–	–
	14.04.2020	(2)	193,000	–	(96,500)(4)	–	96,500
Other Selected Participants	08.04.2019	(1)	49,500	–	(49,500)	–	–
	14.04.2020	(2)	52,000	–	(26,000)	–	26,000
Other independent Selected Participants	08.04.2019	(1)	294,500	–	(277,500)(4)	(17,000)	–
	14.04.2020	(2)	838,000	–	(405,500)(4)	(99,500)	333,000
Total			1,691,000	–	(1,087,000)	(116,500)	487,500

Notes:

(1) The awarded shares granted on 8 April 2019 shall be vested in three tranches with the vesting date on 8 April of each year from 2020 to 2022, or an earlier date as approved by the Board, pursuant to the Scheme Rules.

(2) The awarded shares granted on 14 April 2020 shall be vested in three tranches with the vesting date on 14 April of each year from 2021 to 2023, or an earlier date as approved by the Board, pursuant to the Scheme Rules.

(3) A total of 78,000 awarded shares granted to Mr. CAI Fengjia by the Company were vested during the year, of which 15,663 awarded shares were sold by the trustee at an average price of HK$2.6082, for the purpose of covering PRC withholding tax pursuant to the Scheme Rules.

(4) A total of 833,500 awarded shares granted by the Company to directors of certain subsidiaries of the Company and other independent Selected Participants were vested during the year, of which 37,858 awarded shares and 67,596 awarded shares were sold by the trustee at an average price of HK$2.6082, for the purpose of covering PRC withholding tax pursuant to the Scheme Rules.

Further details of the Share Award Scheme are set out in note 31 of this report.

Continuing Connected Transactions

During the year, the Group conducted the following continuing connected transactions:

Lease of Properties

On 1 July 2019, the Group entered into certain property lease and management agreements (the "Property Lease and Management Agreements III") with Gaungzhou Kai Chuang and its certain wholly owned subsidiaries (the "Lessees"), pursuant to which the Group agreed to lease several commercial properties located at Guangzhou and Xi'an to the Lessees for the purpose of providing its co-working spaces and serviced offices business (the "Relevant Business") with a lease term of not exceeding 3 years. The aggregate rental and management fee agreed by the Group and the Lessees was approximately RMB540,000 per month.

On 14 February 2020, 26 February 2020 and 27 March 2020, the Group entered into certain property lease and management agreements (the "Property Lease and Management Agreements IV and V") with the Lessees, pursuant to which the Group agreed to (i) renew the lease term of a commercial property located at Guangzhou under the property lease and management agreements dated 6 December 2018 (the "Property Lease and Management Agreements II") which was expired on 15 January 2020; and (ii) lease a commercial property located at Guangzhou to the Lessees for operating its Relevant Business with each of the lease term not exceeding 3 years. The aggregate rental and management fee agreed by the Group and the Lessees was approximately RMB536,000 per month.

On 31 December 2020, the Group renewed the agreements for the expired lease term of certain properties under property lease and management agreements dated 30 November 2018 and Property Lease and Management Agreements II (the "2020 Property Lease Agreements I and II") with the Lessees, pursuant to which the Group agreed to renew the lease term of relevant properties with the Lessees, with each of the lease term not exceeding 3 years. The aggregate rental agreed by the Group and the Lessees was approximately RMB1,253,300 per month.

On 19 March 2021, the Group entered into certain property lease agreements (the "2021 Property Lease Agreements I") with Guangzhou Kai Chuang, pursuant to which the Group agreed to lease two properties located at Guangzhou to Guangzhou Kai Chuang for operating its Relevant Business with a lease term of approximately 1 year. The rental fee agreed by the Group and the Lessees was RMB661,772.75 per month.

On 1 June 2021, the Group entered into a property lease agreement (the "2021 Property Lease Agreement II") with Guangzhou Kai Chuang, pursuant to which the Group agreed to lease a property located at Guangzhou to Guangzhou Kai Chuang for operating its Relevant Business with a lease term of approximately 1.5 years. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB51,699.94 per month.

On 30 May 2022, the Group entered into a property lease agreement (the "2022 Property Lease Agreement I") with Guangzhou Jinyu Business Investments Company Limited* (廣州晉譽商務投資有限公司) ("Guangzhou Jinyu"), pursuant to which the Group agreed to lease a property located at Guangzhou to Guangzhou Jinyu for operating its Relevant Business with a lease term of 1 year. The rental fee agreed by the Group and Guangzhou Jinyu was RMB159,166.75 per month.

On 21 October 2022, the Group renewed the agreement (the "2022 Property Lease Agreement II") for the expired lease term of a property located at Guangzhou under property lease and management agreement dated 2 July 2019 with Guangzhou Kai Chuang, pursuant to which the Group agreed to renew the lease term of a property with Guangzhou Kai Chuang, with the lease term of 3 years. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB267,506.89 per month.

Mr. KONG Jiantao, the executive director and controlling shareholder of the Company, is the ultimate beneficial owner of the Lessees, and therefore the Lessees are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the abovementioned agreements constitute continuing connected transactions of the Company. In accordance with rule 14A.83 of the Listing Rules, as the abovementioned agreements were entered into by the Group and the Lessees, therefore, these transactions should be aggregated for calculation purposes. The annual caps for each of the years 2022, 2023, 2024 and 2025 are set out below:

	For the year ended 31 December	For the year ending 31 December		
	2022	2023	2024	2025
	(RMB)	(RMB)	(RMB)	(RMB)
Annual Caps	29,410,112	19,785,200	3,210,084	2,407,563

The actual transaction amount for the transactions under the Property Lease and Management Agreements III, the Property Lease and Management Agreements IV and V, 2020 Property Lease Agreements I and II, 2021 Property Lease Agreements I, 2021 Property Lease Agreement II, 2022 Property Lease Agreement I and 2022 Property Lease Agreement II during the year ended 31 December 2022 is approximately RMB26,517,000.

Framework Agreements

1. *Property Lease Framework Agreement*

On 14 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a property lease framework agreement (the "Property Lease Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which the Group leased the relevant properties (as office and staff quarters) and car parking lots to KWG Living and its subsidiaries ("KWG Living Group"), with the effective date commencing on 30 October 2020 (being the listing date of KWG Living) to 31 December 2022. On 21 November 2022, the Company has entered into a new property lease framework agreement (the "New Property Lease Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2022, 2023, 2024 and 2025 under the Property Lease Framework Agreement (as revised by the supplemental agreement dated 29 September 2021) and the New Property Lease Framework Agreement are set out below:

	For the year ended 31 December	For the year ending 31 December		
	2022	2023	2024	2025
	(RMB)	(RMB)	(RMB)	(RMB)
Annual Caps	29,600,000	30,000,000	34,200,000	38,600,000

The actual transaction amount for the transactions under the Property Lease Framework Agreement during the year ended 31 December 2022 is approximately RMB8,047,000.

2. *Residential Property Management Services Framework Agreement*

On 14 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a residential property management services framework agreement (the "Residential Property Management Services Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide residential property management services to the Group, including but not limited to residential pre-sale management services and residential property management services, with the effective date commencing on 30 October 2020 (being the listing date of KWG Living) to 31 December 2022. On 21 November 2022, the Company has entered into a new residential property management services framework agreement (the "New Residential Property Management Services Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2022, 2023, 2024 and 2025 under the Residential Property Management Services Framework Agreement (as revised by the supplemental agreement dated 29 September 2021) and the New Residential Property Management Services Framework Agreement are set out below:

	For the year ended 31 December	For the year ending 31 December		
	2022	2023	2024	2025
	(RMB)	(RMB)	(RMB)	(RMB)
Annual Caps	432,300,000	315,800,000	336,600,000	360,600,000

The actual transaction amount for the transactions under the Residential Property Management Services Framework Agreement during the year ended 31 December 2022 is approximately RMB250,773,000.

3. *Property Agency Services Framework Agreement*

On 14 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a property agency services framework agreement (the "Property Agency Services Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide property agency services to the Group for properties developed by the Group with the effective date commencing on 30 October 2020 (being the listing date of KWG Living) to 31 December 2022. On 21 November 2022, the Company has entered into a new property agency services framework agreement (the "New Property Agency Services Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2022, 2023, 2024 and 2025 under the Property Agency Services Framework Agreement (as revised by the supplemental agreement dated 29 September 2021) and the New Property Agency Services Framework Agreement are set out below:

	For the year ended 31 December	For the year ending 31 December		
	2022	2023	2024	2025
	(RMB)	(RMB)	(RMB)	(RMB)
Annual Caps	649,000,000	169,100,000	212,100,000	257,100,000

The actual transaction amount for the transactions under the Property Agency Services Framework Agreement during the year ended 31 December 2022 is approximately RMB116,260,000.

4. *Commercial Property Management Services Framework Agreement*

On 14 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a commercial property management services framework agreement (the "Commercial Property Management Services Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide commercial property management services to the Group, including but not limited to commercial pre-sale management services and commercial property management services with the effective date commencing on 30 October 2020 (being the listing date of KWG Living) to 31 December 2022. On 21 November 2022, the Company has entered into a new commercial property management services framework agreement (the "New Commercial Property Management Services Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2022, 2023, 2024 and 2025 under the Commercial Property Management Services Framework Agreement (as revised by the supplemental agreement dated 29 September 2021) and the New Commercial Property Management Services Framework Agreement are set out below:

	For the year ended 31 December	For the year ending 31 December		
	2022	2023	2024	2025
	(RMB)	(RMB)	(RMB)	(RMB)
Annual Caps	220,900,000	194,400,000	216,100,000	246,400,000

The actual transaction amount for the transactions under the Commercial Property Management Services Framework Agreement during the year ended 31 December 2022 is approximately RMB154,079,000.

5. *Commercial Operational and Value-added Services Framework Agreement*

On 14 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a commercial operational and value-added services framework agreement (the "Commercial Operational and Value-added Services Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide commercial operational services and commercial value-added services to the Group with the effective date commencing on 30 October 2020 (being the listing date of KWG Living) to 31 December 2022. On 21 November 2022, the Company has entered into a new commercial operational and value-added services framework agreement (the "New Commercial Operational and Value-added Services Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2022, 2023, 2024 and 2025 under the Commercial Operational and Value-added Services Framework Agreement (as revised by the supplemental agreement dated 29 September 2021) and the New Commercial Operational and Value-added Services Framework Agreement are set out below:

	For the year ended 31 December	For the year ending 31 December		
	2022	2023	2024	2025
	(RMB)	(RMB)	(RMB)	(RMB)
Annual Caps	172,900,000	133,300,000	141,400,000	161,400,000

The actual transaction amount for the transactions under the Commercial Operational and Value-added Services Framework Agreement during the year ended 31 December 2022 is approximately RMB143,888,000.

6. *Publicity Planning Service Framework Agreement*

On 27 August 2021, the Company (for itself and on behalf of its subsidiaries) entered into the publicity planning service framework agreement (the "Old Publicity Planning Service Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries) pursuant to which KWG Living Group shall provide publicity planning services, such as promotion design, advertisement promotion and official account marketing for the residential properties developed by the Group with the effective date commencing from 27 August 2021 to 31 December 2021. The Company is expected to carry on the transactions contemplated thereunder upon its expiry, accordingly, a new publicity planning services framework agreement dated 10 December 2021 (the "New Publicity Planning Services Framework Agreement") has then been entered into between the Company (for itself and on behalf of its subsidiaries) and KWG Living (for itself and on behalf of its subsidiaries) with the effective date commencing from 1 January 2022 to 31 December 2022. On 21 November 2022, the Company has entered into a new publicity planning service framework agreement (the "New Publicity Planning Service Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2022, 2023, 2024 and 2025 under the Old Publicity Planning Service Framework Agreement and the New Publicity Planning Service Framework Agreement are set out below:

	For the year ended 31 December	For the year ending 31 December		
	2022	2023	2024	2025
	(RMB)	(RMB)	(RMB)	(RMB)
Annual Cap	32,000,000	38,400,000	44,200,000	50,800,000

The actual transaction amount for the transactions under the Old Publicity Planning Services Framework Agreement during the year ended 31 December 2022 is approximately RMB30,661,000.

7. *Marketing Channel Service Framework Agreement*

On 27 August 2021, the Company (for itself and on behalf of its subsidiaries) entered into the marketing channel service framework agreement (the "Old Marketing Channel Service Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries) pursuant to which KWG Living Group shall provide marketing channel management service for the Universal Marketing Plan of properties developed by the Group with the effective date commencing from 27 August 2021 to 31 December 2021. Leveraging KWG Living Group's experience on management of property agents, the Group will ask KWG Living Group to provide administrative management services regarding the non-employees participants of the Universal Marketing Plan including human resource management, awards settlement, tax declaration and other administrative work. The Company is expected to carry on the transactions contemplated thereunder upon its expiry, accordingly, a new marketing channel services framework agreement dated 10 December 2021 (the "New Marketing Channel Services Framework Agreement") has then been entered into between the Company (for itself and on behalf of its subsidiaries) and KWG Living (for itself and on behalf of its subsidiaries and associates) with the effective date commencing from 1 January 2022 to 31 December 2022. On 21 November 2022, the Company has entered into a new marketing channel service framework agreement (the "New Marketing Channel Service Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2022, 2023, 2024 and 2025 under the Old Marketing Channel Service Framework Agreement and the New Marketing Channel Service Framework Agreement are set out below:

	For the year ended 31 December 2022 (RMB)	For the year ending 31 December 2023 (RMB)	2024 (RMB)	2025 (RMB)
Annual Cap	12,000,000	11,900,000	14,900,000	18,100,000

The actual transaction amount for the transactions under the Old Marketing Channel Service Framework Agreement during the year ended 31 December 2022 is approximately RMB2,773,000.

As Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan, being the Directors, are the controlling shareholders of KWG Living, and therefore KWG Living is their associate. Accordingly, the transactions contemplated under the abovementioned framework agreements constitute continuing connected transactions of the Company.

In accordance with rule 14A.55 of the Listing Rules, the continuing connected transaction as set out above during the year have been reviewed by the independent non-executive Directors who have confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has been engaged to report on the above continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board has received an unqualified letter from the auditor of the Company in accordance with Rule 14A.56 of the Listing Rules, stating that the auditor has not noticed that any of these continuing connected transactions:

- have not been approved by the Board;
- for transactions involving the provision of goods or services by the Group were not in accordance with the pricing policies of the Group in all material aspects;
- were not entered into in accordance with the relevant agreements governing such transactions in all material aspects; and
- have exceeded the annual cap as set by the Company for the year ended 31 December 2022.

Related party transactions

The Group conducted several related party transactions during the year (see note 40 to the financial statements of this report). Save as the connected transactions and continuing connected transactions disclosed above, other transactions are not deemed as connected transaction or continuing connected transactions under the Chapter 14A of the Listing Rules or being exempted from the requirements of notification, announcement and shareholders' approval in accordance with the Listing Rules.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year.

Permitted Indemnity Provision

Pursuant to the Articles of Association, every Director 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 he/she may incur or sustain in or about the execution of his/her duty or otherwise in relation thereto, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. The Company has arranged and maintained appropriate directors' and officers' liability insurance coverage for the Directors during the year.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, there was 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.

Independent Auditor

The financial statements for the year were audited by Ernst & Young, who will retire at the forthcoming annual general meeting. The Company will propose a resolution at the forthcoming annual general meeting to re-appoint Ernst & Young as the Company's auditor for the coming year.

There has been no change in the auditor of the Company during the past three years.

It is the auditor's responsibility to form an independent opinion, based on their audit, on these financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept legal liability to any other person for the contents of the Independent Auditor's Report. The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 78 to 81.

Loan Facilities with Covenants Relating to Specific Performance of the Controlling Shareholder

(1) Facility Agreement dated 5 June 2018

On 5 June 2018, the Company, as the borrower, and certain of the subsidiaries of the Company, as the original guarantors, entered into a facility agreement (the "Facility Agreement II") with, among others, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited as original lenders, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited as mandated lead arrangers and bookrunners and Standard Chartered Bank (Hong Kong) Limited as agent in relation to a transferrable HKD and USD dual currency term loan facility (with a greenshoe option) of up to US$500 million to the Company for a term of 48 months commencing from the date of the Facility Agreement II.

Pursuant to the terms of the Facility Agreement II, among others, the Company has undertaken to procure that Mr. KONG Jianmin, being the controlling shareholder of the Company, at all times: (i) beneficially owns not less than 35% of the entire issued share capital, voting rights and control of the Company; (ii) is the single largest shareholder of the Company; and (iii) is the chairman of the board of directors of the Company. Failure to comply with any of the above undertakings will constitute as an event of default under the Facility Agreement II. Further details of the transaction are disclosed in the announcement of the Company dated 5 June 2018. All outstanding principal under Facility Agreement II has been fully repaid in June 2022.

(2) Facility Agreement dated 23 December 2020

On 23 December 2020, the Company, as the borrower, and certain of the subsidiaries of the Company, as the original guarantors, entered into a facility agreement (the "Facility Agreement III") with, among others, The Bank of East Asia, Limited, China CITIC Bank International Limited, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank (China), Limited Guangzhou Branch and Standard Chartered Bank (Hong Kong) Limited as the original lenders (the "Original Lenders"), The Bank of East Asia, Limited, China CITIC Bank International Limited, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank (China), Limited Guangzhou Branch and Standard Chartered Bank (Hong Kong) Limited as mandated lead arrangers and bookrunners and Standard Chartered Bank (Hong Kong) Limited, as the agent, in relation to the granting of transferrable HKD and USD dual currency term loan facility (with a greenshoe option) of up to US$400 million to the Company for a term of 48 months commencing from the date of the Facility Agreement III.

Pursuant to the terms of the Facility Agreement III, the Company has undertaken to procure that Mr. KONG Jianmin, being the controlling shareholder of the Company, at all times: (i) beneficially owns not less than 35% of the entire issued share capital, voting rights and control of the Company; (ii) is the single largest shareholder of the Company; and (iii) is the chairman of the board of directors of the Company. Failure to comply with any of the above undertakings will constitute an event of default under the Facility Agreement III. Further details of the transaction are disclosed in the announcement of the Company dated 24 December 2020.

As of the date of this report, the circumstances giving rise to the relevant disclosure obligations under Rules 13.18 of the Listing Rules continued to exist.

On Behalf of the Board

KONG Jianmin
Chairman

Hong Kong
28 April 2023

EY安永

To the shareholders of KWG Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of KWG Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 82 to 194, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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. 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 relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB9,842 million for the year ended 31 December 2022, and as of 31 December 2022, the Group's current portion of interest-bearing bank and other borrowings amounted to RMB22,245 million, while its cash and cash equivalents amounted to RMB3,356 million. Subsequent to the year end date, in April 2023, an aggregate amount of principal of RMB212 million of interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment date (the "Defaulted Borrowings"), triggering certain long term interest-bearing bank and other borrowings ("Cross Defaulted Borrowings") amounted to RMB31,163 million becoming repayable on demand. These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

EY 安永

To the shareholders of KWG Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Basis for Disclaimer of Opinion *(continued)*

Multiple uncertainties relating to going concern *(continued)*

The directors of the Company have been undertaking plans and measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including:

(i) obtaining additional new sources of financing as and when needed;

(ii) negotiation with banks and financial institutions on the extension for repayments of borrowings;

(iii) negotiation with the Group's existing lenders of the Defaulted Borrowings and Cross Defaulted Borrowings to reach agreements with them for not taking any actions against the Group to exercise their rights to demand immediate payment of the principals and interests of these borrowings;

(iv) timely implementation of plans to accelerate the pre-sales and sales of properties under development and completed properties, as well as the collection of outstanding sales proceeds and other receivables, and to control costs and capital expenditure so as to generate adequate net cash inflows to the Group; and

(v) seeking for suitable opportunities to dispose of certain equity interests in joint ventures or associates of the Group which are engaged in property development in order to generate additional cashflow.

To the shareholders of KWG Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Responsibilities of the directors for the consolidated financial statements

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

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

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

To the shareholders of KWG Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 the 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 this independent auditor's report is Wong Kwok Yin.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

28 April 2023

Consolidated Statement of Profit or Loss

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	5	**13,452,639**	23,844,720
Cost of sales		**(15,548,424)**	(18,799,204)
Gross (loss)/profit		**(2,095,785)**	5,045,516
Other income and gains, net	5	**617,271**	1,787,868
Selling and marketing expenses		**(1,406,997)**	(1,807,998)
Administrative expenses		**(1,666,510)**	(1,839,467)
Other operating expenses, net		**(1,084,132)**	(405,443)
Fair value losses on investment properties, net	14	**(1,064,022)**	(662,246)
Finance costs	7	**(128,850)**	(303,033)
Share of profits and losses of:			
Associates		**104,882**	100,503
Joint ventures		**(3,973,126)**	2,165,366
(LOSS)/PROFIT BEFORE TAX	6	**(10,697,269)**	4,081,066
Income tax credits/(expenses)	10	**855,008**	(1,518,128)
(LOSS)/PROFIT FOR THE YEAR		**(9,842,261)**	2,562,938
Attributable to:			
Owners of the Company		**(9,240,619)**	2,421,351
Non-controlling interests		**(601,642)**	141,587
		(9,842,261)	2,562,938
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
Basic		**RMB(289) cents**	RMB76 cents
Diluted		**RMB(289) cents**	RMB76 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
(LOSS)/PROFIT FOR THE YEAR	**(9,842,261)**	2,562,938
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	**(1,553,187)**	557,457
Share of exchange differences on translation of joint ventures	**(898,992)**	563,776
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(2,452,179)**	1,121,233
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	**(1,316,580)**	377,334
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(1,316,580)**	377,334
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(3,768,759)**	1,498,567
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(13,611,020)**	4,061,505
Attributable to:		
Owners of the Company	**(13,009,378)**	3,919,918
Non-controlling interests	**(601,642)**	141,587
	(13,611,020)	4,061,505

Consolidated Statement of Financial Position

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**9,721,419**	9,173,322
Investment properties	14	**28,618,674**	29,954,477
Land use rights	15	**3,762,850**	4,054,109
Interests in associates	17	**9,772,013**	13,699,293
Interests in joint ventures	18	**35,717,694**	48,563,454
Deferred tax assets	28	**3,537,738**	3,093,513
Total non-current assets		**91,130,388**	108,538,168
CURRENT ASSETS			
Properties under development	19	**62,607,658**	60,242,088
Completed properties held for sale	20	**15,696,914**	15,938,413
Trade receivables	21	**491,382**	1,368,764
Prepayments, other receivables and other assets	22	**18,269,059**	15,628,725
Due from a joint venture	18	**22,532**	22,525
Tax recoverables	23(a)	**1,328,260**	1,062,880
Cash and bank balances	24	**10,337,890**	29,447,488
Total current assets		**108,753,695**	123,710,883
CURRENT LIABILITIES			
Trade and bills payables	25	**15,540,743**	13,348,056
Lease liabilities	16(b)	**144,326**	215,163
Other payables and accruals	26	**38,499,237**	39,924,767
Due to joint ventures	18	**9,996,546**	21,692,348
Due to associates	17	**3,328,395**	3,585,519
Interest-bearing bank and other borrowings	27	**22,245,015**	20,333,853
Tax payables	23(b)	**13,509,750**	13,066,634
Total current liabilities		**103,264,012**	112,166,340
NET CURRENT ASSETS		**5,489,683**	11,544,543
TOTAL ASSETS LESS CURRENT LIABILITIES		**96,620,071**	120,082,711
NON-CURRENT LIABILITIES			
Lease liabilities	16(b)	**751,415**	1,221,935
Interest-bearing bank and other borrowings	27	**53,145,577**	56,384,576
Deferred tax liabilities	28	**2,521,742**	2,772,225
Deferred revenue	29	**2,042**	2,042
Total non-current liabilities		**56,420,776**	60,380,778
NET ASSETS		**40,199,295**	59,701,933

	Note	2022 RMB'000	2021 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	30	**325,735**	304,680
Treasury shares	30	**(8)**	(3,038)
Reserves		**31,174,049**	44,018,894
		31,499,776	44,320,536
Non-controlling interests		**8,699,519**	15,381,397
TOTAL EQUITY		**40,199,295**	59,701,933

KONG Jianmin
Director

KONG Jiantao
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Notes	Attributable to owners of the Company											
		Issued capital	Treasury shares	Share premium account	Reserve funds	Exchange fluctuation reserve	Employee share-based compensation reserve	Asset revaluation reserve#	Capital reserve	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021		304,474	(1,723)	–	2,801,826	484,804	33,830	92,578	1,028,994	38,790,094	43,534,877	10,381,814	53,916,691
Profit for the year		–	–	–	–	–	–	–	–	2,421,351	2,421,351	141,587	2,562,938
Other comprehensive income for the year:													
Exchange differences on translation into presentation currency		–	–	–	–	934,791	–	–	–	–	934,791	–	934,791
Share of exchange differences on translation of joint ventures		–	–	–	–	563,776	–	–	–	–	563,776	–	563,776
Total comprehensive income for the year		–	–	–	–	1,498,567	–	–	–	2,421,351	3,919,918	141,587	4,061,505
Share options exercised	30	16	–	2,166	–	–	(400)	–	–	–	1,782	–	1,782
Share-based compensation expenses	31	–	–	–	–	–	8,633	–	–	–	8,633	–	8,633
Contribution from the non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	–	5,689,120	5,689,120
Acquisition of subsidiaries	34	–	–	–	–	–	–	–	–	–	–	929,511	929,511
Vested awarded shares transferred to employees	30	–	202	22,702	–	–	(22,904)	–	–	–	–	–	–
Transfer to reserves		–	–	–	478,242	–	–	–	–	(478,242)	–	–	–
Shares issued as scrip dividend during the year	30	205	–	21,041	–	–	–	–	–	–	21,246	–	21,246
2020 final dividend declared		–	–	–	–	–	–	–	–	(1,685,677)	(1,685,677)	–	(1,685,677)
2021 interim dividend		–	–	–	–	–	–	–	–	(1,177,713)	(1,177,713)	–	(1,177,713)
Acquisition of non-controlling interests		–	–	–	–	–	–	–	(304,920)	–	(304,920)	(2,926,255)	(3,231,175)
Changes in equity interests in subsidiaries without change of control		–	–	–	–	–	–	–	5,421	–	5,421	1,244,300	1,249,721
Share repurchase	30	–	(3,031)	–	–	–	–	–	–	–	(3,031)	–	(3,031)
Cancellation of shares	30	(15)	1,514	(1,499)	–	–	–	–	–	–	–	–	–
Dividend declared to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(64,052)	(64,052)
Disposal of subsidiaries		–	–	–	–	–	–	–	–	–	–	(14,628)	(14,628)
At 31 December 2021		304,680	(3,038)	44,410*	3,280,068*	1,983,371*	19,159*	92,578*	729,495*	37,869,813*	44,320,536	15,381,397	59,701,933

	Notes	Attributable to owners of the Company											
		Issued capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Employee share-based compensation reserve RMB'000	Asset revaluation reserve# RMB'000	Capital reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022		304,680	(3,038)	44,410	3,280,068	1,983,371	19,159	92,578	729,495	37,869,813	44,320,536	15,381,397	59,701,933
Loss for the year		-	-	-	-	-	-	-	-	(9,240,619)	(9,240,619)	(601,642)	(9,842,261)
Other comprehensive loss for the year:													
Exchange differences on translation into presentation currency		-	-	-	-	(2,869,767)	-	-	-	-	(2,869,767)	-	(2,869,767)
Share of exchange differences on translation of joint ventures		-	-	-	-	(898,992)	-	-	-	-	(898,992)	-	(898,992)
Total comprehensive loss for the year		-	-	-	-	(3,768,759)	-	-	-	(9,240,619)	(13,009,378)	(601,642)	(13,611,020)
Share-based compensation expenses	31	-	-	-	-	-	2,958	-	-	-	2,958	-	2,958
Vested awarded shares transferred to employees	30	-	88	9,275	-	-	(9,363)	-	-	-	-	-	-
Issue of treasury shares	30	89	(89)	-	-	-	-	-	-	-	-	-	-
Transfer to reserves		-	-	-	308,102	-	-	-	-	(308,102)	-	-	-
Acquisition of non-controlling interests		-	-	-	-	-	-	-	(231,910)	-	(231,910)	(5,828,068)	(6,059,978)
Cancellation of shares	30	(48)	3,031	(2,983)	-	-	-	-	-	-	-	-	-
Issue of new shares	30	21,014	-	396,556	-	-	-	-	-	-	417,570	-	417,570
Dividend declared to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(252,168)	(252,168)
At 31 December 2022		325,735	(8)	447,258*	3,588,170*	(1,785,388)*	12,754*	92,578*	497,585*	28,321,092*	31,499,776	8,699,519	40,199,295

The asset revaluation reserve arose from the gains on property revaluation as a result of the change in use from owner-occupied properties to investment properties.

* These reserve accounts comprise the consolidated reserves of approximately RMB31,174,049,000 (2021: approximately RMB44,018,894,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(10,697,269)**	4,081,066
Adjustments for:			
Finance costs		**128,850**	303,033
Foreign exchange (gain)/loss		**(335,562)**	40,504
Share of profits and losses of associates		**(104,882)**	(100,503)
Share of profits and losses of joint ventures		**3,973,126**	(2,165,366)
Interest income		**(515,938)**	(891,148)
Share-based compensation expenses		**2,958**	8,633
(Gain)/loss on disposal of items of property, plant and equipment		**(201)**	9,215
Loss/(gain) on disposal of investment properties		**364,097**	(79,905)
Gain on lease termination		**(37,522)**	–
Depreciation		**352,954**	333,400
Amortisation of land use rights	6	**31,526**	32,244
Fair value losses on investment properties, net	14	**1,064,022**	662,246
Impairment losses recognised for completed properties held for sale	6	**1,084,132**	405,443
Rent concessions	16	**–**	(109,991)
Gain on partially acquisition of a joint venture		**(50,269)**	–
Loss on disposal of subsidiaries		**17,141**	64,589
Loss/(gain) on disposal of joint ventures		**389,547**	(33,911)
(Gain)/loss on acquisition of subsidiaries		**(9,295)**	21,833
Loss/(gain) on disposal of associates		**10,735**	(213)
		(4,331,850)	2,581,169
Increase in properties under development		**(7,247,776)**	(11,290,949)
Decrease in completed properties held for sale		**15,047,364**	16,937,778
Decrease in trade receivables		**881,179**	519,264
Decrease/(increase) in prepayments, other receivables and other assets		**662,377**	(4,091,004)
(Increase)/decrease in an amount due from a joint venture		**(7)**	7,479
Decrease/(increase) in restricted cash		**7,073,299**	(5,949,777)
Increase in trade and bills payables		**2,437,502**	927,504
(Decrease)/increase in other payables and accruals		**(3,441,553)**	1,131,760
Cash generated from operations		**11,080,535**	773,224
Interest received		**515,938**	891,148
Corporate income tax paid		**(254,670)**	(694,865)
Land appreciation tax paid		**(113,233)**	(991,324)
Net cash flows from/(used in) operating activities		**11,228,570**	(21,817)

	Notes	2022 RMB'000	2021 RMB'000
Net cash flows from/(used in) operating activities		**11,228,570**	(21,817)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(1,185,289)**	(1,376,150)
Purchases of land use rights		**–**	(535,363)
Purchases of investment properties		**(648,225)**	(646,459)
Acquisitions of subsidiaries		**(8,117)**	48,193
Investments in joint ventures		**(3,311)**	(107,593)
Investments in associates		**(15,000)**	(8,949,850)
Derecognition of subsidiaries		**–**	8
Disposals of subsidiaries		**–**	(73,404)
Disposal of joint ventures		**1,603,697**	79,700
Disposal of an associate		**1,477,677**	12,721
Proceeds from disposal of items of property, plant and equipment		**760**	22,985
Proceeds from disposal of investment properties		**345,809**	1,738,934
(Advances to)/repayments from associates		**(315,974)**	1,040,298
Advances to joint ventures		**(11,091,816)**	(14,945,641)
Decrease/(increase) in restricted cash		**6,595,013**	(10,755,605)
Dividends received from joint ventures		**266,704**	344,264
Dividends received from associates		**164,600**	15,000
Net cash flows used in investing activities		**(2,813,472)**	(34,087,962)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of senior notes and domestic corporate bonds		**–**	7,015,231
Proceeds from sale of senior notes and domestic corporate bonds		**856,800**	10,677,627
Senior notes and domestic corporate bonds repurchased		**(1,939,614)**	(12,091,615)
Repayment/redemption of senior notes and domestic corporate bonds		**(7,027,765)**	(16,255,430)
New bank loans		**17,341,121**	23,664,472
Repayments of bank loans		**(17,438,292)**	(13,122,703)
Repayments of lease liabilities	16	**(197,798)**	(238,208)
Acquisitions of non-controlling interests		**(35,989)**	(3,086,658)
Changes in equity interests in subsidiaries without change of control		**–**	1,249,720
Contribution from non-controlling shareholders of subsidiaries		**–**	5,689,120
Dividend paid		**(553,928)**	(2,999,703)
Interest paid		**(5,336,681)**	(5,150,249)
Decrease/(increase) in restricted cash		**1,082,000**	(1,082,000)
Increase in other payables		**–**	6,958,000
Share options exercised		**–**	1,782
Shares repurchased	30	**–**	(3,031)
Issue of new shares	30	**417,570**	–
Net cash flows (used in)/from financing activities		**(12,832,576)**	1,226,355
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,417,478)**	(32,883,424)
Cash and cash equivalents at beginning of year		**7,715,390**	40,635,765
Effect of foreign exchange rate changes, net		**58,192**	(36,951)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**3,356,104**	7,715,390
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**3,356,104**	7,715,390
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	24	**3,356,104**	7,715,390

1. Corporate and Group Information

KWG Group Holdings Limited (the "Company") was a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- Property development
- Property investment
- Hotel operation

In the opinion of the directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which was incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Happy Clear Consultants Limited	British Virgin Islands/ Hong Kong	US$1,000	100	–	Investment holding
Reach Luck Consultants Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Boom Faith International Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Rising Wave Enterprises Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Good Excel Enterprises Limited	British Virgin Islands/ Hong Kong	US$100	–	100	Investment holding
Prime Way Enterprises Limited	British Virgin Islands/ Hong Kong	US$1	100	–	Investment holding
Hugeluck Investments Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Guangzhou Hejing Holdings Limited ("Guangzhou Hejing")*#	PRC/Mainland China	RMB2,000,000,000	–	100	Property development
Guangzhou Hejing Meifu Real Estate Development Limited^#	PRC/Mainland China	US$12,930,000	–	100	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangzhou Hejing Yingfu Real Estate Development Limited#	PRC/Mainland China	RMB35,000,000	–	100	Property development
Guangzhou Xinhengchang Enterprise Development Limited^#	PRC/Mainland China	RMB1,616,327,000	–	100	Property investment
Guangzhou Zhongtianying Real Estate Development Limited^#	PRC/Mainland China	US$404,082,000	–	100	Property development
Guangzhou Tianjian Real Estate Development Limited ("Guangzhou Tianjian")^#	PRC/Mainland China	RMB3,300,000,000	–	100	Property development
Guangzhou Junzhao Property Operation Limited^#	PRC/Mainland China	RMB279,592,000	–	100	Property investment
Chengdu Zhongtianying Real Estate Development Limited#	PRC/Mainland China	RMB550,000,000	–	100	Property development
Guangzhou Liangyu Investment Limited#	PRC/Mainland China	RMB30,000,000	–	100	Property development
Hainan New World Real Estate Property (HK) Limited^#	PRC/Mainland China	HK$1,575,510,000	–	100	Property development
Suzhou Hejing Real Estate Development Limited#	PRC/Mainland China	RMB1,290,000,000	–	100	Property development
Guangzhou Conghua Hejing Real Estate Development Limited^#	PRC/Mainland China	US$202,041,000	–	100	Property development
Beijing Hejing Real Estate Development Limited#	PRC/Mainland China	RMB70,000,000	–	100	Property development
Chengdu Zhaojing Real Estate Development Limited^#	PRC/Mainland China	HK$1,565,306,000	–	100	Property development
Kunshan Baicheng Real Estate Development Limited^#	PRC/Mainland China	US$61,020,000	–	100	Property development
Guangzhou Hejing Chuangzhan Hotel Limited#	PRC/Mainland China	RMB30,000,000	–	100	Hotel operation
Guangzhou Wanhui Real Estate Development Limited#	PRC/Mainland China	RMB330,000,000	–	100	Property development
Guangzhou Lihe Property Development Limited#	PRC/Mainland China	RMB640,000,000	–	100	Property development
Chengdu Kaiyu Real Estate Development Limited#	PRC/Mainland China	RMB100,000,000	–	100	Property development
Hainan Hejing Real Estate Development Limited#	PRC/Mainland China	RMB300,000,000	–	100	Property development
Shanghai Hejing Real Estate Development Limited#	PRC/Mainland China	RMB100,000,000	–	100	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Deyu Real Estate Development Limited ("Shanghai Deyu")#	PRC/Mainland China	RMB196,080,000	–	51	Property development
Shanghai Jinyi Property Limited#	PRC/Mainland China	RMB100,000,000	–	85.3	Property development
Shanghai Hongyu Real Estate Development Limited#	PRC/Mainland China	RMB100,000,000	–	100	Property development
Beijing Hong'en Real Estate Development Limited Liability Company#	PRC/Mainland China	RMB100,000,000	–	100	Property development
Shanghai Zhaojing Real Estate Development Limited#	PRC/Mainland China	RMB340,000,000	–	100	Property development
Guangzhou Chuangjing Real Estate Development Limited*#	PRC/Mainland China	US$41,500,000	–	100	Property development
Suzhou Junjing Real Estate Development Limited#	PRC/Mainland China	RMB185,000,000	–	100	Property development
Shanghai Langhe Real Estate Development Limited^#	PRC/Mainland China	RMB1,739,220,000	–	51	Property development
Shanghai Jingdong Real Estate Development Limited#	PRC/Mainland China	RMB1,350,000,000	–	75.5	Property development
Guangzhou Hejing Fengjingyuan Hotel Limited#	PRC/Mainland China	RMB200,000,000	–	100	Hotel operation
Guangzhou Hejing Lingfengyuan Hotel Management Limited#	PRC/Mainland China	RMB30,000,000	–	100	Hotel operation
Suzhou Shengjing Real Estate Development Limited#	PRC/Mainland China	RMB120,000,000	–	80	Property development
Suzhou Kaiwei Real Estate Development Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Guangzhou Weiyu Real Estate Development Limited#	PRC/Mainland China	RMB60,000,000	–	100	Property development
Suzhou Kaifu Real Estate Development Limited#	PRC/Mainland China	RMB170,000,000	–	100	Property development
Guangzhou Hongda Property Limited#	PRC/Mainland China	RMB1,300,000,000	–	100	Property development
Beijing Fuyu Real Estate Development Limited#	PRC/Mainland China	RMB20,000,000	–	100	Property development
Hangzhou Zhaojing Real Estate Development Limited#	PRC/Mainland China	RMB120,000,000	–	100	Property development
Beijing Hongtai Real Estate Development Limited#	PRC/Mainland China	RMB100,000,000	–	100	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Beijing Hengcheng Real Estate Development Limited#	PRC/Mainland China	RMB100,000,000	–	100	Property development
Hangzhou Hejing Real Estate Development Limited#	PRC/Mainland China	RMB120,000,000	–	100	Property development
Hangzhou Hongjun Real Estate Development Limited#	PRC/Mainland China	RMB120,000,000	–	100	Property development
Sichuan Longyuan Property Limited#	PRC/Mainland China	RMB325,016,300	–	55	Property development
Hangzhou Tianjing Real Estate Development Limited#	PRC/Mainland China	RMB240,000,000	–	100	Property development
Suzhou Yujing Real Estate Development Limited#	PRC/Mainland China	RMB100,000,000	–	100	Property development
Hefei Rongze Real Estate Development Limited#	PRC/Mainland China	RMB450,000,000	–	100	Property development
Linhai Jinxuan Real Estate Development Limited#	PRC/Mainland China	RMB850,000,000	–	100	Property development
Suzhou Kaijun Real Estate Development Limited#	PRC/Mainland China	RMB430,000,000	–	100	Property development
Suzhou Dongshanshu Real Estate Development Limited^#	PRC/Mainland China	US$24,490,000	–	100	Property development
Taicang Hongtao Real Estate Development Limited#	PRC/Mainland China	RMB750,000,000	–	100	Property development
Guangxi Kairui Property Limited#	PRC/Mainland China	RMB350,000,000	–	100	Property development
Hangzhou Hongsheng Real Estate Development Limited#	PRC/Mainland China	RMB950,000,000	–	100	Property development
Jiangmen Zhan'gao Property Development Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Hangzhou Jinxuan Real Estate Development Limited#	PRC/Mainland China	RMB50,000,000	–	60	Property development
Qidong Tianhui Real Estate Development Limited#	PRC/Mainland China	RMB500,000,000	–	70	Property development
Longmen Dongjun Huafu Education Industry Development Limited#	PRC/Mainland China	RMB30,000,000	–	100	Property development
Meishan Zhaojing Real Estate Development Limited#	PRC/Mainland China	RMB380,000,000	–	100	Property development
Guangzhou Yufa Plastic Limited#	PRC/Mainland China	RMB5,000,000	–	65	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Linhai Zhaojing Real Estate Development Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Jiangmen Tianjing Property Development Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Jiashan Xujing Property Development Limited#	PRC/Mainland China	RMB10,000,000	–	100	Property development
Suzhou Kaiyu Real Estate Development Limited#	PRC/Mainland China	RMB400,000,000	–	100	Property development
Beijing Yujing Real Estate Development Limited#	PRC/Mainland China	RMB10,000,000	–	100	Property development
Guangzhou Hongtao Estate Development Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Guangzhou Xiangjing Property Development Limited#	PRC/Mainland China	RMB60,000,000	–	60	Property development
Hangzhou Hongli Real Estate Development Limited#	PRC/Mainland China	RMB300,000,000	–	100	Property development
Linhai Hejing Real Estate Development Limited#	PRC/Mainland China	RMB273,600,000	–	100	Property development
Tianjin Guangying Real Estate Development Limited#	PRC/Mainland China	RMB30,000,000	–	100	Property development
Wuzhou Qidi Hongxing Hejing Investment Limited#	PRC/Mainland China	RMB10,000,000	–	75	Property development
Xian Junjing Property Development Limited#	PRC/Mainland China	RMB20,000,000	–	100	Property development
Beijing Yijing Real Estate Development Limited#	PRC/Mainland China	RMB10,000,000	–	100	Property development
Guangzhou Guanda Property Development Limited#	PRC/Mainland China	RMB316,000,000	–	60	Property development
Guangzhou Zhangao Property Development Limited#	PRC/Mainland China	RMB700,000,000	–	100	Property development
Huanan Yigu Technological Development (Guangzhou) Limited#	PRC/Mainland China	RMB200,000,000	–	80	Property development
Shanghai Yaojing Real Estate Development Limited#	PRC/Mainland China	RMB50,000,000	–	90	Property development
Guangxi Hejing Real Estate Development Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Guangxi Hejing Hengfu Investment Limited#	PRC/Mainland China	RMB100,000,000	–	100	Property development
Guangxi Hejing Shengyu Real Estate Development Limited#	PRC/Mainland China	RMB100,000,000	–	100	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Hefei Hongtao Real Estate Development Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Hangzhou Huixuan Limited#	PRC/Mainland China	RMB100,000,000	–	100	Property development
Suzhou Zhuoyu Real Estate Development Limited#	PRC/Mainland China	RMB795,000,000	–	51	Property development
Guangzhou Zhuoyu Property Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Chengdu Ruijing Real Estate Development Limited#	PRC/Mainland China	RMB200,000,000	–	100	Property development
Guangzhou Jingzhi Property Development Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Jiaxing Hejing Hongyu Enterprise Management Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Jiangsu Junda Real Estate Development Limited^#	PRC/Mainland China	RMB684,000,000	–	100	Property development
Nantong Chuangying Real Estate Development Limited#	PRC/Mainland China	RMB700,000,000	–	70	Property development
Tianjing Yunjing Real Estate Development Limited#	PRC/Mainland China	RMB30,000,000	–	100	Property development
Hangzhou Junan Real Estate Development Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Guangzhou Yuanjing Real Estate Development Limited#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Yangzhou Hejing Songyu Real Estate Development Limited#	PRC/Mainland China	RMB30,000,000	–	100	Property development

* These entities are registered as wholly-foreign-owned enterprises under PRC law.

^ These entities are registered as Chinese-foreign joint ventures under PRC law.

The English names of these companies referred to in these financial statements represent management's best effort to translate the Chinese names of those companies, as no English names have been registered.

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

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 Basis of Preparation *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income ("OCI") are 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. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

The Company has set up a trust (the "Trust") for the purpose of purchasing, administering and holding the Company's shares for the share award scheme (the "Share Award Scheme") adopted on 19 January 2018. The Group has the power to govern the financial and operating policies of the Trust and derive benefits from the services of the employees who have been awarded the awarded shares through their continued employment with the Group. The assets and liabilities of the Trust are included in the consolidated statement of financial position and the shares held by the Trust are presented as a deduction in equity as shares held for the Share Award Scheme.

2.1 Basis of Preparation *(continued)*

Going concern basis

The Group recorded a net loss of approximately RMB9,842.3 million for the year ended 31 December 2022. Besides, as of 31 December 2022, the Group recorded net current assets of RMB5,489.7 million, and the Group's current portion of interest-bearing bank and other borrowings amounted to RMB22,245.0 million, while its cash and cash equivalents amounted to RMB3,356.1 million. Subsequent to the year end date, in April 2023, an aggregate amount of principal of RMB212 million of interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment date (the "Defaulted Borrowings"), triggering certain long term interest-bearing bank and other borrowings ("Cross Defaulted Borrowings") amounted to RMB31,163 million becoming repayable on demand.

The above conditions indicate the existence of material uncertainties which cast significant doubt over the Group's ability to continue as a going concern. The directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) The Group is actively negotiating with several existing financial institutions on the renewal of certain borrowings. The Group has also looked into various fund raising opportunities in the capital markets. In December 2022, net proceeds of approximately HK$467 million had been raised from placement of new shares of the Company, Besides, in January 2023, the Group had issued medium-term note with a principal amount of RMB700 million, which is fully guaranteed by China Bond Insurance Co., Ltd. (中債信用增進投資股份有限公司).

(ii) The Group will negotiate with the Group's existing lenders for the Defaulted Borrowings and Cross Defaulted Borrowings on order to reach agreements with them for not taking any actions against the Group to exercise their right to demand immediate payment of the principals and interest of these borrowings.

(iii) 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. The Group is also negotiating with various interested parties on the disposal of en-bloc commercial properties and non-core property projects to further improve the cash position of the Group.

(iv) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

(v) The Group will continue to seek suitable opportunities to dispose of its equity interests in joint ventures or associates which are engaged in property development companies in order to generate additional cash inflows.

2.1 Basis of Preparation *(continued)*

Going concern basis *(continued)*

The directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2022. They are of the opinion that, taking into account the abovementioned plans and measures (in particular, the successful negotiation with the Group's existing lenders of the Defaulted Borrowings and Cross Defaulted Borrowings to reach agreements with them for not taking any actions against the Group to exercise their rights to demand immediate payment of the principals and interests of these borrowings), the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) the successful obtaining of additional new sources of financing as and when needed.

(ii) successfully negotiating with banks and financial institutions on the extension for repayments of borrowings.

(iii) successfully negotiating with the Group's existing lenders for the Defaulted Borrowings and Cross Defaulted Borrowings and reaching agreements with them for not taking any actions against the Group to exercise their right to demand immediate payment of the principals and interest of these borrowings.

(iv) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and contain capital expenditure so as to generate adequate net cash inflows.

(v) successfully disposing of the Group's equity interests in certain joint ventures or associates which are engaged in property development when suitable.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2.2 Changes in Accounting Policies and Disclosures

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised standards has had no significant financial effect on these consolidated financial statements.

2.3 Issued but not yet Effective HKFRSs

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

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to HKAS 1	*Non-current Liabilities with Covenants*	1 January 2024
Amendments to HKAS 8	*Definition of Accounting Estimates*	1 January 2023
Amendments to HKAS 12	*Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
HKFRS 17	*Insurance Contracts*	1 January 2023
HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*	1 January 2023
Amendments to HKFRS 17	*Insurance Contracts*	1 January 2023
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 Summary of Significant Accounting Policies

Investments in associates and joint ventures

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

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

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

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

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

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

2.4 Summary of Significant Accounting Policies *(continued)*

Interests in joint operations

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

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Business combinations and goodwill

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

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

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

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

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

2.4 Summary of Significant Accounting Policies *(continued)*

Business combinations and goodwill *(continued)*

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

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

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

Fair value measurement

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

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

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

2.4 Summary of Significant Accounting Policies *(continued)*

Fair value measurement *(continued)*

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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

2.4 Summary of Significant Accounting Policies *(continued)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

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

Property, plant and equipment and depreciation

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

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

2.4 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 to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings (excluding the right-of-use assets)	3% to 5%
Leasehold improvements	Over the shorter of the lease term and 20%
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	10% to 20%
Vehicles (excluding the right-of-use assets)	7% to 20%

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

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

Assets under construction represent properties under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction, amortised land use rights and capitalised borrowing costs on related borrowed funds during the period of construction. Assets under construction are reclassified to appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

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

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

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

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

2.4 Summary of Significant Accounting Policies *(continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Property management contracts acquired in business combinations are recognised at fair value at the acquisition date. The property management contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of the contracts.

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets (relate to the land use rights and property, plant and equipment) are measured at cost, less any accumulated depreciation and amortisation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated and amortised on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	17 to 40 years
Buildings	2 to 19 years
Vehicle	15 years

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

2.4 Summary of Significant Accounting Policies *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(a) Right-of-use assets (continued)

When the right-of-use assets relate to interests in leasehold land held as properties under development and completed properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "property under development" and "completed properties held for sale". When a right-of-use asset meets the definition of investment property (e.g., long-term rental apartments), it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(b) Lease liabilities

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

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

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 Summary of Significant Accounting Policies *(continued)*

Leases *(continued)*

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Properties under development

Properties under development are intended to be held for sale after completion.

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

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

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

2.4 Summary of Significant Accounting Policies *(continued)*

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

2.4 Summary of Significant Accounting Policies *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement

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

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

Financial assets at fair value through OCI (debt instruments)
For debt investments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to the statement of profit or loss.

Financial assets designated at fair value through OCI (equity investments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through OCI when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity investments designated at fair value through OCI are not subject to impairment assessment.

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

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

2.4 Summary of Significant Accounting Policies *(continued)*

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

Impairment of financial assets

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

General approach

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

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

2.4 Summary of Significant Accounting Policies *(continued)*

Impairment of financial assets *(continued)*

General approach *(continued)*

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

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables.

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

The Group's financial liabilities include trade and bills payables, lease liabilities, other payables and accruals, amounts due to joint ventures, amounts due to associates and interest-bearing bank and other borrowings.

2.4 Summary of Significant Accounting Policies *(continued)*

Financial liabilities *(continued)*

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

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

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

Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets (policies under HKFRS 9 applicable from 1 January 2018)"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

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

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

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

Treasury shares
Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.4 Summary of Significant Accounting Policies *(continued)*

Cash and bank balances

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

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

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with interests in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 Summary of Significant Accounting Policies *(continued)*

Income tax *(continued)*

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset or over the benefits received by the Group related to such assets.

2.4 Summary of Significant Accounting Policies *(continued)*

Revenue recognition

Revenue from contracts with customers

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

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

(a) Sale of properties

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

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

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each contract.

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

(b) Operation of hotels

Hotel revenue from room rentals, food and beverage sales and other ancillary services is recognised when the services are rendered.

2.4 Summary of Significant Accounting Policies *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

(c) Property management services

Property management service income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Project management fee income is recognised when the related management services have been provided.

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

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

Contract liabilities

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

Contract costs

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

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

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

2.4 Summary of Significant Accounting Policies *(continued)*

Share-based payments

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

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value was determined by an external valuer using the binomial option pricing model (the "Model"), further details of which are given in note 31 to the financial statements.

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

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

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

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

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

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

2.4 Summary of Significant Accounting Policies *(continued)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate has been applied to the expenditure on the individual assets.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the financial statements.

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

2.4 Summary of Significant Accounting Policies *(continued)*

Foreign currencies

The Company's functional currency is the Hong Kong dollar while the presentation currency of these financial statements is RMB. In the opinion of the directors, as the Group's operations are mainly in Mainland China, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

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

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

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

The functional currencies of certain overseas subsidiaries and joint ventures not operating in Mainland China are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities and the Company are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in OCI and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit or loss.

2.4 Summary of Significant Accounting Policies *(continued)*

Foreign currencies *(continued)*

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and its overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and its overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

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

Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that may individually or collectively cast a significant doubt upon the going concern assumption are set out in note 2.1 to the financial statements.

Judgements

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

Revenue from contracts with customers

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

3. Significant Accounting Judgements and Estimates *(continued)*

Judgements *(continued)*

Transfer from properties under development, completed properties held for sale, property, plant and equipment and land use rights to investment properties

Properties under development, completed properties held for sale, property, plant and equipment and land use rights are transferred to investment properties when there is a change in use with sufficient evidence. The Group determines whether a change in use has occurred based on assessment of all relevant facts and circumstances, which include but are not limited to: (a) a business plan that reflects the future rental income generated by the property; (b) the resources to hold and manage an investment property; (c) legal permissibility for the change in use; and (d) the commencement of development if the property requires further development for the change in use. Any excess of fair value over the original carrying amount of such properties at the date of transfer was recognised immediately in the consolidated statement of profit or loss or the consolidated statement of financial position. During the year ended 31 December 2022, no completed properties held for sale were transferred to investment properties. During the year ended 31 December 2021, completed properties held for sale with a total carrying amount of approximately RMB2,357,992,000 were transferred to investment properties due to a change in use, giving rise to a net fair value loss of approximately RMB513,492,000 in the consolidated statement of profit or loss. During the years ended 31 December 2022 and 2021, no property, plant and equipment and land use rights were transferred to investment properties due to a change in use.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group has reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties for rental purposes, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties be subsequently disposed of by the Group, rather than all of the economic benefits embodied in the investment properties are consumed substantially by leasing over time. In the event that the investment properties are disposed of, the Group may be liable to higher tax upon disposal considering the impact of corporate income tax ("CIT") and land appreciation tax ("LAT").

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty

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

Revenue recognition

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for the property unit in the contract. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can affect the Group's revenue recognised.

Revaluation of investment properties

Investment properties including completed investment properties, investment properties under construction and right-of-use assets are revalued at the end of each reporting period based on the market value provided by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information about market rent and capitalisation rates is considered and assumptions that are mainly based on market conditions existing at the end of each reporting period are used. The carrying amount of the Group's investment properties at 31 December 2022 was approximately RMB28,618,674,000 (2021: approximately RMB29,954,477,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

Estimation of net realisable value of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The net realisable value is determined by the Group with reference to the prevailing market conditions and prices existing at the end of each reporting period. As at 31 December 2022, the carrying amounts of properties under development and completed properties held for sale were approximately RMB62,607,658,000 (2021: approximately RMB60,242,088,000) and approximately RMB15,696,914,000 (2021: approximately RMB15,938,413,000), respectively.

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty *(continued)*

CIT

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

Provision for ECLs on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by service type, customer type and rating).

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

PRC LAT

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

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2022 was approximately RMB907,498,000 (2021: approximately RMB884,327,000). The amount of unrecognised tax losses at 31 December 2022 was approximately RMB7,323,713,000 (31 December 2021: approximately RMB1,254,076,000). Further details are contained in note 28 to the financial statements.

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty *(continued)*

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the 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 cash-generating unit 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 cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. Apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

4. Operating Segment Information

For management purposes, the Group is organised into three reportable operating segments as follows:

(a)	Property development:	Sale of properties
(b)	Property investment:	Leasing of properties
(c)	Hotel operation:	Operation of hotels

The property development projects undertaken by the Group and its joint ventures and associates during the year were mainly located in Mainland China and Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverables, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, tax payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

Other than the segment information disclosed above, the directors considered that other segment information is not reportable segment information used by the chief operating decision makers of the Group.

The Group's revenue from external customers is derived solely from its operations in Mainland China. As the Group's major operations and customers are located in Mainland China, no further geographical information is provided.

During 2022 and 2021, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. Operating Segment Information *(continued)*

Year ended 31 December 2022

	Property development RMB'000	Property investment RMB'000	Hotel operation RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	11,908,012	944,394	600,233	13,452,639
Segment results	(9,367,224)	(451,217)	125,971	(9,692,470)
Reconciliation:				
Interest income and unallocated income				617,271
Unallocated expenses				(1,493,220)
Finance costs				(128,850)
Loss before tax				(10,697,269)
Income tax credit				855,008
Loss for the year				(9,842,261)
Assets and liabilities:				
Segment assets	129,603,242	28,829,038	11,899,549	170,331,829
Reconciliation:				
Corporate and other unallocated assets				29,552,254
Total assets				199,884,083
Segment liabilities	123,321,513	82,799	49,038	123,453,350
Reconciliation:				
Corporate and other unallocated liabilities				36,231,438
Total liabilities				159,684,788
Other segment information:				
Depreciation and amortisation	(134,988)	(24,956)	(224,536)	(384,480)
Fair value losses on investment properties, net	–	(1,064,022)	–	(1,064,022)
Share of profits and losses of:				
Associates	104,882	–	–	104,882
Joint ventures	(3,973,126)	–	–	(3,973,126)
Impairment losses recognised for properties under development and completed properties held for sale	(1,084,132)	–	–	(1,084,132)
Interests in associates	9,772,013	–	–	9,772,013
Interests in joint ventures	35,717,694	–	–	35,717,694

4. Operating Segment Information *(continued)*

Year ended 31 December 2021

	Property development RMB'000	Property investment RMB'000	Hotel operation RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	22,191,746	957,391	695,583	23,844,720
Segment results	4,255,245	78,435	136,672	4,470,352
Reconciliation:				
Interest income and unallocated income				1,787,868
Unallocated expenses				(1,874,121)
Finance costs				(303,033)
Profit before tax				4,081,066
Income tax expenses				(1,518,128)
Profit for the year				2,562,938
Assets and liabilities:				
Segment assets	144,607,343	30,137,524	11,631,781	186,376,648
Reconciliation:				
Corporate and other unallocated assets				45,872,403
Total assets				232,249,051
Segment liabilities	133,967,122	68,674	28,493	134,064,289
Reconciliation:				
Corporate and other unallocated liabilities				38,482,829
Total liabilities				172,547,118
Other segment information:				
Depreciation and amortisation	(125,757)	(11,230)	(228,657)	(365,644)
Fair value losses on investment properties, net	–	(662,246)	–	(662,246)
Share of profits and losses of:				
Associates	100,503	–	–	100,503
Joint ventures	2,165,366	–	–	2,165,366
Impairment losses recognised for properties under development and completed properties held for sale	(405,443)	–	–	(405,443)
Interests in associates	13,699,293	–	–	13,699,293
Interests in joint ventures	48,563,454	–	–	48,563,454

5. Revenue, Other Income and Gains, Net

An analysis of revenue, other income and gains, net, is as follows:

	Note	2022 RMB'000	2021 RMB'000
Revenue:			
Revenue from contracts with customers			
Sale of properties		**11,908,012**	22,191,746
Hotel operation income		**600,233**	695,583
Revenue from other sources			
Gross rental income	16	**944,394**	957,391
		13,452,639	23,844,720
Other income and gains, net:			
Interest income		**515,938**	891,148
Others		**101,333**	896,720
		617,271	1,787,868

5. Revenue, Other Income and Gains, Net *(continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2022

	Property development RMB'000	Hotel operation RMB'000	Total RMB'000
Type of revenue recognition:			
Sale of properties	**11,908,012**	**–**	**11,908,012**
Provision of services	**–**	**600,233**	**600,233**
Total revenue from contracts with customers	**11,908,012**	**600,233**	**12,508,245**
Timing of revenue recognition:			
Recognised at a point in time	**10,077,743**	**–**	**10,077,743**
Recognised over time	**1,830,269**	**600,233**	**2,430,502**
Total revenue from contracts with customers	**11,908,012**	**600,233**	**12,508,245**

For the year ended 31 December 2021

	Property development RMB'000	Hotel operation RMB'000	Total RMB'000
Type of revenue recognition:			
Sale of properties	22,191,746	–	22,191,746
Provision of services	–	695,583	695,583
Total revenue from contracts with customers	22,191,746	695,583	22,887,329
Timing of revenue recognition:			
Recognised at a point in time	18,173,197	–	18,173,197
Recognised over time	4,018,549	695,583	4,714,132
Total revenue from contracts with customers	22,191,746	695,583	22,887,329

5. Revenue, Other Income and Gains, Net *(continued)*

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information *(continued)*

	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**8,153,475**	8,026,003

(ii) Performance obligations

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

Sale of properties

The performance obligation is satisfied upon delivery of the properties and payment in advance is normally required; or over time if 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.

Hotel operation services

The performance obligation is satisfied over time as services are rendered where payment is generally due upon completion of hotel operation services and customer acceptance.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and 31 December 2021 are as follows:

	2022 RMB'000	2021 RMB'000
Within one year	**21,355,166**	18,169,276
More than one year	**1,796,491**	5,068,611
	23,151,657	23,237,887

The amounts of transaction prices allocated to the remaining performance obligations expected to be recognised in more than one year relate to sale of properties, of which the performance obligations are to be satisfied within 18 months. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

6. (Loss)/Profit Before Tax

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

	Notes	2022 RMB'000	2021 RMB'000
Cost of properties sold		15,092,298	18,349,188
Less: Government grant released*	26(a)	-	(363)
		15,092,298	18,348,825
Cost of services provided		456,126	450,379
Depreciation		352,954	333,400
Amortisation of land use rights	15	103,806	78,716
Less: Amount capitalised in assets under construction		(72,280)	(46,472)
	16(c)	31,526	32,244
Lease payments not included in the measurement of lease liabilities	16	4,921	8,037
Auditor's remuneration		6,500	5,800
Employee benefit expenses** (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		952,149	1,334,618
Share-based compensation expenses		2,763	8,105
Pension scheme contributions (defined benefit plans)		55,029	71,243
		1,009,941	1,413,966
Less: Amounts capitalised in assets under construction, properties under development and investment properties under development		(281,613)	(542,145)
		728,328	871,821
Foreign exchange (gain)/loss, net		(335,562)	40,504
(Gain)/loss on disposal of items of property, plant and equipment***		(201)	9,215
Direct operating expenses (including repairs and maintenance arising on rent-earning investment properties)		123,654	49,234
Impairment losses recognised for properties under development and completed properties held for sale****		1,084,132	405,443

* There are no unfulfilled conditions or contingencies relating to this government grant.

** Employee benefit expenses which had not been capitalised are included in "Selling and marketing expenses" and "Administrative expenses" in the consolidated statement of profit or loss.

*** The item is included in "Other income and gains, net" and "Administrative expenses" in the consolidated statement of profit or loss.

**** The item is included in "Other operating expenses, net" in the consolidated statement of profit or loss.

7. Finance Costs

An analysis of the Group's finance costs is as follows:

	Note	**2022 RMB'000**	2021 RMB'000
Interest on bank and other borrowings		**5,152,881**	5,026,978
Interest on lease liabilities	16(c)	**59,583**	91,437
Less: Interest capitalised		**(5,083,614)**	(4,815,382)
		128,850	303,033

8. Directors' and Chief Executive's Remuneration

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

	2022 RMB'000	2021 RMB'000
Fees	**5,539**	5,280
Other emoluments:		
Salaries, allowances and benefits in kind	**9,217**	11,425
Share-based compensation expenses	**195**	528
Pension scheme contributions	**270**	220
	9,682	12,173
	15,221	17,453

There was no director and chief executive being granted share options during the year (2021: Nil).

A director was granted awarded shares, in respect of his services to the Group, under the Share Award Scheme of the Company, further details of which are set out in note 31(b) to the financial statements. The fair value of such awarded shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

8. Directors' and Chief Executive's Remuneration *(continued)*

(a) Independent non-executive directors

	Fees RMB'000
2022	
Independent non-executive directors:	
Mr. Lee Ka Sze, Carmelo	**465**
Mr. Tam Chun Fai	**465**
Mr. Law Yiu Wing, Patrick (appointed on 21 July 2022)	**207**
Mr. Li Bin Hai (retired on 2 June 2022)	**196**
	1,333
2021	
Independent non-executive directors:	
Mr. Lee Ka Sze, Carmelo	425
Mr. Tam Chun Fai	425
Mr. Li Bin Hai	425
	1,275

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

8. Directors' and Chief Executive's Remuneration *(continued)*

(b) Executive directors and chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based compensation expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2022					
Executive directors:					
Mr. Kong Jianmin	**1,283**	**2,800**	**–**	**67**	**4,150**
Mr. Kong Jiantao (note (i))	**1,283**	**2,800**	**–**	**67**	**4,150**
Mr. Kong Jiannan	**1,283**	**3,013**	**–**	**67**	**4,363**
Mr. Cai Fengjia	**357**	**604**	**195**	**69**	**1,225**
	4,206	**9,217**	**195**	**270**	**13,888**
2021					
Executive directors:					
Mr. Kong Jianmin	1,226	3,500	–	55	4,781
Mr. Kong Jiantao (note (i))	1,226	3,500	–	55	4,781
Mr. Kong Jiannan	1,226	3,724	–	55	5,005
Mr. Cai Fengjia	327	701	528	55	1,611
	4,005	11,425	528	220	16,178

Note:

(i) Mr. Kong Jiantao is also the chief executive officer of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. Five Highest Paid Employees

The five highest paid employees for the year ended 31 December 2022 included three (2021: three) directors and the chief executive, details of whose remuneration are set out in note 8.

Details of the remuneration for the year ended 31 December 2022 of the remaining two (2021: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	6,400	9,039
Share-based compensation expenses	80	753
Pension scheme contributions	110	85
	6,590	9,877

The number of non-director and non-chief executive highest paid employees whose emoluments fell within the following bands are as follows:

	Number of employees	
	2022	2021
HKD2,500,001 to HKD3,000,000	1	–
HKD4,500,001 to HKD5,000,000	1	–
HKD5,000,001 to HKD5,500,000	–	1
HKD6,500,001 to HKD7,000,000	–	1

During the year, awarded shares were granted to two non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such awarded shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

There were no non-director and non-chief executive highest paid employees being granted share options during the year (2021: Nil).

10. Income Tax Credits/(Expenses)

	2022 RMB'000	2021 RMB'000
Current – PRC		
CIT	**(539,868)**	(1,347,541)
LAT	**657,702**	(1,084,114)
	117,834	(2,431,655)
Deferred	**737,174**	913,527
Total tax credit/(charge) for the year	**855,008**	(1,518,128)

A reconciliation of the tax credit/(expense) applicable to (loss)/profit before tax at the statutory rate for the jurisdiction in which the majority of the Company's subsidiaries are domiciled to the tax credit/(charge) for the year is as follows:

	2022 RMB'000	2021 RMB'000
(Loss)/profit before tax	**(10,697,269)**	4,081,066
Tax at the statutory tax rate of 25.0% (2021: 25.0%)	**2,674,317**	(1,020,267)
Income not subject to tax	**154,049**	66,923
Expenses not deductible for tax	**(138,513)**	(135,308)
Tax losses not recognised	**(1,359,679)**	(127,772)
Profits and losses attributable to associates	**26,221**	25,126
Profits and losses attributable to joint ventures	**(993,282)**	541,342
LAT	**657,702**	(1,084,114)
Effect of LAT	**(164,426)**	271,029
Tax effect of verification collection	**–**	(6,008)
Others	**(1,381)**	(49,079)
Tax credit/(charge) for the year at the Group's effective rate	**855,008**	(1,518,128)

10. Income Tax Credits/(Expenses) *(continued)*

For the year ended 31 December 2022, the share of CIT credits and LAT credits attributable to the joint ventures amounting to approximately RMB509,277,000 (2021: CIT expenses of approximately RMB671,016,000) and approximately RMB559,018,000 (2021: LAT expenses of approximately RMB616,996,000), respectively, is included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss.

For the year ended 31 December 2022, the share of CIT expenses and LAT credits attributable to the associates amounting to approximately RMB34,967,000 (2021: approximately RMB32,274,000) and approximately RMB14,218,000 (2021: LAT expenses of approximately RMB24,644,000), respectively, is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2022 and 2021.

PRC CIT

PRC CIT in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2022 and 2021, based on existing legislation, interpretations and practices in respect thereof.

PRC LAT

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

11. Dividends

	Notes	**2022** **RMB'000**	2021 RMB'000
Proposed final dividend – Nil (2021: Nil)	(i)	-	–
Interim dividend declared – Nil (2021: RMB37 cents per ordinary share)	36(b)	-	1,177,713
		-	1,177,713

Note:

(i) The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2022 (2021: Nil).

12. (Loss)/Earnings Per Share Attributable to Owners of the Company

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 3,195,104,109 (2021: 3,181,075,719) in issue during the year.

For the year ended 31 December 2022, the calculation of the diluted (loss)/earnings per share amount was based on the (loss)/profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during the year, as used in the basic (loss)/earnings per share calculation of 3,195,104,109 (31 December 2021: 3,181,075,719), plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares of 875,352 (31 December 2021: 2,175,921).

The calculations of the basic and diluted (loss)/earnings per share amounts are based on:

	2022 RMB'000	2021 RMB'000
(Loss)/Earnings		
(Loss)/profit attributable to owners of the Company	**(9,240,619)**	2,421,351

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in basic (loss)/earnings per share calculation	**3,195,104,109**	3,181,075,719
Effect of dilution – awarded shares	**875,352**	2,175,921
Weighted average number of ordinary shares during the year used in diluted (loss)/earnings per share calculation	**3,195,979,461**	3,183,251,640

13. Property, Plant and Equipment

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Right-of-use assets		Total
							Buildings	Vehicle	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022									
At 1 January 2022									
Cost	5,173,156	220,017	3,188	680,937	137,679	3,646,616	621,735	481,967	10,965,295
Accumulated depreciation	(890,270)	(115,913)	(3,173)	(397,351)	(113,472)	-	(172,588)	(99,206)	(1,791,973)
Net carrying amount	4,282,886	104,104	15	283,586	24,207	3,646,616	449,147	382,761	9,173,322
At 1 January 2022, net of accumulated depreciation	4,282,886	104,104	15	283,586	24,207	3,646,616	449,147	382,761	9,173,322
Additions	194,242	31,339	-	20,922	116	810,160	-	-	1,056,779
Disposals	-	(240)	-	(253)	(66)	-	(155,520)	-	(156,079)
Acquisition of subsidiaries	-	-	-	345	6	-	-	-	351
Depreciation provided during the year	(167,878)	(39,185)	-	(61,351)	(9,361)	-	(44,654)	(30,525)	(352,954)
At 31 December 2022, net of accumulated depreciation	4,309,250	96,018	15	243,249	14,902	4,456,776	248,973	352,236	9,721,419
At 31 December 2022									
Cost	5,367,398	251,085	3,188	701,930	134,555	4,456,776	466,215	481,967	11,863,114
Accumulated depreciation	(1,058,148)	(155,067)	(3,173)	(458,681)	(119,653)	-	(217,242)	(129,731)	(2,141,695)
Net carrying amount	4,309,250	96,018	15	243,249	14,902	4,456,776	248,973	352,236	9,721,419

13. Property, Plant and Equipment *(continued)*

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Vehicles RMB'000	Assets under construction RMB'000	Right-of-use assets Buildings RMB'000	Right-of-use assets Vehicle RMB'000	Total RMB'000
31 December 2021									
At 1 January 2021:									
Cost	4,322,333	205,588	3,188	559,121	134,663	2,886,752	651,655	481,967	9,245,267
Accumulated depreciation	(722,217)	(87,058)	(3,173)	(367,277)	(106,250)	–	(110,557)	(68,681)	(1,465,213)
Net carrying amount	3,600,116	118,530	15	191,844	28,413	2,886,752	541,098	413,286	7,780,054
At 1 January 2021, net of accumulated depreciation	3,600,116	118,530	15	191,844	28,413	2,886,752	541,098	413,286	7,780,054
Additions	850,823	41,087	–	126,649	5,665	759,864	51,760	–	1,835,848
Disposals	–	(26,598)	–	(653)	(141)	–	–	–	(27,392)
Modification	–	–	–	–	–	–	(81,681)	–	(81,681)
Acquisition of subsidiaries	–	–	–	174	–	–	–	–	174
Derecognition of subsidiaries	–	–	–	(279)	(2)	–	–	–	(281)
Depreciation provided during the year	(168,053)	(28,915)	–	(34,149)	(9,728)	–	(62,030)	(30,525)	(333,400)
At 31 December 2021, net of accumulated depreciation	4,282,886	104,104	15	283,586	24,207	3,646,616	449,147	382,761	9,173,322
At 31 December 2021									
Cost	5,173,156	220,017	3,188	680,937	137,679	3,646,616	621,735	481,967	10,965,295
Accumulated depreciation	(890,270)	(115,913)	(3,173)	(397,351)	(113,472)	–	(172,588)	(99,206)	(1,791,973)
Net carrying amount	4,282,886	104,104	15	283,586	24,207	3,646,616	449,147	382,761	9,173,322

At 31 December 2022, the Group's certain property, plant and equipment with an aggregate net carrying amount of approximately RMB5,440,346,000 (2021: approximately RMB5,095,202,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

14. Investment Properties

	2022				2021			
	Completed investment properties RMB'000	Investment properties under construction RMB'000	Right-of-use assets RMB'000	Total RMB'000	Completed investment properties RMB'000	Investment properties under construction RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January	23,978,978	5,069,999	905,500	29,954,477	23,693,200	4,618,319	1,009,330	29,320,849
Transfers from completed properties held for sale (note 20)	–	–	–	–	2,357,992	–	–	2,357,992
Additions	–	648,225	–	648,225	–	646,459	–	646,459
Transfers	266,280	(266,280)	–	–	305,670	(305,670)	–	–
Termination of leases	–	–	(210,100)	(210,100)	–	–	(49,548)	(49,548)
Disposals	(709,906)	–	–	(709,906)	(1,659,029)	–	–	(1,659,029)
Net (loss)/gain from a fair value adjustment	(660,678)	(341,944)	(61,400)	(1,064,022)	(718,855)	110,891	(54,282)	(662,246)
Carrying amount at 31 December	22,874,674	5,110,000	634,000	28,618,674	23,978,978	5,069,999	905,500	29,954,477

The Group's investment properties consist of commercial properties and right-of-use assets in Mainland China. The directors of the Company have determined that the investment properties consist of two classes of assets, commercial properties and right-of-use assets, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2022 based on valuations performed by Savills Valuation and Professional Services Limited and Cushman & Wakefield Limited, independent professionally qualified valuers, at approximately RMB28,618,674,000 (2021: approximately RMB29,954,477,000). Each year, the management of the Group decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management of the Group has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

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

At 31 December 2022, certain items of the Group's investment properties with an aggregate carrying amount of approximately RMB24,658,905,000 (2021: approximately RMB8,980,952,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

At 31 December 2022, the Group has not yet obtained the real estate ownership certificates of investment properties with a net carrying amount of approximately RMB6,173,057,000 (2021: approximately RMB5,715,251,000) from the relevant government authorities.

Further particulars of the Group's major investment properties are included on page 195 of the annual report.

14. Investment Properties *(continued)*

Fair value hierarchy

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

	Fair value measurement as at 31 December 2022 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	27,984,674	27,984,674
Right-of-use assets	–	–	634,000	634,000
	–	–	28,618,674	28,618,674

	Fair value measurement as at 31 December 2021 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	29,048,977	29,048,977
Right-of-use assets	–	–	905,500	905,500
	–	–	29,954,477	29,954,477

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2021: Nil).

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

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2022	2021
Commercial properties	Investment approach and direct comparison approach	Market rent (per sq.m. per month)	RMB20 to RMB980	RMB20 to RMB980
		Capitalisation rates	3.00% to 5.50%	3.00% to 5.50%
Right-of-use assets	Investment approach	Capitalisation rates	2.75% to 4.75%	3.00% to 4.75%

14. Investment Properties *(continued)*

Fair value hierarchy *(continued)*

All the properties are valued by the investment approach taking into account the rental income derived from the existing tenancies with due allowance for the reversionary income potential of the tenancies, which are then capitalised into the value at appropriate rates.

The commercial properties are also valued by the direct comparison approach on the assumption that each property can be sold in their existing state subject to existing tenancies or otherwise by referring to comparable sales transactions as available in the relevant markets. Comparison is based on prices realised on actual transactions or asking prices of comparable properties. Comparable properties with similar sizes, characters and locations are analysed, and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. The two approaches are reconciled, if applicable.

A significant increase (decrease) in the capitalisation rates in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent in isolation would result in a significant increase (decrease) in the fair value of the investment properties.

15. Land Use Rights

	Note	2022 RMB'000	2021 RMB'000
Carrying amount at 1 January		**4,054,109**	2,651,855
Additions		**–**	1,480,970
Transfer to properties under development		**(187,453)**	–
Amortisation recognised during the year	6	**(103,806)**	(78,716)
Carrying amount at 31 December		**3,762,850**	4,054,109
Non-current portion		**3,762,850**	4,054,109

At 31 December 2022, certain items of the Group's land use rights with an aggregate net carrying amount of approximately RMB1,388,038,000 (2021: approximately RMB745,749,000) were pledged to banks to secure general banking facilities granted to the Group and joint ventures.

At 31 December 2022, the Group has not yet obtained the land use right certificates of certain lands with an aggregate net carrying amount of approximately RMB1,073,035,000 (2021: approximately RMB1,081,536,000) from the relevant government authorities.

16. Leases

The Group as a lessee

The Group has lease contracts for various items of lands, buildings and vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 20 years, while vehicles generally have lease terms of 12 years.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are included in notes 13, 14 and 15.

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	Note	2022 RMB'000	2021 RMB'000
Carrying amount at 1 January		**1,437,098**	1,776,632
New leases		**–**	48,457
Termination of leases		**(403,142)**	(49,548)
Modification		**–**	(81,681)
Rent concessions		**–**	(109,991)
Accretion of interest recognised during the year		**59,583**	91,437
Payments		**(197,798)**	(238,208)
Carrying amount at 31 December		**895,741**	1,437,098
Analysed into:			
Current portion		**144,326**	215,163
Non-current portion		**751,415**	1,221,935

The maturity analysis of lease liabilities is disclosed in note 43 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Notes	2022 RMB'000	2021 RMB'000
Interest on lease liabilities	7	**59,583**	91,437
Depreciation charge of right-of-use assets	13	**75,179**	92,555
Amortization of land use right (not capitalised)	6	**31,526**	32,244
Expense relating to low-value assets and short-term leases (included in cost of sales and administrative expenses)	6	**4,921**	8,037
Decrease in fair value	14	**61,400**	54,282
Rent concessions		**–**	(109,991)

16. Leases *(continued)*

The Group as a lessor

The Group leases its investment properties consisting of several commercial properties in Mainland China under operating lease arrangements, with leases negotiated for terms ranging from 1 to 16 years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was approximately RMB944,394,000 (2021: RMB957,391,000), details of which are included in note 5 to the financial statements.

At 31 December 2022, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022 RMB'000	2021 RMB'000
Within one year	**397,411**	598,207
After one year but within two years	**308,773**	377,177
After two years but within three years	**223,823**	223,278
After three years but within four years	**126,168**	148,479
After four years but within five years	**60,996**	75,558
After five years	**212,678**	181,820
	1,329,849	1,604,519

17. Interests in Associates

	2022 RMB'000	2021 RMB'000
Share of net assets	**8,854,263**	12,960,022
Advances to associates	**917,750**	739,271
	9,772,013	13,699,293

As at 31 December 2022, the advances to associates as shown above were unsecured, interest-free and not repayable within 12 months. In the opinion of the directors, these advances were considered as part of the Group's net investments in the associates.

As at 31 December 2021, except for an aggregate amount of approximately RMB28,516,000, which bore interest at 4.4% to 9.0% per annum, the advances to associates as shown above were unsecured, interest-free and not repayable within 12 months.

As at 31 December 2022, the amounts due to associates included in the Group's current liabilities of approximately RMB3,328,395,000 (2021: approximately RMB3,585,519,000) were unsecured, interest-free and had no fixed term of repayment.

17. Interests in Associates *(continued)*

The Group's shareholdings in the associates all comprise equity shares held by the wholly-owned subsidiaries of the Company.

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

	2022 RMB'000	2021 RMB'000
Share of the associates' profit for the year	**104,882**	100,503
Share of the associates' total comprehensive income	**104,882**	100,503
Aggregate carrying amount of the Group's investments in the associates	**9,772,013**	13,699,293

18. Interests in Joint Ventures

	2022 RMB'000	2021 RMB'000
Share of net assets	**16,077,502**	26,038,586
Advances to joint ventures	**19,640,192**	22,524,868
	35,717,694	48,563,454

As at 31 December 2022, except for an aggregate amount of approximately RMB1,406,959,000 (2021: approximately RMB2,349,895,000), which bore interest at 6.0% to 16.0% (2021: 6.0% to 16.0%) per annum, the advances to joint ventures as shown above were unsecured, interest-free and not repayable within 12 months. In the opinion of the directors, these advances were considered as part of the Group's net investments in the joint ventures.

As at 31 December 2022, an amount due from a joint venture included in the Group's current assets of approximately RMB22,532,000 (2021: approximately RMB22,525,000) was unsecured, interest-free and had no fixed terms of repayment.

As at 31 December 2022, the amounts due to joint ventures included in the Group's current liabilities of approximately RMB9,996,546,000 (2021: approximately RMB21,692,348,000) were unsecured, interest-free and had no fixed terms of repayment.

18. Interests in Joint Ventures *(continued)*

Particulars of the Group's material joint ventures as at the end of the reporting period are as follows:

2022

Name	Particular of registered capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Foshan Xinfeng Real Estate Development Limited ("Foshan Xinfeng")#	US$194,000,000	PRC/Mainland China	**50**	**50**	**50**	Property development
Foshan Xinhao Real Estate Development Limited ("Foshan Xinhao")#	US$98,000,000	PRC/Mainland China	**50**	**50**	**50**	Property development
Unicorn Bay Limited ("Unicorn Bay")	US$50,000	British Virgin Island/Hong Kong	**50**	**50**	**50**	Property development
Shanghai Chengtou Yuecheng Real Estate Co., Ltd ("Shanghai Chengtou")#	RMB855,000,000	PRC/Mainland China	**50**	**50**	**50**	Property development

2021

Name	Particular of registered capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Foshan Xinfeng	US$194,000,000	PRC/Mainland China	50	50	50	Property development
Foshan Xinhao	US$98,000,000	PRC/Mainland China	50	50	50	Property development
Unicorn Bay	US$50,000	British Virgin Island/Hong Kong	50	50	50	Property development
Great Smart International Limited ("Great Smart")	US$50,000	British Virgin Island/Hong Kong	50	50	50	Property development
Tianjin Jinnan newcity Real Estate Development Limited ("Tianjin Jinnan")#	RMB3,667,300,000	PRC/Mainland China	25	25	25	Property development

The English names of these companies referred to in these financial statements represent management's best effort to translate the Chinese names of those entities, as no English names have been registered.

The above investments are indirectly held through wholly-owned subsidiaries of the Company.

As at 31 December 2022, Foshan Xinfeng, Foshan Xinhao, Unicorn Bay and Shanghai Chengtou, which are considered the material joint ventures of the Group, engaged in the property development business in Mainland China and Hong Kong and have been accounted for using the equity method.

18. Interests in Joint Ventures *(continued)*

The following table illustrates the summarised financial information in respect of the Group's material joint ventures adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2022 Foshan Xinfeng RMB'000	2022 Foshan Xinhao RMB'000	2022 Unicorn Bay RMB'000	2022 Shanghai Chengtou RMB'000
Current assets	5,131,907	2,462,187	23,486,195	4,157,580
Non-current assets	163,088	149,769	–	125,976
Total assets	5,294,995	2,611,956	23,486,195	4,283,556
Current liabilities	(3,197,684)	(1,824,890)	(914,161)	(382,596)
Non-current liabilities	–	–	(8,230,590)	(805,826)
Total liabilities	(3,197,684)	(1,824,890)	(9,144,751)	(1,188,422)
Revenue	586,074	512,207	–	1,406,487
Profit/(loss) for the year	190,515	58,040	(170,981)	(142,375)
Other comprehensive income/(loss)	–	–	(7,097)	7,794
Total comprehensive income/(loss) for the year	190,515	58,040	(178,078)	(134,581)

	2021 Foshan Xinfeng RMB'000	2021 Foshan Xinhao RMB'000	2021 Unicorn Bay RMB'000	2021 Great Smart RMB'000	2021 Tianjin Jinnan RMB'000
Current assets	4,406,062	3,376,033	19,800,821	5,309,511	12,797,374
Non-current assets	177,676	128,534	232	11,686	76,578
Total assets	4,583,738	3,504,567	19,801,053	5,321,197	12,873,952
Current liabilities	(2,676,942)	(1,739,540)	(341,434)	(2,262,323)	(3,301,049)
Non-current liabilities	–	(616,000)	(7,369,274)	–	(2,904,750)
Total liabilities	(2,676,942)	(2,355,540)	(7,710,708)	(2,262,323)	(6,205,799)
Revenue	1,373,458	1,673,617	–	7,056,338	5,598,340
Profit/(loss) for the year	385,696	479,223	(15,757)	1,160,363	1,209,228
Other comprehensive income	–	–	1,791	1,618	–
Total comprehensive income/(loss) for the year	385,696	479,223	(13,966)	1,161,981	1,209,228

18. Interests in Joint Ventures *(continued)*

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

	2022 RMB'000	2021 RMB'000
Share of the joint ventures' (loss)/profit for the year	**(3,940,725)**	858,296
Share of the joint ventures' other comprehensive (loss)/income	**(899,341)**	562,071
Share of the joint ventures' total comprehensive (loss)/income	**(4,840,066)**	1,420,367
Aggregate carrying amount of the Group's investments in the joint ventures	**25,557,216**	37,793,895

Fair value gains in respect of properties owned by the Group's joint ventures are included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss.

19. Properties under Development

	2022 RMB'000	2021 RMB'000
Properties under development expected to be recovered:		
Within one year	**41,436,411**	40,608,301
More than one year	**21,171,247**	19,633,787
	62,607,658	60,242,088

The Group's properties under development were mainly located in Mainland China and are stated at cost.

As at 31 December 2022, certain items of the Group's properties under development with an aggregate carrying amount of approximately RMB33,644,411,000 (2021: approximately RMB19,473,346,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

Included in the Group's properties under development as at 31 December 2022 were land costs with an aggregate net carrying amount of approximately RMB3,501,354,000 (2021: approximately RMB3,492,853,000) for which the Group has not yet obtained land use right certificates from the relevant government authorities. The Group has not fully settled the purchase consideration in accordance with the terms of certain relevant land use right grant contracts. The directors of the Company consider that the relevant land use right certificates will be obtained upon the full payment of the purchase considerations.

Further particulars of the Group's major properties under development are set out on page 195 of the annual report.

20. Completed Properties Held for Sale

The Group's completed properties held for sale are located in Mainland China. All completed properties held for sale are stated at the lower of cost and net realisable value.

During the year ended 31 December 2022, no completed properties held for sale were transferred to investment properties (2021: approximately RMB2,357,992,000).

As at 31 December 2022, certain items of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB3,724,840,000 (2021: approximately RMB5,876,143,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

Further particulars of the Group's major completed properties held for sale are set out on page 195 of the annual report.

21. Trade Receivables

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases and hotel operation. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of rental and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within 12 months for major customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	2022 **RMB'000**	2021 RMB'000
Within 3 months	**260,735**	793,464
7 to 12 months	**2,667**	355,777
Over 1 year	**227,980**	219,523
	491,382	1,368,764

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. 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, and forms of credit insurance). 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. For the sale of properties, rentals under operating leases and hotel operation businesses of the Group, management has assessed that the expected credit loss rate for trade receivables was minimal as at 31 December 2022 and 31 December 2021. In the opinion of the directors of the Company, the Group's trade receivables relate to a large number of diversified customers with no recent history of default and the balances are considered fully recoverable considering the historical records and forward-looking information.

22. Prepayments, Other Receivables and Other Assets

	2022 RMB'000	2021 RMB'000
Prepayments	**2,288,395**	2,588,843
Contract costs	**1,926,044**	1,012,460
Prepaid other taxes	**2,911,791**	3,105,602
Deposits and other receivables	**11,142,829**	8,921,820
	18,269,059	15,628,725

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

23. Tax Recoverables/Tax Payables

(a) Tax recoverables

	2022 RMB'000	2021 RMB'000
Prepaid CIT	**394,142**	260,189
Prepaid LAT	**934,118**	802,691
	1,328,260	1,062,880

(b) Tax payables

	2022 RMB'000	2021 RMB'000
CIT payable	**6,814,323**	6,198,269
LAT payable	**6,695,427**	6,868,365
	13,509,750	13,066,634

24. Cash and Bank Balances

	Notes	2022 RMB'000	2021 RMB'000
Cash and bank balances		**6,783,923**	14,328,044
Time deposits		**3,553,967**	15,119,444
		10,337,890	29,447,488
Less: Restricted cash	(a)	**(6,981,786)**	(21,732,098)
Cash and cash equivalents		**3,356,104**	7,715,390
Denominated in RMB	(b)	**10,235,186**	28,818,736
Denominated in other currencies		**102,704**	628,752
		10,337,890	29,447,488

Notes:

(a) Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sale proceeds received at designated bank accounts as guarantee deposits for the construction of the relevant properties.

Certain items of the Group's cash and bank balances and time deposits were restricted to be used in designated purposes. Besides, as at 31 December 2022, time deposits and other bank balances of approximately RMB3,553,967,000 and RMB1,720,143,000, respectively, were pledged to secure general banking facilities granted to the Group, joint ventures and a third party.

(b) The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

25. Trade and Bills Payables

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year	**6,343,606**	13,348,056
Over 1 year	**9,197,137**	–
	15,540,743	13,348,056

The trade and bills payables are non-interest-bearing and are normally settled on demand.

26. Other Payables and Accruals

	Notes	2022 RMB'000	2021 RMB'000
Contract liabilities		**21,593,551**	22,038,031
Other payables and accruals		**15,956,871**	16,907,741
Other tax payables		**936,176**	966,356
Deferred income	6, (a)	**12,639**	12,639
		38,499,237	39,924,767

Note:

(a) The deferred income is related to a government grant of RMB203,700,000 received in 2009 for a project in an economic and technological development zone in Guangzhou, Guangdong Province, the PRC. During the year ended 31 December 2021, approximately RMB363,000 has been credited to the cost of sales.

Other payables are non-interest-bearing and are normally settled on demand.

27. Interest-bearing Bank and Other Borrowings

	2022			2021		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans						
– secured	3.50-8.70	2023	5,722,562	4.75–8.00	2022	1,401,416
– unsecured	3.90-9.25	2023	1,055,963	4.35–8.50	2022	115,576
– denominated in HK$, secured	-	-	-	HIBOR+3.66	2022	620,844
– denominated in US$, secured	LIBOR+2.75-8.75	2023	425,478	0.85–LIBOR+3.66	2022	1,313,123
– denominated in US$, unsecured	-	-	-	LIBOR+3.00	2022	633,692
Current portion of long-term bank loans						
– secured	3.40-8.90	2023	5,950,512	4.00–8.50	2022	2,469,728
– unsecured	4.60-7.50	2023	1,100,244	4.75–6.65	2022	994,844
– denominated in HK$, secured	HIBOR+4.10	2023	1,779,353	–	–	–
– denominated in US$, secured	LIBOR+4.10	2023	851,972	LIBOR+2.75	2022	31,935
Senior notes						
– denominated in US$, secured (note (a))	6.04-8.19	2023	3,237,875	5.45–7.63	2022	7,550,725
Domestic corporate bonds – unsecured (note (b))	5.82-6.75	2023	2,121,056	5.82–7.01	2022	5,201,970
			22,245,015			20,333,853
Non-current						
Bank loans						
– secured	3.40-10.00	2024-2045	28,028,216	4.00–8.50	2023–2045	29,408,064
– unsecured	4.60-7.50	2024-2028	1,142,976	4.75–6.65	2023–2028	2,175,640
– denominated in HK$, secured	-	-	-	HIBOR+4.10	2024	1,708,630
– denominated in US$, secured	-	-	-	LIBOR+2.75–LIBOR+4.10	2023–2024	983,598
Senior notes						
– denominated in US$, secured (note (a))	5.99-8.19	2024-2027	23,974,385	5.99–7.81	2023–2027	19,904,379
Domestic corporate bonds – unsecured (note (b))	-	-	-	6.43–7.11	2023	2,204,265
			53,145,577			56,384,576
			75,390,592			76,718,429

27. Interest-bearing Bank and Other Borrowings *(continued)*

	2022 RMB'000	2021 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**16,886,084**	7,581,158
In the second year	**8,050,962**	11,847,763
In the third to fifth years, inclusive	**11,238,720**	11,506,495
Beyond five years	**9,881,510**	10,921,674
	46,057,276	41,857,090
Senior notes repayable:		
Within one year	**3,237,875**	7,550,725
In the second year	**14,461,157**	4,440,047
In the third to fifth years, inclusive	**9,513,228**	13,572,671
Beyond five years	**–**	1,891,661
	27,212,260	27,455,104
Domestic corporate bonds repayable:		
Within one year	**2,121,056**	5,201,970
In the second year	**–**	2,204,265
	2,121,056	7,406,235
	75,390,592	76,718,429

Certain items of the Group's borrowings are secured by the Group's assets, details of which are disclosed in note 38. Besides, bank loans with an aggregate amount of RMB2,792,000,000 were also partially secured by the revenue generated and to be generated of a related company in relation to certain business.

Except for the above-mentioned borrowings denominated in HK$ and US$, all borrowings were denominated in RMB as at the end of the reporting period.

During the year ended 31 December 2022, there were breaches (the "Breaches") of certain long term bank loan agreement terms which permitted the lenders to demand accelerated repayment of the bank loans with carrying amount of RMB2,631,325,000 as at 31 December 2022 and accordingly these long term bank loans were classified as current liabilities of the Group as at 31 December 2022 and as at the date of these financial statements, the Group have not obtained waivers from banks for the Breaches.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes:

(a)(i) On 11 January 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US$250,000,000 (equivalent to approximately RMB1,733,113,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 11 January 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 11 January and 11 July of each year, commencing on 11 July 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 29 December 2016, 30 December 2016 and 11 January 2017. On 11 January 2022, the Company repaid these senior notes.

(a)(ii) On 15 March 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,772,980,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year, commencing on 15 September 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 9 March 2017, 10 March 2017 and 16 March 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 15 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

On 29 March 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US$100,000,000 (equivalent to approximately RMB672,638,000) (to be consolidated and form a single series with the US$400,000,000 6.00% senior notes due 2022 issued on 15 March 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year commencing on 15 September 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 27 March 2017 and 29 March 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 15 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

On 21 September 2017, the Company issued 5.20% senior notes with an aggregate principal amount of US$250,000,000 (equivalent to approximately RMB1,646,675,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 21 September 2022. The senior notes carry interest at a rate of 5.20% per annum, which is payable semi-annually in arrears on 21 March and 21 September of each year, commencing on 21 March 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 18 September 2017, 19 September 2017 and 22 September 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 21 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

On 7 December 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US$150,000,000 (equivalent to approximately RMB992,925,000) (to be consolidated and form a single series with the US$400,000,000 6.00% senior notes due 2022 issued on 15 March 2017, and the US$100,000,000 6.00% senior notes due 2022 issued on 29 March 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year commencing on 15 March 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 27 March 2017, 29 March 2017, 1 December 2017 and 7 December 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 15 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

Further details of the note exchange were given in note 27(a)(v).

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(continued)*

(a)(iii) On 1 March 2019, the Company issued 7.875% senior notes with an aggregate principal amount of US$350,000,000 (equivalent to approximately RMB2,343,495,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 1 September 2023. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 1 March and 1 September of each year commencing on 1 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 21 February 2019, 22 February 2019 and 1 March 2019. On 30 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note.

On 22 March 2019, the Company issued 7.875% senior notes with an aggregate principal amount of US$350,000,000 (equivalent to approximately RMB2,343,040,000) (to be consolidated and form a single series with the US$350,000,000 7.875% senior notes due 2023 issued on 1 March 2019). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 1 September 2023. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 1 March and 1 September of each year commencing on 1 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 20 March 2019 and 22 March 2019. On 30 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note.

Further details of the note exchange were given in note 27(a)(vi).

(a)(iv) On 10 November 2017, the Company issued 5.875% senior notes with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,651,280,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 November 2024. The senior notes carry interest at a rate of 5.875% per annum, which is payable semi-annually in arrears on 10 May and 10 November of each year commencing on 10 May 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 7 November 2017, 8 November 2017 and 10 November 2017.

On 3 July 2019, the Company issued 5.875% senior notes with an aggregate principal amount of US$225,000,000 (equivalent to approximately RMB1,544,400,000) (to be consolidated and form a single series with the US$400,000,000 5.875% senior notes due 2024 issued on 10 November 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 November 2024. The senior notes carry interest at a rate of 5.875% per annum, which is payable semi-annually in arrears on 10 May and 10 November of each year commencing on 10 November 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 25 June 2019 and 3 July 2019.

On 29 July 2019, the Company issued 7.40% senior notes with an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB2,064,630,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 5 March 2024. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 5 March and 5 September of each year commencing on 5 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 22 July 2019, 23 July 2019 and 29 July 2019.

On 13 January 2020, the Company issued 7.40% senior notes with an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB2,077,890,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 13 January 2027. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 13 January and 13 July of each year commencing on 13 July 2020. For further details on the senior notes, please refer to the related announcements of the Company dated 7 January 2020 and 13 January 2020.

On 10 August 2020, the Company issued 5.95% senior notes with an aggregate principal amount of US$200,000,000 (equivalent to approximately RMB1,392,980,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 August 2025. The senior notes carry interest at a rate of 5.95% per annum, which is payable semi-annually in arrears on 10 February and 10 August of each year commencing on 10 February 2021. For further details on the senior notes, please refer to the related announcements of the Company dated 4 August 2020 and 10 August 2020.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(continued)*

(a)(iv) *(continued)*

On 13 November 2020, the Company issued 6.30% senior notes with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,651,400,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 13 February 2026. The senior notes carry interest at a rate of 6.3% per annum, which is payable semi-annually in arrears on 13 February and 13 August of each year commencing on 13 February 2021. For further details on the senior notes, please refer to the related announcements of the Company dated 8 November 2020, 13 November 2020 and 16 November 2020.

On 14 May 2021, the Company issued 6.00% green senior notes with an aggregate principal amount of US$378,000,000 (equivalent to approximately RMB2,439,045,000). The green senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 14 August 2026. The green senior notes carry interest at a rate of 6% per annum, which is payable semi-annually in arrears on 14 February and 14 August of each year commencing on 14 August 2021. For further details on the green senior notes, please refer to the related announcements of the Company dated 11 May 2021, 14 May 2021 and 17 May 2021.

On 10 September 2021, the Company issued 5.95% senior notes with an aggregate principal amount of US$100,000,000 (equivalent to approximately RMB645,660,000) (to be consolidated and form a single series with the US$200,000,000 5.95% senior notes due 2025 issued on 10 August 2020). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 August 2025. The senior notes carry interest at a rate of 5.95% per annum, which is payable semi-annually in arrears on 10 February and 10 August of each year commencing on 10 February 2022. For further details on the senior notes, please refer to the related announcements of the Company dated 7 September 2021, 10 September 2021 and 13 September 2021.

On 17 September 2021, the Company issued 7.40% senior notes with an aggregate principal amount of US$158,000,000 (equivalent to approximately RMB1,019,527,000) (to be consolidated and form a single series with the US$300,000,000 7.4% senior notes due 2024 issued on 29 July 2019). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 5 March 2024. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 5 March and 5 September of each year commencing on 5 March 2022. For further details on the senior notes, please refer to the related announcements of the Company dated 17 September 2021 and 20 September 2021.

(a)(v) On 2 September 2022, the Company offered to exchange for at least US$810,000,000, or 90%, of the aggregate outstanding principal amount of the senior notes due 15 September 2022 and the senior notes due 21 September 2022. For holders accepting the exchange offer, 5% of the principal would be repaid upfront, and a new senior notes carry interest at a rate of 6.00% per annum with final maturity date of 14 January 2024 would be issued to exchange for the remaining outstanding principal. The Company has received US$836,764,000 valid tenders to accept the exchange offer. Accordingly, on 14 September 2022, holders accepting the exchange offer have received US$41,838,200 upfront principal repayment and new 6.00% senior notes with principal amount of US$794,925,800. The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 14 January 2024. Interest on the senior notes is payable semi-annually in arrears on 14 January and 14 July of each year, commencing on 14 January 2023. For further details on the senior notes, please refer to the related announcements of the Company dated 2 September 2022, 13 September 2022, 15 September 2022 and 19 September 2022.

For the remaining outstanding principal of US$63,236,000, the Company has repaid these senior notes on their respective maturity dates, with US$43,963,000 being repaid on 15 September 2022 and US$19,273,000 being repaid on 21 September 2022.

(a)(vi) On 2 September 2022, the Company offered to exchange for at least US$560,000,000, or 80%, of the aggregate outstanding principal amount of the senior notes due 1 September 2023. For holders accepting the exchange offer, a new senior notes carry interest at a rate of 7.875% per annum with final maturity date of 30 August 2024 would be issued to exchange for the outstanding principal. The Company has received US$636,469,000 valid tenders to accept the exchange offer. Accordingly, on 30 September 2022, new 7.875% senior notes have been issued to the holders accepting the exchange offer. The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 30 August 2024. Interest on the senior notes is payable semi-annually in arrears on 28 February and 30 August of each year, commencing on 28 February 2023. For further details on the senior notes, please refer to the related announcements of the Company dated 2 September 2022, 13 September 2022, 30 September 2022 and 5 October 2022.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(continued)*

(b)(i) On 17 December 2015, Guangzhou Hejing, a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB3,300,000,000. The domestic corporate bonds consist of two types. The first type has a term of six years and bears a coupon rate at 4.94% per annum which was adjusted to 7.00% per annum with the issuer's option to raise the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 1 Bonds"). The second type has a term of seven years and bears a coupon rate at 6.15% per annum with the issuer's option to raise the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 2 Bonds").

The aggregate principal amount for the Type 1 Bonds issued was RMB2,500,000,000 and the aggregate principal amount for the Type 2 Bonds issued was RMB800,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 15 December 2015 and 16 December 2015.

On 17 December 2021, Guangzhou Hejing repaid the Type 1 Bonds.

On 17 December 2022, Guangzhou Hejing repaid the Type 2 Bonds.

(b)(ii) On 28 March 2016, Guangzhou Tianjian, a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,200,000,000.

The domestic corporate bonds consist of two type. The first type has a term of six years and bears a coupon rate at 3.90% per annum which was adjusted to 7.0% per annum with the issuer's option to raise the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 3 Bonds"). The second type has a term of ten years and bears a coupon rate at 4.80% per annum with the issuer's option to raise the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 4 Bonds"), and the coupon rate was adjusted to 6.60% per annum during the year ended 31 December 2021.

The aggregate principal amount for the Type 3 Bonds issued was RMB600,000,000 and the aggregate principal amount for the Type 4 Bonds issued was RMB1,600,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 24 March 2016 and 28 March 2016.

On 28 March 2022, Guangzhou Tianjian repaid the Type 3 Bonds.

(b)(iii) On 30 September 2016, the Company issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB8,000,000,000.

The domestic corporate bonds consist of three types. The first type has a term of seven years and bears a coupon rate at 5.6% per annum which was adjusted to 7.10% per annum with the issuer's option to adjust the coupon rate after the end of the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 7 Bonds"). The second type has a term of seven years and bears a coupon rate at 5.7% per annum with the issuer's option to adjust the coupon rate after the end of the fourth and a half year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 8 Bonds"), and the coupon rate was adjusted to 6.50% per annum during the year ended 31 December 2021. The third type has a term of seven years and bears a coupon rate at 5.8% per annum with the issuer's option to adjust the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 9 Bonds").

The aggregate principal amount for the Type 7 Bonds issued was RMB2,500,000,000; the aggregate principal amount for Type 8 Bonds issued was RMB2,500,000,000 and the aggregate principal amount for Type 9 Bonds issued was RMB3,000,000,000.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(continued)*

(b)(iii) *(continued)*

For further details of the domestic corporate bonds, please refer to the related announcement of the Company dated 30 September 2016.

On 14 October 2020, the Company redeemed part of the Type 7 Bonds with the principal amount of RMB830,000,000.

On 14 October 2021, the Company redeemed the Type 9 Bonds.

On 14 April 2022, the Company redeemed part of the Type 8 Bonds with the principal amount of RMB555,000,000.

(b)(iv) On 17 March 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB1,000,000,000.

The domestic corporate bonds have a term of three years and bear a coupon rate at 5.75% per annum with the issuer's option to adjust the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 18 March 2022, Guangzhou Hejing repurchased part of the Bonds with the principal amount of RMB960,000,000.

(b)(v) On 24 August 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB1,800,000,000.

The domestic corporate bonds have a term of three years and bear a coupon rate at 5.60% per annum with the issuer's option to adjust the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 25 August 2022, Guangzhou Hejing redeemed part of the Bonds with the principal amount of RMB1,796,761,000.

(b)(vi) On 12 October 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB1,000,000,000.

The domestic corporate bonds have a term of five years and bear a coupon rate at 6.00% per annum with the issuer's option to adjust the coupon rate after the end of the second year or the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 12 October 2022, Guangzhou Hejing redeemed part of the Bonds with the principal amount of RMB485,000,000.

(b)(vii) On 10 November 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB700,000,000.

The domestic corporate bonds have a term of five years and bear a coupon rate at 6.19% per annum with the issuer's option to adjust the coupon rate after the end of the second year or the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 2 November 2022, Guangzhou Hejing redeemed part of the Bonds with the principal amount of RMB320,000,000.

(b)(viii) On 2 August 2021, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,000,000,000.

The domestic corporate bonds have a term of three years and bear a coupon rate at 6.20% per annum with the issuer's option to adjust the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

(c) The Group has established a contemplated strategy to repurchase, redeem or sell its own domestic corporate bonds and senior notes (collectively the "Bonds"), from time to time, in the open market, for the purposes of managing its overall leverage and reducing the Group's overall borrowing costs. During year ended 31 December 2022, the Group repurchased, redeemed and sold the Bonds with the aggregate principal amounts of approximately RMB1,905,000,000, RMB3,156,761,000 and RMB856,800,000 respectively.

28. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Revaluation of properties RMB'000	Withholding taxes RMB'000	Recognition of revenue over time RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	105,666	528,577	2,769,965	274,658	248,340	329,143	26,677	4,283,026
Deferred tax charged/(credited) to the statement of profit or loss during the year	8,200	(150,559)	(339,555)	-	(115,415)	(116,798)	678	(713,449)
Acquisition of subsidiaries	-	195,314	-	-	-	-	-	195,314
Gross deferred tax liabilities at 31 December 2022	113,866	573,332	2,430,410	274,658	132,925	212,345	27,355	3,764,891

Deferred tax assets

	Depreciation allowance in excess of related depreciation RMB'000	Provision for LAT RMB'000	Losses available for offset against future taxable profits RMB'000	Accruals RMB'000	Government grant RMB'000	Lease liabilities RMB'000	Impairment losses recognised for completed properties held for sale RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	3,458	2,752,170	884,327	471,735	3,160	330,485	151,360	7,619	4,604,314
Deferred tax credited/(charged) to the statement of profit or loss during the year	242	(164,426)	16,004	17,283	-	(116,414)	271,033	3	23,725
Acquisition of subsidiaries	-	141,729	7,175	431	-	-	3,521	-	152,856
Cancellation of subsidiaries	-	-	(8)	-	-	-	-	-	(8)
Gross deferred tax assets at 31 December 2022	3,700	2,729,473	907,498	489,449	3,160	214,071	425,914	7,622	4,780,887
Net deferred tax assets at 31 December 2022									1,015,996

28. Deferred Tax *(continued)*

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Revaluation of properties RMB'000	Withholding taxes RMB'000	Recognition of revenue over time RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	98,777	615,619	3,129,955	215,753	140,711	379,567	25,465	4,605,847
Deferred tax charged/(credited) to the statement of profit or loss during the year	6,889	(87,042)	(359,990)	58,905	107,629	(50,371)	1,212	(322,768)
Disposal of a subsidiary	–	–	–	–	–	(53)	–	(53)
Gross deferred tax liabilities at 31 December 2021	105,666	528,577	2,769,965	274,658	248,340	329,143	26,677	4,283,026

Deferred tax assets

	Depreciation allowance in excess of related depreciation RMB'000	Provision for LAT RMB'000	Losses available for offset against future taxable profits RMB'000	Accruals RMB'000	Government grant RMB'000	Lease liabilities RMB'000	Impairment losses recognised for completed properties held for sale RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	3,221	2,498,156	593,126	495,867	3,251	397,469	50,000	4,427	4,045,517
Deferred tax credited/(charged) to the statement of profit or loss during the year	237	271,029	305,123	(23,107)	(91)	(66,984)	101,360	3,192	590,759
Acquisition of subsidiaries	–	3,301	67	–	–	–	–	–	3,368
Disposal of subsidiaries	–	(20,316)	(13,989)	(1,025)	–	–	–	–	(35,330)
Gross deferred tax assets at 31 December 2021	3,458	2,752,170	884,327	471,735	3,160	330,485	151,360	7,619	4,604,314
Net deferred tax assets at 31 December 2021									321,288

28. Deferred Tax *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2022 RMB'000	2021 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**3,537,738**	3,093,513
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(2,521,742)**	(2,772,225)
Net deferred tax assets	**1,015,996**	321,288

The Group has unutilised tax losses arising in Mainland China of approximately RMB10,953,706,000 (2021: approximately RMB4,791,384,000) that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets have not been recognised in respect of the tax losses amounting to approximately RMB7,323,713,000 (2021: approximately RMB1,254,076,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. As at 31 December 2022, unremitted earnings that are subject to withholding taxes of the Company's subsidiaries, joint ventures and associates established in Mainland China of approximately RMB25,001,403,000 (2021: approximately RMB29,138,633,000) have not been recognised for withholding taxes.

Taking into account the Group's dividend policy and the working capital demand for business operation in Mainland China, the directors of the Company are of the opinion that it is the best interest of the Company to distribute its final dividend in the foreseeable future out of the share premium account of the Company, which is permissible by the Companies Law of the Cayman Islands and is also permissible by the Company's articles of association upon the approval of the Company's shareholders at the annual general meeting.

28. Deferred Tax *(continued)*

During the year ended 31 December 2022, no provision on deferred tax related to the unremitted earnings of the Group's subsidiaries established in Mainland China that are subject to withholding taxes.

During the year ended 31 December 2021, considering the future dividend plan, the Group provided additional deferred tax of approximately RMB58,905,000 related to the unremitted earnings of the Group's subsidiaries established in Mainland China that are subject to withholding taxes.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. Deferred Revenue

The Group entered into an agreement with a vendor (the "Vendor") on 7 July 2011, pursuant to which the Group should pay a cash consideration of RMB43,400,000, and transfer certain apartments and car parking spaces (collectively, the "Transfer Properties") of RMB11,000,000 to the Vendor, in exchange for the 10% equity interest in Shanghai Deyu. The exchange of the Transfer Properties is accounted for as a transaction which generates revenue. During the year ended 31 December 2014, the Group entered into a supplemental agreement with the Vendor, pursuant to which the Group paid a cash consideration of RMB8,958,000 to the Vendor in place of transferring partial apartments and car parking spaces to the Vendor. As at 31 December 2022, the remaining apartments and car parking spaces had not been transferred to the Vendor. Accordingly, the above revenue is deferred and will be recognised upon the delivery of the remaining parts of the Transfer Properties.

30. Share Capital

Shares

	2022		2021	
	No. of shares	RMB'000	No. of shares	RMB'000
Authorised:				
Ordinary shares of HK$0.10 each	**8,000,000,000**	**786,113**	8,000,000,000	786,113
Issued and fully paid:				
Ordinary shares of HK$0.10 each	**3,418,506,445**	**325,735**	3,183,007,713	304,680

30. Share Capital *(continued)*

Shares *(continued)*

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue	Issued capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2021	3,180,505,853	304,474	(1,723)	–	302,751
Shares issued as scrip dividend during the year	2,484,860	205	–	21,041	21,246
Vested awarded shares transferred to employees	–	–	202	22,702	22,904
Share options exercised (note (b))	191,000	16	–	2,166	2,182
Share repurchase (note (c))	–	–	(3,031)	–	(3,031)
Cancellation of shares (note (c))	(174,000)	(15)	1,514	(1,499)	–
At 31 December 2021 and 1 January 2022	3,183,007,713	304,680	(3,038)	44,410	346,052
Issue of treasury shares (note (a))	**1,093,232**	**89**	**(89)**	**-**	**-**
Vested awarded shares transferred to employees	**-**	**-**	**88**	**9,275**	**9,363**
Cancellation of shares (note (c))	**(594,500)**	**(48)**	**3,031**	**(2,983)**	**-**
Issue of new shares (note (d))	**235,000,000**	**21,014**	**-**	**396,556**	**417,570**
At 31 December 2022	**3,418,506,445**	**325,735**	**(8)**	**447,258**	**772,985**

Notes:

(a) During the year ended 31 December 2022, 1,093,232 new shares of HK$0.10 each were issued to the trustee for the purpose of the Share Award Scheme as further disclosed in note 31 to the financial statements. These shares issued are held by the trustee and were recorded in treasury shares upon the issue of new shares. As at 31 December 2022, 90,574 shares (31 December 2021: 84,342 shares) are held by the trustee and would be granted in the future.

(b) During the year ended 31 December 2021, the subscription rights attaching to 191,000 share options were exercised at the subscription price of HK$11.12 per share (note 31), resulting in the issue of 191,000 shares for a total cash consideration, before expenses, of RMB1,782,000. An amount of RMB400,000 was transferred from the employee share-based compensation reserve to issued capital and share premium account upon the exercise of the share options.

(c) During the year ended 31 December 2021, the Company repurchased 594,500 ordinary shares of the Company on the Stock Exchange at a total cash consideration of RMB3,031,000. 594,500 (2021: 174,000) repurchased shares were cancelled during the year ended 31 December 2022.

(d) On 23 December 2022, the Company issued 235,000,000 shares by way of placing at a subscription price of HK$2.01 per share.

31. Employee Share Schemes

(a) Share option scheme

Pursuant to the shareholder's resolutions of the Company passed on 9 February 2018, the Company has adopted the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants (the "Eligible Participants") who will contribute and has contributed to the success of the Group's operations. Eligible participants of the Share Option Scheme include any directors, full-time or part-time employees, executives or officers, advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries. Upon becoming effective, the Share Option Scheme will remain in force for 10 years from that date.

The maximum number of shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 10% of the total number of issued shares as at the date of the adoption of the Share Option Scheme. The aggregate number of shares which may be issued upon the exercise of all options that may be granted under the Share Option Scheme has not exceeded 30% of the shares in issue as at the latest practicable date. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to the issue of a circular by the Company and the shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5,000,000 or such other sum as may be from time to time provided under the Listing Rules, within any 12-month period, are subject to the issue of a circular by the Company and the shareholders' approval in advance in a general meeting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the board of directors of the Company in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

The exercise price of 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 offer of the share options; and (ii) the Stock Exchange average closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 9 February 2018, the Group granted 1,719,000 share options with an exercise price of HK$12.024 per share upon the acceptance of the grantees (the "Grantees") of the Group. None of the Grantees is a director, the chief executive or a substantial shareholder of the Company.

31. Employee Share Schemes *(continued)*

(a) Share option scheme *(continued)*

On 12 February 2018, as approved by the board of directors of the Company, and consented by each of the Grantees, share options granted on 9 February 2018 had been cancelled.

On 13 February 2018, the Group granted 1,719,000 share options with an exercise price of HK$11.12 per share upon the acceptance of the Grantees of the Group. None of the Grantees is a director, the chief executive or a substantial shareholder of the Company.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2022		2021	
	Weighted average exercise price (HK$ per share)	**Number of options**	Weighted average exercise price (HK$ per share)	Number of options
At 1 January	**11.12**	**645,000**	11.12	948,500
Forfeited/lapsed	**11.12**	**(645,000)**	11.12	(112,500)
Exercised	**11.12**	**-**	11.12	(191,000)
At 31 December	**N/A**	**-**	11.12	645,000

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2021 was HK$13.05 per share.

The share options granted to the employees of the Group are exercisable during the following periods:

Share options granted on 13 February 2018

(i) Each grantee may exercise not more than one-third of his respective options granted from the first anniversary of the date of grant (i.e. 13 February 2019);

(ii) Each grantee may exercise not more than one-third of his respective options granted from the second anniversary of the date of grant (i.e. 13 February 2020); and

(iii) Each grantee may exercise all his respective remaining options granted from the date of the third anniversary of the date of grant (i.e. 13 February 2021).

And, in each case, not later than 12 February 2022.

HK$1.00 is payable for acceptance of grant of share options by each grantee.

The fair value of the share options granted on 13 February 2018 determined at the date of grant using the Model was approximately HK$4,058,000. Approximately HK$37,000 (equivalent to approximately RMB30,000) was charged to the statement of profit or loss during the year ended 31 December 2021.

31. Employee Share Schemes *(continued)*

(b) Share award scheme

The Share Award Scheme was adopted by the Board on 19 January 2018 (the "Adoption Date") in order to recognise the contributions by certain employees including certain executive directors of the Company and/or members of the Group (the "Eligible Participant"). Subject to the rules of the Share Award Scheme (the "Scheme Rules"), the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any excluded participant as defined under the Scheme Rules) for participation in the Share Award Scheme as a selected participant (the "Selected Participant"), and determine the number of shares to be granted to the Selected Participant.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of adoption. Pursuant to the Share Award Scheme, the trustee, Computershare Hong Kong Trustees Limited and any additional or replacement trustee, shall purchase from the open market or subscribe for the relevant number of shares awarded and shall hold such shares on trust for the Selected Participants until they are vested in the relevant Selected Participant in accordance with the provisions of the Share Award Scheme. The Board, through its authorised representative(s), shall cause to pay to the trustee the subscription or purchase price for the shares and the related expenses from the Company's resources.

The Board shall not make any further award of awarded shares which will result in the total number of shares granted under the Share Award Scheme exceeding 5% of the total number of issued Shares of the Company from the date of adoption. If the relevant subscription or purchase would result in the trustee holding in aggregate, more than 5% of the total number of issued shares of the Company as of the adoption date, the trustee shall not subscribe or purchase any further shares.

The fair value of these awarded shares at the grant date approximated to the market value of the shares which is calculated based on the closing price of the shares as at the date of grant of the awarded shares. Since the Adoption Date and up to 31 December 2022, a total of 8,583,000 awarded shares had been awarded under the Share Award Scheme.

On 8 April 2019, the Board resolved to grant a total of 2,059,500 awarded shares to 27 eligible participants under the Share Award Scheme. The awarded shares shall be vested in three tranches in accordance with the following dates: (i) one-third shall be vested on the first anniversary of the date of grant, i.e. 8 April 2020; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 8 April 2021; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 8 April 2022, or an earlier date as approved by the Board. All of these awarded shares were either vested or forfeited during the current or prior years.

On 14 April 2020, the Board resolved to grant a total of 1,938,000 awarded shares to 36 eligible participants under the Share Award Scheme. The awarded shares shall be vested in three tranches in accordance with the following dates: (i) one-third shall be vested on the first anniversary of the date of grant, i.e. 14 April 2021; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 14 April 2022; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 14 April 2023, or an earlier date as approved by the Board. All the outstanding awarded shares as at 31 December 2022 were granted on 14 April 2020.

31. Employee Share Schemes *(continued)*

(b) Share award scheme *(continued)*

Movements in the number of awarded shares are as follows:

	2022 Number of shares awarded	2021 Number of shares awarded
At 1 January	**1,691,000**	4,390,500
Forfeited	**(116,500)**	(308,500)
Vested	**(1,087,000)**	(2,391,000)
At 31 December	**487,500**	1,691,000

Under the Share Award Scheme, the Group recognised share-based compensation expenses of approximately RMB2,958,000 (2021: approximately RMB8,603,000) during the year ended 31 December 2022.

32. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Pursuant to the relevant laws and regulations in the PRC, the Company's subsidiaries which are registered in the PRC shall appropriate a certain percent of profit for the year (after offsetting any prior years' losses) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds which are restricted as to use.

33. Investments in Joint Operations

The Group has entered into three (2021: three) joint venture arrangements in the form of joint operations with certain parties to jointly undertake three (2021: three) property development projects located in Guangzhou, Guangdong Province, the PRC. As at 31 December 2022, the aggregate amounts of assets and liabilities recognised in respect of these joint operations were as follows:

	2022 RMB'000	2021 RMB'000
Assets	**4,023,960**	4,190,589
Liabilities	**(42,169)**	(66,979)

34. Business Combinations

Acquisition of subsidiaries

(i) Before 9 March 2022, the Group and Guangzhou Qinzhi Investment Development Limited ("Guangzhou Qinzhi")#, an independent third party, held equity interests in Guangzhou Hejing Hengyu Zhiye Development Limited and its subsidiary ("Guangzhou Hejing Hengyu")# for 80% and 20% respectively, according to the article of association, all significant resolutions of Guangzhou Hejing Hengyu should be approved by the Group and Guangzhou Qinzhi, and therefore the Group accounted for Guangzhou Hejing Hengyu as joint ventures. Guangzhou Hejing Hengyu are principally engaged in property development. On 9 March 2022, the Group acquired the remaining 20% equity interests in Guangzhou Hejing Hengyu from Guangzhou Qinzhi, for a cash consideration of RMB10,000,000. The Group thus obtained control over Guangzhou Hejing Hengyu and accounted for Guangzhou Hejing Hengyu as subsidiaries of the Group since then. The acquisition was made as part of the Group's strategy to obtain more control on property development projects.

The fair values of the identifiable assets and liabilities of Guangzhou Hejing Hengyu as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	26
Deferred tax assets	13,836
Property under development	5,235,000
Prepayment, deposits and other receivables	4,629,488
Trade receivables	1,044
Cash and bank balance	6,520
Trade payables	(42,880)
Other payables and accruals	(6,607,653)
Tax payables	(78,540)
Interest bearing bank loans	(2,449,900)
Deferred tax liabilities	(169,772)
Total identifiable net assets at fair value	537,169
Equity interest in the company held by the Group prior to the acquisition	(336,219)
Gain on acquisition of the subsidiaries	(190,950)
Satisfied by cash	10,000

34. Business Combinations *(continued)*

Acquisition of subsidiaries *(continued)*

(i) (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to approximately RMB1,044,000 and RMB4,629,488,000, respectively. The gross contractual amounts of trade receivables and other receivables were approximately RMB1,044,000 and RMB4,629,488,000, respectively.

The transaction costs incurred for this acquisition was not significant and have been expensed in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash considerations	(10,000)
Cash and cash equivalents acquired	6,520
Net outflow of cash and cash equivalents included in cash flows from investing activities	(3,480)

Since the acquisition, Guangzhou Hejing Hengyu contributed revenue of approximately RMB78,055,000, and loss of approximately RMB38,346,000 to the Group.

Had the combination taken place at the beginning of the year, the revenue and the loss of the Group for the year 2022 would have been approximately RMB13,452,639,000 and RMB9,850,021,000.

The English name of this company referred to in these financial statements represents management's best effort to translate the Chinese name of that company, as no English name has been registered.

34. Business Combinations *(continued)*

Acquisition of subsidiaries *(continued)*

(ii) Before 11 May 2022, the Group and Shenzhen Pingmao Investment Management Limited ("Shenzhen Pingmao")#, an independent third party, held equity interests in Hangzhou Juan'an Real Estate Development Limited ("Hangzhou Juan'an")# for 51% and 49% respectively, according to the article of association, all significant resolutions of Hangzhou Juan'an should be approved by the Group and Shenzhen Pingmao, and therefore the Group accounted for Hangzhou Juan'an as a joint venture. Hangzhou Juan'an is principally engaged in property development. On 11 May 2022, the Group acquired the remaining 49% equity interests in Hangzhou Juan'an from Shenzhen Pingmao, for a cash consideration of RMB24,500,000. The Group thus obtained control over Hangzhou Juan'an and accounted for Hangzhou Juan'an as a subsidiary of the Group since then. The acquisition was made as part of the Group's strategy to obtain more control on property development projects.

The fair values of the identifiable assets and liabilities of Hangzhou Juan'an as at the date of acquisition was as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	283
Deferred tax assets	127,864
Completed properties held for sale	34,000
Prepayment, deposits and other receivables	3,781,275
Trade receivables	823
Cash and bank balance	8,070
Trade payables	(21,733)
Other payables and accruals	(3,179,597)
Tax payables	(570,331)
Total identifiable net assets at fair value	180,654
Equity interest in the company held by the Group prior to the acquisition	(102,529)
Gain on acquisitions of the subsidiary	(53,625)
Satisfied by cash	24,500

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to approximately RMB823,000 and RMB3,781,275,000, respectively. The gross contractual amounts of trade receivables and other receivables were approximately RMB823,000 and RMB3,781,275,000, respectively.

The transaction costs incurred for this acquisition was not significant and have been expensed in the consolidated statement of profit or loss.

34. Business Combinations *(continued)*

Acquisition of subsidiaries *(continued)*

(ii) (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash considerations	(24,500)
Cash and cash equivalents acquired	8,070
Net outflow of cash and cash equivalents included in cash flows from investing activities	(16,430)

Since the acquisition, Hangzhou Juan'an contributed revenue of approximately RMB964,000, and loss of approximately RMB19,641,000 to the Group.

Had the combination taken place at the beginning of the year, the revenue and the loss of the Group for the year 2022 would have been approximately RMB13,456,030,000 and RMB9,906,801,000.

The English name of this company referred to in these financial statements represents management's best effort to translate the Chinese name of that company, as no English name has been registered.

(iii) Before 20 September 2022, the Group and Guangzhou Leqin Industrial Investment Limited ("Guangzhou Leqin")#, an independent third party, held equity interests in Suzhou Jiajing Real Estate Development Limited and its subsidiary ("Suzhou Jiajing")# for 80% and 20% respectively, according to the article of association, all significant resolutions of Suzhou Jiajing should be approved by the Group and Guangzhou Leqin, and therefore the Group accounted for Suzhou Jiajing as joint ventures. Suzhou Jiajing are principally engaged in property development. On 20 September 2022, Guangzhou Leqin withdrew its 20% capital of RMB62,000,000 previously invested in Suzhou Jiajing and the Group held 100% equity interest in Suzhou Jiajing there after. The Group thus obtained control over Suzhou Jiajing accounted for Suzhou Jiajing as subsidiaries of the Group since then. The acquisition was made as part of the Group's strategy to obtain more control on property development projects.

34. Business Combinations *(continued)*

Acquisition of subsidiaries *(continued)*

(iii) (continued)

The fair values of the identifiable assets and liabilities of Suzhou Jiajing as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	42
Interest in a joint venture	67,472
Deferred tax assets	11,156
Properties under development	394,000
Completed properties held for sale	287,000
Prepayment, deposits and other receivables	349,933
Trade receivables	1,930
Cash and bank balance	11,793
Trade payables	(104,638)
Other payables and accruals	(7,424)
Tax payables	(14,602)
Interest bearing bank loans	(897,706)
Deferred tax liabilities	(25,542)
Total identifiable net assets at fair value	73,414
Equity interest in the company held by the Group prior to the acquisition	(308,694)
Loss on acquisition of the subsidiaries	235,280

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to approximately RMB1,930,000 and RMB349,933,000, respectively. The gross contractual amounts of trade receivables and other receivables were approximately RMB1,930,000 and RMB349,933,000, respectively.

The transaction costs incurred for this acquisition was not significant and have been expensed in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash considerations	–
Cash and cash equivalents acquired	11,793
Net outflow of cash and cash equivalents included in cash flows from investing activities	11,793

Since the acquisition, Suzhou Jiajing contributed revenue of approximately RMB92,304,000, and profit of approximately RMB15,113,000 to the Group.

Had the combination taken place at the beginning of the year, the revenue and the loss of the Group for the year 2022 would have been approximately RMB13,594,754,000 and RMB9,897,801,000.

The English name of this company referred to in these financial statements represents management's best effort to translate the Chinese name of that company, as no English name has been registered.

34. Business Combinations *(continued)*

Acquisition of subsidiaries *(continued)*

(iv) Before 14 January 2021, the Group held 49% equity interests in Hangzhou Taixin Enterprise Management Limited ("Hangzhou Taixin")# and accounted for Hangzhou Taixin as a joint venture of the Group. Hangzhou Taixin is principally engaged in property development. On 14 January 2021, the shareholders agreed to amend the articles of association and cooperation agreement, pursuant to which (a) the main resolutions of the board of shareholders were irrevocably authorised to the board of directors unless both shareholders agree to change or terminate such authorisation through written document; and (b) there were four seats in the board of directors. The number of directors of Hangzhou Taixin assigned to the Group was changed from one to three and the resolutions of the board of directors should be approved by not less than three-fourths of the directors of Hangzhou Taixin. The Group obtained control over Hangzhou Taixin through three of four seats in the board of directors of Hangzhou Taixin and accounted for Hangzhou Taixin as a subsidiary of the Group since then.

The fair values of the identifiable assets and liabilities of Hangzhou Taixin as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Deferred tax assets	28	3,368
Property, plant and equipment	13	174
Completed properties held for sale		19,000
Prepayments, other receivables and other assets		1,884,996
Tax recoverables		94,782
Cash and bank balances		48,193
Other payables and accruals		(160,635)
Trade payables		(67,308)
Total identifiable net assets at fair value		1,822,570
Non-controlling interests		(929,511)
Loss on remeasurement of the pre-existing interest in joint ventures recognised in other income and gains in the consolidated statement of profit or loss		21,833
		914,892
Satisfied by		
Equity interest in Hangzhou Taixin held by the Group prior to the acquisition		914,892

The fair value of the other receivables as at the date of acquisition amounted to approximately RMB1,884,996,000. The gross contractual amount of other receivables was approximately RMB1,884,996,000.

The transaction costs incurred for this acquisition was not significant and have been expensed in the consolidated statement of profit or loss.

An analysis of the net cash inflow in respect of the acquisition of subsidiaries is as follows:

	RMB'000
Cash and cash equivalents acquired	48,193
Net inflow of cash and cash equivalents included in cash flows from investing activities	48,193

Since the acquisition, Hangzhou Taixin contributed no revenue but caused a loss of approximately RMB13,243,000 to the Group.

Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year ended 2021 would have been approximately RMB23,844,720,000 and RMB2,562,938,000, respectively.

The English name of this company referred to in the financial statements represents management's best effort to translate the Chinese name of the company, as no English name has been registered.

35. Disposal of a Subsidiary

On 20 August 2021, the Group entered into a share transfer agreement for the disposal of its entire equity interest in a 60% owned subsidiary to a third party for a consideration of RMB30,000,000.

Details of the assets disposed of as at the date of disposal and the financial impacts are summarised below:

	Note	RMB'000
Net assets disposed of:		
Property, plant and equipment		220
Trade receivables		26,551
Deferred tax assets		31,126
Property under development		75,822
Cash and bank balances		61,972
Prepayments, other receivables and other assets		183,559
Trade payables		(26,401)
Tax payables		(83,221)
Other payables and accruals		(145,138)
Deferred tax liabilities	28	(53)
Non-controlling interests		(16,600)
		107,837
Loss on disposal of a subsidiary		(77,837)
Satisfied by:		
Cash consideration		30,000

An analysis of the net cash outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration	30,000
Cash and cash equivalents disposed	(61,972)
Net cash outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(31,972)

36. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

During the year, the Group had non-cash reductions of right-of-use assets and lease liabilities of approximately RMB365,620,000 and approximately RMB403,142,000, respectively, in respect of lease arrangements for buildings included in property, plant and equipment and investment properties (2021: approximately RMB79,649,000 and approximately RMB192,763,000, respectively).

(b) Changes in liabilities arising from financing activities

	Note	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Other payables and accruals RMB'000
At 1 January 2022		**76,718,429**	**1,437,098**	**9,187,697**
Changes from financing cash flows		**(7,125,750)**	**(197,798)**	**(5,875,970)**
Termination of leases	16	**–**	**(403,142)**	**–**
Interest expense		**(360)**	**59,583**	**5,153,241**
Transfer from other payables and accruals to interest-bearing bank and other borrowings		**500,000**	**–**	**(500,000)**
Foreign exchange movement		**3,032,667**	**–**	**–**
Acquisition of subsidiaries		**3,347,606**	**–**	**–**
Decrease in restricted cash		**(1,082,000)**	**–**	**–**
Acquisition of non-controlling interests		**–**	**–**	**1,257,392**
At 31 December 2022		**75,390,592**	**895,741**	**9,222,360**

	Notes	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Other payables and accruals RMB'000
At 1 January 2021		77,860,615	1,776,632	2,462,164
Changes from financing cash flows		(1,194,418)	(238,208)	(1,191,952)
New leases, termination of a lease, modification and rent concessions	16	–	(192,763)	–
2020 final dividends payable		–	–	1,685,677
2021 interim dividends payable	11	–	–	1,177,713
Shares issued as scrip dividend	30	–	–	(21,246)
Interest expense		15,689	91,437	5,011,289
Foreign exchange movement		(864,321)	–	–
Disposal of subsidiaries		(181,136)	–	–
Increase in restricted cash		1,082,000	–	–
Dividend to non-controlling interests		–	–	64,052
At 31 December 2021		76,718,429	1,437,098	9,187,697

36. Notes to the Consolidated Statement of Cash Flows *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022 **RMB'000**	2021 RMB'000
Within operating activities	**5,733**	11,340
Within financing activities	**197,798**	238,208
	203,531	249,548

37. Financial Guarantees

At the end of the reporting period, the Group has provided the following guarantees to related parties and third parties:

(a) As at 31 December 2022, the Group provided guarantees amounting to approximately RMB15,499,033,000 (2021: RMB21,016,362,000) to certain banks in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled to, among others, take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the board of directors of the Company considers that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the years ended 31 December 2022 and 2021 for the guarantees.

(b) As at 31 December 2022, the bank loans guaranteed by the Group to joint ventures, associates, third parties and a related company were utilised to the extent of approximately RMB16,292,484,000 (2021: approximately RMB20,227,307,000).

(c) As at 31 December 2022, the domestic corporate bonds issued by certain subsidiaries of approximately RMB1,365,591,000 (2021: approximately RMB5,799,094,000) were guaranteed by the Company.

38. Pledge of Assets

(a) At the end of the reporting period, the Group's assets pledged to certain banks to secure the general banking and other borrowing facilities granted to the Group, joint ventures and third parties are included in notes 13, 14, 15, 19, 20 and 24, respectively, to the financial statements.

(b) As at 31 December 2022 and 2021, the equity interests in certain subsidiaries of the Group were pledged to certain banks for the loans granted to the Group.

(c) As at 31 December 2022 and 2021, the senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their equity interests.

39. Commitments

The Group had the following capital commitments at the end of the reporting period:

	2022 RMB'000	2021 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	582,148	561,903
Properties being developed by the Group for sale	6,228,366	6,829,344
Investment properties	240,665	294,859
	7,051,179	7,686,106

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2022 RMB'000	2021 RMB'000
Contracted, but not provided for	2,260,674	3,138,267

40. Related Party Transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

(a) During the year ended 31 December 2022, the Group provided project management services to certain joint ventures and associates of the Group for a total cash consideration of approximately RMB179,473,000 (2021: approximately RMB550,608,000), which was recognised as other income of the Group. The management fee income was determined at rates mutually agreed between the Group and the joint ventures and associates.

(b) During the year ended 31 December 2022, the Group provided advances to certain joint ventures and associates at the interest rates of 4.4% to 16.0% (2021: 4.4% to 16.0%) per annum. The interest income of approximately RMB50,390,000 (2021: approximately RMB204,569,000), which was recognised as other income of the Group, was determined at rates mutually agreed between the Group and the joint ventures and associates.

(c) During the year ended 31 December 2022, the Group leased some properties to related parties, of which an executive director of the Company is the ultimate beneficial owner, for a total cash consideration of approximately RMB26,517,000 (2021: approximately RMB30,270,000), which was recognised as rental income of the Group. The income was determined at rates mutually agreed between the Group and this executive director.

40. Related Party Transactions *(continued)*

(d) Transactions with KWG Living Group

	2022 RMB'000	2021 RMB'000
Service income from KWG Living Group*		
Property Lease:		
Properties	4,385	2,830
Car parking lots	3,662	5,300
	8,047	8,130
Information technology income	2,000	2,000
Service fees to KWG Living Group		
Residential Property Management Services:		
Residential pre-sale management services	158,303	229,304
Residential property management services	92,470	76,413
	250,773	305,717
Property Agency Services**	116,260	356,241
Commercial Property Management Services:		
Commercial pre-sale management services	21,320	14,670
Commercial property management services	132,759	120,132
	154,079	134,802
Commercial Operational and Value-added Services:		
Commercial operational services	128,246	114,658
Commercial value-added services	15,642	13,859
	143,888	128,517
Publicity Planning Service	30,661	19,087
Marketing Channel Management Service	2,773	6,010

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

* KWG Living Group Holdings Limited and its subsidiaries (collectively "KWG Living Group") are ultimately controlled by Plus Earn Consultants Limited, the Company's ultimate holding company.

** According to the terms of agreement among parties, the Group received deposits from KWG Living Group regarding to the property agency services with the maximum daily outstanding deposits balance of RMB610,000,000 during the year. As at 31 December 2022, the aforementioned deposits were fully refunded to KWG Living Group.

40. Related Party Transactions *(continued)*

(e) Other transactions with related parties

Details of guarantees given by the Group to banks in connection with bank loans granted to joint ventures, associates and a related company are included in note 37 to the financial statements.

(f) Outstanding balances with related parties

Details of the Group's balances with its associates and joint ventures are included in notes 17 and 18 respectively to the financial statements.

(g) Compensation of key management personnel of the Group

	2022 RMB'000	2021 RMB'000
Short term employee benefits	**23,265**	26,936
Post-employment benefits	**605**	580
Share-based compensation	**867**	2,335
Total compensation paid to key management personnel	**24,737**	29,851

Further details of directors' and chief executive's emoluments are included in note 8 to the financial statements.

The related party transactions in respect of items (c) and (d) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

41. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets – Financial assets at amortised cost

	2022 RMB'000	2021 RMB'000
Trade receivables	**491,382**	1,368,764
Financial assets included in prepayments, other receivables and other assets	**11,142,829**	8,921,820
Due from a joint venture	**22,532**	22,525
Cash and bank balances	**10,337,890**	29,447,488
	21,994,633	39,760,597

42. Fair Value and Fair Value Hierarchy of Financial Instruments

Financial liabilities – Financial liabilities at amortised cost

	2022 RMB'000	2021 RMB'000
Trade and bills payables	**15,540,743**	13,348,056
Lease liabilities	**895,741**	1,437,098
Financial liabilities included in other payables and accruals	**15,956,871**	16,907,741
Due to joint ventures	**9,996,546**	21,692,348
Due to associates	**3,328,395**	3,585,519
Interest-bearing bank and other borrowings	**75,390,592**	76,718,429
	121,108,888	133,689,191

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Financial liabilities:				
Interest-bearing bank and other borrowings	**75,390,592**	76,718,429	**59,098,208**	70,096,237

Management has assessed that the fair values of cash and bank balances, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, lease liabilities, financial liabilities included in other payables and accruals, amounts due from/to joint ventures and due to associates approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the management of the Group. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management of the Group. The valuation process and results are discussed with the management of the Group twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption were used to estimate the fair values:

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2022 was assessed to be insignificant.

The Group did not have any financial assets and financial liabilities measured at fair value as at 31 December 2022 and 2021.

During the years ended 31 December 2022 and 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

42. Fair Value and Fair Value Hierarchy of Financial Instruments
(continued)

Liabilities for which fair values are disclosed:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	59,098,208	–	59,098,208

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	70,096,237	–	70,096,237

43. Financial Risk Management Objectives and Policies

The financial assets of the Group mainly include cash and bank balances, trade receivables, other receivables and other assets, and amounts due from a joint venture. The financial liabilities of the Group mainly include trade and bills payables, lease liabilities, other payables and accruals, interest-bearing bank and other borrowings, amounts due to joint ventures and amounts due to associates.

The main risks arising from the Group's financial instruments are business risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. Generally, the Group introduces conservative strategies on its risk management and focuses on minimising potential adverse effects of these risks with material impact on the Group's financial performance. The Group's exposure to these risks is kept to a minimum. Management closely monitors the risk exposure and will consider using derivatives and other instruments to hedge significant risk exposure should the need arise. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below:

Business risk

The Group conducts its operations in Mainland China and Hong Kong, and accordingly, it is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, the influence of national authorities over pricing and the financing regulations in the property development industry.

43. Financial Risk Management Objectives and Policies *(continued)*

Interest rate risk

The Group has no significant interest-bearing assets. The Group's exposure to changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group has not used any interest rate swaps to hedge its cash flow interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000
2022		
RMB	**200**	**560,529**
Hong Kong dollar	**200**	**34,959**
United States dollar	**200**	**19,955**
RMB	**(200)**	**(560,529)**
Hong Kong dollar	**(200)**	**(34,959)**
United States dollar	**(200)**	**(19,955)**

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2021		
RMB	200	(508,392)
Hong Kong dollar	200	(40,647)
United States dollar	200	(30,271)
RMB	(200)	508,392
Hong Kong dollar	(200)	40,647
United States dollar	(200)	30,271

43. Financial Risk Management Objectives and Policies *(continued)*

Foreign currency risk

The Group's most businesses are mainly located in Mainland China and the transactions are mainly conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group's foreign currency exposures mainly arise from interest-bearing bank and other borrowings and bank balances denominated in currencies other than the units' functional currencies as at 31 December 2022 and 31 December 2021. The Group considers the foreign currency risk between Hong Kong dollar and United States dollar is not material as the exchange rate between these two currencies is pegged.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar and Hong Kong dollar exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in HK$ rate %	Increase/ (decrease) in US$ rate %	Increase/ (decrease) in loss before tax RMB'000
2022			
If RMB weakens against Hong Kong dollar	**(5)**	**N/A**	**(37,987)**
If RMB strengthens against Hong Kong dollar	**5**	**N/A**	**37,987**
If RMB weakens against United States dollar	**N/A**	**(5)**	**(225)**
If RMB strengthens against United States dollar	**N/A**	**5**	**225**

	Increase/ (decrease) in HK$ rate %	Increase/ (decrease) in US$ rate %	Increase/ (decrease) in profit before tax RMB'000
2021			
If RMB weakens against Hong Kong dollar	(5)	N/A	9,442
If RMB strengthens against Hong Kong dollar	5	N/A	(9,442)
If RMB weakens against United States dollar	N/A	(5)	1,634
If RMB strengthens against United States dollar	N/A	5	(1,634)

43. Financial Risk Management Objectives and Policies *(continued)*

Credit risk

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022 and 31 December 2021. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

2022	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Stage 2 RMB'000	Lifetime ECLs Stage 3 RMB'000	Lifetime ECLs Simplified approach RMB'000	Total RMB'000
Trade receivables	-	-	-	491,382	491,382
Financial assets included in prepayments, other receivables and other assets					
– Normal*	11,142,829	-	-	-	11,142,829
Due from a joint venture	22,532	-	-	-	22,532
Cash and bank balances					
– Not yet past due	10,337,890	-	-	-	10,337,890
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties					
– Not yet past due	15,499,033	-	-	-	15,499,033
Guarantees given to banks in connection with bank loans granted to joint ventures and associates					
– Not yet past due	16,292,484	-	-	-	16,292,484
	53,294,768	-	-	491,382	53,786,150

43. Financial Risk Management Objectives and Policies *(continued)*

Credit risk *(continued)*

2021	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Stage 2 RMB'000	Lifetime ECLs Stage 3 RMB'000	Lifetime ECLs Simplified approach RMB'000	Total RMB'000
Trade receivables	–	–	–	1,368,764	1,368,764
Financial assets included in prepayments, other receivables and other assets					
– Normal*	8,921,820	–	–	–	8,921,820
Due from a joint venture	22,525	–	–	–	22,525
Cash and bank balances					
– Not yet past due	29,447,488	–	–	–	29,447,488
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties					
– Not yet past due	21,016,362	–	–	–	21,016,362
Guarantees given to banks in connection with bank loans granted to joint ventures and associates					
– Not yet past due	20,227,307	–	–	–	20,227,307
	79,635,502	–	–	1,368,764	81,004,266

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The management of the Group aims to maintain sufficient cash and bank balances through the sales proceeds generated from the sale of the properties and having available funding through an adequate amount of credit facilities to meet the Group's construction commitments. The board of directors of the Company expects that the Group's net cash flows from operating activities and additional bank and other borrowings will be available to finance the Group's existing and future property development projects. The Group has a number of alternative plans to mitigate the potential impacts on the Group's working capital should there be any significant adverse changes in the economic environment. As further described in the going concern basis contained in note 2.1 to the financial statements, the directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

43. Financial Risk Management Objectives and Policies *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2022					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	6,567,401	17,440,189	53,491,609	13,507,365	91,006,564
Lease liabilities	–	45,104	113,032	380,578	766,755	1,305,469
Trade and bills payables	15,540,743	–	–	–	–	15,540,743
Other payables and accruals	15,956,871	–	–	–	–	15,956,871
Due to joint ventures	9,996,546	–	–	–	–	9,996,546
Due to associates	3,328,395	–	–	–	–	3,328,395
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties	15,499,033	–	–	–	–	15,499,033
Guarantees given to banks in connection with bank loans granted to joint ventures and associates	16,292,484	–	–	–	–	16,292,484
	76,614,072	6,612,505	17,553,221	53,872,187	14,274,120	168,926,105

	2021					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	6,974,030	17,665,068	51,075,308	16,822,246	92,536,652
Lease liabilities	–	57,028	179,189	645,582	1,141,902	2,023,701
Trade and bills payables	13,348,056	–	–	–	–	13,348,056
Other payables and accruals	16,907,741	–	–	–	–	16,907,741
Due to joint ventures	21,692,348	–	–	–	–	21,692,348
Due to associates	3,585,519	–	–	–	–	3,585,519
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties	21,016,362	–	–	–	–	21,016,362
Guarantees given to banks in connection with bank loans granted to joint ventures and associates	20,227,307	–	–	–	–	20,227,307
	96,777,333	7,031,058	17,844,257	51,720,890	17,964,148	191,337,686

43. Financial Risk Management Objectives and Policies *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

The Group monitors capital using a gearing ratio, which is the net borrowings (total bank and other borrowings net of cash and bank balances) divided by total equity. The Group's policy is to maintain a stable gearing ratio. The gearing ratios as at the end of the reporting periods were as follows:

	2022 **RMB'000**	2021 RMB'000
Net borrowings	**65,052,702**	47,270,941
Total equity	**40,199,295**	59,701,933
Gearing ratio	**161.8%**	79.2%

44. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	14,297	34,764
Interests in subsidiaries	23,185,155	30,573,892
Interests in joint ventures	9,946,223	9,923,310
Total non-current assets	33,145,675	40,531,966
CURRENT ASSETS		
Prepayments, other receivables and other assets	2,169,875	239,814
Due from subsidiaries	9,294,825	6,072,164
Cash and bank balances	89,929	1,848,545
Total current assets	11,554,629	8,160,523
CURRENT LIABILITIES		
Trade payables	16,725	10,139
Other payables and accruals	2,982,041	3,784,950
Due to joint ventures	6,791,842	7,314,051
Interest-bearing bank and other borrowings	6,631,162	10,656,019
Total current liabilities	16,421,770	21,765,159
NET CURRENT LIABILITIES	(4,867,141)	(13,604,636)
TOTAL ASSETS LESS CURRENT LIABILITIES	28,278,534	26,927,330
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	26,856,537	26,053,445
Other payables and accruals	151,587	159,521
Deferred tax liabilities	134,938	134,938
Total non-current liabilities	27,143,062	26,347,904
NET ASSETS	1,135,472	579,426
EQUITY		
Issued capital	325,735	304,680
Treasury shares	(8)	(3,038)
Reserves (note)	809,745	277,784
TOTAL EQUITY	1,135,472	579,426

44. Statement of Financial Position of the Company *(continued)*

Note:

A summary to the Company's reserves is as follows:

	Notes	Share premium account RMB'000	Contributed surplus RMB'000	Exchange fluctuation reserve RMB'000	Employee share-based compensation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2021		–	308,006	(559,644)	33,830	1,845,797	1,627,989
Share options exercised	30	2,166	–	–	(400)	–	1,766
Share-based compensation expenses	31	–	–	–	8,633	–	8,633
Vested awarded shares transferred to employees	30	22,702	–	–	(22,904)	–	(202)
Shares issued as scrip dividend during the year	30	21,041	–	–	–	–	21,041
2020 final dividend declared		–	–	–	–	(1,685,677)	(1,685,677)
2021 interim dividend		–	–	–	–	(1,177,713)	(1,177,713)
Profit for the year		–	–	–	–	1,106,112	1,106,112
Exchange differences on translation into presentation currency		–	–	377,334	–	–	377,334
Cancellation of shares	30	(1,499)	–	–	–	–	(1,499)
At 31 December 2021 and 1 January 2022		**44,410**	**308,006**	**(182,310)**	**19,159**	**88,519**	**277,784**
Share-based compensation expenses	31	**-**	**-**	**-**	**2,958**	**-**	**2,958**
Vested awarded shares transferred to employees	30	**9,275**	**-**	**-**	**(9,363)**	**-**	**(88)**
Profit for the year		**-**	**-**	**-**	**-**	**1,452,098**	**1,452,098**
Exchange differences on translation into presentation currency		**-**	**-**	**(1,316,580)**	**-**	**-**	**(1,316,580)**
Cancellation of shares	30	**(2,983)**	**-**	**-**	**-**	**-**	**(2,983)**
Issue of new shares		**396,556**	**-**	**-**	**-**	**-**	**396,556**
At 31 December 2022		**447,258**	**308,006**	**(1,498,890)**	**12,754**	**1,540,617**	**809,745**

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation of the Group in preparation for the listing of the Company, over the nominal value of the Company's shares in exchange therefor.

The employee share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

45. Subsequent events

In January 2023, Guangzhou Hejing, a wholly-owned subsidiary of the Group, issued a medium-term note in the PRC with an aggregate principal amount of RMB700,000,000.

In January 2023, the Group received RMB1,050,000,000 from a related party controlled by the ultimate holding company of the Company, who was instructed by two independent third parties to make deposits to the Group for the potential acquisitions of certain properties under development from the Group.

46. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 28 April 2023.

Major Properties held by the Group

Property	The Group's interest (%)	Location	Site area ('000 sq.m.)	Total GFA ('000 sq.m.)	Usage	Expected date of completion
Major completed properties held for sale						
Uptown Riverside I	100	Tongzhou District, Beijing	17	57	Serviced apartment/office/commercial	N/A
The Summit	100	Zengcheng District, Guangzhou	994	1,798	Residential/villa/serviced apartment/office/commercial/hotel	N/A
The Riviera Chongqing	100	Yuzhong District, Chongqing	10	50	Residential/commercial/hotel	N/A
The Vision of the World	51	Fengxian District, Shanghai	80	252	Residential/serviced apartment/commercial	N/A
Chengdu Cosmos	100	South New District, Chengdu	149	1,034	Residential/serviced apartment/office/commercial/hotel	N/A
New Chang'an Mansion	100	Mentougou District, Beijing	26	58	Residential/office/commercial/hotel	N/A
Landmark Arte Masterpiece	100	Tianhe District, Guangzhou	31	8	Residential/serviced apartment/commercial	N/A
Major properties under development						
Richmond Greenville	100	Tianhe District, Guangzhou	47	106	Residential	2023
Landmark Arte Masterpiece	100	Tianhe District, Guangzhou	31	102	Residential/serviced apartment/commercial	2023
The Summit	100	Zengcheng District, Guangzhou	797	952	Residential/villa/serviced apartment/office/commercial/hotel	2023
Lakeside Mansion	100	Zengcheng District, Guangzhou	124	353	Residential/commercial	2023
Swan Harbor Park	50	Wuzhong District, Suzhou	85	324	Residential/serviced apartment/office/commercial/hotel	2023
Precious Mansion	100	Jianggan District, Hangzhou	43	106	Residential/office/commercial	2023
Yunshang Retreat	55	Dayi District, Chengdu	922	917	Residential/villa/serviced apartment/commercial/hotel	2023
Lunar River	51	Wuzhong District, Suzhou	38	110	Residential/commercial	2023

Property	The Group's interest (%)	Usage	
Major investment properties			
International Finance Place, Plot J-6, Pearl River New Town, Tianhe District, Guangzhou City, Guangdong Province, the PRC	100	Office and commercial	Medium term lease
International Metropolis Plaza, 58 Yaoyuan Road, Pudong new area, Shanghai, the PRC	75.5	Office and commercial	Medium term lease

Five Year Financial Summary

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below. This summary does not form part of the audited financial statements.

Consolidated Results

	Year ended 31 December				
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022** **RMB'000**
Continuing operations					
Revenue	6,911,750	23,941,953	29,742,063	23,844,720	**13,452,639**
Profit/(loss) before tax from continuing operations	5,286,922	13,368,449	10,062,908	4,081,066	**(10,697,269)**
Income tax (expenses)/credits	(1,211,770)	(3,497,352)	(3,397,779)	(1,518,128)	**855,008**
Profit for the year from a discontinued operation	79,682	184,987	236,180	–	**–**
Profit/(loss) for the year	4,154,834	10,056,084	6,901,309	2,562,938	**(9,842,261)**
Attributable to:					
Owners of the Company	4,035,415	9,805,813	6,676,592	2,421,351	**(9,240,619)**
Non-controlling interests	119,419	250,271	224,717	141,587	**(601,642)**
	4,154,834	10,056,084	6,901,309	2,562,938	**(9,842,261)**
BASIC EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	RMB128 cents	RMB309 cents	RMB210 cents	RMB76 cents	**RMB(289) cents**

Consolidated Assets, Liabilities and Equity

	As at 31 December				
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022** **RMB'000**
ASSETS					
Non-current assets	63,761,404	84,577,931	94,396,477	108,538,168	**91,130,388**
Current assets	120,775,757	129,744,748	137,801,902	123,710,883	**108,753,695**
Total assets	184,537,161	214,322,679	232,198,379	232,249,051	**199,884,083**
LIABILITIES					
Current liabilities	90,697,356	109,671,769	121,113,896	112,166,340	**103,264,012**
Non-current liabilities	62,067,796	66,408,319	57,167,792	60,380,778	**56,420,776**
Total liabilities	152,765,152	176,080,088	178,281,688	172,547,118	**159,684,788**
EQUITY					
Equity attributable to owners of the Company	28,778,564	35,794,758	43,534,877	44,320,536	**31,499,776**
Non-controlling interests	2,993,445	2,447,833	10,381,814	15,381,397	**8,699,519**
Total equity	31,772,009	38,242,591	53,916,691	59,701,933	**40,199,295**

KWG GROUP HOLDINGS LIMITED