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

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

2021
Annual Report

Striving for a Promising Future

Group Introduction

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

Content

Definitions

"2021 AGM"	the annual general meeting of the Company held on Tuesday, 25 May 2021
"2022 Adjourned Annual General Meeting"	the adjourned annual general meeting of 2022 of the Company to be held on Thursday, 24 August 2023
"2022 Annual General Meeting" or "2022 AGM"	the annual general meeting of the Company to be held on Wednesday, 24 August 2022
"Aoyuan Beauty Valley"	Aoyuan Beauty Valley Technology Co., Ltd (formerly known as Kinghand Industrial Investment Group Co., Ltd.), the shares of which are listed on Shenzhen Stock Exchange
"Aoyuan Healthy Life Group" or "Aoyuan Healthy"	Aoyuan Healthy Life Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3662)
"Articles of Association"	the amended and restated articles of association of the Company, which was adopted by special resolution in the 2021 AGM
"Audit Committee" or "AC"	audit committee of the Company
"Board"	the board of Directors
"Cayman Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
"CG Code"	Corporate Governance Code set out in Appendix 14 to the Listing Rules
"chief executive"	has the meaning ascribed to it under the Listing Rules
"Company" / "China Aoyuan"	China Aoyuan Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Dividend Policy"	a dividend policy adopted by the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

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

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

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

Independent Non-Executive Directors

Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
(appointed on 13 April 2021)
Mr. Tsui King Fai *(resigned on 20 January 2023)*
Mr. Hu Jiang *(resigned on 13 April 2021)*
Mr. Wong Wai Keung Frederick
(appointed on 24 February 2023)

AUDIT COMMITTEE

Mr. Cheung Kwok Keung *(chairman)*
Mr. Lee Thomas Kang Bor
(appointed on 13 April 2021)
Mr. Tsui King Fai *(resigned on 20 January 2023)*
Mr. Hu Jiang *(resigned on 13 April 2021)*
Mr. Wong Wai Keung Frederick
(appointed on 24 February 2023)

REMUNERATION COMMITTEE

Mr. Tsui King Fai *(chairman)*
(resigned on 20 January 2023)
Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
(appointed on 13 April 2021, and appointed as the chairman on 20 January 2023)
Mr. Hu Jiang (resigned on 13 April 2021)
Mr. Wong Wai Keung Frederick
(appointed on 24 February 2023)

NOMINATION COMMITTEE

Mr. Guo Zi Wen *(chairman)*
Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
(appointed on 13 April 2021)
Mr. Tsui King Fai *(resigned on 20 January 2023)*
Mr. Hu Jiang *(resigned on 13 April 2021)*
Mr. Wong Wai Keung Frederick
(appointed on 24 February 2023)

JOINT COMPANY SECRETARIES

Ms. Wong Mei Shan
Ms. Lee Mei Yi

AUTHORISED REPRESENTATIVES

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

AUDITOR

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditors

CORPORATE WEBSITE

www.aoyuan.com.cn

STOCK CODE

3883.HK

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

INVESTOR RELATIONS

Email:	ir@aoyuan.net
Telephone:	(852) 3622 2122
	(86) 20-3868 6666
Facsimile:	(852) 2180 6189
	(86) 20-3868 6688

Chairman's Statement

Dear Shareholders,

It is my pleasure to present the Report of China Aoyuan for the year ended 31 December 2021.

In 2021, amidst the intertwining effects of the pandemic and profound changes unseen in a century, the real estate industry continued to steadily implement a long-term mechanism for stabilizing land prices, housing prices and expectations, and the positioning of the "building of houses for habitation, not speculation" became a social consensus. Throughout the year, the fundamentals of China's real estate industry rebounded from an unfavorable start, having entered a period of normalized transition and deep adjustment.

In the face of liquidity pressures in the real estate industry, the Group has responded to the market with respect and adapted to the times by increasing its marketing efforts through the implementation of a one policy for one property approach. Thanks to the support of the community and the perseverance of all staff, the Group recorded property contracted sales of RMB121.03 billion with a contracted GFA of approximately 10.961 million sq.m..

In 2021, the Group proactively sought changes by fully integrating the property sector and realizing a flat management model to further enhance management efficiency and decision-making quality. Product quality and service are the cornerstones of corporate development. During the year, the Group upgraded its 5A+ product competitiveness and launched A+ Factory from the perspective of customers, building a living habitat with warmth and wisdom.

Moving forward for a bright future. In the future, the Group will continue to accelerate the pace of debt conversion, proactively grasp market opportunities and continue to leverage on its operational and land reserve strengths, striving to get back on track, resume normal operations and move towards high-quality sustainable development.

Last but not least, on behalf of the Board, I would like to extend my deep gratitude to our shareholders, investors, business partners, property owners, customers and the general public for their unwavering trust and support, and to our Directors, management and staff for their efforts and contributions.

Guo Zi Wen
Chairman

Hong Kong
30 June 2023

Management Discussion and Analysis

I. BUSINESS REVIEW

In 2021, facing a complex domestic and global situation with challenging risks, China adopted effective coordinated pandemic prevention and control measures, and maintained the momentum of economic recovery. China's property market was buoyant in the early part but tapered off in the second half of the year. Since the second half of the year, the credit environment of the industry has continued to tighten and liquidity has significantly weakened as a result of the intensification of regulatory policies and the changing market environment, resulting in a rapid decline in new start and real estate investment.

At the policy level, the general tone of "housing is for living in, not for speculation" remains unchanged with the objectives of stabilising land prices, housing prices and expectations, the central government proposed to accelerate the development of the residential rental market as well as to meet the reasonable demand of the housing purchase market, promoting the healthy development of the real estate industry.

During the year, the Group achieved property contracted sales of approximately RMB121.03 billion with contracted GFA sold of approximately 10.961 million sq.m.. Details of property contracted sales breakdown by region are as follow:

Region	**Property Contracted sales amount** (RMB billion)	**Contracted GFA Sold** ('000 sq.m.)
South China	39.60	3,803.9
Core Region of Central & Western China	31.37	3,202.0
East China	34.18	2,932.3
Bohai Rim	13.55	935.3
Offshore	2.33	87. 6
Total	121.03	10,961.1

Under the new circumstance, the real estate industry has entered into an era of assets stabilization and retention which emphasizes on quality, substance and value. Customer-oriented and providing better products and services to customers are the most effective strategies in the industry. In 2021, the Group undergone a full upgrade in its 5A+ products systems to satisfy consumers' pursuit of a healthy, happy and quality life. The Group also launched the A+ Factory, i.e. the demonstration area and construction sample section, which effectively facilitated the marketing of the project. During the year, the projects of the Group won 24 awards in the Kinpan Awards, which is regarded as the 16th "Oscars of the Real Estate Industry".

The Group continued to focus on urban redevelopment. As at 31 December 2021, the Group has a total planned GFA of approximately 33.78 million sq.m. of urban renewal projects with a planned saleable area of approximately 14.46 million sq.m. These projects are located in the Greater Bay Area of Guangdong, Hong Kong and Macau.

As at 31 December 2021, the Group's 283 projects with a total landbank of approximately 35.98 million sq.m. and attributable GFA of approximately 28.21 million sq.m..

II. OUTLOOK

Year 2022 will be a pivotal year for the Group's transformation. The Group will proactively seek changes and continue to improve its management. The Group will transform to a stable operation, so as to break out to achieve sustainable corporate development. The Group will also continue to fulfill our corporate social responsibility, and to leverage our comprehensive competitiveness, creating more value for our shareholders, investors and the society.

III. FINANCIAL REVIEW

Operating Results

The revenue is primarily generated from property development. In 2021, the Group's total revenue was approximately RMB50,022 million, representing a decrease of approximately RMB17,772 million or 26.2% over approximately RMB67,794 million in 2020. Property development revenue, other revenue such as hotel operation/property management and sales of goods and property investment revenue accounted for 91.1%, 8.4% and 0.5% respectively.

In 2021, the Group's revenue generated from property development amounted to approximately RMB45,561 million, representing a decrease of approximately RMB18,856 million or 29.3% over approximately RMB64,417 million in 2020. The GFA of delivered properties decreased by 19.0% to 5.58 million sq.m. from 6.89 million sq.m. in 2020, while the average selling price decreased by 12.6% to RMB8,169 per sq.m. from RMB9,349 per sq.m. in 2020. This was mainly attributable to a decrease in the average selling price of residential apartments which accounted for the highest portion of properties delivered compared to the corresponding period in 2020.

Gross (loss)/profit and Margin

In 2021, the gross loss of the Group was RMB11,935 million, representing a decrease of 174.2% over gross profit of RMB16,081 million in 2020, and the gross profit margin was -23.9%.

Other Income, Gains and Losses

In 2021, other income, gains and losses of the Group recorded approximately RMB13,139 million net loss, which mainly included exchange gain of approximately RMB805 million, interest income of approximately RMB923 million, estimated credit losses of approximately RMB8,847 million, impairment losses on interests in joint ventures of approximately RMB1,844 million, impairment losses on interests in associates of approximately RMB306 million, impairment losses on right-of-use assets of approximately RMB1,056 million, impairment losses on property, plant and equipment of approximately RMB884 million, impairment losses on goodwill of approximately RMB594 million, impairment losses on intangible assets of approximately RMB159 million, impairment loss on assets classified as held for sale of approximately RMB1,194 million and other gains of approximately RMB17 million.

Selling and Distribution and Administrative Expenses

In 2021, total selling and distribution expenses of the Group were approximately RMB2,536 million, basically the same as that of approximately RMB2,531 million in 2020. Total administrative expenses increased by 17.7% from approximately RMB3,330 million in 2020 to approximately RMB3,921 million.

Loss Attributable to Owners of the Company

In 2021, loss attributable to owners of the Company was approximately RMB33,075 million, representing a decrease of 659.9% over the profit of approximately RMB5,908 million in 2020.

Financial Position

As at 31 December 2021, the Group's total assets amounted to approximately RMB261,423 million (as at 31 December 2020: approximately RMB325,678 million) and total liabilities were approximately RMB268,953 million (as at 31 December 2020: approximately RMB271,426 million).

Current ratio was 0.9 as at 31 December 2021 (as at 31 December 2020: 1.4).

Cash Position

As at 31 December 2021, the Group had cash and bank deposits of approximately RMB9,262 million (as at 31 December 2020: approximately RMB52,504 million). As at 31 December 2021, the Group had restricted bank deposits of approximately RMB9,153 million (as at 31 December 2020: approximately RMB17,522 million).

As at 31 December 2021, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB18,415 million, of which 95.3% was denominated in Renminbi and 4.7% was denominated in other currencies (mainly in HK dollar, Australian dollar and Canadian dollar).

Borrowing, Senior Notes, Corporate Bonds

As at 31 December 2021, the Group had bank and other borrowings of approximately RMB84,927 million (as at 31 December 2020: approximately RMB80,953 million) and senior notes and corporate bonds of approximately RMB29,481 million (as at 31 December 2020: approximately RMB33,920 million) as follows:

	31 December 2021 (RMB million)	31 December 2020 (RMB million)
Repayment period		
Repayable on demand and within one year	**112,777**	52,267
More than one year, but not exceeding two years	**1,563**	26,442
More than two years, but not exceeding five years	**68**	31,636
More than five years	**–**	4,528
	114,408	114,873

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

Contingent Liabilities

As at 31 December 2021, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and banking facilities granted to joint ventures and associated companies of the Group amounting to approximately RMB100,523 million (as at 31 December 2020: approximately RMB110,427 million).

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

Commitments

As at 31 December 2021, the Group had construction cost, land payments, acquisition of subsidiaries and a joint venture and registered capital injection in a joint venture contracted but not provided for of approximately RMB23,951 million (as at 31 December 2020: approximately RMB30,665 million). In addition, the Group's share of commitments relating to its joint ventures arising from construction cost contracted but not provided for is approximately RMB4,938 million (2020: RMB6,976 million). The Group expects to fund these commitments principally from sale proceeds of properties and bank borrowings.

Foreign Currency Risks

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

Pledge of Assets

As at 31 December 2021, the Group pledged its properties for sales, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposit of approximately RMB48,562 million (as at 31 December 2020: approximately RMB66,653 million) to various banks to secure project loans and general banking facilities granted to the Group.

EVENTS AFTER THE REPORTING PERIOD

Except for the measures the Group implemented or is in the process of implementing to improve the liquidity and cash flows as disclosed in Note 2 to the consolidated financial statements and those disclosed in Note 58 to the consolidated financial statements, the following significant events have taken place:

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

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

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

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

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

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

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

Independent Investigation as to the Fund Flows Matters

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

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

Progress of the Offshore Debt Restructuring

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

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

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

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

KPMG Advisory (China) Limited

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

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2021, the Group had 13,032 employees (31 December 2020: 23,773 employees). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations, the Group provides contributions to social insurance of China and contribution to the Mandatory Provident Fund Scheme of Hong Kong for eligible employees. The Group also provides employees in China with medical insurance, individual work injury insurance, maternity insurance and unemployment insurance.

Guo Zi Wen, Executive Director

Chairman

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

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

Guo Zi Ning, Executive Director

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

Ma Jun, Executive Director

Co-president

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

Chen Zhi Bin, Executive Director

Co-president and Chief Financial Officer

Chen Zhi Bin, aged 41, is an executive Director and co-president of the Group. From 19 April 2019 to 27 April 2023, Mr. Chen had served as the chief financial officer of the Group. He is mainly responsible for the domestic and external debt restructuring of the Group. Mr. Chen graduated from Sun Yat-Sen University in the PRC with a bachelor's degree in finance and is a member of The Chinese Institute of Certified Public Accountants. Mr. Chen joined the Group in August 2014, he was appointed as an executive Director on 27 January 2021 and was appointed as co-president of the Group on 21 March 2021. Mr. Chen had served in renowned companies such as Deloitte Touche Tohmatsu CPA and Fantasia Holdings as an audit and assurance manager and a general manager of finance department, respectively. Mr. Chen had served as a non-executive director of Aoyuan Healthy Life Group Company Limited (3662.HK) from 9 July 2018 to 29 January 2021.

Chan Ka Yeung Jacky, Executive Director

Senior vice president

Chan Ka Yeung Jacky, aged 42, was an executive Director and a senior vice president of the Group. Mr. Chan is mainly responsible for listed company related affairs, including corporate finance and capital markets management, as well as advisory of International Investment Group. He graduated from the University of Illinois at Urbana-Champaign in the USA with extensive experiences in finance industry and corporate management. Mr. Chan joined the Group in October 2013, and was appointed as an executive Director on 15 April 2019 and left his positions as an executive Director and a senior vice president of the Group on 14 April 2022. He had previously been the capital markets department head of Agile Group and the chief investment officer of Zhong An Group. Except for being a Director of the Company, Mr. Chan has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Zhang Jun, Non-executive Director

Zhang Jun, aged 46, was a non-executive Director. Mr. Zhang graduated from Zhongnan University of Economics and Law, majoring in Marketing and studied in Wuhan University with a minor in Industrial and Civil Architecture. Mr. Zhang joined the Group in February 2015 and was appointed as an executive Director on 20 April 2020, and was re-designated as a non-executive Director on 30 July 2021. He resigned as a non-executive Director on 29 July 2022. Mr. Zhang served as a deputy general manager of operation and marketing and vice president in renowned companies such as Dalian Wanda Group Company Limited and China Yurun Food Group Limited. Except for being a Director of the Company, Mr. Zhang has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Tsui King Fai, Independent Non-executive Director

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

Cheung Kwok Keung, Independent Non-executive Director

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

Lee Thomas Kang Bor, Independent Non-executive Director

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

Hu Jiang, Independent Non-executive Director

Hu Jiang, aged 66, was appointed on 28 February 2014 and resigned on 13 April 2021 as an independent non-executive Director, a member of each of Audit Committee, Remuneration Committee and Nomination Committee. He was the principal of Beijing Normal University (Zhuhai) College of Real Estate from November 2010 to July 2015. Mr. Hu has over 20 years of teaching and research experience in the fields of geography and real estate. He is a senior economist and has the qualification of a PRC registered real estate appraiser. He is also a member of China Real Estate Valuers Association and he was appointed as deputy general secretary of China Real Estate Valuers and Agent Association in July 2015. Mr. Hu holds a degree in science from the Beijing Normal University. Mr. Hu had been a vice president of the Company from July 2007 to May 2008. Except for being a Director of the Company, Mr. Hu has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Tan Yi

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

Yang Hai Neng

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

JOINT COMPANY SECRETARIES

Wong Mei Shan

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

Lee Mei Yi

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

Corporate Governance Report

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

DIRECTORS' RESPONSIBILITIES

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

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

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

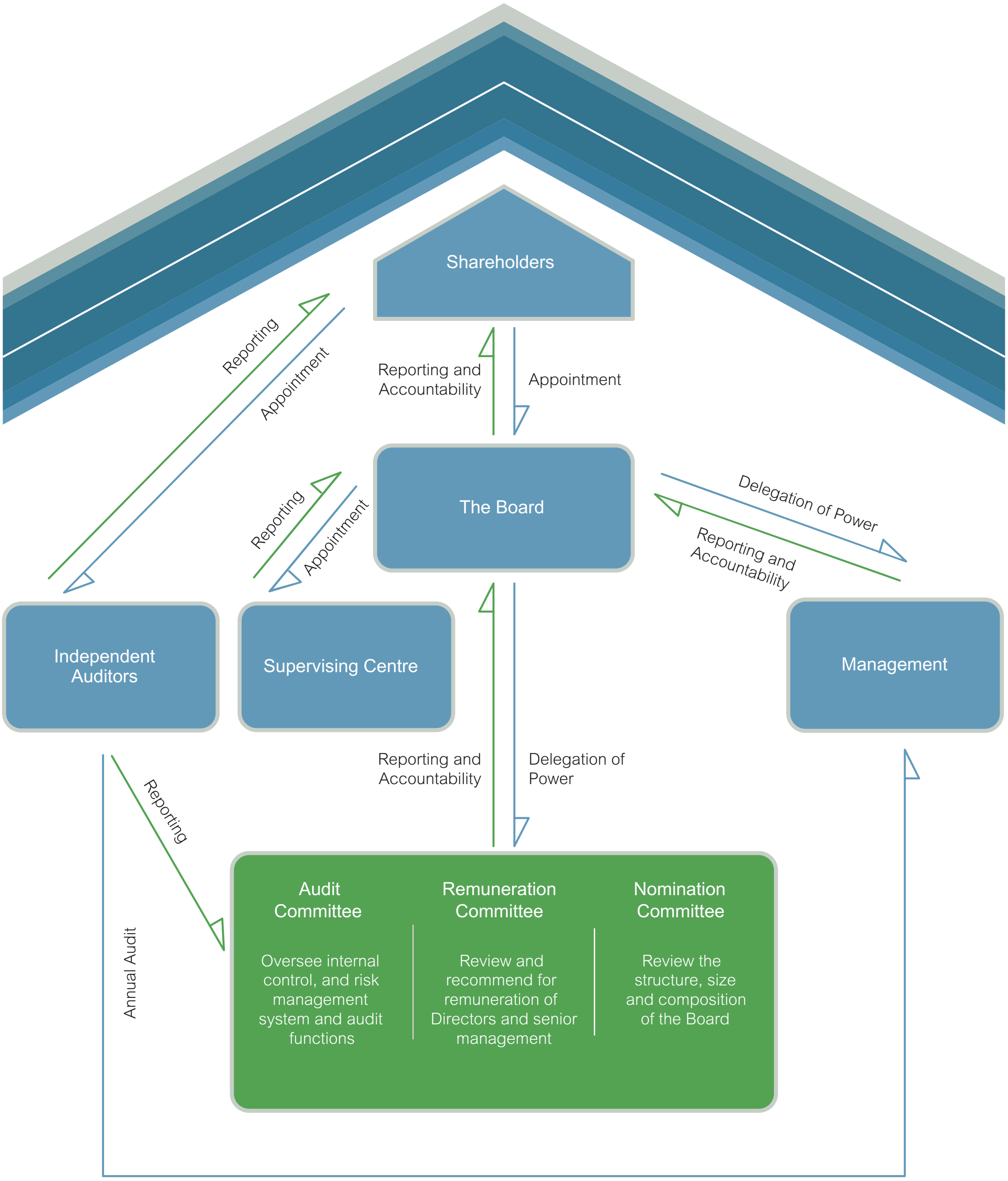
(d) formulation, review and monitoring of the code of conduct and compliance applicable to employees and Directors;

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

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

For the year ended 31 December 2021, the Company has complied with the provisions of the CG code, details of which are set out on pages 20 to 35 of this report.

CORPORATE GOVERNANCE STRUCTURE



Board of Directors

As at 31 December 2021, the Board comprised five executive Directors namely Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Ma Jun, Mr. Chen Zhi Bin and Mr. Chan Ka Yeung Jacky, one non-executive Director, namely Mr. Zhang Jun, and three independent non-executive Directors, namely Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Lee Thomas Kang Bor. The Company fully complied with the requirements in relation to independent non-executive Directors set out in Rule 3.10 of Listing Rules. The biographical details of each Director are set out on pages 15 to 18. The Board possesses a balance of skills and experience fulfilling the requirements of the Company's business. The Directors possess management, finance and accounting professional qualifications with extensive experience in diversified business.

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

The Board is scheduled to meet at least four times a year to determine overall strategic direction and objectives, approve interim and annual results, and discuss other significant matters on the businesses and operations of the Group. During the year ended 31 December 2021, a total of 10 Board meetings were held. Details of the Directors' attendance at the Board meetings are set out under "Directors'/Committee Members' Attendance at Meetings" below.

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

Directors'/Committee Members' Attendance at Meetings

	Meeting Attended/Held During the Year Ended 31 December 2021					
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors						
Mr. Guo Zi Wen	10/10			3/3	1/1	0/1
Mr. Guo Zi Ning	10/10				1/1	0/1
Mr. Ma Jun	10/10				1/1	0/1
Mr. Chen Zhi Bin *(appointed on 27 January 2021)*	10/10				1/1	1/1
Mr. Chan Ka Yeung Jacky	10/10				1/1	1/1
Non-executive Director						
Mr. Zhang Jun *(re-designated from executive Director to non-executive Director on 30 July 2021)*	10/10				0/1	0/1
Independent Non-executive Directors						
Mr. Tsui King Fai	10/10	2/2	3/3	3/3	1/1	1/1
Mr. Cheung Kwok Keung	10/10	2/2	3/3	3/3	1/1	1/1
Mr. Lee Thomas Kang Bor *(appointed on 13 April 2021)*	8/8	1/1	0/0	0/0	1/1	1/1
Mr. Hu Jiang *(resigned on 13 April 2021)*	1/1	1/1	2/3	2/3	0/0	0/0

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

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

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

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

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

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

Records of the Directors' training during 2021 are as follows:

Members of the Board	**Training received**
Executive Directors	
Mr. Guo Zi Wen *(Chairman)*	(1) & (2)
Mr. Guo Zi Ning *(vice chairman and chief executive officer)*	(1) & (2)
Mr. Ma Jun *(co-president)*	(1) & (2)
Mr. Chen Zhi Bin *(co-president and chief financial officer) (appointed on 27 January 2021)*	(1) & (2)
Mr. Chan Ka Yeung Jacky *(senior vice president)*	(1) & (2)
Non-executive Director	
Mr. Zhang Jun *(re-designated from executive Director to non-executive Director on 30 July 2021)*	(1) & (2)
Independent Non-executive Directors	
Mr. Tsui King Fai	(1) & (2)
Mr. Cheung Kwok Keung	(1) & (2)
Mr. Lee Thomas Kang Bor *(appointed on 13 April 2021)*	(1) & (2)
Mr. Hu Jiang *(resigned on 13 April 2021)*	(1) & (2)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

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

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

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

Name of Director	**Number of Meeting Attended/ Number of Meeting Held**
Mr. Guo Zi Wen	1/1
Mr. Tsui King Fai	1/1
Mr. Cheung Kwok Keung	1/1
Mr. Lee Thomas Kang Bor *(appointed on 13 April 2021)*	0/0
Mr. Hu Jiang *(resigned on 13 April 2021)*	1/1

BOARD COMMITTEES

(a) Audit Committee

During the year, the AC consists of three members with all INEDs, namely, Mr. Cheung Kwok Keung (as chairman), Mr. Tsui King Fai, Mr. Hu Jiang (up to 13 April 2021) and Mr. Lee Thomas Kang Bor (from 13 April 2021 onwards). Mr. Lee Thomas Kang Bor was appointed as an independent non-executive director and a member of AC to fill the vacancy due to the resignation of Mr. Hu Jiang as independent non-executive director and member of the AC on 13 April 2021. Mr. Cheung Kwok Keung, the chairman of AC, has appropriate professional qualifications, accounting and related financial management expertise, with appropriate professional qualification as required under Rule 3.10(2) of the Listing Rules.

The terms of reference of the AC are in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the AC are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reports; and oversee financial reports and internal control procedures of the Company.

For the year ended 31 December 2021, the AC held 2 meetings. Details of the committee members' attendance at the AC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the AC during the year ended 31 December 2021 is set out below:

- reviewed the announcement of annual results and annual report of the Group for the financial year ended 31 December 2020 before submission to the Board for adoption and publication;
- reviewed the announcement of interim results and interim report of the Group for the six months ended 30 June 2021 before submission to the Board for adoption and publication;
- met with the auditors to discuss the accounting and audit issues of the Group and reviewed their findings, recommendations and representations;
- reviewed the Group's internal control and risk management system; and
- reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes.

(b) Remuneration Committee

During the year, the RC consists of three members with all INEDs, namely, Mr. Tsui King Fai (as chairman), Mr. Cheung Kwok Keung, Mr. Hu Jiang (up to 13 April 2021) and Mr. Lee Thomas Kang Bor (from 13 April 2021 onwards). Mr. Lee Thomas Kang Bor was appointed as an independent non-executive director and a member of RC to fill the vacancy due to the resignation of Mr. Hu Jiang as independent non-executive director and member of the RC on 13 April 2021.

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

For the year ended 31 December 2021, the RC held 3 meetings. Details of the committee members' attendance at the RC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the RC during the year ended 31 December 2021 is set out below:

- reviewed the existing policy and structure of the remuneration of management of the Group;
- made recommendations to the Board on the remuneration packages of the executive Directors and management of the Group;
- reviewed and approved performance-based remuneration by reference to corporate goals and objectives resolved by the Board; and
- assessed performance of the executive Directors.

(c) Nomination Committee

During the year, the NC consists of four members with one executive Director, namely Mr. Guo Zi Wen (as chairman) and three INEDs, namely, Mr. Tsui King Fai, Mr. Cheung Kwok Keung, Mr. Hu Jiang (up to 13 April 2021) and Mr. Lee Thomas Kang Bor (from 13 April 2021 onwards). Mr. Lee Thomas Kang Bor was appointed as an independent non-executive director and a member of NC to fill the vacancy due to the resignation of Mr. Hu Jiang as independent non-executive director and member of the NC on 13 April 2021.

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

For the year ended 31 December 2021, the NC held 3 meetings. Details of the committee members' attendance are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the NC during the year ended 31 December 2021 is set out below:

- made recommendations to the Board on the re-election of Directors at the 2021 AGM;
- made recommendations to the Board on the new appointment of an executive Director and independent non-executive Director;
- assessed the independence of INEDs; and
- reviewed the structure, size and composition of the Board.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

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

DIRECTOR NOMINATION POLICY

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

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

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

- Skills, experience and professional expertise – the candidate should possess the skills, knowledge, experience, qualification and professional expertise which are relevant to the operation of the Group.
- Diversity – the candidate should be considered with due regard to the diversity perspectives set out in the board diversity policy of the Company.
- Commitment – the candidate should be able to devote sufficient time to attend the board meetings and participate in induction, training and other relevant activities.

- Standing – the candidate must satisfy the Board and the Stock Exchange that he/she has the character, experience and integrity, and possess a standard of competence commensurate with the relevant position as a director of the Company.

- Independence – the candidate to be nominated as an independent non-executive Director must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During 2021, there were some changes in the composition of the Board as below:

1. Mr. Chen Zhi Bin was appointed as an executive Director, with effect from 27 January 2021.

2. Mr. Hu Jiang resigned as an independent non-executive Director and Mr. Lee Thomas Kang Bor was appointed as an independent non-executive Director, with effect from 13 April 2021.

3. Mr. Zhang Jun re-designated from executive Director to non-executive Director, with effect from 30 July 2021.

Save as disclosed, there was no other change in the composition of the Board during 2021.

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

BOARD DIVERSITY POLICY

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

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

With the existing Board members coming from different industries and professional background, having a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. Furthermore, our Board has a wide range of age, ranging from 40 years old to 72 years old. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, at present, the composition of our Board satisfies our Board Diversity Policy. During the year, the Board did not have female director, but the Board will try to achieve the target of appointing at least 1 female director in the coming future.

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

GOING CONCERN AND MITIGATION MEASURES

In view of the matters described in the section headed "Basis for disclaimer of opinion – Multiple Uncertainties Relating to Going Concern" in the "Independent Auditor's Report" on pages 105 to 107 of this annual report, the Company's independent auditor, SHINEWING (HK) CPA Limited (the "Auditor"), did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2021.

The Directors have carefully considered the Group's anticipated cash flow projections for the next 18 months from 31 December 2021 and have given due consideration to the matters that give rise to material uncertainty as to its ability to continue as a going concern, and accordingly, have proactively come up with debt solutions to improve the liquidity position, details of which are set out in note 2 to the consolidated financial statements as contained in this annual report. In the Directors' opinion, in view of such plans and measures, the Group will be able to optimize resources to revitalize the construction and sales of its properties and meet its financial obligations as and when they fall due within the next 18 months from 31 December 2021. Accordingly, the Directors consider that the preparation of the consolidated financial statements as at 31 December 2021 on a going concern basis is appropriate.

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

All divisions conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security.

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

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

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

The Board, according to the AC as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2021, and considered that such systems are effective and adequate. The annual review also covered the financial reporting, internal audit function, and staff qualifications, experiences and relevant resources.

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

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

AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 December 2021 and confirm that the financial statements contained herein give a true and fair view of the results and state of affairs of the Group for the year under review. The Directors consider that the financial statements have been prepared in conformity with the statutory requirements and the applicable accounting standards.

Auditor's Remuneration

An analysis of the remuneration paid/payable to the previous external auditor of the Company, Deloitte Touche Tohmatsu, and current external auditor, SHINEWING (HK) CPA Limited, in respect of audit services and non-audit services during/for the year ended 31 December 2021 is set out below:

	Fees paid/Payable to current external auditor RMB'000	Fees paid/Payable to previous external auditor RMB'000
Audit services	9,500[1]	1,594
Non-audit services		
– Interim review	–	2,380
– Issue of senior notes	–	1,940
– Provision of tax and other advisory services	–	248

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Upon specific enquiry by the company secretary of the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2021.

JOINT COMPANY SECRETARIES

Ms. Wong Mei Shan and Ms. Lee Mei Yi are the joint company secretaries of the Company. Ms. Lee Mei Yi is an executive director of Corporate Services of Tricor Services Limited, and is not a full time employee of the Company. Ms. Wong Mei Shan is a full time employee of the Company. For the year ended 31 December 2021, both of Ms. Wong and Ms. Lee have received not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

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

1. Communication with Shareholders

The general meetings provides a channel for communication between the Board and the Shareholders. The Group makes great efforts to enhance the communication with Shareholders. The Shareholders can visit the website of the Company (www.aoyuan.com.cn) for updated information of the Group and press releases are also posted on our website in a timely manner. According to the Articles of Association adopted on 25 May 2021, notice of the AGM together with the meeting materials will be despatched to all shareholders at least 21 clear days and at least 20 clear business days before the AGM.

2. Procedures to convene an extraordinary general meeting

Shareholders may request the Company to convene a general meeting according to the provision as set out in the Articles of Association and the Cayman Companies Act. A copy of the Articles of Association can be found on the Company's website. The procedures for shareholders to nominate a person for election as a Director of the Company is available on the Company's website with title "Procedures for Shareholders to Propose a Person for Election as a Director of the Company".

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

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

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

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

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

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

4. Procedures to send enquiries to the Board

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

INVESTOR RELATIONS

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

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

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

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

CONSTITUTIONAL DOCUMENT

During the year, the amended and restated Memorandum and Articles of Association was adopted by the shareholders of the Company in the annual general meeting of the Company held on 25 May 2021 for housekeeping purpose (allowing general meetings to be held as a hybrid meeting or an electronic meeting) and for the purpose of conforming with certain amendments to the Listing Rules which had become effective since the last amendment of the Articles of Association. An up-to-date version of the Company's Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website.

DIVIDEND POLICY

The Board has adopted a dividend policy in accordance with the CG Code:

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

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

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

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

(4) the Group's liquidity position;

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

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

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

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

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

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

Environmental, Social and Governance Report

China Aoyuan Group Limited ("China Aoyuan" or the "Company"), together with its subsidiaries (the "Group", "we" or "us"), as a leading developer and operator of composite real estate and theme properties in China, is committed to building a harmonious and beautiful living experience and cultural values for our owners with a brand concept of "Building Healthy Life". As such, China Aoyuan takes its corporate social responsibility seriously and actively contributes to the environment and society, pledging to create a better living environment for stakeholders and the community.

ABOUT THE ESG REPORT

Reporting Standards

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

Scope of Reporting

The Report discloses the ESG performance of business related to property development and property investment in Mainland China from 1 January 2021 to 31 December 2021 (the "2021 Financial Year" or the "Reporting Period"). As the nature of the business is similar across each region (and the corresponding environmental, social and governance impacts are similar) and the scale of the business is directly proportional to revenue, thus we use revenue to determine the scope of reporting. Unless otherwise stated, the disclosure scope of the Report is consistent with that of the 2020 Environmental, Social and Governance Report, including policies and management practices on material environmental, social and governance issues relating to property development and real estate investment.

The environment data disclosed in this Report include only the direct emission and consumption data generated from offices and sales centers during the operation of relevant businesses of real estate development and real estate investment of the Group, and do not include the environment data generated from third parties of the Group, such as contractors, tenants and customers. The environment data disclosed in this Report include only the direct emission and consumption data generated from offices and sales centers during the operation of relevant businesses of real estate development and real estate investment of the Group, and do not include the environment data generated from third parties of the Group, such as contractors, tenants and customers.

Principle of the ESG Report

The Group based on the four reporting principles of materiality, quantitative, balance and consistency to prepare and compile the Report and determine the presentation of the content to ensure that it provides true, accurate and valuable information to the reader.

Materiality

Report all material ESG issues related to individuals and groups that have a significant impact on, or are affected by, the operations of the Group. For details, please refer to the relevant chapters in the Report

Quantitative

We measured key performance indicators with reference to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 on the Listing Rules of the HKEX, including collecting data, checking files, and calculating and disclosing data, and submitted to the Board of Directors for review. For all standards, methods and assumptions adopted for calculating performance data (if applicable), please refer to the relevant sections in the Report

Consistency

The scope of reporting and the disclosure of survey method are consistence with the previous year, including the consistent data statistics and conversion methods, enabling stakeholders to clearly understand and meaningfully compare the ESG performance of the Group.

Balance

The Group described and disclosed its relevant data and content in an objective and fair manner

VISION AND MISSION

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

The service experience of our customers is of utmost importance to the Group. Therefore, the Group continuously enhances customer satisfaction and create value for customers through building a customer-oriented management system. In addition, the Group pursues product and service innovation to enrich its brand content, thereby enhancing brand awareness and reputation and gaining customer recognition.

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

ESG GOVERNANCE STRUCTURE

China Aoyuan has integrated sustainability management into the corporate governance structure. A sustainable development working group has been established under the authority of the Board of Directors to deliver and fulfill the Group's commitment to sustainable development.

The Audit Committee at Board level oversees the risk management and internal control system, regularly assesses the overall risk of the Group and formulates appropriate internal control plans to reduce the risk to an acceptable level.

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

- Keep abreast of the latest developments and regulations on corporate governance and ensure that the Group's systems and practices are in line with the requirements of the authorities
- Report regularly to the Board on sustainability-related issues and the management of the entity
- Ensure integration of the structure and system of the Group with sustainable development strategies
- Ensure the clear and accurate disclosure of the performance and investment in sustainable development of the Group
- Ensure that staff receive training specific to their job nature and that a sense of sustainability is embedded in the corporate culture

The Working Group regularly reports to the Board on the Group's sustainability performance and the latest developments to ensure that the Board receives sufficient information to effectively review the achievement of sustainability policies and initiatives. The Board will follow up in a timely manner if progress is found to be unsatisfactory or if there are significant risks in the operation of some businesses.

MATERIALITY ASSESSMENT

Stakeholders Engagement

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

Categories of stakeholders	Our communication channels
Tenants and Customers	• Guidelines on fit-out, energy conservation and waste reduction • Interviews • Conferences, seminars and visits • Specialists for maintaining the relationship with tenants and residents • Questionnaires and customer service hotline • Corporate events • Mobile applications • Social media • Company website
Local Community	• Company website • Public/community activities • Volunteer service • Charitable activities and donations • Facilitating urban renewal, heritage and preservation • Providing local employment opportunities
Supply Chain Partnership	• Tendering and procurement procedures • Training and presentations • Review and performance evaluation • Meetings
Shareholders and Investors	• Annual general meetings to announce annual results • Annual reports and interim reports • Company website • Roadshows and investor meetings • Regular communication • ESG awards and ratings
Other external stakeholders	• General construction contracting work, municipal general contracting, steel structure, fire-fighting, electrical and mechanical, renovation and decoration, ground and foundation works • Highway, construction industry (building engineering, civil defence shelter) design

MATERIALITY AND RELEVANCE ASSESSMENT

As issues of concern to stakeholders are constantly update with a change in the market and the environment, based on to market trend, opinions gathered via stakeholder communication, and internal review made by the Board, we have identified of 20 sustainable development issues during the Reporting Period, including material issues that directly affect internal and external stakeholders in the course of operation.

In order to identify material ESG related aspects involved in business operation, We conducted a materiality assessment with the aim of deeply understand stakeholders'expectations on the Group so as to formulate best-fit business strategies to deal with market needs. The Group, through questionnaires, understand from internal stakeholders, external stakeholders and the Group management the issues they consider relevant and important to stakeholders and the Group's operations. The Group adopted the following three steps to assess the materiality of an issue towards stakeholders and the entire business.

Identify

The Group distributes questionnaires to stakeholders for understanding of ESG issues they are exposed to and letting them rank the issues in accordance with importance.

Analyze

The Group analyzes the results of the survey and combines the feedback from the above-mentioned communication channels in the daily operations to compile a matrix according to the materiality of the issues to the stakeholders and to the business.

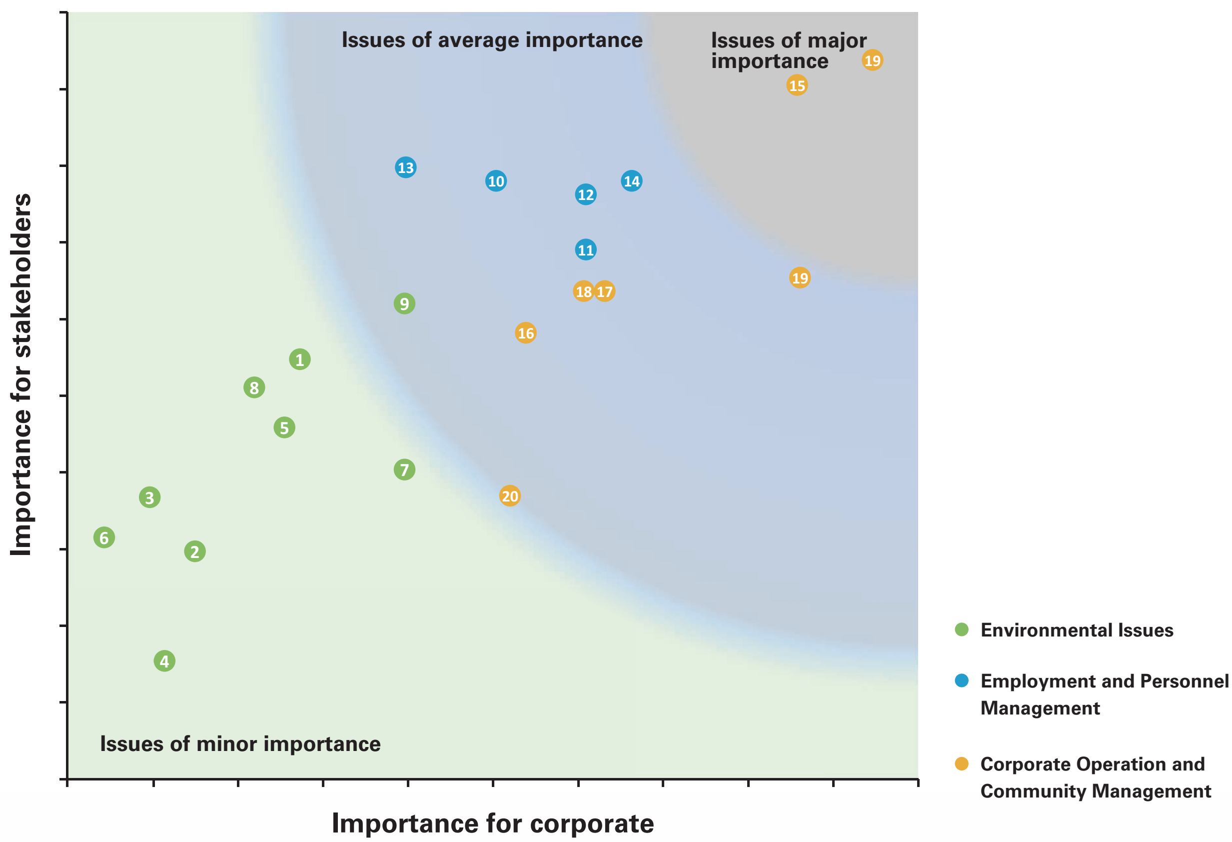
Confirm

The management and the Board of the Group review and confirm the results of the materiality assessment in response to the concerns of the stakeholders.

MATERIALITY MATRIX

Based on the results of the materiality assessment above, the issues of concern to stakeholders for the financial year 2021 are ranked in order of materiality as follows:

ESG Materiality Martix in 2021



Category	No.	Issue
Environmental Management	1	Assess risks associated with climate change, implement sustainable operation strategy and environmental management system, and promote green operation
	2	Reduce emission of air pollutant
	3	Appropriate sewage treatment and discharge
	4	Reduce greenhouse gas emissions
	5	Reduce production of appropriate disposal and/or recycling of hazardous waste
	6	Reduce production and appropriate disposal and/or recycling of non-hazardous waste
	7	Promote energy saving and enhance energy efficiency
	8	Promote Water conservation and enhance water efficiency
	9	Protect the biodiversity of development sites, construction sites and surrounding areas
Vocational and Employment Management	10	Reasonable working condition for staff
	11	Diversity and equal opportunities in the workplace
	12	Health and safety of employees, reduction of workplace injuries, occupational disease body check for staff
	13	Conduct regular training to upgrade skills of the staff
	14	Prevention of child labour and forced labour
Corporate Operation and Community Management	15	Ensure that projects meet national and industry standards in terms of safety, environmental protection and health
	16	Manage environmental and social risks along supply chain, including promoting the use of environmentally friendly products and services
	17	Improve data protection and privacy, ensuring the accuracy of advertising and enhancing customer service to enhance customer satisfaction
	18	Promote technological innovation of the Group and industry, and protect intellectual property rights
	19	Operate in compliance with the law, including anti-corruption, bribery, extortion, fraud and money laundering
	20	Promote community building and communication through staff volunteering and participation in community projects and donations

The operation activities of the Group do not involve the production of plentiful hazardous wastes and the use of packaging materials. Therefore, the relevant disclosure does not apply.

Based on the above materiality matrix, the Report will cover the following related issues of corporate governance, service responsibility, community investment, workplace practices and environmental management, and describe them in order of materiality.

Corporate Operation and Community Management

- **Corporate Goverance**
  - Anti-corruption and All-round Integrity Construction
  - "Three Defences" on Anti-corruption, Whistle-blowing Policies and Integrity Education
- **Service Responsibility**
  - Property Quality and Advertising
  - Customer Services
  - Intellectual Property and Personal Data Protection
  - Supply Chain Management
- **Community Investment**
  - Poverty Alleviation
  - Community Support

Employment and Personnel Management

- Occupational Safety Management
- Quality and Safety of Work
- Diversity and Equal opportunities
- Career Development and Training
- Staff Care
- Compliant Employment, Anti-Child Labour and Anti-Forced Labour

Environmental Management

- Green Buildings
- Green Operation
- Energy Efficiency and Emissions
- Environmental Compliance Management

CORPORATE OPERATION AND COMMUNITY MANAGEMENT

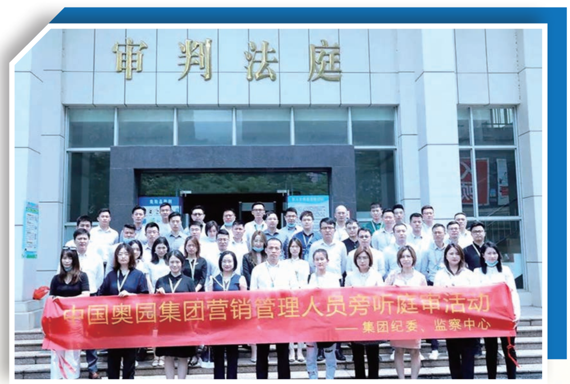
CORPORATE GOVERNANCE

Anti-corruption

In 2012, the Group became the first private enterprise in Guangzhou to establish a disciplinary inspection committee. In March 2019, the Group joined the China Enterprise Anti-Fraud Alliance, which is the first private and non-profit corporative organisation in China initiated by enterprises with the goal of anti-fraud. In July 2019, the Group established an independent Supervision Centre to build a centralized, vertical and efficient monitoring system with the objective of preventing corruption and minimising losses to the Company, so as to strengthen integrity management. In July 2020, the Group became a council member of the China Enterprise Anti-Fraud Alliance, communicating closely with alliance members to jointly combat corruption, fraud, information security and other crimes, improve anti-corruption governance.

The Group did not have any material breaches of laws and regulations relating to anti-corruption and fraud, nor had any concluded corruption litigation during the reporting period.

The Supervision Centre has continued to strengthen its internal management and training, including promulgating a series of internal rules, reviewing workflow, and developing a whistle-blowing policy. In addition to regular internal forums and training sessions as well as communicating with different law enforcement agencies, the Supervision Centre has adopted a more relaxed approach to promote integrity awareness, such as the production of a microfilm "Choice" adapted from a real-life case, the appointment of integrity supervisors, the launch of WeChat emoji pack with the theme of integrity, and the organisation of public court hearings.



All-round anti-corruption and bribery

01 Strictly following the Listing Rules of the Main Board of Hong Kong Stock Exchange and local laws and regulations, promoting high transparency and standardized management, to ensure corporate governance and integrity of operation in accordance with the laws.

02 Attaching importance to the integration of internal integrity mechanism building and operations, strengthening integrity building and standardising correspondence channels, standardising the duties of each functions and the approval authority of each position, improving and regularising the gift registration and reporting system to fulfill the responsibility of "integrity indicators".

03 Enhancing integrity awareness of the employees through training. The Group has issued integrity tips from time to time such as the "Notice on Reaffirming Integrity Management Responsibilities under Integrity Policy" and the "Notice on Spending Mid-Autumn Festival and National Day with Integrity". The Group also requires new employees to sign a commitment letter on integrity and carries out integrity review on the performance appraisal, emphasizing that employees should abide by professional ethics and perform their duties in a responsible and integrity manner.

04 Establishing supplier relationships with integrity and transparency by adding integrity clauses and whistle-blowing channels in contracts, and adopting electronic procurement to prevent commercial bribery. At the same time, the Group has been actively establishing a joint mechanism on the prevention of commercial crimes to jointly promote the building of integrity culture with the stakeholders, including property owners, suppliers and business partners.

"Three defences" on anti-corruption

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

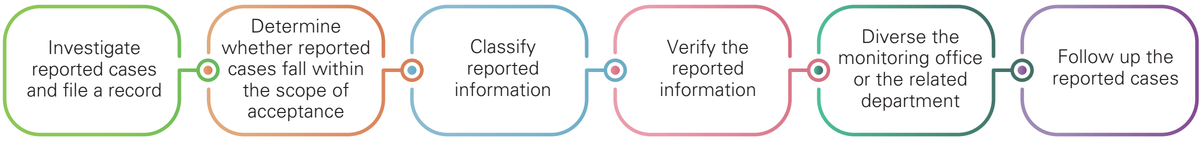
1. Working with human resources department to guard the entrance line of employees. The Supervision Centre carries out a review of integrity in the process of employee induction and promotion in according with the Regulations on Supervision Work of China Aoyuan Group, and gives feedbacks based on internal investigation and data from the Trust and Integrity Enterprise Alliance, the Enterprise Anti-Fraud Alliance, the "Greater Bay Area Enterprise Monitoring Alliance".

2. Building the three-tier education system in the Group and facilitating integrity education through various channels, such as intranet, internal magazine and official WeChat accounts. In 2021, the Group appointed a total of 73 legal personnel as integrity supervisors to be responsible for the integrity supervision and feedback, and gift registration of the corresponding departments, so as to delegate the supervision to the frontline and prevention at the front end.

3. Establishing the "three-in-one" supervision comprising disclosure, inspections and review. Integrity disclosure has been fully implemented within the Group, the Supervision Center conduct the inspections to strengthen the effectiveness of integrity disclosure, and to monitor the implementation of rectification measures, building a solicit guard vail for integrity management.

Whistle-blowing Policies

The Group establishes various whistle-blowing channels to facilitate supervision. We have laid down the confidentiality policy for whistle-blower to encourage the real-name whistle-blowing. All subsidiaries are required to post whistle-blowing materials at designated locations. The Supervision Centre visits the office areas, marketing centres, stores, warehouses and other locations of subsidiaries from time to time to conduct random checks on the integrity disclosure and reports the results internally.



Integrity Education

The Company Secretary provides the information on corruption prevention issued by the Hong Kong Independent Commission Against Corruption to strengthen the Board's integrity awareness, and provide practical advice to the Board members to implement effective anti-corruption measures at both individual and corporate levels.

The Supervision Centre is responsible for coordinating the construction of the Group-wide integrity education system and for formulating integrity education annual plans, while conducting trainings on integrity building and anti-corruption rules and regulations. We also conduct special interpretation and Q&A on the "Regulations on Supervision Work of China Aoyuan Group" to conduct focused publicity on new regulations and requirements in the regulations, and carry out integrity promotion through explanation of laws and regulations, case warning education and other means.

Case Study: Nip a vice in the bud and sail far away steadily
Wuhan regional company round-trip integrity training

From 25 August to 3 September 2021, Wuhan Regional Company launched a round-trip training for all staff to total of 250 staff from six project companies joined the training in order to further build up a line of defence against corruption, implement regional integrity building, and promote the spirit of "Moral and Integrity".

The trainings are aimed to continuously strengthen the integrity awareness and prompt the staff to "respect, stay afraid and defend the bottom line" at all times amid staff through typical corruption case analysis and expert sharing, so as to ensure a sustainable development of the Group and build the foundation of integrity on the road to high-quality development.

SERVICE RESPONSIBILITY

Property Quality and Advertisement

The Group continues to improve its quality of property projects from design to construction, marketing and after-sales services, in order to enhance the Group's customer satisfaction. The Group sets project inspection systems and quality inspection standards based on the best practice of national and international projects, we also require suppliers to comply with such standards and include such standards in the terms of relevant contracts, the Group has an internal organisation that conducts regular inspections on the quality of the projects in accordance with these standards. The Group has commissioned Shenzhen Ruijie Engineering Consulting Services Company Limited(深圳瑞捷工程諮詢服務有限公司), which is ranked first in the industry, to conduct physical measurements and safety assessments and benchmarking analysis against industry standards, with a view to improving the Group's construction workmanship".

All projects strictly comply with national legal requirements, and are inspected and accepted by relevant governmental authorities to ensure that the projects meet the standards. The Group has established the "Project Delivery Guidelines" to regulate the property delivery process. We will arrange a dedicated team to carry out inspection procedures for owners in accordance with the "Guidelines on Unit Inspection" and the "Joint Assessment for Delivery". The team inspects whether the properties meet the delivery standards and are consistent with the sales information in accordance with the established standards. The customer service department is responsible for handling customer's feedback and complaints during sales and delivery in accordance with the "Guidelines on the Management of Defects in Projects and Services", in order to ensure customer satisfaction.

The Group has established relevant systems for sales, pricing and positioning. We adheres to the Group's principle of integrity, and does not allow any misrepresentation in sales advertisements and sales brochures.

Customer Services

Customer relationship management is essential to build up its core competitiveness for the Group. After thoroughly analyzing the current customer service management model, we have reorganized the structure customer service management, upgraded the existing customer service center, and improve the service management system. We also put our focus on customer satisfaction, and strive to improve the customer service level to the industry leading level.

Customer Service Structure

A well-established customer service structure is the foundation of quality customer service. The Group has re-organized the management structure of customer service. In addition to a customer service centre at the Group level, we have set up customer service centres at the sub-groups and customer service units at the project level, making customer service easily accessible.

In 2021, based on the Guidance on Customer Service Management, the Group has stipulated and published nine rules on customer service, to identify and address issues of concern during the project development which cover risk prevention, pre-sales services, after-sales services and customer maintenance.

Handling Customer Complaints

The Group attaches great importance to customer feedback and complaint handling. The Group has established the "Customer Service Management System" and the "Guidelines on Handling Crisis Events on Customer Relationship" for regulation of general customer service process, including the implementation and execution of general enquiries and complaint handling, as well as the response, notification and management of customer relationship crises respectively. During the financial year of 2021, the Group received a total of 22,201 (2020: 16,023) complaints.

During the year, we integrated the 400 hotline system, and issued the "Complaint Handling System of the 400 Hotline (Trial)" (《400客服熱線投訴處理制度(試行)》) and the "Standardized Service Operation Guidance of Call Center" (《呼叫中心標準化服務操作指引》). With the Group customer service center, the customer experience management process could focus more on unified handling, efficient resolution, quality control and data analysis, in order to enhance customer service experience and handling efficiency. In the financial year of 2021, the Group achieved a customer complaint closure rate of 85% for the 400 hotline.

Case Study: 400 Call System

The 400 hotline system is a customer communication channel designed according to the work needs of the customer service center and the demands for customer communication. It features a userfriendly interface with powerful functions, accurate data recording and is easy for maintenance and management. With this system, the service center staff can handle complaints more systematically to improve service experience, while different departments can share resources and process multiple businesses such as marketing on the same platform, in replacement of previous simple telephone answering and registration consultation model.

Customer Satisfaction Improved

The Group has established the "Objectives and Assessment Measures of Customer Satisfaction" (《客戶滿意度工作目標及考核辦法》). We inspect customer satisfaction every six months, and the inspection results on customer complaints and satisfaction management are KPIs of the appraisal. In addition, the Group has set up a customer loyalty fund for handling complaints and organizing activities so as to increase customer loyalty.

For issues that are most likely to cause disputes, such as project launching and delivery, we have formulated relevant policies, such as "Management Measures on Project Delivery" (《奧園集團項目交付啟動管理辦法》) and "Sales Service Contact Standardization Manual for Prospective Owners" (《奧園集團準業主銷售服務觸點標準化手冊》), reduce the proportion of complaints, and improve customer satisfaction.

Case Study: Health Steward Service Model

In order to enhance the residential property service experience, Aoyuan Healthy Life Group Co., Ltd has implemented a health steward service model: for property concierges, we provide training on general health knowledge and equip a ll steward s with health steward kits containing band aids, medical gauze, thermometers and first aid manuals to provide health emergency assistance. In addition, the steward s' circle of friends publishes a series of articles entitled "Yuet Health" every Thursday, and Yuet Life public website publishes a series of tweets entitled "Healthy Steward " at every seasonal time, spreading the concept of health among more than 130,000 owners. As a result of our dedicated property services, we have been awarded the 15th place among the top 100 property service enterprises in China, the leading property service enterprise in China Smart Living, the Social Responsibility Enterprise of the Year in China, the Top 10 listed property service enterprises and the Top 50 property service enterprises in terms of brand value.

Intellectual Property and Personal Information Protection

In order to protect intellectual property rights, the Group uniformly arranges trademark registration and entrusts a professional consultant for advice and service. Meanwhile, the Group has made arrangements on existing and potential trademark registration in line with the strategic development, so as to effectively protect intellectual property rights.

The Group respects the personal privacy of the customers and employees, and understands the importance of protecting personal information. We are committed to complying with national and local laws and regulations in relation to personal information and privacy, and to deal with collecting, utilizing, storing, disclosing, transferring, confidentializing and accessing personal information in accordance with the Six Principles on data protection in the avoidance of information leakage or illegal use.

Company Information Security Protection

Information security protection has become a new challenge for enterprises in the information era. China Aoyuan attaches particular importance to information security construction and has formulated systems such as the "Information Security Management (2020)"(《資訊安全管理辦法(2020)版》) and "Information Security Incident Management"(《資訊安全事件管理規定》), which provide guidance on information security incident handling procedures. In addition, the Group has set up an information security committee and an information security response team to fulfil its responsibility for information security management.

Customer Information and Privacy Protection

We put great emphasise on the protection of customer information and privacy. We continuously improve technical firewalls to prevent information leakage while strengthening internal monitor to prevent staff from disclosing user information.

Supply Chain Management

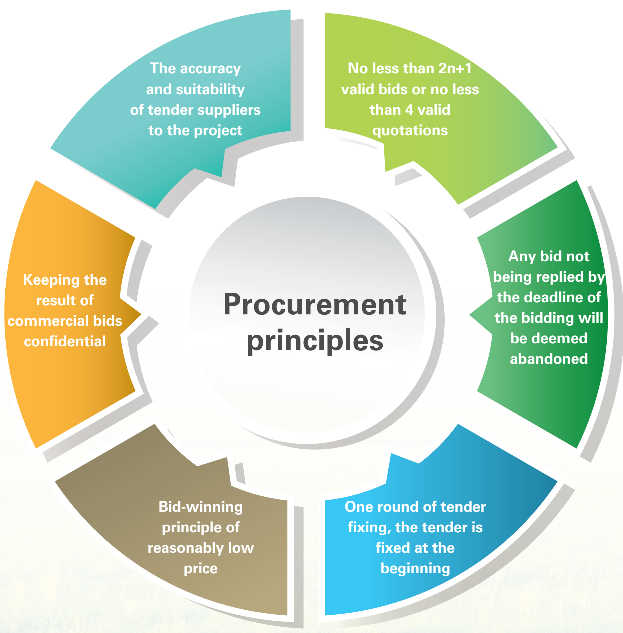
The Group attaches importance to supply chain management and formulates its internal management system, including bidding and procurement and suppliers inspection, and regulates the supply chain and procurement activities.

Supplier Screening and Supervision

The Group sets "Suppliers Management Manual"(《奧園集團供應商管理制度》) to provide a guideline on supplier admission assessment procedures. We have established a supplier database with aim to cultivate high-quality strategic partners. The Group assesses suppliers' contract fulfillment on quarterly basis through third party inspection, flight inspection, and random inspection, and updates the supplier database accordingly.

The Group has established an assessment system for evaluating supplier's performance. We conducts appraisal on suppliers based on comprehensive criteria including project experiences, expertise, environmental protection policies and measures, the records of work-related injuries and accidents, whether to use child labours and forced labours and community participation. We also require suppliers to obtain certificates on quality, environmental protection and social responsibilities, such as ISO9001 and ISO14001 and other relevant domestic and international certificates on social responsibilities, etc.

During the 2021 Financial Year, the Group cooperated with 7,804 suppliers in China (2020: 4,345). The centralized procurement through tendering is required to follow the principles below:



Supplier Supervision

The Group conducts a fair and open tendering mechanism, and establishes relationship with suppliers with similar values, strong performance capability and high quality product realisation capability. We conduct all-around inspection on suppliers to control potential risks of suppliers' entry and shortlisting. We invites sufficient number of companies to participate in bidding, segregates duties during the bidding process such as identifying suppliers and reviewing tender documents and ensure the confidentiality of bidding document. We regularly review the tendering mechanism with internal audit and supervision department to reduce risks on bribery and malpractices due to control loopholes.

The Group requires its suppliers to comply with practices encouraging them to use environment-friendly products and services, and establishes effective monitoring methods to maintain a green supply chain. When a supplier violates the Group's requirements or fails to meet the performance requirements, the regular evaluation results will have an impact on whether the contract can be renewed. In severe cases, the Group may even terminate the contract immediately.

The Group places high value on communication with suppliers to improve the cooperation efficiency and to enhance win-win relationship. In 2021, we held semi-annual supplier seminars and workshops with suppliers to discuss the current status of project cooperation, improvement measures and new materials and processes for the promotion of nationwide annual procurement cooperation.

Community Investment

The Group has always been true to its original intention and commitment, placing itself in the frontline of community work and fulfilling its corporate social responsibility. Over the years, China Aoyuan has been actively implementing various volunteer services and charitable actives, the "Double Ten, Double Hundred" targeted poverty alleviation, education support and disaster relief, and "mountain-sea dialogue". In addition, we have boosted village revitalisation through countywide commercial complex and five-party agricultural direct marketing platform. The Group has made a total investment of over RMB 1 billion in public welfare and charitable causes, giving back to society through practical actions.

Poverty Alleviation

Helping Students and Farmers by Offering Hope

In 2021, the Group continued to provide paired assistance to more than 30 villages in Guizhou, Guang-dong and Yunnan. Especially, China Aoyuan went to the Haique Village, Hezhang County, Bijie City, Guizhou twice to carry out rural revitalization and school donation activities. We not only donated scholarships and much-needed teaching equipment such as printers to Haique Primary School (海雀小學), but also helped Haique Village through purchasing agricultural products and donating office equipments.

During the year, China Aoyuan continued to send volunteer teachers to Leizhou, Lianjiang, and Huazhou of Guangdong Province to help more than 5,000 rural children. In addition, China Aoyuan sponsored 81 students in need of Jinan University with the "Ziwen Encouragement Scholarship" (梓文勵志獎學金) and was awarded the "Jinan University Philanthropy – Nurturing Award". China Aoyuan's volunteer teaching programs have been carried out for five years since 2017. The collection of those passionate and unforgettable teaching experiences as well as those memories with principals, teachers and children of the supported schools, has been gathered in a book titled "Love and Dreams – My Story of Teaching with Love" (愛與夢想 – 我的愛心支教故事).

Rural Revitalization through industrial support

In 2021, the Group joined hands with China Business Journal to host the "China Aoyuan Industry Development Summit" to discuss rural revitalization during the 14th Five-Year Plan period. The opening of Aoyuan Yingde Chocolate Kingdom the development of the local tourism industry, which was honored on the list of "The Power of Revitalization – 2021 Excellent Rural Revitalization Cases in Guangdong" by Nanfang Daily Newspaper.

In 2021, China Aoyuan's countywide commercial complexes in the county, such as Weining Aoyuan Plaza and Dapu Aoyuan Plaza, were successfully opened, bringing thousands jobs, contributing tax revenue and local economy.

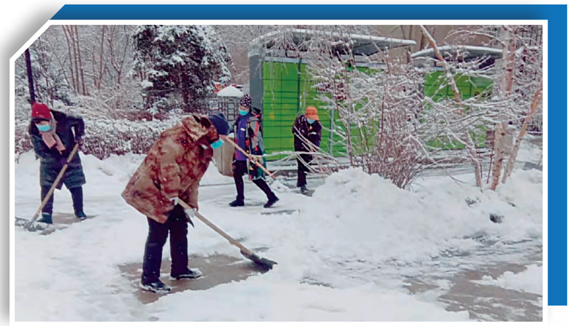
Community Support

In 2021, China Aoyuan not only made every effort to protect the safety of employees and projects, but also worked against time to do community rescue work and guarded the homes of owners with practical actions when facing extreme weather.

The Group took the initiative to adhere to the front line, participate in rescue and relief at the earliest possible time when Henan suffered from extreme rainstorm. In face of Freezing snow and rain in Hunan, the staff of China Aoyuan initiated emergency actions overnight, to ensure the safety of assets and owners and consumers.

In 2021, in the face of recurring outbreak of the pandemic, China Aoyuan staff took multiple prevention and control measures. We actively assisted in organizing more than 500 nucleic acid tests and more than 50 large-scale vaccination sessions, serving more than 3,000,000 owners and customers with nucleic acid tests and vaccinations, which were featured in "Xinwen Lianbo" of CCTV and programs of Guangdong Television for a couple of times.

During 2021, the shopping centers and communities under China Aoyuan sponsored over 200 and 500 public welfare activities, including charity sale of agricultural products, charity donations, free clinics, charity runs, intangible cultural heritage exhibitions, fire drills, fraud prevention and anti-drug promotion, etc.



EMPLOYMENT AND PERSONNEL MANAGEMENT

Occupational Safety Management

The Group strictly complies with national laws and regulations, formulates internal safety management and accountability system and annual goals, develops the corresponding organisation structure, and manages the safety redline, thereby reducing the risk of employees, partners and customers getting injured. In the meantime, we strengthen the safety and health education, improve employees' safety awareness, and build the corporate culture of safety and health, so as to ensure employees' safety and occupational health. In 2021, we reported 0 work-related fatality and 1,854.5 (2020: 1,821) lost days due to work-related injuries.

The Group has established the Safety Committee, specifies the goal for each level (the Safety Committee – the Regional General Manager – the Project Leader). Each level is required to sign the occupational safety and health management responsibility contract to promote fulfillment of safety management responsibility. In addition to implement relevant laws and regulations, we have developed a series of management measures including the construction safety management and the management of personal protective equipments to build a safe working environment. The specific measures include providing medical kits in designated areas, offering employees necessary personal protective equipment on the regular basis in accordance with relevant requirements, urging employees to use personal protective equipments in a correct way, and providing construction sites with sufficient safety articles. In addition, we review the fulfillment of safety responsibility from time to time strengthen the safety responsibility supervision of each level,including general managers of regional companies, engineering leaders, project leaders and safety, health and environment management personnel, ensure that employees work in a safe way.

The Group also arranges regular health check-ups for employees to effectively control and prevent occupational diseases, so as to safeguard employees health and provide employees with a safe and secure workplace. We advocate the concept of healthy lifestyle, organise sports clubs, sports meetings and other sports events and offer psychological consultation services, encouraging employees to do exercise and helping them relieve from mental stress.

Construction Quality and Safety

The Group values construction quality and continues to improve a quality and safety management system. We formulated policies such as "Regulations on Management of Engineering Works","Project Construction Standards", "Management Measures for Major Hidden Safety Hazards" and "Project Safety Management Standards". In order to better meet the market demand and improve the quality of our projects, we have updated from time to time the "Third Party Project Evaluation Management", the "Management Measures for Flight Check" and the "Manual for Management of Fine-Decoration projects" to carry out quality and safety assurance work. We have also engaged well-known external construction consultants to conduct quality and safety assessments on a monthly basis and benchmark our quality system with the industry through third-party assessments. In 2021, the scores of the Group by third party quality assessment and safety assessment are at the forefront of the industry.

Construction Quality Management and Five-level Safety Inspection

Headquarter:

Operation Management Center of the Group divides labor by region, and the responsible person performs routine monitoring on construction quality in the region. The headquarter carry out construction inspections on a quarterly basis, while inviting third parties to carry out process assessment, delivery assessment, and flight check on a quarterly basis. The headquarter increases inspections on projects with quality risks. Meanwhile, the Group will carry out irregular campaigns such as "quality month" or "quality special action".

Regional companies:

Quality management units have been set up in regional companies. to be responsible for quality management on projects in the region. City companies carry out monthly flight check, project assessment and eight actions for quality management and control, while implementing quality campanigns required by the Group.

Project companies:

Project companies implements project quality mangement in line with requirements of the Group and regional companies.

To ensure the quality and safety, the Group establishes the 5-level project quality and safety inspection system, covering the Group, secondary groups, third party, regional companies and project companies. In 2021, 6,976 safety inspections were conducted at various levels to effectively ensure project quality and safety.

Rapid Response Mechanism on Construction Quality and Safety Issues

The Group has established emergency response teams with clear responsibilities. Emergency response plans have been established. The responsible person should initiate the corresponding crisis management plan as soon as possible after the occurrence of the safety incident and report the incident based on the severity of the situation. Relevant departments of the Group shall initiate the corresponding plans and decide whether they handle the event with local team corresponding.

Case Study: Public Safety Campaign in 119 Fire Prevention Month

The Group launched a series of fire drills in more than 260 projects nationwide during the 119 Fire Prevenion Month to enhance fire safety awareness of the public, homeowners and tenants, and to enhance capabilities of fire prevention and self rescue.

Experiencing Rescue Drills

Certain projects of the Group conducted rescue drills in collaboration with local educational institutions and fire rescue teams. The Dabu Fire and Rescue Brigade demonstrated fire fighting and rescue to the public. Chongqing Beyond Era Community joined hands with a kindergarten to provide fire safety education, allowing children to learn the steps of fire fighting and to experience smoke escape with their parents. In addition, some projects organised simulated medical rescue training for homeowners to observe firefighters' operations and learn CPR techniques.

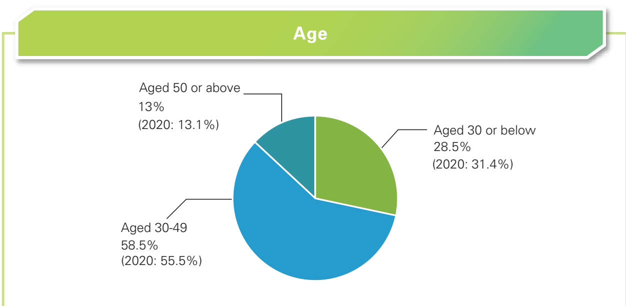
Integrating technology into safety education

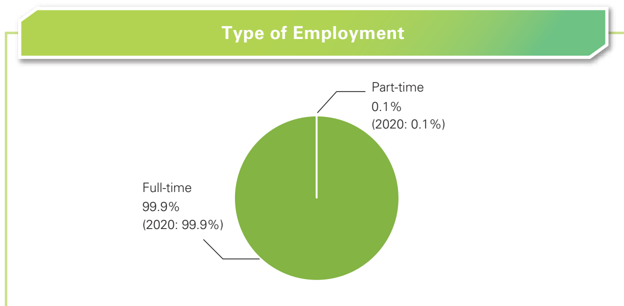
As a key demonstration unit for fire safety in Dapu County of Guangdong, Dapu Aoyuan Plaza has joined hands with the Meizhou Fire Brigade to establish the first fire safety education base in Dapu. The base features 11 safety experience programmes and a VR experience area, which gives visitors an "immersive" experience and greatly enhances the public's awareness of fire safety and emergency response capabilities.

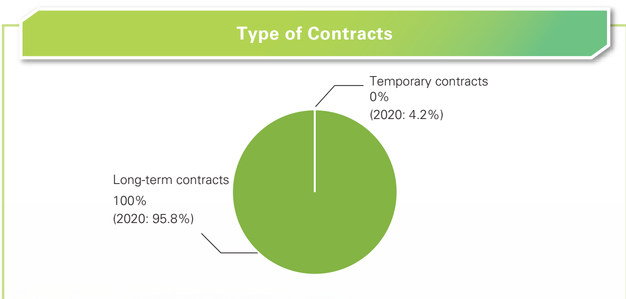
Diversity and Equal Opportunities

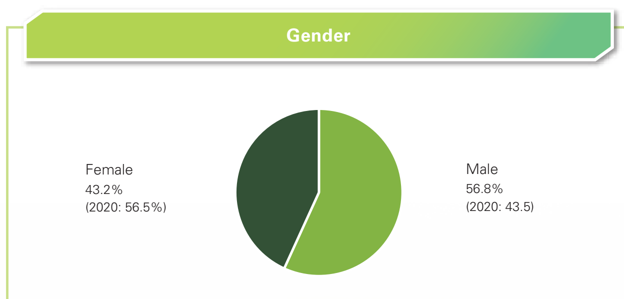
The Group advocates a fair and harmonious working environment and equally treats people with different cultural background, gender, religion and martial status. Our recruitment is based on the experience of the candidates and their performance at the interview. We offer reasonable remuneration packages and fair opportunities for career advancement based on performance. The Group also respects the relationship with employees. Appropriate notice period will be provided for termination of employment, and the Group will communicate with employees about the reasons.

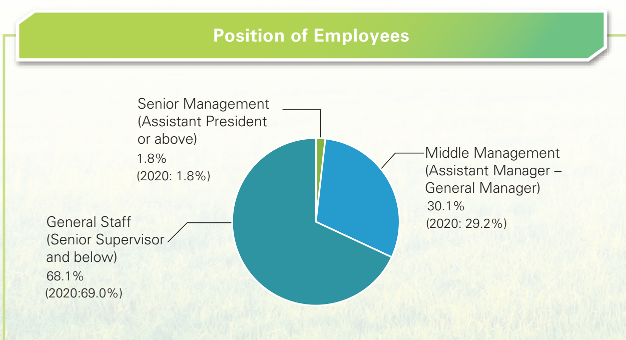
In 2021, the total number of employees of the Group was 18,258 (2020: 23,773). 99.1% were from Mainland China and 0.9% in Hong Kong and overseas. 99.9% were full-time employees. The employment contract signing rate was 100% and there were no major violations of employment-related laws and regulations. The turnover[1] rate was 61.9%(2020: 40%), of which 62.3% was for Mainland China, 21.2% for Hong Kong and 18% for overseas staff; 66.2% and 56.4% for male and female respectively, and 74.5% (aged below 30), 60.4% (aged 30-50) and 41.2% (aged over 50) by age. The Group's staff distribution details are listed below:

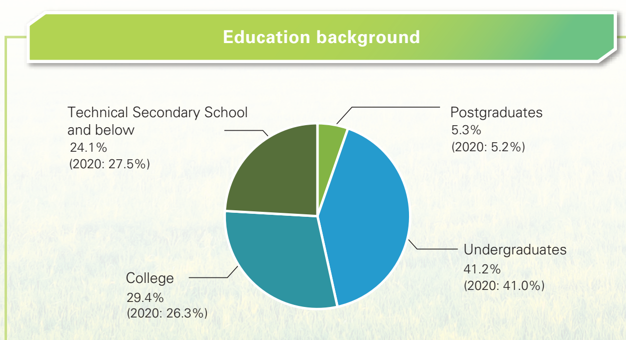












1 Turnover rate (percentage) = number of employees in the category leaving employment/total number of employees at the end of the reporting period X 100%

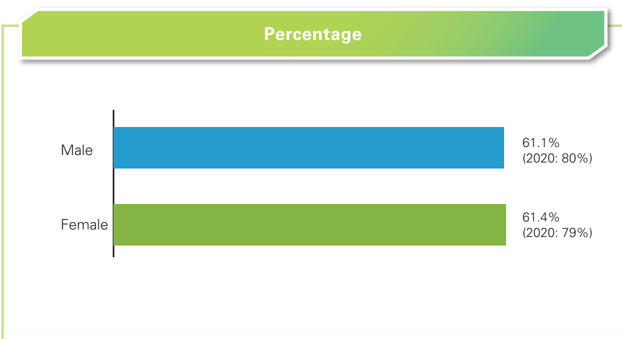
In 2021, the Group had no significant matters in violation with any laws and regulations related to employment. The Group strictly complies with employment related laws and regulations. The Human Resources Department monitors the updates of the relevant laws and regulations on a regular basis, and timely notifies the staff about the updates. The Group will organize relevant trainings if necessary.

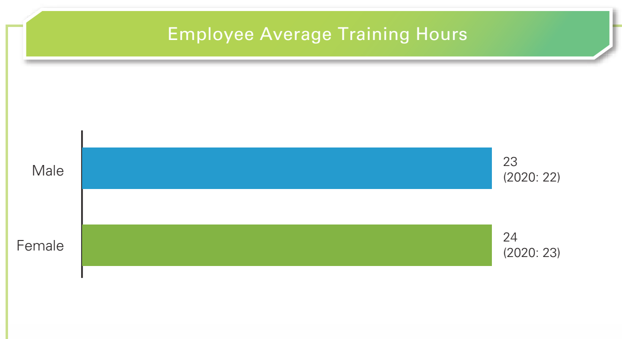
Career development and training

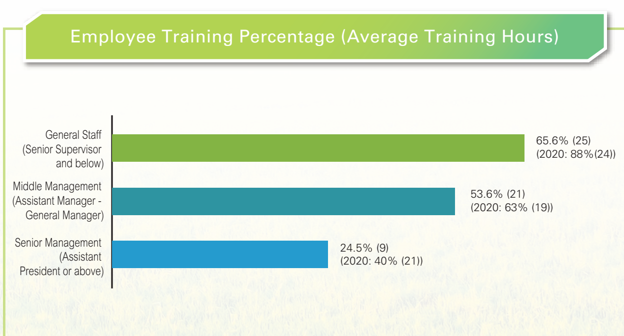
As a learning organization, the Group provides its staff abundant resources and diversified training programs. The Group has also established diversified career development channels through well-developed grade structure and promotion mechanism, allowing the staff can develop their careers and unleash their potential. In line with the development strategy of the Group, Aoyuan School of Management has built a training system characterized by "three-verticals" (leadership, professional enhancement, cultural power) and "three-horizontals" (talent echelon, expertise, industry dialogues). The School has launched a series of targeted training and mentorship programs for current staff, new recruits, management trainees, middle and senior managers, and successor echelons, to establish an internal talents pool for sustainable development.

In 2021, the Group invested over RMB1.80 million with 11,280 staff participating. Total training hours were approximately 426,263 hours and training hour per-capita was approximately 37.79 hours. In response to the "new normal" of work practices during the epidemic, we have upgraded the online learning platform to allow the staff to learn online anytime, and anywhere.

Employee Traning Hours Overview







Listening to our Staff

Good communication is important to motivate employees. The Group has established serious communication channels through which the staff can interest with the management of the Group. The channels included performance interviews, staff meetings, the AOffice mobile work platform, e-newsletters, social media, the Intranet, corporate magazine, "Aoyuan People" and suggestions mailbox.

Staff Care

In 2021, the Group provided social insurance for all staff to meet their social needs and protection. Moreover, the Group recruited 6 persons with physical disabilities during 2021 to support the disadvantaged groups in the workforce. In addition, the Group is committed to supporting the development of youth by recruiting 91 fresh graduates.

For 12 consecutive years, China Aoyuan have fully subsidised medical examinations for all staff to improve staff welfare and prevent occupational and hidden diseases. As an Occupational Safety and Health Council certified "Joyful@Healthy Workplace", we provide blood pressure monitors and touchless thermometers in office to ensure that our staff can monitor their health conditions at all times. During the pandemic, we implemented flexible working hours to eliminate the possibility of spreading the virus among colleagues and ensure continuity of operations. The administration department sent timely information on the pandemic to staff and procured anti-pandemic supplies for staff.

In order to strengthen the belonging and cohesiveness of staff, the Group launched a variety of staff care activities, such as festive activities like "Love and Gratitude" on Mother's Day, quarterly birthday parties and open days for staff families. In order to relieve the stress of staff caused by the pandemic, the Group caused by actively launched a variety of splendid online staff care activities, such as online staff birthday party and First Anniversary of the Move-in for Aoyuan Group were held.

Diversity and Inclusion Policy

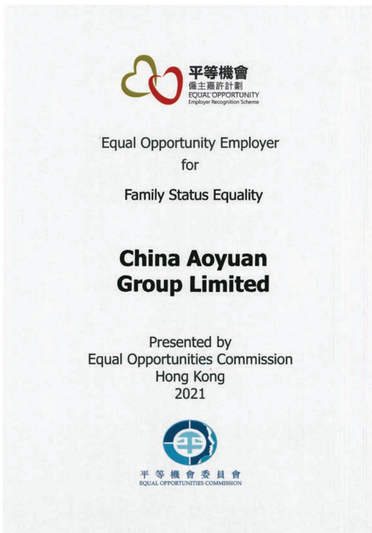
In line with our meritocratic approach, China Aoyuan and Aoyuan Healthy were accredited The Racial Diversity and Inclusion Charter For Employers by the Hong Kong Equal Opportunities Commission in January and May 2021 respectively. China Aoyuan is among the first 100+ signatories to the Charter and the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

Awarded the Inclusive Organisations Recognition by the Labour and Welfare Bureau

Awarded The Racial Diversity and Inclusion Charter For Employers by the Equal Opportunities Commission in 2021

Family-Friendly Measures

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



Awarded Equal Opportunities Employer Recognition by the Equal Opportunities Commission in 2021

2021 Breastfeeding Friendly Workplace Certificate of Appreciation 2021/2022 by UNICEF

Compliance Employment, Anti-Child Labour and Anti-Forced Labour

The Group strictly complies with the laws and regulations such as Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Law on Protection of the Disabled of the People's Republic of China, the Underage Workers Special Protection Provisions, the Prohibition of Child Labour Provisions, and the Special Provisions on Labour Protection for Female Workers. The Group has established internal guidelines to ensure recruitment employment compliant. The Board regularly reviews these measures and their implementation and makes appropriate arrangements in a timely manner. There were no significant breaches of laws and regulations relating to the prevention of child labour or forced labour during the Reporting Period.

The Group has maintained a good corporate governance, is strictly abided by the law and actively promotes the corporate culture of diversity and inclusion, gender equality, family-friendliness and merit-based employment. With a sound appraisal system, structured training and management, reasonable remuneration and benefits, and a transparent promotion ladder, employees from different backgrounds are able to make the most of their talents and grow with the Group.

In 2021, the human resources management team of China Aoyuan was awarded a number of accolades by various authoritative organisations. For the third consecutive year, we were named the "Best Employer in China" by the China Enterprise Confederation, and for the second consecutive year, we were named the "Best Employer in China Real Estate" and "Benchmark Learning Platform for China Enterprises" by the China Real Estate Organisation Management Summit and the Chinese Corporate University Rankings respectively, recognising our investment in human resources.

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

Awarded the Best Employer Award in China in 2021

Awarded the Best Employer Enterprise in China Real Estate 2021

Aoyuan Management College was awarded the China Enterprise Benchmark Learning Platform of the Year 2021

In order to prevent any irregularities or illegal recruitment, such as child labour and forced labour, the Group and its subsidiaries will require candidates to produce identification documents during the recruitment process. Before signing the employment letter, the Group will perform due diligence on the prospective employee, including inviting comments from his/her ex-employer in the form of questionnaire and verification of information from relevant government departments. All employees must voluntarily sign an employment letter with the Group, the terms of which shall be confirmed by both employers and employees.

ENVIRONMENTAL MANAGEMENT

The Group attaches great importance to the impact of its operational activities on the surrounding environment and ecosystem. We conduct environmental risk assessment before and after the project development, while seeking to reduce the impact of noise and dust on surrounding environment during the planning, design, construction and operation of projects. We also takes into consideration the protection of biological diversity and natural habitats. To reduce environmental risks of projects to the acceptable level, the Group sets environmental indicators for each project and continuously monitors, reports and reviews the environmental protection performance of projects.

In addition, the Group strictly complies with relevant laws and regulations including the Regulations on the Administration of Construction Project Environmental Protection and the Interim Provisions on Civilized Construction and Environmental Management of Construction Sites. To promote green construction practice, the Group actively promotes new environmentally friendly technologies such as modular construction and aluminum film to reduce construction waste, noise and on-site dust. Meanwhile, the Group has taken a number of measures to lessen the impact of waste, light pollution, noise and dust to surrounding environment, while recycling resources to protect the environment.

Green Buildings

The Group strictly adheres to the relevant laws and regulations including Environmental Protection Law of the People's Republic of China, the Law on the Prevention and Control of Water Pollution of the People's Republic of China, the Law on Prevention and Control of Atmospheric Pollution of the People's Republic of China. We actively integrate the concept of environmental protection into its corporate development, developing high-quality green buildings with low energy consumption for its customers. China Aoyuan has implemented the concept of sponge city in a number of projects where rainwater and irrigation water are reused the area of greenery is increased for air purification, noise absorption and temperature. Meanwhile, the Group has also enhanced the use of lead-free taps, energy-saving lights and other eco-friendly materials. In recent years, the Group has also progressively using aluminum moulds to replace traditional wooden moulds to reduce wood Consumption.

In 2021, a number of the Group's projects obtained green building labels, as shown in the table below. In addition, a number of projects have met the standards for green building labels and were in the process of obtaining green building labels.

Green building label	Projects
One-star Green Building	Shaoguan Aoyuan Cultural Tourism City Yujing Shangpin*, Shaoguan Aoyuan Cultural Tourism City Lot 6 & 7, Shaoguan Aoyuan Cultural Tourism Mingyue Jiangshan, Shaoguan Aoyuan Cultral Tourism City Mingyue Shengjing, Chongqing Aoyuan Beyond Era, Changsha Aoyuan Honorable Mansion, Qingyuan Jinhuihuang, Zhuhai Tianyue Bay Garden Phase II, Foshan Aoyu Huating*, Zhongshan Sanxiang Meijing Project*, Zhongshan Aoyuan Garden Life, Huizhou Aoyuan Elegant Garden Phase I
Two-star Green Building	Xi'an Aoyuan Glorious Mansion, Xi'an Aoyuan Jewel Bay, Xi'an Aoyuan Heyue Mansion, Xi'an Aoyuan Prestige Mansion, Zhuhai Seaview Mountain, Zhuhai Tianyue Bay Phase I, Zhuhai Tianyue Plaza, Zhuhai Golden Bay, Zhuhai Haiquan Huating, Taixing Riverside City of Vitality
National Standard One-star Green Building	Huizhou Aoyuan Huafu, Huizhou Aoyuan Yushan Lake
National Standard Two-star Green Building	Huizhou Aoyuan Lingyu

Case Study: Guangzhou Aoyuan Academy No. 8 (Yunhe Mansion)

Guangzhou Aoyuan Academy No. 8 (Yunhe Mansion) achieved energy and sound insulation by using acoustic insulation coatings, insulating mortars, glass foam insulation panels, extruded polystyrene panels and aerated concrete. In terms of drainage design technology, the project has not only adopted Grade 2 water saving appliances to reduce indoor water wastage, but also we air source heat pumps for hot water supply to reduce energy consumption. In terms of electrical design technology, the project has adopted an intelligent lighting system to reduce unnecessary indoor power consumption. The landscaping design was featured with water-saving irrigation to achieve water conservation.

Environment Management of Construction Sites

Adhering to the Group's sustainable development concept of "shared responsibility for environmental protection", the Group recognizes the importance of a green environment and therefore carefully planned green belts around construction sites at all stages of design, construction and completion, and developed comprehensive policies and a series of measures to ensure effective preservation of ecological appearance and minimize the negative impact to the surrounding environment.

Light pollution management

- The Group requires contractors to limit the intensity and angle of illumination during night-time construction and to use protective equipment such as shades to reduce the impact of glare, in order to balance the interests of various stakeholders.

Noise pollution management

- The Group requires contractors to control construction noise by conducting regular noise assessments, using qualified silent construction machinery, measuring noise levels with noise detectors, installing noise barriers, silencers and enclosures and selecting appropriate time slots for major construction works. Workers are required to wear devices to protect their hearing.

Dust pollution management

- The Group uses precast concrete components and finished mortar to reduce the amount of dust generated on the construction site. Contractors are also required to install extensive sprinklers on the construction site and conduct periodical spraying to reduce dust and to properly pack site materials when placing them. In addition, various measures such as hardening of roads, covering of exposed soil and washing of vehicles before leaving the construction sites are adopted to prevent dust from polluting the nearby environment and community.

Case Study: Jiangmen Greenland Golden Town Phase III – Green Construction

Sprinklers with automatic spray flushing system have been set up in side way of all main carriageways in the construction site to reduce road dust. Other dust preventive measures such as sprinklers, UFO sprays and fog gun sprays are adopted in construction area to achieve green construction.

Green Operation

The Group promotes green operation and implements energy consumption management for project operation. We formulate energy saving plans based on annual energy consumption budgets, compile internal rules such as the Guidelines for Air Conditioning Operation Control, and strictly controls the time for turning on and off lightings and other equipments. Meanwhile, we enhances the maintenance of air-conditioning and other equipment for commercial projects under management, which use less energy by approximately 16% during the year. In addition, the Group also encourage tenants of commercial projects and apartments under management to use self-prepared water cups and electronic invoices to actively respond to environmental protection.

Case Study: China Aoyuan Carries out Energy Consumption Analysis on Commercial Projects under managements

Commercial projects under the preparation of annual plans of energy consumption for the public area and monthly operation plans of equipments in the public area. The time for turning on and off the equipment will be set with season and weather. Technicians are required to read the meters of high and low-voltage metering cubicles every morning, and to read water meters for municipal water and water used in public area every day. Meanwhile, monthly analysis on the energy utilization in the public area will be carried out. and each project is required to improve its energy consumption measurement system to accurately measure the energy consumption in the public area. In addition, meter reading data is analyzed on a daily basis so as to handle irregularities in a timely manner and to reduce energy waste in public area.

Energy Efficiency and Emissions

The Group has introduced energy-efficient technologies to reduce water usage and the energy required in lighting, air-conditioning and ventilation system during the construction. In addition, the Group has actively adopted environmentally friendly designs and materials in aspect of consumption facet, glass window material, and hot water systems,etc..

The Group has raised awareness of to use resources effectively among the staff water and electricity saving slogans are posted in office area. The hours of using electricity in public areas are well-set. The air-conditioner temperature is set at an energy-saving level. Idle electrical equipments are turned off in a timely manner. The staff are encouraged to join such activities to put into practice an environmental awareness sensor taps are used to save water. The Group also actively participates in all kinds of environmental protection activities. On the other hand, the Group has monitored the company's energy consumption and review regularly to formulate improvement plans to enhance the Group's environmental performance and to save costs.

Case Study: Changan Aoyuan Park One Develops Green Resident

Changan Aoyuan Park One is planned to be built as an ultra-low energy consumption model resident. The project adopts passive ultra-low energy consumption system and two-star green building, which include efficient external envelope, passive window and door, external solar shading technology, dedicated energy machines with heat recovery devices, tight airtight design and renewable energy technology. The project also employs vertical greening, co-located drainage, light guide, fog systems and sponge urban design to create a living environment with constant temperature, humidity, oxygen, quietness, cleanliness and intelligence.

Energy type	Unit	Data in 2021	Data in 2020	Intensity in 2021 (per group company[1])		Intensity in 2020 (Per square meter of office and sales center area)	
Electricity	KWH	3,140,000.00	43,137,075.29	87,222.22	KWH/unit	42.42	KWH/sq.m.
Unleaded gasoline	Litre	290,880.00	1,403,040.06	8,080.00	Litre/unit	N/A[2]	
Water	Cubic Meter	8,870.00	2,936,380.59	246.39	Cubic Meter/unit	2.89	Cubic Meter /sq.m.

The resource consumption data disclosed in this report only includes the energy and water used directly by the Group in conducting its business, and the resource data used by third parties such as outsourced contractors, tenants and customers is not included.

Water Efficiency

The Group has actively taken various measures to improve water use efficiency. We have established water quota guidelines with contractors. The contractors, are required to record water consumption at the site for regular review, and post water-saving slogans on the site to increase staff awareness. The contractors are also required to plan the water supply system at the site, and set up water recycling devices and surface water and rainwater collection systems. We collect reusable sewage and natural water (subject to sedimentation and filtration) for washing machines and other purposes, maximizing the reuse of water resources.

The Group also focuses on advocating water saving plans in the office, which include the adoption of water-saving devices to reduce unnecessary wastage. The Group also regularly checks office water consumption to ensure that it is in line with overall water-use plans. The Group also regularly advocates water conservation and promotes water-saving measures to staff through posters and e-mails to further enhance their awareness of environmental protection. There is no issue in sourcing water for the Group.

1 In 2021, Aoyuan Group comprises 36 group companies.

2 Since the usage of unleaded gasoline and diesel was not affected by the offices and sales centers area, the intensity per offices and sales centers area is not applicable.

Climate change adaptation and greenhouse gases emission management

The Group is aware of the relationship between climate change and property development, we endeavour to reduce carbon footprints during project development and daily operation, and formulate mitigation plans against climate risk. As extreme weathers such as typhoon, hail, rainstorm and heat wave pose challenges for building construction and residents' safety, we conduct research on local climate for future projects with an aim at improving properties' capabilities of resisting climate risks. We have established a extreme weather response team to constantly assess risks, so as to take precautions in advance and prepare for emergency rescue. During the reporting period, the Group's greenhouse gas emissions were as follows:

Types of greenhouse gas emissions	Unit	Emissions for 2021	Emissions for 2020	Intensity in 2021 (Per square meter of office and sales center area)		Intensity in 2020 (Per square meter of office and sales center area)	
Direct emissions from fuel use (scope 1)	Tonnes of carbon dioxide equivalent	773.71	4,227.46	21.49	ton/sq.m	0.03	ton/sq.m
Indirect emissions from power use (scope 2)	Tonnes of carbon dioxide equivalent	2,235.37	22,923.01	62.09	ton/sq.m	0.02	ton/sq.m
Other indirect emissions (including water and paper waste) (scope 3)	Tonnes of carbon dioxide equivalent	3.73	3,577.97	0.10	ton/sq.m	0.004	ton/sq.m

Sewage Treatment

Although the Group does not generate a large volume of sewage directly during the course of daily operation, we are well aware of the negative impact of sewage on the environment. Therefore, the Group requires contractors to adopt measures on sewage treatment, including:

- installing sewage treatment system, including desilter, oil separator and septic-tank, and only purified sewage could be discharged into drainage pipeline of designated municipal drainage system;
- regularly maintaining and cleaning up sewage treatment facilities to ensure a normal and effective operation; and
- reusing certain amount of treated sewage in the site to reduce the water usage.

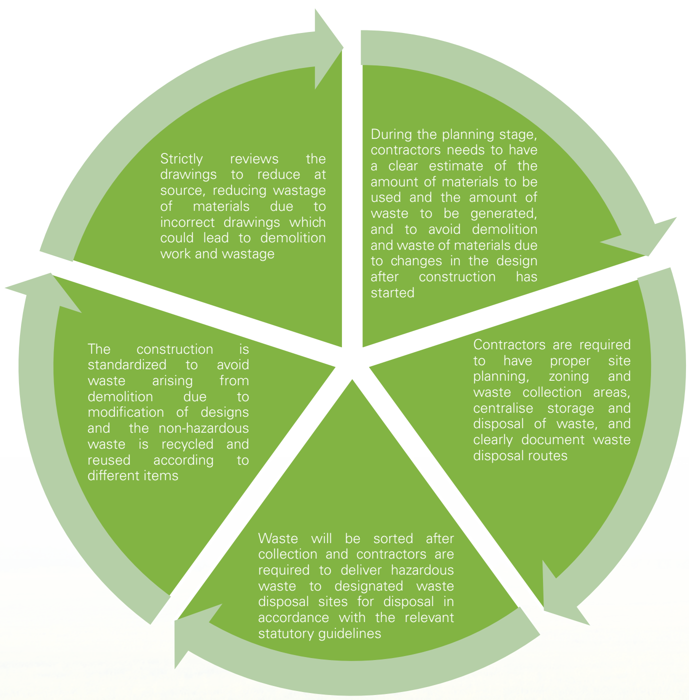
Waste Management

The waste directly generated by the Group mainly comes from office paper. To make full use of resources, the Group advocates reducing and recycling paper, encourages double-sided printing and the use of environmentally friendly paper and sets up recycling bins in offices to collect waste paper. The Group has also starts promotes paperless offices. We encourage the staff to store documents electronically and to use e-mail as the main communication method, replaces manual approval with electronic approval, and sets permission for color photocopying. In addition, the Group took measures in the management of office consumables. Real name registration for office stationery and replacement of toner cartridges are in place for employees in order to minimize waste.

In 2021, the Group generated 247 tons of waste paper. (2020: 469.27 tons).

The Group also values the reuse of used electronic equipment. In 2021, the Group collected 2,365 units of computer equipment (2020: 86 units) for recycling in 2021.

The Group also requires contractors to establish a comprehensive waste disposal mechanism to reduce the amount of waste and its impact on the surrounding environment in various aspects.



Case Study: Panyu Aoyuan Plaza (番禺奧園廣場) Categorizes Food Waste for Treatment

At Panyu Aoyuan Plaza, three waste categorization bins in the back kitchens of all restaurants are installed to collect recyclable garbage, non-recyclable garbage and kitchen garbage respectively, as well as food residue bins are placed in the dishwashing rooms of all restaurants to implement food waste categorization. Restaurant managers are required to upload photos of garbage bin categorization to the management every day to ensure that food waste is handled in, will not harm the environment and will become useful resources.

Air Pollutant Emission Management

The Group has actively taken various mitigation measures to monitor the various emissions from the contractors during the construction process in order to control the impact on the environment. During the project planning stage, the Group will set pollutant emission standards and limits with the contractor, and real-time environmental monitoring instruments are to be installed to continuously monitor the actual emissions at construction sites. The Group will collect the data to regularly compare with industry benchmarks to analyze and formulate plans for improvements. In case of any excess emissions, contractors are required to report to the Group in real time and identify the source of the problem.

In order to reduce the PM2.5 generated during constructions, we have introduced the PM2.5 detectors numerous projects to monitor dust emission levels, and cleans the air on site by spraying water to reduce the particulate matter in the air. In addition, the Group also requires contractors to use low-polluting fuels, which meet emission standards, as the main fuel for construction machinery and transport vehicles. The contractors should also install filtering and conversion equipment in the exhaust pipe to effectively reduce the emission of air pollutants. Therefore, there was no investigation by the regulatory authorities as a result of the excessive emission during the reporting period.

The Group's direct air emissions mainly come from goods vehicles, during the reporting period, the emissions of the Group were as follow:

Pollutant	Unit	Emission of 2021	Emission of 2020
Nitrogen oxides (NOx)	kg	121.76	4,947.48
Sulphur oxides (SOx)	kg	4.28	23.23
Particulate matter (PM)	kg	8.97	514.14

Environmental Compliance Management

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

Compliance supervision

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

Group operation

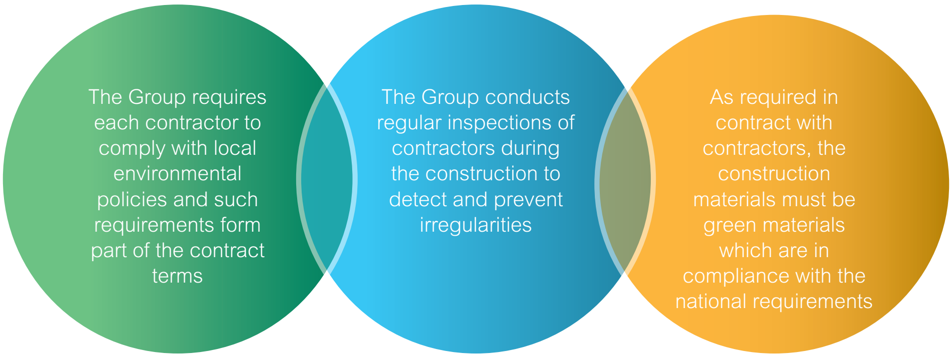
- Identify sources of greenhouse gases, air emissions, effluent, waste and adopt the best environmental practices to improve the Group's emission performance
- Advocate environmental philosophy and policies and promote environmental awareness among staff and so that they can perform their duties in a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

Third parties

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

The Group strives to strictly comply with all the environmental-related laws, regulations and requirements of the business operation regions in the process of project development.

To ensure to comply with environmental-related laws and regulations, the Group checks relevant laws and regulations on a regular basis. If there are any updates on the relevant provisions, contractors will be notified in real time and required to comply with the relevant provisions, and will be informed, trained and monitored. During the reporting period, the Group has not identified any material breaches of the laws and regulations related to environmental protection. The Group implements the following control measures for contractors:



REPORTING CONTENT INDEX

Appendix 1

List of Policies, Laws and Regulations

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

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

ESG indicators	Internal policy of the Company	Internal policy of the Company
B2. Health and Safety	Safety Management Policy of China Aoyuan Group Introduction of CRM System Information Security Management Measures of China Aoyuan (2019 Edition) Notice on Amending the Information Security Management Measures of China Aoyuan (2018 Edition) Safe and Civilised Construction Standards for Project Development of Aoyuan Group Statement of Safety Responsibility Safety Culture Manual Safety Management Policy of Aoyuan Property Group Safe and Civilised Construction Standards for Project Development of China Aoyuan Management Measures for Major Hidden Safety Hazards of China Aoyuan Safety Management Standards for Project Development of China Aoyuan Regulations on Management of Engineering Works of Aoyuan Property Group Management Policy for Third-Party Project Evaluation of Aoyuan Property Group Management Measures for Flight Check of Aoyuan Property Group Guidance Manual for Management and Control over Fine Decoration of Aoyuan Property Group Guidance Manual for Commencement (Resumption) of Work amid the Covid-19 Pandemic Containment Period of Aoyuan Property Group (Trial) Safety Management Standards for Dangerous Operations Manual on Standardisation of Fire Fighting Facilities in Operating Premises Sub-project-based Safety Management Measures for Dangerous Segments (Trial) Safety Management Measures for Cooperative Projects (Trial) Guidelines for Work of Temporary Party Branches at Construction Sites	Labour Law of the People's Republic of China Law on Prevention and Control of Occupational Diseases of the People's Republic of China Law of the People's Republic of China on Safe Production Regulations on the Safety Production Management of Construction Projects Trade Union Law of the People's Republic of China Law of the People's Republic of China on Fire Protection Law of the People's Republic of China on Response to Emergencies Regulations for the Safe Management of Hazardous Chemicals Regulations on the Reporting and Investigation of Workplace Safety Accidents Provisional Regulations on the Identification and Management of Hidden Production Accident Risks Regulations of the People's Republic of China on Work Injury Insurance Regulations on Occupational Health Supervision in the Workplace Classification and Catalog of Occupational Diseases Social Insurance Law of the People's Republic of China

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

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

ESG indicators	Internal policy of the Company	Internal policy of the Company
B7. Anticorruption	Internal Control Management System (Trial) Internal Control Self-Assessment Toolkit Operational Guidelines for Internal Control Self-Assessment	Company Law of the People's Republic of China Anti-Money Laundering Law of the People's Republic of China Law of the People's Republic of China Against Unfair Competition Interim Provisions on Prohibiting Commercial Bribery Anti-Monopoly Law of the People's Republic of China Bidding Law of the People's Republic of China Supervision Law of the People's Republic of China
B8. Community Investment		Charity Law of the People's Republic of China

Appendix 2

Reference Table of Indices

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI
Environmental					
A1. Emissions	**General Disclosure** Policies relating to exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental compliance management	E1.3, E1.5, E1.7, E1.9, E2.1, E2.2, E2.3, E2.4, E2.5, E2.6, E2.9, E2.12, E2.13, E2.14, E2.16, E2.24, E2.25, E3.1, E3.2, E3.6	6, 7, 11, 13, 14, 15	A1.1, A1.2, A1.3, A1.4, A1.5, A1.6, A2.1, A2.2, A2.3, A2.4, A3.1, A4.1
	KPI A1.1 The types of emissions and respective emissions data	Air pollutant emission management			
	KPI A1.2 Greenhouse gas emissions in total and, where appropriate, intensity	Climate change adaptation and greenhouse gases emission management			
	KPI A1.3 Total hazardous waste produced and, where appropriate, intensity	N/A			
	KPI A1.4 Total non-hazardous waste produced and, where appropriate, intensity	Waste management			
	KPI A1.5 Description of measures to mitigate emissions and results achieved	Air pollutant emission management, sewage treatment			
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste management			

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI
Environmental					
A2. Use of Resources	**General Disclosure** Policies on the efficient use of resources, including energy, water and other raw materials	Use of resource			
	KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity	Energy efficiency			
	KPI A2.2 Water consumption in total and intensity	Energy efficiency			
	KPI A2.3 Description of energy use efficiency initiatives and results achieved	Energy efficiency			
	KPI A2.4 Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	Water efficiency			
	KPI A2.5 Total packaging materials used for finished products, and if applicable, with reference to per unit produced	N/A			
A3. The Environment and Natural Resources	**General Disclosure** Policies on minimizing the issuer's significant impact on the environment and natural resources	Environmental-friendly building, and environment management at the construction site			
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental-friendly building construction, environment management at the construction site			

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	
Environmental						
A4. Climate Change	**General Disclosure** Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Adaptation to climate change and greenhouse gas emissions management				
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Adaptation to climate change and greenhouse gas emissions management				
Social						
B1. Employment	**General Disclosure** Policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Diversity and equal opportunity, employment management	S1.6, S2.1, S2.2, S2.3, S2.7, S2.8, S2.9, S2.10, S2.11, S2.12, S2.13, S2.14, S2.15, S2.16, S2.17, S2.18, S3.1, S3.3, S3.4, S3.5, S3.6, S3.7	3, 5, 8, 9, 12	B1.1, B1.2, B2.1, B2.2, B2.3, B3.1, B3.2, B4.1, B4.2	102-8, 401, 403, 404, 405, 408, 409
	KPI B1.1 Total workforce by gender, employment type, age group and geographical region	Diversity and equal opportunity				
	KPI B1.2 Employee turnover rate by gender, age group and geographical region	Diversity and equal opportunity				

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI
Social					
B2. Health and Safety	**General Disclosure** Policies relating to providing a safe working environment and protecting employees from occupational hazards	Quality of work, occupational safety and health management, caring for employees' health			
	KPI B2.1 Number and rate of workrelated fatalities	Occupational safety and health management			
	KPI B2.2 Lost days due to work injury	Occupational safety and health management			
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	Quality of work, caring for employees' health			
B3. Development and Training	**General Disclosure** Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Career development and training			
	KPI B3.1 The percentage of employees trained by gender and employee category	Career development and training			
	KPI B3.2 The average training hours completed per employee by gender and employee category	Career development and training			

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	
Social						
B4. Labour Standards	**General Disclosure** Policies relating to preventing child and forced labour	Compliance employment, anti-child labour and anti-forced labour				
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour	Compliance employment, anti-child labour and anti-forced labour				
	KPI B4.2 Description of steps taken to eliminate such practices when discovered	Compliance employment, anti-child labour and anti-forced labour				
B5. Supply Chain Management	**General Disclosure** Policies on managing environmental and social risks of the supply chain	Supplier selection and employment, supplier supervision	E1.6, E1.7, M2.1, M2.2, M2.4, M2.5, M2.6, M2.7, M2.8, M2.9, M2.10, M2.13, M2.15, M2.16, M2.17, M2.18, M3.8, M3.10, M3.11, M3.12, M3.14, M3.15, M3.16	3, 9, 11, 12, 17	B5.1, B5.2, B6.1, B6.2, B6.3, B6.4, B6.5	102-9, 308, 414
	KPI B5.1 Number of suppliers by geographical region	Supplier selection and employment				
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supplier selection and employment, supplier supervision				

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI
Social					
B6. Product Responsibility	**General Disclosure** Policies relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress	Service responsibility, quality and advertisement of real estate project			
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A			
	KPI B6.2 Number of products and service related complaints received and how they are dealt with	Handling customer complaints			
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights	Intellectual property and personal information protection			
	KPI B6.4 Description of quality assurance process and recall procedures	Service responsibility			
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	Intellectual property and personal information protection			

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	
Social						
B7. Anticorruption	**General Disclosure** Policies relating to bribery, extortion, fraud and money laundering	Anti-corruption and bribery	M1.3		B7.1, B7.2	205
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-corruption and bribery				
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-corruption and bribery				
B8. Community Investment	**General Disclosure** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Investment	G2.2, G2.3, G3.1, P2.1, P2.2, S4.1, S4.5, S4.6, S4.7, S4.8, S4.9, S4.10, S4.11, S4.12, S4.13	1, 2, 3, 4, 8, 9, 10, 11, 17	B8.1, B8.2	203, 413
	KPI B8.1 Focus areas of contribution	Community Investment				
	KPI B8.2 Resources contributed to the focus area	Community Investment				

The Board herein present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. The activities of its principal subsidiaries are set out in note 56 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 108 to 109.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2021 (2020: final dividend of RMB66 cents and special dividend of RMB11 cents per share).

The dividend policy of the Group is set out on page 35 to this report.

BUSINESS REVIEW

A fair review of the Group's business during the year, a discussion on the prospect of the Group's future business development, a description of the principal risks and uncertainties that the Group may be facing and an analysis of the Group's performance during the year using financial key perform indicators are provided in the Chairman's Statement on pages 6 to 7 and the Management Discussion and Analysis on pages 8 to 14 of this annual report.

The financial risk management objectives and policies of the Group are shown in note 43 to the consolidated financial statements. The particulars of significant events affecting the Group that have occurred subsequent to the reporting date are set out in note 58 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

Details of the Group's environmental policies are contained in the section headed "Environmental, Social and Governance Report" on pages 36 to 90 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

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

RELATIONSHIP WITH STAKEHOLDERS

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

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

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

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for each of the last five financial years is set out in the Five Years Financial Summary on page 344 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out below, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2021.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 41 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

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

During the Reporting Period of the year ended 31 December 2021, the Company repurchased a total of 7,000,000 shares of the Company on the Stock Exchange for enhancing net asset value and earnings per share of the Company. All the repurchased shares were cancelled. Details of the repurchases of shares are as follows:

Month	Number of shares repurchased	Purchase consideration per share		Aggregate consideration paid (before expenses)
		Highest	Lowest	
		HK$	HK$	HK$
February	7,000,000	7.12	6.93	49,155,690

Save as disclosed above, during the Reporting Period of the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

RESERVES

Details of movements in the reserves of the Company during the year are set out in note 60 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

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

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

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group as at 31 December 2021 are set out in note 36 to the consolidated financial statements of this annual report.

SENIOR NOTES AND BONDS

Details of senior notes and corporate bonds of the Company are set out in note 38 to the consolidated financial statements and in the announcements dated 6 September 2017, 15 January 2019, 11 February 2019, 14 June 2019, 30 July 2019, 2 September 2019, 2 March 2020, 24 June 2020, 17 September 2020, 11 November 2020, 15 January 2021, 22 February 2021,15 June 2021 and 30 June 2021 respectively.

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

On 27 September 2021, the Company entered into a subscription agreement with Successful Lotus Limited to subscribe for 107,875,000 subscription shares at the subscription price of HK$3.708 per subscription share, which is equal to the average closing price as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the subscription agreement. The subscription was completed on 8 October 2021, with net proceeds from the subscription of HK$398,776,000 (equivalent to approximately RMB330,904,000). Particulars of the above were set out in the Company's announcement dated 27 September 2021.

On 27 September 2021, the Company entered into a subscription agreement with its ultimate holding company, Joy Pacific Group Limited, which is controlled by Mr. Guo Zi Wen, to subscribe for 161,813,000 subscription shares at the subscription price of HK$3.708 per subscription share, which is equal to the average closing price as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the subscription agreement. The subscription was duly passed by independent Shareholders in the extraordinary general meeting held on 26 November 2021 and was completed on 28 December 2021, with net proceeds from the subscription of HK$599,292,000 (equivalent to approximately RMB489,741,000). Particulars of the above were set out in the Company's announcement dated 27 September 2021.

CORPORATE GOVERNANCE

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

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 20 to 35.

ANNUAL GENERAL MEETING

The 2022 annual general meeting of the Company was held on 24 August 2022. Due to the delay in the publication of the audited consolidated financial statements of the Group and the reports of the Directors and of the independent auditor for the year ended 31 December 2021, the resolution to consider and approve the aforesaid documents will be transacted in the 2022 Adjourned Annual General Meeting to be held on Thursday, 24 August 2023. The notice of the 2022 Adjourned Annual General Meeting will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the entitlement of Shareholders to attend and vote at the 2022 Adjourned Annual General Meeting, the register of members of the Company will be closed from Thursday, 17 August 2023 to Thursday, 24 August 2023, both days inclusive. In order to be eligible to attend and vote at the 2022 Adjourned Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 16 August 2023.

DIRECTORS

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

Executive Directors

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

Non-Executive Director

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

Independent Non-Executive Directors

Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor *(appointed on 13 April 2021)*
Mr. Wong Wai Keung Frederick *(appointed on 24 February 2023)*
Mr. Tsui King Fai *(resigned on 20 January 2023)*
Mr. Hu Jiang *(resigned on 13 April 2021)*

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

In accordance with Article 84 of the Articles of Association, Mr Guo Zi Wen, Mr. Ma Jun and Mr. Cheung Kwok Keung retire at the 2022 AGM. All of the above Directors, being eligible, had offered themselves for re-election at the 2022 AGM.

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

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AFTER THE REPORTING PERIOD

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

Mr. Chan Ka Yeung Jacky resigned as an executive Director and the senior vice president of the Group with effect from 14 April 2022.

Mr. Zhang Jun resigned as a non-executive Director with effect from 29 July 2022.

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

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

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

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

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the existing Directors of the Company are set out on pages 15 to 18 of this annual report.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

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

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS' INTERESTS IN MATERIAL CONTRACTS

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

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

MANAGEMENT CONTRACT

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

PERMITTED INDEMNITY PROVISION

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

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

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

As at 31 December 2021, the interests or short positions of the Directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code were as follows:

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

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

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

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

Notes:

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

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

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

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the Placing of Existing Shares and Subscription of New Shares and Share Option Scheme, none of the Directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right for the year ended 31 December 2021.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

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

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

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

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

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

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

The lenders will have the power to declare the commitment under the 2020 Loan Agreement to be cancelled and/or declare all outstanding amounts together with interest accrued and all other sums payable by the Company to be immediately due and payable.

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

GROUP'S EMOLUMENT POLICY

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

The details of the Directors' emoluments and senior management's remuneration for the year ended 31 December 2021 are set out in note 12 to the consolidated financial statements.

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

As at 31 December 2021, so far as is known to the Directors, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in shares of the Company

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

Note:

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

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

Save as disclosed above, as at 31 December 2021, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

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

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

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

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

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 58 to the consolidated financial statements.

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu resigned as the auditor of the Company with effect from 25 January 2022 and SHINEWING (HK) CPA Limited was appointed as the auditor of the Company to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu. Please refer to the Company's announcement of 26 January 2022 for more details regarding the change of auditor.

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer itself for re-appointment at the 2022 Adjourned Annual General Meeting.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 105 to 107.

On behalf of the Board
Guo Zi Wen
Chairman

Hong Kong, 30 June 2023

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

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

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

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Aoyuan Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 108 to 343, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2021. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties related to going concern

We draw attention to note 2 to the consolidated financial statements prepared by the directors of the Company (the "Directors"), which states that during the year ended 31 December 2021, the Group recorded a net loss of approximately RMB35,488 million and a net operating cash outflow. As at 31 December 2021, the Group's current liabilities exceeded its current assets by approximately RMB31,751 million, the Group's total bank and other borrowings and senior notes and bonds amounted to approximately RMB114,409 million, and the Group has total commitments (including its share of commitments made jointly with other investors relating to its joint ventures) of approximately RMB28,889 million, while the Group has total bank balances and cash (including restricted bank deposits) of approximately RMB18,415 million. In addition, as at 31 December 2021 and as of the date of approval of these consolidated financial statements, the Group had defaulted or cross-defaulted certain bank and other borrowings and senior notes and bonds and has been and is being sued by various parties for various reasons, details of which are set out by the Directors in note 2 to these consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

BASIS FOR DISCLAIMER OF OPINION (continued)

Multiple uncertainties related to going concern (continued)

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

As a result of the multiple uncertainties, their potential interaction and the possible cumulative effect thereof, we are unable to form an opinion as to whether the going concern basis of preparation as adopted by the Directors is appropriate. Should the Group fail to achieve the intended effects resulting from the various plans and measures as mentioned in note 2 to these consolidated financial statements, it might not be able to operate as a going concern, and adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of all these potential adjustments have not been reflected in these consolidated financial statements of the Group for the year ended 31 December 2021.

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

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

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

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

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

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

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

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

Other matter

The consolidated financial statements of the Company for the year ended 31 December 2020 were audited by Deloitte Touche Tohmatsu who expressed an unmodified opinion on 29 March 2021.

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

Hong Kong
30 June 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	NOTES	**2021 RMB'000**	2020 RMB'000 (Restated)
Revenue	(6)		
Contracts with customers		**49,767,069**	67,554,967
Leases		**254,547**	238,825
Total revenue		**50,021,616**	67,793,792
Cost of sales		**(61,956,498)**	(51,712,570)
Gross (loss)/profit		**(11,934,882)**	16,081,222
Other income, gains and losses, net	(8)	**(13,138,832)**	3,105,741
Change in fair value of investment properties		**95,844**	117,454
Recognition of change in fair value of properties for sale upon transfer to investment properties		**–**	162,046
Selling and distribution expenses		**(2,536,220)**	(2,530,938)
Administrative expenses		**(3,920,746)**	(3,330,082)
(Loss)/Gain on disposal of subsidiaries	(46)	**(2,506,669)**	1,227,798
Share of results of joint ventures		**(443,107)**	(229,075)
Share of results of associates		**(75,550)**	10,531
Finance costs	(9)	**(1,777,276)**	(1,006,170)
(Loss)/Profit before tax	(10)	**(36,237,438)**	13,608,527
Income tax credit/(expense)	(11)	**749,892**	(6,557,481)
(LOSS)/PROFIT FOR THE YEAR		**(35,487,546)**	7,051,046
Attributable to:			
Owners of the Company		**(33,074,609)**	5,907,550
Non-controlling interests		**(2,412,937)**	1,143,496
		(35,487,546)	7,051,046

	NOTES	2021 RMB'000	2020 RMB'000
OTHER COMPREHENSIVE (EXPENSES)/INCOME			
Item that will not be reclassified to profit or loss in subsequent periods:			
Fair value (loss)/gain on equity instruments designated at fair value through other comprehensive income ("FVTOCI"):		**(72,081)**	19,470
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		**(16,559)**	32,133
OTHER COMPREHENSIVE (EXPENSES)/INCOME FOR THE YEAR		**(88,640)**	51,603
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE YEAR		**(35,576,186)**	7,102,649
Attributable to:			
– Owners of the Company		**(33,163,249)**	5,957,410
– Non-controlling interests		**(2,412,937)**	1,145,239
		(35,576,186)	7,102,649
(Loss)/Earnings per share (RMB cents)			
Basic	(14)	**(1,214.45)**	218.84
Diluted	(14)	**(1,214.45)**	218.71

Consolidated Statement of Financial Position

As at 31 December 2021

	NOTES	**2021 RMB'000**	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	(15)	**4,121,069**	4,188,978
Right-of-use assets	(16)	**1,122,439**	1,622,716
Investment properties	(17)	**14,147,700**	12,408,539
Goodwill	(18)	**875,737**	688,144
Intangible assets	(19)	**91,932**	282,038
Interests in joint ventures	(20)	**2,696,282**	6,735,883
Interests in associates	(21)	**1,667,386**	4,008,334
Financial assets at fair value through profit or loss ("FVTPL")	(31)	**214,727**	249,784
Equity instruments designated at FVTOCI	(22)	**479,317**	628,517
Deferred tax assets	(23)	**4,011,528**	1,636,606
Deposits paid for acquisition of a subsidiary	(24)	**–**	81,600
Deposits paid for acquisition of property, plant and equipment		**31,289**	41,382
Deposits paid for acquisitions of joint ventures	(25)	**–**	877,611
Amounts due from non-controlling shareholders of subsidiaries	(26)	**–**	27,000
Amounts due from joint ventures	(27)	**–**	1,292,472
Trade and other receivables	(29)	**–**	259,433
Total non-current assets		**29,459,406**	35,029,037
CURRENT ASSETS			
Properties for sale	(28)	**152,482,119**	158,280,712
Inventories		**208,066**	265,954
Trade and other receivables	(29)	**34,664,054**	29,167,308
Amounts due from non-controlling shareholders of subsidiaries	(26)	**4,783,687**	5,548,176
Amounts due from joint ventures	(27)	**13,555,280**	21,916,040
Amounts due from associates	(30)	**447,528**	1,040,784
Financial assets at FVTPL	(31)	**52,342**	791,042
Tax recoverable		**5,104,409**	3,613,743
Restricted bank deposits	(32)	**9,152,960**	17,521,833
Bank balances and cash	(32)	**9,262,210**	52,503,827
		229,712,655	290,649,419
Assets classified as held for sale	(40)	**2,250,746**	–
Total current assets		**231,963,401**	290,649,419

	NOTES	2021 RMB'000	2020 RMB'000
CURRENT LIABILITIES			
Trade and other payables	(33)	**50,431,777**	40,557,088
Financial liability at FVTPL	(34)	**–**	29,050
Contract liabilities	(35)	**70,954,970**	69,039,857
Amounts due to non-controlling shareholders of subsidiaries	(26)	**3,863,048**	5,481,613
Amounts due to joint ventures	(27)	**12,300,210**	23,938,123
Amounts due to associates	(30)	**1,185,393**	683,862
Tax liabilities		**10,280,800**	11,732,743
Bank and other borrowings	(36)	**83,295,322**	38,514,135
Lease liabilities	(37)	**196,733**	148,036
Senior notes and bonds	(38)	**29,481,330**	13,753,322
Provisions	(39)	**–**	2,274,284
		261,989,583	206,152,113
Liabilities directly associated with assets classified as held for sale	(40)	**1,725,227**	–
Total current liabilities		**263,714,810**	206,152,113
Net current (liabilities)/assets		**(31,751,409)**	84,497,306
Total assets less current liabilities		**(2,292,003)**	119,526,343
Non-current liabilities			
Bank and other borrowings	(36)	**1,632,119**	42,439,159
Deferred tax liabilities	(23)	**1,570,996**	1,959,942
Lease liabilities	(37)	**1,447,449**	521,361
Senior notes and bonds	(38)	**–**	20,166,368
Deferred income		**587,222**	186,867
Total non-current liabilities		**5,237,786**	65,273,697
Net (liabilities)/assets		**(7,529,789)**	54,252,646

	NOTE	2021 RMB'000	2020 RMB'000
EQUITY			
Capital and reserves			
Share capital	(41)	**27,726**	25,567
Reserves		**(15,532,523)**	18,527,320
Equity attributable to owners of the Company		**(15,504,797)**	18,552,887
Non-controlling interests		**7,975,008**	35,699,759
TOTAL EQUITY		**(7,529,789)**	54,252,646

The consolidated financial statements on pages 108 to 343 were approved and authorised for issue by the Board of Directors on 30 June 2023 and are signed on its behalf by:

Guo Zi Wen	**Chen Zhi Bin**
Director	Director

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000 *(Note a)*	Special reserve RMB'000 *(Note b)*	Translation reserve RMB'000	Revaluation reserve RMB'000 *(Note c)*	Share option reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020	25,453	4,255,208	1,093	623,718	248,440	(2,007)	37,735	9,300	9,830,941	15,029,881	21,966,727	36,996,608
Profit for the year	–	–	–	–	–	–	–	–	5,907,550	5,907,550	1,143,496	7,051,046
Fair value gain on equity instruments at FVTOCI	–	–	–	–	–	–	19,470	–	–	19,470	–	19,470
Exchange differences arising on translation of foreign operations	–	–	–	–	–	30,390	–	–	–	30,390	1,743	32,133
Other comprehensive income for the year	–	–	–	–	–	30,390	19,470	–	–	49,860	1,743	51,603
Total comprehensive income for the year	–	–	–	–	–	30,390	19,470	–	5,907,550	5,957,410	1,145,239	7,102,649
Recognition of equity-settled share-based payment	–	–	–	–	–	–	–	–	–	–	7,036	7,036
Exercise of share options (note 41)	114	70,506	–	–	–	–	–	(9,300)	–	61,320	–	61,320
Deemed disposal of partial interests in subsidiaries without loss of control (note 46)	–	–	–	–	(306,887)	–	–	–	–	(306,887)	14,145,643	13,838,756
Disposal of subsidiaries (note 46)	–	–	–	–	24,208	–	–	–	(24,208)	–	(1,359,151)	(1,359,151)
Acquisitions of subsidiaries (note 44)	–	–	–	–	–	–	–	–	–	–	3,244,940	3,244,940
Acquisitions of additional interests from non-controlling shareholders of subsidiaries (note 45)	–	–	–	–	(709,126)	–	–	–	–	(709,126)	(8,862,038)	(9,571,164)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	5,953,916	5,953,916
Withdrawal of capital contribution by a former non-controlling shareholder of subsidiaries	–	–	–	–	–	–	–	–	–	–	(65,767)	(65,767)
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	–	(1,479,711)	(1,479,711)	–	(1,479,711)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(476,786)	(476,786)
At 31 December 2020	**25,567**	**4,325,714**	**1,093**	**623,718**	**(743,365)**	**28,383**	**57,205**	**–**	**14,234,572**	**18,552,887**	**35,699,759**	**54,252,646**

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000 *(Note a)*	Special reserve RMB'000 *(Note b)*	Translation reserve RMB'000	Revaluation reserve RMB'000 *(Note c)*	Retained earnings/ (accumulated losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021	25,567	4,325,714	1,093	623,718	(743,365)	28,383	57,205	14,234,572	18,552,887	35,699,759	54,252,646
Loss for the year	-	-	-	-	-	-	-	(33,074,609)	(33,074,609)	(2,412,937)	(35,487,546)
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	-	(72,081)	-	(72,081)	-	(72,081)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(16,559)	-	-	(16,559)	-	(16,559)
Other comprehensive expenses for the year	-	-	-	-	-	(16,559)	(72,081)	-	(88,640)	-	(88,640)
Total comprehensive expenses for the year	-	-	-	-	-	(16,559)	(72,081)	(33,074,609)	(33,163,249)	(2,412,937)	(35,576,186)
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-	-	7,172	7,172
Issue of new shares (note 41)	2,217	818,428	-	-	-	-	-	-	820,645	-	820,645
Share repurchase (note 41)	(58)	(41,029)	58	-	-	-	-	-	(41,029)	-	(41,029)
Disposal of subsidiaries (note 46)	-	-	-	-	-	-	-	-	-	(793,206)	(793,206)
Acquisitions of subsidiaries (note 44)	-	-	-	-	-	-	-	-	-	377,532	377,532
Acquisitions of additional interests from non-controlling shareholders of subsidiaries (note 45)	-	-	-	-	401,779	-	-	-	401,779	(22,592,516)	(22,190,737)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	27,230	27,230
Withdrawal of capital contribution by a former non-controlling shareholder of subsidiaries	-	-	-	-	-	-	-	-	-	(2,144,823)	(2,144,823)
Dividends recognised as distribution (note 13)	-	-	-	-	-	-	-	(2,075,830)	(2,075,830)	-	(2,075,830)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(193,203)	(193,203)
At 31 December 2021	27,726	5,103,113	1,151	623,718	(341,586)	11,824	(14,876)	(20,915,867)	(15,504,797)	7,975,008	(7,529,789)

Notes:

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

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

(c) Revaluation reserve represents (i) revaluation surplus arising from transfer of owner-occupied properties to investment properties at the date of change in use amounted to RMB45,205,000 net of related deferred tax during the year ended 31 December 2007; and (ii) cumulative revaluation deficit of RMB60,081,000 (2020: surplus of RMB12,000,000) arising from fair value changes on equity instruments designated at FVTOCI.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
OPERATING ACTIVITIES		
(Loss)/profit before tax	**(36,237,438)**	13,608,527
Adjustments for:		
Change in fair value of investment properties	**(95,844)**	(117,454)
Recognition of change in fair value of properties for sale upon transfer to investment properties	**–**	(162,046)
Investment return from financial assets at FVTPL	**(23,945)**	–
Investment return from structured deposits	**–**	(12,315)
Gain on change in fair value of financial assets at FVTPL	**(19,720)**	(80,285)
Loss on change in fair value of financial liability at FVTPL	**–**	9,889
Gain on termination of leases	**(9,505)**	(10,460)
Finance costs	**1,777,276**	1,006,170
Share of results of joint ventures	**443,107**	229,075
Share of results of associates	**75,550**	(10,531)
Loss/(gain) on disposal of subsidiaries	**2,506,669**	(1,227,798)
Loss/(gain) on disposal of joint ventures and associates	**97,704**	(252,197)
Share-based payment expenses	**7,172**	7,036
Bank interest income	**(820,010)**	(781,226)
Other interest income	**(103,106)**	(168,689)
Depreciation of property, plant and equipment	**366,498**	289,332
Depreciation of right-of-use assets	**414,795**	252,894
Amortisation of intangible assets	**60,594**	25,001
Loss on disposal of property, plant and equipment	**173,815**	79,518
Exchange gain, net	**(805,277)**	(1,839,745)
Impairment losses on properties for sale	**18,391,036**	927,635
Impairment losses on trade and other receivables	**6,344,987**	121,509
Impairment losses on amounts due from non-controlling shareholders of subsidiaries ("NCI")	**2,034,996**	–
Impairment losses on amounts due from joint ventures	**433,773**	57,543
Impairment losses on amounts due from associates	**33,225**	–
Impairment losses on right-of-use assets	**1,056,178**	18,997
Impairment losses on intangible assets	**159,424**	–
Impairment losses on property, plant and equipment	**883,777**	–
Impairment losses on goodwill	**593,785**	–
Impairment losses on interests in joint ventures	**1,843,914**	–
Impairment losses on interests in associates	**306,268**	–
Impairment losses on contract assets	**11,766**	–
Impairment loss on assets classified as held for sale	**1,193,941**	–
Amortisation of deferred income	**(23,882)**	(124,633)

	NOTE	2021 RMB'000	2020 RMB'000
Operating cash flows before movements in working capital		**1,071,523**	11,845,747
(Increase)/decrease in properties for sale		**(1,659,302)**	6,929,684
Decrease/(increase) in inventories		**483,055**	(47,521)
Decrease in deposits paid for acquisitions of land use rights and property projects		**–**	266,454
Increase in trade and other receivables		**(3,360,024)**	(8,440,015)
Increase in trade and other payables		**4,373,508**	1,531,100
Decrease in contract liabilities		**(258,227)**	(15,794,139)
Increase in deferred income		**71,439**	37,847
Cash from (used in) operations		**721,972**	(3,670,843)
Enterprise Income Tax ("EIT") and Land Appreciation Tax ("LAT") paid		**(2,685,344)**	(4,231,192)
Interest paid		**(11,163,868)**	(7,757,021)
NET CASH USED IN OPERATING ACTIVITIES		**(13,127,240)**	(15,659,056)
INVESTING ACTIVITIES			
Placement of restricted bank deposits		**(4,902,251)**	(19,834,778)
Withdrawal of restricted bank deposits		**13,052,575**	11,609,869
Placement of bank and structured deposits		**(13,030,961)**	(16,725,663)
Withdrawal of bank and structured deposits		**30,606,624**	11,792,635
Settlement of consideration payable for acquisitions of subsidiaries in prior year		**(396,806)**	(806,444)
Deposits refund for acquisitions of subsidiaries		**–**	1,413,851
Deposits paid for acquisitions of joint ventures		**–**	(833,234)
Increase in deposits paid for acquisition of property, plant and equipment		**–**	(2,524)
Payments for investment properties		**(722,664)**	(652,914)
Acquisitions of subsidiaries (net of cash and cash equivalents acquired)	44	**1,618,751**	(925,100)
Purchases of property, plant and equipment		**(1,393,476)**	(300,457)
Payments for right-of-use assets		**(22,822)**	(185,870)
Advances to NCI		**(3,286,616)**	(2,924,939)
Repayments from NCI		**1,899,706**	618,746
Advances to joint ventures		**(5,005,675)**	(22,294,816)
Repayments from joint ventures		**7,553,599**	948,170
Repayments from associates		**427,749**	44,760
Advances to associates		**(467,718)**	(621,125)
Investments in joint ventures		**(452,954)**	(1,449,813)
Withdrawal of interests in a joint venture		**–**	10,391
Investments in associates		**(10,838)**	(2,398,389)
Investments in equity instruments designated at FVTOCI		**–**	(300,000)

	NOTE	2021 RMB'000	2020 RMB'000
Deposit refunded for acquisition of Aeon Life Insurance Company		**–**	3,261,600
Investments in financial assets at FVTPL		**(10,028)**	(403,177)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	46	**659,740**	(3,125,817)
Interest received		**923,116**	949,915
Investment return from financial assets at FVTPL and structured deposits		**23,945**	12,315
Proceeds on disposal of property, plant and equipment		**65,424**	–
Proceeds from disposal of investment properties		**275,717**	55,882
Proceeds from disposal of joint ventures		**54,103**	365,000
Proceeds from disposal of associates		**765**	–
Proceeds from disposal of equity instruments designated at FVTOCI		**61,686**	–
Proceeds from disposal of financial assets at FVTPL		**699,973**	121,137
Proceeds upon maturity of financial assets at FVTPL		**48,775**	50,281
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		**28,269,439**	(42,530,508)
FINANCING ACTIVITIES			
New bank and other borrowings raised		**59,027,071**	81,742,842
Repayment of bank and other borrowings		**(67,762,085)**	(54,169,573)
Proceeds received from senior notes and bonds, net of issue expenses		**6,833,347**	14,544,801
Settlement of senior notes and bonds		**(6,710,601)**	(6,098,811)
Early redemptions of senior notes		**(4,068,906)**	(51,057)
Repayment of lease liabilities		**(177,561)**	(224,603)
Interest paid on lease liabilities		**(64,174)**	(69,324)
Repayment of other payables		**–**	(534,210)
Advances from NCI		**986,800**	1,287,421
Repayments to NCI		**(2,713,433)**	(3,324,066)
Advances from joint ventures		**20,037,368**	16,095,612
Repayments to joint ventures		**(25,476,426)**	(7,613,247)
Advances from associates		**1,101,585**	567,230
Repayments to associates		**(54)**	–
Dividends paid to owners of the Company		**(2,075,830)**	(1,479,711)
Dividends paid to NCI		**(193,203)**	(476,786)
Proceeds from deemed disposal of partial interests in subsidiaries without loss of controls		**–**	13,838,756
Acquisition of additional interests from NCI		**(18,082,686)**	(12,378,164)
Contribution from NCI		**27,230**	5,953,916
Withdrawal of capital contribution by a former NCI		**(2,144,823)**	(65,767)
Proceed from issue of new shares		**820,645**	61,320
Shares repurchase		**(41,029)**	–

	2021 RMB'000	2020 RMB'000
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**(40,676,765)**	47,606,579
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(25,534,566)**	(10,582,985)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**14,626**	(593,269)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**34,928,164**	46,104,418
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**9,408,224**	34,928,164
AN ANALYSIS OF CASH AND CASH EQUIVALENTS IS AS FOLLOWS:		
BANK BALANCES AND CASH	**9,262,210**	34,928,164
BANK BALANCES AND CASH CLASSIFIED AS HELD FOR SALE	**146,014**	–
	9,408,224	34,928,164

1. GENERAL INFORMATION

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

The Company's immediate holding company is Ace Rise Profits Limited, a limited company which was incorporated as an exempted company with limited liability in the British Virgin Islands. Its ultimate holding company is Joy Pacific Group Limited, a limited liability company incorporated in the British Virgin Islands which is controlled by Mr. Guo Zi Wen. The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 56.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

Going concern basis

During the year ended 31 December 2021, the Group recorded a net loss of approximately RMB35,488 million and a net operating cash outflow. As at 31 December 2021, the Group's current liabilities (after reclassifying certain bank and other borrowings and senior notes and bonds with scheduled repayment dates beyond one year after 31 December 2021 as current liabilities due to defaults and cross defaults in repayment) exceeded its current assets by approximately RMB31,751 million. At the same date, the Group's total bank and other borrowings and senior notes and bonds amounted to RMB114,409 million, out of which approximately RMB112,777 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has commitments including its share of commitments made jointly with investors relating to its joint ventures in aggregate of approximately RMB28,889 million, while the Group has total bank balances and cash (including restricted bank deposits) of approximately RMB18,415 million.

As at 31 December 2021, the Group had defaulted the repayment of certain bank and other borrowings of approximately RMB8,002 million and senior notes and bonds of approximately RMB1,251 million. Such events triggered default and cross-default clauses in several other bank and other borrowings and senior notes and bonds of the Group. As a result of such, the relevant banks and financial institutions have the rights to request the Group to immediately repay bank and other borrowings of approximately RMB58,437 million and senior notes and bonds of approximately RMB28,230 million. Subsequent to 31 December 2021 and up to the date of these consolidated financial statements, apart from the aforesaid bank and other borrowings and senior notes and bonds, the Group had not repaid bank and other borrowings of approximately RMB18,086 million that are due for repayment. Furthermore, as at 31 December 2021 and up to the date of these consolidated financial statements, the Group has been and is being sued by various parties for various reasons. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

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

Going concern basis (continued)

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

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

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

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

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

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

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

Going concern basis (continued)

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

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

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

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

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

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

Taking into account the above plans and measures, and the Group's cash flow projections prepared by the management covering a period of not less than twelve months from 31 December 2021, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2021 on a going concern basis.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, it might not be able to operate as a going concern, and adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of all these potential adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2021.

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

Amendments to IFRSs that are mandatorily effective for the current year

In current year, the Group has applied the following amendments to IFRSs, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements.

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

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

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

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform — phase 2

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

The Group had certain interest-bearing bank loans denominated in RMB based on the China Loan Prime Rate as at 31 December 2021. The Group expects that the China Loan Prime Rate will continue to exist and the interest rate benchmark reform has not had an impact on the Group's China Loan Prime Rate-based borrowings. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the abovementioned practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

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

New and amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*[1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[4]
IFRS 17 (including the June 2020 and February 2022 amendments to IFRS 17)	*Insurance Contracts and related Amendments*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[4]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 12	*International Tax Reform-Pillar Two Model Rules*[5]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts-Cost of Fulfilling a Contract*[1]
Amendments to IFRSs	*Annual Improvements to IFRSs 2018-2020 cycle*[1]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] Effective for annual periods beginning on or before a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2024
[5] Effective immediately upon issue on 23 May 2023, except for new disclosures, which are required for annual periods beginning on or after 1 January 2023

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

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

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in IFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the "Conceptual Framework") instead of the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010);

- add a requirement that, for transactions and other events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies IAS 37 or IFRIC 21 instead of Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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

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

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

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

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

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

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

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

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The disposal group held for sale is stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 40.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

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

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

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

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

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

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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

Business combinations

Businesses combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests, unless as required by another standards, are measured at their acquisition-date fair value.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

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

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

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

The Group's policy for goodwill arising on the acquisition of joint ventures and associates is set out in "Investments in associates and joint ventures" below.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

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

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held for sale

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

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

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

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

Revenue from contracts with customers

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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

Contract assets and contract liabilities

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

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

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

Existence of significant financing component

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Contract costs

Incremental costs of obtaining a contract

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

The Group recognises such costs (agency commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Costs to fulfil a contract

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

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

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

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

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

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

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

Refundable rental deposits

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

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

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

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Lease modifications

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications (continued)

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

The Group as a lessor

Classification and measurement of leases

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

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

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessor (continued)

Allocation of consideration to components of a contract

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

Refundable rental deposits

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

Lease modification

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

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

Borrowing costs

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

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

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

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

Employee Benefits

Retirement benefit costs

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

Short-term employee benefits

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments arrangement

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

Property, plant and equipment and depreciation

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

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

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

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

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

Intangible assets acquired in a business combination

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets acquired in a business combination (continued)

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

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

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

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties for sale

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

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

Inventories

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

Provisions

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

Amortised cost and interest income

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Equity instruments designated as at FVTOCI

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

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

Financial assets at FVTPL

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amounts due from NCI, joint ventures and associates, restricted bank deposits and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL (continued)

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

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

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at FVTPL

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

Financial liabilities at amortised cost

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

Financial guarantee contracts

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition of financial liabilities

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

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

Derivative financial instruments

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

Embedded derivatives

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

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgment in applying accounting policies

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

Going concern basis

Although the Group had net current liabilities of approximately RMB31,751,409,000 and net liabilities of approximately RMB7,529,789,000 as at 31 December 2021, the Group manages its liquidity risk by monitoring its current and expected liquidity requirements regularly and ensuring sufficient liquid cash to meet the Group's liquidity requirements in the short and long term. Details of the factors that may cast doubt on the Group's ability to continue as a going concern are disclosed in note 2.

Deferred taxation on investment properties

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

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

Critical judgment in applying accounting policies (continued)

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

The Aoyuan Beauty Valley Group is accounted for as subsidiaries of the Group although the Group holds 29.99% ownership interests and voting rights in Aoyuan Beauty Valley Group and the remaining equity interests of the Aoyuan Beauty Valley Group are owned by shareholders that are unrelated to the Group. Details of these are set out in note 56.

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

Classification of subsidiaries, joint ventures and associates

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

Key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty (continued)

Estimated impairment of goodwill and intangible assets

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

As at 31 December 2021, the carrying amounts of goodwill and intangible assets are approximately RMB875,737,000 (2020: RMB688,144,000) and RMB91,932,000 (2020: RMB282,038,000). Details of the impairment assessment are disclosed in notes 18.

Fair value measurements of investment properties

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

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

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

As at 31 December 2021, the carrying amount of the Group’s investment properties is approximately RMB14,147,700,000 (2020: RMB12,408,539,000).

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

Key sources of estimation uncertainty (continued)

Determination of net realisable value of properties for sale

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

As at 31 December 2021, the aggregate carrying amount of properties for sale amounted to approximately RMB152,482,119,000 (2020: RMB158,280,712,000), net of impairment loss on properties for sale of approximately RMB12,354,461,000 (2020: RMB941,068,000), which are located in the PRC, Canada and Hong Kong.

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

Key sources of estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

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

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

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

Key sources of estimation uncertainty (continued)

LAT

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

Deferred tax assets

As at 31 December 2021, a deferred tax asset of RMB3,378,933,000 (2020: RMB1,237,803,000) in relation to unused tax losses and deductible timing difference for certain operating subsidiaries has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately RMB30,565,455,000 (2020: RMB5,669,603,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

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

Key sources of estimation uncertainty (continued)

Provision for land acquired

The provision for land acquired has been determined by the management of the Company based on their best estimates. The management of the Company estimated this liability for land acquired based upon detailed calculations of the amount and timing of future cash flows spending on the properties development, escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, such that the provision reflects the present value of the costs expected to be required to settle the obligation. However, the estimate of the associated costs may be subject to change due to the change of construction cost in the future. The management of the Company review the provision regularly such that it properly reflects the present value of the obligation arising from the development of the current and past properties. The movement of provisions for land acquired during the year is set out in note 39.

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

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

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

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's amounts due from NCI, joint ventures, associates and trade and other receivables are disclosed in note 43.

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

Key sources of estimation uncertainty (continued)

Impairment of interests in associates and joint ventures

As at 31 December 2021, considering the existence of the of impairment indicators, the Group performed impairment assessment on certain associates and joint ventures. Determining whether impairments loss should be recognised requires an estimation of the recoverable amounts of the relevant investments in associates/joint ventures which are the higher of value in use and fair value less costs of disposal. The value in use calculation requires the management of the Group to estimate the present value of the estimated cash flows expected to arise from dividends to be received from the associates/joint ventures and the proceeds from the ultimate disposals of the investment taking into account factors, including discount rate. In cases where the actual cash flows are less or more than expected, or changes in facts and circumstances which result in revision of future cash flows estimation or discount rate, a reversal or further recognition of impairment loss may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place. As at 31 December 2021, the carrying amounts of the interests in associates and joint ventures amounted to approximately RMB1,667,386,000 (2020: RMB4,008,334,000) and RMB2,696,282,000 (2020: RMB6,735,883,000) respectively, net of impairment losses on interests in associates and joint ventures of approximately RMB306,268,000 (2020: Nil) and RMB126,695,000 (2020: Nil), respectively.

6. REVENUE

Disaggregation of revenue from contracts with customers

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

6. REVENUE (continued)

Disaggregation of revenue from contracts with customers (continued)

	For the year ended 31 December 2020			
	Property development RMB'000	Property investment RMB'000	Other RMB'000	Total RMB'000
Types of goods or services				
Sales of properties				
Residential apartments	52,639,605	–	–	52,639,605
Commercial apartments	4,404,197	–	–	4,404,197
Retail shops and others	3,445,901	–	–	3,445,901
Low-density residential	3,926,921	–	–	3,926,921
	64,416,624	–	–	64,416,624
Others				
Property management services	–	–	951,137	951,137
Others	–	–	2,187,206	2,187,206
	–	–	3,138,343	3,138,343
Revenue from contracts with customers	64,416,624	–	3,138,343	67,554,967
Property investment Commercial and retail shops	–	238,825	–	238,825
Total	64,416,624	238,825	3,138,343	67,793,792
Timing of revenue recognition				
At a point of time	64,416,624	–	2,014,255	66,430,879
Recognised over time	–	–	1,124,088	1,124,088
	64,416,624	–	3,138,343	67,554,967
Rental income	–	238,825	–	238,825
Total	64,416,624	238,825	3,138,343	67,793,792

6. REVENUE (continued)

Disaggregation of revenue from contracts with customers (continued)

Performance obligations for contracts with customers

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

- Sales of properties;
- Property management services;
- Sales of goods and provision of services; and
- Hotel operation.

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

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

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

6. REVENUE (continued)

Disaggregation of revenue from contracts with customers (continued)

Performance obligations for contracts with customers (continued)

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

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

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

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

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

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

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

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

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

	2021 **RMB'000**	2020 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**35,685,089**	50,743,307

7. SEGMENT INFORMATION

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

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

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

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

	For the year ended 31 December 2020			
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
External segment revenue	64,416,624	238,825	3,138,343	67,793,792
Segment result	11,318,952	282,472	153,656	11,755,080
Other income, gains and losses, net				2,242,650
Gain on disposal of subsidiaries				1,227,798
Unallocated corporate expenses				(392,287)
Share of results of joint ventures				(229,075)
Share of results of associates				10,531
Finance costs				(1,006,170)
Profit before tax				13,608,527

7. SEGMENT INFORMATION (continued)

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

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

Segment assets

	2021	2020
	RMB'000	RMB'000
Property development	**190,333,764**	194,736,861
Property investment	**15,467,562**	12,474,933
Others	**8,011,105**	5,328,893
Total segment assets	**213,812,431**	212,540,687
Unallocated assets:		
Interests in joint ventures	**2,696,282**	6,735,883
Interests in associates	**1,667,386**	4,008,334
Financial assets at FVTPL	**267,069**	1,040,826
Equity instruments designated at FVTOCI	**479,317**	628,517
Deferred tax assets	**4,011,528**	1,636,606
Amounts due from joint ventures	**13,555,280**	23,208,512
Amounts due from associates	**447,528**	1,040,784
Tax recoverable	**5,104,409**	3,613,743
Restricted bank deposits	**9,152,960**	17,521,833
Bank balances and cash	**9,262,210**	52,503,827
Others	**966,407**	1,198,904
Consolidated assets	**261,422,807**	325,678,456

7. SEGMENT INFORMATION (continued)

Segment liabilities

	2021 RMB'000	2020 RMB'000
Property development	**125,246,005**	115,832,672
Property investment	**137,591**	88,735
Others	**3,822,830**	2,093,633
Total segment liabilities	**129,206,426**	118,015,040
Unallocated liabilities:		
Bank and other borrowings	**84,927,441**	80,953,294
Senior notes and bonds	**29,481,330**	33,919,690
Amounts due to joint ventures	**12,300,210**	23,938,123
Amounts due to associates	**1,185,393**	683,862
Tax liabilities	**10,280,800**	11,732,743
Deferred tax liabilities	**1,570,996**	1,959,942
Others	**–**	223,116
Consolidated liabilities	**268,952,596**	271,425,810

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

- all assets are allocated to reportable and operating segments other than interests in joint ventures and associates, financial assets at FVTPL, equity instruments designated at FVTOCI, deferred tax assets, amounts due from joint ventures and associates, tax recoverable, restricted bank deposits, bank balances and cash and certain property, plant and equipment and other assets not attributable to respective segment.

- all liabilities are allocated to reportable and operating segments other than amounts due to joint ventures and associates, tax liabilities, bank and other borrowings, senior notes and bonds, deferred tax liabilities and certain amount of lease liabilities not attributable to respective segment.

7. SEGMENT INFORMATION (continued)

Other segment information

	For the year ended 31 December 2021				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	38,050	–	1,083,688	281,831	1,403,569
Additions of investment properties	–	768,134	–	–	768,134
Additions of right-of-use assets	18,645	–	1,403,197	–	1,421,842
Depreciation of property, plant and equipment	38,443	–	286,358	41,697	366,498
Amortisation of intangible assets	–	–	60,594	–	60,594
Depreciation of right-of-use assets	22,577	–	355,868	36,350	414,795
Loss on disposal of property, plant and equipment	16,312	–	152,846	4,657	173,815
Impairment losses on property, plant and equipment	–	–	883,777	–	883,777
Impairment losses on goodwill	–	–	593,785	–	593,785
Impairment losses on interests in joint ventures	1,843,914	–	–	–	1,843,914
Impairment losses on interests in associates	306,268	–	–	–	306,268

7. SEGMENT INFORMATION (continued)

Other segment information (continued)

	For the year ended 31 December 2021				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Impairment losses on contract assets	–	–	11,766	–	11,766
Impairment losses on right-of-use assets	–	–	1,056,178	–	1,056,178
Impairment losses on intangible assets	–	–	159,424	–	159,424
Impairment losses on trade and other receivables	4,908,490	16,431	1,182,255	237,811	6,344,987
Impairment losses on amounts due from NCI	2,034,996	–	–	–	2,034,996
Impairment losses on amounts due from joint ventures	433,773	–	–	–	433,773
Impairment loss on properties for sale	18,391,036	–	–	–	18,391,036
Impairment losses on amounts due from associates	33,225	–	–	–	33,225
Impairment losses on assets classified as held for sale	1,193,941	–	–	–	1,193,941
Change in fair value of investment properties	–	95,844	–	–	95,844

7. SEGMENT INFORMATION (continued)

Other segment information (continued)

	For the year ended 31 December 2020				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	59,641	–	420,640	23,739	504,020
Additions of investment properties	–	722,071	–	–	722,071
Additions of right-of-use assets	67,280	–	505,347	–	572,627
Depreciation of property, plant and equipment	109,982	–	135,401	43,949	289,332
Amortisation of intangible assets	–	–	25,001	–	25,001
Depreciation of right-of-use assets	94,746	–	101,654	56,494	252,894
Loss on disposal of property, plant and equipment	3,456	–	76,062	–	79,518
Impairment losses on trade and other receivables	105,535	–	15,974	–	121,509
Impairment loss on properties for sale	927,635	–	–	–	927,635
Impairment losses on right-of-use assets	–	–	18,997	–	18,997
Change in fair value of investment properties	–	117,454	–	–	117,454
Change in fair value of properties for sale upon transfer to investment properties	–	162,046	–	–	162,046

7. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations and location of non-current assets are substantially in the People's Republic of China (the "PRC"). Information about the Group's revenue from external customers is presented based on location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets. All non-current assets are allocated to reportable and operating segments other than equity instruments designated at FVTOCI, financial assets at FVTPL, deferred tax assets, trade and other receivables, amounts due from NCI and joint ventures.

	Revenue from external customers for the year ended 31 December		**Non-current assets as at 31 December**	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
Mainland China	**48,812,656**	65,415,071	**24,373,537**	30,555,174
Hong Kong	**–**	–	**328,854**	322,535
Australia	**1,200,157**	2,371,676	**5,170**	7,947
Canada	**8,803**	7,045	**46,273**	49,569
	50,021,616	67,793,792	**24,753,834**	30,935,225

Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2021 and 2020.

8. OTHER INCOME, GAINS AND LOSSES, NET

	2021 RMB'000	2020 RMB'000
Exchange gains, net	**(805,277)**	(1,839,745)
Gain on change in fair value of financial assets at FVTPL	**(19,720)**	(80,285)
Loss on change in fair value of financial liability at FVTPL	**–**	9,889
Investment return from financial assets at FVTPL	**(23,945)**	–
Investment return from structured deposits	**–**	(12,315)
Bank interest income	**(820,010)**	(781,226)
Other interest income	**(103,106)**	(168,689)
Government subsidy*	**(23,882)**	(150,593)
Loss on disposal of property, plant and equipment	**173,815**	79,518
Loss/(Gain) on disposal of joint ventures	**98,469**	(252,197)
Gain on disposal of associates	**(765)**	–
Impairment losses on trade and other receivables	**6,344,987**	121,509
Impairment losses on amounts due from NCI	**2,034,996**	–
Impairment losses on amounts due from joint ventures	**433,773**	57,543
impairment losses on amounts due from associates	**33,225**	–
Impairment losses on interests in joint ventures	**1,843,914**	–
Impairment losses on interests in associates	**306,268**	–
Impairment losses on right-of-use assets	**1,056,178**	18,997
Impairment losses on intangible assets	**159,424**	–
Impairment losses on property, plant and equipment	**883,777**	–
Impairment losses on goodwill	**593,785**	–
Impairment losses on contract assets	**11,766**	–
Impairment losses on assets classified as held for sale	**1,193,941**	–
Others	**(232,781)**	(108,147)
	13,138,832	(3,105,741)

* Government subsidy represented unconditional cash payments granted by government authorities and conditional grants related to development of property projects.

9. FINANCE COSTS

	2021 RMB'000	2020 RMB'000
Interest on:		
Bank and other borrowings	**8,901,816**	5,883,666
Senior notes and bonds	**2,250,401**	2,296,623
Amount due to a joint venture	**18,000**	27,374
Other payables	**53,874**	13,417
Lease liabilities	**64,174**	69,324
Total borrowing costs	**11,288,265**	8,290,404
Less: amounts capitalised to properties under development for sale	**(9,465,519)**	(7,215,077)
amounts capitalised to investment properties under construction	**(45,470)**	(69,157)
	1,777,276	1,006,170

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 7.22% (2020:7.34%) per annum to expenditure on the qualifying assets.

10. (LOSS)/PROFIT BEFORE TAX

	2021 RMB'000	2020 RMB'000
(Loss)/Profit before tax has been arrived at after charging/ (crediting):		
Directors' emoluments	**30,112**	23,232
Other staffs' salaries	**2,738,368**	2,530,320
Other staffs' retirement benefit scheme contributions	**104,918**	132,209
Other staffs' share-based payments	**7,172**	7,036
Total staff costs	**2,880,570**	2,692,797
Less: amounts capitalised to properties under development for sale	**(507,626)**	(711,702)
	2,372,944	1,981,095
Cost of properties for sale/inventories recognised as an expense (excluding impairment loss on properties for sale)	**40,992,348**	48,701,754
Impairment loss on properties for sale (included in the cost of sales)	**18,391,036**	927,635
Depreciation of property, plant and equipment	**366,498**	289,332
Depreciation of right-of-use assets	**414,795**	252,894
Amortisation of intangible assets (included in administrative expenses)	**60,594**	25,001
Gross rental income in respect of investment properties	**(254,547)**	(238,825)
Less: direct operating expenses from investment properties that generated rental income during the year	**179,091**	182,227
	(75,456)	(56,598)

11. INCOME TAX (CREDIT)/EXPENSE

	2021 **RMB'000**	2020 RMB'000
Income tax (credit)/expense recognised comprises of:		
Current tax:		
PRC		
EIT		
– Current year	**2,571,109**	5,172,492
– Underprovision in prior year	**31,038**	3,488
LAT	**(372,119)**	1,856,366
Other jurisdiction	**3,368**	69,465
	2,233,396	7,101,811
Deferred tax (note 23)		
PRC	**(2,922,528)**	(489,046)
Other jurisdictions	**(60,760)**	(55,284)
	(2,983,288)	(544,330)
Income tax (credit)/expense for the year	**(749,892)**	6,557,481

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, subject to certain preferential income tax policies.

Under the Provisional Regulations of the People's Republic of China on LAT (the "LAT Provisional Regulations") and Implementation Regulation of the LAT Provisional Regulations, the tax rate of the PRC subsidiaries is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and relevant property development expenditures.

No provision for Hong Kong profits tax has been made in the consolidated financial statements for both years as the Group's income neither arises in, nor is derived from, Hong Kong.

Under Australian tax law, the tax rate used for the year is 30% (2020: 30%) on taxable profits on Australian incorporated entities. The Australian subsidiaries of the Company are considered as an income tax consolidated group and are taxed as a single entity. Under Canadian tax law, the tax rate used for the year is 26.5% (2020: 26.5%) on taxable profits on Canadian incorporated entities. Tax provision for Australian profits tax has been made in the consolidated financial statements for the year ended 31 December 2021 as there were assessable profits while no tax provision for Canadian profits tax has been made in the consolidated financial statements for 31 December 2021 as there were no assessable profit arises in Canada.

11. INCOME TAX (CREDIT)/EXPENSE (continued)

The income tax (credit)/expense for the year can be reconciled to the (loss)/profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2021 **RMB'000**	2020 RMB'000
(Loss)/profit before tax	**(36,237,438)**	13,608,527
Tax charge at domestic tax rate of 25%	**(9,059,359)**	3,402,132
Tax effect of share of results of joint ventures and associates	**129,664**	54,636
Tax effect of expenses not deductible for tax purpose	**2,186,075**	1,516,878
Tax effect of income not taxable for tax purpose	**(2,629)**	(515,449)
Tax effect of tax losses not recognised	**6,306,140**	771,021
Utilisation of tax losses previously not recognised	**(72,600)**	(222,338)
(Reversal)/provision for LAT	**(372,119)**	1,856,366
Tax effect of LAT	**93,030**	(464,092)
Deferred tax effect of LAT on revaluation of investment properties	**6,462**	51,393
Effect of different tax rate of subsidiaries operating in other jurisdictions	**4,406**	4,571
Withholding tax on undistributed profit	**–**	120,167
Differential tax rate on temporary differences of subsidiaries	**–**	(21,292)
Underprovision in prior year	**31,038**	3,488
Income tax (credit)/expense for the year	**(749,892)**	6,557,481

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Fees RMB'000	Salaries and allowances RMB'000	Performance related bonus (note (a)) RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2021					
Executive director:					
Guo Zi Wen	–	3,900	370	49	4,319
Guo Zi Ning (Note b)	–	3,900	340	34	4,274
Ma Jun	–	3,950	–	34	3,984
Chan Ka Yeung (Note c)	–	6,491	4,447	15	10,953
Zhang Jun (Note d)	–	2,011	–	34	2,045
Chen Zhi Bin (Note e)	–	3,041	400	31	3,472
Independent non-executive director:					
Tsui King Fai (Note f)	370	–	–	–	370
Cheung Kwok Keung	364	–	–	–	364
Hu Jiang (Note g)	66	–	–	–	66
Lee Thomas Kang Bor (Note h)	265	–	–	–	265
	1,065	23,293	5,557	197	30,112

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (continued)

	Fees RMB'000	Salaries and allowances RMB'000	Performance related bonus (note (a)) RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2020					
Executive director:					
Guo Zi Wen	–	3,900	435	49	4,384
Guo Zi Ning (Note b)	–	3,900	476	33	4,409
Ma Jun	–	3,950	345	33	4,328
Chan Ka Yeung (Note c)	–	4,652	1,834	16	6,502
Zhang Jun (Note d)	–	2,200	344	33	2,577
Independent non-executive director:					
Tsui King Fai (Note f)	377	–	–	–	377
Cheung Kwok Keung	371	–	–	–	371
Hu Jiang (Note g)	284	–	–	–	284
	1,032	18,602	3,434	164	23,232

Notes:

(a) The performance related bonus is determined as a percentage of the contract sales or amount of offshore financing of the Group for the years ended 31 December 2021 and 2020.

(b) Mr. Guo Zi Ning resigned with effect from 27 April 2023.

(c) Mr. Chan Ka Yeung's service contract was expired on 14 April 2022.

(d) Mr. Zhang Jun's service contract was expired on 29 July 2022.

(e) Mr. Cheng Zhi Bin was appointed on 27 January 2021.

(f) Mr. Tsui King Fai retired with effect from 20 January 2023.

(g) Mr. Hu Jiang resigned with effect from 13 April 2021.

(h) Mr. Lee Thomas Kang Bor was appointed on 13 April 2021.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (continued)

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as independent non-executive directors of the Company.

Mr. Guo Zi Ning is also the Chief Executive Officer of the Company and his remuneration disclosed above includes those for services rendered by him as the Chief Executive Officer.

No directors waive any emolument during the current year or the prior year and none of the directors have received any inducement pay for joining or upon joining the Company.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2020: four) were executive directors and the Chief Executive of the Company whose emoluments are included in the disclosures in this note above. The emoluments of the remaining one (2020: one) individual was as follows:

	2021 RMB'000	2020 RMB'000
Salaries and allowances	**3,182**	3,952
Performance related bonus	**400**	400
Retirement benefit scheme contributions	**–**	33
	3,582	4,385

The emoluments were within the following bands:

	2021 No. of employees	2020 No. of employees
HK$4,000,001 to HK$4,500,000 (equivalent to RMB3,336,001 to RMB3,787,000)	**1**	–
HK$5,000,001 to HK$5,500,000 (equivalent to RMB4,208,001 to RMB4,629,000)	**–**	1

During the year, no emolument was paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

	2021 **RMB'000**	2020 RMB'000
Dividends, recognised as distribution during the year:		
2020 final dividend of RMB66 cents and a special dividend of RMB11 cents (2020: 2019 final dividend RMB55 cents) per share	**2,075,830**	1,479,711

A final dividend in respect of the year ended 31 December 2020 of RMB66 cents (equivalent to HK78.4 cents) per ordinary share and a special dividend of RMB11 cents (equivalent to HK13.1 cents) per ordinary share in an aggregate amount of RMB2,075,830,000 (equivalent to approximately HK$2,466,733,000), taking into account of 2,695,883,354 ordinary shares in issue at 31 December 2020, have been proposed by the Board of Directors and approved by the shareholders of the Company in the annual general meeting.

At a meeting of the Board of Directors held on 30 June 2023, the Directors resolved not to declare any dividend to shareholders for the year ended 31 December 2021.

14. (LOSS)/EARNINGS PER SHARE

The calculations of the basic and diluted (loss)/earnings per share are based on:

	2021 **RMB'000**	2020 RMB'000
(Loss)/Earnings:		
(Loss)/profit for the year attributable to owners of the Company used in the basic and diluted (loss)/earnings per share calculation (note a):	**(33,074,609)**	5,907,550

	2021 **'000**	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**2,723,419**	2,699,502
Effect of dilutive potential ordinary shares:		
– Share options (note (b))	**–**	1,640
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**2,723,419**	2,701,142

Notes:

(a) For the purpose of computation of diluted (loss) earnings per share of the Company for the years ended 31 December 2021 and 2020, the Company had taken into consideration the effects of the share options issued by the non-wholly-owned listed subsidiaries (2020: a non-wholly-owned listed subsidiary).

(b) No share options of the Company have been outstanding during the year ended 31 December 2021.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Building under development/ Construction in progress RMB'000	Office equipment RMB'000	Transportation vehicles RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Total RMB'000
COST							
At 1 January 2020	1,157,022	1,358,500	354,001	94,670	390,105	–	3,354,298
Exchange realignment	(1,381)	–	11	22	50	–	(1,298)
Additions	55,099	230,250	69,298	17,641	107,740	23,992	504,020
Acquisitions of subsidiaries	363,612	811,260	19,096	10,105	7,734	211,244	1,423,051
Transferred	735,488	(735,488)	–	–	–	–	–
Disposals of subsidiaries	–	–	(55,716)	(4,240)	(77,051)	–	(137,007)
Disposals	(95,526)	–	(22,366)	(9,831)	(16,056)	(20)	(143,799)
At 31 December 2020	**2,214,314**	**1,664,522**	**364,324**	**108,367**	**412,522**	**235,216**	**4,999,265**
Exchange realignment	**(1,114)**	**-**	**(620)**	**(70)**	**(463)**	**-**	**(2,267)**
Additions	**1,054,540**	**210,938**	**70,570**	**5,322**	**50,321**	**11,878**	**1,403,569**
Acquisitions of subsidiaries	**13,277**	**46**	**8,417**	**1,611**	**4,603**	**21,903**	**49,857**
Transferred	**726,135**	**(1,638,477)**	**-**	**-**	**-**	**912,342**	**-**
Reclassify to assets classified as held for sale	**(6,938)**	**-**	**-**	**-**	**-**	**-**	**(6,938)**
Disposals of subsidiaries	**-**	**-**	**(14,244)**	**(13,775)**	**(5,501)**	**(8)**	**(33,528)**
Disposals	**(34,774)**	**(187,013)**	**(47,555)**	**(6,315)**	**(13,574)**	**(2,734)**	**(291,965)**
At 31 December 2021	**3,965,440**	**50,016**	**380,892**	**95,140**	**447,908**	**1,178,597**	**6,117,993**
DEPRECIATION AND IMPAIRMENT							
At 1 January 2020	256,374	–	210,554	70,633	130,294	–	667,855
Exchange realignment	(289)	–	(14)	5	(20)	–	(318)
Provided for the year	144,820	–	49,134	8,486	75,210	11,682	289,332
Disposals of subsidiaries	–	–	(25,207)	(1,062)	(56,032)	–	(82,301)
Disposals	(34,933)	–	(19,298)	(8,404)	(1,646)	–	(64,281)
At 31 December 2020	**365,972**	**–**	**215,169**	**69,658**	**147,806**	**11,682**	**810,287**
Exchange realignment	**(69)**	**–**	**(315)**	**(9)**	**(53)**	**–**	**(446)**
Provided for the year	**145,817**	**–**	**59,481**	**11,450**	**101,173**	**48,577**	**366,498**
Reclassify to assets classified as held for sale	**(1,768)**	**–**	**–**	**–**	**–**	**–**	**(1,768)**
Disposals of subsidiaries	**–**	**–**	**(5,013)**	**(2,916)**	**(690)**	**(79)**	**(8,698)**
Disposals	**(21,011)**	**–**	**(25,980)**	**(4,313)**	**(240)**	**(1,182)**	**(52,726)**
Impairment	**883,777**	**–**	**–**	**–**	**–**	**–**	**883,777**
At 31 December 2021	**1,372,718**	**–**	**243,342**	**73,870**	**247,996**	**58,998**	**1,996,924**
CARRYING VALUES							
At 31 December 2021	**2,592,722**	**50,016**	**137,550**	**21,270**	**199,912**	**1,119,599**	**4,121,069**
At 31 December 2020	1,848,342	1,664,522	149,155	38,709	264,716	223,534	4,188,978

15. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2021, buildings and construction in progress of approximately RMB2,491,582,000 (2020: RMB1,975,802,000) were pledged for certain banking facilities granted to the Group. All the buildings of the Group are situated on leasehold land in the PRC under medium lease term.

Impairment assessment

Due to the substantial uncertainty in the economic and business environment in China impacted by the COVID-19 pandemic, with setbacks caused by variant strains of the COVID-19 virus emerging during the fourth quarter of the year, the management of Company concluded there was an indication for impairment of the properties, plant and equipment within hotel and tourism (the "Hotel and Tourism Properties") with carrying amount of RMB2,813,300,000 as at 31 December 2021 and performed impairment assessment on the carrying amounts of the Group's Hotel and Tourism Properties. The recoverable amounts of the Hotel and Tourism Properties are estimated individually.

The recoverable amounts of the Hotel and Tourism Properties are estimated based on their respective value in use determined by discounting the future cash flows to be generated from the continuing use of these assets. That calculation uses cash flow projections based on financial budgets approved by the management covering the following 5 years with reference to past performance and expectations for market development and a pre-tax discount rates ranging from 8.25% to 8.5% as at 31 December 2021. The annual growth rate used ranges from 15% to 18.3% which are based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. The cash flows beyond the five-year period are extrapolated using 3% to 5% growth rate. The growth rates and discount rate have been assessed taking into consideration the higher degree of estimation uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets.

Based on the result of the assessment, management of the Company determined that the recoverable amounts of the Hotel and Tourism Properties are lower than the carrying amounts. An impairment loss of RMB883,777,000 was recognised during the year ended 31 December 2021 (2020: nil) to write down the carrying amounts of these Hotel and Tourism Properties to the respective recoverable amounts as at 31 December 2021.

16. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land	Buildings	Office equipment	Transportation vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021					
Carrying amount	**742,038**	**379,105**	**1,105**	**191**	**1,122,439**
As at 31 December 2020					
Carrying amount	790,676	412,166	699	419,175	1,622,716
For the year ended 31 December 2021					
Depreciation charge	**(32,854)**	**(347,951)**	**(775)**	**(33,215)**	**(414,795)**
Impairment	**–**	**(1,056,178)**	**–**	**–**	**(1,056,178)**
For the year ended 31 December 2020					
Depreciation charge	(24,355)	(193,967)	(1,297)	(33,275)	(252,894)
Impairment	–	(18,997)	–	–	(18,997)

	2021	2020
	RMB'000	RMB'000
Expense relating to short-term leases	48,131	21,520
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	8,877	25,416
Total cash outflow for leases	321,565	526,733
Additions to right-of-use assets	1,421,842	572,627

For both years, the Group leases various properties, office equipment and aircraft for its operations. Lease contracts are entered into for fixed term of 13 months to 40 years (2020: 13 months to 40 years), and do not have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold lands where its office buildings and hotels are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests.

16. RIGHT-OF-USE ASSETS (continued)

The Group regularly enters into leases for office equipment and transportation vehicles. During the year ended 31 December 2021, additions to right-of-use assets amounted to RMB107,327,000 (2020: RMB572,627,000) due to increase in new leases and land use rights, and RMB1,314,515,000 (2020: nil) arising from acquisitions of subsidiaries.

As at 31 December 2021 and 2020, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets is stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Based on the result of the assessment, management of the Company determined that the recoverable amounts of right-of-use assets are lower than the carrying amounts. An impairment loss of RMB1,056,178,000 (2020: RMB18,997,000) was recognised during the year ended 31 December 2021 to write down the carrying amounts of these right-of-use assets to the respective recoverable amounts as at 31 December 2021. As at 31 December 2021, the impairment loss on right-of-use assets amounted to RMB1,075,175,000 (2020: RMB18,997,000).

As at 31 December 2021, right-of-use assets of RMB78,542,000 (2020: RMB71,904,000) were pledged for certain banking facilities granted to the Group.

During the year ended 31 December 2021, the Group has early terminated certain leases and recorded a gain on early termination of RMB9,505,000 (2020: RMB10,460,000).

17. INVESTMENT PROPERTIES

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years (2020: 1 to 20 years). Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The lease of retail stores contain variable lease payment that are based on 0.7% to 15% (2020: 1% to 20%) of sales and minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Completed investment properties RMB'000	**Investment properties under construction** RMB'000	**Total** RMB'000
At 1 January 2020	8,728,789	1,343,586	10,072,375
Acquisitions of subsidiaries	1,120,554	–	1,120,554
Additions	–	722,071	722,071
Transfer upon completion of construction work	692,113	(692,113)	–
Disposals	(55,882)	–	(55,882)
Disposal of subsidiaries	(975,200)	(16,211)	(991,411)
Transfer from properties for sale	368,900	969,560	1,338,460
Transfer from right-of-use assets	–	84,918	84,918
Net change in fair value recognised in profit or loss	34,993	82,461	117,454
At 31 December 2020	**9,914,267**	**2,494,272**	**12,408,539**
Acquisitions of subsidiaries	**1,150,900**	**–**	**1,150,900**
Additions	**176,209**	**591,925**	**768,134**
Transfer upon completion of construction work	**1,513,696**	**(1,513,696)**	**–**
Disposals	**(275,717)**	**–**	**(275,717)**
Net change in fair value recognised in profit or loss	**45,463**	**50,381**	**95,844**
At 31 December 2021	**12,524,818**	**1,622,882**	**14,147,700**

17. INVESTMENT PROPERTIES (continued)

There was no transfer from completed properties/properties under development to investment properties during the year ended 31 December 2021. During the year ended 31 December 2020, the inception of the operating lease to outsiders for certain properties and a change in use to develop for certain properties to earn rental rather than for sale have resulted in a transfer from completed properties/properties under development to investment properties. On the date of transfer, the gain of approximately RMB162,046,000 between the fair value of the properties and its carrying amount was recognised in profit or loss.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

At 31 December 2021, investment properties of approximately RMB5,431,835,000 (2020: RMB3,931,825,000) were pledged to secure certain banking facilities granted to the Group.

The fair values of investment properties under construction and completed investment properties were determined by reference to valuations carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a qualified external valuer which is not connected with the Group. The fair values of the investment properties were determined by the qualified external valuer on the following basis:

Completed investment properties

By reference to capitalised income to be derived from the properties tenancies and the reversionary income potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

Investment properties under construction

By reference to the current or recent prices of investment properties under construction and estimated costs to completion based on construction budget, committed contracts, allowances for contingencies as well as developer's profit margin, which reflect the risks associated with the completion of the development of the properties and in achieving the anticipated income or capital appreciation on the date of valuation.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use. The following tables give information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. There were no transfers into or out of Level 3 during the year.

17. INVESTMENT PROPERTIES (continued)

At 31 December 2021

Investment properties held by the Group	Fair value 2021 RMB'000	Fair value 2020 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties, including retail shops and commercial buildings	12,419,418	9,802,087	Level 3	Income capitalisation method-income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield	3%-6.0% (2020: 2.5%-6.0%)	A slight increase in term yield would result in a significant decrease in fair value, and vice versa.
					2. Reversionary yield	4.25%-6.5% (2020: 3.0%-6.5%)	A slight increase in reversionary yield would result in a significant decrease in fair value, and vice versa.
					3. Unit rent (RMB/sqm/month)	6-247 (2020: 6-253)	A significant increase in unit rent would result in a significant increase in fair value, and vice versa.
Completed investment properties, including retail shops and office	105,400	112,180	Level 3	Direct comparison method-based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	Adjustment made to account for differences in location and level	N/A (2020: N/A)	N/A

17. INVESTMENT PROPERTIES (continued)

At 31 December 2021 (continued)

Investment properties held by the Group	Fair value 2021 RMB'000	Fair value 2020 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
Investment properties under construction, including retail shops and commercial buildings	1,267,600	2,372,542	Level 3	Residual method-based on gross development value and taken into account the construction costs to completion, developer's profit, marketing costs	1. Gross development value (RMB'000) on completion basis	313,400-724,600 (2020: 156,900-749,500)	A significant increase in gross development value would result in a significant increase in fair value, and vice versa
					2. Developer's profit	10%-15% (2020: 8%-15%)	A significant increase in developer's profit would result in a significant decrease in fair value, and vice versa.
					3. Marketing costs	4% (2020: 4%)	A slight increase in marketing costs would result in a significant decrease in fair value, and vice versa.
					4. Construction costs to completion	36,200,000-230,000,000 (2020: 8,435,000-389,970,000)	A significant increase in construction costs to completion would result in a significant decrease in fair value and vice versa.
Investment properties under construction, including undeveloped land for retail shops and commercial buildings	355,282	121,730	Level 3	Direct comparison method-based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Comparable land price (RMB/sqm)	736-903 (2020: 1,900-7,475)	A significant increase in comparable land price would result in a significant increase in fair value.
Total	14,147,700	12,408,539					

18. GOODWILL

	2021 RMB'000	2020 RMB'000
COST		
At 1 January	688,144	3,491
Acquisitions of subsidiaries (note 44)	781,378	684,653
At 31 December	1,469,522	688,144
IMPAIRMENT		
At 1 January	–	–
Impairment	(593,785)	–
At 31 December	(593,785)	–
Carrying amounts	875,737	688,144

Year ended 31 December 2021

The Group acquired 70% equity interest in Guangdong MS Arora Health Management Consulting Co., Ltd. ("Guangdong MS Arora") from independent third parties, in which Guangdong MS Arora is principally engaged in providing aesthetic medicine in Guangdong Province, the PRC.

In addition, the Group acquired 60% equity interest of Zhejiang Liantianmei Enterprise Management Co., Ltd ("Liantianmei"), respectively from independent third parties, in which Liantian Mei is principally engaged in providing aesthetic medicine in Zhejiang Province, the PRC.

Further, the Group acquired 100% equity interest in Beijing Bo'an Property Management Company ("Beijing Bo'an") from independent third parties, in which Beijing Bo'an is principally engaged in providing property management services in Beijing Province, the PRC.

Year ended 31 December 2020

The Group acquired Aoyuan Beauty Valley, from independent third parties, which is principally engaged in property development and manufacturing of chemical fiber products manufacturing in the PRC.

In addition, the Group acquired寧波宏建物業服務有限公司Ningbo Hongjian Management Services Co., Ltd ("Ningbo Hongjian") and樂生活智慧社區服務集團股份有限公司Easy Life Smart Community Services Group Co., Ltd ("Easy Life") from independent third parties, which is engaged in providing property management services in Ningbo, Zhejiang Province, the PRC and in Beijing, the PRC, respectively.

18. GOODWILL (continued)

Impairment testing of goodwill

For the purposes of impairment testing, goodwill above have been allocated to the CGUs from which goodwill arose. The gross carrying amounts of goodwill as at 31 December 2021 and 2020 allocated to these CGUs are as follow:

	2021 **RMB'000**	2020 RMB'000
Property management service:		
– Anhui Hanlin Property Services Company Limited ("Anhui Hanlin")	**1,602**	1,602
– Shenzhen Huazhong Property Management Company Limited ("Shenzhen Huazhong")	**1,889**	1,889
– Beijing Bo'an	**56,758**	–
– Ningbo Hongjian	**25,050**	25,050
– Easy Life	**197,577**	197,577
Chemical fiber products manufacturing:		
– Aoyuan Beauty Valley	**462,026**	462,026
Medical aesthetic services:		
– Guangdong MS Arora	**7,284**	–
– Liantianmei	**717,336**	–
	1,469,522	688,144

The goodwill represented the excess of the consideration paid over the identifiable assets acquired and liabilities assumed, in relation to the acquisition of the issued share capital of certain subsidiaries.

Management of the Company allocated goodwill to individual CGU of above businesses for the purpose of impairment testing. The recoverable amount of CGU of these businesses is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the management.

18. GOODWILL (continued)

Revenue	The basis used to determine the value assigned is based on past performance and management expectation for the market development. For properties management services, revenue is based on the existing charge rates and revenue-bearing gross floor area ("GFA") of the properties expected to be delivered during the budget period. For chemical fiber products manufacturing, revenue is based on the historical revenue and planed enlarging production capacity of the Group. For medical aesthetic service, the revenue is based on the historical revenue and planed enlarging production capacity of the Group
Gross profit margin	The gross profit margin of these business were assumed to be ranging from 13.1% to 29.7% (2020: 18.5% to 31.3%) for CGUs under properties management services business, 11.4% to 13.5% (2020:20%) for chemical fiber products manufacturing and 25% to 51.6% (2020: N/A) for medical aesthetic service.
Discount rates	The discount rates used are before tax and reflect specific risks relating to the relevant units. The discount rate applied to cash flow projections in relation to properties management services was approximately from 18.3% to 25.1% (2020: 17.5% to 18.4%), to chemical fiber products manufacturing was 12.4% (2020: 12.7%) and to medical aesthetic services was 13.9% (2020: N/A).
Long-term growth rate	The growth rate used to extrapolate the cash flows beyond the five-year period was ranging from 0% to 2% for CGUs under properties management services business, 3% (2020:3%) for chemical fiber products manufacturing and 0% (2020: N/A) for medical aesthetic services. The growth rate does not exceed long-term average growth rate for the business in which the CGU operates.

The values assigned to the key assumptions on market development of the industries in which the CGU operates, discount rates and long-term growth rate are consistent with external information sources.

18. GOODWILL (continued)

Easy Life CGU

During the current year, certain property management contracts of Easy Life have not been renewed upon expiry which affects its forecast revenue and in turn causes the carrying amount of Easy Life CGU to exceed its recoverable amount. Accordingly, impairment loss of RMB131,759,000 has been recognised in the current year.

Aoyuan Beauty Valley CGU

During the current year, due to the increase in the unit production cost and uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, gross profit margin had been forecasted prudently and in turn causes the carrying amount of Aoyuan Beauty Valley CGU to exceed its recoverable amount. Accordingly, impairment loss of RMB621,450,000 has been recognised in the current year.

Based on the result of impairment assessment, the recoverable amounts, carrying amounts and impairment provision of Easy Life CGU and Aoyuan Beauty Valley CGU as at 31 December 2021 are as follows:

	Recoverable amount RMB'000	Carrying amount RMB'000	Impairment provision RMB'000
Easy Life CGU	65,818	197,577	131,759
Aoyuan Beauty Valley CGU	767,836	1,389,286	621,450
			753,209

The above impairment provisions as at 31 December 2021 have been allocated to the following asset classes.

Impairment loss recognised on intangible assets

An impairment loss of approximately RMB159,424,000 (2020: Nil) was recognised during the year to write down the carrying amounts of intangible assets included in Aoyuan Beauty Valley CGU to its recoverable amounts as at 31 December 2021.

Impairment loss recognised on goodwill

An impairment loss of approximately RMB131,759,000 (2020: Nil) and RMB462,026,000 (2020: Nil) was recognised during the year to write down the carrying amounts of goodwill included in Easy Life CGU and Aoyuan Beauty Valley CGU, respectively, to their respective recoverable amounts as at 31 December 2021.

In relation to Easy Life CGU and Aoyuan Beauty Valley CGU that were impaired during the year, any variation in the key assumptions above would either result in further impairment or lead to a reversal of impairment.

19. INTANGIBLE ASSETS

	Property management contracts RMB'000	Patent RMB'000	Customer relationship RMB'000	Total RMB'000
COST				
At 1 January 2020	6,858	–	–	6,858
Acquisitions of subsidiaries (note 44)	76,031	102,641	124,047	302,719
At 31 December 2020	**82,889**	**102,641**	**124,047**	**309,577**
Acquisitions of subsidiaries (note 44)	**29,912**	**–**	**–**	**29,912**
At 31 December 2021	**112,801**	**102,641**	**124,047**	**339,489**
AMORTISATION AND IMPAIRMENT				
At 1 January 2020	2,538	–	–	2,538
Charge for the year	5,058	10,177	9,766	25,001
At 31 December 2020	**7,596**	**10,177**	**9,766**	**27,539**
Charge for the year	**13,273**	**19,873**	**27,448**	**60,594**
Impairment	**–**	**72,591**	**86,833**	**159,424**
At 31 December 2021	**20,869**	**102,641**	**124,047**	**247,557**
CARRYING VALUES				
At 31 December 2021	**91,932**	**–**	**–**	**91,932**
At 31 December 2020	75,293	92,464	114,281	282,038

Details of the impairment assessment of such intangible assets are disclosed in note 18.

20. INTERESTS IN JOINT VENTURES

	2021 RMB'000	2020 RMB'000
Cost of investments in joint ventures and share of post acquisition (losses)/profits	**2,822,977**	6,735,883
Impairment	**(126,695)**	–
Share of net assets	**2,696,282**	6,735,883

During the year ended 31 December 2021, the Group disposed of certain joint ventures with a carrying amount of RMB513,184,000 (2020: Nil) for a consideration of RMB414,715,000 (2020: Nil) of which RMB29,000,000 (2020: Nil) was included under other receivables at 31 December 2021.

20. INTERESTS IN JOINT VENTURES (continued)

Particulars of the Group's material joint venture are as follows:

Name of entity	Place of establishment/ principal place of operation	Proportion of registered capital/voting rights held by the Group		Registered capital		Principal activity
		2021	2020	**2021 RMB'000**	2020 RMB'000	
福建世紀坤源投資有限公司Fujian Century Kunyuan Investment Company Limited and福州市長樂區萬樂房地產有限公司Fuzhou Changle District Wanle Property Company Limited (Notes a and h)	PRC	**–**	51%	**–**	600,000	Property development
青島海唐置業有限公司Qingdao Haitang Real Estate Co., Ltd (Note b)	PRC	**50%**	50%	**50,000**	50,000	Property development
成都奧騰置業有限公司Chengdu Aoteng Real Estate Co.,Ltd (Notes g and h)	PRC	**–**	49%	**–**	330,000	Property development
廣州市嘉利倉碼有限公司Guangzhou Jiali Cang Yard Co., Ltd (Notes c and h)	PRC	**–**	60%	**–**	450,000	Property development
廣州廣宏房地產開發有限公司Guangzhou Guanghong Real Estate Development Co., Ltd (Note d)	PRC	**30%**	30%	**500,000**	500,000	Property development
貴港市顧榮房地產開發有限公司Guigang Gurong Real Estate Development Co., Ltd (Note e)	PRC	**60%**	60%	**166,667**	166,667	Property development
廣西瀚鑫房地產開發有限公司Guangxi Hanxin Real Estate Development Co., Ltd (Note f)	PRC	**60%**	60%	**30,000**	30,000	Property development
廣州建冠置業有限公司Guangzhou Jianguan Real Estate Development Co., Ltd (Note i)	PRC	**N/A**	50%	**N/A**	1,495,000	Property development
惠州獅峰實業有限公司Huizhou Shifeng Real Estate Development Co., Ltd (Note i)	PRC	**N/A**	51%	**N/A**	107,921	Property development

20. INTERESTS IN JOINT VENTURES (continued)

Notes:

(a) According to the Articles of Association of Fujian Century Kunyuan Investment Company Limited ("Fujian Century") and Fuzhou Changle District Wanle Property Company Limited ("Fuzhou Wanle"), the Group had power to appoint two out of three directors in the board of Fujian Century and Fuzhou Wanle, and the board of directors was responsible for all operating and financing decisions of Fujian Century and Fuzhou Wanle. Unanimous consent of the directors was required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venturers, and each party cannot individually control Fujian Century and Fuzhou Wanle. Therefore, Fujian Century and Fuzhou Wanle was accounted for as a joint venture of the Group.

(b) According to the Articles of Association of Qingdao Haitang Real Estate Co., Ltd ("Qingdao Haitang"), the Group has power to appoint three out of five directors in the board of Qingdao Haitang, and the boards of directors is responsible for all operating and financing decisions of Qingdao Haitang. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venturers, and each party cannot individually control Qingdao Haitang. Therefore, Qingdao Haitang is accounted for as a joint venture of the Group.

(c) According to the Articles of Association of Guangzhou Jiali Cang Yard Co., Ltd ("Guangzhou Jiali"), the Group had power to appoint two out of three directors in the board of Guangzhou Jiali, and the board of directors was responsible for all operating and financing decisions of Guangzhou Jiali. Unanimous consent of the directors was required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guangzhou Jiali. Therefore, Guangzhou Jiali was accounted for as a joint venture of the Group.

(d) According to the Articles of Association of Guangzhou Guanghong Real Estate Development Co., Ltd. ("Guangzhou Guanghong"), the Group has power to appoint two out of three directors in the board of Guangzhou Guanghong, and the boards of directors is responsible for all operating and financing decisions of Guangzhou Guanghong. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guangzhou Guanghong. Therefore, Guangzhou Guanghong is accounted for as a joint venture of the Group.

(e) According to the Articles of Association of Guigang Gurong Real Estate Development Co., Ltd. ("Guigang Gurong"), the Group has power to appoint two out of three directors in the board of Guigang Gurong, and the boards of directors is responsible for all operating and financing decisions of Guigang Gurong. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guigang Gurong. Therefore, Guigang Gurong is accounted for as a joint venture of the Group.

(f) According to the Articles of Association of Guangxi Hanxin Real Estate Development Co., Ltd. ("Guangxi Hanxin"), the Group has power to appoint two out of three directors in the board of Guangxi Hanxin, and the boards of directors is responsible for all operating and financing decisions of Guangxi Hanxin. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guangxi Hanxin. Therefore, Guangxi Hanxin is accounted for as a joint venture of the Group.

20. INTERESTS IN JOINT VENTURES (continued)

Notes: (continued)

(g) According to the Articles of Association of Chengdu Aopteng Real Estate Co., Ltd. ("Chengdu Aoteng"), the Group has power to appoint two out of three directors in the board of Chengdu Aoteng, and the boards of directors are responsible for all operating and financing decisions of Chengdu Aoteng. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Chengdu Aoteng. Therefore, Chengdu Aoteng was accounted for as a joint venture of the Group.

(h) These joint ventures had been disposed of during the year ended 31 December 2021, with disposal considerations aggregated to approximately RMB131,112,000.

(i) These joint ventures become the subsidiaries of Group during the year ended 31 December 2021.

The summarised financial information in report of the Group's interests in material joint ventures are set out below:

Qingdao Haitang

	2021 **RMB'000**	2020 RMB'000
Current assets	**4,268,894**	4,907,863
Non-current assets	**24**	8
Current liabilities	**2,054,029**	3,247,180
Non-current liabilities	**970,000**	271,350
(Loss)/Profit and total comprehensive (expense)/income for the year	**(144,452)**	119,341

Reconciliation of the above summarised financial information to the carrying amount of the interest in Qingdao Haitang recognised in the consolidated financial statements:

	2021 **RMB'000**	2020 RMB'000
Net assets of Qingdao Haitang	**1,244,889**	1,389,341
Proportion of the Group's ownership interest	**50%**	50%
Carrying amount of the Group's interest	**622,445**	694,671

20. INTERESTS IN JOINT VENTURES (continued)

Guangzhou Guanghong

	2021 **RMB'000**	2020 RMB'000
Current assets	**956,083**	1,017,727
Non-current assets	**69**	39
Current liabilities	**9,674**	–
Non-current liabilities	**494,624**	556,606
Loss and total comprehensive expense for the year	**(9,306)**	(38,793)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangzhou Guanghong recognised in the consolidated financial statements:

	2021 **RMB'000**	2020 RMB'000
Net assets of Guangzhou Guanghong	**451,854**	461,160
Proportion of the Group's ownership interest	**30%**	30%
Carrying amount of the Group's interest	**135,556**	138,348

20. INTERESTS IN JOINT VENTURES (continued)

Guigang Gurong

	2021	2020
	RMB'000	RMB'000
Current assets	**1,171,857**	1,281,915
Non-current assets	**277,611**	127,707
Current liabilities	**775,082**	789,991
Profit/(Loss) and total comprehensive income/(expense) for the year	**54,755**	(12,514)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guigang Gurong recognised in the consolidated financial statements:

	2021	2020
	RMB'000	RMB'000
Net assets of Guigang Gurong	**674,386**	619,631
Proportion of the Group's ownership interest	**60%**	60%
Carrying amount of the Group's interest	**404,632**	371,779

20. INTERESTS IN JOINT VENTURES (continued)

Guangxi Hanxin

	2021 RMB'000	2020 RMB'000
Current assets	**688,878**	1,207,699
Non-current assets	**83,233**	–
Current liabilities	**424,860**	1,028,147
Non-current liabilities	**–**	16,767
Profit/(Loss) and total comprehensive income/(expense) for the year	**184,466**	(16,093)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangxi Hanxin recognised in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Net assets of Guangxi Hanxin	**347,251**	162,785
Proportion of the Group's ownership interest	**60%**	60%
Carrying amount of the Group's interest	**208,351**	97,671

Guangzhou Jianguan

	2021 RMB'000	2020 RMB'000
Current assets	**N/A**	1,039,810
Current liabilities	**N/A**	962
Profit/(Loss) and total comprehensive income/(expense) for the year	**1**	(4,830)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangzhou Jianguan recognised in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Net assets of Guangzhou Jianguan	**N/A**	1,038,848
Proportion of the Group's ownership interest	**N/A**	50%
Carrying amount of the Group's interest	**N/A**	519,424

* From 1 January 2021 to up to the date the joint venture became subsidiaries of the Group.

20. INTERESTS IN JOINT VENTURES (continued)

Huizhou Shifeng

	2021 RMB'000	2020 RMB'000
Current assets	**N/A**	1,939,823
Non-current assets	**N/A**	140
Current liabilities	**N/A**	1,037,501
Non-current liabilities	**N/A**	509,900
Loss and total comprehensive expense for the year	**(133,039)***	(24,629)

	2021 RMB'000	2020 RMB'000
Net assets of Huizhou Shifeng	**N/A**	392,562
Proportion of the Group's ownership interest	**N/A**	51%
Carrying amount of the Group's interest	**N/A**	200,207

* From 1 January 2021 to up to the date the joint venture become subsidiaries of the Group.

Aggregate information of joint ventures that are not individually material

	2021 RMB'000	2020 RMB'000
The Group's share of loss/(profit) (and total comprehensive expense/(income)	**(443,773)**	213,182

	2021 RMB'000	2020 RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures (before impairment)	**1,451,993**	4,713,784

21. INTERESTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Cost of investments in joint venture and share of post acquisition (losses)/profits	**1,973,654**	4,008,334
Impairment	**(306,268)**	–
Share of net assets	**1,667,386**	4,008,334

During the year ended 31 December 2021, the Group disposed of certain associates with a carrying amount of RMB1,969,968,000 (2020: Nil) for a consideration of RMB1,969,968,000 (2020: Nil).

Details of the Group's material associates as at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ principal place of operation	Attributable interest indirectly held by the Group		Registered capital		Principal activity
		2021	2020	**2021 (RMB'000)**	2020 (RMB'000)	
嘉善裕軒房地產開發有限公司 Jiashan Yuxuan Property Development Limited ("Jiashan Yuxuan")	PRC	**49%**	49%	**234,000**	234,000	Property development
阜陽百俊房地產開發有限公司 Fuyang Baijun Property Development Limited ("Fuyang Baijun")	PRC	**49%**	49%	**682,260**	682,260	Property development
佛山錦官置業有限公司 Foshan Jinguan Real Estate Co., Ltd ("Foshan Jinguan")	PRC	**50%**	50%	**709,401**	709,401	Property development
孝感裕恒房地產開發有限公司 Xiaogan Yuheng Real Estate Development Co., Ltd ("Xiaogan Yuheng") (note (a))	PRC	**65%**	65%	**210,000**	210,000	Property development
重慶市金帛錦房地產開發有限公司 Chongqing Jinbojin Real Estate Development Co., Ltd ("Chongqing Jinbojin")	PRC	**49%**	49%	**280,000**	280,000	Property development

Note:

(a) The Group has only 49% voting rights in the shareholders' meeting of Xiaogan Yuheng and appoints only 2 directors, out of 5 directors, to the board of directors of Xiaogan Yuheng. Therefore, Xiaogan Yuheng is classified as an associate of the Group.

21. INTERESTS IN ASSOCIATES (continued)

The summarised financial information in respect of the Group's interests in material associates are set out below:

Jiashan Yuxuan

	2021	2020
	RMB'000	RMB'000
Current assets	**2,010,124**	1,990,422
Non-current assets	**22,116**	–
Current liabilities	**1,219,491**	989,841
Non-current liabilities	**14,690**	225,435
Profit/(Loss) and total comprehensive income/(expense) for the year	**22,913**	(4,778)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiashan Yuxuan recognised in the consolidated financial statements:

	2021	2020
	RMB'000	RMB'000
Net assets of Jiashan Yuxuan	**798,059**	775,146
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**391,049**	379,822

21. INTERESTS IN ASSOCIATES (continued)

Fuyang Baijun

	2021 RMB'000	2020 RMB'000
Current assets	**1,468,836**	1,832,505
Current liabilities	**495,237**	673,155
Non-current liabilities	**294,000**	500,000
Profit/(Loss) and total comprehensive income/(expense) for the year	**20,249**	(17,393)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Fuyang Baijun recognised in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Net assets of Fuyang Baijun	**679,599**	659,350
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**333,004**	323,082

21. INTERESTS IN ASSOCIATES (continued)

Foshan Jinguan

	2021 **RMB'000**	2020 RMB'000
Current assets	**3,149,647**	2,676,666
Current liabilities	**1,294,637**	769,390
Non-current liabilities	**1,200,000**	1,200,000
Loss and total comprehensive expense for the year	**(52,266)**	(2,125)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Foshan Jinguan recognised in the consolidated financial statements:

	2021 **RMB'000**	2020 RMB'000
Net assets of Foshan Jinguan	**655,010**	707,276
Proportion of the Group's ownership interest	**50%**	50%
Carrying amount of the Group's interest	**327,505**	353,638

21. INTERESTS IN ASSOCIATES (continued)

Xiaogan Yuheng

	2021 RMB'000	2020 RMB'000
Current assets	**1,209,691**	711,479
Non-current assets	**3,729**	–
Current liabilities	**1,014,394**	512,055
Loss and total comprehensive expense for the year	**(398)**	(5,046)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Xiaogan Yuheng recognised in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Net assets of Xiaogan Yuheng	**199,026**	199,424
Proportion of the Group's ownership interest	**65%**	65%
Carrying amount of the Group's interest	**129,367**	129,626

21. INTERESTS IN ASSOCIATES (continued)

Chongqing Jinbojin

	2021 **RMB'000**	2020 RMB'000
Current assets	**727,513**	780,157
Non-current assets	**199**	20
Current liabilities	**473,237**	518,750
Non-current liabilities	**2,881**	–
Loss and total comprehensive expense for the year	**(9,833)**	(10,063)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Chongqing Jinbojin recognised in the consolidated financial statements:

	2021 **RMB'000**	2020 RMB'000
Net assets of Chongqing Jinbojin	**251,594**	261,427
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**123,281**	128,099

Aggregate information of associates that are not individually material

	2021 **RMB'000**	2020 RMB'000
The Group's share of (loss)/profit and total comprehensive (expense)/income	**(65,489)**	9,607

	2021 **RMB'000**	2020 RMB'000
Aggregate carrying amount of the Group's interests in these associates (before impairment)	**669,448**	2,694,067

22. EQUITY INSTRUMENTS DESIGNATED AT FVTOCI

Equity instruments designated at FVTOCI:

	2021 **RMB'000**	2020 RMB'000
Listed equity investments:		
– Equity securities listed on the Shanghai Stock Exchange	**–**	115,997
– Equity securities listed on the Shenzhen Stock Exchange	**45,240**	50,400
Unlisted equity investments	**434,077**	462,120
	479,317	628,517

The above equity investments represent the Group's equity interest in entities established in the PRC and Hong Kong. The management of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. For the details of fair value measurement of the above equity instruments, please refer to note 43 to these consolidated financial statements.

23. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2021 **RMB'000**	2020 RMB'000
Deferred tax assets	**4,011,528**	1,636,606
Deferred tax liabilities	**(1,570,996)**	(1,959,942)
	2,440,532	(323,336)

23. DEFERRED TAXATION (continued)

The deferred tax (assets)/liabilities recognised by the Group and movements thereon during the year are as follows:

	Change in fair value of investment properties RMB'000	Revaluation of properties RMB'000	Tax losses RMB'000	Undistributed earnings of PRC subsidiaries RMB'000	Temporary differences of LAT payables RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2020	1,355,750	33,671	(943,036)	124,419	202,884	(330,251)	443,437
Acquisitions of subsidiaries (note 44)	155,628	380,976	(16,609)	–	–	45,657	565,652
Disposal of subsidiaries (note 46)	(182,256)	–	34,343	–	–	–	(147,913)
Charge to other comprehensive income	–	–	–	–	–	6,490	6,490
Charge/(credit) to profit or loss for the year	121,268	(79,755)	(312,501)	120,167	(23,309)	(370,200)	(544,330)
At 31 December 2020	**1,450,390**	**334,892**	**(1,237,803)**	**244,586**	**179,575**	**(648,304)**	**323,336**
Acquisitions of subsidiaries (note 44)	**–**	**–**	**(31,394)**	**–**	**–**	**9,000**	**(22,394)**
Disposal of subsidiaries (note 46)	**–**	**–**	**117,143**	**–**	**–**	**–**	**117,143**
Reclassify to assets classified as held for sale (note 40)	**–**	**–**	**124,671**	**–**	**–**	**–**	**124,671**
Charge/(credit) to profit or loss for the year	**3,048**	**–**	**(2,351,550)**	**–**	**(589,519)**	**(45,267)**	**(2,983,288)**
At 31 December 2021	**1,453,438**	**334,892**	**(3,378,933)**	**244,586**	**(409,944)**	**(684,571)**	**(2,440,532)**

23. DEFERRED TAXATION (continued)

As at 31 December 2021, the Group had unused tax losses of approximately RMB44,081,187,000 (2020: RMB10,620,818,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB13,515,732,000 (2020: RMB4,951,215,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB30,565,455,000 (2020: RMB5,669,603,000) due to the unpredictability of future profits streams. The unrecognised tax losses will expire in the follow years:

	2021 **RMB'000**	2020 RMB'000
2021	**–**	136,025
2022	**214,611**	216,343
2023	**565,904**	690,457
2024	**1,329,460**	1,362,856
2025	**3,230,920**	3,263,922
2026	**25,224,560**	–
	30,565,455	5,669,603

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. For the year ended 31 December 2021, deferred taxation amounting to Nil (2020: RMB120,167,000) has been provided in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to Nil (2020: RMB37,384,529,000).

24. DEPOSITS PAID FOR ACQUISITION OF A SUBSIDIARY

As at 31 December 2020, the balance represents deposit paid for acquisition of a subsidiary,珠海市正新投資有限公司 Zhuhai Zhengxin Investment Co., Ltd.

The Group has terminated the proposed acquisition during the year ended 31 December 2021 and the balance of deposits was transferred to other receivables.

25. DEPOSITS PAID FOR ACQUISITIONS OF JOINT VENTURES

As at 31 December 2020, the Group has made deposit of approximately RMB790,460,000 and RMB87,151,000 in relation to the acquisition of the joint ventures, 中垠地產有限公司 Zhongyin Property Co., Ltd. and 奧維房地產發投資有限公司 Aowei Property Development Investment Co., Ltd. from an independent third party, respectively.

During the year ended 31 December 2021, such acquisitions were terminated and the balance of deposits paid were transferred to other receivables.

26. AMOUNTS DUE FROM/(TO) NCI

	2021 **RMB'000**	2020 RMB'000
Amounts due from NCI	**6,818,683**	5,575,176
Impairment	**(2,034,996)**	–
	4,783,687	5,575,176
Less: Amount due for settlement with 12 months shown under current assets	**4,783,687**	5,548,176
Amount due for settlement after 12 months shown under non-current assets	**–**	27,000

Included in the balance of amounts due from NCI as at 31 December 2021, approximately RMB1,156,717,000 (2020: RMB1,058,847,000) are unsecured, interest-bearing ranged from 5% per annum to 15% per annum (2020: 4.8% per annum to 15% per annum) and repayable on demand or within 1 year. The remaining balances are unsecured, interest-free and repayable on demand.

The remaining balances of amounts due from/(to) NCI at 31 December 2021 and 2020 are unsecured, interest-free and repayable on demand.

27. AMOUNTS DUE FROM/(TO) JOINT VENTURES

Amounts due from joint ventures

As at 31 December 2020, the balance of approximately RMB1,292,472,000 was unsecured, interest-free and used for the joint ventures' properties development, and was not expected to be repaid within one year. Such balance was classified as non-current as at 31 December 2020.

Included in the balances of amounts due from joint ventures as at 31 December 2021 is the amount due from 青島海唐置業有限公司 Qingdao Haitang Property Development Co., Ltd of approximately RMB105,620,000 (2020: RMB105,620,000). The amount is unsecured, interest-bearing at 12% per annum and repayable on demand.

The remaining balances as at 31 December 2021 and 2020 are unsecured, interest-free and repayable on demand.

Amounts due to joint ventures

Included in the balance of amounts due to joint ventures as at 31 December 2021, the amount of RMB447,002,000 (2020: RMB447,002,000) is due to 廣東金奧商業保理有限公司 Guangdong Jian Ao Business Factoring Co., Ltd ("Guangdong Jian Ao"). The amount is unsecured, interest-bearing at 4% per annum and repayable on demand. Further, as at 31 December 2021, the amount of RMB115,000,000 (2020: nil) is due to 南京金基華海置業有限公司 Nanjing Jinji Huahai Real Estate Co., Ltd ("Nanjing Jinji Huahai"). The amount is unsecured, bearing interest at 12% per annum and repayable on demand.

The remaining balances as at 31 December 2021 and 2020 are unsecured, interest-free and repayable on demand.

28. PROPERTIES FOR SALE

	2021 RMB'000	2020 RMB'000
Properties for sale comprise of:		
Completed properties	**19,557,041**	35,440,720
Properties under development	**132,925,078**	122,839,992
	152,482,119	158,280,712

Properties for sale which are expected to be recovered in more than twelve months after the end of the reporting period are classified under current assets as it is expected to be realised in the Group's normal operating cycle.

During the year ended 31 December 2020, completed properties with an aggregate carrying amount of RMB337,751,000 and properties under development with an aggregate carrying amount of RMB838,663,000 were transferred to investment properties by inception of relevant tenancy agreements and a change in use, the difference of the fair value of these properties at the date of transfer over their carrying amounts, amounting to RMB162,046,000 were recognised in profit or loss. No completed properties or properties under development were transferred to investment properties during the year ended 31 December 2021.

As at 31 December 2021, the impairment loss on properties under development and properties held for sale to net realisable value amounted to RMB12,354,461,000 (2020: RMB941,068,000).

At 31 December 2021, certain of the Group's properties for sale with carrying value of RMB39,222,333,000 (2020: RMB45,131,432,000) were pledged for certain banking facilities granted to the Group by banks and other financial institutes.

29. TRADE AND OTHER RECEIVABLES

	Notes	2021 RMB'000	2020 RMB'000
Trade and bills receivables	(a)	**1,104,271**	2,376,794
Less: Allowance for expected credit losses		**(443,450)**	(39,980)
		660,821	2,336,814
Rental receivables	(b)	**98,795**	43,960
Other receivables	(c)	**22,382,500**	12,474,548
Security deposits		**1,959,937**	1,353,648
Less: Allowance for expected credit losses	(d)	**(6,140,071)**	(198,554)
		18,202,366	13,629,642
Contract assets		**357,084**	77,540
Contract costs	(e)	**814,730**	564,413
Advances to constructors and suppliers		**4,531,471**	4,436,573
Deposits paid for potential purchases of land use rights and property projects		**5,242,599**	3,862,580
Other tax prepayments		**4,756,188**	4,475,219
		34,664,054	29,426,741
Analysis for reporting purpose:			
Non-current assets		**–**	259,433
Current assets		**34,664,054**	29,167,308
		34,664,054	29,426,741

29. TRADE AND OTHER RECEIVABLES (continued)

Notes:

(a) Considerations in respect of properties sold are paid by purchasers in accordance with the terms of the related sale and purchase agreements.

Property management and services fee is received in accordance with the terms of the relevant property service agreements, normally within 60 days after the issuance of demand note to the property owners. Each property owner from the property management services has a designated credit limit.

Payments terms with wholesale customer for purchases of goods are mainly on credit. The wholesale customers are allowed a credit period of 0 to 60 days from date of issuance of the invoices. There is no credit period granted for retail customers.

The following is the aging analysis of gross trade receivables, determined based on the date of the properties were delivered and sales were recognised and services were provided:

	2021	2020
	RMB'000	RMB'000
0 to 60 days	**164,958**	1,735,473
61 to 180 days	**133,861**	102,268
181 to 365 days	**501,321**	109,460
1 to 2 years	**174,802**	352,412
2 to 3 years	**82,868**	34,828
Over 3 years	**46,461**	42,353
	1,104,271	2,376,794

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

29. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(b) Rental receivables from tenants are payable on presentation of demand notes.

(c) Other receivables mainly included the receivables from disposal of equity interests, payments on behalf of customers, temporary payments made for potential property projects, deposit paid to independent third party for short-term borrowing, receivable from refund of the deposit for land auction and other temporary payments.

(d) As at 31 December 2021, an impairment loss of RMB6,140,071,000 (2020: RMB198,554,000) for other financial assets including other receivables and security deposits was recognised.

Where applicable, an impairment analysis is performed at each reporting date by considering ECLs, which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2021 ranged from 0% to 100% (2020: 0% to 2%).

(e) Contract costs represent the incremental agency commissions to intermediaries in connection with obtaining sale of properties contracts with customers. These costs are charged to profit or loss upon revenue from sales of properties are recognised.

Details of impairment assessment of trade and other receivables are set out in note 43.

30. AMOUNTS DUE FROM/TO ASSOCIATES

Included in the balance of amounts due from associates as at 31 December 2021 is amount due from 阜陽百俊房地產有限公司 Fuyang Baijun Real Estate Co., Ltd of RMB178,179,000 (2020: RMB164,459,000). The amount is unsecured, interest-bearing at 8% per annum and is repayable on demand.

The remaining balances of amounts due from/to associates as at 31 December 2020 and 2021 are unsecured, interest-free and repayable on demand.

31. FINANCIAL ASSETS AT FVTPL

	Notes	**2021 RMB'000**	2020 RMB'000
Fund investments	(a)	**–**	548,500
Listed equity securities	(b)	**36,950**	222,182
Unlisted equity instruments	(b)	**214,727**	249,784
Wealth management plans	(b)	**15,392**	20,360
		267,069	1,040,826
Less: Non-current		**(214,727)**	(249,784)
		52,342	791,042

(a) The fund investments at 31 December 2020 were issued by a reputable securities corporation. The return and principal of fund investments were not guaranteed by the securities corporation. The investments as above have been measured at FVTPL at initial recognition as the investments are managed and the performance is evaluated on fair value basis. The aforesaid investments were fully redeemed in 2021.

(b) Details of fair value measurements of these financial assets are set out in note 43 to these consolidated financial statements.

32. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits

As at 31 December 2021, the balances represent deposits amounting to RMB1,338,184,000 (2020: RMB15,542,317,000) for securing short term loan facilities granted by banks and carrying interest at variable interest rates ranging from 0.3% to 3.8% (2020: 0.3% to 3.0%) per annum. The remaining deposits which amount to RMB7,814,776,000 (2020: RMB1,979,516,000) are subject to construction securities, mortgage guarantees and judicial freeze.

Bank balances and cash

As at 31 December 2021, the balances represented term deposits amounting to RMBNil (2020: RMB17,575,663,000) with an original maturity of over three months. The remaining deposits have an original maturity of three months or less. Included in bank balances and cash are balances which, in accordance with the applicable government regulations, are placed in restricted bank accounts, amounting to RMB3,269,261,000 (2020: RMB7,957,708,000), which can only be applied in the designated property development projects.

The bank balances carry interest at variable interest rates ranging from 0.3 % to 4.2% (2020: 0.3% to 4.1%) per annum.

33. TRADE AND OTHER PAYABLES

	Notes	2021 RMB'000	2020 RMB'000
Trade and bills payables	(a)	**20,034,796**	21,561,115
Other payables		**22,001,063**	7,541,233
Consideration payables for property projects	(b)	**–**	2,216,739
Consideration payables for acquisition of subsidiaries		**1,529,802**	1,926,608
Other taxes payables		**6,866,116**	7,311,393
		50,431,777	40,557,088

Notes:

(a) The following is an aging analysis of trade and bills payables determined based on the invoice date:

	2021 RMB'000	2020 RMB'000
0 to 60 days	**5,647,757**	5,815,802
61 to 180 days	**10,180,844**	11,872,061
181 to 365 days	**1,907,225**	1,229,812
1 to 2 years	**1,146,930**	1,644,273
2 to 3 years	**739,930**	602,180
Over 3 years	**412,110**	396,987
	20,034,796	21,561,115

Trade payables principally comprise amounts outstanding for payments to sub-contractors of property development projects and purchases of construction materials. The average credit period for trade purchases is from 6 months to 1 year. Details of the financial risk management polices by the Group are set out in note 43.

At 31 December 2021, the balance of trade payables with age over 1 year include retention money payable of RMB630,377,000 (2020: RMB576,003,000) to the sub-contractors of property development projects, which represents approximately 5% to 10% of the contract prices.

According to the construction contracts, the retention money is interest-free and would be paid to the sub-contractors in 1 to 3 years upon completion of development of the properties.

(b) The amounts mainly represent project consideration payables arising from several property development projects situated in various cities of PRC. The consideration will be gradually settled with the deposits received from property for sale generated from these projects.

34. FINANCIAL LIABILITY AT FVTPL

As at 31 December 2020, financial liability at FVTPL represents contingent consideration of RMB29,050,000 for acquisition of the 5% equity interest in Liantianmei on 9 March 2020. Subject to and upon the terms and conditions of sales and purchase agreement, the Group shall pay a cash consideration to the vendor up to the value ranging from RMB41,650,000 to RMB62,500,000 as total consideration, depending on the net profit of Liantianmei for the year ended 31 December 2020. The balance was fully settled during the year ended 31 December 2021.

Fair value of contingent consideration is determined by the discounted cash flow projection at the end of the reporting period. Details of valuation of contingent consideration is set out in note 43.

35. CONTRACT LIABILITIES

	2021 **RMB'000**	2020 RMB'000
Property development	**69,660,551**	68,337,797
Others	**1,294,419**	702,060
	70,954,970	69,039,857

As at 31 December 2021, contract liabilities of RMB 18,443,470,000 (2020: RMB35,950,684,000) is expected to be released to profit or loss after twelve months from the end of the reporting date.

36. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2021 RMB'000	2020 RMB'000
The bank and other borrowings comprise:		
RMB bank borrowings	**31,674,150**	27,726,069
United States dollar ("USD") bank borrowings	**1,177,977**	2,826,103
Australian dollar ("AUD") bank borrowings	**–**	32,774
Hong Kong dollar ("HKD") bank borrowings	**4,913,556**	6,184,668
Canadian dollar ("CAD") bank borrowings	**1,413,887**	1,191,862
RMB other borrowings (note)	**39,354,969**	41,965,553
USD other borrowings (note)	**5,451,494**	326,245
AUD other borrowings (note)	**–**	623,783
HKD other borrowings (note)	**609,112**	–
CAD other borrowings (note)	**332,296**	76,237
	84,927,441	80,953,294

Note: As at 31 December 2021, the balances of other borrowings amounting to RMB45,747,871,000 (2020: RMB42,991,818,000) represent loans provided by other financial institutions, which are secured by properties for sale and/or guaranteed by the Company.

	2021 RMB'000	2020 RMB'000
Analysed into:		
Bank and other borrowings repayable:		
On demand or within one year	**83,295,322**	38,514,135
More than one year, but not exceeding two years	**1,563,319**	21,430,639
More than two years, but not exceeding five years	**68,800**	18,769,520
Over five years	**–**	2,239,000
	84,927,441	80,953,294
Portion classified as current liabilities	**(83,295,322)**	(38,514,135)
Non-current portion	**1,632,119**	42,439,159

36. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The bank and other borrowings bear interests at:

Contracted interest rates

	2021 RMB'000	2020 RMB'000
110 % to 140 % of lending rate of the People's Bank of China ("PBC rate") (2020: 95% to 110.53% of PBC rate)	**3,744,846**	8,294,815
Fixed rate ranging from 1.10% to 16 % (2020: 2.52% to 16%)	**73,662,708**	62,092,933
Hong Kong Interbank Offered Rate ("HIBOR") plus 1.5 % to 4.95% (2020: 0.9% to 4.95%)	**5,599,275**	6,184,668
London Interbank Offered Rate ("LIBOR") plus 1.05% to 4.95% (2020: 0.9% to 4.95%)	**174,429**	2,456,222
Bank Bill Swap bid rate plus 2.98%-12.75% (2020: Bank Bill Swap bid rate plus 1.7%-7%)	**–**	656,557
Canada Prime Rate plus 1.2% to 2.05% (2020: 1.2% to 2.05%)	**1,746,183**	1,268,099
	84,927,441	80,953,294

Other than the assets pledged as disclosed elsewhere in the consolidated financial statements, equity interests of certain subsidiaries of the Company were pledged for the bank and other borrowing facilities granted to the Group.

Pursuant to some of the Group's borrowings' agreements, any default under the Group's borrowings will trigger the cross default resulting in the relevant borrowings becoming repayable on demand. As at 31 December 2021, the Group was in default of certain bank and other borrowings of approximately RMB8,001,652,000. Such events triggered default and cross-default clauses in several other bank and other borrowings of the Group. As at 31 December 2021, the negotiations with lenders had not been concluded. Since the lenders have not agreed to waive their rights to demand immediate payments as at the end of the reporting period, accordingly, these bank and other borrowings became repayable on demand as at 31 December 2021. All cross-default borrowings are presented under current liabilities in the Group's consolidated statement of financial position as at 31 December 2021.

37. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Lease liabilities payable:		
Within one year	**196,733**	148,036
Within a period of more than one year but not more than two years	**235,780**	109,809
Within a period of more than two years but not more than five years	**326,588**	265,749
Within a period of more than five years	**885,081**	145,803
	1,644,182	669,397
Less: Amount due for settlement with 12 months shown under current liabilities	**(196,733)**	(148,036)
Amount due for settlement after 12 months shown under non-current liabilities	**1,447,449**	521,361

The weighted average incremental borrowing rates applied to lease liabilities range from 3.20% to 9.55% (2020: 3.20% to 9.55%).

During the year ended 31 December 2021, the Group entered into a number of new lease agreements and recognised lease liabilities of RMB84,505,000 (2020: RMB105,432,000). The Group also terminated a number of lease agreements with lease liabilities amounting to of RMB42,884,000 (2020: RMB142,102,000).

38. SENIOR NOTES AND BONDS

	Issue date	Maturity date	Listed on	Principal amount '000	Interest rate	Guaranteed by	2021 RMB'000	2020 RMB'000
2017 Notes 2	September 2017	September 2022	Singapore Exchange Securities Trading Limited ("SGX")	USD250,000	5.375% p.a.	Subsidiaries of the Company	**1,608,369**	1,645,810
2018 Notes 1	May 2018	May 2021	SGX	USD200,000	7.5% p.a.	Subsidiaries of the Company	**-**	1,313,747
2018 Notes 2	June 2018	May 2021	SGX	USD225,000	7.5% p.a.	Subsidiaries of the Company	**-**	1,478,269
2018 Notes 4	August 2018	September 2021	SGX	USD225,000	7.95% p.a.	Subsidiaries of the Company	**-**	1,488,757
2019 Notes 1	January 2019	September 2021	SGX	USD275,000	7.95% p.a.	Subsidiaries of the Company	**-**	1,831,544
2018 Notes 5	August 2018	September 2021	SGX	SGD100,000	7.15% p.a.	Subsidiaries of the Company	**-**	459,861
2018 Private Corporate Bonds	July 2018	July 2021	N/A	RMB2,400,000	8%-8.5% p.a.	N/A	**-**	320,532
2018 Listed Corporate Bonds	October 2018	October 2021	Shanghai Stock Exchange ("SSE")	RMB1,500,000	8.5% p.a.	N/A	**-**	1,513,333
2019 Notes 2	January 2019	January 2022	SGX	USD500,000	8.5% p.a.	Subsidiaries of the Company	**3,298,491**	3,365,550
2019 Notes 3	February 2019	February 2023	SGX	USD225,000	7.95% p.a.	Subsidiaries of the Company	**1,467,007**	1,494,190
2019 Notes 5	July 2019	February 2023	SGX	USD250,000	7.95% p.a.	Subsidiaries of the Company	**1,675,304**	1,744,595
2019 Notes 4	June 2019	June 2023	N/A	USD200,000	7.35% p.a.	Subsidiaries of the Company	**1,274,409**	1,302,083
2019 Listed Corporate Bonds	September 2019	September 2023	SSE	RMB1,500,000	6.8% p.a.	N/A	**1,522,178**	1,517,797
2020 Notes 1	January 2020	January 2021	N/A	USD200,000	8.0% p.a.	Subsidiaries of the Company	**1,319,839**	1,349,961

38. SENIOR NOTES AND BONDS (continued)

	Issue date	Maturity date	Listed on	Principal amount '000	Interest rate	Guaranteed by	**2021 RMB'000**	2020 RMB'000
2020 Notes 2	February 2020	February 2021	SGX	USD188,000	4.8% p.a.	Subsidiaries of the Company	**–**	1,246,332
2020 Notes 3	June 2020	February 2024	SGX	USD460,000	6.35% p.a.	Subsidiaries of the Company	**2,990,207**	3,053,351
2020 Notes 4	August 2020	August 2021	N/A	USD70,000	6% p.a.	Subsidiaries of the Company	**–**	460,019
2020 Notes 5	September 2020	September 2021	N/A	USD50,000	4.75% p.a.	Subsidiaries of the Company	**–**	329,312
2020 Notes 6	September 2020	March 2026	SGX	USD350,000	6.2% p.a.	Subsidiaries of the Company	**2,215,592**	2,288,132
2020 Notes 7	November 2020	August 2025	SGX	USD230,000	5.98% p.a.	Subsidiaries of the Company	**1,460,412**	1,488,005
2020 Listed Corporate Bonds 1	March 2020	March 2025	SSE	RMB2,540,000	5.5% p.a.	N/A	**2,610,452**	2,598,076
2020 Listed Corporate Bonds 2	August 2020	August 2025	SSE	RMB1,180,000	5.65% p.a.	N/A	**1,190,360**	1,186,577
2021 Notes 1	January 2021	January 2022	SGX	USD188,000	4.2% p.a.	Subsidiaries of the Company	**1,211,751**	–
2021 Notes 2	February 2021	March 2027	SGX	USD350,000	5.88% p.a.	Subsidiaries of the Company	**2,200,128**	–
2021 Notes 3	June 2021	June 2024	SGX	USD20,000	7.95% p.a.	Subsidiaries of the Company	**1,250,949**	–
2021 Notes 4	August 2021	August 2022	N/A	USD50,000	8.5% p.a.	Subsidiaries of the Company	**313,164**	–
2021 Listed Corporate Bonds	June 2021	July 2025	SSE	RMB1,820,000	6.8% p.a.	N/A	**1,861,968**	–
Bonds of Aoyuan Health Life							**–**	16,812
Bonds of Aoyuan Beauty Valley							**10,750**	427,045
							29,481,330	33,919,690

38. SENIOR NOTES AND BONDS (continued)

(a) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate ranging from 5.8% to 13.0% (2020: 5.7% to 12.8%) per annum to the liability component respectively since the corresponding notes and bonds were issued.

Movements of the liability component in above notes and corporate bonds during the year are set out below:

	2021 **RMB'000**	2020 RMB'000
Carrying amount as at 1 January	**33,919,690**	26,803,192
Acquisitions of subsidiaries	**–**	110,951
Proceeds received	**6,833,347**	14,544,801
Exchange (gain) loss	**(549,123)**	(1,737,512)
Interest expenses	**2,250,401**	2,296,623
Interest paid to notes holders	**(2,193,478)**	(1,948,497)
Early redemptions	**(4,068,906)**	(51,057)
Repayment	**(6,710,601)**	(6,098,811)
Carrying amount as at 31 December	**29,481,330**	33,919,690
Analysed for reporting purpose:		
Non-current liabilities	**–**	20,166,368
Current liabilities	**29,481,330**	13,753,322
	29,481,330	33,919,690

38. SENIOR NOTES AND BONDS (continued)

(b) Early redemption options of the Company are regarded as embedded derivatives not closely related to the host contract. The management of the Company consider that the fair value of the early redemption options is insignificant on initial recognition date, 31 December 2020 and 31 December 2021.

39. PROVISIONS

	At 1 January 2020 RMB'000	Additional provisions recognised RMB'000	At 31 December 2020 RMB'000	Release upon the delivery of completed properties RMB'000	Disposal of subsidiaries RMB'000 (note 46)	**At 31 December 2021 RMB'000**
LuoAo Real Estate Development (note a)	179,671	–	179,671	(179,671)	–	**–**
Guangzhou Shangshui (note b)	139,193	–	139,193	(139,193)	–	**–**
Wuchuan Maoyuan (note c)	615,542	–	615,542	–	(615,542)	**–**
Yangjing Zhenteng (note d)	–	198,179	198,179	–	(198,179)	**–**
Hengyang Dingye (note e)	–	148,645	148,645	–	(148,645)	**–**
Yangjiang Shawu (note f)	–	545,241	545,241	–	(545,241)	**–**
Guangdong Wanbo (note g)	–	293,573	293,573	–	(293,573)	**–**
Guangdong Wanhui (note h)	–	154,240	154,240	–	(154,240)	**–**
Total	934,406	1,339,878	2,274,284	(318,864)	(1,955,420)	**–**

39. PROVISIONS (continued)

Note:

(a) On 8 August 2013, the Company entered into an agreement (the "Agreement 1") with Luogang Business Association and Yijing Investment to establish "LuoAo Real Estate Development" with a registered capital of RMB100,000,000 which engages in property development.

According to the Agreement 1, the Group injected RMB60,000,000 to LuoAo Real Estate Development and the Group held 60% equity interest in LuoAo Real Estate Development after the completion of capital injection while each of Luogang Business Association and Yijing Investment injected RMB20,000,000 respectively and each of them held 20% equity interest in LuoAo Real Estate Development respectively. In addition, the Group, Luogang Business Association and Yijing Investment agreed that after the completion of the development of property project by LuoAo Real Estate Development, the Group has to transfer 40% of completed properties to Luogang Business Association and Yijing Investment in return Luogang Business Association and Yijing Investment have to contribute part of the land consideration at RMB926,350,000. The Group is responsible for project financing and project management. Luogang Business Association and Yijing Investment agreed not to involve in daily operation and management of this property project. In addition, Luogang Business Association and Yijing Investment have agreed not to share any profit or loss of LuoAo Real Estate Development.

LuoAo Real Estate Development is accounted for as a wholly-owned subsidiary of the Company and Luogang Business Association and Yijing Investment have provided part of the land consideration at RMB926,350,000 to the Group to develop the property project in return to have 40% completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 40% completed properties to be delivered to Luogang Business Association and Yijing Investment was accounted for as provision of the Group in respect of the cost of the land.

During the year ended 31 December 2021, the Company disposed of its entire 60% equity interests LuoAo Real Estate Development and the provision of potential development expenditure and other attributable expenses were derecognised accordingly.

(b) On 28 February 2014, the Company entered into an agreement (the "Agreement 2") with two independent parties, Mr. Zhong Jiawen and Mr. Zhong Binghong. According to the Agreement 2, the Group injected cash of RMB10,408,000 to 廣州尚水酒業有限公司(the "Guangzhou Shangshui"), an entity established in the PRC which principally engaged in property development. The Group held 51% equity interest in Guangzhou Shangshui after the completion of capital injection while the two independent parties held 49% equity interest in Guangzhou Shangshui. In addition, the Group, two independent parties agreed that after the completion of the development of property project by Guangzhou Shangshui, the Group has to transfer 50% of completed properties to the two independent parties in return the two independent parties have to contribute part of the land consideration at RMB207,356,800. The Group is responsible for project financing and project management. The two independent parties agreed not to involve in daily operation and management of this property project. In addition, two independent parties have agreed not to share any profit or loss of Guangzhou Shangshui.

Guangzhou Shangshui is accounted for as a wholly owned subsidiary of the Company and the two independent parties have provided part of the land consideration at RMB207,356,800 to the Group to develop the property project in return to have 50% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 50% of completed properties of the property project to be delivered to the two independent parties was accounted for as provision of the Group in respect of the land cost contributed by two independent parties.

During the year ended 31 December 2021, the Company disposed of its entire 51% equity interests Guangzhou Shangshui and the provision of potential development expenditure and other attributable expenses were derecognised accordingly.

39. PROVISIONS (continued)

Note: (continued)

(c) On 3 December 2018, the Company entered into an agreement (the "Agreement 3") with 吳川市盈潤置業有限公司 (the "Wuchuan Yingrun"). According to the Agreement 3, the Group purchased 72% equity interests of 吳川市茂源房地產開發有限公司 (the "Wuchuan Maoyuan"), an entity established in the PRC which principally engaged in property development and was previously held 72% equity shares by Wuchuan Yingrun, while the remaining 28% equity interests are held by 吳川市海濱街博茂居委清源居民小組 (the "Wuchuan Haibin"). In addition, the Group and Wuchuan Haibin agreed that after the completion of the development of property project by Wuchuan Maoyuan, the Group has to transfer 28% of completed properties to Wuchuan Haibin, in return Wuchuan Haibin have to contribute part of the land consideration at RMB44,154,580. The Group was responsible for project financing and project management. Wuchuan Haibin agreed not to involve in daily operation and management of this property project. In addition, Wuchuan Haibin has agreed not to share any profit or loss of Wuchuan Maoyuan.

Wuchuan Maoyuan was accounted for as a wholly-owned subsidiary of the Company and Wuchuan Haibin has provided part of the land consideration at RMB44,154,580 to the Group to develop the property project in return to have 28% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 28% of completed properties of the property project to be delivered to Wuchuan Haibin was accounted for as provision of the Group in respect of the land cost contributed by Wuchuan Haibin.

During the year ended 31 December 2021, the Company disposed of its entire 72% equity interests in Wuchuan Maoyuan and the provision of potential development expenditure and other attributable expenses was derecognised accordingly.

(d) On 21 December 2020, the Company entered into an agreement (the "Agreement 4") with 陽江市隆騰匯盛投資有限公司、廣東集盛建設有限公司、羅子力、沈日輝、冼業攀 (collectively referred to as "Yangjiang Longteng and other former shareholders"). According to the Agreement 4, the Group purchased 100% equity interests of 陽江市臻騰投資發展有限公司 (the "Yangjiang Zhenteng"), an entity established in the PRC which principally engaged in property development and was previously held 100% equity shares by Yangjiang Longteng and other former shareholders. Before the transaction, Yangjiang Longteng and other former shareholders and 陽江市安基實業有限公司 ("Yangjiang Anji") agreed that after the completion of the development of property project by Yangjiang Longteng and other former shareholders, Yangjiang Longteng and other former shareholders has to transfer 35% of completed properties to Yangjiang Anji, in return Yangjiang Anji have to contribute the land use right. After the transaction, the Group was responsible for project financing and project management. Yangjiang Anji agreed not to involve in daily operation and management of this property project. In addition, Yangjiang Anji has agreed not to share any profit or loss of Yangjiang Zhenteng.

Yangjiang Zhenteng was accounted for as a wholly-owned subsidiary of the Company and Yangjiang Anji has provided the land use right to the Group to develop the property project in return to have 35% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 35% of completed properties of the property project to be delivered to Yangjiang Anji was accounted for as provision of the Group in respect of the land cost contributed by Yangjiang Zhenteng.

During the year ended 31 December 2021, the Company disposed of its entire 100% equity interests in Yangjiang Zhenteng and the provision of potential development expenditure and other attributable expenses was derecognised accordingly.

39. PROVISIONS (continued)

Note: (continued)

(e) On 28 October 2019, the Company entered into an agreement (the "Agreement 5") with 衡陽市鼎業房地產開發有限公司 (the "Hengyang Dingye"). According to the Agreement 5, the Group purchased 100% equity interests of Project Hengyang Yinhuwan, a project run in the PRC and principally engaged in property development and was previously held 100% equity shares by Hengyang Dingye. In addition, the Group and Hengyang Dingye agreed that after the completion of the development of property project, the Group has to transfer 27% of completed properties to Hengyang Dingye, in return Hengyang Dingye have to contribute the land use right. The Group was responsible for project financing and project management. Hengyang Dingye agreed not to involve in daily operation and management of this property project. In addition, Hengyang Dingye has agreed not to share any profit or loss of Project Hengyang Yinhuwan.

Project Hengyang Yinhuwan was accounted for as a wholly-owned project of the Company and Hengyang Dingye has provided the land use right to the Group to develop the property project in return to have 27% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 27% of completed properties of the property project to be delivered to Hengyang Dingye was accounted for as provision of the Group in respect of the land cost contributed by Hengyang Dingye.

During the year ended 31 December 2021, the Company disposed of its entire 100% equity interest in Project Hengyang Yinhuwan and the provision of potential development expenditure and other attributable expenses was derecognised accordingly.

(f) On 21 December 2019, the Company entered into an agreement (the "Agreement 6") with 沈熾騰、羅子力 (the "former shareholders"). According to the Agreement 6, the Group purchased 100% equity interests of 陽江市萬山建築有限公司 (the "Yangjiang Wanshan"), an entity established in the PRC which principally engaged in property development and was previously held 100% equity shares by the former shareholders. Before the transaction, the former shareholders and 陽江市沙屋房地產開發有限公司 ("Yangjiang Shawu") agreed that after the completion of the development of property project by, the former shareholders, the former shareholders have to transfer 39.76% of completed properties to Yangjiang Shawu, in return Yangjiang Shawu have to contribute the land use right. After the transaction, the Group was responsible for project financing and project management. Yangjiang Shawu agreed not to involve in daily operation and management of this property project. In addition, Yangjiang Shawu has agreed not to share any profit or loss of Yangjiang Wanshan.

Yangjiang Wanshan was accounted for as a wholly-owned subsidiary of the Company and Yangjiang Wanshan has provided the land use right to the Group to develop the property project in return to have 39.76% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 39.76% of completed properties of the property project to be delivered to Yangjiang Shawu was accounted for as provision of the Group in respect of the land cost contributed by Yangjiang Shawu.

During the year ended 31 December 2021, the Company disposed of its entire 100% equity interests in Project Yangjiang Wanshan and the provision of potential development expenditure and other attributable expenses was derecognised accordingly.

39. PROVISIONS (continued)

Note: (continued)

(g) On 27 March 2020, the Company entered into an agreement (the "Agreement 7") with 陽江市萬晟建設有限公司 (the "Yangjiang Wansheng"). According to the Agreement 7, the Group purchased 70% equity interests of 廣東萬博實業有限公司 (the "Guangdong Wanbo"), an entity established in the PRC which principally engaged in property development and was previously held 100% equity shares by Yangjiang Wansheng. Before the transaction, Guangdong Wanbo and 陽江市陽東區報頭房地產開發有限公司 ("Yangdong Baotou") agreed that after the completion of the development of property project by Guangdong Wanbo, Guangdong Wanbo has to transfer 40% of completed properties to Yangdong Baotou, in return Yangdong Baotou have to contribute the land use right. After the transaction, the Group was responsible for project financing and project management. Yangdong Baotou agreed not to involve in daily operation and management of this property project. In addition, Yangdong Baotou has agreed not to share any profit or loss of Guangdong Wanbo.

Guangdong Wanbo was accounted for as a subsidiary of the Company and Yangdong Baotou has provided the land use right to the Group to develop the property project in return to have 40% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 40% of completed properties of the property project to be delivered to Yangdong Baotou is accounted for as provision of the Group in respect of the land cost contributed by Yangdong Baotou.

During the year ended 31 December 2021, the Company disposed of its entire 70% equity interests in Guangdong Wanbo and the provision of potential development expenditure and other attributable expenses was derecognised accordingly.

(h) On 29 June 2020, the Company entered into an agreement (the "Agreement 8") with 萬山城市更新集團(廣東)有限公司 (the "Wanshan City Renewal"). According to the Agreement 8, the Group purchased 100% equity interests of 廣東萬匯置業有限公司 (the "Guangdong Wanhui"), an entity established in the PRC which principally engaged in property development and was previously held 100% equity shares by Wanshan City Renewal. Before the transaction, Wanshan City Renewal and 陽江市德豐房地產開發有限公司, 陽江市恒暉房地產開發有限公司, 陽江市晉升房地產開發有限公司 ("Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng") agreed that after the completion of the development of property project by Wanshan City Renewal, Wanshan City Renewal has to transfer 35% of completed properties to Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng, in return Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng have to contribute the land use right. After the transaction, the Group was responsible for project financing and project management. Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng agreed not to involve in daily operation and management of this property project. In addition, Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng has agreed not to share any profit or loss of Guangdong Wanhui.

Guangdong Wanhui was accounted for as a wholly-owned subsidiary of the Company and Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng has provided the land use right to the Group to develop the property project in return to have 35% of completed properties. Accordingly, the potential development expenditure and other attributable expenses for the development of properties to be incurred to complete the development of the 35% of completed properties of the property project to be delivered to Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng is accounted for as provision of the Group in respect of the land cost contributed by Yangjiang Defeng, Yangjiang Henghui and Yangjiang Jinsheng.

During the year ended 31 December 2021, the Company disposed of its entire 100% equity interests in Guangdong Wanhui and the provision of potential development expenditure and other attributable expenses was derecognised accordingly.

40. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

Subsequent to 31 December 2021, on 23 June 2022, the Group entered into the share sale deeds ("the "Share Sales Deeds") to dispose of its 49% equity interest in Aoyuan Property Group (Australia) Pty Ltd ("APGA") and dispose of 100% equity interest in A.C.N. 657 824 701 Pty Ltd ACN 657 824 701 (the "ACN") (collectively with APGA, the "Disposal Group") with an independent third party in the consideration of AUD1 (equivalent to approximately RMB5) and AUD1 (equivalent to approximately RMB5), respectively. The Disposal Group was mainly engaged in property development in Australia. The disposal of the Group's equity interest in the Disposal Group was to improve the Group's liquidity position amid the negative real estate market. As at 31 December 2021, the Group had already received bids from potential buyers for the disposal of the Disposal Group. As such, the Disposal Group was classified as a disposal Group held for sale. The disposal of the Disposal Group did not constitute as a discontinued operation as the Disposal Group was not considered as a separate major line of Group's business or geographical area of operations of the Group based on the strategy of the Group.

40. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

The major classes of assets and liabilities of the Disposal Group classified as held for sale as at 31 December 2021 were as follows:

	2021 RMB'000
Assets	
Property, plant and equipment	**5,170**
Right-of-assets	**21,129**
Deferred tax assets	**124,671**
Properties for sale	**2,868,218**
Tax recoverable	**4,246**
Trade and other receivables	**56,690**
Cash and bank balances	**146,014**
Restricted bank deposits	**218,549**
	3,444,687
Impairment on assets classified as held for sale	**(1,193,941)**
Assets classified as held for sale	**2,250,746**

	2021 RMB'000
Liabilities	
Trade and other payables	**153,122**
Amounts due to NCI	**1,222**
Bank and other borrowings	**1,473,666**
Lease liabilities	**22,677**
Tax liabilities	**74,540**
Liabilities directly associated with assets classified as held for sale	**1,725,227**
Net assets directly associated with the Disposal Group	**525,519**

In accordance with IFRS 5, the Disposal Group held for sale with a carrying amount of RMB1,719,460,000 was written down to its fair value of RMB525,519,000, resulting in impairment loss on assets classified as held for sale of RMB1,193,941,000, which was included in profit or loss for the year.

41. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2020, 31 December 2020 and 31 December 2021	100,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2020	2,690,383,354	26,903
Share option exercised (note (a))	12,500,000	125
At 31 December 2020	2,702,883,354	27,028
Shares repurchased (note (b))	(7,000,000)	(70)
Issue of shares (note (a) and (c))	269,688,000	2,697
At 31 December 2021	2,965,571,354	29,655

	2021 RMB'000	2020 RMB'000
Shown in the consolidated financial statements as	**27,726**	25,567

Note:

(a) All the new ordinary shares issued rank pari passu with the then existing shares in all respects.

41. SHARE CAPITAL (continued)

Note: (continued)

(b) During the year, the Company repurchased its own shares through the SEHK as follows:

Month of repurchase	No. of ordinary shares of HK$1 each	Price per share Highest	Lowest	Aggregate consideration paid
		HK$	HK$	HK$'000
February	760,000	6.99	6.93	5,306
February	2,550,000	7.12	6.97	18,023
February	3,690,000	7.09	6.94	25,968
	7,000,000			49,297

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

(c) On 27 September 2021, the Company entered into a subscription agreement with Successful Lotus Limited to subscribe for 107,875,000 subscription shares at the subscription price of HK$3.708 per subscription share. The subscription was completed on 8 October 2021, with net proceeds from the subscription of HK$398,776,000 (equivalent to approximately RMB330,904,000), of which RMB895,000 and RMB330,009,000 were credited to the share capital and share premium account of the Company, respectively. Particulars of the above were set out in the Company's announcement dated 27 September 2021.

On 27 September 2021, the Company entered into a subscription agreement with Joy Pacific Group Limited to subscribe for 161,813,000 subscription shares at the subscription price of HK$3.708 per subscription share. The subscription was completed on 28 December 2021, with net proceeds from the subscription of HK$599,292,000 (equivalent to approximately RMB489,741,000), of which RMB1,322,000 and RMB488,419,000 were credited to the share capital and share premium account of the Company, respectively. Particulars of the above were set out in the Company's announcement dated 27 September 2021.

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes amounts due to NCI disclosed in note 26, amounts due to joint ventures disclosed in note 27 and amounts due to associates disclosed in note 30, bank and other borrowings disclosed in note 36, senior notes and bonds disclosed in note 38, net of cash and cash equivalents and restricted bank deposits, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Company reviews the capital structure periodically. As part of this review, the management of the Company assesses budgets of major property projects taking into account of the provision of funding. Based on the operating budgets, the management of the Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts.

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 **RMB'000**	2020 RMB'000
Financial assets		
At amortised cost	**56,163,647**	115,860,548
Equity instruments designated at FVTOCI	**479,317**	628,517
Financial assets at FVTPL	**267,069**	1,040,826
Financial liabilities		
Amortised cost	**175,323,083**	177,726,666
Financial liability at FVTPL	**–**	29,050

43. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments designated at FVTOCI, financial assets at FVTPL, trade and other receivables, amounts due from NCI, joint ventures and associates, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to NCI, joint ventures and associates, bank and other borrowings, senior notes and bonds and financial liability at FVTPL. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings, restricted bank deposits and bank balances.

The Group is also exposed to fair value interest rate risk related primarily to fixed-rate bank and other borrowings, interest bearing portion of amounts due from joint ventures, associates and NCI, and amounts due to joint ventures and senior notes and bonds. The Group currently does not enter any interest rate swaps to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

43. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) *Interest rate risk (continued)*

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate risk for its variable-rate bank and other borrowings at the end of the reporting period. The restricted bank deposits and bank balances are not included in the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is minimal. The analysis is prepared assuming the variable-rate bank and other borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 (2020: 50) basis points increase or decrease is used when reporting cash flow interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rates had been 50 (2020: 50) basis points higher/lower with all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2021 would increase/decrease by RMB46,289,000 (2020: post-tax profit for the year would decrease/increase by RMB81,268,000).

(ii) *Foreign currency risk*

The Group's transactions were mainly conducted in RMB, the functional currency of the Company and its subsidiaries, and its major receivables and payables are denominated in RMB. The Group is subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currency other than the functional currency of the relevant group entity. The majority of the Group's foreign currency transactions and balances are denominated in HKD, AUD, CAD and USD. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

43. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Foreign currency risk (continued)

The Group's material foreign currency denominated monetary assets and monetary liabilities include bank and other borrowings, senior notes and bonds and bank balances at the end of respective reporting period and the carrying amounts are as follows:

	2021	2020
	RMB'000	RMB'000
Assets		
HKD	**897,435**	2,336,426
USD	**11,063**	6,418,338
Intra-group assets		
AUD	**–**	2,703,608
CAD	**2,691,847**	2,607,873
Liabilities		
HKD	**5,522,668**	5,722,125
USD	**28,915,093**	29,032,011

43. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Foreign currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2020: 5%) increase and decrease in RMB against the relevant foreign currencies including intra-group balances. The sensitivity rates used represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates a decrease in post-tax loss (an increase in post-tax loss) (2020: an increase in post-tax profit and decrease in post-tax profit) for the year where RMB strengthens 5% (2020: 5%) against the relevant currency. For a 5% (2020: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the post-tax loss/profit.

	2021 **RMB'000**	2020 RMB'000
Loss/profit for the year		
HKD	**223,677**	174,259
USD	**1,389,883**	1,172,455
AUD	**(2)**	(135,221)
CAD	**(134,592)**	(130,394)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instruments measured at FVTOCI and financial assets at FVTPL. The Group invested in certain unquoted equity instruments for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI, and financial assets at FVTPL. The Group currently does not have a hedging policy in relation to the price risk. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

43. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

In order to minimise the credit risk of trade receivables, and contract assets, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of these balances individually and/or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model in accordance with IFRS 9 on trade balances individually or based on provision matrix. For trade receivables and contract assets, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. No trade receivables nor contract assets at 31 December 2021 is identified as credit-impaired. The lifetime ECL provided for trade receivables and contract assets is RMB415,236,000 (2020: RMB31,259,000) (life-time not credit-impaired) for the year ended 31 December 2021 based on historical credit loss experience adjusted by forward-looking estimates without undue cost or effort, the loss rate ranging from 30% to 100% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The credit risk of other receivables and amounts due from NCI, joint ventures and associates are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group performs impairment assessment under ECL model in accordance with IFRS 9 on these outstanding balances.

For other receivables, the Group measures the loss allowance at 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in likelihood or risk of a default occurring since initial recognition. Certain other receivables had significant increase in credit risk since initial recognition for these financial assets. The balances are monitored on an ongoing basis and the Group's exposure to credit risk is not significant since the Group only trades with creditworthy third parties, there is no requirement for collateral.

43. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Where applicable, an impairment analysis on other receivables is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings, if any. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate ranging from 0.01% to 2.01% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Group has provided 12m ECL amounting to RMB5,941,517,000 (2020: RMB198,554,000) for other receivables for the year ended 31 December 2021.

For amounts due from NCI, joint ventures and associates, the Group measures the loss allowance at 12m ECL. The Group has made periodic assessments as well as individual assessment on recoverability based on historical settlement records and adjusts for forward-looking information. Taking into account the property assets held by NCI, joint ventures and associates, if applicable, in view of the strong financial capability of these debtors and considering the future prospects of the industry in which these debtors operate at, (i.e. the Group will consider the pre-sale plan of the property projects held by joint ventures or associates, where applicable), the Group consider there is significant risk of default or the loss given default for certain amounts due from NCI, joint ventures and associates and expect some losses from non-performance by these debtors, and accordingly, impairment of RMB2,501,994,000 (2020: RMB57,543,000) was recognised in respect of the amounts due from NCI, joint ventures and associates during the year ended 31 December 2021.

The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. The management of the Company consider the probability of default is negligible on the basis of high credit-rating issuers during both years.

There has been no significant changes to estimation techniques or assumptions made during the current year.

43. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The concentration of credit risk in respect of trade receivables is minimal, of which the single largest customer as at 31 December 2021 represents approximately 9.0% (2020: 15%). No other customer represent more than 5% of the total trade receivables as at 31 December 2021 and 2020.

The Group also exposes to concentration of credit risk in respect of amounts due from certain NCI, joint ventures and associates at the amounts of RMB2,034,996,000, RMB433,733,000 and RMB33,225,000 (2020: RMB1,471,784,000, RMB3,493,680,000 and RMB 298,545,000) respectively, representing 29.8%, 3.1% and 6.9% (2020: 26.4%, 15.1% and 28.7%) of total amounts due from NCI, joint ventures and associates. The management of the Company continues to monitor and assess the financial status of the counterparties, and they believe the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

As at 31 December 2021 and 2020, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB100,523,162,000 (2020: RMB110,426,549,000) as at 31 December 2021. At the end of the reporting period, the management of the Company has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Details of the financial guarantee contracts are set out in note 48.

43. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The management of the Company closely monitor the liquidity position and its compliance with lending covenants and expect to have adequate sources of funding to finance the Group's property projects and operations.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. For non-derivative financial liabilities and lease liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount at 31 December 2021 RMB'000
2021							
Trade and other payables	–	43,565,661	–	–	–	43,565,661	43,565,661
Amounts due to NCI	–	3,863,048	–	–	–	3,863,048	3,863,048
Amounts due to joint ventures	–	11,738,208	–	–	–	11,738,208	11,738,208
Amounts due to joint ventures	5.64%	575,802	3,781	–	–	579,583	562,002
Amounts due to associates	–	1,185,393	–	–	–	1,185,393	1,185,393
Bank and other borrowings	7.86%	82,725,435	2,418,278	134,462	–	85,278,175	84,927,441
Senior notes and bonds	6.23%	29,481,330	–	–	–	29,481,330	29,481,330
Financial guarantees contracts	–	100,523,162	–	–	–	100,523,162	–
		273,658,039	2,422,059	134,462	–	276,214,560	175,323,083
Lease liabilities	9.27%	331,121	314,660	659,467	1,278,561	2,583,809	1,644,182

43. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount at 31 December 2020 RMB'000
2020							
Trade and other payables	–	29,475,075	2,292,506	982,503	–	32,750,084	32,750,084
Amounts due to NCI	–	5,481,613	–	–	–	5,481,613	5,481,613
Amounts due to joint ventures	–	23,491,121	–	–	–	23,491,121	23,491,121
Amount due to a joint venture	4.00%	447,002	–	–	–	447,002	447,002
Amounts due to associates	–	683,862	–	–	–	683,862	683,862
Bank and other borrowings	7.33%	43,865,028	23,868,198	20,601,503	2,625,819	90,960,548	80,953,294
Senior notes and bonds	7.41%	15,840,295	6,090,616	14,396,645	2,354,510	38,682,066	33,919,690
Financial guarantees contracts	–	110,426,549	–	–	–	110,426,549	–
		229,710,545	32,251,320	35,980,651	4,980,329	302,922,845	177,726,666
Lease liabilities	8.33%	263,563	211,267	398,379	215,852	1,089,061	669,397

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

43. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial instruments	Fair value as at 31 December 2021 RMB'000	2020 RMB'000	Fair value hierarchy	Valuation techniques and key inputs
Equity instruments designated at FVTOCI				
– unlisted investments	**434,077**	462,120	Level 3	Market approach considers comparable company enterprise value and discount for lack of marketability.
– listed investments	**45,240**	166,397	Level 1	Quoted price based on Shanghai and Shenzhen Stock Exchanges at the end of the reporting period (or the nearest day of trading).
Financial assets at FVTPL				
– unlisted equity instruments	**214,727**	249,784	Level 3	Discounted cash flow. Future cash flows are estimated based on expected return of the underlying investments
– fund investments and wealth management plans	**15,392**	568,860	Level 3	Discounted cash flow. Future cash flows are estimated based on expected return, and the contracted investment costs, discounted at a rate that reflects the internal rate of return of the underlying investments.
– listed investments	**36,950**	222,182	Level 1	Quoted price based on Hong Kong Stock Exchange at the end of the reporting period (or the nearest day of trading).
Financial liability at FVTPL				
– contingent consideration	**–**	29,050	Level 3	Discounted cash flow. Future cash flows are estimated based on average spending of customers, number of customers with expected return.

43. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments (continued)

The following table presents the reconciliation of Level 3 measurements of financial instruments throughout the year:

	Equity instruments designated at FVTOCI RMB'000	Financial assets at FVTPL RMB'000
At 1 January 2020	145,780	574,400
Additions	300,000	72,891
Acquisitions of subsidiaries	16,340	157,876
Disposal	–	(246)
Matured	–	(50,281)
Change in fair value	–	64,004
At 31 December 2020	462,120	818,644
Additions	–	10,029
Acquisitions of subsidiaries	–	48,775
Consideration for acquisition of subsidiaries	–	(70,523)
Exchange realignment	(875)	–
Disposal	–	(569,920)
Matured	–	(48,775)
Change in fair value	(27,168)	41,889
At 31 December 2021	434,077	230,119

Except for the senior notes and bonds, equity instruments designated at FVTOCI, and financial assets at FVTPL and financial liability at FVTPL, the management of the Group considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values at the end of the reporting period.

The fair values of financial assets and financial liabilities (other than certain equity instruments designated at FVTOCI, certain financial assets at FVTPL and senior notes and bonds) of the Group is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

44. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries

For the year ended 31 December 2021

The Group elected to apply the optional concentration test in accordance with IFRS 3. For acquisitions in which the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents and deferred tax assets and goodwill resulting from the effects of deferred tax liabilities) acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the Group concluded that the acquired set of activities and assets is not a business. Therefore, these transactions are accounted for as acquisition of assets and liabilities through acquisitions of subsidiaries.

In an event where the concentration test is not met, management of the Company has performed a detailed assessment of the acquired subsidiaries which are engaged in property development that hold parcels of land but without significant process at the date of acquisition. Therefore, the acquired set of activities and assets is not a business and these transactions are accounted for as acquisition of assets and liabilities through acquisitions of subsidiaries.

Name of subsidiaries acquired	**Place of establishment/ incorporation**	**Acquisition completed in**	**Equity interest acquired** *(Note)*	**Consideration** RMB'000
深圳中建源實業有限公司 (Shenzhen Zhongjianyuan Industrial Co., Ltd.)	Guangdong, the PRC	December	100%	1,000,895
湛江市東昇環保生物柴油科技有限公司 (Zhanjiang Dongsheng Environmental Protection Biodiesel Technology Co., Ltd.)	Guangdong, the PRC	January	60%	131,212
珠海市奧園天悅灣房地產開發有限公司 (Zhuhai Aoyuan Tianyue Bay Real Estate Development Co. Ltd.)	Guangdong, the PRC	January	70%	–
梅州市奧泰置業有限公司 (Meizhou Aotai Real Estate Co., Ltd.)	Guangdong, the PRC	January	51%	120,544
滁州萬興置業有限公司 (Chuzhou Wanxing Real Estate Co., Ltd.)	Anhui, the PRC	December	100%	43,759

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2021 (continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired *(Note)*	Consideration RMB'000
東莞奧航置業有限責任公司 (Dongguan Aohang Property Co. Ltd.)	Guangdong, the PRC	December	100%	–
東莞市匯鑫房地產投資有限公司 (Dongguan Huixin Real Estate Investment Co., Ltd.)	Guangdong, the PRC	December	55%	227,572
寧波奧宇企業管理諮詢有限公司 (Ningbo Aoyu Enterprise Management Consulting Co., Ltd.)	Zhejiang, the PRC	June	100%	–
深圳市匯威置業有限公司 (Shenzhen Huiwei Real Estate Co. Ltd.)	Guangdong, the PRC	June	90%	71,500
中山市廣睿置業有限公司 (Zhongshan Guangrui Real Estate Co. Ltd.)	Guangdong, the PRC	February	80%	–
天津星科置業有限公司 (Tianjin Xingke Real Estate Co. Ltd.)	Tianjin, the PRC	June	100%	73,662
深圳市輝勝房地產開發有限公司 (Shenzhen Huisheng Real Estate Development Co., Ltd.)	Guangdong, the PRC	September	100%	–
成都奧騰置業有限公司 (Chengdu Aoteng Real Estate Co., Ltd.)	Sichuan, the PRC	December	98%	1,893,114
合肥奧邦置業有限公司 (Hefei Aobang Real Estate Co., Ltd.)	Anhui, the PRC	January	100%	10,991

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2021 (continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired	Consideration
			(Note)	RMB'000
廣州奧榮置業有限公司 (Guangzhou Aorong Property Co., Ltd.)	Guangdong, the PRC	June	100%	–
瑞昌奧園置業有限公司 (Ruichang Aoyuan Property Co., Ltd.)	Jiangxi, the PRC	June	79%	81,122
廣東奧拓養老投資有限公司 (Guangdong Aotuo Pension Investment Co., Ltd.)	Guangdong, the PRC	December	51%	–
廣東山水禪林文化產業有限公司 (Guangdong Shanshui Zen Forest Cultural Industry Co., Ltd.)	Guangdong, the PRC	December	51%	–
金華星耀文化演藝有限公司 (Jinhua Xingyao Culture Performing Arts Co., Ltd.)	Zhejiang, the PRC	December	51%	–
北京市溪水花園物業管理有限公司 (Beijing Water Garden Property Management Co., Ltd.)	Beijing, the PRC	December	51%	255,908
珠海奧譽置業有限公司 (Zhuhai Aoyu Real Estate Co., Ltd.)	Guangdong, the PRC	December	51%	–
珠海奧園匯盛置業有限公司 (Zhuhai Aoyuan Huisheng Real Estate Co., Ltd.)	Guangdong, the PRC	December	51%	37,491
新鄭市忘我置業有限公司 (Xinzheng Selfless Real Estate Co., Ltd.)	Henan, the PRC	December	51%	42,467

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2021 (continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired (Note)	Consideration RMB'000
廣州奧園盛譽置業有限公司 (Guangzhou Aoyuan Shengyu Real Estate Co., Ltd.)	Guangdong, the PRC	December	71%	40,584
武漢奧禧悦拓科技有限公司 (Wuhan Aoxi Yuetuo Technology Co.,Ltd.)	Hubei, the PRC	December	51%	2,817
廣州盛譽建築材料有限公司 (Guangzhou Shengyu Building Materials Co., Ltd.)	Guangdong, the PRC	December	51%	–
重慶展宜貿易有限責任公司 (Chongqing Zhanyi Trade Co., Ltd.)	Chongqing, the PRC	December	51%	–
廣州奧晟科技有限公司 (Guangzhou Aosheng Technology Co., Ltd.)	Guangdong, the PRC	December	60%	–
廣州奧輝科技有限公司 (Guangzhou Aohui Technology Co., Ltd.)	Guangdong, the PRC	December	64%	17,354
上海奧港科技有限公司 (Shanghai Aogang Technology Co., Ltd.)	Shanghai, the PRC	December	51%	–
廣州越時代電子商務有限公司 (Guangzhou Yueshidai e-commerce Co., Ltd.)	Guangdong, the PRC	December	51%	–
廣州建冠置業有限公司 (Guangzhou Jianguan Real Estate Co., Ltd.)	Guangdong, the PRC	December	89%	335,625
廣州銘尚置業有限公司 (Guangzhou Mingshang Real Estate Co., Ltd.)	Guangdong, the PRC	December	51%	–

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2021 (continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired *(Note)*	Consideration RMB'000
廣州穗譽置業有限公司 (Guangzhou Suiyu Real Estate Co., Ltd.)	Guangdong, the PRC	December	51%	–
廣州奧粵投資有限公司 (Guangzhou Aoyue Investment Co., Ltd.)	Guangdong, the PRC	December	60%	–
廣州尚宇置業有限公司 (Guangzhou Shangyu Real Estate Co., Ltd.)	Guangdong, the PRC	December	51%	24,617
西安奧園駿遠房地產開發有限公司 (Xi 'an Aoyuan Junyuan Real Estate Development Co., Ltd.)	Xi'an, the PRC	December	51%	56,236
惠州獅峰實業有限公司 (Huizhou Shifeng Industrial Co., Ltd.)	Guangdong, the PRC	December	51%	128,721
成都市奧譽置業有限公司 (Chengdu Aoyu Real Estate Co., Ltd.)	Chengdu, the PRC	December	51%	45,688
四川奧園天驕置業有限公司 (Sichuan Aoyuan Tianjiao Real Estate Co., Ltd.)	Chengdu, the PRC	December	60%	81,954
廣州首實房地產有限公司 (Guangzhou Shoushi Real Estate Co., Ltd.)	Guangdong, the PRC	December	40%	–
鄭州奧錦置業有限公司 (Zhengzhou Aojin Real Estate Co., Ltd.)	Henan, the PRC	December	60%	–
廣州奧園百貨有限公司 (Guangzhou Aoyuan Department Store Co., Ltd.)	Guangdong, the PRC	December	100%	13,122

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2021 (continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired *(Note)*	Consideration RMB'000
廣州尚品房產代理有限公司 (Guangzhou Shangpin Real Estate Agency Co., Ltd.)	Guangdong, the PRC	December	100%	3,749
廣東奧園教育投資發展集團有限公司 (Guangdong Aoyuan Education Investment and Development Group Co., Ltd.)	Guangdong, the PRC	December	51%	–
				4,740,704

Note: The equity interest acquired represents the equity interest acquired by the acquirer.

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2020

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired *(Note i)*	Consideration RMB'000
揚州中城同進房地產有限公司 (Yangzhou Zhongchengtongjin Property Development Co., Ltd)	Jiangsu, the PRC	January	100%	666,726
鹽城和融房地產開發有限公司 (Yancheng Herong Property Development Co., Ltd)	Jiangsu, the PRC	May	65%	87,450
廣東繁星置業投資有限公司 (Guangdong Fanxing Real Estate Investment Co., Ltd)	Guangdong, the PRC	May	95%	132,270
江門市逸華投資有限公司 (Jiangmen Yihua Investment Co., Ltd)	Guangdong, the PRC	May	95%	13,140
西鹹新區綠城頤觀房地產有限公司 (Xixian New District Green City Yiguan Property Co., Ltd)	Shaanxi, the PRC	April	100%	514,800
溫州市垠澤置業有限公司 (Wenzhou Yinze Real Estate Co., Ltd)	Zhejiang, the PRC	May	51%	10,408
宿州新城金悅房地產開發有限公司 (Suzhou New City Jinyue Property Development Co., Ltd)	Anhui, the PRC	May	51%	10,200

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2020 (continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired *(Note i)*	Consideration RMB'000
珠海潤達房地產開發有限公司 (Zhuhai Runda Property Development Co., Ltd)	Guangdong, the PRC	May	60%	104,097
江蘇綠信置業有限公司 (Jiangsu Lvxin Real Estate Co., Ltd)	Jiangsu, the PRC	June	30% *(Note ii)*	30,000
廊坊榮弘房地產開發有限責任公司 (Langfang Ronghong Property Development Co., Ltd)	Hebei, the PRC	May	60%	368,835
肇慶市天匯置業有限公司 (Zhaoqing Tianhui Real Estate Co., Ltd)	Zhaoqing, the PRC	September	100%	66,050
江陰惠升置業有限公司 (Jiangyin Huisheng Real Estate Co., Ltd)	Jiangyin, the PRC	November	100%	278,783
廣東萬博實業有限公司 (Guangdong Wanbo Industrial Co., Ltd)	Yangjiang, the PRC	December	70%	62,270
成都金證博澤科技有限公司 (Chengdu Jinzhenboze Technology Co., Ltd)	Chengdu, the PRC	November	100%	276,118
東莞市匯正實業投資有限公司 (Dongguan Huizheng Industrial Investment Co., Ltd)	Dongguan, the PRC	October	100%	240,291

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2020 (continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired *(Note i)*	Consideration RMB'000
茂名奧園東江置業有限公司 (Maoming Aoyuan Dongjiang Real Estate Co., Ltd)	Maoming, the PRC	October	60%	31,108
興甯敏尚房地產開發有限公司 (Xingning Minshang Real Estate Development Co., Ltd)	Xingning, the PRC	November	50%	10,000
南昌威姚貿易有限公司 (Nanchang Weiyao Trading Co., Ltd)	Nanchang, the PRC	November	100%	88,420
高安市宏利高投資發展有限公司 (Gao'an Hongligao Investment Development Co., Ltd)	Gaoan, the PRC	November	100%	102,500
高安市瑞興投資發展有限公司 (Gao'an Ruixing Investment Development Co., Ltd)	Gaoan, the PRC	November	100%	565,960
				3,659,426

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2020 (continued)

Notes:

(i) The equity interest acquired represents the equity interest acquired by the acquirer.

(ii) Jiangsu Lvxin Real Estate Co., Ltd ("Jiangsu Lvxin") is a subsidiary of the Company although the Group holds 30% equity interest in Jiangsu Lvxin. The Company holds Jiangsu Lvxin indirectly through Xuzhou Aoye Real Estate Company Limited, a 100% subsidiary of the Company who holds a 30% equity interest in Jiangsu Lvxin. The board of directors of Jiangsu Lvxin comprise 3 directors. The Group has the power to appoint 2 directors in Jiangsu Lvxin and the relevant activities of Jiangsu Lvxin require 2/3 or above of directors approval. The management of the Group concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Jiangsu Lvxin and therefore the Group has control over Jiangsu Lvxin.

These transactions were accounted for as purchases of assets and liabilities. Details are summarised below:

	2021 **RMB'000**	2020 RMB'000
Consideration transferred:		
Cash consideration paid in current year	**1,531,528**	1,519,008
Deposits paid in prior year	**–**	1,694,264
Retained interests in joint ventures	**1,705,096**	–
Consideration payable due within one year included in trade and other payables	**1,504,080**	446,154
	4,740,704	3,659,426

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

Assets acquired and liabilities recognised at date of acquisition are as follows:

	2021 RMB'000	2020 RMB'000
Property, plant and equipment	**27,736**	3,215
Right-of-use assets	**1,183,913**	–
Investment properties	**1,150,900**	–
Financial assets at FVTPL	**21,746**	–
Deferred tax assets	**26,634**	412
Amounts due from joint ventures	**421,070**	68,990
Properties for sale	**27,888,932**	15,059,425
Inventories	**433,522**	–
Trade and other receivables	**12,063,120**	1,746,876
Amounts due from NCI	**1,364,915**	103,770
Tax recoverable	**327,090**	112,031
Bank balances and cash	**3,778,654**	1,533,015
Trade and other payables	**(10,716,291)**	(6,102,079)
Contract liabilities	**(12,073,311)**	(4,614,799)
Bank and other borrowings	**(17,019,527)**	(3,226,602)
Amounts due to joint ventures	**(875,750)**	–
Amounts due to NCI	**(1,360,842)**	(619,259)
Lease liabilities	**(1,206,957)**	–
Deferred income	**(350,554)**	–
Deferred tax liabilities	**–**	(8,426)
	5,085,000	4,056,569
Less: Non-controlling interests *(note)*	**(344,296)**	(397,143)
Fair value of net identifiable assets	**4,740,704**	3,659,426

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

Net cash inflows of cash and cash equivalents in respect of the above acquisitions:

	2021	2020
	RMB'000	RMB'000
Cash consideration paid	**(1,531,528)**	(1,519,008)
Less: cash and cash equivalent acquired	**3,778,654**	1,533,015
	2,247,126	14,007

Note: The non-controlling interests recognised at the acquisition date was measured in accordance with share of net assets at fair value at the acquisition date.

(b) Acquisition of business

For the year ended 31 December 2021

During the year ended 31 December 2021, the Group acquired following subsidiaries at a total consideration of approximately RMB884,190,000. These transactions have been accounted for as business combinations using acquisition accounting. Upon completion of the acquisitions, following companies became indirect subsidiaries of the Company. The principal activities of acquired subsidiaries are engaged in the medical aesthetic service and property management service.

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired	Consideration
				RMB'000
Guangdong MS Arora	Guangdong, the PRC	November	100%	30,000
Beijing Bo'an	Beijing, the PRC	January	100%	87,000
Liantianmei	Zhejiang, the PRC	March	60%	767,190
				884,190

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(b) Acquisition of business (continued)

For the year ended 31 December 2021 (continued)

Acquisition-related costs were insignificant and had been recognised as an expense and included in the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

The fair values of assets acquired and liabilities recognised at the dates of acquisitions are as follows:

	RMB'000
Property, plant and equipment	**22,121**
Right-of-use assets	**130,602**
Intangible assets	**29,912**
Deferred tax assets	**4,760**
Inventories	**25,896**
Trade and other receivables	**83,033**
Financial assets at FVTPL	**48,775**
Bank balances and cash	**176,292**
Trade and other payables	**(145,056)**
Contract liabilities	**(121,818)**
Lease liabilities	**(107,225)**
Deferred income	**(2,244)**
Deferred tax liabilities	**(9,000)**
	136,048
Less: non-controlling interests of acquired subsidiaries	**(33,236)**
	102,812

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(b) Acquisition of business (continued)

For the year ended 31 December 2021 (continued)

The fair value of trade and other receivables at the dates of acquisitions amounted to RMB83,033,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB83,138,000 at the dates of acquisitions. The best estimate at acquisition date of the contractual cash flows not expected to be collected is RMB105,000.

	RMB'000
Cash consideration paid in current year	**804,667**
Interests in joint ventures	**9,000**
Financial assets at FVTPL	**70,523**
Plus: non-controlling interest	**33,236**
Less: recognised amounts of net assets acquired	**(136,048)**
Goodwill arising on acquisitions	**781,378**

The non-controlling interests recognised at the acquisition dates were measured by reference to the proportionate share of recognised amounts of net assets of above acquired subsidiaries and amounted to RMB33,236,000.

Goodwill arose on the acquisitions of above subsidiaries because the acquisition included the assembled workforce and some potential contracts which do not meet the criteria for identifiable intangible assets as at the dates of acquisitions. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

	RMB'000
Net cash outflow arising on acquisition:	
Consideration paid in cash	**(804,667)**
Bank balances and cash acquired	**176,292**
	(628,375)

Included in the loss for the year ended 31 December 2021 was a profit of RMB68,326,000 attributable to the additional business generated by the acquired subsidiaries. Revenue for the year ended 31 December 2021 includes RMB502,509,000 generated from the acquired subsidiaries.

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(b) Acquisition of business (continued)

For the year ended 31 December 2021 (continued)

Had the acquisition been completed on 1 January 2021, the Group's revenue for the year ended 31 December 2021 would have been RMB50,172,629,000, and loss for the year ended 31 December 2021 would have been RMB35,402,487,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future results.

For the year ended 31 December 2020

During the year ended 31 December 2020, the Group acquired following subsidiaries at a total consideration of RMB1,443,273,000. These transactions have been accounted for as business combinations using acquisition accounting. Upon completion of these acquisitions, following companies became indirect wholly-owned subsidiaries of the Company. The principal activities of acquired subsidiaries are engaged in the property management services.

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition completed in	Equity interest acquired	Consideration
				RMB'000
Easy Life	Beijing, the PRC	September	80%	247,904
Ningbo Hongjian	Ningbo, the PRC	July	65%	35,300
Aoyuan Beauty Valley	Hubei, the PRC	July	29.93%	1,160,069
				1,443,273

Acquisition-related costs were insignificant and have been recognised as an expense and included in the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020.

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(b) Acquisition of business (continued)

For the year ended 31 December 2020 (continued)

The fair values of assets acquired and liabilities recognised at the dates of acquisitions are as follows:

	RMB'000
Property, plant and equipment	1,419,836
Right-of-use assets	282,533
Investment properties	1,120,554
Intangible assets	302,719
Interests in associates	14,898
Deferred tax assets	80,814
Financial assets at FVTPL	157,876
Equity instruments designated at FVTOCI	56,780
Deposits paid for acquisition of property, plant and equipment	242,420
Properties for sale	6,194,483
Inventories	207,737
Trade and other receivables	979,876
Amounts due from NCI	19,639
Tax recoverable	31,696
Restricted bank deposits	5,129
Bank balances and cash	484,711
Trade and other payables	(2,304,639)
Contract liabilities	(1,704,731)
Amounts due to NCI	(163,375)
Tax liabilities	(59,600)
Lease liabilities	(1,208)
Bonds	(110,951)
Deferred income	(273,653)
Bank borrowings	(2,738,675)
Deferred tax liabilities	(638,452)
	3,606,417
Less: non-controlling interests of acquired subsidiaries	(2,847,797)
	758,620

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(b) Acquisition of business (continued)

For the year ended 31 December 2020 (continued)

The fair value of trade and other receivables and amounts due from non-controlling shareholders of subsidiaries at the dates of acquisitions amounted to RMB999,515,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB1,016,989,000 at the dates of acquisitions. The best estimate at acquisition dates of the contractual cash flows not expected to be collected is RMB17,474,000.

	RMB'000
Cash consideration paid in current year	1,423,818
Consideration payable due within one year included in amounts due to NCI (note 26)	19,455
Plus: non-controlling interests	2,847,797
Less: recognised amounts of net assets acquired	(3,606,417)
Goodwill arising on acquisition	684,653

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of above acquired subsidiaries and amounted to RMB2,847,797,000.

Goodwill arose on the acquisitions of above subsidiaries because the acquisition included the assembled workforce and some potential contracts which do not meet the criteria for identifiable intangible assets as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

44. ACQUISITIONS OF SUBSIDIARIES (continued)

(b) Acquisition of business (continued)

For the year ended 31 December 2020 (continued)

	RMB'000
Net cash outflow arising on acquisition:	
Consideration paid in cash	(1,423,818)
Bank balances and cash acquired	484,711
	(939,107)

Included in the profit for the year ended 31 December 2020 was a profit of RMB31,401,000 attributable to the additional business generated by the acquired subsidiaries. Revenue for the year ended 31 December 2020 included RMB341,463,000 generated from the acquired subsidiaries.

Had the acquisition been completed on 1 January 2020, the Group's revenue for the year ended 31 December 2020 would have been RMB68,351,998,000, and profit for the year ended 31 December 2020 would have been RMB6,859,185,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

45. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2021

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
湛江市奧泰房地產開發有限公司 (Zhanjiang Aotai Real Estate Development Co., Ltd.)	PRC	60%	100%	387,512
廣州宏順投資有限公司 (Guangzhou Hongshun Investment Co., Ltd.)	PRC	80%	100%	464,596
凱毅(廣州)置業有限公司 (Kaiyi (Guangzhou) Real Estate Co., Ltd.)	PRC	86%	100%	200,000
奧園集團(英德)有限公司 (Aoyuan Group (Yingde) Co., Ltd.)	PRC	51%	100%	1,300,000
廣州郡峰置業有限公司 (Guangzhou Junfeng Real Estate Co., Ltd.)	PRC	90%	100%	499,994
廣州奧凱置業有限公司 (Guangzhou Aokai Real Estate Co., Ltd.)	PRC	51%	100%	399,976
廣州宏富投資有限公司 (Guangzhou Hongfu Investment Co., Ltd.)	PRC	80%	100%	166,426
廣州奧園宏業置業有限公司 (Guangzhou Aoyuan Hongye Real Estate Co., Ltd.)	PRC	51%	100%	899,000
珠海奧園港盛科技有限公司 (Zhuhai Aoyuan Gangsheng Technology Co., Ltd.)	PRC	60%	100%	124,997

45. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2021 (continued)

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
廣州欣潤置業有限公司 (Guangzhou Xinrun Real Estate Co., Ltd.)	PRC	51%	100%	4,000,000
惠州市泰恒晟房地產開發有限公司 (Huizhou Taihengsheng Real Estate Development Co., Ltd.)	PRC	80%	100%	150,000
湖州奥冠置業有限公司 (Huzhou Aoguan Real Estate Co., Ltd.)	PRC	90%	100%	154,405
奧園(深圳)城市更新集團有限公司 (Aoyuan (Shenzhen) Urban Renewal Group Co., Ltd.)	PRC	51%	100%	4,500,000
廣東奧園城市更新集團有限公司 (Guangdong Aoyuan Urban Renewal Group Co., Ltd.)	PRC	51%	100%	4,500,000
深圳市奧啟富投資發展有限公司 (Shenzhen Aoqifu Investment Development Co., Ltd.)	PRC	51%	100%	2,000,000
廣州尚軒置業有限公司 (Guangzhou Shangxuan Real Estate Co., Ltd)	PRC	60%	100%	672,058
廣州奧康投資有限公司 (Guangzhou Aokang Investment Co., Ltd)	PRC	51%	100%	539,515

45. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2021 (continued)

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
合肥前海漢華置業有限公司 (Hefei Qianhai Hanhua Real Estate Co., Ltd)	PRC	90%	100%	109,310
深圳弘譽泰富房地產有限公司 (Shenzhen Hongyu Taifu Real Estate Co., Ltd)	PRC	51%	100%	350,219
福洲奧園置業有限公司 (Fuzhou Aoyuan Real Estate Co., Ltd)	PRC	80%	100%	117,400
安吉銀瑞房地產開發有限公司 (Anji Yinrui Real Estate Development Co., Ltd)	PRC	73%	100%	166,049
廣州奧鵬投資有限公司 (Guangzhou Aopeng investment Co., Ltd)	PRC	51%	100%	280,930
Other entities				208,350
				22,190,737

45. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2020

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
Yangjiang Runxin Property Company Limited 陽江市潤信置業有限公司	PRC	85%	100%	36,465
Chongqing Kejue Company Management Limited 重慶柯爵企業管理有限公司	PRC	45%	80%	436,387
Chongqing Yizun Investment Company Limited 重慶億尊投資有限公司	PRC	45%	80%	–
Chongqing Tianlian Property Company Limited 重慶天聯置業有限責任公司	PRC	45%	80%	–
Guangzhou Aoyu Real Estate Development Co., Ltd 廣州奧譽房地產開發有限公司	PRC	54%	100%	1,000,000
Guangzhou Linyuan Property Company Limited 廣州凌苑置業有限公司	PRC	66%	100%	500,000
Hangyuang Shi'an Real Estate Development Co.,Ltd 衡陽市世安房地產開發有限公司	PRC	66%	100%	–
Changde Jinsu Real Estate Co., Ltd. 常德市金粟置業有限責任公司	PRC	35%	100%	231,082
Aoyuan (Shenzhen) City Renewal Company Limited 奧園(深圳)城市更新有限公司	PRC	51%	100%	3,000,000

45. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2020 (continued)

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
Guangdong Aoyuan City Renewal Group Company Limited 廣東奧園城市更新集團有限公司	PRC	51%	100%	3,000,000
Beijing Aoyuan Huafu Property Company Limited 北京奧園華富置業有限公司	PRC	51%	100%	28,460
Nanning Lanpu Property Company Limited 南寧朗普置業有限公司	PRC	51%	100%	500,000
Jiashan Yuhong Real Estate Development Co., Ltd 嘉善譽鴻房地產開發有限責任公司	PRC	76%	100%	–
Zhuhai Hanhui Huafu Consulting Limited 珠海市瀚暉諮詢有限公司	PRC	51%	100%	200,000
Zhongshan Hualigao Real Estate Investment Limited 中山市華利高房地產投資有限公司	PRC	51%	100%	–
Aoyuan Real Estate (Wuhan) Company Limited 奧園地產(武漢)有限公司	PRC	67%	100%	638,370
Zhengzhou Puyuan Jinghan Property Management Company Limited 鄭州市圃苑京漢物業管理有限公司	PRC	60%	100%	400
				9,571,164

These acquisitions have been accounted for as equity transactions and the difference between the total consideration paid and the carrying amounts of the attributable non-controlling interests acquired of RMB401,779,000 (2020: RMB709,126,000) had been recognised directly in special reserve for the year ended 31 December 2021.

46. DISPOSAL OF SUBSIDIARIES

Details of the net assets disposed of in respect of the transactions for the year ended 31 December 2021 and 2020 are summarised below:

	2021 **RMB'000**	2020 RMB'000
Property, plant and equipment	**24,830**	54,706
Right-of-use assets	**1,336**	14,274
Investment properties	**–**	991,411
Interests in joint ventures	**–**	47,305
Deferred tax assets	**117,143**	32,112
Deposits paid for acquisition of subsidiary	**–**	479,041
Properties for sale	**23,119,493**	21,282,885
Inventories	**34,251**	72,834
Trade and other receivables	**6,888,826**	5,024,376
Amounts due from joint ventures	**1,125,918**	454,070
Amounts due from NCI	**–**	806,785
Tax recoverable	**935,183**	407,196
Restricted bank deposits	**–**	20,995
Bank balances and cash	**1,359,402**	5,898,483
Amounts due from subsidiaries of the Group	**609,558**	16,287,839
Trade and other payables	**(8,530,645)**	(5,343,366)
Contract liabilities	**(10,021,789)**	(7,541,869)
Amount due to a joint venture	**–**	(300,000)
Amounts due to subsidiaries of the Group	**(1,825,496)**	(13,094,183)
Amounts due to NCI	**(869,152)**	(448,836)
Tax liabilities	**(3,028,460)**	(242,104)
Provisions	**(1,955,420)**	–
Bank and other borrowings	**(2,662,200)**	(20,753,904)
Lease liabilities	**(3,761)**	(15,916)
Deferred tax liabilities	**–**	(180,025)
Net assets disposed of	**5,319,017**	3,954,109

46. DISPOSAL OF SUBSIDIARIES (continued)

(Loss)/Gain on disposal of subsidiaries

	2021	2020
	RMB'000	RMB'000
Cash consideration	**2,019,142**	2,772,666
Retained equity interests in joint ventures	**–**	1,050,090
Net assets disposed of	**(5,319,017)**	(3,954,109)
Non-controlling interests	**793,206**	1,359,151
(Loss)/Gain on disposal	**(2,506,669)**	1,227,798

Net cash inflow/(outflow) arising from disposal of subsidiaries:

	2021	2020
	RMB'000	RMB'000
Cash consideration received	**2,019,142**	2,772,666
Less: bank balances and cash of the subsidiaries disposed of	**(1,359,402)**	(5,898,483)
Net cash inflow/(outflow) arising on disposal	**659,740**	(3,125,817)

46. DISPOSAL OF SUBSIDIARIES (continued)

(b) Deemed disposal of partial interests in subsidiaries without loss of control

There was no deemed disposal of partial interests in subsidiaries without loss of control for the year ended 31 December 2021.

For the year ended 31 December 2020

(i) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB60,000,000 to 廣東奧園奧買家電子商務有限公司, Guangdong Aoyuan Aomygod E-Commerce Co., Ltd. ("Guangdong Aomygod"), resulting in the dilution of equity interest in Guangdong Aomygod held by the Group from 81% to 76%. The Group continuously control over Guangdong Aomygod after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangdong Aomygod disposed. Guangdong Aomygod was subsequently disposed of and became a joint venture in December 2020.

(ii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB4,500,000,000 to 奧園(深圳)城市更新有限公司, Aoyuan Shenzhen City Renewal Co., Ltd. ("Shenzhen City Renewal"), resulting in the dilution of equity interest in Shenzhen City Renewal held by the Group from 100% to 51%. The Group continuously control over Shenzhen City Renewal after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Shenzhen City Renewal disposed of.

(iii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB4,500,000,000 to 廣東奧園城市更新集團有限公司, Guangdong Aoyuan City Renewal Group Co., Ltd. ("Guangdong City Renewal"), resulting in the dilution of equity interest in Guangdong City Renewal held by the Group from 100% to 51%. The Group continuously control over Guangdong City Renewal after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangdong City Renewal disposed of.

(iv) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB1,600,000,000 to 廣州尚軒置業有限公司, Guangzhou Shangxuan Property Development Co., Ltd. ("Guangzhou Shangxuan"), resulting in the dilution of equity interest in Guangzhou Shangxuan held by the Group from 100% to 60%. The Group continuously control over Guangzhou Shangxuan after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Shangxuan disposed of.

46. DISPOSAL OF SUBSIDIARIES (continued)

(b) Deemed disposal of partial interests in subsidiaries without loss of control (continued)

For the year ended 31 December 2020 (continued)

(v) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB638,370,000 to 奧園地產(武漢)有限公司, Aoyuan Property Wuhan Co., Ltd. ("Wuhan Property"), resulting in the dilution of equity interest in Wuhan Property held by the Group from 100% to 51%. The Group continuously control over Wuhan Property after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Wuhan Property disposed of.

(vi) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB200,000,000 to 珠海市瀚暉諮詢有限公司, Zhuhai Hanhui Consulting Co., Ltd. ("Zhuhai Hanhui"), resulting in the dilution of equity interest in Zhuhai Hanhui held by the Group from 100% to 51%. The Group continuously control over Zhuhai Hanhui after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Zhuhai Hanhui disposed of.

(vii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB117,400,000 to 福州奧園置業有限公司, Fuzhou Aoyuan Property Development Co., Ltd. ("Fuzhou Aoyuan"), resulting in the dilution of equity interest in Fuzhou Aoyuan held by the Group from 100% to 80%. The Group continuously control over Fuzhou Aoyuan after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Fuzhou Aoyuan disposed of.

(viii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB113,770,000 to 湖州奧冠置業有限公司, Huzhou Aoguan Property Development Co., Ltd. ("Huzhou Aoguan"), resulting in the dilution of equity interest in Huzhou Aoguan held by the Group from 100% to 90%. The Group continuously control over Huzhou Aoguan after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Huzhou Aoguan disposed of.

46. DISPOSAL OF SUBSIDIARIES (continued)

(b) Deemed disposal of partial interests in subsidiaries without loss of control (continued)

For the year ended 31 December 2020 (continued)

(ix) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB400,000,000 to 湛江市奧泰房地產開發有限公司, Zhanjiang Aotai Real Estate Co., Ltd. ("Zhanjiang Aotai"), resulting in the dilution of equity interest in Zhanjiang Aotai held by the Group from 100% to 60%. The Group continuously control over Zhanjiang Aotai after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Zhanjiang Aotai disposed of.

(x) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB160,000,000 to 廣州宏富投資有限公司, Guangzhou Hongfu Investment Co., Ltd. ("Guangzhou Hongfu"), resulting in the dilution of equity interest in Guangzhou Hongfu held by the Group from 100% to 80%. The Group continuously control over Guangzhou Hongfu after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Hongfu disposed of.

(xi) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB600,000,000 to 廣州奧康投資有限公司, Guangzhou Aokang Investment Co., Ltd. ("Guangzhou Aokang"), resulting in the dilution of equity interest in Guangzhou Aokang held by the Group from 100% to 51%. The Group continuously control over Guangzhou Aokang after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Aokang disposed of.

(xii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB150,000,000 to 惠州市泰恒晟房地產開發有限公司, Huizhou Taihengsheng Real Estate Co., Ltd. ("Huizhou Taihengsheng"), resulting in the dilution of equity interest in Huizhou Taihengsheng held by the Group from 100% to 80%. The Group continuously control over Huizhou Taihengsheng after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Huizhou Taihengsheng disposed of.

46. DISPOSAL OF SUBSIDIARIES (continued)

(b) Deemed disposal of partial interests in subsidiaries without loss of control (continued)

For the year ended 31 December 2020 (continued)

(xiii) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB100,000,000 to 廣州港欣投資有限公司, Guangzhou Gangxin Investment Co., Ltd. ("Guangzhou Gangxin"), resulting in the dilution of equity interest in Guangzhou Gangxin held by the Group from 100% to 51%. The Group continuously control over Guangzhou Gangxin after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Gangxin disposed of.

(xiv) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB377,216,000 to 安吉銀瑞房地產開發有限公司, Anji Yinrui Real Estate Co., Ltd. ("Anji Yinrui"), resulting in the dilution of equity interest in Anji Yinrui held by the Group from 100% to 73%. The Group continuously control over Anji Yinrui after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Anji Yinrui disposed of.

(xv) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB22,000,000 to 常熟奧宸置業有限公司, Changshu Aosheng Property Development Co., Ltd. ("Changshu Aosheng"), resulting in the dilution of equity interest in Changshu Aosheng held by the Group from 100% to 70%. The Group continuously control over Changshu Aosheng after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Changshu Aosheng disposed of.

(xvi) During the year ended 31 December 2020, an independent third party injected capital amounting to RMB300,000,000 to 廣州奧鵬投資有限公司, Guangzhou Aopeng Investment Co., Ltd. ("Guangzhou Aopeng"), resulting in the dilution of equity interest in Guangzhou Aopeng held by the Group from 100% to 81%. The Group continuously control over Guangzhou Aopeng after the partial disposal. There is no difference between the capital injected by the independent third party and the attributable equity interests in Guangzhou Aopeng disposed of.

47. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flow will be, classified in the Group's consolidated financial statements of cash flows from financing activities.

				Non-cash changes							
	At 1 January 2021 RMB'000	Financing cash flow RMB'000	Interest paid RMB'000	Acquisition of subsidiaries RMB'000	Finance cost of the year RMB'000	Non-cash financing RMB'000	Disposal of subsidiaries RMB'000	Reclassify to held for sale RMB'000	Dividend declared RMB'000	Foreign exchange gains RMB'000	At 31 December 2021 RMB'000
Amounts due to NCI	5,481,613	(1,726,633)	-	1,360,842	-	(382,400)	(869,152)	(1,222)	-	-	3,863,048
Amounts due to joint ventures	23,938,123	(5,439,058)	-	875,750	18,000	(7,092,605)	-	-	-	-	12,300,210
Amounts due to associates	683,862	1,101,531	-	-	-	(600,000)	-	-	-	-	1,185,393
Bank and other borrowings	80,953,294	(8,735,014)	(8,916,516)	17,019,527	8,901,816	199,701	(2,662,200)	(1,473,666)	-	(359,501)	84,927,441
Senior notes and bonds	33,919,690	(3,946,160)	(2,193,478)	-	2,250,401	-	-	-	-	(549,123)	29,481,330
Lease liabilities	669,397	(241,735)	-	1,314,182	64,174	(133,394)	(3,761)	(22,677)	-	(2,004)	1,644,182
Other payables	-	-	(53,874)	-	53,874	-	-	-	-	-	-
Dividend payable	-	(2,075,830)	-	-	-	-	-	-	2,075,830	-	-
Dividend payable to NCI	-	(193,203)	-	-	-	-	-	-	193,203	-	-
	145,645,979	(21,256,102)	(11,163,868)	20,570,301	11,288,265	(8,008,698)	(3,535,113)	(1,497,565)	2,269,033	(910,628)	133,401,604

47. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

				Non-cash changes						
	At 1 January 2020 RMB'000	Financing cash flow RMB'000	Interest paid RMB'000	Acquisition of subsidiaries RMB'000	Finance cost of the year RMB'000	Non-cash financing RMB'000	Disposal of subsidiaries RMB'000	Dividend declared RMB'000	Foreign exchange gains RMB'000	At 31 December 2020 RMB'000
Amounts due to NCI	9,991,460	(4,843,645)	–	782,634	–	–	(448,836)	–	–	5,481,613
Amounts due to joint ventures	12,713,851	8,482,365	–	–	27,374	(13,273,306)	15,987,839	–	–	23,938,123
Amounts due to associates	116,632	567,230	–	–	–	–	–	–	–	683,862
Bank and other borrowings	68,960,738	27,573,269	(5,795,107)	5,965,277	5,883,666	–	(20,753,904)	–	(880,645)	80,953,294
Senior notes and bonds	26,803,192	8,394,933	(1,948,497)	110,951	2,296,623	–	–	–	(1,737,512)	33,919,690
Lease liabilities	946,587	(293,927)	–	1,208	69,324	(37,879)	(15,916)	–	–	669,397
Other payables	534,210	(534,210)	(13,417)	–	13,417	–	–	–	–	–
Dividend payable	–	(1,479,711)	–	–	–	–	–	1,479,711	–	–
Dividend payable to NCI	–	(476,786)	–	–	–	–	–	476,786	–	–
	120,066,670	37,389,518	(7,757,021)	6,860,070	8,290,404	(13,311,185)	(5,230,817)	1, 956,497	(2,618,157)	145,645,979

48. FINANCIAL GUARANTEE CONTRACTS

At the end of respective reporting period, the Group had financial guarantee contracts as follows:

	2021 RMB'000	2020 RMB'000
Guarantees given to banks in connection with facilities granted to third parties	**85,799,645**	85,590,445
Guarantees given to banks in connection with facilities granted to joint ventures	**13,829,517**	23,831,604
Guarantees given to banks in connection with facilities granted to associates	**894,000**	1,004,500

48. FINANCIAL GUARANTEE CONTRACTS (continued)

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

The Group had provided guarantees in respect of banking facilities granted by banks to the Group's joint ventures and associates. In the opinion of the management of the Company, the fair value of guarantee contracts are insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

49. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Contingent rental for certain properties was charged to tenants and was determined by a certain percentage of turnover earned by the tenants upon they exceed the pre-determined monthly rental. The contingent rental income recognised during the year ended 31 December 2021 amounted to RMB10,564,000 (2020: RMB13,532,000). The properties held by the Group for rental purpose have committed tenants for periods ranging from 1 to 21 years (2020: 1 to 21 years).

Minimum lease payments receivable on leases are as follows:

	2021 **RMB'000**	2020 RMB'000
With one year	**175,330**	216,700
In the second year	**164,356**	185,297
In the third year	**128,467**	148,160
In the fourth year	**105,688**	122,931
In the fifth year	**83,986**	105,678
After five years	**536,158**	587,501
	1,193,985	1,366,267

Rental from certain tenants of an investment property are determined at the amount of the higher of a specified percentage of their turnover and a fixed monthly rental. The remaining properties are expected to generate rental yields of average 0.35% to 5.05% (2020: 0.35% to 5.05%) (per annum on an on-going basis.

50. OTHER COMMITMENTS

At the end of respective reporting period, the Group has other commitments as follow:

	2021 **RMB'000**	2020 RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	**23,530,484**	29,680,917
Construction cost commitments for investment properties contracted for but not provided in the consolidated financial statements	**420,137**	610,916
Construction cost commitment in respect of building under development contracted for but not provided in the consolidated financial statements	**–**	202,383
Commitments for acquisition of a joint venture contracted for but not provided in the consolidated financial statements	**–**	119,735
Commitments for registered capital injection in a joint venture	**–**	51,200

The Group's share of commitments made jointly with other investors relating to its joint ventures are as follows:

	2021 **RMB'000**	2020 RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	**4,938,479**	6,975,991

51. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	2021	2020
	RMB'000	RMB'000
Property, plant and equipment *(note 15)*	**2,491,582**	1,975,802
Right-of-use assets *(note 16)*	**78,542**	71,904
Investment properties *(note 17)*	**5,431,835**	3,931,825
Restricted bank deposits *(note 32)*	**1,338,184**	15,542,317
Properties for sale *(note 28)*	**39,222,333**	45,131,432
	48,562,476	66,653,280

The Group's equity interests in certain subsidiaries, which hold certain pledged properties under development for sale included above, have been pledged to secure certain banking facilities granted to the Group.

52. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

The Company's share option scheme (the"Scheme"), was adopted pursuant to a resolution passed on 13 September 2007 for the primary purpose of providing incentives to directors and eligible employees.

No share option was granted during the years ended 31 December 2020 and 2021. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Consideration of HK$1 is payable on the grant of an option. Options may be exercised according to the schedule set out below. The exercise price is determined by the management of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

52. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme (continued)

Details of specific categories of options are as follows:

Option type	No. of options granted after the adjustment	Date of grant	Vesting period	Exercise period	Exercise price after the adjustment HK$	Fair value/ share at grant dates HK$
2018C1	2,500,000	16 July 2018	16 July 2018 to 31 December 2019	1 January 2020 to 30 June 2020	5.522	1.133
2018C2	5,000,000	16 July 2018	16 July 2018 to 31 December 2019	1 January 2020 to 30 June 2020	5.522	1.138
2018D1	1,250,000	16 July 2018	16 July 2018 to 31 December 2019	1 January 2020 to 30 June 2020	5.522	0.473
2018D2	3,750,000	16 July 2018	16 July 2018 to 31 December 2019	1 January 2020 to 30 June 2020	5.522	0.478

2018D1 and 2018D2 options are vested only in the event when the share price of the Company reached more than HK$10 and trading volume of the shares of the Company related more than 3,000,000 per day for consecutive 5-day period during the vesting period.

52. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme (continued)

The following table disclose movement's of the Company's share options held by the directors and employees during the current and prior years:

Option type	Outstanding at 1 January 2020	Granted during the year '000	Exercised during the year '000	Expired during the year '000	Outstanding at 31 December 2020 and 31 December 2021 '000
2018C1	2,500	–	(2,500)	–	–
2018C2	5,000	–	(5,000)	–	–
2018D1	1,250	–	(1,250)	–	–
2018D2	3,750	–	(3,750)	–	–
	12,500	–	(12,500)	–	–
Exercisable at the end of the year					–
Weighted average exercise price (HK$)	5.522	–	5.522	–	–

Note: In respect of the share options exercised during the year ended 31 December 2020, the weighted average share price at the date of exercise was HK$9.33.

These fair values were calculated using the Binominal model and Monte Carlo simulation. The inputs into the models were as follows:

	2018C1	2018C2	2018D1	2018D2
Weighted average share price				
Exercise price	HK$5.522	HK$5.522	HK$5.522	HK$5.522
Expected volatility	48%	48%	48%	48%
Expected life	2 years	2 years	2 years	2 years
Risk free rate	1.83%	1.83%	1.83%	1.83%
Expected dividend yield	5.3%	5.3%	5.3%	5.3%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The risk-free rate was determined by yield of Hong Kong Government Bond with maturity nearest to the expiration date of the share options.

52. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme (continued)

The number of share options granted that are expected to be vested has been reduced to reflect the historical experience of forfeiture of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

The Binomial model and Monte Carlo simulation have been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the management of the Company best estimate. The value of an option varies with different variables of certain subjective assumptions.

Share option reserve of RMB9,300,000 had been transferred to share premium as the share option was exercised during the year ended 31 December 2020 in relation to share options granted by the Company.

53. RETIREMENT BENEFITS PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

Contribution to the defined contribution plans in Australia and Canada are made by the employer based on a certain percentage of the employees' salaries and wages.

The Group recognised the retirement benefit contributions of RMB105,115,000 (2020: RMB132,373,000) for the year ended 31 December 2021.

54. RELATED PARTY TRANSACTION

(a) Other than as disclosed elsewhere in these consolidated financial statements, the Group had material transactions during the year with related parties as follows:

Related party	Nature of transaction	**2021 RMB'000**	2020 RMB'000
Joint Ventures	Interest income	**12,674**	118,257
Joint Ventures	Interest expense	**18,000**	27,374
Joint Ventures	Property management services income	**–**	79,422
Joint Ventures	Services income	**22,552**	–
Joint Ventures	Construction services income	**106**	35,914
NCI (note)	Interest income	**76,178**	15,935
Associate	Interest income	**14,254**	–
Associate	Services income	**–**	204
Associate	Rental income	**–**	3,019
Associate	Other expenses	**–**	5,196

Note: These entities have significant influence over several non-wholly owned subsidiaries of the Company.

(b) The remuneration of key management personnel during the year is as follows:

	2021 RMB'000	2020 RMB'000
Short-term benefits	**50,580**	50,044
Retirement benefit scheme contributions	**465**	552
	51,045	50,596

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

55. MAJOR NON-CASH TRANSACTIONS

The Group had the following significant non-cash transactions:

i) During the year ended 31 December 2021, consideration for the acquisition of additional interests in NCI of approximately RMB1,969,968,000 (2020: nil) were settled by the Group's interests in joint ventures and approximately RMB2,138,083,000 (2020: nil) remained unsettled as at 31 December 2021 carried as other payables.

ii) During the year ended 31 December 2021, the Group entered into a number of new lease agreements and recognised lease liabilities of RMB84,505,000 (2020: RMB105,432,000).

iii) During the year ended 31 December 2021, the Group terminated a number of lease agreements and derecognised right of use assets and lease liabilities of RMB33,379,000 (2020: RMB) and RMB42,884,000 (2020: RMB142,102,000), respectively.

iv) During the year ended 31 December 2021, the Group entered into settlement arrangements with various joint ventures and associates for the settlement of amounts due from (to) them of approximately RMB7,092,605,000 (2020: RMB13,273,306,000) and RMB600,000,000 (2020: nil), respectively.

v) During the year ended 31 December 2021, the Group disposal of certain of its joint ventures for aggregate consideration of RMB414,750,000 (2020: nil) out of which RMB331,612,000 (2020: nil) was settled by offsetting with the Group's other payables.

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) General information of principal subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
Add Hero holding Limited ("Add Hero") (note a)	British Virgin Islands ("BVI")	**100%**	100%	US$10,000	Investment holdings	Limited liability company
130 Elizabeth Street Pty Ltd	Australia	**70%**	70%	AUD10,000	Property development	N/A
Prime Gordon Pty Ltd	Australia	**100%**	100%	AUD1,000	Property development	N/A
Prime Moss Vale Pty Ltd	Australia	**100%**	100%	AUD1,000	Property development	N/A
Prime Esplanade Development Pty Ltd (formerly known as Prime ABC Pty Ltd)	Australia	**87.5%**	87.5%	AUD1,000	Property development	N/A
Prime Woolooware 3 Pty Ltd	Australia	**75%**	75%	AUD1,000	Property development	N/A
Prime Woolooware 4 Pty Ltd	Australia	**75%**	75%	AUD1,000	Property development	N/A
5799 Yonge Street Limited Partnership	Canada	**100%**	100%	CAD1,000	Property development	N/A
Capital Benefit Limited	HK	**100%**	100%	HKD1	Property development	Limited liability company
Greatmax International Limited	HK	**100%**	100%	HKD1	Property development	Limited liability company
奧園集團有限公司 (Aoyuan Group Company Limited) ("Aoyuan Group")	PRC	**100%**	100%	RMB6,110,000,000	Investment holding, loan financing and property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
廣州奧園資產經營管理有限公司 (Guangzhou Aoyuan Assets of Management Company Limited)	PRC	**100%**	100%	RMB50,000,000	Provision of consultancy services	Limited liability company
江門江奧地產開發有限公司 (Jiangmen Jiangao Real Estate Development Company Limited)	PRC	**51%**	51%	RMB50,000,000	Property development	Limited liability company
瀋陽奧園新城置業有限公司 (Shenyang Aoyuan New City Property Company Limited)	PRC	**100%**	100%	RMB1,030,000,000	Property development	Limited liability company
廣州奧譽房地產開發有限公司 (Guangzhou Aoyu Real Estate Exploitation Company Limited)	PRC	**100%**	100%	HKD1,390,000,000	Property development	Limited liability company
廣州南沙奧園養生酒店有限公司 (Guangzhou Nansha Aoyuan Health Hotel Company Limited)	PRC	**100%**	100%	RMB110,000,000	Hotel operation	Limited liability company
雲浮奧園置業有限公司 (Yun Fun Aoyuan Properties Company Limited)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
重慶粵奧置業有限公司 (Chongqing Yueao Property Company Limited)	PRC	**100%**	100%	RMB450,000,000	Property development	Limited liability company
奧園集團重慶置業有限公司 (Aoyuan Group Chongqing Property Company Limited)	PRC	**100%**	100%	RMB784,313,725	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	Attributable effective equity interest held 2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
廣州康威集團有限公司 (Guangzhou Kangwei Group Company Limited)	PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company
佛山市南海奧譽房地產開發有限公司 (Foshan Nanhai Ao Yu Real Estate Development Company Limited)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
奧園集團(梅州)有限公司 (Aoyuan Group(Meizhou) Company Limited)	PRC	**100%**	100%	RMB380,000,000	Property development	Limited liability company
佛山奧冠置業有限公司 (Foshan Aoguan Property Company Limited)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
奧園集團(佛山)置業有限公司 (Foshan Aoyuan Property Company Limited)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
奧園集團(英德)有限公司 (Yingde Aoyuan Group Company Limited)("Yingde Aoyuan")	PRC	**100%** ***(note 45)***	51%	RMB1,000,000,000	Property development	Limited liability company
奧園集團(韶關)有限公司 (Shaoguan Aaoyuan Group Company Limited)	PRC	**100%**	100%	RMB180,000,000	Property development	Limited liability company
重慶奧譽置業有限公司 (Chongqing Aoyu Property Company Limited)	PRC	**100%**	100%	RMB1,600,000,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	Attributable effective equity interest held 2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
蕉嶺奧園廣場有限公司 (Jiaoling Aoyuan Square Company Limited)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
重慶錦奧置業有限公司 (Chongqing Jinao Property Company Limited)	PRC	**100%**	100%	RMB2,519,702,072	Property development	Limited liability company
五華奧園廣場有限公司 (Wuhua Aoyuan Square Company Limited)	PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
廣東蕉嶺建築工程集團有限公司 (Guangdong Jiaoling Construction Engineering Group Company Limited.)	PRC	**100%**	100%	RMB300,000,000	Construction & design	Limited liability company
廣西瀚林地產開發有限公司 (Guangxi Hanlin Property Development Company Limited)	PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
安徽勤聯房地產開發有限公司 (Anhui Qinlian Property Development Company Limited)	PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company
廣東奧園投資有限公司(曾用名：廣東奧園瀚林投資有限公司) (Guangdong Aoyuan Investment Company Limited, formerly known as Guangdong Aoyuan Hanlin Investment Company Limited)	PRC	**100%**	100%	RMB100,000,000	Investment holding	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
安徽瀚德房地產開發有限公司 (Anhui Hande Property Development Company Limited)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
安徽瀚華房地產開發有限公司 (Anhui Hanhua Property Development Company Limited)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
珠海市梅溪置業有限公司(TB001) (Zhuhai Meixi Property Company Limited)	PRC	**93%**	93%	RMB10,000,000	Property development	Limited liability company
瀏陽奧園廣場房地產開發有限公司 (Liuyang Aoyuan Plaza Property Development Company Limted)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
玉林奧園置業有限公司 (Yulin Aoyuan Property Company Limited)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
成都宜華置業有限公司 (Chengdu Yihua Property Company Limited)	PRC	**100%**	100%	RMB1,500,000,000	Property development	Limited liability company
深圳市奧弘置業有限公司 (Shenzhen Aohong Real Estate Co., Ltd)	PRC	**61%**	56%	RMB200,000,000	Property development	Limited liability company
深圳市瀾灣弘盛投資有限公司 (Shenzhen Lanwan Hongsheng Investments Company Limited)	PRC	**80%**	80%	RMB71,400,000	Investment holding	Limited liability company
廣州市雄泰房地產開發有限公司 (Guangzhou Xiongtai Property Development Co., Ltd)	PRC	**100%**	100%	RMB520,000,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
惠州市泰華房地產開發有限公司 (Huizhou Taihua Property Development Co., Ltd)	PRC	**100%**	100%	RMB80,000,000	Property development	Limited liability company
惠州市泰瑞房地產開發有限公司 (Huizhou Tairui Property Development Co., Ltd)	PRC	**100%**	100%	RMB35,680,000	Property development	Limited liability company
惠州市泰宏房地產開發有限公司 (Huizhou Taihong Property Development Co., Ltd)	PRC	**100%**	100%	RMB35,680,000	Property development	Limited liability company
中山市華利高房地產投資有限公司 (Zhongshan Hualigao Property Investment Co., Ltd)	PRC	**100%**	100%	RMB25,000,000	Property development	Limited liability company
佛山市南海恒德勝嘉置業有限公司 (Foshan Nanhai Hengde Shengjia Properties Co., Ltd)	PRC	**100%**	100%	RMB250,000,000	Property development	Limited liability company
寧波海拓置業有限公司 (Ningbo Haituo Real Estate Company Limited)	PRC	**100%**	100%	RMB160,000,000	Property development	Limited liability company
寧波天派置業有限公司 (Ningbo Tianpai Real Estate Company Limited)	PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
寧波迪賽前豐置業有限公司 (Ningbo Disai Qianfeng Real Estate Company Limited)	PRC	**100%**	100%	RMB210,000,000	Property development	Limited liability company
中山市三鄉鎮宏泰房地產開發有限公司 (Zhongshan Sanxiang Hongtai Real Estate Development Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
中山市金磚永固置業發展有限公司 (Zhongshan Jinzhuanyonggu Property Co., Ltd)	PRC	**77%**	77%	RMB152,277,483	Property development	Limited liability company
惠州大亞灣房利美投資有限公司 (Huizhou Dayawan Fanglimei Investment Co., Ltd)	PRC	**100%**	100%	RMB17,680,000	Property development	Limited liability company
惠州市元谷實業有限公司 (Huizhou Yuangu Industrial Co., Ltd)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
湘潭星舟置業有限責任公司 (Xiangtan Xingzhou Property Development Co., Ltd)	PRC	**100%**	100%	RMB68,000,000	Property development	Limited liability company
福建省華力偉業置地有限公司 (Fujian Hualiweiye Property Co., Ltd)	PRC	**55%**	55%	RMB200,000,000	Property development	Limited liability company
寧波逸榮達置業有限公司 (Ningbo Yirongda Property Co., Ltd.)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
青島星海灣置業有限公司 (Qingdao Xinghai Bay Properties Limited)	PRC	**80%**	80%	RMB50,000,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
珠海來利科技有限公司 (Zhuhai Laili Technology Co., Ltd)	PRC	**70%**	70%	RMB80,000,000	Property development	Limited liability company
泰興市奧新置業有限公司 (Taixing Aoxin Property Co., Ltd.)	PRC	**51%**	51%	RMB204,080,000	Property development	Limited liability company
中山市銳大房地產有限公司 (Zhongshan Rui Da real estate Co., Ltd)	PRC	**95%**	95%	RMB20,000,000	Property development	Limited liability company
惠州市合富地產開發有限公司 (Huizhou Hefu Real Estate Development Co., Ltd.)	PRC	**80%**	80%	RMB56,650,000	Property development	Limited liability company
成都環美置業有限公司 (Chengdu Huan Mei Co., Ltd.)	PRC	**100%**	100%	RMB1,863,160,000	Property development	Limited liability company
惠州龍圓房地產開發有限公司 (Huizhou Longyuan Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
青島盛季金茂建設發展有限公司 (Qingdao Shengji Jinmao Construction Development Co., Ltd.)	PRC	**64%**	64%	RMB200,000,000	Property development	Sino-foreign joint venture
惠州市鴻泰昌實業有限公司 (Huizhou Hongtaichang Industrial Co., Ltd.)	PRC	**100%**	100%	RMB71,120,000	Property development	Limited liability company
郴州加利申房地產開發有限公司 (Chenzhou Jialishen Real Estate Development Co., Ltd)	PRC	**70%**	70%	RMB333,340,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
重慶勁揚房地產開發有限公司 (Chongqing Jingyang Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
重慶新紅陽實業有限公司 (Chongqing Xinhongyang Industrial Co., Ltd.)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
珠海市祥田房地產開發有限公司 (Zhuhai xiangtian Real Estate Development Co., Ltd.)	PRC	**90%**	90%	RMB23,880,000	Property development	Limited liability company
臺山市君華置業投資有限公司 (Taishan Junhua Property Investment Co., Ltd.)	PRC	**100%**	100%	RMB87,000,000	Property development	Limited liability company
揚州奧園置業有限公司 (Yangzhou Aoyuan Property Co., Ltd.)	PRC	**100%**	100%	RMB530,000,000	Property development	Limited liability company
荊州奧園房地產開發有限公司 (Jingzhou Aoyuan Property Co., Ltd)	PRC	**100%**	100%	RMB352,941,200	Property development	Limited liability company
青島盛世嘉德商業發展有限公司 (Qingdao shengshi jiade business development co. LTD)	PRC	**64%**	64%	US$102,040,000	Property development	Limited liability company
湖南省晨啟智穀科技發展有限公司 (Hunan chenqizhigu technology development co. LTD)	PRC	**100%**	90%	RMB53,333,300	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
清遠市合創泰富房地產開發有限公司 (Qingyuan Hechuang Taifu Real Estate Development Co., Ltd)	PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
廣漢鼎興置業有限公司 (Guang han dingxing real estate co. LTD)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
惠州慶達房地產有限公司 (Huizhou Qingda Real Estate Co., Ltd.)	PRC	**60%**	60%	RMB75,000,000	Property development	Limited liability company
福建置立方地產發展有限公司 (Fujian Zhicun Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB120,000,000	Property development	Limited liability company
昆明亞利泰商貿有限責任公司 (Kunming Alitai Trading Co., Ltd.)	PRC	**51%**	51%	RMB30,612,244	Property development	Limited liability company
重慶奧驕房地產開發有限公司 (Chongqing Aojiao Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
碭山縣七彩世界房地產開發有限公司 (Dangshan Qicai World Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB204,081,600	Property development	Limited liability company
重慶博昂置業有限公司 (Chongqing Boang Real Estate Co., Ltd)	PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
佛山市南海嘉美置業有限公司 (Foshan Nanhai Jiamei Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB260,000,000	Property development	Limited liability company
桂平市中聯投資發展有限公司 (Guiping Zhonglian Investment Development Co., Ltd.)	PRC	**60%**	60%	RMB50,000,000	Property development	Limited liability company
鄭州啟迪置業有限公司 (Zhengzhou Qidi Real Estate Co., Ltd.)	PRC	**85%**	56%	RMB250,000,000	Property development	Limited liability company
四川中盛九鼎置業有限公司 (Sichuan Zhongsheng Jiuding Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB80,000,000	Property development	Limited liability company
恩平進升房地產開發有限公司 (Enping Jinsheng Real Estate Development Co., Ltd.)	PRC	**70%**	70%	HK$66,666,700	Property development	Limited liability company
恩平華璟房地產開發有限公司 (Enping Huajing Real Estate Development Co., Ltd.)	PRC	**70%**	70%	HK$66,666,700	Property development	Limited liability company
合肥前海漢華置業有限公司 (Hefei Qianhai Hanhua Real Estate Co., Ltd)	PRC	**100%**	90%	RMB22,222,200	Property development	Limited liability company
成都新西南房地產有限公司 (Chengdu New Southwest Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB14,546,536	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	Attributable effective equity interest held 2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
衡陽市世安房地產開發有限公司 (Hengyang Shi'an Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB16,326,500	Property development	Limited liability company
重慶天投實業有限公司 (Chongqing Tiantou Industrial Co., Ltd.)	PRC	**100%**	100%	RMB370,467,347	Property development	Limited liability company
珠海韜睿投資發展有限公司 (Zhuhai Taorui Investment Development Co., Ltd.)	PRC	**73%**	73%	RMB242,537,300	Investment holding	Limited liability company
珠海民商互聯網金融大廈開發有限公司 (Zhuhai Civil and Commercial Internet Finance Building Development Co., Ltd.)	PRC	**60%**	60%	RMB100,000,000	Property development	Limited liability company
陝西萬怡置業有限公司 (Shaanxi Wanyi Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB30,000,000	Property development	Limited liability company
西安市怡景苑房地產開發有限公司 (Xi'an Yijingyuan Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB40,000,000	Property development	Limited liability company
成都宏懋實業有限公司 (Chengdu Hongmao Industrial Co., Ltd.)	PRC	**100%**	100%	RMB244,898,000	Property development	Limited liability company
廣州奧園錦泰置業有限公司 (Guangzhou Aoyuan Jintai Real Estate Co., Ltd.)	PRC	**51%**	51%	RMB36,047,000	Investment holding	Sino-foreign joint venture

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
江門市蓬江區白石永灝地產開發有限公司 (Jiangmen Pengjiang Baishi Yonghao Real Estate Development Co., Ltd.)	PRC	**43% *(note b)***	43% *(note b)*	RMB100,000,000	Investment holding	Limited liability company
常德市金粟置業有限責任公司 (Changde Jinsu Real Estate Co., Ltd)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
天津市五一陽光投資發展有限公司 (Tianjin May Day Sunshine Investment Development Co., Ltd.)	PRC	**100%**	100%	RMB140,000,000	Property development	Limited liability company
安吉銀瑞房地產開發有限公司 (Anji Yinrui Real Estate Development Co., Ltd.)	PRC	**100%**	73%	RMB68,500,000	Property development	Limited liability company
安吉銀凱置業有限公司 (Anji Yinkai Real Estate Co., Ltd)	PRC	**100%**	73%	RMB50,000,000	Property development	Limited liability company
安吉銀盛置業有限公司 (Anji Yinsheng Real Estate Co., Ltd.)	PRC	**100%**	73%	RMB50,000,000	Property development	Limited liability company
上海奧園旅遊發展有限公司 (Shanghai Olympic Garden Tourism Development Co., Ltd.)	PRC	**100%**	100%	RMB90,909,000	Cultural tourism	Limited liability company
上海江南田園休閒會所有限公司 (Shanghai Jiangnan Pastoral Leisure Club Co., Ltd.)	PRC	**100%**	100%	RMB18,181,800	Hotel operation	Limited liability company
廣州新弘房地產有限公司 (Guangzhou Xinhong Real Estate Development Co., Ltd.)	PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
西安奧園錦泰置業有限公司 (Xi'an Aoyuan Jintai Property Co., Ltd.)	PRC	**76%**	51%	RMB102,040,800	Property development	Limited liability company
昆山奧盛置業有限公司 (Kunshan Aosheng Property Co., Ltd)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
蘇州市隆福房地產開發有限公司 (Suzhou Longfu Real Estate Development Co., Ltd)	PRC	**51%**	51%	RMB122,488,980	Property development	Limited liability company
名業發展(福建)有限公司 (Mingye Development (Fujian) Co., Ltd)	PRC	**44%**	44%	RMB100,000,000	Property development	Limited liability company
河北綠科房地產開發有限公司 (Hebei Ivke Real Estate Development Co., Ltd)	PRC	**98%**	98%	RMB227,275,000	Property development	Limited liability company
武漢工建金奧房地產開發有限公司 (Wuhan Gongjian Jinao Real Estate Development Co., Ltd)	PRC	**100%**	47% *(note b)*	RMB116,670,000	Property development	Limited liability company
西安奧宏置業有限公司 (Xi'an Aohong Property Co., Ltd)	PRC	**41% *(note b)***	41% *(note b)*	RMB10,000,000	Property development	Limited liability company
重慶億尊投資有限公司 (Chongqing Yizun Investment Co., Ltd)	PRC	**80%**	80%	RMB50,000,000	Property development	Limited liability company
瀘州合府置業有限公司 (Luzhou Hefu Real Estate Co., Ltd)	PRC	**51%**	51%	RMB102,040,816	Property development	Limited liability company
南充合府置業有限公司 (Nanchong Hefu Real Estate Co., Ltd)	PRC	**51%**	51%	RMB61,224,490	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
浙江朝華房地產開發有限公司 (Zhejiang Chaohua Real Estate Development Co., Ltd)	PRC	**51%**	51%	RMB50,000,000	Property development	Limited liability company
重慶天聯置業有限責任公司 (Chongqing Tianlian Real Estate Co., Ltd)	PRC	**80%**	80%	RMB20,000,000	Property development	Limited liability company
湖州奧冠置業有限公司 (Huzhou Aoguan Property Co., Ltd.)	PRC	**100%**	90%	RMB50,000,000	Property development	Limited liability company
上饒市悅盛房地產開發有限公司 (Shangrao Yuesheng Real Estate Development Co., Ltd)	PRC	**51%**	51%	RMB20,000,000	Property development	Limited liability company
興甯敏駿房地產開發有限公司 (Xingning Minjun Real Estate Development Co., Ltd)	PRC	**27% *(note b)***	27% *(note b)*	RMB16,129,032	Property development	Limited liability company
嘉善譽鴻房地產開發有限責任公司 (Jiashan Yuhong Real Estate Development Co., Ltd)	PRC	**100%**	100%	RMB1,000,000	Property development	Limited liability company
長興奧園置業有限公司 (Changxing Aoyuan Property Co., Ltd.)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
河南茂睿置業有限公司 (Henan Maorui Property Co., Ltd.)	PRC	**51%**	51%	RMB10,000,000	Property development	Limited liability company
平潭奧新置業有限公司 (Pingtan Aoxin Property Co., Ltd)	PRC	**37% *(note b)***	37% *(note b)*	RMB100,000,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
合肥七彩世界置業有限公司 (Hefei Qicai Real Estate Co., Ltd)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
馬鞍山億景置業有限公司 (Ma'anshan Yijing Real Estate Co., Ltd)	PRC	**40%** ***(note b)***	40% *(note b)*	RMB100,000,000	Property development	Limited liability company
邢臺市宏煜房地產開發有限公司 (Xingtai Hongyu Real Estate Development Co., Ltd.)	PRC	**60%**	60%	RMB125,000,000	Property development	Limited liability company
湖南經閣鴻運置業有限公司 (Hunan Jingge Hongyun Real Estate Co., Ltd.)	PRC	**100%**	100%	RMB37,500,000	Property development	Limited liability company
重慶奧航房地產開發有限公司 (Chongqing Aohang Real Estate Development Co., Ltd.)	PRC	**51%**	51%	RMB280,000,000	Property development	Limited liability company
徐州鴻濤居房地產開發有限公司 (Xuzhou Hongtaoju Real Estate Development Co., Ltd)	PRC	**60%**	56%	RMB110,185,000	Property development	Limited liability company
梅州市奧創置業有限公司 (Meizhou Aochuang Property Co., Ltd.)	PRC	**26%** ***(note b)***	26% *(note b)*	RMB100,000,000	Property development	Limited liability company
宣城世茂卓盈房地產開發有限公司 (Xuancheng Shimaozhuoying Real Estate Development Co., Ltd)	PRC	**51%**	51%	RMB20,000,000	Property development	Limited liability company
臨澧奧園置業有限公司 (Linli Aoyuan Property Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
巢湖金實置業有限公司 (Chaohu Jinshi Real Estate Co., Ltd.)	PRC	**100%**	40% *(note b)*	RMB111,111,200	Property development	Limited liability company
興寧奧園置業有限公司 (Xingning Aoyuan Property Co., Ltd)	PRC	**50%**	50%	RMB100,000,000	Property development	Limited liability company
泉州奧嘉置業有限公司 (Quanzhou Aojia Property Co., Ltd)	PRC	**41% *(note b)***	41% *(note b)*	RMB10,000,000	Property development	Limited liability company
西安利申置業有限公司 (Xi'an Lishen Real Estate Co., Ltd.)	PRC	**83%**	83%	US$50,000,000	Property development	Sino-foreign joint venture
醴陵奧江置業有限公司 (Liling Aojiang Property Co., Ltd.)	PRC	**51%**	51%	RMB10,000,000	Property development	Limited liability company
漳州奧園置業有限公司 (Zhangzhou Aoyuan Property Co., Ltd.)	PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
藤縣中顧置業投資有限公司 (Tengxian Zhonggu Real Estate Investment Co., Ltd)	PRC	**60%**	60%	RMB25,000,000	Property development	Limited liability company
五華縣新永宏腳手架材料有限公司 (Wuhua Xinyonghong Scaffolding material Co., Ltd.)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
廣州市合勝實業發展有限公司 (Guangzhou Hesheng Industrial Development Co., Ltd)	PRC	**50%**	50%	RMB1,000,000,000	Property development	Limited liability company
廣州東塱塑膠製品有限公司 (Guangzhou Donglang Plastics Co., Ltd.)	PRC	**100%**	100%	RMB1,000,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
張家口奧熙房地產開發有限公司 (Zhangjiakou Aoxi Real Estate Development Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
杭州昊創商貿有限公司 (Hangzhou Haochuang Trading Co., Ltd.)	PRC	**51%**	51%	RMB20,408,000	Investment holding	Limited liability company
重慶柯爵企業管理有限公司 (Chongqing Kejue Enterprise Management Co., Ltd.)	PRC	**80%**	80%	RMB1,100,000,000	Investment holding	Limited liability company
合肥奧行置業有限公司 (Hefei Aoxing Real Estate Co., Ltd)	PRC	**100%**	100%	RMB60,000,000	Property development	Limited liability company
廊坊榮弘房地產開發有限責任公司 (Langfang Ronghong Property Development Co., Ltd)	PRC	**60%**	60%	RMB20,000,000	Property development	Limited liability company
漳州奧昕房地產有限公司 (Zhangzhou Aoxin Real Estate Co., Ltd)	PRC	**100%**	100%	RMB1,000,000	Property development	Limited liability company
廣州奧名置業有限公司 (Guangzhou Aoming Real Estate Co., Ltd)	PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
南昌航夢置業有限公司 (Nanchang Hangmeng Real Estate Co., Ltd)	PRC	**100%**	100%	RMB12,500,000	Property development	Limited liability company
江蘇綠信置業有限公司 (Jiangsu Lvxin Real Estate Co., Ltd)	PRC	**30%** ***(note b)***	30% *(note b)*	RMB100,000,000	Property development	Limited liability company
江陰惠升置業有限公司 (Jiangyin Huisheng Real Estate Co., Ltd)	PRC	**100%**	100%	RMB220,873,280	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
東莞市匯正實業投資有限公司 (Dongguan Huizheng Industrial Investment Co., Ltd)	PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
合肥奧東置業有限公司 (Hefei Aodong Real Estate Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
興甯敏尚房地產開發有限公司 (Xingning Minshang Real Estate Development Co., Ltd)	PRC	**50%**	50%	RMB10,000,000	Property development	Limited liability company
景德鎮金投置地有限公司 (Jingdezhen Jintou Land Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
廬山市金投置地有限公司 (Lushan Gold Investment Land Co., Ltd)	PRC	**100%**	100%	RMB30,000,000	Property development	Limited liability company
咸寧奧泰置業發展有限公司 (Xianning Aotai Real Estate Co., Ltd)	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
奧園美谷科技股份有限公司 (Aoyuan Beauty Valley Technology Co., Ltd)	PRC	**29.93% (note f)**	29.93% (note f)	RMB781,180,319	Property development and chemical fiber products manufacturing	Limited liability company
樂生活智慧社區服務集團股份有限公司 (Easy Life Smart Community Services Group Co., Ltd)	PRC	**80%**	80%	RMB54,360,000	Property development	Limited liability company
揚州中城同進房地產有限公司 (Yangzhou Zhongchengtongjin Property Development Co., Ltd)	PRC	**100%**	100%	RMB650,000,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
宿州新城金悦房地產開發有限公司 (Suzhou New City Jinyue Property Development Co., Ltd)	PRC	**51%**	51%	RMB20,000,000	Property development	Limited liability company
肇慶市天匯置業有限公司 (Zhaoqing Tianhui Real Estate Co., Ltd)	PRC	**100%**	100%	RMB250,050,000	Property development	Limited liability company
江門市華盈投資有限公司 (Jiangmen Huaying Investment Co., Ltd)	PRC	**48% *(note b)***	48% *(note b)*	RMB1,000,000,000	Property development	Limited liability company
溫州市瀚暘置業有限公司 (Wenzhou Hanyang Real Estate Co., Ltd)	PRC	**51%**	51%	RMB203,000,000	Property development	Limited liability company
茂名奧園東江置業有限公司 (Maoming Aoyuan Dongjiang Real Estate Co., Ltd)	PRC	**60%**	60%	RMB100,000,000	Property development	Limited liability company
高安市瑞興投資發展有限公司 (Gao 'an Ruixing Investment Development Co., Ltd)	PRC	**100%**	100%	RMB348,750,000	Property development	Limited liability company
高安市宏利高投資發展有限公司 (Gao'an Hongligao Investment Development Co., Ltd)	PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
廣州奧虹置業有限公司 (Guangzhou Aohong Real Estate Co., Ltd)	PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2021	2020	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
六安奧禾置業有限公司 Lvan Aohe Real Estate Co., Ltd	PRC	**51%**	51%	RMB20,000,000	Property development	Limited liability company
孝感奧泰房地產開發有限公司 Xiaogan Aotai Property Development Co., Ltd	PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company

Notes

(a) Add Hero is directly held by the Company and the remaining subsidiaries comprising the Group are indirectly held by the Company.

(b) These companies are held by the Group through more than one tier of shareholding structure which leads to effective equity interest attributable to the Group in these companies to be less than 50% while penetrating to the bottom shareholding.

(c) BVI and Hong Kong incorporated companies are operating in Hong Kong, Australia and Canada incorporated companies are operating in Australia and Canada, respectively, and other subsidiaries are operating in the PRC.

(d) None of the subsidiaries had issued any debt securities at the end of the year except for the Aoyuan Group which has issued RMB7,040,000,000 (2020: RMB7,040,000,000) of corporate bonds, in which the Group has RMB7,040,000,000 (2020: RMB7,040,000,000) interest.

(e) The above table lists the principal subsidiaries of the Company which, in the opinion of the management of the Company, principally affect the results or assets of the Group. To give full details of subsidiaries would, in the opinion of the management of the Company, result in particulars of excessive length.

(f) The Group holds 29.93% equity interest of Aoyuan Beauty Valley, who is the most significant shareholder of Aoyuan Beauty Valley. As per the opinion of the management of the Company, they have the power over Aoyuan Beauty Valley and thus Aoyuan Beauty Valley is classified as the subsidiary of the Group.

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(b) Composition of the Group

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of businesses	Number of subsidiaries	
		2021	2020
Investment holding	BVI	46	60
	Hong Kong	74	95
	PRC	85	84
	Australia	5	5
	Canada	2	2
Property development and investment	PRC	310	311
	Australia	13	13
	Canada	32	35
Provision of consultancy and management services	PRC	111	111
Others	PRC	105	94
		783	810

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group as at 31 December 2021 and 2020 that have material non-controlling interests:

Name of subsidiary	Place establishment and principal place of business	Proportion of ownership interests held by non-controlling interests		Total comprehensive (expenses)/income allocated to non-controlling interests		Accumulated non-controlling interests	
		2021	2020	**2021**	2020	**2021**	2020
Aoyuan Group (Yingde)	PRC	–	49%	***(note)***	99,290	**–**	1,284,718
Shenzhen City Renewal	PRC	–	49%	***(note)***	61,943	**–**	4,944,039
Non-wholly subsidiaries of Shenzhen City Renewal	PRC	–	28% – 49%	***(note)***	(3,510)	**–**	3,539,681
Guanglong City Renewal	PRC	–	49%	***(note)***	2,396	**–**	4,638,184
Non-wholly owned subsidiaries of Guangdong City Renewal	PRC	–	35% – 49%	***(note)***	(1,551)	**–**	18,449
Shenzhen Hongyu Taifu Real Estate Development Company Limited ("Shenzhen Hongyu Taifu")	PRC	–	49%	***(note)***	(35,123)	**–**	1,447,219
Guangzhou Xinrun	PRC	–	49%	***(note)***	(140)	**–**	3,999,860
Aoyuan Beauty Valley	PRC	70%	70%	**(556,036)**	(112,698)	**711,142**	1,544,568
Non-wholly subsidiaries of Aoyuan Beauty Valley	PRC	12%-49%	12% – 49%	**(16,031)**	188,855	**743,920**	1,315,987
Individually immaterial subsidiaries with non-controlling interests				**(1,840,870)**	945,777	**6,519,946**	12,967,054
				(2,412,937)	1,145,239	**7,975,008**	35,699,759

Summarised financial information in respect of non-wholly owned subsidiaries of the Group that has material non-controlling interests is set out below. The summarised financial information/consolidated financial information below represents amounts before intergroup eliminations.

Note: The amount attributable to the NCI of these subsidiaries are not significant for the year ended 31 December 2021 and thus not disclosed.

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Aoyuan Group (Yingde)

	2020 RMB'000
Non-current assets	818,458
Current assets	2,981,435
Current liabilities	728,019
Non-current liabilities	450,000
Equity attributable to the owner of the Company	1,337,156
Equity attributable to the non-controlling interests of Aoyuan Group (Yingde)	1,284,718
Revenue	1,025,045
Expenses	822,412
Profit and total comprehensive income for the year	202,633
Profit and total comprehensive income attributable to owners of Company	103,343
Profit and total comprehensive income attributable to NCI of Aoyuan Group (Yingde)	99,290
Dividend distributions	–
Net cash outflow from operating activities	(626,609)
Net cash inflow from investing activities	189,894
Net cash inflow from financing activities	413,700
Net cash outflow	(23,015)

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Shenzhen City Renewal

	2020 RMB'000
Non-current assets	1,974,986
Current assets	14,707,771
Current liabilities	2,419,699
Non-current liabilities	633,500
Equity attributable to the owner of the Company	5,145,838
Equity attributable to non-controlling interests of Shenzhen City Renewal	4,944,039
Non-controlling interests of Shenzhen City Renewal's subsidiaries	3,539,681
Revenue	921,506
Expenses	798,601
Profit and total comprehensive income for the year	122,905
Profit and total comprehensive income attributable to owners of the Company	64,472
Profit and total comprehensive income attributable to NCI of Shenzhen City Renewal	61,943
Loss and total comprehensive expense attributable to the NCI of subsidiaries of Shenzhen City Renewal	(3,510)
Dividend distributions	–
Dividend distributions to the NCI of Shenzhen City Renewal's subsidiaries	107,212
Net cash outflow from operating activities	(2,463,078)
Net cash outflow from investing activities	(6,152,156)
Net cash inflow from financing activities	6,557,088
Net cash outflow	(2,058,146)

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Guangdong City Renewal

	2020 RMB'000
Non-current assets	50,270
Current assets	9,512,335
Current liabilities	32,122
Equity attributable to the owner of the Company	4,873,850
Equity attributable to the non-controlling interests of Guangdong City Renewal	4,638,184
Non-controlling interests of Guangdong City Renewal's subsidiaries	18,449
Revenue	77,830
Expenses	74,492
Profit and total comprehensive income for the year	3,338
Profit and total comprehensive income attributable to owners of the Company	2,493
Profit and total comprehensive income attributable to NCI of Guangdong City Renewal	2,396
Loss and total comprehensive expense attributable to the NCI of subsidiaries of Guangdong City Renewal	(1,551)
Dividend distributions	–
Net cash outflow from operating activities	(25,140)
Net cash inflow from investing activities	751,179
Net cash inflow from financing activities	3,081,225
Net cash inflow	3,807,264

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Shenzhen Hongyu Taifu

	2020 RMB'000
Current assets	3,651,812
Current liabilities	8,303
Non-current liabilities	690,000
Equity attributable to the owners of the Company	1,506,290
Equity attributable to the non-controlling interests of Shenzhen Hongyu Taifu	1,447,219
Expenses	71,679
Loss and total comprehensive expense for the year	(71,679)
Loss and total comprehensive expense attributable to the owners of Company	(36,556)
Loss and total comprehensive expense attributable to the NCI of Shenzhen Hongyu Taifu	(35,123)
Dividend distributions	–
Net cash outflow from operating activities	(349,870)
Net cash outflow from investing activities	(340,066)
Net cash inflow from financing activities	690,000
Net cash inflow	64

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Guangzhou Xinrun

	2020 RMB'000
Current assets	8,162,979
Equity attributable to the owner of the Company	4,163,119
Equity attributable to the non-controlling interests of Guangzhou Xinrun	3,999,860
Expenses	286
Loss and total comprehensive expense for the year	(286)
Loss and total comprehensive expense attributable to owners of the Company	(146)
Loss and total comprehensive expense attributable to NCI of Guangzhou Xinrun	(140)
Net cash outflow from operating activities	(319)
Net cash outflow from investing activities	(7,142,097)
Net cash inflow from financing activities	7,142,857
Net cash inflow	441

56. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Aoyuan Beauty Valley

	2021 RMB'000	2020 RMB'000
Non-current assets	**3,989,242**	3,643,238
Current assets	**1,088,764**	6,944,981
Current liabilities	**827,102**	4,292,319
Non-current liabilities	**1,751,608**	2,775,591
Equity attributable to the owner of the Company	**1,788,154**	659,754
Equity attributable to the NCI of Aoyuan Beauty Valley	**711,142**	1,544,568
NCI of Aoyuan Beauty Valley	**743,920**	1,315,987
Revenue	**923,853**	1,671,213
Expenses	**1,734,107**	1,643,194
(Loss)/profit and total comprehensive (expenses)/income for the year	**(810,254)**	28,019
Loss and total comprehensive expenses attributable to owners of the Company	**(238,187)**	(43,138)
Loss and total comprehensive expenses attributable to NCI of Aoyuan Beauty Valley	**(556,036)**	(160,836)
(Loss)/profit and total comprehensive (expenses)/income attributable to the NCI of subsidiaries of Aoyuan Beauty Valley	**(16,031)**	188,855
Dividend distributions to the NCI of Aoyuan Beauty Valley's subsidiaries	**5,192**	5,000
Net cash inflow/(outflow) from operating activities	**(114,258)**	(97,046)
Net cash inflow/(outflow) from investing activities	**(13,693)**	(274,246)
Net cash inflow from financing activities	**295,076**	286,970
Net cash inflow/(outflow)	**167,125**	(84,322)

57. LITIGATION

As at 31 December 2021 and up to the date of the consolidated financial statements, the Group has certain litigations with its business partners regarding the settlement of the overdue/outstanding operational payables, bank and other borrowings and senior notes and bonds.

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

58. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, other than disclosed elsewhere in these consolidated financial statements, the Group had following significant events taken place:

(a) On 24 January 2022, the Group entered into the offer to dispose its 100% right, title and interest in all buildings, structures and improvements on the properties located in Canada with Anthem Properties Group Limited in the consideration of CAD215,000,000. Such disposal was completed on 15 March 2022.

(b) On 8 August 2022, the Group successfully completed the disposal of the 49% equity interest in Aoyuan Property Group (Australia) Pty Ltd and 100% equity interest in A.C.N. 657 824 701 Pty Ltd ACN 657 824 701, at the consideration of AUD1.00 (equivalent to approximately RMB4.66) and AUD1.00 in cash, respectively.

(c) On 6 January 2023, the Group entered into a sales and purchases agreement with a purchaser, who is an independent third party, of which, the Group agreed to sell 60% equity interest of Zhuhai Aoyuan Huafu Property Company Limited to the purchaser at the consideration of HK$677,933,000 (equivalent to approximately RMB584,425,700).

(d) On 16 February 2023, the Group entered into a sales and purchases agreement with a purchaser, who is an independent third party, of which, the Group agreed to sell 29.9% equity interest of Aoyuan Healthy Life Group Company Limited to the purchaser at the consideration of HK$256,000,000 (equivalent to approximately RMB224,168,000).

(e) On 11 May 2023, the Group entered into a sales and purchases agreement with a purchaser, who is an independent third party, of which, the Group agreed to sell the entire equity interest of Aoyuan Parking and Storage (BC) Ltd., 133A Street Projects Ltd. and Aoyuan 133ASurrey GP Ltd. and the sale note to the purchaser in the aggregate consideration of CAD50,300,004 (equivalent to approximately RMB258,346,000).

59. COMPARATIVE FIGURES

Comparative figures have been restated by reclassifying impairment loss on properties for sale amounting to RMB927,635,000 from other income, gains and losses, net to cost of sales in order to conform with current year's presentation in the consolidated statement of profit or loss and other comprehensive income.

60. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2021	2020
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**719**	684
Investments in subsidiaries	**–**	13,652,065
Amounts due from subsidiaries	**–**	1,902,129
	719	15,554,878
CURRENT ASSETS		
Trade and other receivables	**1,410**	2,557
Amounts due from subsidiaries	**12,059,057**	22,547,007
Bank balances and cash	**104,601**	1,603,445
	12,165,068	24,153,009
CURRENT LIABILITIES		
Trade and other payables	**1,172,688**	12,770
Amounts due to subsidiaries	**–**	2,497,860
Bank and other borrowings	**6,671,302**	6,398,391
Senior notes	**22,285,622**	9,957,800
	30,129,612	18,866,821
NET CURRENT (LIABILITIES)/ASSETS	**(17,964,544)**	5,286,188
TOTAL ASSETS LESS CURRENT LIABILITIES	**(17,963,825)**	20,841,066
NON-CURRENT LIABILITIES		
Bank and other borrowings	**–**	2,149,836
Senior notes	**–**	16,381,715
	–	18,531,551
NET LIABILITIES	**(17,963,825)**	2,309,515
CAPITAL AND RESERVES		
Share capital	**27,726**	25,567
Reserves	**(17,991,551)**	2,283,948
TOTAL EQUITY	**(17,963,825)**	2,309,515

60. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

	Share premium	Capital redemption reserve	Share option reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	4,255,208	1,093	9,300	(2,506,557)	1,759,044
Profit and total comprehensive income for the year	–	–	–	1,943,409	1,943,409
Exercise of share options	70,506	–	(9,300)	–	61,206
Dividend recognised as distribution	–	–	–	(1,479,711)	(1,479,711)
At 31 December 2020	4,325,714	1,093	–	(2,042,859)	2,283,948
Loss and total comprehensive expense for the year	–	–	–	(18,977,126)	(18,977,126)
Issue of new shares	818,428	–	–	–	818,428
Share repurchase	(41,029)	58	–	–	(40,971)
Dividend recognised as distribution	–	–	–	(2,075,830)	(2,075,830)
31 December 2021	5,103,113	1,151	–	(23,095,815)	(17,991,551)

Five Years Financial Summary

For the year ended 31 December 2021

Consolidated results

	Year ended 31 December				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Revenue	19,115,255	31,005,834	50,531,150	67,793,792	**50,021,616**
(Loss)/Profit before taxation	3,625,592	6,954,292	10,589,492	13,608,527	**(36,237,438)**
Income tax (expense)/credit	(1,673,640)	(4,014,825)	(5,367,662)	(6,557,481)	**749,892**
(Loss)/Profit for the year	1,951,952	2,939,467	5,221,830	7,051,046	**(35,487,546)**

Consolidated assets, equity and liabilities

	As of 31 December				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Assets					
Non-current assets	9,695,637	17,050,666	27,422,906	35,029,037	**29,459,406**
Current assets	116,110,224	171,807,553	262,457,527	290,649,419	**231,963,401**
Total assets	125,805,861	188,858,219	289,880,433	325,678,456	**261,422,807**
Equity and liabilities					
Non-current liabilities	23,106,417	37,091,741	56,036,501	65,273,697	**5,237,786**
Current liabilities	75,573,154	121,032,632	196,847,324	206,152,113	**263,714,810**
Total liabilities	98,679,571	158,124,373	252,883,825	271,425,810	**268,952,596**
Equity attributable to owners of the Company	10,155,036	11,872,217	15,029,881	18,552,887	**(15,504,797)**
Non-controlling interests	16,971,254	18,861,629	21,966,727	35,699,759	**7,975,008**
Total equity and liabilities	125,805,861	188,858,219	289,880,433	325,678,456	**261,422,807**

Aoyuan®

building a healthy lifestyle

HKEx Stock Code: 3883

MIX
Paper from responsible sources
FSC™ C006398
FSC
www.fsc.org