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

Humble and Pragmatic
Ready for a Long Run

2023 Annual Report

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. Looking forward, the Group is committed to become the leader of health life while achieving sustainable and steady development.

Content

Definitions

"2023 AGM"	the annual general meeting of the Company held on Thursday, 24 August 2023
"2024 AGM"	the annual general meeting of the Company to be held in 2024 within the prescribed time as required under the Hong Kong Companies Ordinance (Cap. 622)
"Add Hero Schemes"	the scheme of arrangement effected between Add Hero Holdings Limited (a wholly-owned subsidiary of the Company which incorporated in the British Virgin Islands with limited liability) and certain of its creditors pursuant to section 179A of the Business Companies Act, 2004 of the BVI and Sections 670, 673 and 674 of the Companies Ordinance (Cap.622) of Hong Kong for the purposes of implementing the Restructuring
"Aoyuan Beauty Valley"	Aoyuan Beauty Valley Technology Co., Ltd. (奧園美谷科技股份有限公司) (formerly known as Kinghand Industrial Investment Group Co., Ltd. (京漢實業投資集團股份有限公司)), a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000615)
"Aoyuan Healthy Life Group" or "Aoyuan Healthy"	Aoyuan Healthy Life Group Company Limited (now known as Starjoy Wellness and Travel Company Limited with effect from 19 December 2023), 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 currently in force
"Audit Committee" or "AC"	audit committee of the Company
"Board"	the board of Directors
"Cayman Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
"CG Code"	Corporate Governance Code set out in Appendix C1 to the Listing Rules
"chief executive"	has the meaning ascribed to it under the Listing Rules
"China Aoyuan" / "Company"	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 (stock code: 3883)
"China Aoyuan Schemes"	the scheme of arrangement effected between the Company and certain of its creditors pursuant to section 86 of the Cayman Islands Companies Act (2023 Revision) and Sections 670, 673 and 674 of the Companies Ordinance (Cap. 622) of Hong Kong for the purposes of implementing the Restructuring

"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 C3 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
"Restructuring"	the restructuring of the indebtedness of the Company and its subsidiaries (including Add Hero Holdings Limited) incorporated outside of the PRC in accordance with and implemented through the China Aoyuan Schemes and Add Hero Schemes
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme adopted by the Company on 29 May 2018
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"%"	per cent

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Guo Zi Wen *(chairman)*
Mr. Chen Zhi Bin
(resigned as the chief financial officer on 27 April 2023)
Mr. Tan Yi
(appointed on 27 April 2023)
Mr. Guo Zi Ning
(resigned on 27 April 2023)

Non-Executive Director

Mr. Ma Jun
(resigned on 1 April 2024)

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. Wong Mei Shan
Ms. Lee Mei Yi *(resigned on 31 March 2024)*

AUTHORISED REPRESENTATIVES

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

Bank of China Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
China Construction Bank Corporation
Bank of Communications Co., Ltd.
China Minsheng Banking Corp., Ltd.
Guangzhou Rural Commercial Bank Co., Ltd.
PingAn Bank Co., Ltd.
China Everbright Bank Co., Ltd.
China Zheshang Bank Co., Ltd.
China Bohai Bank Co., Ltd.
Hua Xia Bank Co., Limited
Shanghai Pudong Development Bank Co., Ltd.
Hang Seng Bank Limited
China Guangfa Bank Co., Ltd.

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

INVESTOR RELATIONS

Email:	ir@aoyuan.net
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	(86) 20-3868 6666
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	(86) 20-3868 6688

Chairman's Statement

Dear Shareholders and Investors,

In 2023, the real estate market underwent significant changes between supply and demand. The expectations and demand still restrained the industry's pace of recovery to certain extent, and the investment in real estate and contracted sales continued to decline throughout the year. United as one, the Group has acted proactively and taken various measures to stabilize its operation. The Group successfully resumed trading, and completed debt restructuring, and put its operations back on track. On behalf of the Board of Directors, I would like to express my sincere gratitude to the shareholders, creditors and other stakeholders for their patience, trust and support.

In the face of a challenging situation, the Group has actively integrated resources and revitalized its assets, focused on restructuring its organisation, reduced costs and increased efficiency so as to stabilise its operations. As at 31 December 2023, the Group achieved property contracted sales of approximately RMB13,712 million with contracted GFA sold of approximately 1,304,000 square metres.

While safeguarding orderly operations, the Group was fully committed to debt restructuring, and successfully completed debt restructuring with the strong support of its creditors. All 12 of the Group's domestic public debt instruments were successfully extended. The Group's offshore restructuring scheme was approved at the scheme meetings and sanctioned by relevant courts. The offshore restructuring scheme has became officially effective upon fulfillment of all the restructuring conditions. We deeply appreciate the hard-won opportunity and strong mandate given to us, and continue to prioritize the delivery of the projects and to actively develop the business operation.

In 2024, China will adopt proactive shift of policies regarding the real estate industry, promote a new model of the real estate development, and make every effort to ensure the stable and healthy development of the market. The Group will continue to take the initiative to stabilise operations, and speed up its return to sustainable development.

Once again, I would like to extend my heartfelt gratitude to shareholders, investors, creditors, property owners, partners, customers and other parties of the society. We will devote ourselves to building and strengthening our core competitiveness, and continue to create values for all our stakeholders.

Guo Zi Wen
Chairman

Hong Kong
27 March 2024

BUSINESS REVIEW

In 2023, the real estate industry was still in the stage of bottoming out and stabilizing at the margins. According to the National Bureau of Statistics, the national real estate investment was down by 9.6% year-on-year to RMB11.0913 trillion, while the sales of commodity housing was down by 6.5% year-on-year to RMB11.6622 trillion. With a series of optimized policies introduced in the second half of the year to simultaneously stimulate supply and demand, the governments took steps to stabilize market and expectation.

In 2023, despite hardships, the Group realised contracted sales of property of approximately RMB13.712 billion with contracted GFA sold of approximately 1.304 million sq.m.. Details of property contracted sales by region are as follow:

Region	Property contracted sales amount (RMB billion)	Contracted GFA sold ('000 sq.m.)
South China	52.04	462
Core Region of Central & Western China	31.73	374
East China	20.24	213
Bohai Rim	33.11	255
Total	137.12	1,304

At the same time, the Group proactively operated in a steady manner by making every effort to consolidate and revitalize its resources and to ensure 100% mark resumption and delivery.

The Group continues to focus on the core cities in the Greater Bay Area. As at 31 December 2023, the landbank in the Greater Bay Area has a total GFA of approximately 6 million sq.m., with the attributable GFA of approximately 4.54 million sq.m..

In addition, with the strong support of its onshore and offshore creditors, the Company completed the extension of standardized domestic public debt instruments and the holistic restructuring of offshore debt. On 20 March 2024, the offshore debt restructuring became effective upon the Company satisfying all restructuring conditions.

FUTURE OUTLOOK

The Central Economic Work Conference and the Two Sessions proposed to optimize the regulatory policies for the real estate industry while adapting to the shifts of supply and demand sides of the real estate market, in order to promote the stable and healthy development of the real estate market and a new development model of real estate industry.

The completion of the debt restructuring helps the Group to improve its net asset position significantly, reduces financial pressure while effectively driving the steady progress of property delivery and sales, construction and financing. Adhering to a corporate culture of "Being Low-key, Pragmatic and Rational" and with an aim to be a high-quality and professional player, the Group will make every effort to integrate resources and accelerate the recovery of its operations, to create more value for its shareholders, investors and the society.

FINANCIAL REVIEW

Operating Results

The revenue is primarily generated from property development. In 2023, the Group's total revenue was approximately RMB27,533 million, representing an increase of approximately RMB8,822 million or 47.1% over approximately RMB18,711 million in 2022. Property development revenue, other revenue such as hotel operation/property management and sales of goods and property investment revenue accounted for 90.7%, 8.6% and 0.7% respectively.

In 2023, the Group's revenue generated from property development amounted to approximately RMB24,964 million, representing an increase of approximately RMB9,611 million or 62.6% over approximately RMB15,353 million in 2022. The GFA of delivered properties increased by 41.6% to 2.96 million sq.m. from 2.09 million sq.m. in 2022, while the average selling price increased by 15.0% to RMB8,434 per sq.m. from RMB7,335 per sq.m. in 2022. This was mainly attributable to the further increase in the average selling price of residential apartments which accounted for the highest portion of properties delivered compared to the corresponding period in 2022.

Gross Profit and Margin

For 2023, the Group's gross loss amounted to approximately RMB1,454 million, representing a decrease of 272.9% as compared to the gross profit of approximately RMB841 million for 2022, and the gross loss margin was 5.3%.

Other Income, Gains and Losses

In 2023, the other income, gains and losses of the Group recorded a net loss of approximately RMB1,384 million, which mainly included exchange loss of approximately RMB570 million, interest income of approximately RMB105 million, loss on disposal of investment properties of approximately RMB894 million and other losses of approximately RMB25 million.

Selling and Distribution and Administrative Expenses

In 2023, total selling and distribution expenses of the Group were approximately RMB1,030 million, representing a decrease of 15.3% from approximately RMB1,215 million in 2022, which was mainly attributable to the decrease in overall sales, marketing and promotional activities owing to the decrease in property contracted sales during the year. Total administrative expenses decreased by 13.2% from approximately RMB2,372 million in 2022 to approximately RMB2,059 million, which was mainly attributable to the continuing effort in the streamlining of Group organizational structure and effective control over cost and expenses.

Loss Attributable to Owners of the Company

In 2023, loss attributable to owners of the Company was approximately RMB9,534 million, representing an increase of 21.6% over loss of approximately RMB7,843 million in 2022.

Financial Position

As at 31 December 2023, the Group's total assets amounted to approximately RMB199,371 million (as at 31 December 2022: approximately RMB234,426 million) and total liabilities were approximately RMB227,455 million (as at 31 December 2022: approximately RMB252,063 million).

Current ratio was 0.8 as at 31 December 2023 (as at 31 December 2022: 0.9).

Cash Position

As at 31 December 2023, the Group had cash and bank deposits of approximately RMB1,859 million (as at 31 December 2022: approximately RMB5,110 million). As at 31 December 2023, the Group had restricted bank deposits of approximately RMB3,591 million (as at 31 December 2022: approximately RMB4,231 million).

As at 31 December 2023, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB5,449 million, of which 81.7% was denominated in Renminbi and 18.3% was denominated in other currencies (mainly in HK dollar and Canadian dollar).

Borrowings, Senior Notes, Corporate Bonds

As at 31 December 2023, the Group had bank and other borrowings of approximately RMB71,760 million (as at 31 December 2022: approximately RMB76,294 million) and senior notes and corporate bonds of approximately RMB35,691 million (as at 31 December 2022: approximately RMB32,756 million) as follows: Where:

	31 December 2023 (RMB million)	31 December 2022 (RMB million)
Repayment period		
Repayable on demand and within one year	**95,785**	99,446
More than one year, but not exceeding two years	**5,139**	5,935
More than two years, but not exceeding five years	**6,296**	3,219
More than five years	**231**	450
	107,451	109,050

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 other, close monitoring of interest rate movements and replacing and entering into of new banking facilities when good pricing opportunities arise.

Contingent Liabilities

As at 31 December 2023, 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 RMB74,592 million (as at 31 December 2022: approximately RMB95,373 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 accrued 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 2023, the Group had construction cost commitments for properties for sale and investment properties and land payments contracted but not provided for of approximately RMB14,232 million (as at 31 December 2022: approximately RMB18,868 million). In addition, the Group's share of commitments relating to its joint ventures arising from construction cost commitments contracted but not provided for is approximately RMB3,620 million (2022: RMB4,016 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 when needed.

Pledge of Assets

As at 31 December 2023, the Group pledged its properties for sale, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposits of approximately RMB40,306 million (as at 31 December 2022: approximately RMB45,321 million) to various banks to secure project loans and general banking facilities granted to the Group.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2023, the Group had 3,998 employees (31 December 2022: 9,002 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 59, is the founder of the Group, and holds a master degree in business administration. He is an executive Director, the Chairman and the chairman of the Nomination Committee. Mr. Guo is also a director of certain subsidiaries of the Company. Mr. Guo mainly gives guidance for the formulation of development strategies of the Company. 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 (resigned as an executive Director, the vice chairman and the chief executive officer on 27 April 2023).

Chen Zhi Bin, Executive Director

Chen Zhi Bin, aged 42, is an executive Director and the co-president of the Group. Mr. Chen is also a director of certain subsidiaries of the Company. He is mainly responsible for the domestic and external debt restructuring. Mr. Chen graduated from Sun Yat-Sen University in the PRC with a bachelor 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. Mr. Chen served as the chief financial officer of the Group from 19 April 2019 to 27 April 2023. Mr. Chen had served in renowned companies such as Deloitte Touche Tohmatsu CPA and Fantasia Holdings Group Co., Limited (the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1777)) as an audit manager and a general manager of finance department. Mr. Chen had served as a non-executive director of Aoyuan Healthy from July 2018 to January 2021. The Shanghai Stock Exchange issued a decision of public criticism on Aoyuan Group Company Limited (奧園集團有限公司) and Mr. Chen on 16 January 2024, details of which are set out in the section headed "Events after the reporting period" under Report of the Directors of this annual report.

Tan Yi, Executive Director

Tan Yi, aged 44, is an executive Director and an executive president of the Group. Mr. Tan is also a director of certain subsidiaries of the Company. Mr. Tan is responsible for legal affairs and risk prevention, compliance, audit and supervision, and internal control of the Group. Mr. Tan obtained a master degree in Law from Sun Yat-Sen University in the PRC in 2005. Mr. Tan joined the Group in October 2006 and has assumed various positions successively since then, including legal specialist, legal officer and legal general manager of the Company, president assistant and vice president of a major subsidiary of the Group, president assistant of the Group and vice president, executive president of the Group. Since July 2020, Mr. Tan also serves as the chairman of supervisory board of Aoyuan Beauty Valley. Prior to joining the Group, Mr. Tan had served as a legal specialist in Guangzhou Dongshun Real Estate Development Co. (廣州東順房地產開發有限公司) in the PRC. Except for being a Director, Mr. Tan has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Ma Jun, Non-executive Director

Ma Jun, aged 47, resigned as a non-executive Director of the Company on 1 April 2024. 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 re-designated to non-executive Director on 1 November 2023. 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 in 15 July 2020 and resigned on 29 December 2021.

Cheung Kwok Keung, Independent Non-executive Director

Cheung Kwok Keung, aged 57, 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 70, 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 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) and from September 2005 to May 2022, Mr. Lee served as an independent nonexecutive director of China Infrastructure & Logistics Group Limited (1719.HK), the shares of which are listed on the Main Board of the Stock Exchange.

Wong Wai Keung Frederick, Independent Non-executive Director

Wong Wai Keung Frederick, aged 68, was appointed as an independent non-executive Director on 24 February 2023. Mr. Wong is a member of Audit Committee, Remuneration Committee and Nomination Committee. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Wong received a master degree in electronic commerce from Edith Cowan University in Western Australia in 2002. Mr. Wong has over 40 years of experience in accounting, finance, audit, tax and corporate finance, and has worked at an international certified public accountant firm and listed companies in the United Kingdom, New Zealand, Hong Kong and Thailand. Since December 2015, Mr. Wong has been serving as an independent non-executive director of Perfect Group International Holdings Limited (3326.HK), which is listed on the Main Board of the Stock Exchange; an independent non-executive director of Wah Sun Handbags International Holdings Limited (2683.HK), the shares of which are listed on the Main Board of the Stock Exchange since January 2018. Mr. Wong is an executive director of CF Energy Corp. (stock code: CFY), the shares of which are listed on the TSX Venture Exchange since February 2019.

Guo Zi Ning

Guo Zi Ning, aged 62, resigned as an executive Director, the vice chairman and 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 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 resigned as the chairman of the board of directors and non-executive director of Aoyuan Healthy on 16 February 2023. Mr. Guo is the brother of Mr. Guo Zi Wen.

Tsui King Fai

Tsui King Fai, aged 74, 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. 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. 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.

Profile of Senior Management and Company Secretary

Yang Hai Neng

Yang Hai Neng, aged 48, is an executive president of the Group. He graduated from Fudan University with an EMBA degree. He had worked in well-known property companies such as CIFI and BRC, and served as the general manager of city companies and group president assistant. He joined the Group in January 2018 and is currently responsible for the operation and management of the Group's real estate sector, all aspects of the delivery of property development, and coordinating real estate development projects in Guangdong, Guangxi, Jiangsu, Fujian, Beijing, Tianjin, Shenyang, Hebei regions.

Yin Ji

Yin Ji, aged 42, is a vice president of the Group. He graduated from Sun Yat-sen University with an EMBA degree. He worked as a marketing manager, general manager of city companies, president assistant and general manager of South China in companies such as Vanke, Guangdong GW Holdings Group Co. Ltd and Fosun Health Capital. He joined the Group in March 2018, and is mainly responsible for the operation and management of real estate development projects in Sichuan and Yunnan regions and capital investment of the Group.

Dong Wen Ya

Dong Wen Ya, aged 38, was appointed as the chief financial officer of the Company on 27 April 2023. Ms. Dong is a member of The Chinese Institute of Certified Public Accountants, she graduated from Guangdong University of Finance & Economics in the PRC in 2007 with a bachelor degree in International Finance and obtained a master degree in Business Administration from Sun Yat-Sen University in the PRC in 2016. She joined the Group in May 2011. Prior to joining the Group, Ms. Dong served as an audit assistant manager in KPMG Huazhen LLP, Guangzhou branch.

Qiu Shao Kun

Qiu Shao Kun, aged 42, is a vice president of the Group. He graduated from Guangdong University of Finance and Economics with a bachelor degree in accounting. He joined the Group in May 2015 and is mainly responsible for the financial and fund management of the real estate sector of the Group.

Chen Shang Kun

Chen Shang Kun, aged 41, is the vice president of the Group. He graduated from Chongqing University with a bachelor degree in technical economics. He joined the Group in May 2017 and is currently responsible for the operation and management of real estate development projects in Jiangxi, Hunan, Anhui, Hubei, Henan and Shaanxi regions.

Leng Yang

Leng Yang, aged 39, is the vice president of the Group. He graduated from Macquarie University with a master degree in accounting. He joined the Group in January 2018 and is currently responsible for the debt restructuring of the Group.

JOINT COMPANY SECRETARIES

Wong Mei Shan

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

Lee Mei Yi

Lee Mei Yi, was appointed as the joint company secretary of the Company in January 2017 and resigned on 31 March 2024. She is an executive director of corporate services division of Tricor Services Limited. She holds an honours bachelor degree in accountancy and is a Chartered Secretary and a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

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

DIRECTORS' RESPONSIBILITIES

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

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

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company. All Directors are entitled to have access to Board papers and related materials in a form and quality sufficient to enable the Board to make informed decisions. Directors' queries are responded in timely and comprehensive manner.

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

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

CORPORATE GOVERNANCE CULTURE

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

– satisfactory and sustainable returns to Shareholders;

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

– that overall business risk is understood and managed appropriately;

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

– that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

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

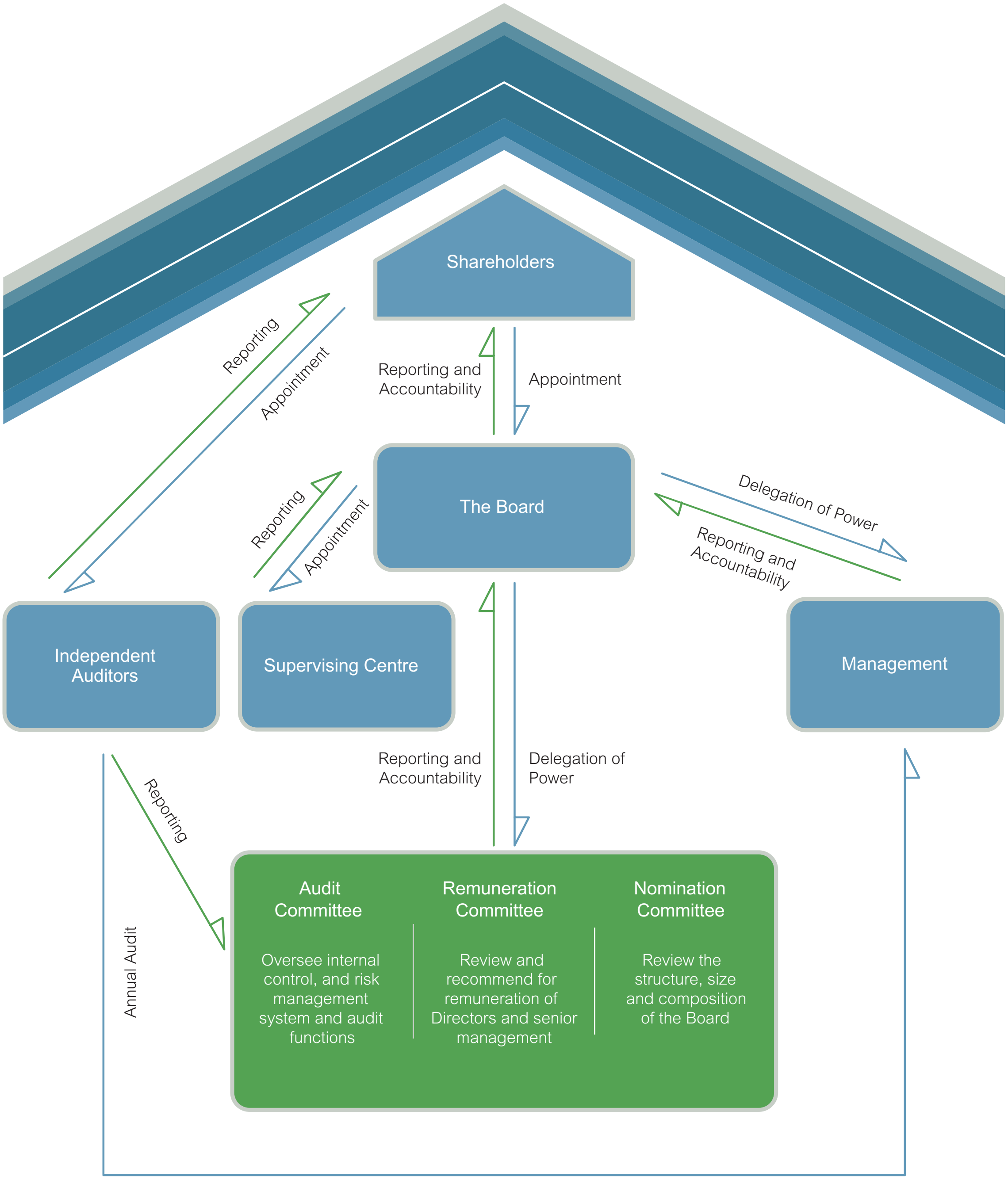
(d) formulation, review and monitor of the code of conduct and compliance applicable to employees and Directors; and

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

(f) conducted an evaluation of its performance.

For the year ended 31 December 2023, the Company has complied with all the code provisions of the CG Code.

CORPORATE GOVERNANCE STRUCTURE



THE BOARD

As at 31 December 2023, the Board comprised three executive Directors namely Mr. Guo Zi Wen, Mr. Chen Zhi Bin and Mr. Tan Yi, one non-executive Director namely Mr. Ma Jun, and three independent non-executive Directors, namely Mr. Cheung Kwok Keung, Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick. The Board possesses a balance of skills and experience appropriate for the requirements of the Company's business. The Directors possess management, finance and accounting professional qualifications with extensive experience in diversified business.

The Board is responsible to the Shareholders for providing effective leadership, and ensuring transparency and accountability of the Group's operations. It sets the Company's values and aims at enhancing shareholders' value. It formulates the Group's overall strategy and policies and sets corporate and management targets, key operational initiatives as well as policies on risk management pursuant to the Group's strategic objectives. The Board has been provided explanation and information and monthly updates from the management to make informed assessment.

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 2023, a total of 12 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 (resigned on 27 April 2023).

Chairman

Mr. Guo Zi Wen is the Chairman of the Board, responsible for the overall strategic development of the Group's operation. He also provides leadership for the Board to ensure the Board works effectively.

Chief Executive Officer

The position of chief executive officer was held by Mr. Guo Zi Ning before his resignation on 27 April 2023. The Company does not at present have any officer with the title "chief executive officer". After the resignation of Mr. Guo Zi Ning, the functions of chief executive officer were performed by the executive Directors. The Board considered that this structure would not impair the balance of power and authority between the Board and the management of the Company, and had been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development.

Non-executive Directors

Each of the non-executive Director and the 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. 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.

As at the date of this 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 Chairman of the Board encourages open and active discussions. Directors may speak freely at the Board meetings and actively participate in the discussions of significant decision-makings of the Company, allowing INEDs and non-executive Director to make positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

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.

Directors'/Committee Members' Attendance at Meetings

	Meeting Attended/Held During the Year Ended 31 December 2023				
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Directors					
Mr. Guo Zi Wen	12/12			3/4	2/2
Mr. Chen Zhi Bin	12/12				2/2
Mr. Tan Yi *(appointed on 27 April 2023)*	7/7				0/2
Mr. Guo Zi Ning *(resigned on 27 April 2023)*	5/5				0/0
Non-executive Director					
Mr. Ma Jun *(resigned on 1 April 2024)*	9/12				2/2
Independent Non-executive Directors					
Mr. Cheung Kwok Keung	11/12	4/4	4/4	4/4	2/2
Mr. Lee Thomas Kang Bor	12/12	4/4	4/4	4/4	2/2
Mr. Wong Wai Keung Frederick *(appointed on 24 February 2023)*	9/9	4/4	3/3	3/3	2/2
Mr. Tsui King Fai *(resigned on 20 January 2023)*	0/0	0/0	0/0	0/0	0/0

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

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

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

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

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

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

Records of the Directors' training during 2023 are as follows:

Members of the Board	Training received
Executive Directors	
Mr. Guo Zi Wen	(1) & (2)
Mr. Chen Zhi Bin	(1) & (2)
Mr. Tan Yi *(appointed on 27 April 2023)*	(1) & (2)
Mr. Guo Zi Ning *(resigned on 27 April 2023)*	(1) & (2)
Non-executive Director	
Mr. Ma Jun *(resigned on 1 April 2024)*	(1) & (2)
Independent Non-executive Directors	
Mr. Cheung Kwok Keung	(1) & (2)
Mr. Lee Thomas Kang Bor	(1) & (2)
Mr. Wong Wai Keung Frederick *(appointed on 24 February 2023)*	(1) & (2)
Mr. Tsui King Fai *(resigned on 20 January 2023)*	(1) & (2)

BOARD INDEPENDENCE EVALUATION

The Company has in place the below mechanisms to ensure that independent views and input are available to the Board. During the year, the Board has reviewed such mechanisms and considered that such mechanisms remain effective in maintaining a strong independent element on the Board.

- The Board has three INEDs and at least one-third of its members are being INEDs.
- The Nomination Committee will assess the independence of the INEDs on an annual basis by reference to the independence criteria set out in the Listing Rules.
- Directors may seek independent professional advice on issues relating to the Group's business at the Company's expense.
- The Chairman of the Board from time to time holds meetings with the INEDs without the presence of other Directors.
- A Director who has a material interest in a contract, transaction or arrangement will abstain from voting on any Board resolutions approving the same.

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. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick. Mr. Cheung Kwok Keung, the chairman of AC, has appropriate professional qualifications, accounting and related financial management expertise, with appropriate professional qualification as required under Rule 3.10(2) of the Listing Rules.

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

The terms of reference of the AC are in compliance with Rule 3.21 of the Listing Rules and the CG Code. For the year ended 31 December 2023, the AC held 4 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 2023 is set out below:

- reviewed the announcement of annual results and annual reports of the Group for the financial year ended 31 December 2021 and the financial year ended 31 December 2022 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 2022 and the six months ended 30 June 2023 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. Lee Thomas Kang Bor (as chairman), Mr. Cheung Kwok Keung, and Mr. Wong Wai Keung Frederick.

The terms of reference of the RC are in compliance with Rule 3.25 of the Listing Rules and the CG Code. 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, assess performance of the executive Directors, make recommendation to the Board on the remuneration packages of individual Directors' and senior management and review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

For the year ended 31 December 2023, the RC held 4 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 2023 is set out below:

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

The remuneration of the senior management (excluding Executive Directors), whose biographical details are included in sections headed "Biographical Details of Directors" and "Profile of Senior Management and Company Secretary" of this report, during the year falls within the band of RMB500,000-1,000,000.

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

(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. Cheung Kwok Keung, Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick.

The terms of reference of the NC are in compliance with the CG Code. 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 2023, the NC held 4 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 2023 is set out below:

- made recommendations to the Board on the re-election of Directors at the 2023 AGM;
- made recommendations to the Board on the new appointment of an executive Director and independent non-executive Director;
- assessed the independence of INEDs;
- reviewed the board diversity policy of the Company ("Board Diversity Policy"); and
- reviewed the structure, size and composition of the Board.

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

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

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

The procedures for the appointment, re-election and removal of directors are set out in the Articles of Association. Every Director shall be subject to retirement by rotation at least once every three years. The Nomination 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 and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

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

- Skills, experience and professional expertise – the candidate should possess the skills, knowledge, experience, qualification and professional expertise which are relevant to the operation of the Group.

- Diversity – the candidate should be considered with due regard to the diversity perspectives set out in the Board Diversity Policy.

- Commitment – the candidate should be able to devote sufficient time to attend the Board meetings and participate in induction, training and other relevant activities.

- Standing – the candidate must satisfy the Board and the Stock Exchange that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a Director.

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

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year 2023, there were some changes in the composition of the Board as below:

1. Mr. Tsui King Fai resigned as an independent non-executive Director, with effect from 20 January 2023.

2. Mr. Wong Wai Keung Frederick was appointed as an independent non-executive Director, with effect from 24 February 2023. He obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a Director on 24 February 2023 and confirmed that he understood his obligations as a Director.

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

4. Mr. Chen Zhi Bin resigned as chief financial officer, with effect from 27 April 2023.

5. Mr. Tan Yi was appointed as an executive Director, with effect from 27 April 2023. He obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a Director on 25 April 2023 and confirmed that he understood his obligations as a Director.

6. Mr. Ma Jun re-designated from executive Director to non-executive Director, with effect from 1 November 2023.

Save as disclosed, there was no other change in the composition of the Board during 2023.

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

BOARD DIVERSITY POLICY

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

All Board appointments will be made on meritocracy and candidates will be considered against objective criteria, with due regard for the benefits of the diversity on the Board. The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption.

With the existing Board members coming from a variety of business and professional background, having a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. Furthermore, the Board comprises Directors of a wide range of age, ranging from 42 years old to 70 years old. Taking into account the existing business model and specific needs as well as the different backgrounds of the Directors, at present, the composition of our Board satisfies the Board Diversity Policy. During the year, the Board did not have female director. However, the Company has a pipeline of female senior management and potential successors to the Board going forward. The Board will try to achieve the target of appointing at least 1 female director in the coming future.

For the gender ratio in the workforce (including senior management), please refer to Environment, Social and Governance Report in this report.

GOING CONCERN AND MITIGATION MEASURES

In view of the matters described in the section headed "BASIS FOR DISCLAIMER OF OPINION – Multiple Uncertainties Related to Going Concern" in the "Independent Auditor's Report" on pages 93 to 95 of this 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 2023.

The Directors have carefully considered the Group's cash flow projections covering a period of not less than twelve months from 31 December 2023 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 measures to improve the liquidity position, details of which are set out in note 2 to the consolidated financial statements as contained in this report. During the three months ended 31 March 2024, the Group has achieved the following: (i) entered into contractual arrangements with certain onshore lenders to extend the maturity of existing onshore borrowings of approximately RMB500 million; (ii) considered or negotiated offers to dispose of the Group's certain development projects and hotel property; (iii) recorded property contract sales of approximately RMB1.95 billion; and (iv) settled two outstanding litigation cases. In the Directors' opinion, in view of such plans and measures, as well as the successful implementation of the China Aoyuan Schemes and the Add Hero Schemes which is a testament to the effectiveness of the Group's plan to address its liquidity issues and also a positive message to investors and creditors, 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. Accordingly, the Directors consider that the preparation of the consolidated financial statements as at 31 December 2023 on a going concern basis is appropriate.

The Board has discussed the going concern issue with the Group's management and is sincerely satisfied that with the orderly implementation of the plans and measures, 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, 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 the plans and measures. There is no disagreement by the Board, the Group's management nor the Audit Committee with the position taken by the Auditor regarding the going concern issue.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

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

The management has reported to the Board and the AC on the effectiveness of the risk management and internal control systems for the year ended 31 December 2023.

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

The Board, as supported by the AC as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2023, 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 2023 and confirm that the financial statements contained herein give a true and fair view of the results and state of affairs of the Group for the year under review. The Directors consider that the financial statements have been prepared in conformity with the statutory requirements and the applicable accounting standards.

Auditor's Remuneration

An analysis of the remuneration paid/payable to the external auditor, SHINEWING (HK) CPA Limited, in respect of audit services and non-audit services for the year ended 31 December 2023 is set out below:

	RMB'000
Audit services	9,000 *
Non-audit services	
– Others	110

* Additional RMB3,500,000 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 on his 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 2023.

COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 20 January 2023. Following the resignation of Mr. Tsui King Fai as independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee on 20 January 2023, the number of independent non-executive Directors and members of the Audit Committee fell below the requirements under Rules 3.10(1) and 3.21 of the Listing Rules respectively. With reference to the announcement of the Company dated 24 February 2023, Mr. Wong Wai Keung Frederick was appointed as an independent non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee, and a member of the Nomination Committee with effect from 24 February 2023 ("Mr. Wong's Appointment"). Following Mr. Wong's Appointment, the current number of independent non-executive Directors complies with Rule 3.10(1) of the Listing Rules. The Company also fulfils the requirement of having a minimum of three members in the Audit Committee under Rule 3.21 of the Listing Rules.

JOINT COMPANY SECRETARIES

Ms. Wong Mei Shan ("Ms. Wong") and Ms. Lee Mei Yi ("Ms. Lee") are the joint company secretaries of the Company. Ms. Lee Mei Yi is an executive director of corporate services division of Tricor Services Limited, and is not a full time employee of the Company. Ms. Wong is a full time employee of the Company. For the year ended 31 December 2023, both 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 provide 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 the Company's website in a timely manner. Notice of the annual general meeting together with the meeting materials will be despatched to all shareholders at least 20 clear business days before the annual general meeting.

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

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

Pursuant to Article 58 of the Articles of Association, the Board may, whenever it thinks fit, call extraordinary general meetings. Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board (as defined in the Articles of Association) shall be reimbursed to the requisitionist(s) by the Company.

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

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

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

If a Shareholder wishes to propose a person other than a Director 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, Shareholders are encouraged to submit and lodge the written notice as early as practicable.

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

4. Procedures to send enquiries to the Board

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

INVESTOR RELATIONS

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

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

During the year, the Board has reviewed the shareholders' communication policy and considered that the shareholders' communication policy and its implementation are effective.

The general meetings of the Company also provide good opportunity for exchange of views between the Board and the Shareholders. The Chairman of the Board 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, 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

There was no change in the Company's constitutional documents during the year ended 31 December 2023.

DIVIDEND POLICY

The Board has adopted a Dividend Policy in compliance with code provision F.1.1 of the CG Code:

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

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

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

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

(4) the Group's liquidity position;

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

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

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

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

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

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

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

1.1 Reporting Standards

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

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 C2 to the Listing Rules issued by the Stock Exchange of Hong Kong and by applying the reporting principles of materiality, quantitativeness, balance and consistency.

1.2 Scope of Reporting

The Report mainly discloses the ESG performance of business related to property development and property investment in Mainland China from 1 January 2023 to 31 December 2023 (the "2023 Financial Year", the "Reporting Period" or the "Year"). As the nature of the business is similar (and so as the corresponding environmental, social and governance impacts) in each region and the scale of business is directly proportional to revenue, thus we use revenue to determine the scope of reporting. During the year, the scope of disclosure changed as a result of changes in the interests held by the Group.

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

1.3 Principles of ESG Reporting

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

Materiality

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

Quantitativeness

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

Consistency

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

Balance

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

1.4 Opinions and Feedbacks

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

2. ABOUT THE COMPANY

China Aoyuan Group Limited ("China Aoyuan" or the "Company"), together with its subsidiaries (the "Group", "we" or "us"), is a leading developer and operator of composite real estate in China. By practicing the philosophy of humility and pragmatism, we are committed to creating a high-quality living environment. In addition, to implement our brand concept, we are also engaged in the health-themed related industries to promote a healthy lifestyle in the city. With all these efforts, we are able to provide our property owners with harmonious and beautiful living experiences and cultural values. The Group also fulfils its corporate social responsibility by actively giving back to the community and contributing in the areas such as education, poverty alleviation and community support. Looking ahead, China Aoyuan Group continues to move forward in a practical and collaborative manner, and to promote the Group's high-quality, sustainable, and steady development.

3. BOARD STATEMENT

With the brand philosophy of "Building a Healthy Lifestyle", the Group is committed to providing customers with a quality living environment and creating an active and healthy lifestyle, building a healthy living ecosystem.

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

The Group is committed to enhancing its corporate management as impetus for quality growth. The Group has continued to raise the standardisation in various areas such as project operation, sales management, procurement and safety management, enhancing overall operational efficiency. The Group has also stepped up its monitoring and auditing efforts to build up a working culture of integrity and a positive and healthy working style. Moreover, the Group actively improves and promotes 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.

The Group is fully aware of the importance of environmental management and has integrated the concept of environmental protection into all aspects of its business. Through the implementation of a series of environmental protection measures, the Group has continued to make new progress in green construction and green operation. The Group actively fulfils its social responsibilities and continues to contribute to education, healthcare and community development, promoting community co-prosperity and synergy.

Looking ahead, the Group will actively embrace the new situation and seize the opportunities of the times. We will uphold the working style of being low-profile, pragmatic and rational, and strive to contribute superior real estate products and services, and make unremitting efforts to realise sustainable development.

4. SUSTAINABILITY MANAGEMENT

4.1 Statement of the Board

The Board is the highest governance body overseeing the sustainable development of the Group. It is responsible for overseeing the strategic orientation of the Group's sustainable development and the achievement of sustainability-related objectives, and integrating the concept of sustainability management into the governance structure. The Board monitors the significant risks and opportunities associated with ESG. If there are significant risks in the course of business operation, the Board will take timely actions to alleviate a negative impact on the Group's operation, profit and revenue. The Audit Committee under the Board is responsible for overseeing the management and the ESG Working Group, regularly assesses the overall risk of the Group and formulates plans to reduce the risk to an acceptable level.

4.2 ESG Governance Structure

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

- Keep abreast of the latest developments and regulations on corporate governance and ensure that the Group fully complys with requirements of regulatory authorities
- Report regularly to the Board on sustainability-related issues and the governance plans of the entity
- Ensure integration of the structure and system of the Group with sustainable development strategies
- Ensure a clear and accurate disclosure of the performance of and investment in sustainable development of the Group
- Organize targeted ESG training for staff and integrate a sense of sustainability into corporate culture

4.3 Stakeholder Engagement and Materiality Assessment

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

China Aoyuan Stakeholder Communication List

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

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

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

Note:

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

4.4 Materiality Matrix and Corresponding Issues

Based on the results above, the issues of concern to stakeholders of the Group for the Year 2023 are set out as follows:

Environment	Employment and Labour Practices	Operating Practices	Community Investment
1 Environmental Compliance	17 Employment Compliance	24 Operational Compliance	36 Charity
2 Air Pollutant Management	18 Employees' Remuneration and Benefits	25 Managing Environmental Risks of Supply Chain	37 Promotion of Community Development
3 Fleet Emissions Management	19 Employees' Working Hours and Rest Period	26 Managing Social Risks of Supply Chain	38 Poverty Alleviation
4 Wastewater Management	20 Diversity and Equal Opportunity	27 Procurement Practices	
5 Greenhouse Gas Emission	21 Occupational Health and Safety	28 Quality Management	
6 Waste Management	22 Training and Education	29 Customer Health and Safety	
7 Energy Consumption	23 Prevention of Child Labour and Forced Labour	30 Responsible Sales and Marketing	
8 Use of Water Resources		31 Customer Service Management	
9 Green Energy Project		32 Research and Development	
10 Use of Raw Materials and Packaging Materials		33 Information Security	
11 Ecological Protection		34 Customer Privacy Protection	
12 Responding to Climate Change		35 Anti-corruption	
13 Prevention and Handling of Environmental Incidents			
14 Green Office			
15 Green Building			
16 Land Contamination Management			

During the Year, the Group identified 14 key ESG-related issues together with ESG consultants, which will be discussed in detail in each chapter of this report.

	Key issues	Corresponding sections
Environment	15. Green Building	Environmental Protection
Employment and Labour Practices	17. Employment Compliance	Employment and Labour Practices
	18. Employees' Remuneration and Benefits	Employment and Labour Practices
	19. Employees' Working Hours and Rest Period	Employment and Labour Practices
	20. Diversity and Equal Opportunity	Employment and Labour Practices
	21. Occupational Health and Safety	Health and Safety
	23. Prevention of Child Labour and Forced Labour	Employment and Labour Practices
Operating Practices	24. Operational Compliance	Real Estate Project Quality and Advertising
	28. Quality Management	Real Estate Project Quality and Advertising Supply Chain Management
	29. Customer Health and Safety	Real Estate Project Quality and Advertising
	30. Responsible Sales and Marketing	Customer Services
	31. Customer Service Management	Customer Services
	34. Customer Privacy Protection	Intellectual Property and Personal Information Protection
	35. Anti-corruption	Anti-corruption

CORPORATE GOVERNANCE

5. ANTI-CORRUPTION

5.1 Independent Audit and Supervision Centre

The Group will strictly comply with relevant laws and regulations, make notices regarding integrity and establish a joint anti-corruption mechanism to enhance the integrity awareness of its staff. The Audit and Supervision Centre of the Group has organized regular exchange sessions, training and seminars on anti-corruption among various departments, and communicated with different enforcement agencies.

5.2 All-round Integrity System

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

- Strictly following the Listing Rules of the Main Board of Hong Kong Stock Exchange and local laws and regulations, to ensure the Group's operation is compliant with laws and with integrity

- Attaching importance to the integration of internal integrity mechanism building into operations and strictly enforcing the "Ordinance on the Supervision Work of China Aoyuan Group"

- Strengthening integrity building, setting up correspondence channels and defining the duties of each function and its approval authority

- Fulfilling the responsibility under "integrity indicators", such as setting up and executing the guidelines on gift registration and reporting

- Enhancing the integrity awareness of the staff through training, and issuing integrity tips with various topics from time to time

- Requiring new employees to sign a commitment letter on integrity and self-discipline, and carrying out integrity review on the performance appraisal. The staff are required to should abide by professional ethics, so that they can realize their personal values under the principle of integrity

- Establishing supplier relationships with integrity and transparency. Integrity clauses and whistleblowing channels are included in the supplier contract. The procurement procedures are electronized to prevent commercial bribery

- Actively establishing a joint mechanism to prevent commercial crimes, while jointly promoting integrity culture with the stakeholders, including property owners, suppliers and business partners

5.3 "Three defences" on Anti-corruption

The Audit and Supervision Centre is determined to implement the decision and deployment of the Board, firmly lays equal stress on prevention and combat.

1) The Audit and Supervision Centre proposes to the Board based on the clues found from the databases of industry associations such as the Trust and Integrity Enterprise Alliance, the Enterprise Anti- Fraud Alliance and the Greater Bay Area Enterprise Monitoring Alliance and from internal investigation. Employees at deputy manager level and above of the Group and regional companies are required to conduct regular integrity review and at the time of induction and promotion.

2) The Audit and Supervision Centre promote the materiality of integrity through intranet, internal newsletters and other channels from the Headquarter to regional companies to project companies.

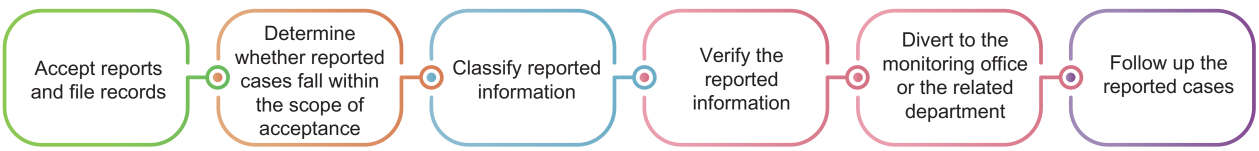
3) The Headquarter and regional and project companies are required to prominently display a sample integrity notice. Employees in sensitive positions are required to include reporting channels of the Audit and Supervision Centre on their business cards. The Centre conducts reviews on management suggestions for cases, and monitors the implementation of corrective measures.

Case: Regulations and policies training on risk prevention and internal controls

In April 2023, China Aoyuan organized a training session on regulations and policies with a theme of "Risk prevention and internal controls". Regulations and policies related to different business segments are conveyed in the training, which enhanced the awareness of management and staff on business risk prevention and control and business compliance.

5.4 Whistle-blowing Policies

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



Whistle-blowing flow chart

5.5 Integrity Education for All

The Group is committed to promoting integrity education for all staff to enhance their awareness. The Company Secretary sends latest corruption prevention information issued by the Hong Kong Independent Commission Against Corruption to the Board members to strengthen the Board's integrity awareness, and provide practical advice and plan to the Board members to implement effective anti-corruption measures at both individual and corporate levels.

The Audit and Supervision Centre is responsible for coordinating the establishment of the Group-wide integrity education system and formulating training plans on a quarterly basis. The Audit and Supervision Centre is also responsible for conducting trainings on anti-corruption rules and regulations.

During the Year, the Group was not embroiled in any corruption proceedings, and no significant matters in violation of any laws and regulations relating to bribery, extortion, fraud and money laundering were identified.

SERVICE RESPONSIBILITY

6. REAL ESTATE PROJECT QUALITY AND ADVERTISING

The Group has continually improved the quality of projects from design to engineering, marketing and after-sales services in order to enhance the Group's operational efficiency and customer satisfaction. The Group has also set project inspection systems and quality inspection standards based on the best quality standards of national and international projects, which are regularly updated and communicated to relevant staff. We also require suppliers to comply with such standards and include the standards in the contracts when negotiating such contracts. To enhance the quality of projects, the Group's Operations Management Centre has released a number of project management protocols, including the Standard and Prohibited Project Practices of China Aoyuan Group and the Standard for Leakage Prevention Practices. An internal organization is set up to conduct regular inspections in accordance with these protocols. The industry's No. 1 player Shenzhen Ridge Engineering Consulting Co., Ltd. was commissioned to conduct the actual measurement and safety assessment of the main construction projects and analyse the group in accordance with industry standards, in a bid to improve the overall construction technique.

All projects strictly comply with national legal requirements and are inspected and accepted by relevant governmental authorities to ensure that the projects meet the requirements. The Group has issued the Product Delivery Practice Guidelines of China Aoyuan Group, the Practice Guidelines on Sub-tenant Inspection of Housing of China Aoyuan Group and the Joint Assessment Management Measures for Delivery Areas of China Aoyuan Group to regulate the property delivery process. If there are any problems, the Group will follow up in a timely manner in accordance with the Guidelines for the Management of Defects in Products and Services of China Aoyuan Group.

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

3+1 Quality Control System

The Group has formulated a 3+1 quality control system. The core systems cover safety management, standards for leakage prevention practices and guidelines for project planning. The Group has also established a key point inspection and verification system to verify and check the three major objectives for quality control, namely safety, quality and project progress. As a result, the Group achieve a steady improvement in the quality of its real estate projects.

7. CUSTOMER SERVICES

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

7.1 Customer Service System

A well-established customer service organisation is the foundation of quality customer service. To this end, Customer Service Centre has carried out organisational restructuring, and set up service teams for each project, so as to provide customers with services that are in close proximity and easily accessible. In the meantime, the Customer Service Centre also provides regular training for the service team to enhance the professional image and competence of the staff and improve the quality of customer service.

7.2 Handling Customer Complaints

During the FY2023, the Group received a total of 9,397 (2022: 10,800) service complaints, of which 5,810 were property development-related, 3,510 were property management-related, and 77 were shopping mall management-related. The Group has formulated the Customer Service Management System of China Aoyuan Group, the Guidelines on Handling Customer Relationship Crises of China Aoyuan Group and the Customer Complaint Management System of China Aoyuan Group to regulate the implementation and execution of the general customer service process, as well as the response, notification and management of customer relationship crises. The Group's Customer Service Centre is responsible for the overall coordination of the Group's customer service operations, improving the efficiency and quality of complaint handling, and avoiding escalation of complaints and deepening of losses, so as to safeguard the Company's brand image and enhance customer satisfaction.

China Aoyuan attaches great importance to customer feedback and complaint handling. The Group has set up the Complaint Handling System of the 400 Customer Service Hotline and the Standardized Service Operation Guide of the Call Centre, enhancing customer service experience and handling efficiency. Once a customer complaint is received, the Group will arrange for our customer service officers to proactively contact the customer by phone to follow up on the case and provide independent solutions for the customer's complaint or improvement plans. In the FY2023, the Group effectively handled customers' reasonable requests, with a closure rate of 46% for real estate complaints and 97% for property/shopping mall management complaints.

7.3 Customer Satisfaction Improvement

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

8. INTELLECTUAL PROPERTY AND PERSONAL INFORMATION PROTECTION

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

The Group is committed to complying with national and local laws and regulations in relation to personal information and privacy, and to deal with the methods and guidelines for collecting, utilizing, storing, disclosing, transferring, confidentializing and accessing personal information in accordance with the Six Guidelines of Data Protection in order to protect personal information provided by our customers and employees from leakage or illegal use. During the FY2023, the Group had no significant matters in violation of any laws and regulations related to product and service quality.

8.1 Company Information Security

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

8.2 Customer Information and Privacy Protection

With the advancement in technology, the Group has recognized the importance of maintaining a secure information network. The Group has been upgrading the firewalls to prevent customer information from leakage, while placing great importance on internal control over customer information management. The staff are asked to sign integrity and confidentiality agreements and to comply with relevant laws and regulations, as well as internal rules and regulations such as the Confidentiality System of China Aoyuan Group. The Group strictly prohibits employees from disclosing customer information. If any information leakage is discovered, the Group will dismiss the employee or terminate the employment contract, and reserves the right to seek legal action against that employee.

9. SUPPLY CHAIN MANAGEMENT

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

9.1 Supplier Communication and Training

The Group has set up the Suppliers Management System of China Aoyuan Group to strictly implement the supplier admission assessment procedures. A professional supplier database is established for building strategic partnership with high-quality suppliers.

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

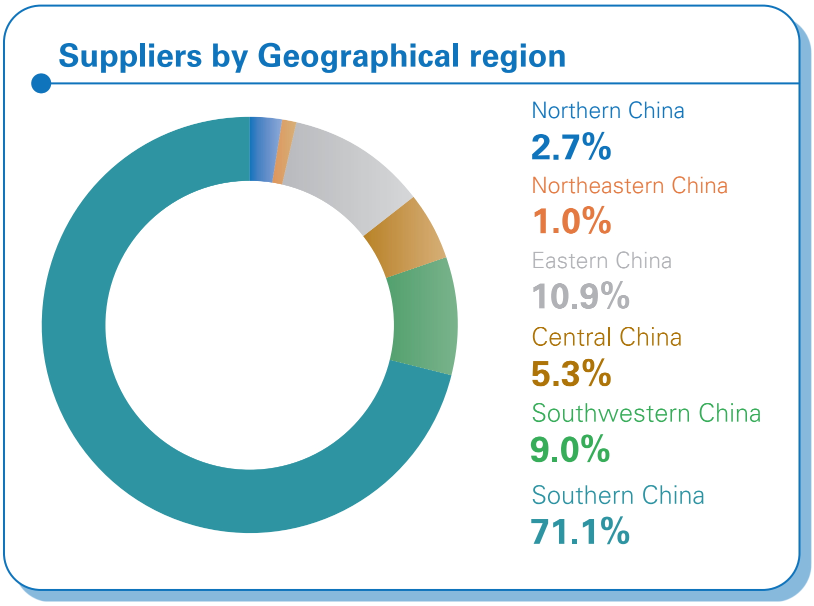
The Group continuously monitors the suppliers on construction status, products and services provided. We regularly review the list of suppliers, conducts KPI appraisal and arranges on- site inspections. The Group has also developed evaluation methods and scoring criteria by supplier category to ensure that all the existing suppliers meet our quality requirements and the criteria on social responsibility. If any supplier doesn't fulfill the requirements, it is required to make improvement immediately and is to be terminated and blacklisted at the Group's discretion.

The Group adopts a fair and open tendering mechanism. It explores suppliers with similar values, strong performance capability and high-quality product. It also conducts supplier inspections of important categories in all directions, strictly controlling potential risks of suppliers' entry and shortlisting. We invite sufficient companies to participate in bidding, segregate duties during the bidding process such as identifying suppliers and reviewing tender documents and ensure the confidentiality of bidding documents. We regularly review the tendering mechanism with audit and supervision department, in order to reduce risks on bribery and malpractices due to control loopholes.

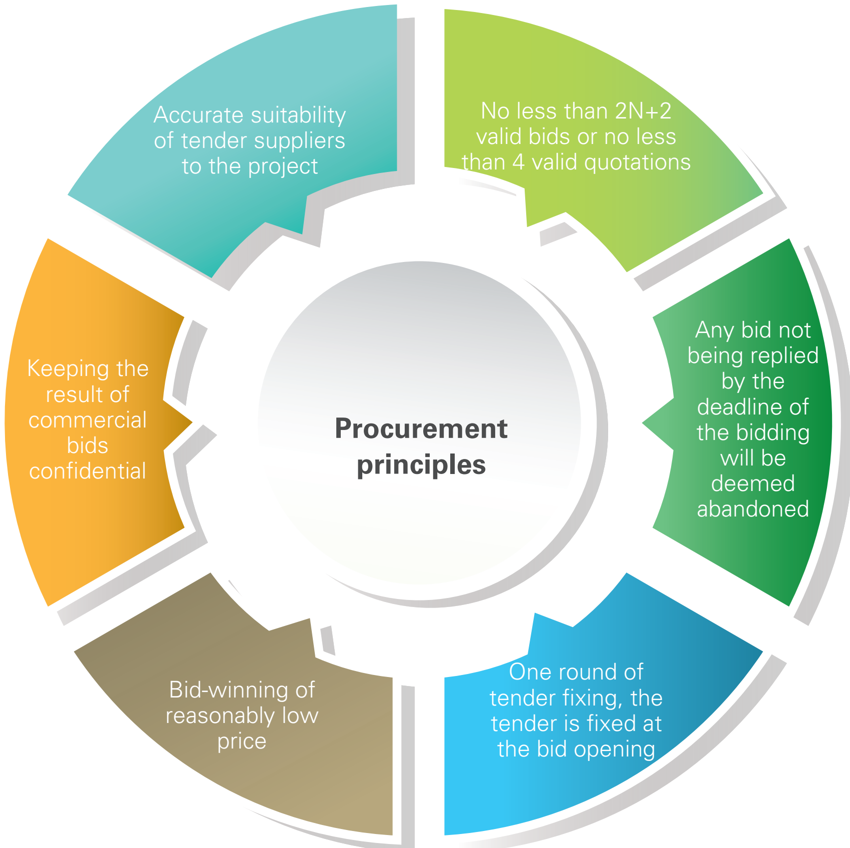
In addition, the Group requires its suppliers to comply with the practice of encouraging the use of environmentally friendly products and services. We convey the concepts of sustainable procurement, environmental protection and energy saving, and sustainable management to the suppliers through interviews, sharing sessions and site visits. Effective monitoring methods have been established to maintain a complete green supply chain. When a supplier violates the relevant requirements or fails to meet the performance requirements, its regular evaluation results will reflect the case and renewal of contract will be affected. In the event of a serious breach, the Group will terminate the cooperation right away.

9.2 List of Suppliers

The Group incorporates green concepts into its supply chain management and procurement and strives to fulfil its social responsibility on environment protection. The Group gives preference to suppliers that are geographically closer to the projects to reduce the carbon footprint in the transportation. The Group will also consider using products that have a smaller impact on the environment, such as those with environmental labels. At the same time, the Group put in place comprehensive warehouse control procedures to keep track of materials and products in storage, encourage staff to be aware of the shelf life of materials and products, and prioritize the use of materials and products purchased earlier to avoid unnecessary wastage. During the Year, the Group has 993 major suppliers (2022: 993). The Group's major suppliers are as follows:



The Group strictly requires suppliers tendering with the following principles:



9.3 Supplier Communication and Training

China Aoyuan places high value on communication with suppliers. We have improved the communication efficiency and enhanced mutual trust through communications such as stocktaking seminars, thematic workshops, post-tender meeting, quarterly meeting, face-to-face on-site meeting with new suppliers. The Group will also organize supplier gathering at the Group and regional levels on a regular basis to reward quality suppliers, so as to lay a good foundation for strategic cooperation for sustainable development.

The Group provides post-bid orientation for new suppliers to help them understand the system and culture of the Group. In addition, we hold discussion with suppliers on project cooperation and improvement measures to encourage them meet the expectations and requirements of Aoyuan.

10. COMMUNITY INVESTMENT

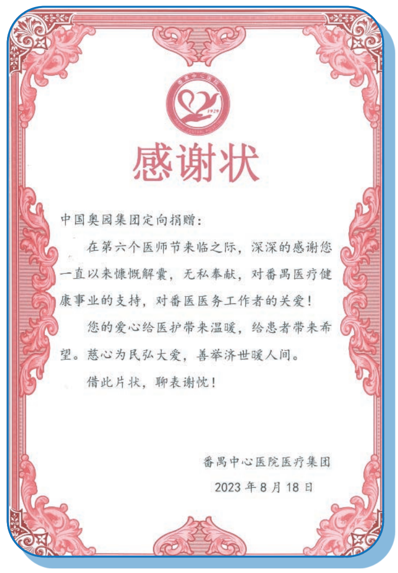
Property development and operations are the main businesses of the Group and closely linked to contributions to the community. We actively contribute to the community and continue to devote efforts to education, poverty alleviation and community development, in order to fulfil our corporate social responsibility.

10.1 Aoyuan Charity Foundation

With the goal of "helping as many people in need as possible", the Group has continued to contribute to the public welfare and charity cause, and has established the Aoyuan Charity Foundation, to carry out targeted charitable activities, such as volunteer teacher programs, education aid, disaster relief and volunteer work, continuing to spread the truth, goodness and beauty.

During the year, the Group carried out the Aoyuan Zhongxin Yufu Plan to support teaching activities by donating electronic equipment and books to an affiliated primary school of South China Normal University. With the Sixth Chinese Doctors' Day approaching, the Group participated in the launching ceremony of the Good Doctor (仁醫) Charity Fund to support medical and healthcare industry and medical workers in Panyu.

Donation of electronic equipment and books to the library of an affiliated primary school of South China Normal University



感谢状

中国奥园集团定向捐赠：

在第六个医师节来临之际，深深的感谢您一直以来慷慨解囊，无私奉献，对番禺医疗健康事业的支持，对番医医务工作者的关爱！

您的爱心给医护带来温暖，给患者带来希望。慈心为民弘大爱，善举济世暖人间。

借此片状，聊表谢忱！

番禺中心医院医疗集团

2023 年 8 月 18 日

Certificate of gratitude from Panyu Central Hospital

EMPLOYMENT AND PERSONNEL MANAGEMENT

11. HEALTH AND SAFETY

The Group places emphasis on raising the safety awareness of employees, creating a safe and healthy corporate culture and protecting the safety and occupational health of employees. The Group strictly complies with national laws and regulations, formulates internal safety management systems and annual targets, and clearly sets out the safety responsibilities and the management of performance appraisals for managers at all levels, and strictly manages the safety bottom lines in an effort to minimize the risk of injuries to employees, partners and customers.

Employees who were unfortunately injured at work were granted a Confirmation of Work Injury in accordance with the procedures and received appropriate subsidies, granting of leave or reimbursement of medical expenses from the Group or their insurers. In the past three years, the Group was found with no work-related fatality of employees. Work-related injuries and fatalities and work days lost due to work-related injuries of the Group are detailed in the following table:

2023		2022	
Number of work-related injuries	**Lost days due to work-related injuries**	Number of work-related injuries	Lost days due to work-related injuries
0	**0**	9	612.0

11.1 Occupational Safety Management

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

During the year, the Group continued to carry out various trainings on production safety, emergency fire evacuation, induction training for new employees, resuscitation on drowning, construction site safety, and construction equipment operation safety, in order to equip employees with a wide range of safety knowledge, enhance safety awareness, and avoid safety incidents in case of emergencies or maloperation.

Case: 2023 Training on Site Safety in Summer

In July 2023, a training on site safety in summer was held to raise employee's awareness of site safety and minimize the risks in hot weather. In the training, employees learned good practices which should be implemented on the site during summer months, including site safety measures and risk evaluation for working in hot weather.

Summer construction common sense training session

11.2 Construction Quality and Safety

11.2.1 Construction Safety Management System

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

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

Case: 2023 Fire Drill and Emergency Drill

China Aoyuan Yingde Chocolate Kingdom organized fire drills and emergency drills to enhance their ability to respond to fire and violent incidents. The Group provided training on fire prevention, including fire causes and fire fighting principles, and the use of fire extinguishers. For the violence control drill, the Group set up scenarios simulating violence incidents to enhance the authenticity and sense of urgency of the drill. This training provided staff with practical emergency training and enhanced the ability to respond to emergencies and protect themselves in emergencies.

Fire drill


Fire safety training


Practical operation for fire extinguishers


Emergency drill for violent incidents

11.2.2 Implementation of Safety Inspections and Standards

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

Safety risk levels and corresponding control measures

Risk level	Evaluation criteria	Control measures
Low	1) Safety inspection score ≥ 85; 2) No major safety hazards.	1) Issuance of a Safety Risk Correction Notice; 2) Rectification by the Project Department within a timeframe.
Medium	1) 75 ≤ security inspection score < 85; 2) 1-2 major safety hazards.	1) Issuance of a Safety Risk Rectification Notice; 2) Immediate suspension of work due to major safety hazards; 3) Safety managers of regional companies should oversee the rectification, and the Safety Department of the Group's Quality Control Centre tracks the progress of rectification on a daily basis; 4) Acceptance by safety managers of regional companies and reporting to the Safety Department of the Group's Quality Control Centre.
High	1) Safety inspection score <75 points; 2) 3 or more major safety hazards.	1) The Safety Department of the Group's Quality Control Centre issues a Notice of Suspension and Rectification of Major Safety Risks to the general managers of regional companies; 2) Immediate suspension of projects; 3) The Safety Department of the Group's Quality Control Centre supervises the rectification.

In addition, we will also hire well-known external construction consultants to conduct quality and safety assessments for ongoing projects on a monthly basis covering project quality, construction safety, material quality, management pattern and quality risks. Through benchmarking with the industry using the quality system of the third-party assessment company, the scores obtained by China Aoyuan in the third-party quality and safety assessment were at the forefront of the industry in 2023.

11.2.3 Three-level Inspection System for Project Quality and Safety

In order to ensure product quality and safety, China Aoyuan has established a three-level project quality and safety inspection system, covering the Group, regional companies and project departments.

Group Headquarters:

The Operation Department of the Group divides labour by region, and the responsible person performs normal monitoring on the construction quality in the region. Quarterly construction inspections are carried out to check the quality of all projects. Evaluation is conducted on process and delivery of third parties and flight inspection is performed on a quarterly basis. A close eye will be kept on risky projects. Meanwhile, the Group will carry out irregular campaigns such as "quality month" or "quality special action".

Regional companies:

A quality management and control unit has been set up in regional companies to be responsible for the implementation of quality management requirements on projects. The unannounced inspections and project assessments have been carried out in urban companies on a monthly basis to implement the quality 3+1 system, while implementing various special quality campaigns as required by the Group.

Project department:

Actions are taken and inspections are performed in line with quality control requirements of the Group and regional companies.

11.2.4. Safe Production Training Activity

The Group arranges various training on safe work every year, such as Fire Prevention Month, Safety Month, Safe Work Knowledge Contest, Quality Control Month and Skill Competition, which helps to enhance the safety knowledge, skills, awareness and emergency handling capability from the management to the general staff and therefore to improve the overall project quality.

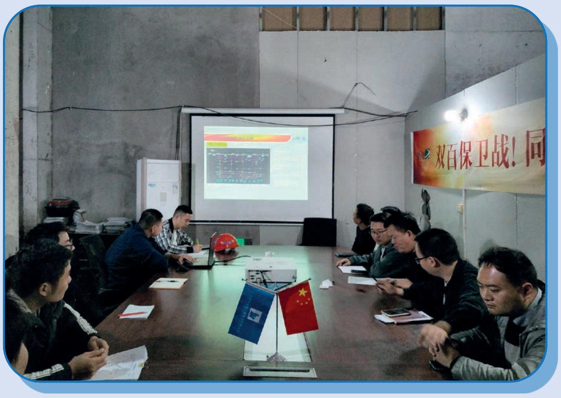
Case: Electric Shock Emergency Drill

China Aoyuan performed a simulated electric shock emergency drill to raise the staff's awareness of electric shock accidents and identify potential improvement points, which is conducive to the further improvement of the emergency response plan and training program to ensure a quick and effective response in the event of actual electric shock accidents and maximize the protection of the safety and health of staff.

Electric shock emergency drill

Case: Production Safety Equipment Technology Improvement Training

China Aoyuan provides specific training on equipment or technology related to the production safety process, including training on reinforcing bar engineering, safety training on fastener scaffolds, and training on safety management of work-at-height baskets. The training has improved the safety knowledge and awareness of staff and management, reduced the probability of injuries caused by inadvertent operation of machinery and equipment, and meanwhile promoted the overall improvement in project quality.



Reinforcing bar engineering training

Safety training on fastener scaffolds

Safety training

Training on safety management of work-at-height baskets

12. EMPLOYMENT AND LABOUR PRACTICES

12.1 Employee Rights and Interests

The hard work of our employees is inextricably linked to the long-term development and success of the Group's business. The Group complies with employment-related laws and regulations, including but not limited to the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and the Prohibition of Child Labour Provisions.

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

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

12.2 Employee Recruitment

The Group strictly complies with relevant laws and regulations. The Group has also established a clear human resources management system and standard operating procedures, which are fully implemented by the human resources department and reviewed by the Board on a regular basis. The Human Resources Department will review the relevant laws and regulations on a regular basis. Any update on provisions will be immediately made known to employees. There were no material breaches of laws and regulations relating to the prevention of child labour or compulsory labour during the Reporting Period. During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations relating to employment.

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

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

12.3 Employee Welfare/Caring for Employees

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

The Group understands the importance of the sense of belonging and cohesiveness among its employees in the overall development. In this regard, China Aoyuan organized a wide range of staff care activities such as quarterly birthday parties, and festival activities in Lantern Festival, Women's Day and Children's Day. The Group organized a variety of activities to improve the physical and mental health of its staff and to promote the philosophy of work-life balance, such as the "step by step exercise", the 3rd [Glory Cup] Honor of Kings Competition and the Exercise Month.

Good communication is important to understand the needs of employees and get them to be engaged at work. The Group is committed to listening to its staff by building various communicating channels, including performance interviews, staff meetings, the AOffice mobile work platform, e-newsletters, social media, the intranet, corporate magazine and the suggestions mailbox, enabling employees to interact with the Group and reflect their views through different channels.

Case: Children's Day-Activities

China Aoyuan Central and Western Regional Company prepared small gifts for employees' children on Children's Day, enhancing employees' sense of belonging and family happiness.

Preparing small gifts

Sending small gifts

Case: Exercise Month

China Aoyuan Eastern Regional Company organized the Exercise Month to encourage employees to actively participate in sports activities and advocate a healthy lifestyle. This activity not only creates a positive working atmosphere, but also promotes teamwork, and enhances their cohesion and happiness.

Badminton matches

Basketball matches

12.4 Staff Promotion and Rewarding System

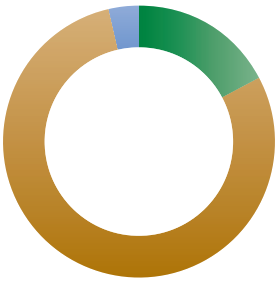
To retain talent and encourage performance, the Group will give priority to internal promotion when a vacancy arises. The Group determined the promotion management process and the promotion cycle and conditions for different ranks. Promotion results and salary adjustments will be determined by the ability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

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

12.5 Annual Employment Data/Employee Distribution

In 2023, The Group had 1,432 employees (2022: 14,375) in total. The number of employees is much smaller than that of the previous reporting period mainly due to the change in the scope of disclosure as a result of change in the interests held by the Group. All of the Group's employees are full-time, of which 97.8% are from the Mainland China. The distribution of the Group's workforce are detailed as follows:

Age

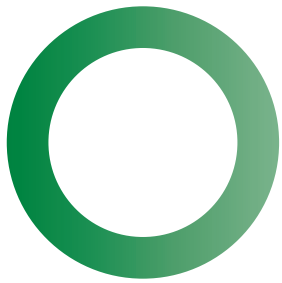


Aged 50 or above
3.6% (2022: 18.6%)

Aged 30 or below
17.3% (2022: 21.4%)

Aged 30-49
79.1% (2022: 60.0%)

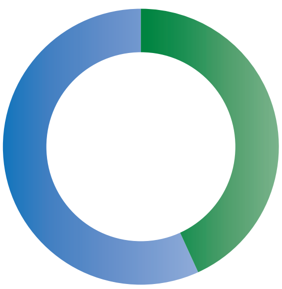
Type of Employment



Part-time
0% (2022: 0.2%)

Full-time
100% (2022: 99.8%)

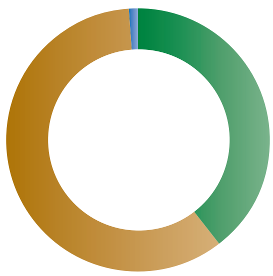
Gender



Male
57% (2022: 56.7%)

Female
43% (2022: 43.3%)

Position of Employees



Senior Management
(Assistant President or above)
1.1% (2022: 0.5%)

Middle Management
(Assistant Manager - General Manager)
39.5% (2022: 18.1%)

General Staff
(Senior Supervisor and below)
59.4% (2022: 81.4%)

The Group's staff turnover for the 2023 was 1,947 (82%), as shown in the table below:

Employee turnover rate (%)	2023	2022
Total	**82**	58
By gender		
Male	**83**	61
Female	**82**	17
By age group		
Aged below 30	**87**	73
Aged 30-50	**81**	54
Aged above 50	**92**	48

Notes:

1 The overall turnover rate is calculated as the number of employees who left the organization during the reporting period/the average of the numbers of employees at the end of the 2022 reporting period and the end of the 2023 reporting period x 100%. Employees who leave within one month of their onboarding are not counted.

2 Due to the change in scope of disclosure in the year, the 2023 employee turnover rate is calculated based on the number of employees in the post-change scope of disclosure.

In 2023, the Group was found with no significant matters in violation of any laws and regulations related to employment. The Group strictly complies with relevant laws and regulations. The Human Resources Department will review the relevant laws and regulations on a regular basis, and the employees will be in the first instance of any updates to the relevant provisions.

12.6 Employee Development and Training

12.6.1 Training for Employees

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

12.6.2 Investment in Staff Training

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

The Aoyuan School Management focuses on training current staff, new recruits, management trainees, middle and senior managers, and successor echelons, to lay the foundation for long-term corporate development. Since May 2022, the Group has launched a training programme called Aoyuan Night School to build a continuous learning organization.

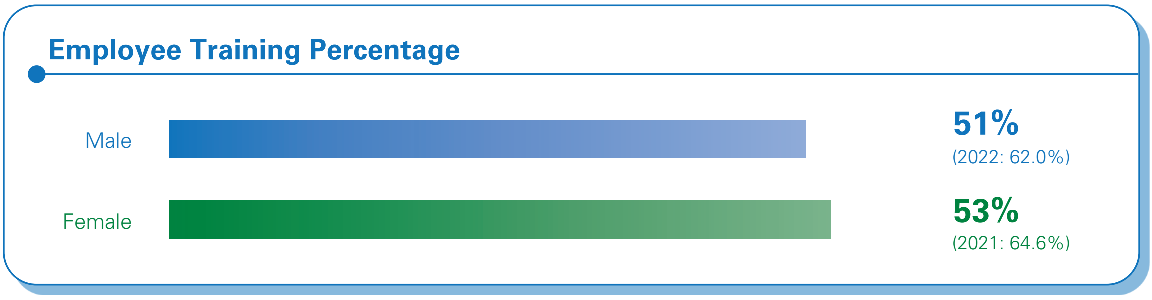
Aolong Program Training Camp

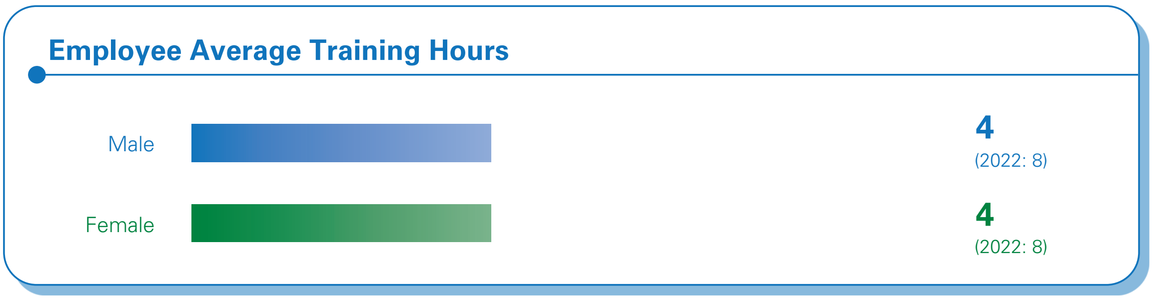
China Aoyuan Group launched the fourth phase of the Aolong Program, which provides in-depth professional knowledge and skills training for participants, focuses on cultivating their leadership potential and management ability, providing a talent pool for the Group's long-term development and growth.

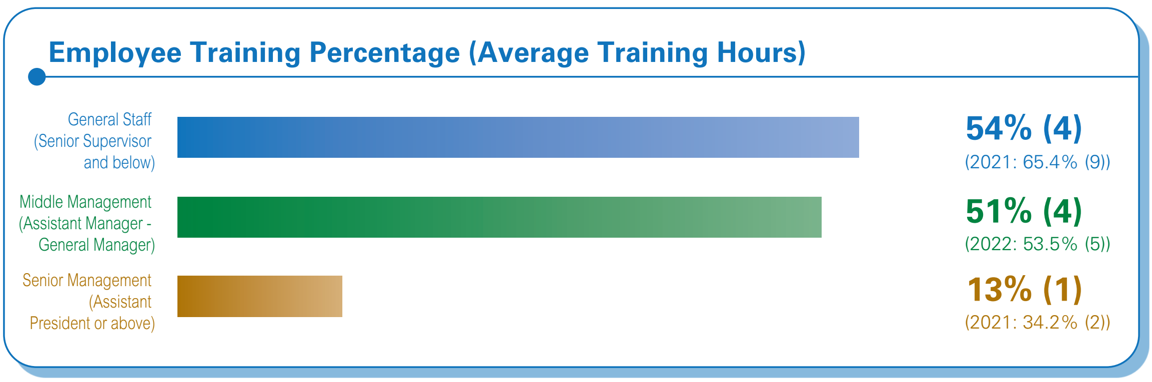
Group photo of the training of Aolong Program

12.6.3 Participation in Training

The Group is committed to nurturing talents and provides sufficient resources to organize a wide range of training programmes and offer opportunities for its employee. The training is conducted to align with the Group's comprehensive internal ranking system and promotion mechanism, providing a wide range of career development opportunities. The Group invested more than RMB28,000 on staff training during the Year. The number of employees trained reached 747 and the total number of training hours reached 6,127, as listed in the table below.







12.7 Diversity and Inclusion Policy

In line with our meritocratic approach, China Aoyuan were accredited The Racial Diversity and Inclusion Charter for Employers by the Hong Kong Equal Opportunities Commission for three consecutive years. 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.

12.8 Family-Friendly Measures

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

ENVIRONMENTAL MANAGEMENT

13. ENVIRONMENTAL PROTECTION

The Group attaches great importance to the impact of its operating activities on the surrounding environment and ecosystems. Therefore, the Group conducts environmental risk assessments before and after the development of its real estate projects, and endeavours to minimize the impact of noise pollution, dust pollution, etc. on the surrounding environment, and incorporates considerations for the preservation of biodiversity and natural habitats in the planning, design, construction and operation of its projects. The Group also sets environmental targets for each real estate project and continuously monitors, reports and reviews the environmental performance of the projects to reduce the environmental risks to an acceptable level.

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

Environmental area	Environmental objectives
Greenhouse gas	We are committed to reducing greenhouse gas emissions and responding to the "Action Plan for Peak Carbon Dioxide Emissions by 2030" issued by the State Council to achieve the national carbon peak target by 2030. The Group set an annual target to reduce greenhouse gas emissions by 5% by 31 December 2024.
Energy Consumption	We are committed to reducing energy consumption, promoting energy conservation and consumption reduction, and replacing conventional energy with renewable energy and clean energy. At the same time, we will arrange for inspections by designated personnel to reduce the waste and actual use of electricity. The Group set an annual target to reduce energy consumption by 5-10% by 31 December 2024.
Use of Water Resources	Stepping up internal publicity by putting up posters to promote water conservation and recycling. We also regularly inspect and repair water equipment to minimize losses, so as to improve water use efficiency. The Group set an annual target to save water use by 10% by 31 December 2024.
Waste	We promote paperless office, reuse of used resources, separation of domestic waste and industrial waste, and improve the efficiency of recycling and the types of recycled items. The Group set an annual target to increase the recycling rate of computer waste to 100% by 31 December 2024 to reduce the waste generated during operation.

13.1 Green Construction

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

The Group also strictly complies with relevant laws and regulations to promote green construction practices. The Group actively promotes new environmental technologies such as modular construction and aluminium film system to reduce construction waste, construction noise and on-site dust. In view of the waste pollution, light pollution, noise pollution and dust pollution caused by construction sites to the surrounding environment, the Group has taken a number of measures to reduce waste emissions and implement resource recycling with the goal of protecting the environment and lowering its environmental impact.

13.2 Green Building

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

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

Light pollution management

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

Noise pollution management

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

Dust pollution management

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

13.3 Green Office

It develops internal management policies such as the "Office Environment Management Measures for China Aoyuan Tower" and "Energy-Saving and Consumption-Reduction Management Manual for China Aoyuan Tower" to carry out energy saving and consumption reduction work. The Group actively promotes the efficient use of resources by its staff.

The Group saves water and electricity and reduces energy consumption by posting water and electricity saving slogans, controlling the hours of electricity consumption in public areas, setting energy-saving temperatures for air-conditioning, turning off idle electrical equipment in a timely manner and using water-saving sensor taps. The Group promotes a paperless office, uses an electronic office system to replace paper records, conducts regular paper consumption statistics, monitors paper consumption, saves office consumables and reduces waste.

The Group also focuses on advocating water saving plans in the office, which include the adoption of water-saving devices, such as sensor taps, reducing water pressure to the lowest practicable level and using dual flush toilets, etc to reduce unnecessary wastage. The Group also regularly checks office water consumption and inspects the plumbing tanks to ensure that there is no leakage. 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.

14. ENERGY USAGE AND EMISSIONS

The Group integrates environmental protection concepts into development policies and sustainable management objectives and strives to provide its customers with green buildings that are comfortable, low energy consumption and make good use of renewable energy. The Group pays close attention to the consumption of resources in its daily production and operation activities to ensure that resources are well utilised. During the Year, the Group used 7.20 tonnes of packaging materials (2022: 4.50 tonnes), all of which were paper and paper-based materials.

14.1 Energy Efficiency

The Group has introduced low energy consumption construction technology to reduce water usage and the energy required in the lighting, air-conditioning and ventilation systems during the construction process. In addition, the Group actively adopts environmental construction designs and reduces the energy consumption in the routine operation of buildings from external wall design, glass window material, hot water system and other aspects. At the same time, the Group issued the Aoyuan Group Vehicle and Driver Management System to improve the efficiency of vehicle use, and provide drivers with low-carbon driving training and other measures to reduce the consumption of energy by vehicles.

The Group promotes and encourages the effective use of resources in various aspects to raise awareness on resource conservation and environmental protection. The Group has formulated a corresponding reward and penalty system and set up an "Energy consumption management and monitoring team" to strengthen the supervision and management of energy saving and consumption reduction and arrange energy saving and consumption reduction inspections to enhance the Group's overall environmental performance.

The Group's energy consumption data for the Year are detailed in the following table:

Energy Consumption[1]	2023[1]	2022[1]
Total energy consumption[4] (MWh)	**25,230**	10,177
Direct energy[2]	**421**	1,029[2]
Indirect energy[3]	**24,809**	9,148[3]
Energy consumption intensity (MWh/per group company)	**1,940.75**	598.63

Notes:

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

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

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

4 The increase in energy consumption was mainly attributable to the increase in the number of units within the group's business scope and the implementation of staggered work shifts (day shift and night shift) in some units, which requires longer hours of lighting, air conditioning, and other facilities to operate, resulting in increased energy consumption.

14.2 Water Use Effectiveness

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

The Group's water consumption data for the Year are detailed in the following table:

	2023	2022
Total water consumption[2, 3] (m^3)	**291,146.01**	63,023.27
Intensity of water consumption (m^3/per group company)	**22,395.85**	3,707.25

Notes:

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

2 Total water consumption is based on actual water consumption.

3 The increase in water consumption was mainly attributable to the increase in the number of units within the group's business scope and the implementation of staggered work shifts (day shift and night shift) in some units, which has led to an increase in the frequency of using facilities such as toilets and water dispensers, resulting in an increase in water consumption.

14.3 Climate Change Adaptation and Greenhouse Gas Emission Management

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

In order to cope with the increasingly severe climate change and its risks, the Group formulated relevant climate solutions, requiring all future development projects to conduct local climate studies to ensure that resilience of the property is enhanced. The Group sets up an Extreme Weather Response Team to assess the climate risk of all its projects and identify the direct and indirect physical and transition risks arising from climate change, so as to take precautionary measures and provide emergency relief in the event of extreme weather in advance. The Group will continue to adopt green building practices and undergo application of green materials and technologies, enhance asset value and create new values and services for investors and the community.

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

Greenhouse Gases [1]	**2023**	2022
Total greenhouse gas emissions (tonnes of carbon dioxide equivalent)	**14,371.58**	4,350.53
Scope 1: Direct emissions[2] (tonnes of carbon dioxide equivalent)	**104.38**	259.45
Scope 2: Energy indirect emissions[3] (tonnes of carbon dioxide equivalent)	**14,148.70**	1,497.96
Scope 3: Other indirect emissions[4] (tonnes of carbon dioxide equivalent)	**118.50**	2,593.12
Greenhouse gas emission intensity (tonnes of carbon dioxide equivalent/per group company)	**1,105.51**	255.91

Notes:

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

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

3 Scope 2 Indirect energy emissions include indirect greenhouse gas emissions generated from purchased electricity. The data is calculated based on the "Guidelines on Greenhouse Gas Emission Accounting and Reporting" provided by the NDRC. The conversion factors used are from "Corporate Greenhouse Gas Emissions Accounting Method and Service Reporting Guidelines and Reporting Guidelines for Electricity Generating Facilities (as Amended in 2022)" (企業溫室氣體排放核算方法與服告指南與報告指南發電設施(2022年修訂版)).

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

14.4 Wastewater Treatment

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

The measures undertaken include:

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

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

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

14.5 Waste Management

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

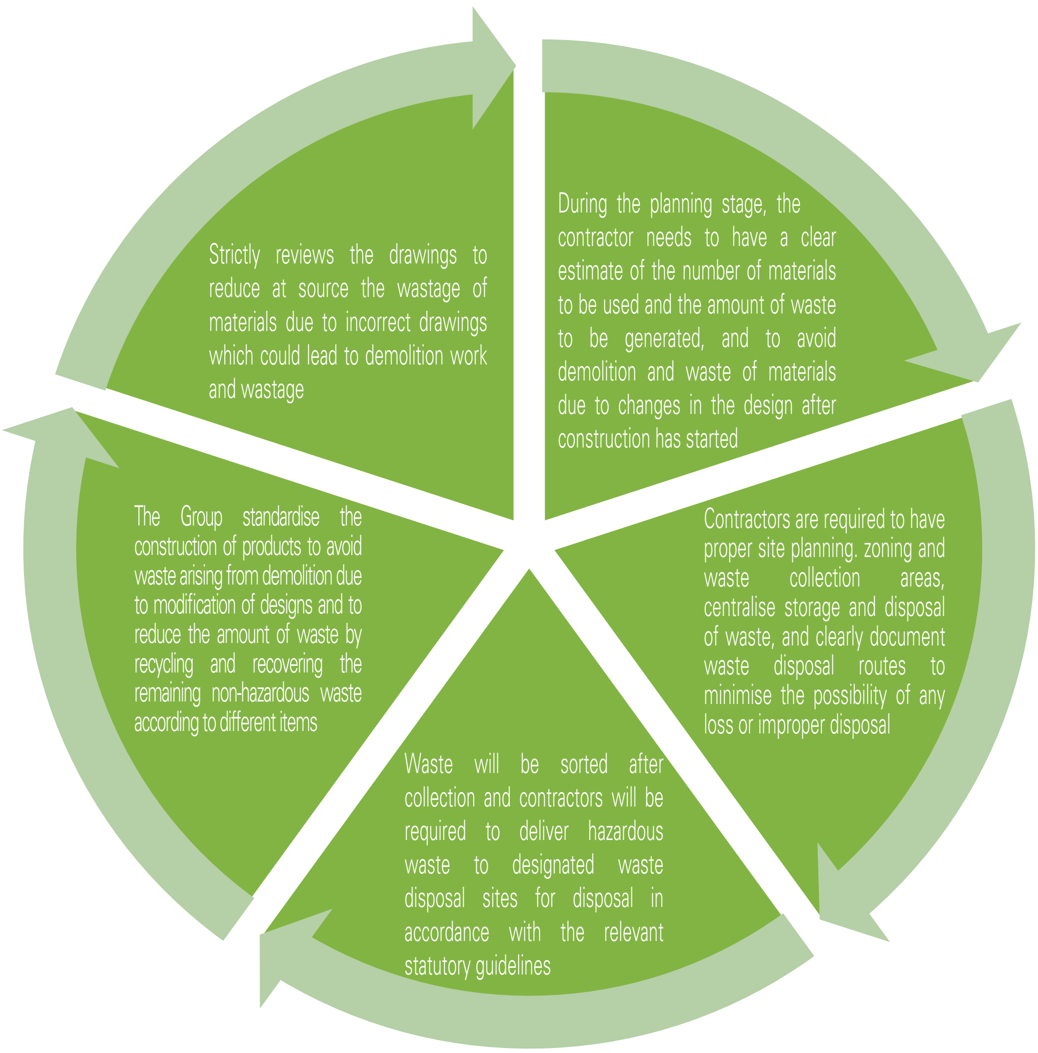
The Group actively promote paperless office and paperless concepts to employees. We encourage employees to store documents electronically, use e-mail as the main communication method and replace manual approval with electronic approval to replace paper-based office administration systems ("OA Systems")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

The Group reminds staff to reduce the use of disposable and non-recyclable products (e.g. plastic cutlery) and set up waste separation and recycling facilities in the office to encourage employee to develop a proactive recycling and environmental protection habit.

In 2023, the Group generated 748 kilograms of waste paper (2022: 120 tons), all of which is recycled. At the same time, the Group generated 857 tons of domestic waste in total, which had been sent to the government-regulated landfills for disposal.

A total of 652 kg of hazardous waste (2022: 908 kg) was collected during the Year, all of which was electronic equipment waste. All electronic equipment waste was recycled by qualified recyclers.

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



14.6 Air Pollutant Emission Management

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

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

Air pollutants[1]	**2023**	2022
Nitrogen oxides (kg)	**41.28**	177.86
Sulphur oxides (kg)	**0.64**	1.57
Particulate matter (kg)	**2.87**	13.28

Notes:

1 The Group's direct air pollutant emissions are mainly from emissions from motor vehicles in motion. The calculation method and emission factors of vehicle exhaust come from Greenhouse Gas Emission Accounting Method and Reporting Guidelines (《溫室氣體排放核算方法與報告指南》) provided by the National Development and Reform Commission of China (NDRC).

14.7 Environmental Compliance Management

The Group is committed to the concept of building healthy lives. The following low-carbon and green policies are implemented in an effort to reduce the negative impacts of the operating activities on the environment:

Compliance supervision

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

Business Operation

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

Third parties

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

To ensure to comply with environmental-related laws and regulations, the Group checks relevant laws and regulations on a regular basis. During the Reporting Period, the Group has not identified any material breaches of the laws and regulations related to environmental protection.

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

The Group requires contractors to comply with local environmental policies and such requirements form part of the contract terms

The Group conducts regular inspections on contractors during the construction to detect and prevent irregularities

As required in contract with contractors, the construction materials must be green materials which are in compliance with the national requirements

REPORTING CONTENT INDEX

Appendix 1

Laws and Regulations that the Group has compiled with During the Reporting Period

ESG indicators	Compliance with external laws and regulations
A1. Emissions	Environmental Protection Law of the People's Republic of China
A2. Use of Resources	Law on the Prevention and Control of Noise Pollution of the People's Republic of China
	Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China
	Law on the Prevention and Control of Water Pollution of the People's Republic of China
A3. The Environment and Natural Resources	Marine Environmental Protection Law of the People's Republic of China
	Regulation on Prevention and Control of Pollution Damage to the Marine Environment Caused by Land-based Pollutants of the People's Republic of China
	Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China
	National Catalogue of Hazardous Wastes
	Measures on the Management of Hazardous Waste Transfer
	Work Plan for Controlling Greenhouse Gas Emissions for 13th Five-Year Plan Period
	Regulation on City Appearance and Environmental Hygiene
	Regulations on the Administration of Construction Project Environmental Protection
	Environmental Impact Assessment Law of the People's Republic of China
	Regulations on the Administration of Construction Engineering Survey and Design
	Environmental Noise Emission Standards for Construction Site Area
	Environmental Quality Standard for Noise

ESG indicators	Compliance with external laws and regulations
B1. Employment	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
B2. Health and Safety	Labour Law of the People's Republic of China
	Law on Prevention and Control of Occupational Diseases of the People's Republic of China
	Law of the People's Republic of China on Safe Production
	Regulations on the Safe Production Management of Construction Projects
	Trade Union Law of the People's Republic of China
	Law of the People's Republic of China on Fire Protection
	Law of the People's Republic of China on Response to Emergencies
	Regulations for the Safe Management of Hazardous Chemicals
	Regulations on the Reporting and Investigation of Workplace Safety Accidents
	Provisional Regulations on the Identification and Management of Hidden Production Accident Risks
	Regulations of the People's Republic of China on Work Injury Insurance
	Regulations on Occupational Health Supervision and Administration in the Workplace
	Classification and Catalog of Occupational Diseases
	Social Insurance Law of the People's Republic of China

ESG indicators	Compliance with external laws and regulations
B3. Development and Training	Labour Law of the People's Republic of China 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	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	Construction Law of the People's Republic of China Bidding and Tendering Law of the People's Republic of China Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China Law of the People's Republic of China on Government Procurement Provisions on Construction Projects Subject to Mandatory Bidding

ESG indicators	Compliance with external laws and regulations
B6. Product Responsibility	Criminal Law of the People's Republic of China
	Construction Law of the People's Republic of China
	Regulations on Quality Control of Construction Projects
	Advertising Law of the People's Republic of China
	Product Quality Law of the People's Republic of China
	Civil Code of the People's Republic of China
	Law on Protection of Consumer Rights and Interests of the People's Republic of China
	Product Quality Law of the People's Republic of China
	Law on Protection of Consumer Rights and Interests of the People's Republic of China
	Trademark Law of the People's Republic of China
	Law on the Administration of the Urban Real Estate of the People's Republic of China
	Regulations on Quality Control of Construction Projects
	Regulations on the Administration of Urban Real Estate Development and Operation
	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
	Regulation on Property Management
	Regulatory Measures on the Sale of Commercial Houses
B7. Anti-corruption	Company Law of the People's Republic of China
	Anti-Money Laundering Law of the People's Republic of China
	Anti-unfair Competition Law of the People's Republic of China
	Interim Regulations on Prohibition of Commercial Bribery
	Anti-Monopoly Law of the People's Republic of China
	Bidding and Tendering Law of the People's Republic of China
	Supervision Law of the People's Republic of China
B8. Community Investment	Charity Law of the People's Republic of China

Appendix 2

Content Index of the ESG Reporting Guide of the Stock Exchange

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
A Environmental		
A1. Emissions	**General Disclosure** Information on: A) (a) the policies; and B) (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	13 Environmental Protection 14 Resource Usage and Emissions
	KPI A1.1 The types of emissions and respective emissions data	14 Resource Usage and Emissions
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	14 Resource Usage and Emissions
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	14 Resource Usage and Emissions
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	14 Resource Usage and Emissions
	KPI A1.5 Description of emission target(s) set and steps taken to achieve them	13 Environmental Protection 14 Resource Usage and Emissions
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	13 Environmental Protection 14 Resource Usage and Emissions

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
A Environmental		
A2: Use of Resources	**General Disclosure** Policies on the efficient use of resources, including energy, water and other raw materials	14 Resource Usage and Emissions
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in 000s) and intensity (e.g. per unit of production volume, per facility)	14 Resource Usage and Emissions
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	14 Resource Usage and Emissions
	KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them	13 Environmental Protection 14 Resource Usage and Emissions
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	13 Environmental Protection 14 Resource Usage and Emissions
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	N/A
A3. The Environment and Natural Resources	**General Disclosure** Policies on minimising the issuer's significant impacts on the environment and natural resources	13 Environmental Protection
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	13 Environmental Protection
A Environmental		
A4. Climate Change	**General Disclosure** Description of the significant climate- related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	14 Resource Usage and Emissions
	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	14 Resource Usage and Emissions

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
B Social		
Employment and Labour Practices		
B1. Employment	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	11 Health and Safety 12 Employment and Labour Practices
	KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	12 Employment and Labour Practices
	KPI B1.2 Employee turnover rate by gender, age group and geographical region	12 Employment and Labour Practices
B Social		
Employment and Labour Practices		
B2. Health and Safety	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	11 Health and Safety 12 Employment and Labour Practices
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	11 Health and Safety
	KPI B2.2 Lost days due to work injury	11 Health and Safety
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	11 Health and Safety 12 Employment and Labour Practices
B3. Development and Training	**General Disclosure** Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	12 Employment and Labour Practices
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	12 Employment and Labour Practices
	KPI B3.2 The average training hours completed per employee by gender and employee category.	12 Employment and Labour Practices

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
B Social		
Employment and Labour Practices		
B4. Labour Standards	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	12 Employment and Labour Practices
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour	12 Employment and Labour Practices
	KPI B4.2 Description of steps taken to eliminate such practices when discovered	12 Employment and Labour Practices
B Social		
Operating Practices		
B5. Supply Chain Management	**General Disclosure** Policies on managing environmental and social risks of the supply chain.	9 Supply Chain Management
	KPI B5.1 Number of suppliers by geographical region.	9 Supply Chain Management
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	9 Supply Chain Management
B Social		
Operating Practices		
B5. Supply Chain Management	**KPI B5.3** Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	9 Supply Chain Management
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	9 Supply Chain Management

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
B6. Product Responsibility	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6 Real Estate Project Quality and Advertising 9 Supply Chain Management
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	7 Customer Services
	KPI B6.2 Number of products and service related complaints received and how they are dealt with	7 Customer Services
B Social		
Operating Practices		
B6. Product Responsibility	**KPI B6.3** Description of practices relating to observing and protecting intellectual property rights	8 Intellectual Property and Personal Information Protection
	KPI B6.4 Description of quality assurance process and recall procedures	N/A
	KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	8 Intellectual Property and Personal Information Protection
B7. Anti-corruption	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5 Anti-corruption
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5 Anti-corruption
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5 Anti-corruption
	KPI B7.3 Description of anti-corruption training provided to directors and staff.	5 Anti-corruption

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
B Social		
Community		
B8. Community Investment	**General Disclosure** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	10 Community Investment
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	10 Community Investment
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	10 Community Investment

Report of the Directors

The Board herein presents their report and the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. The activities of its principal subsidiaries are set out in note 51 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 96 to 97 of this report.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2023 (2022: Nil).

The dividend policy of the Group is set out on page 31 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 page 6 and the Management Discussion and Analysis on pages 7 to 10 of this report.

The financial risk management objectives and policies of the Group are shown in note 39 to the consolidated financial statements. The particulars of significant events affecting the Group that have occurred subsequent to the reporting date are set out in note 54 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 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 32 to 81 of this 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 the 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 268 of this 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 2023.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

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

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

During the year ended 31 December 2023, 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 55 to the consolidated financial statements of this 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 2023 are set out in note 33 to the consolidated financial statements of this report.

SENIOR NOTES AND BONDS

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

The Company has consummated the Restructuring on 20 March 2024. Pursuant to the terms of the Restructuring, obligations of the Company and its subsidiaries, which are incorporated outside of the PRC under certain senior notes and bonds and borrowings have been compromised in exchange for the affected creditors receiving certain scheme consideration. Details please refer to the paragraph headed "Progress of the Offshore Debt Restructuring".

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 16 to 31 of this report.

ANNUAL GENERAL MEETING

The notice of the 2024 AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

DIRECTORS

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

Executive Directors

Mr. Guo Zi Wen *(chairman)*
Mr. Chen Zhi Bin *(resigned as the chief financial officer on 27 April 2023)*
Mr. Tan Yi *(appointed on 27 April 2023)*
Mr. Guo Zi Ning *(resigned on 27 April 2023)*

Non-Executive Director

Mr. Ma Jun *(re-designated from executive Director to non-executive Director on 1 November 2023 and resigned on 1 April 2024)*

Independent Non-Executive Directors

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

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

In accordance with Article 84 of the Articles of Association, Mr. Guo Zi Wen and Mr. Lee Thomas Kang Bor shall retire at the 2024 AGM. All of the above Directors, being eligible, will offer themselves for re-election at the 2024 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.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the existing Directors are set out on pages 11 to 13 of this report.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Promoting good corporate governance and managing enterprise-wide 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 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 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 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 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 2023, 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:

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)	1,660,925,625	56.01%
Mr. Ma Jun	3,500,000	–	3,500,000	0.13%
Mr. Chen Zhi Bin	1,250,000	–	1,250,000	0.05%

Note:

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 Arowana Holdings Limited, as nominee for First Advisory Trust (Singapore) Limited as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. 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.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the Share Option Scheme, none of the Directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right for the year ended 31 December 2023.

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 (resigned as an executive Director, the vice chairman and the chief executive officer on 27 April 2023) 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 (resigned as an executive Director, the vice chairman and the chief executive officer on 27 April 2023) 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.

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 2023 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 2023, so far as is known to the Directors or chief executives of the Company, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in shares of the Company

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

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 Arowana Holdings Ltd., as nominee for First Advisory Trust (Singapore) Ltd. as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. 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.

Save as disclosed above, as at 31 December 2023, 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 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 issuable upon exercise of all options granted and may be granted under the Share Option Scheme is 243,157,135 shares, representing approximately 6.69% 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

Subsequent to the reporting date, the Group had following significant events taken place:

(a) The Company consummated the Restructuring on 20 March 2024 as further elaborated below.

(b) On 16 January 2024, Aoyuan Group Company Limited (奧園集團有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company (the "Subsidiary"), was issued a decision of public criticism (the "Disciplinary Action") by the Shanghai Stock Exchange (the "SSE") against the Subsidiary, whose debt securities are listed on the SSE, and its relevant responsible persons, including (but not limited to) Mr. Chen Zhi Bin ("Mr. Chen"), the chief financial officer and responsible person for information disclosure of the Subsidiary. In addition to his positions with the Subsidiary, Mr. Chen is also an executive Director. The Disciplinary Action was made on the basis that the Subsidiary failed to publish its interim report for the six months ended 30 June 2022 and its annual report for the year ended 31 December 2022 in accordance with the relevant listing rules and regulations of the SSE (the "Breach"). As a result, the SSE issued a decision of a public criticism on the Subsidiary and its relevant responsible persons, including but not limited to Mr. Chen, as he serves as the chief financial officer and the person responsible for information disclosure of such subsidiary. As there was also a delay in publication of the financial results of the Group for the corresponding periods, this issue is not unique to the Subsidiary. As at the date of this report, the Subsidiary has re-complied with the relevant disclosure requirements of the SSE. It is not expected that the Breach will have any material adverse impact on the business, financial condition or operations of Group taken as a whole.

Progress of the Offshore Debt Restructuring

The Company has consummated the Restructuring on 20 March 2024. Pursuant to the terms of the Restructuring, obligations of the Company and its subsidiaries, which are incorporated outside of the PRC under certain senior notes and bonds and borrowings with an outstanding principal amount of RMB42,867 million as at 31 December 2023 have been compromised in exchange for the affected creditors receiving the following scheme consideration:

(a) under China Aoyuan Schemes: (i) USD500 million in principal amount of new notes issued by the Company, (ii) USD143 million in principal amount of mandatory convertible bonds issued by the Company, (iii) USD1,600 million in principal amount of perpetual securities issued by the Company, (iv) up to 400 million shares in the Company, which are originally beneficially owned by the sponsor and (v) up to 1,000 million newly issued shares in the Company; and

(b) under the Add Hero Schemes: (i) USD1,800 million in principal amount of new notes issued by Add Hero and (ii) USD2,871,268.49 in cash consideration.

Creditors who are receiving the abovementioned scheme consideration may view their respective scheme consideration entitlements at https://projects.morrowsodali.com/AoyuanCalculator.

INDEPENDENT AUDITOR

As disclosed in the announcement of the Company dated 26 January 2022, Deloitte Touche Tohmatsu ("Deloitte") resigned as the auditor of the Company with effect from 25 January 2022. The Board resolved, having regard to the recommendation from the Audit Committee, to approve the appointment of SHINEWING (HK) CPA Limited ("SHINEWING") as the new auditor of the Company to fill the casual vacancy following the resignation of Deloitte. Save as disclosed above, there was no change in the external auditor of the Company for the three years preceding the date of this annual report.

The financial statements for the year ended 31 December 2023 have been audited by SHINEWING who will retire and, being eligible, offer itself for re-appointment at the 2024 AGM. It is the auditor's responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept liability to any other person for the contents of the independent auditor's report.

The 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 93 to 95 to this report.

On behalf of the Board
Guo Zi Wen
Chairman

Hong Kong, 27 March 2024

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 96 to 267, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2023. 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 for the year ended 31 December 2023, the Group recorded a net loss of approximately RMB9,641 million and a net operating cash outflow. As at 31 December 2023, the Group's current liabilities exceeded its current assets by approximately RMB35,092 million. At the same date, the Group's total bank and other borrowings and senior notes and bonds amounted to approximately RMB107,451 million, out of which RMB95,785 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has contracted but not provided for commitments for properties for sale and investment properties, including its share of commitments made jointly with other investors relating to its joint ventures in aggregate of approximately RMB17,852 million, while the Group has only total bank balances and cash (including restricted bank deposits) of approximately RMB5,449 million. In addition, as at 31 December 2023 and as of the date of approval of these consolidated financial statements, the Group has been and is being sued by various parties for various reasons, details of which are set out 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. 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 of these consolidated financial statements 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 2023.

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

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

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

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

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

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

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

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

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

Hong Kong
27 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Revenue	(6)		
Contracts with customers		**27,333,914**	18,459,360
Leases		**199,402**	251,712
Total revenue		**27,533,316**	18,711,072
Costs of sales		**(28,987,028)**	(17,870,190)
Gross (loss)/profit		**(1,453,712)**	840,882
Other income, gains and losses, net	(8)	**(1,383,563)**	(3,731,073)
Change in fair value of investment properties		**(265,319)**	(171,810)
Selling and distribution expenses		**(1,029,736)**	(1,215,099)
Administrative expenses		**(2,058,755)**	(2,372,462)
Loss on disposal of subsidiaries	(42)	**(1,600,959)**	(943,837)
Share of results of joint ventures		**223,873**	(111,680)
Share of results of associates		**41,160**	60,935
Finance costs	(9)	**(287,558)**	(427,772)
Loss before tax	(10)	**(7,814,569)**	(8,071,916)
Income tax expenses	(11)	**(1,826,058)**	(424,110)
LOSS FOR THE YEAR		**(9,640,627)**	(8,496,026)
Attributable to:			
Owners of the Company		**(9,533,566)**	(7,842,958)
Non-controlling interests		**(107,061)**	(653,068)
		(9,640,627)	(8,496,026)

	NOTES	2023 RMB'000	2022 RMB'000
OTHER COMPREHENSIVE INCOME/(EXPENSES)			
Item that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain on equity instruments designated at fair value through other comprehensive income ("FVTOCI")		**11,503**	4,476
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		**(1,953)**	(4,965)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR		**9,550**	(489)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR		**(9,631,077)**	(8,496,515)
Attributable to:			
– Owners of the Company		**(9,524,016)**	(7,843,447)
– Non-controlling interests		**(107,061)**	(653,068)
		(9,631,077)	(8,496,515)
Loss per share (RMB cents)			
Basic	(14)	**(321.47)**	(264.47)
Diluted	(14)	**(321.47)**	(264.47)

Consolidated Statement of Financial Position

For the year ended 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	(15)	**3,240,856**	3,694,201
Right-of-use assets	(16)	**752,936**	900,102
Investment properties	(17)	**10,841,410**	12,623,124
Goodwill	(18)	**623,679**	829,948
Intangible assets	(19)	**–**	78,858
Interests in joint ventures	(20)	**2,234,332**	1,623,823
Interests in associates	(21)	**1,325,627**	1,080,977
Financial assets at fair value through profit or loss ("FVTPL")	(29)	**259,217**	259,217
Equity instruments designated at FVTOCI	(22)	**353,348**	490,369
Deferred tax assets	(23)	**1,929,067**	3,478,210
Deposits paid for acquisition of property, plant and equipment		**–**	2,524
Total non-current assets		**21,560,472**	25,061,353
CURRENT ASSETS			
Properties for sale	(26)	**125,463,115**	142,718,029
Inventories		**181,083**	200,091
Trade and other receivables	(27)	**29,042,516**	33,237,234
Amounts due from non-controlling shareholders of subsidiaries	(24)	**1,077,034**	2,474,933
Amounts due from joint ventures	(25)	**10,837,609**	9,826,733
Amounts due from associates	(28)	**701,923**	547,480
Financial assets at FVTPL	(29)	**30,597**	68,397
Tax recoverable		**5,027,753**	5,098,240
Restricted bank deposits	(30)	**3,590,555**	4,231,253
Bank balances and cash	(30)	**1,858,831**	5,110,292
		177,811,016	203,512,682
Assets classified as held for sale	(36)	**–**	5,851,850
		177,811,016	209,364,532

	NOTES	2023 RMB'000	2022 RMB'000
CURRENT LIABILITIES			
Trade and other payables	(31)	**57,059,766**	51,734,603
Contract liabilities	(32)	**38,711,216**	62,997,380
Amounts due to non-controlling shareholders of subsidiaries	(24)	**2,005,845**	2,968,840
Amounts due to joint ventures	(25)	**7,670,480**	8,501,038
Amounts due to associates	(28)	**1,180,869**	1,209,978
Tax liabilities		**10,094,910**	9,677,345
Bank and other borrowings	(33)	**67,394,753**	66,690,263
Lease liabilities	(34)	**394,837**	353,571
Senior notes and bonds	(35)	**28,390,473**	32,755,541
		212,903,149	236,888,559
Liabilities directly associated with assets classified as held for sale	(36)	**–**	2,345,111
Total current liabilities		**212,903,149**	239,233,670
Net current liabilities		**(35,092,133)**	(29,869,138)
Total assets less current liabilities		**(13,531,661)**	(4,807,785)
Non-current liabilities			
Bank and other borrowings	(33)	**4,365,038**	9,604,087
Deferred tax liabilities	(23)	**1,192,665**	1,484,375
Lease liabilities	(34)	**1,119,379**	1,161,505
Senior notes and bonds	(35)	**7,300,932**	–
Deferred income		**574,178**	579,144
Total non-current liabilities		**14,552,192**	12,829,111
Net liabilities		**(28,083,853)**	(17,636,896)

	NOTES	2023 RMB'000	2022 RMB'000
EQUITY			
Capital and reserves			
Share capital	(37)	**27,726**	27,726
Reserves		**(32,209,205)**	(22,745,141)
Equity attributable to owners of the Company		**(32,181,479)**	(22,717,415)
Non-controlling interests		**4,097,626**	5,080,519
TOTAL EQUITY		**(28,083,853)**	(17,636,896)

The consolidated financial statements on pages 96 to 267 were approved and authorised for issue by the Board of Directors on 27 March 2024 and are signed on its behalf by:

Guo Zi Wen
Director

Chen Zhi Bin
Director

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

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000 *(Note a)*	Special reserve RMB'000 *(Note b)*	Translation reserve RMB'000	Revaluation reserve RMB'000 *(Note c)*	Accumulated losses RMB'000	Sub-total RMB'000	Non-Controlling interests RMB'000	Total RMB'000
At 1 January 2023	27,726	5,103,113	1,151	623,718	289,243	6,859	(10,400)	(28,758,825)	(22,717,415)	5,080,519	(17,636,896)
Loss for the year	–	–	–	–	–	–	–	(9,533,566)	(9,533,566)	(107,061)	(9,640,627)
Fair value gain on equity instruments at FVTOCI	–	–	–	–	–	–	11,503	–	11,503	–	11,503
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(1,953)	–	–	(1,953)	–	(1,953)
Other comprehensive (expenses)/ income for the year	–	–	–	–	–	(1,953)	11,503	–	9,550	–	9,550
Total comprehensive (expenses)/ income for the year	–	–	–	–	–	(1,953)	11,503	(9,533,566)	(9,524,016)	(107,061)	(9,631,077)
Disposal of subsidiaries (note 42)	–	–	–	–	–	–	–	–	–	(911,342)	(911,342)
Transfer of fair value reserve upon the disposal of equity investments at FVTOCI	–	–	–	–	–	–	(34,209)	34,209	–	–	–
Disposal of partial interest in a subsidiary without loss of control (note 43)	–	–	–	–	(17,488)	–	–	–	(17,488)	190,441	172,953
Acquisitions of additional interests from non-controlling shareholders of subsidiaries (note 41)	–	–	–	–	77,440	–	–	–	77,440	(118,950)	(41,510)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(35,981)	(35,981)
At 31 December 2023	27,726	5,103,113	1,151	623,718	349,195	4,906	(33,106)	(38,258,182)	(32,181,479)	4,097,626	(28,083,853)

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 RMB78,311,000 (2022: RMB55,605,000) arising from fair value changes on equity instruments designated at FVTOCI.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
OPERATING ACTIVITIES			
Loss before tax		**(7,814,569)**	(8,071,916)
Adjustments for:			
Change in fair value of investment properties		**265,319**	171,810
Gain on change in fair value of financial assets at FVTPL		**–**	(44,487)
Gain on termination of right-of-use assets		**–**	(847)
Investment return from financial assets at FVTPL		**(5,119)**	(10,110)
Finance costs		**287,558**	427,772
Share of results of joint ventures		**(223,873)**	111,680
Share of results of associates		**(41,160)**	(60,935)
Loss on disposal of subsidiaries		**1,600,959**	943,837
Gain on disposal of subsidiaries classified as held for sale		**–**	(77,346)
Gain on disposal of joint ventures and associates		**(192,356)**	(14,123)
Share-based payments		**–**	1,940
Bank interest income		**(34,920)**	(65,138)
Other interest income		**(70,104)**	(77,438)
Depreciation of property, plant and equipment		**230,714**	328,062
Depreciation of right-of-use assets		**158,865**	260,564
Amortisation of intangible assets		**6,557**	13,074
(Gain)/loss on disposal property, plant and equipment		**(3,425)**	50,369
Loss on disposal of investment property		**893,698**	–
Exchange losses, net		**569,937**	2,835,381
Impairment losses on trade and other receivables		**203,789**	154,207
Impairment losses on amounts due from joint ventures		**167,538**	–
Impairment losses on amounts due from NCI		**48,992**	–
Impairment losses on interests in associates		**–**	18,907
Impairment losses on properties for sale		**1,787,929**	–
Impairment losses on property, plant and equipment		**151,555**	–
Impairment losses on goodwill		**55,151**	45,789
Impairment losses on assets classified as held for sale		**–**	1,021,478
Loss attributable to subsidiaries classified as held for sale		**–**	77,346
Amortisation of deferred income		**(12,628)**	(29,235)
Operating cash flows before movements in working capital		**(1,969,593)**	(1,989,359)
Decrease in inventories		**12,009**	7,297
Decrease in properties for sale		**13,944,129**	2,357,228
Decrease in trade and other receivables		**3,595,818**	2,071,628
Increase in trade and other payables		**2,691,066**	3,472,175
Decrease in contract liabilities		**(18,632,308)**	(345,703)
Decrease in deferred income		**14,570**	21,157
Cash (used in)/from operations		**(344,309)**	5,594,423
Enterprise Income Tax ("EIT") and Land Appreciation Tax ("LAT") paid		**(160,362)**	(1,012,861)
Interest paid		**(109,267)**	(5,969,215)
NET CASH USED IN OPERATING ACTIVITIES		**(613,938)**	(1,387,653)

	NOTES	2023 RMB'000	2022 RMB'000
INVESTING ACTIVITIES			
Placement of restricted bank deposits		**(747,465)**	(1,058,167)
Withdrawal of restricted bank deposits		**398,009**	5,979,874
Net cash inflow/(outflow) from acquisitions of subsidiaries		**174,453**	(109,309)
Payments for investment properties		**–**	(26,210)
Purchases of property, plant and equipment		**(10,663)**	(123,145)
Advances to NCI		**(318,247)**	(74,026)
Repayments from NCI		**459,241**	385,148
Advances to joint ventures		**(324,855)**	(2,632,495)
Repayments from joint ventures		**299,314**	2,581,710
Advances to associates		**(236,589)**	(215,132)
Repayments from associates		**79,547**	115,180
Investments in financial assets at FVTPL		**(65,810)**	(211,800)
Net cash outflow from disposals of subsidiaries		**(828,715)**	(595,357)
Cash outflows of subsidiaries classified as held for sale		**–**	(77,667)
Interest received		**105,024**	142,576
Proceeds on disposal of property, plant and equipment		**130,162**	111,776
Proceeds from disposals of investment properties		**89,536**	46,785
Proceeds from disposals of joint ventures		**84,000**	799,767
Proceeds from disposals of associates		**3,418**	196,896
Net cash (outflow)/inflow from disposals of subsidiaries classified as held for sale		**(67,704)**	457,172
Proceeds from disposal of equity instrument designated at FVTOCI		**–**	3,524
Proceeds from disposal of financial assets at FVTPL		**108,729**	208,838
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		**(668,615)**	5,905,938

	NOTES	2023 RMB'000	2022 RMB'000
FINANCING ACTIVITIES			
New bank and other borrowings raised		**866,914**	1,178,781
Repayment of bank and other borrowings		**(3,423,898)**	(8,391,038)
Settlement of senior notes and bonds		**(11,589)**	(10,750)
Repayment of lease liabilities		**(14,732)**	(166,486)
Interest paid on lease liabilities		**(131,214)**	(136,250)
Advances from NCI		**300,507**	1,057,061
Repayments to NCI		**(59,000)**	(590,011)
Advances from joint ventures		**347,921**	6,553,876
Repayments to joint ventures		**(55,101)**	(6,642,062)
Advances from associates		**71,847**	329,383
Repayments to associates		**(20,918)**	(304,798)
Dividends paid to NCI of the Company		**(35,981)**	(547,790)
Acquisition of additional interests from NCI		**(41,510)**	(258,307)
Disposal of partial interest in a subsidiary without loss of control		**172,953**	–
Contribution from NCI		**–**	7,581
NET CASH USED IN FINANCING ACTIVITIES		**(2,033,801)**	(7,920,810)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,316,354)**	(3,402,525)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(2,811)**	(827,703)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**5,177,996**	9,408,224
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		**1,858,831**	5,177,996
Represented by:			
Bank balances and cash		**1,858,831**	5,110,292
Bank balances and cash classified as held for sale		**–**	67,704
		1,858,831	5,177,996

1. GENERAL INFORMATION

China Aoyuan Group Limited (the "Company") is a limited company incorporated in the Cayman Islands ("Cayman") 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 51.

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, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Going concern basis

For the year ended 31 December 2023, the Group recorded a net loss of approximately RMB9,641 million and a net operating cash outflow. As at 31 December 2023, the Group's current liabilities exceeded its current assets by approximately RMB35,092 million. At the same date, the Group's total bank and other borrowings and senior notes and bonds amounted to approximately RMB107,451 million, out of which approximately RMB95,785 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has contracted but not provided for commitments for properties for sale and investment properties, including its share of commitments made jointly with other investors relating to its joint ventures, in aggregate of approximately RMB17,852 million, while the Group has only total bank balances and cash (including restricted bank deposits) of approximately RMB5,449 million.

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

Going concern basis (continued)

On 20 March 2024, the Company consummated a holistic restructuring of the Group's material offshore indebtedness (the "Restructuring"), implemented through parallel schemes of arrangement (the "Schemes") in Hong Kong, Cayman and the British Virgin Islands, Pursuant to the terms of the Schemes, the obligations of the Group under certain senior notes and bonds and borrowings have been compromised in exchange for the affected creditors receiving various instruments and shares in the Company and the Group has achieved a significant deleveraging of its financial position. As such, the Directors consider that the Group's overall liabilities and payment obligations are reduced and short-term liquidity pressure are partially alleviated.

Further details of the Restructuring, including the Schemes, were set out in the Company's announcements dated 15 December 2023, 29 January 2024, 20 March 2024 and 25 March 2024.

However, the real estate sector in the PRC continues to experience continuing challenges and volatility. The Group experienced a significant decline of its contracted sales of property in 2023, which adversely impacted the Group's cash receipts from sales and pre-sales of properties.

In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Director implemented or are in the process of implementing the following measures:

(a) The Group has been actively negotiating with various onshore lenders on the renewal and extension of borrowings. As at the date of approval of these consolidated financial statements, the Group has entered into contractual arrangements with certain onshore financial institutions to extend the maturity of existing onshore financing arrangements, involving onshore borrowings of approximately RMB16,739 million in principal amount. The Directors consider that the Group will be able to extend the repayment period for its other onshore financing arrangements.

(b) The Group has been actively exploring potential asset disposal opportunities to create liquidity for, inter alia, repayment of the various instruments which are issued pursuant to the Schemes.

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

Going concern basis (continued)

(c) 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 improving the Group's liquidity position, including the following measures:

(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 will continue to adopt stringent cost control and to actively implement additional measures to further reduce discretionary spending.

(iv) The Group will continue to obtain support from its contractors and suppliers in completing its property development projects.

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

After taken into account of the above plans and measures and the Group's cash flow projections prepared by the Directors covering a period of not less than twelve months from 31 December 2023, the Directors are of the opinion that the Group will have sufficient working capital for its operations and can 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 2023 on a going concern basis.

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

Going concern basis (continued)

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, 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 2023.

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 2023 for the preparation of the consolidated financial statements.

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform-Pillar Two Model Rules*

The application of the new and 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 INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

Amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after a date to be determined

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

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of Amendments to IFRS 10 and IAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

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

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

Amendments to IAS 1 Classification of Liabilities as Current or Non-current; Amendments to IAS 1 – Non-current Liabilities with Covenants

Amendments to IAS 1 Classification of Liabilities as Current or Non-current issued in 2020 (the "2020 Amendments") clarify the requirements on determining if a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments specify that an entity's right to defer settlement must exist at the end of the reporting period. Classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement. The amendments also clarify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments.

Amendments to IAS 1 Non-current Liabilities with Covenants issued in 2022 (the "2022 Amendments") further clarify how an entity determines the current or non-current classification of a liability when its right to defer the settlement is subject to compliance with covenants.

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

Amendments to IAS 1 Classification of Liabilities as Current or Non-current; Amendments to IAS 1 – Non-current Liabilities with Covenants (Continued)

The amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the amendments will not result in change in the classification of the Group's liabilities.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

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

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

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

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

- 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (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.

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Goodwill (Continued)

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.

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 and adjusted thereafter to recognise 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 includes 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in associates and joint ventures (Continued)

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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in associates and joint ventures (Continued)

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.

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. MATERIAL ACCOUNTING POLICY INFORMATION (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 to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract assets and contract liabilities

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

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

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

Existence of significant financing component

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

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

Contract costs

Incremental costs of obtaining a contract

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Contract costs (Continued)

Costs to fulfil a contract

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

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

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

Leases

Definition of a lease

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

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

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

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

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

Refundable rental deposits

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

Lease liabilities

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include:

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

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

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

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

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

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

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Classification and measurement of leases (Continued)

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

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

Allocation of consideration to components of a contract

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

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. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Borrowing costs

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

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

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

Government grants

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

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

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

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Employee Benefits (Continued)

Short-term employee benefits

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

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

Share-based payments arrangement

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (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 assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment and depreciation

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

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

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

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

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:

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment and depreciation (Continued)

	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 rising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Intangible assets acquired in a business combination

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

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

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (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)

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments

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

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

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

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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

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

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

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

A financial asset is classified as held for trading if:

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Amortised cost and interest income

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

Equity instruments designated as at FVTOCI

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

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

Financial assets at FVTPL

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (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 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.

(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;

4. MATERIAL ACCOUNTING POLICY INFORMATION (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)

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk 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 foregoing, 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 debtor 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (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)

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.

(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;

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iii) Credit-impaired financial assets (Continued)

(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 reorganization; or

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

(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 recognized 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (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)

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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (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)

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.

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/accumulated losses.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

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.

Financial liabilities at FVTPL

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

Financial liabilities at amortised cost

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

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.

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. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derivative financial instruments

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

Embedded derivatives

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

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group 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.

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

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 RMB35,092 million and net liabilities of approximately RMB28,084 million as at 31 December 2023, 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 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 22.54% (2022: 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 51.

The management of the Group 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.

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

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.

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 2023, the carrying amounts of goodwill and intangible assets are approximately RMB623,679,000 (2022: RMB829,948,000) and Nil (2022: RMB78,858,000), respectively. Details of the impairment assessment are disclosed in note 18.

Fair value measurements of investment properties

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

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

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

Key sources of estimation uncertainty (Continued)

Fair value measurements of investment properties (Continued)

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 2023, the carrying amount of the Group's investment properties is approximately RMB10,841,410,000 (2022: RMB12,623,124,000).

Determination of net realisable value of properties for sale

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

As at 31 December 2023, the aggregate carrying amount of properties for sale amounted to approximately RMB125,463,115,000 (2022: RMB142,718,029,000), net of impairment loss on properties for sale approximately RMB6,952,361,000 (2022: RMB7,583,083,000), 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 cash generating unit ("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; and (ii) whether the carrying value of an asset can be supported by the recoverable amount, being fair value less cost of disposal based on the market prices and the replacement cots. If there is a significant adverse change the market prices and the replacement costs, further impairment loss may be necessary to recognise 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 2023, a deferred tax asset of RMB2,023,459,000 (2022: RMB3,282,237,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately RMB42,555,938,000 (2022: RMB38,078,943,000) 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 of ECL for amounts due from NCI, joint ventures and associates and trade and other receivables

Trade receivables with significant balances are assessed for ECL individually.

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

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

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

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

Key sources of estimation uncertainty (Continued)

Impairment of investment in associates and joint ventures

As at 31 December 2023, 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 2023, the carrying amount of the interests in associates and joint ventures amounted to approximately RMB1,325,627,000 and RMB2,234,332,000 respectively (2022: approximately RMB1,080,977,000 and RMB1,623,823,000 respectively), net of impairment loss on interests in associates and joint ventures of approximately RMB154,989,000 and RMB126,695,000, respectively (2022: approximately RMB154,989,000 and RMB126,695,000 respectively).

6. REVENUE

	For the year ended 31 December 2023			
	Property development RMB'000	Property investment RMB'000	Other RMB'000	Total RMB'000
Types of goods or services				
Sales of properties				
Residential apartments	**22,402,901**	**–**	**–**	**22,402,901**
Commercial apartments	**485,070**	**–**	**–**	**485,070**
Retail shops and others	**684,329**	**–**	**–**	**684,329**
Low-density residential	**1,391,272**	**–**	**–**	**1,391,272**
	24,963,572	**–**	**–**	**24,963,572**
Others				
Property management services	**–**	**–**	**680,068**	**680,068**
Others	**–**	**–**	**1,690,274**	**1,690,274**
	–	**–**	**2,370,342**	**2,370,342**
Revenue from contracts with customers	**24,963,572**	**–**	**2,370,342**	**27,333,914**
Property investment				
Commercial and retail shops	**–**	**199,402**	**–**	**199,402**
Total	**24,963,572**	**199,402**	**2,370,342**	**27,533,316**
Timing of revenue recognition				
At a point of time	**24,963,572**	**–**	**1,652,588**	**26,616,160**
Recognised over time	**–**	**–**	**717,754**	**717,754**
	24,963,572	**–**	**2,370,342**	**27,333,914**
Rental income	**–**	**199,402**	**–**	**199,402**
Total	**24,963,572**	**199,402**	**2,370,342**	**27,533,316**

6. REVENUE (Continued)

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

6. REVENUE (Continued)

Performance obligations for contracts with customers

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

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

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

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

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

6. REVENUE (Continued)

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.

	2023 **RMB'000**	2022 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**22,792,657**	12,788,114

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 2023			
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
External segment revenue	**24,963,572**	**199,402**	**2,370,342**	**27,533,316**
Segment result	**(4,008,416)**	**(1,088,159)**	**(273,700)**	**(5,370,275)**
Other income, gains and losses, net				**144,525**
Loss on disposal of subsidiaries				**(1,600,959)**
Unallocated corporate expenses				**(965,335)**
Share of results of joint ventures				**223,873**
Share of results of associates				**41,160**
Finance costs				**(287,558)**
Loss before tax				**(7,814,569)**

7. SEGMENT INFORMATION (Continued)

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

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

7. SEGMENT INFORMATION (Continued)

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

Segment assets

	2023 RMB'000	2022 RMB'000
Property development	**151,164,289**	179,942,530
Property investment	**11,842,264**	13,731,450
Others	**7,712,445**	8,388,734
Total segment assets	**170,718,998**	202,062,714
Unallocated assets:		
Interests in joint ventures	**2,234,332**	1,623,823
Interests in associates	**1,325,627**	1,080,977
Financial assets at FVTPL	**289,814**	327,614
Equity instruments designated at FVTOCI	**353,348**	490,369
Deferred tax assets	**1,929,067**	3,478,210
Amounts due from joint ventures	**10,837,609**	9,826,733
Amounts due from associates	**701,923**	547,480
Tax recoverable	**5,027,753**	5,098,240
Restricted bank deposits	**3,590,555**	4,231,253
Bank balances and cash	**1,858,831**	5,110,292
Others	**503,631**	548,180
Consolidated assets	**199,371,488**	234,425,885

7. SEGMENT INFORMATION (Continued)

Segment liabilities

	2023 RMB'000	2022 RMB'000
Property development	**96,748,327**	118,479,965
Property investment	**74,905**	69,925
Others	**3,041,989**	3,590,264
Total segment liabilities	**99,865,221**	122,140,154
Unallocated liabilities:		
Bank and other borrowings	**71,759,791**	76,294,350
Senior notes and bonds	**35,691,405**	32,755,541
Amounts due to joint ventures	**7,670,480**	8,501,038
Amounts due to associates	**1,180,869**	1,209,978
Tax liabilities	**10,094,910**	9,677,345
Deferred tax liabilities	**1,192,665**	1,484,375
Consolidated liabilities	**227,455,341**	252,062,781

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

- all assets are allocated to reportable and operating segments other than interests in joint ventures and associates, financial assets at FVTPL, equity instruments designated at FVTOCI, deferred tax assets, amounts due from joint ventures and associates, tax recoverable, restricted bank deposits, bank balances and cash, certain property, plant and equipment and other assets not attributable to respective segment.

- all liabilities are allocated to reportable and operating segments other than amounts due to joint ventures and associates, tax liabilities, bank and other borrowings, senior notes and bonds and deferred tax liabilities.

7. SEGMENT INFORMATION (Continued)

Other segment information

	For the year ended 31 December 2023				
	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	2,739	–	7,738	186	10,663
Additions of right-of-use assets	291	–	3,770	14,055	18,116
Depreciation of property, plant and equipment	42,866	–	143,179	44,669	230,714
Depreciation of right-of-use assets	18,953	6,387	112,241	21,284	158,865
Amortisation of intangible assets	–	–	6,557	–	6,557
Gain on disposal of property, plant and equipment	–	(3,425)	–	–	(3,425)
Loss on disposal of investment properties	–	893,698	–	–	893,698
Impairment loss on property, plant and equipment	–	–	151,555	–	151,555
Impairment losses on trade and other receivables	203,789	–	–	–	203,789
Impairment losses on goodwill	–	–	55,151	–	55,151
Impairment losses on amounts due from non-controlling shareholders of subsidiaries ("NCI")	48,992	–	–	–	48,992
Impairment losses on amounts due from joint ventures	167,538	–	–	–	167,538
Impairment loss on properties for sales	1,787,929	–	–	–	1,787,929
Fair value loss of investment properties	–	265,319	–	–	265,319

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	For the year ended 31 December 2022				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	36,265	–	115,645	–	151,910
Additions of investment properties	–	76,053	–	–	76,053
Additions of right-of-use assets	3,672	–	31,029	3,589	38,290
Depreciation of property, plant and equipment	9,583	–	280,613	37,866	328,062
Depreciation of right-of-use assets	31,447	–	203,817	25,300	260,564
Amortisation of intangible assets	–	–	13,074	–	13,074
Loss on disposal of property, plant and equipment	–	–	50,369	–	50,369
Impairment losses on trade and other receivables	6,044	–	148,163	–	154,207
Impairment losses on goodwill	–	–	45,789	–	45,789
Impairment losses on interests in associates	18,907	–	–	–	18,907
Fair value loss of investment properties	–	171,810	–	–	171,810
Impairment loss on assets classified as held for sale	1,021,478	–	–	–	1,021,478

7. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations and location of non-current assets are substantially in 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. Non-current assets are allocated to reportable and operating segments other than equity instruments designated at FVTOCI, financial assets at FVTPL and deferred tax assets.

	Revenue from external customers for the year ended 31 December		Non-current assets as at 31 December	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Mainland China	**27,530,284**	18,458,501	**18,766,351**	20,580,123
Hong Kong	**–**	–	**233,877**	233,958
Australia	**–**	250,805	**–**	–
Canada	**3,032**	1,766	**18,612**	19,476
	27,533,316	18,711,072	**19,018,840**	20,833,557

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 2023 and 2022.

8. OTHER INCOME, GAINS AND LOSSES, NET

	2023 RMB'000	2022 RMB'000
Exchange loss, net	**569,937**	2,835,381
Gain on change in fair value of financial assets at FVTPL	**–**	(44,487)
Investment return from financial assets at FVTPL	**(5,119)**	(10,110)
Bank interest income	**(34,920)**	(65,138)
Other interest income	**(70,104)**	(77,438)
Government subsidy*	**(12,628)**	(29,235)
(Gain)/loss on disposal of property, plant and equipment	**(3,425)**	50,369
Loss on disposal of investment properties	**893,698**	–
Gain on disposal of joint ventures	**(192,340)**	(206,450)
(Gain)/loss on disposal of associates	**(16)**	192,327
Gain on disposal of subsidiaries classified as held for sale	**–**	(77,346)
Impairment losses on trade and other receivables	**203,789**	154,207
Impairment losses on amounts due from joint ventures	**167,538**	–
Impairment losses on amounts due from NCI	**48,992**	–
Impairment losses on interests in associates	**–**	18,907
Impairment losses on property, plant and equipment	**151,555**	–
Impairment losses on goodwill	**55,151**	45,789
Impairment loss on assets classified as held for sale	**–**	1,021,478
Others	**(388,545)**	(77,181)
	1,383,563	3,731,073

* Government subsidy represented unconditional cash payments granted by government authorities.

9. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on:		
Bank and other borrowings	**6,866,296**	6,089,568
Senior notes and bonds	**2,380,136**	2,099,497
Amount due to a joint venture	**36,038**	18,000
Other payables	**16,299**	63,994
Lease liabilities	**131,214**	136,250
Total borrowing costs	**9,429,983**	8,407,309
Less: amounts capitalised to properties under development for sale	**(9,142,425)**	(7,929,694)
amounts capitalised to investment properties under construction	**–**	(49,843)
	287,558	427,772

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 8.81% (2022: 7.56%) per annum to expenditure on the qualifying assets.

10. LOSS BEFORE TAX

	2023 RMB'000	2022 RMB'000
Loss before tax has been arrived at after charging/(crediting):		
Directors' emoluments	**10,778**	13,374
Other staffs' salaries	**673,075**	1,375,984
Other staffs' retirement benefit scheme contributions	**12,074**	18,622
Other staffs' share-based payments	**–**	1,940
Total staff costs	**695,927**	1,409,920
Less: amounts capitalised to properties under development for sale	**(134,207)**	(292,109)
	561,720	1,117,811
Cost of properties for sale/inventories recognised as an expense (excluding impairment loss on properties for sale)	**25,415,610**	15,274,293
Impairment of properties for sale (included in cost of sales)	**1,787,929**	–
Depreciation of property, plant and equipment	**230,714**	328,062
Depreciation of right-of-use assets	**158,865**	260,564
Amortisation of intangible assets (included in administrative expenses)	**6,557**	13,074
Gross rental income in respect of investment properties	**(199,402)**	(251,712)
Less: direct operating expenses from investment properties that generated rental income during the year	**149,007**	177,653
	(50,395)	(74,059)

11. INCOME TAX EXPENSES

	2023 **RMB'000**	2022 RMB'000
Income tax expenses recognised comprise of:		
Current tax:		
PRC		
EIT		
– Current year	**173,917**	178,099
– Underprovision in prior year	**–**	1,020
LAT	**469,647**	(31,363)
Other jurisdiction	**1,639**	20,930
	645,203	168,686
Deferred tax (note 23)		
PRC	**1,182,517**	276,221
Other jurisdictions	**(1,662)**	(20,797)
	1,180,855	255,424
Income tax expenses for the year	**1,826,058**	424,110

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, subject to certain preferential income tax policies.

Under the Provisional Regulations of the People's Republic of China on LAT (the "LAT Provisional Regulations") and Implementation Regulation of the LAT Provisional Regulations, the tax rate of the PRC subsidiaries is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and relevant property development expenditures.

No provision for Hong Kong profits tax has been made in the consolidated financial statements for both years as the Group's income neither arises in, nor is derived from, Hong Kong.

11. INCOME TAX EXPENSES (Continued)

Under Canadian tax law, the tax rate used for the year is 26.5% (2022: 26.5%) on taxable profits on Canadian incorporated entities. No tax provision for Canadian profits tax has been made in the consolidated financial statements for the years ended 31 December 2023 and 2022 as there were no assessable profit arises in Canada.

The income tax expenses for the year can be reconciled to the loss before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2023 RMB'000	2022 RMB'000
Loss before tax	**(7,814,569)**	(8,071,916)
Tax charge at domestic tax rate of 25%	**(1,953,642)**	(2,017,979)
Tax effect of share of results of joint ventures and associates	**(66,258)**	12,686
Tax effect of expenses not deductible for tax purpose	**1,396,098**	771,933
Tax effect of income not taxable for tax purpose	**(30,718)**	(3,148)
Tax effect of tax losses and timing differences not recognised	**1,402,239**	1,823,759
Utilisation of tax losses previously not recognised	**–**	(147,712)
Reversal of deferred tax assets recognised in prior year	**741,145**	–
LAT	**469,647**	(31,363)
Tax effect of LAT	**(117,412)**	7,841
Tax effect of LAT on revaluation of investment properties	**(15,040)**	9,772
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(1)**	(2,699)
Under provision in prior year	**–**	1,020
Income tax expense for the year	**1,826,058**	424,110

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	Retirement benefit Scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2023				
Executive director:				
Guo Zi Wen	–	1,655	59	1,714
Guo Zi Ning (Note a)	–	1,371	43	1,414
Chen Zhi Bin	–	2,538	43	2,581
Tan Yi (Note e)	–	1,485	43	1,528
Non-executive director				
Ma Jun (Note f)	–	2,316	43	2,359
Independent non-executive director:				
Tsui King Fai (Note d)	–	–	–	–
Cheung Kwok Keung	394	–	–	394
Lee Thomas Kang Bor	394	–	–	394
Wong Wai Keung Frederick (Note g)	394	–	–	394
	1,182	9,365	231	10,778

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

	Fees RMB'000	Salaries and allowances RMB'000	Retirement benefit Scheme contribution RMB'000	Total RMB'000
For the year ended 31 December 2022				
Executive director:				
Guo Zi Wen	–	1,726	57	1,783
Guo Zi Ning (Note a)	–	2,271	40	2,311
Ma Jun (Note f)	–	3,435	40	3,475
Chan Ka Yeung (Note b)	–	2,984	5	2,989
Zhang Jun (Note c)	–	210	40	250
Chen Zhi Bin	–	1,373	40	1,413
Independent non-executive director:				
Tsui King Fai (Note d)	389	–	–	389
Cheung Kwok Keung	382	–	–	382
Lee Thomas Kang Bor	382	–	–	382
	1,153	11,999	222	13,374

Notes:

(a) Mr. Guo Zi Ning resigned with effect from 27 April 2023.

(b) Mr. Chan Ka Yeung's service contract was expired on 14 April 2022.

(c) Mr. Zhang Jun's service contract was expired on 29 July 2022.

(d) Mr. Tsui King Fai retired with effect from 20 January 2023.

(e) Mr. Tan Yi was appointed on 27 April 2023.

(f) Mr. Ma Jun was re-designated from an executive director to a non-executive director on 1 November 2023.

(g) Mr. Wong Wai Keung Frederick was appointed on 24 February 2023.

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

The five highest paid employees during the year included five (2022: five) directors whose emoluments are included in the disclosures in this note above.

13. DIVIDENDS

At the meeting of the board of directors held on 27 March 2024, the Directors resolved not to declare any dividend for the year ended 31 December 2023 (2022: Nil).

14. LOSS PER SHARE

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

	2023 **RMB'000**	2022 RMB'000
Loss:		
Loss for the year attributable to owners of the Company used in the basic loss per share calculation:	**(9,533,566)**	(7,842,958)

	2023 **'000**	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,965,571**	2,965,571

For the purpose of computation of diluted loss per share of the Company for the year ended 31 December 2023 and 2022, the Company had taken into consideration the effect of the share options issued by its wholly-owned listed subsidiaries/associates.

There are no potential dilutive events for the Company during both years.

The diluted loss per share of the Company for the year ended 31 December 2023 and 2022 are the same as the basic loss per share for the respective year.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Building under development/ Construction in progress RMB'000	Office equipment RMB'000	Transportation vehicles RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Total RMB'000
COST							
At 1 January 2022	3,965,440	50,016	380,892	95,140	447,908	1,178,597	6,117,993
Exchange realignment	589	–	58	9	87	–	743
Additions	63,564	32,043	36,771	852	12,807	5,873	151,910
Transferred	7,072	(46,957)	10,174	358	–	29,353	–
Reclassify to assets classified as held for sale (note 36)	(78,436)	–	(541)	(217)	–	(41)	(79,235)
Disposals of subsidiaries (note 42)	(10,741)	–	(5,660)	(1,498)	(2,415)	(6,532)	(26,846)
Disposals	(44,887)	(2,168)	(35,358)	(18,964)	(11,122)	(213,237)	(325,736)
At 31 December 2022	**3,902,601**	**32,934**	**386,336**	**75,680**	**447,265**	**994,013**	**5,838,829**
Exchange realignment	**1,007**	**–**	**99**	**15**	**155**	**–**	**1,276**
Additions	**9,024**	**–**	**1,274**	**117**	**206**	**42**	**10,663**
Reclassify from assets classified as held for sale	**75,347**	**–**	**–**	**–**	**–**	**–**	**75,347**
Disposals of subsidiaries (note 42)	**(14,609)**	**(319)**	**(45,799)**	**(4,850)**	**(19,367)**	**(114)**	**(85,058)**
Disposals	**(127,502)**	**–**	**(7,179)**	**(5,371)**	**(1,914)**	**(1,662)**	**(143,628)**
At 31 December 2023	**3,845,868**	**32,615**	**334,731**	**65,591**	**426,345**	**992,279**	**5,697,429**
DEPRECIATION AND IMPAIRMENT							
At 1 January 2022	1,372,718	–	243,342	73,870	247,996	58,998	1,996,924
Exchange realignment	130	–	36	2	22	–	190
Provided for the year	193,324	–	39,335	7,187	12,268	75,948	328,062
Reclassify to assets classified as held for sale (note 36)	(3,089)	–	(434)	(217)	–	(56)	(3,796)
Disposals of subsidiaries (note 42)	(3,725)	–	(2,387)	(1,291)	(1,918)	(3,840)	(13,161)
Disposals	(19,629)	–	(13,406)	(11,415)	(981)	(118,160)	(163,591)
At 31 December 2022	**1,539,729**	**–**	**266,486**	**68,136**	**257,387**	**12,890**	**2,144,628**
Exchange realignment	**240**	**–**	**74**	**8**	**96**	**–**	**418**
Provided for the year	**203,260**	**–**	**14,183**	**1,759**	**9,392**	**2,120**	**230,714**
Disposals of subsidiaries (note 42)	**(2,159)**	**–**	**(32,716)**	**(2,986)**	**(15,876)**	**(114)**	**(53,851)**
Disposals	**(4,478)**	**–**	**(5,143)**	**(5,273)**	**(364)**	**(1,633)**	**(16,891)**
Impairment	**–**	**–**	**–**	**–**	**–**	**151,555**	**151,555**
At 31 December 2023	**1,736,592**	**–**	**242,884**	**61,644**	**250,635**	**164,818**	**2,456,573**
CARRYING VALUES							
At 31 December 2023	**2,109,276**	**32,615**	**91,847**	**3,947**	**175,710**	**827,461**	**3,240,856**
At 31 December 2022	2,362,872	32,934	119,850	7,544	189,878	981,123	3,694,201

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) As at 31 December 2023, buildings, plant and machinery and construction in progress of approximately RMB2,393,343,000 (2022: RMB2,591,868,000) 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.

(b) Impairment assessment

Due to the substantial uncertainty in the economic and business environment in China during the year, the management of Group concluded there was an indication for impairment of the properties, plant and equipment within chemical fiber products manufacturing cash-generating unit (the "Chemical Fiber CGU") as at 31 December 2023 and performed impairment assessment on the Chemical Fiber CGU. The calculation of recoverable amounts of Chemical Fiber CGU uses the fair value less cost of disposal based on the market prices and the replacement costs as at 31 December 2023. Based on the result of the assessment, the management of the Group determined that the recoverable amount of Chemical Fiber CGU are lower than the respective carrying amounts. An impairment loss of RMB151,555,000 was recognised during the year ended 31 December 2023 (2022: Nil) to write down the carrying amounts of Chemical Fiber CGU to the recoverable amount as at 31 December 2023.

16. RIGHT-OF-USE ASSETS

The Group's right-of-use assets are as follows:

	Land	Buildings	Office equipment	Transportation vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023					
Carrying amount	**544,033**	**208,415**	**488**	**–**	**752,936**
As at 31 December 2022					
Carrying amount	587,044	312,980	78	–	900,102
For the year ended 31 December 2023					
Depreciation charge	**(22,702)**	**(134,875)**	**(1,288)**	**–**	**(158,865)**
For the year ended 31 December 2022					
Depreciation charge	(25,235)	(233,745)	(1,393)	(191)	(260,564)

	2023	2022
	RMB'000	RMB'000
Expense relating to short-term leases	**8,257**	18,033
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	**117**	405
Total cash outflow for leases	**154,320**	321,174
Additions to right-of-use assets	**18,116**	38,290

For both years, the Group leases various properties and office equipment for its operations. Lease contracts are entered into for fixed term of 13 months to 40 years (2022: 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 2023, additions to right-of-use assets amounted to approximately RMB18,116,000 (2022: RMB38,290,000) due to new and renewal of leases.

As at 31 December 2023 and 2022, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets are 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. 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 not lower than the carrying amounts. Therefore, no impairment loss (2022: Nil) was recognised during the year ended 31 December 2023. As at 31 December 2023, the impairment loss on right-of-use assets amounted to RMB1,075,175,000 (2022: RMB1,075,175,000).

As at 31 December 2023, right-of-use assets of RMB60,170,000 (2022: RMB34,238,000) were pledged for certain banking facilities granted to the Group.

During the year ended 31 December 2023, no early termination of leases occurred; while the Group early terminated certain leases and recorded a gain on early termination of RMB847,000 during the year ended 31 December 2022.

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 (2022: 1 to 20 years). Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The lease of retail stores contain variable lease payment that are based on 3% to 20% (2022: 3% to 20%) 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 2022	12,524,818	1,622,882	14,147,700
Additions	63,780	12,273	76,053
Disposals	(1,412,462)	(16,357)	(1,428,819)
Net change in fair value recognised in profit or loss	(187,135)	15,325	(171,810)
At 31 December 2022	**10,989,001**	**1,634,123**	**12,623,124**
Transferred from properties under development	**–**	**24,846**	**24,846**
Disposals	**(1,427,390)**	**–**	**(1,427,390)**
Disposal of subsidiaries (note 42)	**(113,851)**	**–**	**(113,851)**
Net change in fair value recognised in profit or loss	**(168,614)**	**(96,705)**	**(265,319)**
At 31 December 2023	**9,279,146**	**1,562,264**	**10,841,410**

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.

17. INVESTMENT PROPERTIES (Continued)

At 31 December 2023, investment properties of approximately RMB4,478,642,000 (2022: RMB4,841,166,000) 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 market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands 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 from Level 1 or Level 2 into or out of Level 3 during the year.

17. INVESTMENT PROPERTIES (Continued)

At 31 December 2023

Investment properties held by the Group	Fair value 2023 RMB'000	Fair value 2022 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Completed investment properties, including retail shops and commercial buildings	9,173,746	10,883,401	Level 3	Income capitalisation method-income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield	3.0%-6.0% (2022: 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	3.5%-6.5% (2022: 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)	3.1 – 203 (2022: 6 – 245)	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	105,600	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 (2022: N/A)	N/A

17. INVESTMENT PROPERTIES (Continued)

At 31 December 2023 (Continued)

Investment properties held by the Group	Fair value 2023 RMB'000	Fair value 2022 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Investment properties under construction, including retail shops and commercial buildings	1,534,245	1,606,045	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	273,700-677,200 (2022: 300,000-717,100)	A significant increase in gross development value would result in a significant increase in fair value, and vice versa
					2. Developer's profit	8%-10% (2022: 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% (2022: 4%)	A slight increase in marketing costs would result in a significant decrease in fair value, and vice versa.
					4. Construction costs to completion	14,300,000-230,000,000 (2022: 24,400,000-230,000,000)	A significant increase in construction costs to completion would result in a significant decrease in fair value and vice versa.
Investment properties under construction, including retail shops and commercial buildings	28,019	28,078	Level 3	Direct comparison method-based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Comparable land price (RMB/sqm)	395-845 (2022: 395-848)	A significant increase in comparable land price would result in a significant increase in fair value.
Total	10,841,410	12,623,124					

18. GOODWILL

	2023 RMB'000	2022 RMB'000
COST		
At 1 January	**1,469,522**	1,469,522
Disposal of subsidiaries (note 42)	**(282,876)**	–
At 31 December	**1,186,646**	1,469,522
IMPAIRMENT		
At 1 January	**(639,574)**	(593,785)
Impairment	**(55,151)**	(45,789)
Disposal of subsidiaries (note 42)	**131,758**	–
At 31 December	**(562,967)**	(639,574)
Carrying amounts	**623,679**	829,948

Year ended 31 December 2023

The Group disposed of 29.9% equity interest in Starjoy Wellness and Travel Company Limited (formerly known as Aoyuan Healthy Life Group Limited, "Starjoy") to an independent third party. Details of the disposal are set out in note 42.

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 2023 and 2022 allocated to these CGUs are as follow:

	2023 **RMB'000**	2022 RMB'000
Property management service:		
(a) Anhui Hanlin Property Services Company Limited ("Anhui Hanlin")	**–**	1,602
(b) Shenzhen Huazhong Property Management Company Limited ("Shenzhen Huazhong")	**–**	1,889
(c) Beijing Bo'an	**–**	56,758
(d) Ningbo Hongjian Management Services Co., Ltd ("Ningbo Hongjian")	**–**	25,050
(e) Easy Life Smart Community Services Group Co., Ltd ("Easy Life")	**–**	197,577
Chemical fiber products manufacturing:		
(f) Aoyuan Beauty Valley Technology Co., Ltd ("Aoyuan Beauty Valley")	**462,026**	462,026
Medical aesthetic services:		
(g) Guangdong MS Arora Health Management Consulting Co., Ltd. ("Guangdong MS Arora CGU")	**7,284**	7,284
(h) Zhejiang Liantianmei Enterprise Management Co., Ltd ("Liantianmei CGU")	**717,336**	717,336
	1,186,646	1,469,522

Management of the Company allocated goodwill to individual cash generating unit of above businesses for the purpose of impairment testing. The recoverable amount of cash-generating unit of these businesses is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the management.

The goodwill attributed to Chemical Fiber CGU had been fully impaired in prior years while goodwill attributed to Guangdong MS Arora CGU had been fully impaired during the year ended 31 December 2022.

18. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue	The basis used to determine the value assigned is based on past performance and management expectation for the market development. For properties management services in 2022, 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 CGUs under medical aesthetic service, the revenue is based on the historical revenue and planed enlarging service capacity of the Group.
Gross profit margin	The gross profit margin of these business were assumed to be ranging from 14.9%to 47.7% (2022: 11.5% to 49.5%) for CGUs under medical aesthetic service. For CGUs under properties management services in 2022, the range was 15.1% to 25.2%.
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 CGUs under medical aesthetic services was 12.1% to 13.5% (2022: 13.7%). For CGUs under property management services in 2022, the discount rates applied to cash flow projects was approximately from 18.3% and 22.7%.
Long-term growth rate	The growth rate used to extrapolate the cash flows beyond the five-year period was 0% (2022: 0%) for CGUs under medical aesthetic services. For CGUs under properties management services business in 2022, the growth rate was ranging from 0% to 2%. The growth rate does not exceed long-term average growth rate for the business in which the CGU operates. The growth rates and discount rate have been assessed taking into consideration higher degree of estimation uncertainties in the current year due to volatility in the financial markets.

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)

Impairment testing of goodwill (Continued)

Medical aesthetic services

During the current year, due to the volatility in the financial markets and increase in proportion of provision of low gross profit margin aesthetic medical services based on Group's strategy to attract more customers, gross profit margin had been forecasted prudently and in turn causes the carrying amounts of Liantianmei CGU to exceed their recoverable amounts. Accordingly, impairment loss of RMB55,151,000 (2022: Nil) has been recognised for Liantianmei CGU in the current year.

Based on the result of impairment assessment, the recoverable amounts, carrying amounts of Liantianmei CGU and details of impairment provision of Liantianmei CGU as at 31 December 2023 are as follows:

	Recoverable amount RMB'000	Carrying amount RMB'000	Impairment provision RMB'000
Liantianmei CGU	664,175	719,326	55,151

The above impairment provisions as at 31 December 2023 have been allocated to the following asset classes.

Impairment loss recognised on goodwill

An impairment loss of approximately Nil (2022: RMB7,284,000) and RMB55,151,000 (2022: RMB38,506,000) was recognised during the year ended 31 December 2023 to write down the carrying amounts of goodwill included in Guangdong MS Aorora CGU and Liantianmei CGU, respectively.

In relation to Liantianmei CGU that was impaired during the year, any variation in the key assumptions above would result in further impairment.

19. INTANGIBLE ASSETS

	Property management contracts RMB'000	Patent RMB'000	Customer relationship RMB'000	Total RMB'000
COST				
At 1 January 2022	112,801	102,641	124,047	339,489
Disposal of subsidiaries (note 42)	(6,307)	–	–	(6,307)
At 31 December 2022	**106,494**	**102,641**	**124,047**	**333,182**
Disposal of subsidiaries (note 42)	**(106,494)**	**–**	**–**	**(106,494)**
At 31 December 2023	**–**	**102,641**	**124,047**	**226,688**
AMORTISATION AND IMPAIRMENT				
At 1 January 2022	20,869	102,641	124,047	247,557
Charge for the year	13,074	–	–	13,074
Disposal of subsidiaries (note 42)	(6,307)	–	–	(6,307)
At 31 December 2022	**27,636**	**102,641**	**124,047**	**254,324**
Charge for the year	**6,557**	**–**	**–**	**6,557**
Disposal of subsidiaries (note 42)	**(34,193)**	**–**	**–**	**(34,193)**
At 31 December 2023	**–**	**102,641**	**124,047**	**226,688**
CARRYING VALUES				
At 31 December 2023	**–**	**–**	**–**	**–**
At 31 December 2022	78,858	–	–	78,858

20. INTERESTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Cost of investments in joint ventures and share of post-acquisition profits or losses	**2,361,027**	1,750,518
Impairment	**(126,695)**	(126,695)
Share of net assets	**2,234,332**	1,623,823

During the year ended 31 December 2023, the Group disposed of certain joint ventures with aggregate carrying amount of RMB2,809,000 (2022: RMB960,779,000) for a consideration of RMB195,149,000 (2022: RMB1,167,229,000).

Particulars of the Group's material joint ventures 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
		2023	2022	2023 RMB'000	2022 RMB'000	
青島海唐置業有限公司Qingdao Haitang Real Estate Co., Ltd (Note a)	Shandong, the PRC	**50%**	50%	**50,000**	50,000	Property development
南京金基華海置業有限公司Nanjing Jinji Huahai Real Estate Co., Ltd. (Note b)	Jiangsu, the PRC	**50%**	50%	**300,000**	300,000	Property development
廣州廣宏房地產開發有限公司Guangzhou Guanghong Real Estate Development Co., Ltd (Note c)	Guangdong, the PRC	**30%**	30%	**500,000**	500,000	Property development
貴港市顧榮房地產開發有限公司 Guigang Gurong Real Estate Development Co., Ltd (Note d)	Guangxi, the PRC	**60%**	60%	**166,667**	166,667	Property development
廣西瀚鑫房地產開發有限公司Guangxi Hanxin Real Estate Development Co., Ltd (Note e)	Guangxi, the PRC	**60%**	60%	**30,000**	30,000	Property development
魯康(珠海)置業有限公司 Lukang (Zhuhai) Real Estate Development Co., Ltd. (Note f)	Guangdong, the PRC	**40%**	N/A	**100,000**	N/A	Property development

20. INTERESTS IN JOINT VENTURES (Continued)

Notes:

(a) According to the Articles of Association of Qingdao Haitang Real Estate Co., Ltd ("Qingdao Haitang"), the Group has power to appoint three out of five directors to the board of Qingdao Haitang, and the board of directors is responsible for all operating and financing decisions of Qingdao Haitang. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venturers, and each party cannot individually control Qingdao Haitang. Therefore, Qingdao Haitang is accounted for as a joint venture of the Group.

(b) According to the Articles of Association of Nanjing Jinji Huahai Real Estate Co., Ltd. ("Nanjing Jinji"), the Group has power to appoint three out of five directors to the board of Nanjing Jinji, and the board of directors is responsible for all operating and financing decisions of Nanjing Jinji. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Nanjing Jinji. Therefore, Nanjing Jinji is accounted for as a joint venture of the Group.

(c) According to the Articles of Association of Guangzhou Guanghong Real Estate Development Co., Ltd. ("Guangzhou Guanghong"), the Group has power to appoint three out of five directors to the board of Guangzhou Guanghong, and the board of directors is responsible for all operating and financing decisions of Guangzhou Guanghong. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guangzhou Guanghong. Therefore, Guangzhou Guanghong is accounted for as a joint venture of the Group.

(d) According to the Articles of Association of Guigang Gurong Real Estate Development Co., Ltd. ("Guigang Gurong"), the Group has power to appoint three out of five directors to the board of Guigang Gurong, and the board of directors is responsible for all operating and financing decisions of Guigang Gurong. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guigang Gurong. Therefore, Guigang Gurong is accounted for as a joint venture of the Group.

(e) According to the Articles of Association of Guangxi Hanxin Real Estate Development Co., Ltd. ("Guangxi Hanxin"), the Group has power to appoint three out of five directors to the board of Guangxi Hanxin, and the board 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.

(f) On 6 January 2023, the Group entered into the share transfer agreement to dispose of its 60% equity interest in Lukang (Zhuhai) Real Estate Development Co., Ltd. (formerly known as Zhuhai Aoyuan Huafu Property Company Limited, "Lukang Zhuhai") upon completion of disposal, with an independent third party (Note 42). According to the Articles of Association of Lukang Zhuhai, the Group has power to appoint two out of five directors in the board of Lukang Zhuhai, and the boards of directors is responsible for all operating and financing decisions of Lukang Zhuhai. 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 Lukang Zhuhai. Therefore, Lukang Zhuhai is accounted for as a joint venture of the Group.

20. INTERESTS IN JOINT VENTURES (Continued)

The summarised financial information in report of the Group's interests in material joint ventures are set out below:

Qingdao Haitang

	2023 RMB'000	2022 RMB'000
Current assets	**5,276,235**	5,276,587
Non-current assets	**44,984**	15
Current liabilities	**3,404,704**	3,360,063
Non-current liabilities	**300,000**	685,000
Profit/(Loss) and total comprehensive income/(expense) for the year	**384,976**	(13,350)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Qingdao Haitang recognised in the consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Net assets of Qingdao Haitang	**1,616,515**	1,231,539
Proportion of the Group's ownership interest	**50%**	50%
Carrying amount of the Group's interest	**808,258**	615,770

Nanjing Jinji

	2023 RMB'000	2022 RMB'000
Current assets	**566,431**	591,805
Non-current assets	**1**	2
Current liabilities	**123,116**	144,355
Non-current liabilities	**115,000**	115,000
(Loss)/Profit and total comprehensive (expense)/income for the year	**(4,136)**	176,087

20. INTERESTS IN JOINT VENTURES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nanjing Jinji recognised in the consolidated financial statements:

	2023 **RMB'000**	2022 RMB'000
Net assets of Nanjing Jinji	**328,316**	332,452
Proportion of the Group's ownership interest	**50%**	50%
Carrying amount of the Group's interest	**164,158**	166,226

Guangzhou Guanghong

	2023 **RMB'000**	2022 RMB'000
Current assets	**922,850**	953,340
Non-current assets	**74**	49
Current liabilities	**480,457**	188,652
Non-current liabilities	**–**	311,321
(Loss)/Profit and total comprehensive (expense)/income for the year	**(10,949)**	1,562

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangzhou Guanghong recognised in the consolidated financial statements:

	2023 **RMB'000**	2022 RMB'000
Net assets of Guangzhou Guanghong	**442,467**	453,416
Proportion of the Group's ownership interest	**30%**	30%
Carrying amount of the Group's interest	**132,740**	136,025

20. INTERESTS IN JOINT VENTURES (Continued)

Guigang Gurong

	2023 RMB'000	2022 RMB'000
Current assets	**861,760**	894,025
Non-current assets	**7,821**	7,525
Current liabilities	**246,994**	239,380
Loss and total comprehensive expense for the year	**(39,583)**	(12,216)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guigang Gurong recognised in the consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Net assets of Guigang Gurong	**622,587**	662,170
Proportion of the Group's ownership interest	**60%**	60%
Carrying amount of the Group's interest	**373,552**	397,302

Guangxi Hanxin

	2023 RMB'000	2022 RMB'000
Current assets	**571,655**	607,542
Non-current assets	**2,737**	–
Current liabilities	**288,568**	267,495
Loss and total comprehensive expense for the year	**(54,223)**	(7,204)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangxi Hanxin recognised in the consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Net assets of Guangxi Hanxin	**285,824**	340,047
Proportion of the Group's ownership interest	**60%**	60%
Carrying amount of the Group's interest	**171,494**	204,028

20. INTERESTS IN JOINT VENTURES (Continued)

Lukang Zhuhai

	2023 **RMB'000**	2022 RMB'000
Current assets	**3,737,760**	N/A
Non-current assets	**1,149,624**	N/A
Current liabilities	**3,257,859**	N/A
Non-current liabilities	**723,820**	N/A
Loss and total comprehensive expense for the period	**(67,907)**	N/A

Reconciliation of the above summarised financial information to the carrying amount of the interest in Lukang Zhuhai recognised in the consolidated financial statements:

	2023 **RMB'000**	2022 RMB'000
Net assets of Lukang Zhuhai	**905,705**	N/A
Proportion of the Group's ownership interest	**40%**	N/A
Carrying amount of the Group's interest	**362,282**	N/A

Aggregate information of joint ventures that are not individually material

	2023 **RMB'000**	2022 RMB'000
The Group's share of profit/(loss) and total comprehensive income/(expense)	**120,184**	(181,866)

	2023 **RMB'000**	2022 RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures	**348,543**	231,167

21. INTERESTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Cost of investments in associates and share of post acquisition losses	**1,480,616**	1,235,966
Impairment	**(154,989)**	(154,989)
Share of net assets	**1,325,627**	1,080,977

During the year ended 31 December 2023, the Group disposed of certain associates with a carrying amount of RMB3,402,000 (2022: RMB655,099,000) for an aggregate consideration of RMB3,418,000 (2022: RMB462,772,000).

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
		2023	2022	**2023**	2022	
嘉善裕軒房地產開發有限公司 Jiashan Yuxuan Property Development Limited ("Jiashan Yuxuan")	Zhejiang, the PRC	**49%**	49%	**RMB234,000**	RMB234,000	Property development
阜陽百俊房地產開發有限公司 Fuyang Baijun Property Development Limited ("Fuyang Baijun")	Anhui, the PRC	**49%**	49%	**RMB682,260**	RMB682,260	Property development
孝感裕恒房地產開發有限公司 Xiaogan Yuheng Real Estate Development Co., Ltd ("Xiaogan Yuheng ") (Note)	Hubei, the PRC	**65%**	65%	**RMB210,000**	RMB210,000	Property development
寧波凱銘置業有限公司 Ningbo Kaiming Real Estate Co., Ltd ("Ningbo Kaiming")	Zhejiang, the PRC	**49%**	49%	**RMB162,000**	RMB162,000	Property development
星悅康旅股份有限公司Starjoy (Note 42)	Cayman	**24.68%**	N/A	**HKD 100,000,000**	N/A	Investment holding

Note: 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

	2023 RMB'000	2022 RMB'000
Current assets	**1,948,110**	1,948,110
Non-current assets	**19,139**	19,139
Current liabilities	**1,193,796**	1,193,796
Non-current liabilities	**10,385**	10,385
Loss and total comprehensive expense for the year	**–**	(34,991)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiashan Yuxuan recognised in the consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Net assets of Jiashan Yuxuan	**763,068**	763,068
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**373,903**	373,903

Fuyang Baijun

	2023 RMB'000	2022 RMB'000
Current assets	**1,167,435**	1,481,893
Current liabilities	**767,168**	757,350
Non-current liabilities	**32,150**	64,100
Loss and total comprehensive expense for the year	**(292,326)**	(19,156)

21. INTERESTS IN ASSOCIATES (Continued)

Fuyang Baijun (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Fuyang Baijun recognised in the consolidated financial statements:

	2023 **RMB'000**	2022 RMB'000
Net assets of Fuyang Baijun	**368,117**	660,443
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**180,377**	323,617

Xiaogan Yuheng

	2023 **RMB'000**	2022 RMB'000
Current assets	**826,473**	846,517
Non-current assets	**423**	423
Current liabilities	**650,349**	670,276
Loss and total comprehensive expense for the year	**(117)**	(22,362)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Xiaogan Yuheng recognised in the consolidated financial statements:

	2023 **RMB'000**	2022 RMB'000
Net assets of Xiaogan Yuheng	**176,547**	176,664
Proportion of the Group's ownership interest	**65%**	65%
Carrying amount of the Group's interest	**114,756**	114,832

21. INTERESTS IN ASSOCIATES (Continued)

Ningbo Kaiming

	2023 **RMB'000**	2022 RMB'000
Current assets	**267,903**	269,448
Non-current assets	**10,000**	10,000
Current liabilities	**71,024**	79,043
Profit and total comprehensive income for the year	**6,474**	60,110

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ningbo Kaiming recognised in the consolidated financial statements:

	2023 **RMB'000**	2022 RMB'000
Net assets of Ningbo Kaiming	**206,879**	200,405
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**101,371**	98,198

Starjoy

	2023 **RMB'000**	2022 RMB'000
Current assets	**1,762,203**	N/A
Non-current assets	**229,024**	N/A
Current liabilities	**1,103,406**	N/A
Non-current liabilities	**24,565**	N/A
Profit and total comprehensive income for the period	**73,922**	N/A

21. INTERESTS IN ASSOCIATES (Continued)

Starjoy (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Starjoy recognised in the consolidated financial statements:

	2023 **RMB'000**	2022 RMB'000
Net assets of Starjoy	**863,256**	N/A
Proportion of the Group's ownership interest	**24.68%**	N/A
Carrying amount of the Group's interest	**213,052**	N/A

Aggregate information of associates that are not individually material

	2023 **RMB'000**	2022 RMB'000
The Group's share of profit and total comprehensive income	**163,060**	72,548

	2023 **RMB'000**	2022 RMB'000
Aggregate carrying amount of the Group's interests in these associates	**497,157**	325,416

22. EQUITY INSTRUMENTS DESIGNATED AT FVTOCI

Equity instruments designated at FVTOCI:

	2023 **RMB'000**	2022 RMB'000
Listed equity investments:		
– Equity securities listed on the Shenzhen Stock Exchange	**32,280**	31,980
Unlisted equity investments	**321,068**	458,389
	353,348	490,369

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 39.

During the year ended 31 December 2023, equity instruments with a carrying amount of RMB148,524,000 was disposed of through the disposal of 29.9% equity interests in Starjoy. Further details are set out in note 42.

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:

	2023 **RMB'000**	2022 RMB'000
Deferred tax assets	**1,929,067**	3,478,210
Deferred tax liabilities	**(1,192,665)**	(1,484,375)
	736,402	1,993,835

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 and timing differences 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 2022	1,453,438	334,892	(3,378,933)	244,586	(409,944)	(684,571)	(2,440,532)
Disposal of subsidiaries (note 42)	–	–	187,132	–	–	–	187,132
Reclassify to assets classified as held for sale (note 36)	–	–	4,141	–	–	–	4,141
Charge/(credit) to profit or loss for the year	(34,232)	–	(94,577)	–	275,727	108,506	255,424
At 31 December 2022	**1,419,206**	**334,892**	**(3,282,237)**	**244,586**	**(134,217)**	**(576,065)**	**(1,993,835)**
Disposal of subsidiaries (note 42)	**–**	**–**	**76,578**	**–**	**–**	**–**	**76,578**
Charge/(credit) to profit or loss for the year	**(10,237)**	**–**	**1,182,200**	**–**	**–**	**8,892**	**1,180,855**
At 31 December 2023	**1,408,969**	**334,892**	**(2,023,459)**	**244,586**	**(134,217)**	**(567,173)**	**(736,402)**

23. DEFERRED TAXATION (Continued)

As at 31 December 2023, the Group had unused tax losses of approximately RMB50,649,774,000 (2022: RMB51,207,891,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB8,093,836,000 (2022: RMB13,128,948,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB42,555,938,000 (2022: RMB38,078,943,000) due to the unpredictability of future profits streams. The unrecognised tax losses will expire in the follow years:

	2023	2022
	RMB'000	RMB'000
2023	**–**	558,412
2024	**3,077,423**	1,328,939
2025	**3,778,461**	3,218,572
2026	**24,570,731**	25,098,842
2027	**7,926,067**	7,874,178
2028	**3,203,256**	–
	42,555,938	38,078,943

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. For the years ended 31 December 2023 and 2022, no deferred taxation has been provided in the consolidated financial statements in respect of no temporary differences attributable to accumulated profits of the PRC subsidiaries.

24. AMOUNTS DUE FROM/(TO) NCI

	2023	2022
	RMB'000	RMB'000
Amounts due from NCI	**2,285,879**	4,324,557
Impairment	**(1,208,845)**	(1,849,624)
	1,077,034	2,474,933

Included in the balances of amounts due from NCI as at 31 December 2023, approximately RMB377,800,000 (2022: RMB479,800,000) are unsecured, interest-bearing ranged from 10% per annum to 15% per annum (2022: 5% per annum to 15% per annum) and repayable on demand or within one year.

The remaining balances of amounts due from/to NCI at 31 December 2023 and 2022 are unsecured, interest-free and repayable on demand.

25. AMOUNTS DUE FROM/(TO) JOINT VENTURES

Amounts due from joint ventures

Included in the balances of amounts due from joint ventures as at 31 December 2023 is the amount due from 青島海唐置業有限公司 Qingdao Haitang Property Development Co., Ltd of RMB105,620,000 (2022: RMB105,620,000) with an interest rate of 12% per annum and repayable on demand.

The remaining balances as at 31 December 2023 and 2022 are unsecured, interest-free and repayable on demand.

Amounts due to joint ventures

Included in the balance of amounts due to joint ventures as at 31 December 2023, the amount of RMB115,000,000 (2022: RMB115,000,000) is due to 南京金基華海置業有限公司 Nanjing Jinji, a joint venture of the Group. The amount is unsecured and carrying interest with an average interest rate at 15% (2022: 12%) per annum.

The remaining balances as at 31 December 2023 and 2022 are unsecured, interest-free and repayable on demand.

26. PROPERTIES FOR SALE

	2023 **RMB'000**	2022 RMB'000
Properties for sale comprise of:		
Completed properties	**24,987,396**	25,392,992
Properties under development	**100,475,719**	117,325,037
	125,463,115	142,718,029

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.

26. PROPERTIES FOR SALE (Continued)

As at 31 December 2023, the impairment loss on properties under development and completed properties held for sale to net realisable value amounted to RMB6,952,361,000 (2022: RMB7,583,083,000).

At 31 December 2023, certain of the Group's properties for sale with carrying value of RMB33,333,454,000 (2022: RMB37,808,216,000) were pledged for certain banking facilities granted to the Group by banks and other financial institutes.

27. TRADE AND OTHER RECEIVABLES

	Notes	2023 RMB'000	2022 RMB'000
Trade and bills receivables	(a)	**1,028,058**	1,369,723
Less: Allowance for expected credit losses		**(476,540)**	(521,768)
		551,518	847,955
Rental receivables	(b)	**113,100**	106,681
Other receivables	(c)	**24,166,228**	23,545,542
Security deposits		**864,768**	1,626,143
Less: Allowance for expected credit losses	(d)	**(6,123,922)**	(6,048,996)
		18,907,074	19,122,689
Contract assets		**45,860**	97,789
Contract costs	(e)	**574,686**	861,149
Advances to constructors and suppliers		**2,013,533**	3,401,609
Deposits paid for potential purchases of land use rights and property projects		**4,261,780**	4,912,719
Other tax prepayments		**2,574,965**	3,886,643
		29,042,516	33,237,234

27. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) Considerations in respect of properties sold are paid by purchasers in accordance with the terms of the related sale and purchase agreements.

Payments terms with wholesale customers for purchases of goods are mainly on credit. The wholesale customers are allowed with a credit period of 0 to 60 days from date of issuance of the invoices. There is no credit period granted for retail customers.

The following is the aging analysis of gross trade receivables, determined based on the date of the properties were delivered and sales were recognised and services were provided:

	2023	2022
	RMB'000	RMB'000
0 to 60 days	**115,531**	209,420
61 to 180 days	**16,553**	123,340
181 to 365 days	**215,332**	222,440
1 to 2 years	**117,631**	614,921
2 to 3 years	**469,573**	133,344
Over 3 years	**93,438**	66,258
	1,028,058	1,369,723

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

(b) Rental receivables from tenants are payable on presentation of demand notes.

(c) Other receivables mainly included the receivables from disposal of equity interests, payments on behalf of customers, refundable deposits for land auction and other temporary payments.

(d) As at 31 December 2023, an impairment loss of RMB6,123,922,000 (2022: RMB6,048,996,000) for financial assets including other receivables and security deposits was recognised.

Where applicable, an impairment analysis is performed at each reporting date by considering ECLs, which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2023 ranged from 0% to 100% (2022: 0% to 100%).

(e) Contract costs represent the incremental agency commissions to intermediaries in connection with obtaining sale of properties contracts with customers. These costs are charged to profit or loss upon revenue from sales of properties are recognised.

Details of impairment assessment of trade and other receivables are set out in note 39.

28. AMOUNTS DUE FROM/(TO) ASSOCIATES

Included in the balances of amounts due from associates as at 31 December 2023 are an amount due from 阜陽百俊房地產開發有限公司 Fuyang Baijun Real Estate Co., Ltd of RMB164,771,000 (2022: RMB164,771,000). 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 2023 and 2022 are unsecured, interest-free and repayable on demand.

29. FINANCIAL ASSETS AT FVTPL

	2023 **RMB'000**	2022 RMB'000
Unlisted equity instruments	**259,217**	259,217
Wealth management plans	**30,597**	68,397
	289,814	327,614
Less: Non-current	**(259,217)**	(259,217)
	30,597	68,397

Details of fair value measurements of these financial assets are set out in note 39.

30. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits

As at 31 December 2023, the balances represent deposits amounting to RMB40,748,000 (2022: RMB45,380,000) for securing short term loan facilities granted by banks and carrying interest at variable interest rates ranging from 0.3% to 3.85% (2022: 0.1% to 3.9%) per annum. The remaining deposits amounted to RMB3,549,807,000 (2022: RMB4,185,873,000) are subject to construction securities, mortgage guarantees and judicial freeze.

Bank balances and cash

As at 31 December 2023, the balances represented the deposits have an original maturity of three months or less. Included in bank balances and cash are balances which, in accordance with the applicable government regulations, are placed in restricted bank accounts, amounting to RMB329,364,000 (2022: RMB795,394,000), which can only be applied in the designated property development projects.

The bank balances carry interest at variable interest rates ranging from 0.3% to 3.0% (2022: 0.3% to 3.0%) per annum.

31. TRADE AND OTHER PAYABLES

	Note	2023 RMB'000	2022 RMB'000
Trade payables	(a)	**19,120,697**	19,827,754
Other payables		**31,027,531**	23,505,472
Consideration payables for acquisition of subsidiaries		**1,420,493**	1,420,493
Other taxes payables		**5,491,045**	6,980,884
		57,059,766	51,734,603

Notes:

(a) The following is an aging analysis of trade payables determined based on the invoice date:

	2023 RMB'000	2022 RMB'000
0 to 60 days	**3,551,447**	6,175,361
61 to 180 days	**3,741,998**	9,803,077
181 to 365 days	**1,832,191**	1,788,539
1 to 2 years	**9,014,742**	1,010,969
2 to 3 years	**609,047**	663,287
Over 3 years	**371,272**	386,521
	19,120,697	19,827,754

Trade payables principally comprise amounts outstanding for payments to sub-contractors of property development projects and purchases of construction materials. The average credit period for trade purchases is from 6 months to 1 year.

At 31 December 2023, the balance of trade payables with age over 1 year include retention money payable of RMB570,825,000 (2022: RMB580,255,000) to the sub-contractors of property development projects, which represents approximately 5% to 10% of the contract prices.

According to the construction contracts, the retention money is interest-free and would be paid to the sub-contractors in 1 to 3 years upon completion of development of the properties.

32. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Property development	**38,356,416**	61,619,080
Others	**354,800**	1,378,300
	38,711,216	62,997,380

32. CONTRACT LIABILITIES (Continued)

As at 31 December 2023, contract liabilities of RMB21,197,273,000 (2022: RMB33,029,746,000) is expected to be released to profit or loss after twelve months from the end of the reporting period.

During the year ended 31 December 2023, the amount of RMB22,792,657,000 (2022: RMB12,788,114,000) was released to profit or loss and RMB6,084,575,000 (2022: RMB6,938,329,000) was derecognised due to disposal of subsidiaries as disclosed in note 42.

33. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023 RMB'000	2022 RMB'000
The bank and other borrowings comprise:		
RMB bank borrowings	**24,411,879**	26,075,589
United States dollar ("USD") bank borrowings	**1,004,593**	981,217
Hong Kong dollar ("HKD") bank borrowings	**4,981,441**	5,503,532
Canadian dollar ("CAD") bank borrowings	**1,652,787**	1,199,646
RMB other borrowings (note)	**32,966,779**	35,033,647
USD other borrowings (note)	**6,035,475**	5,946,632
HKD other borrowings (note)	**706,837**	665,486
CAD other borrowings (note)	**–**	888,601
	71,759,791	76,294,350
Secured loan	**65,077,625**	69,787,913
Unsecured loan	**6,682,166**	6,506,437
	71,759,791	76,294,350

Note: As at 31 December 2023, the balances of other borrowings amounting to RMB39,709,091,000 (2022: RMB42,534,366,000) represent loans provided by other financial institutions, which are secured by properties for sale and/or guaranteed by the Company.

	2023 RMB'000	2022 RMB'000
Analysed into:		
Bank and other borrowings repayable:		
On demand	**57,137,995**	57,023,295
Within one year	**10,256,758**	9,666,968
More than one year, but not exceeding two years	**1,676,804**	5,935,424
More than two years, but not exceeding five years	**2,457,283**	3,218,663
Over five years	**230,951**	450,000
	71,759,791	76,294,350
Amount classified as current liabilities	**(67,394,753)**	(66,690,263)
Non-current portion	**4,365,038**	9,604,087

33. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

The bank and other borrowings bear interests at:

Contracted interest rates

	2023 RMB'000	2022 RMB'000
110% to 140% of lending rate of the People's Bank of China ("PBC rate") (2022: 104% to 110% of PBC rate)	**3,154,314**	3,076,393
Fixed rate ranging from 2.8% to 16% (2022: 2.6% to 16 %)	**60,966,656**	64,644,961
Hong Kong Interbank Offered Rate ("HIBOR") plus 1.70% to 4.95% (2022: 1.7% to 4.95%)	**5,787,730**	6,289,751
London Interbank Offered Rate ("LIBOR") plus 4.95% to 4.95% (2022: plus 4.95%)	**198,304**	194,998
Canada Prime Rate plus 1.2% (2022: 1.2% to 2.05%)	**1,652,787**	2,088,247
	71,759,791	76,294,350

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 2023, the Group had defaulted the repayment of certain bank and other borrowings of approximately RMB44,581,401,000 (2022: RMB23,811,643,000). Such events triggered default and cross-default clauses in several other bank borrowings of the Group. As at 31 December 2023, the negotiations with lender had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, accordingly, these bank and other borrowings became repayable on demand as at 31 December 2023. All cross-default borrowings are presented under current liabilities in the Group's consolidated statement of financial position as at 31 December 2023.

34. LEASE LIABILITIES

	2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	**394,837**	353,571
Within a period of more than one year but not more than two years	**94,291**	125,485
Within a period of more than two years but not more than five years	**230,769**	266,909
Within a period of more than five years	**794,319**	769,111
	1,514,216	1,515,076
Less: Amount due for settlement with 12 months shown under current liabilities	**(394,837)**	(353,571)
Amount due for settlement after 12 months shown under non-current liabilities	**1,119,379**	1,161,505

The weighted average incremental borrowing rates applied to lease liabilities range from 6.80% to 9.55% (2022: 3.20% to 9.55%).

During the year ended 31 December 2023, the Group entered into a number of new lease agreements and recognised lease liabilities of RMB18,116,000 (2022: RMB38,290,000). No early termination of lease during the year ended 31 December 2023; while the Group terminated a number of lease agreements with lease liabilities amounting to RMB910,000 during the year ended 31 December 2022.

35. SENIOR NOTES AND BONDS

	Issue date	Maturity date	Listed on	Principal amount '000	Interest rate	Guaranteed by	2023 RMB'000	2022 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	**1,956,816**	1,827,772
2019 Notes 2	January 2019	January 2022	SGX	USD500,000	8.5% p.a.	Subsidiaries of the Company	**4,185,039**	3,623,333
2019 Notes 3	February 2019	February 2023	SGX	USD225,000	7.95% p.a.	Subsidiaries of the Company	**1,877,297**	1,735,381
2019 Notes 4	June 2019	June 2023	N/A	USD200,000	7.35% p.a.	Subsidiaries of the Company	**1,649,677**	1,496,971
2019 Notes 5	August 2019	February 2023	SGX	USD250,000	7.95% p.a.	Subsidiaries of the Company	**2,085,886**	1,934,434
2019 Listed Corporate Bonds*	September 2019	April 2026	SSE	RMB1,500,000	6.8% p.a.	N/A	**1,575,006**	1,527,573
2020 Notes 1	January 2020	January 2021	N/A	USD200,000	8.0% p.a.	Subsidiaries of the Company	**1,662,221**	1,448,637
2020 Notes 3	July 2020	February 2024	SGX	USD460,000	6.35% p.a.	Subsidiaries of the Company	**3,751,923**	3,477,620
2020 Notes 6	September 2020	March 2026	SGX	USD350,000	6.2% p.a.	Subsidiaries of the Company	**2,778,314**	2,575,905
2020 Notes 7	November 2020	August 2025	SGX	USD230,000	5.98% p.a.	Subsidiaries of the Company	**1,825,372**	1,694,955
2020 Listed Corporate Bonds 1*	March 2020	April 2026	SSE	RMB2,540,000	5.5% p.a.	N/A	**2,751,783**	2,623,586
2020 Listed Corporate Bonds 2*	August 2020	May 2026	SSE	RMB1,180,000	5.65% p.a.	N/A	**1,308,033**	1,194,373
2021 Notes 1	January 2021	January 2022	SGX	USD188,000	4.2% p.a.	Subsidiaries of the Company	**1,443,857**	1,329,876
2021 Notes 2	March 2021	March 2027	SGX	USD350,000	5.88% p.a.	Subsidiaries of the Company	**2,720,432**	2,539,362
2021 Notes 3	June 2021	June 2024	SGX	USD20,000	7.95% p.a.	Subsidiaries of the Company	**1,638,433**	1,488,299
2021 Notes 4	August 2021	August 2022	N/A	USD50,000	8.5% p.a.	Subsidiaries of the Company	**409,966**	370,430
2021 Listed Corporate Bonds*	July 2021	May 2026	SSE	RMB1,820,000	6.8% p.a.	N/A	**2,071,350**	1,867,034
							35,691,405	32,755,541

* During the year ended 31 December 2023, distributors of the listed corporate bonds, authorised financial institutions in the PRC, announced that the maturity dates of the listed corporate bonds had been extended to 2026.

35. SENIOR NOTES AND BONDS (Continued)

(a) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate ranging from 5.8% to 13.0% (2022: 5.8% to 13.0%) per annum to the liability component respectively since the corresponding notes and bonds were issued.

Movements of the liability component in above notes and corporate bonds during the year are set out below:

	2023 **RMB'000**	2022 RMB'000
Carrying amount as at 1 January	**32,755,541**	29,481,330
Exchange loss	**567,317**	1,185,464
Interest expenses	**2,380,136**	2,099,497
Repayment	**(11,589)**	(10,750)
Carrying amount as at 31 December	**35,691,405**	32,755,541
Less: current portion	**(28,390,473)**	(32,755,541)
Non-current portion	**7,300,932**	–
Analysed into:		
Senior notes and bonds payable:		
Within 1 year	**28,390,473**	32,755,541
More than one year, but not exceeding two years	**3,462,138**	–
More than two years, but not exceeding five years	**3,838,794**	–
	35,691,405	32,755,541

(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 2022 and 31 December 2023.

36. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

FOR THE YEAR ENDED 31 DECEMBER 2022

The assets and liabilities classified as held for sale as at 31 December 2022 are as follows:

	2022 RMB'000
Assets	
Property, plant and equipment	75,439
Deferred tax assets	4,141
Properties for sale	6,131,751
Tax recoverable	2,634
Trade and other receivables	591,659
Cash and bank balances	67,704
	6,873,328
Impairment on assets classified as held for sale	(1,021,478)
Assets classified as held for sale	5,851,850
Liabilities	
Trade and other payables	373,554
Contract liabilities	673,558
Bank and other borrowings	1,297,999
Liabilities directly associated with assets classified as held for sale	2,345,111
Net assets of the disposal group held for sale	3,506,739

In accordance with IFRS 5, Lukang Zhuhai and other assets classified as held-for-sale with a carrying amount of RMB4,528,217,000 was written down to its fair value of RMB3,506,739,000, resulting in an impairment loss on assets classified as held for sale of RMB1,021,478,000, which was included in profit or loss during the year ended 31 December 2022.

On 6 January 2023, the Group entered into the share transfer agreement to dispose of its 60% equity interest in Lukang Zhuhai with an independent third party at the consideration of RMB584,167,000. Lukang Zhuhai is mainly engaged in property development in the PRC. The disposal of the Group's equity interest in Lukang Zhuhai is to improve the Group's liquidity position amid the negative real estate market. As at 31 December 2022, the Group had already received bids from potential buyers for the disposal of Lukang Zhuhai. As such, Lukang Zhuhai was classified as a disposal group held for sale as at 31 December 2022. The disposal of Lukang Zhuhai does not constitute as a discontinued operation as Lukang Zhuhai is not considered as a separate major line of Group's business or geographical area of operations of the Group based on the strategy of the Group.

37. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2022, 31 December 2022 and 31 December 2023	100,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 31 December 2023	2,965,571,354	29,655

	2023 RMB'000	2022 RMB'000
Shown in the consolidated financial statements as	**27,726**	27,726

All the new ordinary shares issued rank pari passu with the then existing shares in all respects.

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes amounts due to NCI disclosed in note 24, amounts due to joint ventures disclosed in note 25, amounts due to associates disclosed in note 28, bank and other borrowings disclosed in note 33, senior notes and bonds disclosed in note 35, net of cash and cash equivalents and restricted bank deposits, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Company reviews the capital structure periodically. As part of this review, the management of the Company assesses budgets of major property projects taking into account of the provision of funding. Based on the operating budgets, the management of the Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts.

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets at amortised cost	**37,637,644**	42,268,016
Equity instruments designated at FVTOCI	**353,348**	490,369
Financial assets at FVTPL	**289,814**	327,614
Financial liabilities		
At amortised cost	**169,877,111**	166,482,880

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments designated at FVTOCI, financial assets at FVTPL, trade and other receivables, amounts due from NCI, joint ventures and associates, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to NCI, joint ventures and associates, bank and other borrowings, senior notes and bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings, restricted bank deposits and bank balances.

The Group is also exposed to fair value interest rate risk related primarily to fixed-rate bank and other borrowings, interest bearing portion of amounts due from joint ventures, associates and NCI and amounts due to joint ventures and senior notes and bonds. The Group currently does not enter any interest rate swaps to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate risk for its variable-rate bank and other borrowings at the end of the reporting period. The restricted bank deposits and bank balances are not included in the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is minimal. The analysis is prepared assuming the variable-rate bank and other borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 (2022: 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 (2022: 50) basis points higher/lower with all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2023 would increase/decrease by RMB49,648,000 (2022: post-tax loss for the year would increase/decrease by RMB54,401,000).

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk

The Group's transactions were mainly conducted in RMB, the functional currency of the Company and its subsidiaries, and its major receivables and payables are denominated in RMB. The Group is subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currency other than the functional currency of the relevant group entity. The majority of the Group's foreign currency transactions and balances are denominated in HKD, AUD, CAD and USD. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's 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:

	2023 **RMB'000**	2022 RMB'000
Assets		
HKD	**269,251**	605,677
USD	**9,779**	7,399
AUD	**9,156**	484,373
Intra-group assets		
CAD	**2,077,178**	2,436,816
Liabilities		
HKD	**5,688,278**	6,169,018
USD	**35,025,301**	32,470,824

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2022: 5%) increase and decrease in RMB against the relevant foreign currencies including intra-group balances. The sensitivity rates used represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates a decrease in post-tax loss (an increase in post-tax loss) where RMB strengthens 5% (2022: 5%) against the relevant currency. For a 5% (2022: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the post-tax loss.

	2023 **RMB'000**	2022 RMB'000
Loss for the year		
HKD	**262,203**	269,932
USD	**1,689,508**	1,562,789
CAD	**(112,769)**	(121,841)
AUD	**(458)**	(24,219)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instruments measured at FVTOCI and financial assets at FVTPL. The Group invested in certain unquoted equity instruments for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI, and financial assets at FVTPL. The Group currently does not have a hedging policy in relation to the price risk. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

In order to minimise the credit risk of trade receivables, and contract assets, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of these balances individually and/or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model in accordance with IFRS 9 on trade balances individually or based on provision matrix. For trade receivables and contract assets, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. The lifetime ECL provided for trade receivables and contract assets is RMB44,625,000 (2022: RMB78,318,000) (life-time not credit-impaired) for the year ended 31 December 2023 based on historical credit loss experience adjusted by forward-looking estimates without undue cost or effort, the loss rate ranging from 0% 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.

39. 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% to 100% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Group has provided 12m ECL amounting to RMB159,164,000 (2022: RMB75,889,000) for other receivables for the year ended 31 December 2023.

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 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 and joint ventures and expect some losses from non-performance by these debtors, and accordingly, impairment of RMB216,530,000 (2022: Nil) was recognised in respect of the amounts due from NCI, joint ventures and associates during the year ended 31 December 2023.

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.

39. 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, no customer represent more than 5% of the total trade receivables as at 31 December 2023 and 2022.

The Group also exposes to concentration of credit risk in respect of amounts due from certain NCI, joint ventures and associates at the amounts of RMB1,208,845,000, RMB514,042,000 and RMB33,225,000 (2022: RMB1,849,624,000, RMB405,724,000 and RMB33,225,000), respectively, representing 52.9%, 4.5% and 4.5% (2022: 42.8%, 4.0% and 5.7%) of total amounts due from NCI, joint ventures and associates. The management of the Company continue to monitor and assess the financial status of the counterparties, and they believe the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

As at 31 December 2023 and 2022, 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 RMB74,592,326,000 (2022: RMB95,372,762,000) as at 31 December 2023. 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 45.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The management of the Company closely monitor the liquidity position and its compliance with lending covenants and expect to have adequate sources of funding to finance the Group's property projects and operations.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. For non-derivative financial liabilities and lease liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount at 31 December 2023 RMB'000
2023							
Trade and other payables	–	51,568,721	–	–	–	51,568,721	51,568,721
Amounts due to NCI	–	2,005,845	–	–	–	2,005,845	2,005,845
Amount due to joint venture	–	7,555,480	–	–	–	7,555,480	7,555,480
Amounts due to joint venture	15.00%	151,038	–	–	–	151,038	115,000
Amounts due to associates	–	1,180,869	–	–	–	1,180,869	1,180,869
Bank and other borrowings	8.36%	72,764,245	1,968,516	2,647,130	233,221	77,613,112	71,759,791
Senior notes and bonds	6.68%	30,291,879	3,835,624	4,429,934	–	38,557,437	35,691,405
Financial guarantees contracts	–	74,592,326	–	–	–	74,592,326	–
		240,110,403	5,804,140	7,077,064	233,221	253,224,828	169,877,111
Lease liabilities	9.31%	583,675	199,696	500,796	1,064,473	2,348,640	1,514,216

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount at 31 December 2022 RMB'000
2022							
Trade and other payables	–	44,753,133	–	–	–	44,753,133	44,753,133
Amounts due to NCI	–	2,968,840	–	–	–	2,968,840	2,968,840
Amounts due to joint venture	–	8,386,038	–	–	–	8,386,038	8,386,038
Amounts due to joint venture	12.00%	132,581	–	–	–	132,581	115,000
Amounts due to associates	–	1,209,978	–	–	–	1,209,978	1,209,978
Bank and other borrowings	7.96%	69,533,276	3,964,462	3,564,289	537,503	77,599,530	76,294,350
Senior notes and bonds	6.34%	32,755,541	–	–	–	32,755,541	32,755,541
Financial guarantees contracts	–	95,372,762	–	–	–	95,372,762	–
		255,112,149	3,964,462	3,564,289	537,503	263,178,403	166,482,880
Lease liabilities	9.28%	464,054	240,667	539,974	1,145,070	2,389,765	1,515,076

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments

Some of the Group's financial assets 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 2023 RMB'000	2022 RMB'000	Fair value hierarchy	Valuation techniques and key inputs
Equity instruments designated at FVTOCI – unlisted investments	**321,068**	458,389	Level 3	Market approach considers comparable company enterprise value and discount for lack of marketability.
Equity instruments designated at FVTOCI – listed investments	**32,280**	31,980	Level 1	Quoted price based on Shenzhen Stock Exchanges at the end of the reporting period (or the nearest day of trading).
Financial assets at FVTPL – unlisted equity instruments	**259,217**	259,217	Level 3	Discounted cash flow Future cash flows are estimated based on expected return of the underlying investments
Financial assets at FVTPL – fund investments and wealth management plans	**30,597**	68,397	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.

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments (Continued)

The following table presents the reconciliation of Level 3 measurements of financial assets throughout the year:

	Equity instruments designated at FVTOCI RMB'000	**Financial assets at FVTPL** RMB'000
At 1 January 2022	434,077	230,119
Additions	–	211,800
Exchange realignment	10,100	–
Disposal	(11,200)	(158,792)
Change in fair value	25,412	44,487
At 31 December 2022	458,389	327,614
Additions	–	65,810
Disposal of subsidiaries	(148,524)	–
Disposal	–	(103,610)
Change in fair value	11,203	–
At 31 December 2023	321,068	289,814

Except for the senior notes and bonds, equity instruments designated at FVTOCI and financial assets at FVTPL, the management of the Group considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values at the end of the reporting period.

The fair values of financial assets and financial liabilities (other than certain equity instruments designated at FVTOCI, certain financial assets at FVTPL and senior notes and bonds) of the Group is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

40. ACQUISITIONS OF SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2023

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) 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.

Details through acquisitions of subsidiaries acquired are as below:

Name of subsidiary	Place of incorporation/ establishment	Acquisition completed in	Equity interest acquired	Consideration RMB'000
广州旭承置业有限公司 (Guangzhou Xucheng Real Estate Development Co. Ltd.)"	Guangdong, the PRC	December	100%	–*
重慶市碧津房地產開發有限公司 (Chongqing Bijin Real Estate Development Co. Ltd.)"	Chongqing, the PRC	December	70%	–
蚌埠奧園置業有限公司 (Bengbu Aoyuan Real Estate Development Co. Ltd.)"	Anhui, the PRC	January	100%	–*
河源市山湖海房地產開發經營有限責任公司 (Heyuan Shanhuhai Real Estate Development Co. Ltd.)"	Guangdong, the PRC	November	100%	–*
				–

* The considerations was less than RMB1,000.

40. ACQUISITIONS OF SUBSIDIARIES (Continued)

These transactions were accounted for as acquisition of assets and liabilities. Assets and liabilities recognised at the date of acquisition:

	2023 RMB'000
Properties for sale	**1,073,370**
Trade and other receivables	**450,475**
Tax recoverable	**34,143**
Bank balances and cash	**174,453**
Bank and other borrowings	**(36,200)**
Trade and other payables	**(1,113,650)**
Contract liabilities	**(582,339)**
Tax liabilities	**(252)**
Satisfied by consideration	**–**

Net cash inflows of cash and cash equivalents in respect of the above acquisitions:

	2023 RMB'000
Cash consideration paid	**–**
Less: cash and cash equivalent acquired	**174,453**
	174,453

FOR THE YEAR ENDED 31 DECEMBER 2022

There were no acquisition of subsidiaries during the year ended 31 December 2022.

41. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2023

Details of acquisition of additional equity interests in non-wholly owned subsidiaries are as below:

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
長沙奧園利泓房地產有限公司 (Changsha Aoyuan Lihong Real Estate Development Co. Ltd.)	Hunan, the PRC	90%	100%	–
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.)	Guangdong, the PRC	58%	85%	–
廣州奧園錦泰置業有限公司 (Guangzhou Aoyuan Jintai Real Estate Co., Ltd.)	Guangdong, the PRC	51%	82%	–
惠州慶達房地產有限公司 (Huizhou Qingda Real Estate Co., Ltd.)	Guangdong, the PRC	60%	100%	41,510
興寧奧園置業有限公司 (Xingning Aoyuan Real Estate Co., Ltd.)	Guangdong, the PRC	50%	100%	–
蘇州市隆福房地產開發有限公司 (Suzhou Longfu Real Estate Co., Ltd.)	Jiangsu, the PRC	51%	100%	–*
				41,510

* The consideration was less than RMB1,000.

These acquisitions have been accounted for as equity transactions and the total difference between the consideration paid and the carrying amounts of the attributable non-controlling interests acquired of RMB77,440,000 had been recognised directly in special reserve for the year ended 31 December 2023.

41. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

Details of acquisition of additional equity interests in non-wholly owned subsidiaries are as below:

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
重慶奧航房地產開發有限公司 (Chongqing Aohang Real Estate Development Co. Ltd.)	Chongqing, the PRC	51%	100%	143,100
上饒市悦盛房地產開發有限公司 (Shangrao Yuesheng Real Estate Development Co. Ltd.)	Jiangxi, the PRC	51%	100%	78,207
成都奧騰置業有限公司 (Chengdu Aoteng Real Estate Development Co. Ltd.)	Sichuan, the PRC	98%	100%	37,000
				258,307

These acquisitions have been accounted for as equity transactions and the difference between the total consideration paid and the carrying amounts of the attributable non-controlling interests acquired of RMB630,829,000 had been recognised directly in special reserve for the year ended 31 December 2022.

42. DISPOSAL OF SUBSIDIARIES

Details of the net assets disposed of in respect of the transactions (excluding those classified as held-for-sale in previous reporting period) for the years ended 31 December 2023 and 2022 are summarised below:

	2023 RMB'000	2022 RMB'000
Property, plant and equipment	**31,207**	13,685
Investment properties	**113,851**	–
Right-of-use assets	**6,417**	–
Goodwill	**151,117**	–
Intangible assets	**72,301**	–
Deferred tax assets	**76,578**	187,132
Properties for sale	**8,917,742**	9,204,805
Inventories	**6,999**	678
Trade and other receivables	**3,803,605**	469,903
Amounts due from joint ventures	**363,959**	118,945
Amounts due from associates	**2,598**	–
Deposits paid for acquisition of property, plant and equipment	**2,524**	–
Equity instruments at FVTOCI	**148,524**	–
Amounts due from NCI	**630,829**	1,030,163
Tax recoverable	**284,462**	502,183
Bank balances and cash	**1,521,363**	637,340
Restricted bank deposits	**57,947**	–
Trade and other payables	**(4,403,905)**	(1,225,452)
Contract liabilities	**(6,084,575)**	(6,938,329)
Amount due to a joint venture	**(45,288)**	(68,599)
Amounts due to subsidiaries of the Group	**–**	(789,575)
Amounts due to NCI	**(750,711)**	(393,789)
Tax liabilities	**(247,359)**	(257,928)
Amounts due to associates	**(47,352)**	–
Bank and other borrowings	**(1,199,510)**	(257,000)
Deferred income	**(6,908)**	–
Lease liabilities	**(4,244)**	–
Net assets disposed of	**3,402,171**	2,234,162

42. DISPOSAL OF SUBSIDIARIES (Continued)

Loss on disposal of subsidiaries (excluding those classified as held-for-sale in previous reporting period)

	2023 RMB'000	2022 RMB'000
Cash consideration	**695,062**	449,647
Retained equity interests in associates/joint ventures	**194,808**	26,662
Net assets disposed of	**(3,402,171)**	(2,234,162)
Non-controlling interests	**911,342**	814,016
Loss on disposal	**(1,600,959)**	(943,837)

Net cash outflow arising from disposal of subsidiaries (excluding those classified as held-for-sale in previous reporting period):

	2023 RMB'000	2022 RMB'000
Cash consideration received	**695,062**	449,647
Less: bank balances and cash of the subsidiaries disposed of	**(1,521,363)**	(637,340)
Less: Consideration receivables included in other receivables	**(2,414)**	(407,664)
Net cash outflow arising on disposal	**(828,715)**	(595,357)

In addition, the Group completed the disposal of 60% equity interest in Lukang Zhuhai during the year ended 31 December 2023, the corresponding of assets and liabilities of which were classified as held for sale as at 31 December 2022. In 2022, the Group disposed its 49% equity interest in Aoyuan Property Group (Australia) Pty Ltd ("APGA") and 100% equity interest in A.C.N. 657 824 701 Pty Ltd 1 657 824 701, the corresponding of assets and liabilities of which were classified as held for sale as at 31 December 2021.

	2023 RMB'000	2022 RMB'000
Cash consideration	**584,167**	525,519
Amount due from a joint venture*	**2,457,781**	–
Retained equity interests in a joint venture*	**389,445**	–
Net assets disposed of	**(3,431,393)**	(448,083)
Gain on disposal	**–**	77,436
Net cash outflow arising from disposal of subsidiaries classified as held for sale		
Cash consideration	**584,167**	**525,519**
Less: Consideration receivables included in other receivables	**(584,167)**	**–**
Less: Bank balances and cash disposed of	**(67,704)**	**(68,347)**
Net cash outflow arising on disposal	**(67,704)**	**457,172**

* The amount represented interest-free, unsecured shareholder's loan to Lukang Zhuhai prior to the disposal.

43. DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY WITHOUT LOSS OF CONTROL

During the year ended 31 December 2023, 7.5% equity interest in Aoyuan Beauty Valley held by Shenzhen Aoyuan Kexing Investment Co., Ltd. ("Aoyuan Kexing") has been forcibly auctioned off by the court. The proceeds from the auction was RMB172,953,000. Upon completion of the auction, Aoyuan Kexing still holds 22.54% equity interest in Aoyuan Beauty Valley and the Group remained able to exercise control over Aoyuan Beauty Valley after the partial disposal.

There were no similar events during the year ended 31 December 2023.

44. 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 2023 RMB'000	Financing cash flow RMB'000	Interest paid under operating activities RMB'000	Finance cost of the year RMB'000	Non-cash transaction RMB'000	Reclassification RMB'000	Acquisition of subsidiaries RMB'000	Disposal of subsidiaries RMB'000	Dividend declared RMB'000	Foreign exchange gains RMB'000	At 31 December 2023 RMB'000
Amounts due to NCI	2,968,840	241,507	-	-	-	(453,791)	-	(750,711)	-	-	2,005,845
Amounts due to joint ventures	8,501,038	292,820	-	36,038	(44,104)	(1,070,024)	-	(45,288)	-	-	7,670,480
Amounts due to associates	1,209,978	50,929	-	-	-	(32,686)	-	(47,352)	-	-	1,180,869
Bank and other borrowings	76,294,350	(2,556,984)	-	71,770	(996,365)	-	36,200	(1,199,510)	-	110,330	71,759,791
Senior notes and bonds	32,755,541	(11,589)	-	2,380,136	-	-	-	-	-	567,317	35,691,405
Lease liabilities	1,515,076	(145,946)	-	131,214	18,116	-	-	(4,244)	-	-	1,514,216
Other payables	-	-	(109,267)	6,810,825	-	1,556,501	-	-	-	-	8,258,059
Dividend payable to NCI	-	(35,981)	-	-	-	-	-	-	35,981	-	-
At 31 December 2023	123,244,823	(2,165,244)	(109,267)	9,429,983	(1,022,353)	-	36,200	(2,047,105)	35,981	677,647	128,080,665

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	At 1 January 2022 RMB'000	Financing cash flow RMB'000	Interest paid under operating activities RMB'000	Non-cash changes Finance cost of the year RMB'000	Non-cash transaction RMB'000	Disposal of subsidiaries RMB'000	Reclassify to held for sale	Dividend declared RMB'000	Foreign exchange gains RMB'000	At 31 December 2022 RMB'000
Amounts due to NCI	3,863,048	467,050	–	–	(967,469)	(393,789)	–	–	–	2,968,840
Amounts due to joint ventures	12,300,210	(88,186)	–	18,000	(3,660,387)	(68,599)	–	–	–	8,501,038
Amounts due to associates	1,185,393	24,585	–	–	–	–	–	–	–	1,209,978
Bank and other borrowings	84,927,441	(7,212,257)	(5,905,221)	6,089,568	(891,000)	(257,000)	(1,297,999)	–	840,818	76,294,350
Senior notes and bonds	29,481,330	(10,750)	–	2,099,497	–	–	–	–	1,185,464	32,755,541
Lease liabilities	1,644,182	(302,736)	–	136,250	37,380	–	–	–	–	1,515,076
Other payables	–	–	(63,994)	63,994	–	–	–	–	–	–
Dividend payable to NCI	–	(547,790)	–	–	–	–	–	547,790	–	–
At 31 December 2022	133,401,604	(7,670,084)	(5,969,215)	8,407,309	(5,481,476)	(719,388)	(1,297,999)	547,790	2,026,282	123,244,823

45. FINANCIAL GUARANTEE CONTRACTS

At the end of respective reporting period, the Group had financial guarantee contracts as follows:

	2023 RMB'000	2022 RMB'000
Guarantees given to banks in connection with facilities granted to third parties	**64,937,213**	83,672,788
Guarantees given to banks in connection with facilities granted to joint ventures	**9,622,963**	11,635,874
Guarantees given to banks in connection with facilities granted to associates	**32,150**	64,100

45. 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.

46. 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 2023 amounted to RMB8,557,000 (2022: RMB9,508,000). The properties held by the Group for rental purpose have committed tenants for periods ranging from 1 to 20 years (2022: 1 to 21 years).

Minimum lease payments receivable on leases are as follows:

	2023 **RMB'000**	2022 RMB'000
With in one year	**133,521**	153,787
In the second year	**107,665**	117,630
In the third year	**83,425**	97,722
In the fourth year	**58,776**	77,796
In the fifth year	**47,377**	55,908
After five years	**341,579**	370,232
	772,343	873,075

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% (2022: 0.35% to 5.05%) per annum on an on-going basis.

47. OTHER COMMITMENTS

At the end of respective reporting period, the Group has other commitments as follow:

	2023	2022
	RMB'000	RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	**13,900,491**	18,443,761
Construction cost commitments for investment properties contracted for but not provided in the consolidated financial statements	**331,721**	424,601

The Group's share of commitments made jointly with other investors relating to its joint ventures are as follows:

	2023	2022
	RMB'000	RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	**3,619,507**	4,015,974

48. 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:

	2023	2022
	RMB'000	RMB'000
Property, plant and equipment (note 15)	**2,393,343**	2,591,868
Right-of-use assets (note 16)	**60,170**	34,238
Investment properties (note 17)	**4,478,642**	4,841,166
Restricted bank deposits (note 30)	**40,748**	45,380
Properties for sale (note 26)	**33,333,454**	37,808,216
	40,306,357	45,320,868

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.

49. 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 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 RMB12,305,000 (2022: RMB18,844,000) for the year ended 31 December 2023.

50. 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	**2023** **RMB'000**	2022 RMB'000
Joint Ventures	Interest income	**12,674**	12,674
Joint Ventures	Interest expense	**36,038**	18,000
Joint Ventures	Services income	**–**	22,425
NCI (note)	Interest income	**44,248**	51,582
Associate	Services income	**–**	6,302
Associate	Rental income	**3,482**	1,730
Associate	Other expenses	**112,513**	98,119
Associate	Interest income	**13,182**	13,182

Note: These entities have significant influence over several non-wholly owned subsidiaries of the Company.

50. RELATED PARTY TRANSACTION (Continued)

(b) The remuneration of key management personnel during the year is as follows:

	2023 RMB'000	2022 RMB'000
Short-term benefits	**15,088**	21,241
Retirement benefit scheme contributions	**577**	563
	15,665	21,804

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

51. 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 2023	2022	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
5799 Yonge Street Limited Partnership	Canada	**100%**	100%	CAD1,000	Property development	N/A
Capital Benefit Limited	Hong Kong	**100%**	100%	HKD1	Property development	Limited liability company
奧園集團有限公司 (Aoyuan Group Company Limited) (the "Aoyuan Group")	the PRC	**100%**	100%	RMB6,110,000,000	Investment holding, loan financing and property development	Limited liability company

51. 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 2023	2022	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)	Guangdong, the 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)	Guangdong, the 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)	Liaoning, the 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)	Guangdong, the 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)	Guangdong, the 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)	Guangdong, the 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)	Chongqing, the 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)	Chongqing, the PRC	**100%**	100%	RMB784,313,725	Property development	Limited liability company

51. 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 2023	2022	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)	Guangdong, the 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)	Guangdong, the 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)	Guangdong, the 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)	Guangdong, the 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)	Guangdong, the 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")	Guangdong, the PRC	**100%**	100%	RMB1,000,000,000	Property development	Limited liability company
奧園集團(韶關)有限公司 (Shaoguan Aoyuan Group Company Limited)	Guangdong, the 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)	Chongqing, the PRC	**100%**	100%	RMB1,600,000,000	Property development	Limited liability company

51. 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 2023	2022	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)	Guangdong, the 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)	Chongqing, the 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)	Guangdong, the 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.)	Guangdong, the 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)	Guangxi, the 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)	Anhui, the 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)	Guangdong, the PRC	**100%**	100%	RMB100,000,000	Investment holding	Limited liability company

51. 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 2023	2022	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)	Anhui, the 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)	Anhui, the 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)	Guangdong, the 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 Limited)	Hunan, the 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)	Guangxi, the 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)	Sichuan, the 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 Limited)	Guangdong, the PRC	**100%**	100%	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)	Guangdong, the PRC	**100%**	100%	RMB71,400,000	Investment holding	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
廣州市雄泰房地產開發有限公司 (Guangzhou Xiongtai Property Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB520,000,000	Property development	Limited liability company
惠州市泰華房地產開發有限公司 (Huizhou Taihua Property Development Co., Ltd.)	Guangdong, the 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.)	Guangdong, the 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.)	Guangdong, the 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.)	Guangdong, the 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.)	Guangdong, the 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)	Zhejiang, the 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)	Zhejiang, the PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
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.)	Guangdong, the PRC	**100%**	100%	RMB10,000,000	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.)	Guangdong, the 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.)	Guangdong, the 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.)	Hunan, the 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.)	Fujian, the 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.)	Zhejiang, the 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)	Shandong, the PRC	**80%**	80%	RMB50,000,000	Property development	Limited liability company
珠海來利科技有限公司 (Zhuhai Laili Technology Co., Ltd.)	Guangdong, the PRC	**70%**	70%	RMB80,000,000	Property development	Limited liability company
中山市鋭大房地產有限公司 (Zhongshan Rui Da Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
惠州市合富地產開發有限公司 (Huizhou Hefu Real Estate Development Co., Ltd.)	Guangdong, the 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.)	Sichuan, the 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.)	Guangdong, the 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.)	Shandong, the 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.)	Guangdong, the 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.)	Hunan, the PRC	**70%**	70%	RMB333,340,000	Property development	Limited liability company
重慶勁揚房地產開發有限公司 (Chongqing Jingyang Real Estate Development Co., Ltd.)	Chongqing, the 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.)	Chongqing, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
珠海市祥田房地產開發有限公司 (Zhuhai Xiangtian Real Estate Development Co., Ltd.)	Guangdong, the PRC	**90%**	90%	RMB23,880,000	Property development	Limited liability company
臺山市君華置業投資有限公司 (Tanshan Junhua Property Investment Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB87,000,000	Property development	Limited liability company
荊州奧園房地產開發有限公司 (Jingzhou Aoyuan Property Co., Ltd.)	Hubei, the 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.)	Shandong, the 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.)	Hunan, the PRC	**100%**	100%	RMB53,333,300	Property development	Limited liability company
清遠市合創泰富房地產開發有限公司 (Qingyuan Hechuang Taifu Real Estate Development Co., Ltd.)	Guangdong, the 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.)	Sichuan, the 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.)	Guangdong, the PRC	**100%**	60%	RMB75,000,000	Property development	Limited liability company
昆明亞利泰商貿有限責任公司 (Kunming Alitai Trading Co., Ltd.)	Yunnan, the PRC	**51%**	51%	RMB30,612,244	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
重慶奧驕房地產開發有限公司 (Chongqing Aojiao Real Estate Development Co., Ltd.)	Chongqing, the 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.)	Anhui, the 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.)	Chongqing, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
佛山市南海嘉美置業有限公司 (Foshan Nanhai Jiamei Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB260,000,000	Property development	Limited liability company
鄭州望啓置業有限公司 (Zhengzhou Wangqi Real Estate Co., Ltd.)	Henan, the PRC	**85%**	85%	RMB250,000,000	Property development	Limited liability company
四川中盛九鼎置業有限公司 (Sichuan Zhongsheng Jiuding Real Estate Co., Ltd.)	Sichuan, the 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.)	Guangdong, the PRC	**70%**	70%	HKD66,666,700	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.)	Guangdong, the PRC	**70%**	70%	HKD66,666,700	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
合肥前海漢華置業有限公司 (Hefei Qianhai Hanhua Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB22,222,200	Property development	Limited liability company
成都新西南房地產有限公司 (Chengdu New Southwest Real Estate Co., Ltd.)	Sichuan, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
衡陽市世安房地產開發有限公司 (Hengyang Shi'an Real Estate Development Co., Ltd.)	Hunan, the 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.)	Chongqing, the 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.)	Guangdong, the 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.)	Guangdong, the PRC	**60%**	60%	RMB100,000,000	Property development	Limited liability company
陝西萬怡置業有限公司 (Shanxi Wanyi Real Estate Co., Ltd.)	Xi'an, the 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.)	Xi'an, the PRC	**100%**	100%	RMB40,000,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
成都宏懋實業有限公司 (Chengdu Hongmao Industrial Co., Ltd.)	Sichuan, the 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.)	Guangdong, the PRC	**82% (note h)**	51%	RMB36,047,000	Investment holding	Limited liability company
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.)	Guangdong, the PRC	**85% (note h)**	58%	RMB100,000,000	Property development	Limited liability company
常德市金粟置業有限責任公司 (Changde Jinsu Real Estate Co., Ltd.)	Hunan, the 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.)	Tianjin, the 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.)	Zhejiang, the PRC	**100%**	100%	RMB68,500,000	Property development	Limited liability company
安吉銀凱置業有限公司 (Anji Yinkai Real Estate Co., Ltd.)	Zhejiang, the PRC	**73%**	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.)	Zhejiang, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
上海奧園旅遊發展有限公司 (Shanghai Olympic Garden Tourism Development Co., Ltd.)	Shanghai, the 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.)	Shanghai, the 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).	Guangdong, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
西安奧園錦泰置業有限公司 (Xi'an Aoyuan Jintai Property Co., Ltd.)	Xi'an, the PRC	**49% (note b)**	51%	RMB102,040,800	Property development	Limited liability company
昆山奧盛置業有限公司 (Kunshan Aosheng Property Co., Ltd.)	Jiangsu, the 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.)	Jiangsu, the PRC	**100%**	51%	RMB122,488,980	Property development	Limited liability company
河北綠科房地產開發有限公司 (Hebei lvke Real Estate Development Co., Ltd.)	Hebei, the 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.)	Wuhan, the PRC	**100% (note b)**	100% (note b)	RMB116,670,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
重慶億尊投資有限公司 (Chongqing Yizun Investment Co., Ltd.)	Chongqing, the PRC	**80%**	80%	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.)	Chongqing, the PRC	**80%**	80%	RMB10,000,000	Property development	Limited liability company
湖州奧冠置業有限公司 (Huzhou Aoguan Property Co., Ltd.)	Zhejiang, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
上饒市悦盛房地產開發有限公司 (Shangrao Yuesheng Real Estate Development Co., Ltd.)	Jiangxi, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
嘉善譽鴻房地產開發有限責任公司 (Jiashan Yuhong Real Estate Development Co., Ltd.)	Zhejiang, the 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.)	Zhejiang, the 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.)	Henan, the 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.)	Fujian, the PRC	**60%**	60%	RMB100,000,000	Property development	Limited liability company
合肥七彩世界置業有限公司 (Hefei Qicai Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
湖南經閣鴻運置業有限公司 (Hunan Jingge Hongyun Real Estate Co., Ltd.)	Hunan, the 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.)	Chongqing, the PRC	**100%**	100%	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.)	Jiangsu, the PRC	**60%**	60%	RMB110,185,000	Property development	Limited liability company
梅州市奧創置業有限公司 (Meizhou Aochuang Property Co., Ltd.)	Guangdong, the 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.)	Anhui, the 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.)	Hunan, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
巢湖金實置業有限公司 (Chaohu Jinshi Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB111,111,200	Property development	Limited liability company
興寧奧園置業有限公司 (Xingning Aoyuan Property Co., Ltd.)	Guangdong, the PRC	**100% (note h)**	50% (note b)	RMB100,000,000	Property development	Limited liability company
泉州奧嘉置業有限公司 (Quanzhou Aojia Property Co., Ltd.)	Fujian, the PRC	**41% (note b)**	41% (note b)	RMB10,000,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
西安利申置業有限公司 (Xi'an Lishen Real Estate Co., Ltd.)	Xi'an, the PRC	**83%**	83%	US$50,000,000	Property development	Sino-foreign joint venture
醴陵奥江置業有限公司 (Liling Aojiang Property Co., Ltd.)	Hunan, the 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.)	Fujian, the 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.)	Guangxi, the 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.)	Guangdong, the 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.)	Guangdong, the 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.)	Guangdong, the PRC	**100%**	100%	RMB1,000,000	Property development	Limited liability company
張家口奧熙房地產開發有限公司 (Zhangjiakou Aoxi Real Estate Development Co., Ltd.)	Hebei, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
重慶柯爵企業管理有限公司 (Chongqing Kejue Enterprise Management Co., Ltd.)	Chongqing, the 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.)	Anhui, the PRC	**100%**	100%	RMB60,000,000	Property development	Limited liability company
漳州奧昕房地產有限公司 (Zhangzhou Aoxin Real Estate Co., Ltd.)	Fujian, the 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.)	Guangdong, the 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.)	Jiangxi, the PRC	**100%**	100%	RMB12,500,000	Property development	Limited liability company
江陰惠升置業有限公司 (Jiangyin Huisheng Real Estate Co., Ltd.)	Jiangsu, the PRC	**100%**	100%	RMB220,873,280	Property development	Limited liability company
東莞市匯正實業投資有限公司 (Dongguan Huizheng Industrial Investment Co., Ltd.)	Guangdong, the 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.)	Anhui, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
景德鎮金投置地有限公司 (Jingdezhen Jintou Land Co., Ltd.)	Jiangxi, the 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.)	Jiangxi, the 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.)	Hubei, the 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.) (note f)	Guangdong, the PRC	**22.54% (note b)**	30.04% (note b)	RMB762,979,719	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.)	Beijing, the PRC	**24.68% (note b)**	80% (note b)	RMB54,360,000	Property development	Limited liability company
宿州新城金悅房地產開發有限公司 (Suzhou New City Jinyue Property Development Co., Ltd.)	Anhui, the 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.)	Guangdong, the 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.)	Guangdong, the PRC	**48% (note b)**	48% (note b)	RMB1,000,000,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
溫州市瀚暘置業有限公司 (Wenzhou Hanyang Real Estate Co., Ltd.)	Zhejiang, the 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.)	Guangdong, the 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.)	Jiangxi, the 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.)	Jiangxi, the 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.)	Guangdong, the PRC	**80%**	80%	RMB20,000,000	Property development	Limited liability company
六安奧禾置業有限公司 (Lvan Aohe Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	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.)	Hubei, the PRC	**100% (note g)**	100%	RMB20,000,000	Property development	Limited liability company
廣州旭承置業有限公司 (Guangzhou Xucheng Real Estate Development Co. Ltd.)	Guangdong, the PRC	**100% (note g)**	–	RMB10,000,000	Property development	Limited liability company

51. 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 2023	2022	Issued and fully paid share capital/registered share capital	Principal activities	Legal form
重慶市碧津房地產開發有限公司 (Chongqing Bijin Real Estate Development Co. Ltd.)	Chongqing, the PRC	**70% (note g)**	–	RMB166,666,700	Property development	Limited liability company
蚌埠奧園置業有限公司 (Bengbu Aoyuan Real Estate Development Co. Ltd.)	Anhui, the PRC	**100% (note g)**	80%	RMB50,000,000	Property development	Limited liability company
河源市山湖海房地產開發經營有限責任公司 (Heyuan Shanhuhai Real Estate Development Co. Ltd.)	Guangdong, the PRC	**100% (note g)**	80%	RMB50,000,000	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 (2022: RMB7,040,000,000) of corporate bonds, in which the Group has RMB7,040,000,000 (2022: 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's 22.54% equity interests in Aoyuan Beauty Valley had been frozen pursuant to an application by a creditor. The creditor had made an application to the court for an open auction of relevant equity interests. Up to the date of approval of these consolidated financial statements, the application had not been approved by the relevant court.

(g) These companies are acquired by the Group during the year ended 31 December 2023, details are set out in Note 40.

(h) These additional interests in subsidiaries are acquired by the Group during the year then ended 31 December 2023, details are set out in Note 41.

51. 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 the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of businesses	Number of subsidiaries 2023	Number of subsidiaries 2022
Investment holding	BVI	**45**	47
	Hong Kong	**73**	77
	the PRC	**82**	84
	Canada	**2**	2
Property development and investment	the PRC	**277**	291
	Canada	**21**	32
Provision of consultancy and management services	the PRC	**72**	108
Others	the PRC	**86**	104
		658	745

51. 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 2023 and 2022 that have material non-controlling interests:

Name of subsidiary	Place establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive (expenses)/income allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	**2023**	2022	**2023**	2022
Starjoy	Cayman	**–** **(note 1)**	45%	**54,341** **(note 1)**	82,764	**N/A** **(note 1)**	423,076
Non-wholly subsidiaries of Starjoy	Cayman	**–** **(note 1)**	20%-35%	**11,673** **(note 1)**	12,105	**N/A** **(note 1)**	60,883
Aoyuan Beauty Valley	the PRC	**77.5%**	70%	**(note 2)**	(108,805)	**(note 2)**	1,112,509
Non-wholly subsidiaries of Aoyuan Beauty Valley	the PRC	**12%-56%**	12%-49%	**(note 2)**	(9,994)	**534,804**	641,243
Other subsidiaries with non-controlling interests				**(173,075)**	(629,138)	**3,562,872**	2,842,808
				(107,061)	(653,068)	**4,097,676**	5,080,519

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:

1. Starjoy become the Group's associate during the year ended 31 December 2023.

2. At the date of these consolidated financial statements. The consolidated financial information of Aoyuan Beauty Valley for the year ended 31 December 2023 had not yet been publicly available. As such, the relevant financial information was included in "Other subsidiaries with non-controlling interests".

51. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Starjoy

	2023 **RMB'000**	2022 RMB'000
Non-current assets	**N/A**	553,976
Current assets	**N/A**	1,667,050
Current liabilities	**N/A**	1,190,987
Non-current liabilities	**N/A**	37,681
Equity attributable to the owners of the Company	**N/A**	508,399
Equity attributable to the NCI of Starjoy	**N/A**	423,076
Equity attributable to the NCI of subsidiaries of Starjoy	**N/A**	60,883
Revenue*	**824,236**	1,629,751
Expenses*	**734,944**	1,466,587
Profit and total comprehensive income for the year*	**89,292**	194,325
Profit and total comprehensive income attributable to owners of Company*	**23,278**	99,456
Profit and total comprehensive income attributable to NCI of Starjoy*	**54,341**	82,764
Profit and total comprehensive income attributable to NCI of subsidiaries of Starjoy*	**11,673**	12,105
Dividend distributions to NCI	**–**	–
Net cash outflow from operating activities*	**(26,524)**	(105,682)
Net cash inflow/(outflow) from investing activities*	**65,847**	(50,652)
Net cash outflow from financing activities*	**(14,385)**	(272,098)
Net cash outflow*	**24,938**	(428,432)

* Starjoy became the associate of the Group in 17 July 2023.

51. 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

	2023 **RMB'000**	2022 RMB'000
Non-current assets	**Note 2**	3,630,485
Current assets	**Note 2**	825,373
Current liabilities	**Note 2**	659,190
Non-current liabilities	**Note 2**	1,566,354
Equity attributable to the owner of the Company	**Note 2**	476,562
Equity attributable to the NCI of Aoyuan Beauty Valley	**Note 2**	1,112,509
Equity attributable to the NCI of subsidiaries of Aoyuan Beauty Valley	**Note 2**	641,243
Revenue	**Note 2**	1,413,590
Expenses	**Note 2**	1,578,998
Loss and total comprehensive expenses for the year	**Note 2**	(165,408)
Loss and total comprehensive expenses attributable to owners of the Company	**Note 2**	(46,609)
Loss and total comprehensive expenses attributable to the NCI of Aoyuan Beauty Valley	**Note 2**	(108,805)
Loss and total comprehensive expenses attributable to the NCI of Aoyuan Beauty Valley	**Note 2**	(9,994)
Dividend distributions to NCI	**Note 2**	(38,157)
Net cash (inflow)/outflow from operating activities	**Note 2**	64,723
Net cash outflow from investing activities	**Note 2**	(60,096)
Net cash outflow/(inflow) from financing activities	**Note 2**	(329,493)
Net cash outflow/(inflow)	**Note 2**	(324,866)

52. MAJOR NON-CASH TRANSACTIONS

During the reporting periods, the Group had the following significant non-cash transactions:

i) During the year ended 31 December 2023, consideration for the disposal of investment properties of RMB151,620,000 (2022: Nil), Nil (2022: RMB461,034,000) and Nil (2022: RMB891,000,000) were utilised to settle the Group's contract liabilities, other payables and bank and other borrowings, respectively.

ii) During the year ended 31 December 2023, the Group entered into settlement arrangements with various joint ventures and NCI and amounts due from (to) the same counterparties of approximately RMB44,104,000 (2022: RMB3,660,387,000) and Nil (2022: RMB967,469,000) were offset, respectively.

iii) During the year ended 31 December 2023, the Group entered into a number of new lease agreements and recognised lease liabilities of approximately RMB18,116,000 (2022: RMB38,290,000).

iv) During the year ended 31 December 2023, the Group settled the bank and other borrowings in the amount of RMB996,365,000 (2022: Nil) by properties for sales.

v) During the year ended 31 December 2023, the Group settled in trade payables in the amount of RMB1,799,697,000 (2022: Nil) by properties for sales.

53. LITIGATION

As at 31 December 2023 and up to the date of the consolidated financial statements, the Group has certain litigations with its business partners regarding the settlement of the overdue/outstanding operational payables, banks and other borrowings and senior notes and bonds.

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

54. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting date, other than disclosed elsewhere in these consolidated financial statements, the Group had following significant event taken place:

(a) The Company has consummated the Restructuring on 20 March 2024.

55. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**753**	736
Investments in subsidiaries	**–**	–
	753	736
CURRENT ASSETS		
Trade and other receivables	**1,418**	1,410
Amounts due from subsidiaries	**10,508,119**	11,794,844
Bank balances and cash	**9,441**	9,265
	10,518,978	11,805,519
CURRENT LIABILITIES		
Trade and other payables	**2,635,512**	1,862,720
Bank and other borrowings	**6,631,205**	7,117,972
Senior notes	**27,985,233**	25,542,975
	37,251,950	34,523,667
NET CURRENT LIABILITIES	**(26,732,972)**	(22,718,148)
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET LIABILITIES	**(26,732,219)**	(22,717,412)
CAPITAL AND RESERVES		
Share capital	**27,726**	27,726
Reserves	**(26,759,945)**	(22,745,138)
TOTAL EQUITY	**(26,732,219)**	(22,717,412)

Movement in the Company's reserves

	Share premium RMB'000	**Capital redemption reserve** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000
At 1 January 2022	5,103,113	1,151	(23,095,815)	(17,991,551)
Loss and total comprehensive income for the year	–	–	(4,753,587)	(4,753,587)
At 31 December 2022	5,103,113	1,151	(27,849,402)	(22,745,138)
Loss and total comprehensive expense for the year	–	–	(4,014,807)	(4,014,807)
31 December 2023	5,103,113	1,151	(31,864,209)	(26,759,945)

Five Years Financial Summary

For the year ended 31 December 2023

Consolidated results

	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023** **RMB'000**
Revenue	50,531,150	67,793,792	50,021,616	18,711,072	**27,533,316**
(Loss)/Profit before taxation	10,589,492	13,608,527	(36,237,438)	(8,071,916)	**(7,814,569)**
Income tax (expense)/credit	(5,367,662)	(6,557,481)	749,892	(424,110)	**(1,826,058)**
(Loss)/Profit for the year	5,221,830	7,051,046	(35,487,546)	(8,496,026)	**(9,640,627)**

Consolidated assets, equity and liabilities

	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023** **RMB'000**
Assets					
Non-current assets	27,422,906	35,029,037	29,459,406	25,061,353	**21,560,472**
Current assets	262,457,527	290,649,419	231,963,401	209,364,532	**177,811,016**
Total assets	289,880,433	325,678,456	261,422,807	234,425,885	**199,371,488**
Equity and liabilities					
Non-current liabilities	56,036,501	65,273,697	5,237,786	12,829,111	**14,552,192**
Current liabilities	196,847,324	206,152,113	263,714,810	239,233,670	**212,903,149**
Total liabilities	252,883,825	271,425,810	268,952,596	252,062,781	**227,455,341**
Equity attributable to owners of the Company	15,029,881	18,552,887	(15,504,797)	(22,717,415)	**(32,181,479)**
Non-controlling interests	21,966,727	35,699,759	7,975,008	5,080,519	**4,097,626**
Total equity and liabilities	289,880,433	325,678,456	261,422,807	234,425,885	**199,371,488**

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