



佳兆業集團控股有限公司\*  
KAISA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1638

# KAISA ANNUAL REPORT 2021 GROUP



\* For identification purposes only



## CORPORATE OVERVIEW

Established in 1999, Kaisa Group Holdings Ltd. (the “**Company**” or “**Kaisa**”), which together with its subsidiaries, is referred to as the “**Group**” or “**Kaisa Group**”) (stock code: 1638) is headquartered in Hong Kong. It was listed on the Main Board of The Hong Kong Stock Exchange Limited on 9 December 2009.

Kaisa Group has more than 20 groups and professional companies and has established a number of listed platforms, including Kaisa Group Holdings Ltd (1638.HK), Kaisa Prosperity Holdings Limited (2168.HK), Kaisa Health Group Holdings Limited (0876.HK), Kaisa Capital Investment Holdings Limited (0936.HK) and Kaisa Jia Yun Technology Inc. (300242.SZ). Kaisa’s businesses have covered major economic regions such as Guangdong-Hong Kong-Macao Greater Bay Area, the coordinated development area of Beijing-Tianjin-Hebei regions and the Yangtze River Economic Belt. Kaisa Group has entered more than 50 major cities across the country. Its business covers more than 20 industrial fields such as comprehensive development, urban renewal, healthcare, culture & leisure, sports, technology, property management, water-way passenger and cargo transportation, commercial operations, hotel operations, football club and so on.

Kaisa Group upholds the strategic position of “urban public service provider”. With “professionalism, innovation, value, and responsibility” as its core corporate values, Kaisa Group puts focus on four sustainable development dimensions, namely city co-creation, livelihood sharing, coexistence with environment and home building. In terms of industrial layout, Kaisa Group takes urban renewal as the platform, industrial transformation projects as the entry point, citizens’ needs as the basis, and ecological environment as the foundation, to explore the development mode of urban public service.

Kaisa Group has always regarded social responsibility as its own one. Over the years, it has funded more than 80 charitable projects in poverty alleviation, poverty relief, education, medical care, environmental protection, and fighting the epidemic, with a cumulative amount of more than RMB1.7 billion. The Group has also gradually established a complete charity platform of “Three Funds and One Foundation” (三金一會) comprising Kaisa Public Welfare Foundation (佳兆業公益基金會), Kaisa Medical Workers Caring Fund (佳兆業白衣天使基金), Kaisa Yushu Education Fund (佳兆業玉樹助學基金) and Kaisa Sanitation Workers Caring Fund (佳兆業環衛工關愛基金). The Group continues to promote the advancement of public welfare undertakings through normalized, institutionalized, and standardized operating mechanisms.



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# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Mr. KWOK Ying Shing (*Chairman*)  
 Mr. SUN Yuenan (*Vice Chairman*)  
 Mr. MAI Fan (*Vice Chairman*)  
 Mr. LI Haiming  
 Mr. KWOK Hiu Kwan

## NON-EXECUTIVE DIRECTOR

Ms. CHEN Shaohuan

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. RAO Yong  
 Mr. ZHANG Yizhao  
 Mr. LIU Xuesheng

## AUDIT COMMITTEE

Mr. RAO Yong (*Chairman*)  
 Mr. ZHANG Yizhao  
 Ms. CHEN Shaohuan

## REMUNERATION COMMITTEE

Mr. ZHANG Yizhao (*Chairman*)  
 Mr. RAO Yong  
 Mr. KWOK Ying Shing

## NOMINATION COMMITTEE

Mr. KWOK Ying Shing (*Chairman*)  
 Mr. RAO Yong  
 Mr. ZHANG Yizhao

## AUTHORISED REPRESENTATIVES

Mr. SUN Yuenan  
 Mr. MAI Fan

## COMPANY SECRETARY

Mr. YU Kwok Leung

## REGISTERED OFFICE

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

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 3306, Kerry Center  
 Ren Min South Road  
 Luohu  
 Shenzhen  
 Guangdong  
 China





## CORPORATE INFORMATION

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

30/F, The Center  
99 Queen's Road Central  
Central  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road  
George Town  
Grand Cayman KY1-1110  
Cayman Islands

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

### PRINCIPAL BANKERS

Bank of China Limited  
Industrial and Commercial Bank of China Limited  
Ping An Bank Company Limited  
China Citic Bank Corporation Limited  
China Minsheng Banking Corp. Ltd.

### LEGAL ADVISERS

#### As to Hong Kong and U.S. law:

Sidley Austin

#### As to PRC law:

King & Wood Mallesons

#### As to Cayman Islands law:

Harney Westwood & Riegels

### AUDITOR

Elite Partners CPA Limited

### LISTING INFORMATION

#### Share Listing

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited  
(Stock Code: 1638.HK)

### COMPANY'S WEBSITE

<http://www.kaisagroup.com>



# MILESTONES

## INHERITING THE SPIRIT OF THE CENTENNIAL OF THE FOUNDING OF THE PARTY AND PRACTICING CORPORATE RESPONSIBILITY

### 1. Launching a series of activities to celebrate the centennial of the founding of the Communist Party

In 2021, in order to celebrate the 100th anniversary of the founding of the Communist Party, the Party Committee of Kaisa Group organized party lectures on the centennial history of the Communist Party with the theme of “Learning the history of the Party while remaining true to original aspiration, forging ahead and striving to be the first”, and arranged for Party members and Party activists to take part in a series of activities such as a concert of classical works to celebrate the 100th anniversary of the founding of the Communist Party – “Singing Aloud in Shenzhen” (深圳放歌), guiding Party members to learn and understand the important thesis of General Secretary Xi Jinping on the history of the Communist Party, remember the glorious history of the CPC in its century-long struggle, learn and inherit the great spirit built up by the CPC in its long-term struggle, rejuvenate vitality at work and enhance their cohesion and combat power.



### 2. Releasing the first independent sustainability report

In April 2021, Kaisa Group released the 2020 sustainability report (i.e. Environmental, Social, and Governance Report). The report with more than 100 pages comprehensively and objectively recorded the achievements and progress of the Group on the road to sustainable development in 2020 from six dimensions including fighting the epidemic, open communication, and environmentally friendly. This was also the first sustainability report independently released by Kaisa Group.



### 3. Continuously supporting the front line fighting against the epidemic in Guangzhou and Shenzhen

In 2021, in response to the recurrence of the epidemic in Guangzhou and Shenzhen, the Group responded promptly to the epidemic with all business segments working together to support the front line fighting against the epidemic in Guangzhou and Shenzhen through practical measures such as donating anti-epidemic materials, organizing volunteers to participate in fighting against the epidemic and setting up nucleic acid testing sites. By strengthening the epidemic prevention and control and personnel management, the Group built a line of security for property owners and employees etc.



### 4. Deepening the rural revitalization in Guangdong Province

To adhere to and implement the work plan of the Central Committee of the Party, the State Council, the provincial Party committee and the provincial government, in June 2021, Kaisa Group once again donated RMB120 million in the “Guangdong Poverty Alleviation Day” to consolidate the achievements of poverty alleviation and promote rural revitalization. Among which, Kaisa Group donated RMB50 million each at the event venue in Guangdong Province and Shenzhen, and donated RMB20 million at the event venue in Jieyang.





## MILESTONES

### 5. Recognized as Advanced Group for Poverty Alleviation in Guangdong Province

In June 2021, the Commendation Conference on Summary of Poverty Alleviation in Guangdong Province was held in Guangzhou. The conference thoroughly studied and implemented the spirit of General Secretary Xi Jinping's important speech at the National Commendation Conference on Summary of Poverty Alleviation, and commended advanced individuals and advanced groups. In this commendation conference, Kaisa Group was awarded the title of "Advanced Group for Poverty Alleviation in Guangdong Province".



### 6. Making donations to assist flood prevention and disaster relief in Henan Province

In July 2021, Kaisa Group donated RMB10 million via Guangdong Charity Federation in full support of flood prevention and disaster relief in Henan Province. The donations were mainly used for safeguarding life and property safety of local people, procurement of disaster relief materials and post-disaster reconstruction.



### 7. Official release of White Paper on Rural Revitalization

In July 2021, Kaisa Group officially released the "2021 Kaisa's White Paper on Rural Revitalization". The White Paper presents for the first time the logical thinking and exploration practices of Kaisa Group in the field of poverty alleviation and rural revitalization, and reflects the development achievements and contributions of Kaisa in rural revitalization in a panoramic manner.



## MILESTONES

### CONSOLIDATING URBAN RENEWAL ADVANTAGES AND PROMOTING DELIVERY OF RESETTLEMENT APARTMENTS

#### 1. 32,000 units delivered in 2021

2021 was a year of significant delivery for Kaisa Group. Projects in various places were following the concept of “service satisfaction to excellence” (服務滿意到佳) to promote delivery with high quality. During the year, Kaisa Group delivered 41 projects and approximately 32,000 units, setting the highest record of annual delivery since the Company’s establishment. The Group endeavored to ensure property owners can move into quality new home on schedule.



#### 2. Selection of resettlement apartments completed for more than 1,000 residential units

In 2021, Renovation Project (Phase I) of Dongshan project in the core of Futian District, Shenzhen and Xiaxue Project (Phase I) in Longgang District, Shenzhen successively organized a ceremony for selection of resettlement apartments. The two projects completed the apartment selection for a total of more than 1,000 resettlement apartments. Property owners of Pinghu Old Town Project (Phase II) Kaisa Jinyu Yayuan (金禦雅園) in Longgang District, Shenzhen completed resettlement, and 593 quality apartments were delivered to property owners. At the same time, resettlement delivery of 173 resettlement shops of Pinghu Old Town Project (Phase I), Kaisa Plaza was also completed.



#### 3. Release of the Whitepaper of Kaisa Urban Renewal

In May 2021, Kaisa released the Whitepaper of Kaisa Urban Renewal themed “City’s Vision: Renewal Brings Harmony and New Life (城市遠見：更唱迭和·曉喻新生)”, which is the first whitepaper on urban renewal focusing on the urban renewal policies and regulations in the major and key cities nationwide as well as “The Book of Operation” for the future development.



#### 4. Successfully bid the Shenzhen Wuhe Hub Urban Renewal Project

In July 2021, Kaisa Group received a notice on winning the bid for the early-stage service provider for the key renewal units of Wuhe Hub District Project located at Bantian Street, Longgang District, Shenzhen. What makes us outstanding from the fierce competition was the embodiment of the strength of Kaisa’s reputation as the “No. 1 brand” in urban renewal in China, and this will definitely strengthen Kaisa’s leading advantages in urban renewal.





## MILESTONES

### 5. Held the Science and Technology Innovations of China – Dapeng Science and Technology Industry Empowerment Seminar

In July 2021, the Dapeng Science and Technology Industry Empowerment Seminar was successfully held at Kaisa International Resorts located at Dapeng New District, Shenzhen. Kaisa Group focused on the functions of the technology industry, and discussed how Dapeng New District can leverage on the development advantages of Shenzhen to achieve a win-win situation for environmental and economic benefits for its regional development goal and explore and carry out a discussion on the theme of “Science and Technology Innovations of China – Dapeng International Science and Technology Exchange Platform and Sources”.



### 6. Housing Project for Talents in Yuedong New City of Kaisa successfully topped out

In December 2021, under the strong support of the government departments and the cooperation of all business units, the construction of the housing project for talents in Yuedong New City of Kaisa has been completed progressively to deliver high quality projects as scheduled.



## CONTINUOUS BREAKTHROUGHS IN DIVERSIFIED BUSINESS TO SERVE THE CITY WITH IDEAL LIFE

### 1. Signing of the Strategic Cooperation Framework Agreement with Shenzhen Dapeng New District

In January 2021, the management committee of Shenzhen Dapeng New District signed a strategic cooperation framework agreement with Kaisa Group, pursuant to which both parties will jointly seek opportunities to promote the industry upgrade, city comprehensive development and city value enhancement in Dapeng New District. Focusing on the industry development, brand building and infrastructure construction of Kaisa International Resorts, both parties will commence full chain cooperation in building a world-class coastal eco-tourism resort and a global marine center city.



### 2. Shenzhen Football Club achieved the best ever result in 17 years

In 2021, the first team of Shenzhen Football Club won the sixth place in the Chinese Super League, which is the best ever result in 17 years.



## MILESTONES

### 3. Grant of operating right of six cultural and entertainment stadiums

In 2021, leveraging our mature operating model and management experience, Kaisa Culture Sports & Technology Group has successively been granted the operating right of six cultural and entertainment stadiums, namely Shenzhen Qianhai Sports Park, the swimming complex of Shenzhen MSU-BIT University, Guangdong Foshan Nanhai Sports Center, Shenzhen Guangming Yutang Culture and Sports Center, Shenzhen Guangming Shangcun Cultural and Sports Center and Anhui Hefei Luyang Fitness and Sports Center.



### 4. Orientino Hotel Dongdaihe was awarded "China Five-Star Hotel"

In March 2021, the representatives of the Liaoning Tourism Star-rated Hotels Evaluation Committee, on behalf of the National Tourism Star-rated Hotel Evaluation Committee, granted the award of "China Five-Star Hotel" to Orientino Hotel Dongdaihe, which was the first five-star tourism hotel in Ningbo in the past five years.



### 5. Supporting the preparation for competition of the National Athletics Team and the Hong Kong National Games Delegation

In 2021, Kaisa Culture Sports & Technology Group spared no efforts in supporting the National Athletics Team to prepare for the Tokyo Olympics at the Universiade Shenzhen Gymnasium. In addition, prior to the commencement of the 14th National Games and Paralympic Games, the Universiade Shenzhen Gymnasium and Zhongshan Park Baseball Stadium, which are under the management and operation of the Group, provided a venue for closed-door training of the Hong Kong's delegation and Hong Kong Paralympic Team, ensuring that they can have professional and comprehensive services and training. We have received thank-you letters from the General Administration of Sport, the Organising Committee of the HKSAR Delegation of the 14th National Games of China, and the Baseball Association of Hong Kong.





## MILESTONES

### 6. Kaisa Prosperity established its foothold in urban integrated services in Xinhai Town, Chongming District, Shanghai

In November 2021, Kaisa Prosperity successfully signed a strategic cooperation agreement with Xinhai Town People's Government of Chongming District of Shanghai Municipality, pursuant to which Kaisa Prosperity will jointly promote urban integrated governance work in Xinhai Town with Xinhai Town People's Government by providing services such as environmental hygiene, watercourse management, green conservation, road maintenance, renovation of old residential community and property management, comprehensively upgrading town appearance of Xinhai Town.



### 7. Grand opening of Changsha Kaisa Plaza

In December 2021, the high-profile grand opening of Changsha Kaisa Plaza took place. This project is not only the first representative work of Kaisa Commercial Group in Sanxiang, but also a key project of Yuanjialing Central Cultural District in Furong District, Changsha. Focusing on the diversified business combinations for young people in Star City, Changsha Kaisa Plaza strives to create a "playful and perfect" and beautiful space to appreciate life and experience beauty, providing Changsha residents with a new place to enjoy fun.



# AWARDS

## MARCH



### 27th among 2021 Top 30 China Real Estate Developers in Integrated Capability

China Real Estate Association, Shanghai E-house China R&D Institute, China Real Estate Appraisal Centre



### Top 24 among 2021 Top 100 China Real Estate Enterprises

China Real Estate TOP 10 Research Team

## MAY



### 2021 Top 10 China Listed Property Developers in Investment Value

EH Consulting



### 2020-2021 China Real Estate Benchmark Enterprise in Poverty Alleviation

China Real Estate TOP 10 Research Team



### 2021 China Outstanding Real Estate Enterprise in Urban Renewal Top 1

China Real Estate TOP 10 Research Team



AWARDS

JUNE



**2021 Best Urban Operators**

The Paper



**Advanced Group for Poverty Alleviation in Guangdong Province**

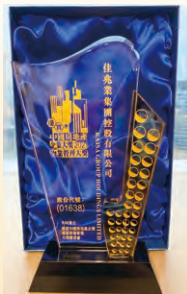
Guangdong Provincial People's Government of the CPC Guangdong Provincial Committee



**2020 Guangdong Poverty Alleviation Tree Cotton Cup Gold Cup**

CPC Guangdong Provincial Committee Rural Work Leading Group

JULY



**2021 China Property Awards of Supreme Excellence**

Organizing Committee on China Property Awards of Supreme Excellence and Property Management Awards of Supreme Excellence (The Hong Kong Institute of Financial Analysts and Professional Commentators Limited)

AWARDS

SEPTEMBER



**2021 China ESG-Responsible Real Estate Companies**

Leju Finance



**2021 TOP 19 China Property Companies in Integrated Capability**

EH Consulting



**2021 Top 13 China Property Companies in Brand Value**

EH Consulting



**2021 China Urban Renewal Benchmark Enterprise in Comprehensive Strength**

China Real Estate Newspaper



**2021 China Real Estate Urban Renewal Leading Brands TOP1**

China Enterprise Evaluation Association, Research Center for Real Estate of Tsinghua University, Beijing China Index Academy, China Real Estate TOP 10 Research Team



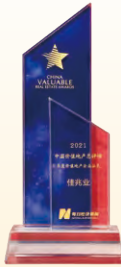
**Top 23 among 2021 Top 30 China Real Estate Development Enterprises in Brand Value**

China Real Estate Association, Shanghai E-house China R&D Institute, China Real Estate Appraisal Centre



## AWARDS

### OCTOBER



#### 2021 Value Real Estate Corporate Citizen

National Business Daily



#### 2021 China Corporate ESG Best Case Award

[www.cls.cn](http://www.cls.cn)

### NOVEMBER



#### 2021 Enterprise with Outstanding Contribution to Social Responsibility

China Business Journal, China  
Business Future

# QUALITY LIVING







# CHAIRMAN'S STATEMENT

**Dear Shareholders,**

**On behalf of the board of directors (the "Board") of Kaisa Group Holdings Ltd. ("Kaisa" or the "Company", together with its subsidiaries, the "Group"), I hereby present to you the annual results of the Group for the year ended 31 December 2021 (the "Year") together with the comparative figures for the previous year.**

## RESULTS AND DIVIDEND

During the Year, the Group's revenue and gross profit decreased by approximately 36.3% and 70.9% to approximately RMB35,544.7 million and RMB4,628.3 million respectively, as compared to 2020. Loss for the year attributable to owners of the Company was approximately RMB12,726.7 million and basic loss per share was RMB1.898 (2020: profit of approximately RMB5,447.1 million and basic earnings per share of RMB0.863 (restated)).

The Board did not recommend payment of a final dividend for the year ended 31 December 2021 (2020: HK12.0 cents per share).

## BUSINESS REVIEW

### Property Market and Policies

Throughout 2021, with the sporadic outbreak of epidemic in China, the national economy presented an upward trend followed by a downward trend and demonstrated a strong resilience in general. In particular, import and export maintained steady growth and consumption remained sluggish under the impacts of the epidemic. For fixed investments, the manufacturing industry recovered steadily, but the industrial production retrenched from the high level, the prosperity of real estate dropped sharply, and the infrastructure sector remained at a low level. Despite the high growth of 8.1% in GDP, the national economy was still facing a great threefold pressure of shrinking demand, supply shock, and weakening expectations.

In terms of the property market, the Central Government continued to emphasize the principles of "housing is not for speculation and formulating city-specific policies". "Three Red Lines" and measures of centralized management for real estate loans were implemented on the financing front, while the "two-concentration" land supply policy regarding 22 core cities was introduced on the land supply front. There has been no significant easing of regulatory measures such as market-side restrictions on purchases and sales.

Throughout 2021, the national real estate market rose first and then fell deteriorated sharply from the second half of the year. According to the figures of the National Bureau of Statistics, both investment in real estate development and sales amount of commodity housing plummeted and there were frequent debt default events of property developers.

In face of the severe market environment, property developers slowed down their investment pace, accelerated the return of capital, proactively lowered leverage, and also implemented cost-cutting measures to lower costs and enhance efficiency and elevate their operation capability at the same time. Property developers facing liquidity crisis actively conducted self-rescue by ways including disposal of assets and introduction of strategic investments.

## CHAIRMAN'S STATEMENT

### Contracted Sales

In 2021, the Group together with its joint ventures and associates recorded contracted sales of approximately RMB92,352 million.

Projects in various places were following the concept of “service satisfaction to excellence” to promote delivery with high quality. The Group delivered 41 projects with 32,000 units throughout the Year.

During the Year, the Group also had significant enhancement in product competitiveness and innovation. 35 projects were awarded over 60 accolades in different professional fields, such as architecture, interior and landscape, including Luoyang Lake View Waldorf being recognized as “Top Ten Works” of 2021 by CRIC and Chongqing Fengming Riverside winning the DNA Paris Design Awards.

### Land Bank

Deepening its penetration in the first-tier and major second-tier cities has always been the development strategy of the Group. Under the current industry background, the Group adopted a more prudent approach towards land acquisition from the open market and replenished its land bank through diverse channels.

In 2021, the Group together with its joint ventures and associates acquired a total of 17 parcels of land with high quality, with approximately 2.54 million sq.m. of attributable gross floor area (“GFA”), at an aggregate attributable consideration of RMB25,583 million. In terms of the attributable GFA of such newly acquired lands, those in the Greater Bay Area, Western China, Yangtze River Delta and the Pan-Bohai Bay Rim accounted for 61%, 20%, 12% and 6% of the total newly acquired lands of the Group, respectively.

As at 31 December 2021, the Group together with its joint ventures and associates had a total of 225 real estate projects in 51 cities nationwide. The Group together with its joint ventures and associates has a total land bank of approximately 29.03 million sq. m., of which approximately 17.05 million sq.m. or 59% of the Group's total land bank are located in the Greater Bay Area. Among cities in the Greater Bay Area, Shenzhen and Guangzhou are the Group's core markets that have been intensely developed over the years, accounting for 38% of its land bank in the Greater Bay Area.

### Urban Renewal

From the perspective of top-level design, policies still encourage and promote urban renewal implementation from various dimensions. The first batch of 21 pilot cities announced in the “14th Five-Year Plan” were unprecedented in terms of both city level and regional coverage. Another 59 cities began to promote city examination, including residential building density, urban renewal, etc., which laid a good foundation for future urban renewal planning in cities. According to relevant statistics, as at the end of 2021, a total of 23,000 urban renewal projects have commenced in 411 cities across China.

Urban renewal has been gradually changing from the savage disruptive demolition and reconstruction to reasonable green renewal. Shanghai, Guangzhou and Shenzhen have entered the period of deep adjustment of urban renewal as the first tier of cities, while Beijing, Chengdu, Nanjing and other cities as the second tier put more focus on policy planning, guidance and standard construction. The industry policies for short-term renewal were tightened, and the progress of project transformation would likely to be affected. In the long run, the main theme of first-tier cities releasing land space through urban renewal shall remain unchanged. The core areas of the core cities will still be having high value, but it needs a long period of time to hold firm and be prepared for the severe industry environment.

As at 31 December 2021, Kaisa still has nearly 200 urban renewal projects which were yet to be converted into land bank of the Group, covering a site area of more than 50 million sq.m.. The Group plans to replenish the land bank for urban renewal as high-quality sources of products through continuous conversion every year to release the potential value.



## CHAIRMAN'S STATEMENT

### Financing

Throughout 2021, real estate financing continued the tightening trend seen at the end of 2020 on both supply and demand sides. In the first half of the year, various regions have strengthened the compliance review of real estate financing and further emphasized the prevention of financial risks of real estate bond defaults, and the AMAC suspended the filing of real estate supply chain products by its fund subsidiaries later on. In the third quarter, the “two-concentration” for real estate loans stayed on track and the financing environment continued to tighten. Under such background, there were successively debt defaults in certain real estate enterprises, and the rating of China’s real estate industry and certain enterprises was downgraded frequently. Since the fourth quarter, in order to maintain the steady and healthy development of the real estate market, the central government, ministries and commissions, financial institutions, etc. have been releasing positive news to the public about the financing policies of real estate enterprises, and intensive policies were introduced to maintain stability, so as to rebuild the confidence of the industry.

Under such circumstances, the Group pro-actively carrying out active debt management and actively negotiated extension of financing maturity to reduce financing costs and expand financing channels. Regarding domestic financing, the Group communicated with various financial institutions to extend or restructure existing borrowings and signed agreements, leading to a decrease in financing cost as compared with that in the end of 2020. On the other hand, the Company successfully issued 5 standardised products including balance payment ABS, supply chain ABS/ABN and long-term lease corporate bonds with a subsisting balance of RMB1.876 billion at present.

### Capital Market's Recognition

With respect to environmental, social and corporate governance (“ESG”), Kaisa has been devoted to be sustainable in profit, along with social and environmental benefit, and enthusiastically responded to the national strategic goals of “carbon peak and carbon neutrality”. We have been actively developing green building projects to reduce the impacts in the environment. During the Year, 25 construction projects of the Group received the green building certification, with a certificated area of more than 3.69 million sq.m.. As of the end of 2021, the Group had a total of 70 projects which received the green building certification, with an aggregate certificated area of about 9.57 million sq.m..

Based on Kaisa’s outstanding performance in ESG as always, the ESG rating granted by MSCI, a renowned global index compiler, to the Group remained unchanged at “BB”. Sustainalytics, an ESG rating and research company, continued to grant the Group a rating of “low risk” and the score further lowered from 18.7 in 2020 to 17.6 (a lower score indicates a higher rating), which marked a leading position among peers in the real estate industry. At the same time, the Group was also awarded with several accolades, including “Chinese Real Estate Enterprise of ESG Responsibility 2021”, “2021 Annual Social Responsibility Outstanding Contribution Enterprise”, “ESG Best Case Award for Chinese Enterprises 2021” and “2021 Social Responsibility Contribution Award”, fully reflecting the high recognition of Kaisa’s ESG-relevant work by the industry.

## CHAIRMAN'S STATEMENT

### Prospects

Under the combined effect of a series of factors such as global trade friction, geopolitical conflicts and high inflation in developed countries, the global economy is still under great pressure to stabilize and recover. With rather low inflation pressure and loosened monetary policies in China, the national economic growth rate shall gradually recover and rebound in the future as the impacts of the epidemic gradually weaken and various measures in stabilizing growth take effect.

Since the marginal loosening of real estate regulation and control policies at the end of 2021, various major cities across the country have loosened measures such as restrictions on sales and purchases. The central bank has lowered the mortgage interest rates and continued to stabilize the real estate market and boost the market confidence through policies such as the "Second Arrow" in supporting bond issuance by private real estate enterprises and the "16 Financial Measures" in maintaining stability of the real estate market. The real estate industry may possibly bottom out soon and recover moderately.

We believe that the real estate market in China shall remain as a large profit-making market with tens of trillions of revenues in the future. Despite the decrease in proportion accounting for GDP, the real estate market will still be an important pillar of the national economy. Meanwhile, the structural change in the industry will also give rise to new development opportunities. We will speed up our efforts in mitigating risks to get back on the right track of operation and give full play to our competitive advantages in products, services and operations and our expertises in the field of urban renewal, so as to capture market opportunities and achieve high quality and sustainable development.

### Acknowledgement

The Board will continue to mitigate negative impacts and implement measures to manage any risks regarding the Group's operations and reputation, and to achieve sustainable development by enhancing the Group's core advantages.

On behalf of the Board, I would like to take this opportunity to extend my wholehearted gratitude to all shareholders, investors, business partners and customers of the Company. We will overcome the difficulties together hand in hand to maximize the value and returns to our shareholders and investors.

**KWOK Ying Shing**

*Chairman*

Hong Kong, 9 March 2023

# QUALITY LIVING









# MANAGEMENT DISCUSSION AND ANALYSIS



## OVERALL PERFORMANCE

During the year ended 31 December 2021, the Group recorded revenue of approximately RMB35,544.7 million, representing a decrease of 36.3% as compared with 2020. Loss attributable to owners of the Company amounted to approximately RMB12,726.7 million for the year ended 31 December 2021 as compared to profit attributable to owners of the Company amounted to approximately RMB5,447.1 million for the year ended 31 December 2020. Basic loss per share amounted to RMB1.898 (2020: basic earnings per share amounted to RMB0.863 (restated)).

The Board does not recommended the payment of a final dividend for the year ended 31 December 2021 (2020: HK12.0 cents per share).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Contracted sales in 2021

In 2021, the Group together with its joint ventures and associates recorded contracted sales of approximately RMB92,352 million, representing a decrease of 13.6% from 2020. Aggregated GFA sold for the year was approximately 5,660,669 sq.m., representing a decrease of 8.2% from 2020. The table below shows the Group's contracted sales by region in 2021:

Region	Contracted sales area (sq.m.)	Contracted sales amount (RMB in millions)
Guangdong-Hong Kong-Macao Greater Bay Area	2,381,872	41,636
Yangtze River Delta	814,810	21,825
Central China Region	562,052	6,993
Western China Region	856,410	11,866
Pan-Bohai Bay Rim	1,045,525	10,032
<b>Total</b>	<b>5,660,669</b>	<b>92,352</b>

### Property development

#### Projects completed in 2021

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the Year, the GFA of newly completed projects of the Group together with its joint ventures and associates amounted to approximately 5.68 million sq.m..

#### Projects under development

As at 31 December 2021, the Group together with its joint ventures and associates had 110 projects under development with an aggregate of GFA of approximately 16.3 million sq.m..

### Property management

The Group generated revenue from providing property management services. During the year ended 31 December 2021, the Group managed a total GFA of approximately 90.3 million sq.m.. The Group's property management is striving to deliver excellent and professional services to its customers and enhance brand and corporate image. As of 31 December 2021, the Group's property services penetrated into 58 cities nationwide, covering residential, commercial, office, tourism and large-scale stadiums.

### Investment properties

The Group adopts a diversified business strategy, characterised by its increase in property investment. The portfolio of investment properties will generate steady and reliable income and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 31 December 2021, the Group held 12 investment property projects, with an aggregate GFA of 1.07 million sq.m., including completed investment properties of GFA of 0.48 million sq.m. for leasing purpose.

### Land bank

The Group remained cautious in replenishing its land bank nationwide by making reference to the development of the Group, availability of land supply and its existing land bank. By ways such as joint development, acquisition, bidding, auction and listing as well as urban renewal, the Group seeks project resources in China's regions where economy prospers.

In 2021, the Group together with its joint ventures and associates acquired a total of 17 parcels of land or related interests. The aggregate attributable consideration for land acquisition amounted to approximately RMB25,583 million. The attributable GFA per maximum allowed plot ratio attributable to the Group was approximately 2.54 million sq.m..



## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2021, the Group together with its joint ventures and associates had a total land bank of approximately 29.03 million sq.m., and approximately 59% of land bank was located in the Greater Bay Area, which is sufficient for the Group's development needs for the next five years.

The table below sets forth detailed information of these land acquisitions:

Time of Acquisition	Location	Attributable Interest	Site Area (sq. m.)	Attributable Building Area (sq. m.)	Attributable Consideration (RMB in millions)	Land use
January 2021	Shantou, Guangdong	100.0%	116,204	493,296	2,271	Residential and Commercial
January 2021	Huizhou, Guangdong	100.0%	40,000	104,000	262	Residential and Commercial
February 2021	Chongqing	100.0%	57,460	86,190	750	Residential
February 2021	Zhanjiang, Guangdong	100.0%	26,676	110,045	331	Residential and Commercial
February 2021	Guangzhou, Guangdong	55.0%	1,013,800	520,090	8,415	Residential and Commercial
March 2021	Chengdu, Sichuan	100.0%	50,538	101,076	1,304	Residential and Commercial
March 2021	Shenzhen, Guangdong	100.0%	24,781	187,870	1,668	Residential
April 2021	Chongqing	100.0%	62,405	93,608	1,000	Residential
April 2021	Chongqing	100.0%	31,493	78,733	920	Residential
April 2021	Shenyang, Liaoning	63.0%	130,657	164,628	1,445	Residential
May 2021	Shenzhen, Guangdong	100.0%	21,051	67,360	2,544	Residential
April 2021	Wuxi, Jiangsu	49.0%	50,732	44,969	322	Residential
June 2021	Hefei, Anhui	100.0%	147,147	259,647	2,301	Residential
June 2021	Chengdu, Sichuan	100.0%	28,912	86,737	840	Residential
June 2021	Foshan, Guangdong	40.0%	54,381	65,256	842	Residential and Commercial
July 2021	Hong Kong	100.0%	697	3,484	287	Residential
July 2021	Guiyang, Guizhou	91%	25,184	68,752	81	Residential and Commercial
<b>Total</b>			<b>1,882,118</b>	<b>2,535,741</b>	<b>25,583</b>	

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

The Group's revenue was primarily derived from business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, (v) cinema, department store and cultural centre operations, (vi) water-way passenger and cargo transportation, (vii) health care operations and (viii) others. Revenue decreased by 36.3% to approximately RMB35,544.7 million in 2021 from approximately RMB55,770.2 million in 2020. 86.0% of the Group's revenue was generated from the sales of properties (2020: 91.8%) and 14.0% from other segments (2020: 8.2%).

#### Sales of properties

Revenue from sales of properties decreased by approximately RMB20,628.7 million, or 40.3%, to approximately RMB30,565.7 million in 2021 from approximately RMB51,194.4 million in 2020. The decrease was primarily attributable to a decrease in the total delivered GFA from approximately 3.2 million sq.m. in 2020 to approximately 2.1 million sq.m. in 2021.

#### Rental income

Rental income decreased by approximately RMB66.5 million, or 12.2%, to approximately RMB477.3 million in 2021 from approximately RMB543.7 million in 2020.

#### Property management

Revenue from property management services increased by approximately RMB787.0 million, or 58.3%, to approximately RMB2,136.1 million in 2021 from approximately RMB1,349.2 million in 2020. This increase was primarily attributable to the increased GFA under property management.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Hotel and catering operations

Revenue from hotel and catering operations of the Group increased by approximately RMB80.4 million, or 30.5% to approximately RMB343.8 million in 2021 from approximately RMB263.4 million in 2020. Due to the stabilization of the epidemic as compared to 2020, the hotel industry have recovered gradually in 2021.

### Cinema, department store and cultural centre operations

Revenue from cinema, department store and cultural centre operations increased by approximately RMB139.1 million, or 88.0%, to approximately RMB297.3 million in 2021 from approximately RMB158.2 million in 2020. The increase was primarily due to the stabilization of the epidemic and commencement of operation of new stadiums.

### Water-way passenger and cargo transportation

Revenue from water-way passenger and cargo transportation increased by approximately RMB167.3 million, or 39.4%, to approximately RMB591.7 million in 2021 from approximately RMB424.4 million in 2020. The increase was primarily due to increase in both charge rates and volume of the cargo transportation as result of increase in demand for the cargo transportation service.

### Health care operations

Revenue from health care operations increased by approximately RMB39.7 million, or 8.1%, to approximately RMB530.7 million in 2021 from approximately RMB491.0 million in 2020.

### Gross profit

As a result of the foregoing, the Group's gross profit decreased by approximately RMB11,279.2 million, or 70.9%, to approximately RMB4,628.3 million in 2021 from approximately RMB15,907.5 million in 2020. The Group's gross profit margin decreased from 28.5% for the year ended 31 December 2020 to 13.0% for the year ended 31 December 2021, mainly due to the adjustments made on average selling price to accelerate the pace of the sales which subsequently affected the Group's gross profit margin and higher cost per sq.m. of property sales recognised in 2021 as compared to 2020.

### Other gains and losses – net

The Group had net other losses of approximately RMB7,262.3 million in 2021, as compared to net other losses of approximately RMB1,687.7 million in 2020. The Group's net other gains and losses in 2021 mainly comprised write-down of completed properties held for sale and properties under development of approximately RMB6,281.4 million, provision for expected credit loss allowance/written off of approximately RMB2,875.8 million, net fair value loss on financial assets at fair value through profit or loss of approximately RMB2,046.3 million, and offset by net exchange gain of approximately RMB1,617.8 million. The Group's net other gains and losses in 2020 mainly comprised provision for expected credit loss/written off of approximately RMB1,353.0 million, write-down of completed properties held for sale and properties under development of approximately RMB2,578.9 million and net fair value loss on financial assets at fair value through profit or loss of approximately RMB307.2 million and offset by net exchange gain of approximately RMB4,670.8 million.

### Selling and marketing costs

The Group's selling and marketing costs decreased by approximately RMB405.4 million, or 20.1%, to approximately RMB1,611.9 million in 2021 from approximately RMB2,017.3 million in 2020.

### Administrative expenses

The Group's administrative expenses decreased by approximately RMB141.7 million, or 3.8%, to approximately RMB3,588.6 million in 2021 from approximately RMB3,730.3 million in 2020.

### Net fair value (loss)/gain of investment properties

The Group recorded net fair value loss on investment properties of approximately RMB1,822.7 million for the year ended 31 December 2021, as compared to net fair value gain on investment properties of approximately RMB189.4 million in 2020.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Net gain on disposals of subsidiaries

The Group had recorded net gain on disposals of subsidiaries of approximately RMB392.4 million in 2021 and approximately RMB774.1 million in 2020.

### Finance costs – net

The Group's net finance costs decreased by approximately RMB797.7 million or 43.9% to approximately RMB1,020.3 million in 2021 from RMB1,818.0 million in 2020. The decrease was mainly due to higher amount of finance costs were capitalised as compared to last year.

### Income tax credit/(expenses)

The Group recorded an income tax credit of approximately RMB315.1 million for the year ended 31 December 2021 as compared to an income tax expenses of approximately RMB5,224.0 million for the year ended 31 December 2020.

### Loss/profit for the year and total comprehensive expense/income for the year

As a result of the foregoing, the Group's loss and total comprehensive expense for the year amounted to approximately RMB13,258.4 million and approximately RMB13,282.2 million, respectively (2020: profit for the year and total comprehensive income for the year amounted to approximately RMB5,278.4 million and RMB5,319.4 million, respectively).

### Liquidity, financial and capital resources

#### Cash position

As at 31 December 2021, the carrying amount of the Group's cash and bank deposits was approximately RMB16,370.5 million (31 December 2020: approximately RMB47,113.2 million), representing a decrease of 65.3% as compared to that as at 31 December 2020. Certain property development companies of the Group placed a certain amount of pre-sales proceeds to designated bank accounts as collateral for the construction loans. Such collateral will be released after completion of the pre-sales properties or the issuance of the title of the properties, whichever is the earlier. Additionally, as at 31 December 2021, certain of the Group's cash was deposited in certain banks as collateral for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above collateral amounted to approximately RMB11,110.3 million as at 31 December 2021 (31 December 2020: approximately RMB6,248.9 million).

#### Senior notes

During the year ended 31 December 2021, the Group issued (i) additional US\$300.0 million 10.875% senior notes due 2023 in January 2021, (ii) additional US\$200.0 million 9.95% senior notes due 2025 in January 2021, (iii) additional US\$100.0 million 9.75% senior notes due 2023 in February 2021, (iv) additional US\$200.0 million 9.75% senior notes due 2023 in April 2021, (v) US\$1,000.0 million 11.7% senior notes due 2025 in May 2021, (vi) US\$300.0 million 11.65% senior notes due 2026 in June 2021, (vii) additional US\$280.0 million 9.75% senior notes due 2023 in June 2021, (viii) US\$200.0 million 8.65% senior notes due 2022 in July 2021, (ix) US\$300.0 million 10.5% senior notes due 2022 in September 2021, and (x) additional US\$100.0 million 8.65% senior notes due 2022 in September 2021.

During the year ended 31 December 2021, the Group conducted a tender offer to repurchase 7.875% senior notes due 9 June 2021 with a principal amount of US\$59.2 million and 7.875% senior notes due 30 June 2021 with a principal amount of US\$54.2 million. In May 2021, the Group conducted a concurrent exchange and tender offer for 9.375% senior notes due 2024. The Group issued US\$1,000.0 million 11.7% senior notes due 2025 comprising US\$500.0 million of the new notes pursuant to the terms of the exchange offer and repurchased 9.375% senior notes due 2024 with a principal amount of US\$304 million as a result of the tender offer and senior note holders with principal amount of US\$500.0 million had validly tendered for the exchange and accepted pursuant to the exchange offer. All the repurchased notes were cancelled.

During the year ended 31 December 2021, the Group redeemed (i) 6.75% senior notes due February 2021 with a principal amount of US\$174.3 million, (ii) 11.75% senior notes due February 2021 with a principal amount of US\$215.8 million, (iii) 7.875% senior notes due 9 June 2021 with a principal amount of US\$240.8 million, (iv) 7.875% senior notes due 30 June 2021 with a principal amount of US\$345.9 million and (v) 10.5% convertible bonds due July 2021 with a principal amount of US\$100.0 million upon maturity.

During the year ended 31 December 2021, the Group did not make payments of principal and interest of certain senior notes when they became due, and as a result an event of default has occurred in respect of such senior notes.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Rights Issue

On 30 April 2021, the Company completed a rights issue on the basis of one ordinary rights share for every seven existing shares held on the record date of 14 April 2021 at the subscription price of HK\$2.95 per rights share (the "Rights Issue"). 876,552,528 Shares in total were allotted and issued by the Company to the Qualifying Shareholders (as defined in the prospectus of the Company dated 15 April 2021).

The gross proceeds raised from the Rights Issue were approximately HK\$2,586 million before expenses.

### Convertible bonds

During the year ended 31 December 2021, the convertible bonds of US\$100 million (equivalent to approximately HK\$783 million) (the "Convertible Bonds") matured. The Company has redeemed the Convertible Bonds in full in accordance with the terms and conditions of the Convertible Bonds.

### Borrowings and charges on the Group's assets

As at 31 December 2021, the Group had aggregate borrowings of approximately RMB131,706.5 million, of which approximately RMB104,743.4 million will be repayable within 1 year (including those that had become default or cross-default or contain early demand clauses), approximately RMB12,944.1 million will be repayable between 1 and 2 years, approximately RMB9,984.8 million will be repayable between 2 and 5 years, approximately RMB4,034.2 million will be repayable over 5 years.

As at 31 December 2021, the senior notes were secured by the share pledge of the Company's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Company. The Group's domestic bank loans carried a floating interest rate linking up with the base lending rate of the People's Bank of China. The Group's interest rate risk is mainly from the floating interest rate of domestic bank loans.

### Key financial ratios

As at 31 December 2021, the Group had a leverage ratio (i.e. its net debts (total borrowings net of cash and bank balances, long-term and short-term bank deposits, and restricted cash) over total assets) of 39.8% (31 December 2020: 24.0%). The Group's net current assets decreased by 68.6% from approximately RMB100,325.6 million as at 31 December 2020 to approximately RMB31,554.9 million as at 31 December 2021, the quick ratio (cash and short-term bank deposits of RMB15,670.5 million divided by short-term borrowings of RMB104,743.4 million) decreased to 0.15 times as at 31 December 2021 from 2.0 times as at 31 December 2020, the current ratio decreased to 1.2 times as at 31 December 2021 as compared to 1.8 times as at 31 December 2020.

The net gearing ratio is calculated by dividing total borrowings (including short-term and long-term borrowings and perpetual capital securities) minus cash and cash equivalents (including restricted cash, short-term bank deposits and long-term bank deposits) by the total equity (excluding perpetual capital securities). As of 31 December 2021, the Group's borrowings (including short-term and long-term borrowings and perpetual capital securities) was RMB133,056.5 million, and cash and cash equivalents (including restricted cash, short-term bank deposits and long-term bank deposits) was RMB16,370.5 million. The total equity (excluding perpetual capital securities) was RMB57,732.0 million, so the net gearing ratio was 202.1%, which is 104.2 percentage points higher than the 97.9% as of 31 December 2020.

The cash to short-term debt ratio is cash and bank balances (excluding restricted cash and short-term bank deposits) divided by short-term borrowings. As at 31 December 2021, the Group's cash and bank balances (excluding restricted cash and short-term bank deposits) were RMB3,060.2 million, short-term borrowings were RMB104,743.4 million. Therefore, the cash to short-term debt ratio was 0.03 (31 December 2020: 1.56).

The liabilities to assets ratio after excluding contract liabilities is calculated by subtracting contract liabilities from total liabilities (including perpetual capital securities) and dividing by total assets minus contract liabilities. As of 31 December 2021, the Group's contract liabilities was RMB44,788.9 million, total liabilities (including perpetual capital securities) was RMB232,398.1 million, and total assets was RMB290,130.0 million; total liabilities (including perpetual capital securities) and total assets after excluding contract liabilities was RMB187,609.2 million and RMB245,341.2 million, respectively. Therefore, the liabilities to asset ratio after excluding contract liabilities was 76.5%, as compared with 70.3% of 31 December 2020, representing an increase by 6.2 percentage points.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cost of borrowings

During the year ended 31 December 2021, the Group's total interest expense was approximately RMB11,893.0 million, representing an increase of approximately RMB367.3 million or 3.2% as compared to the corresponding period in 2020. The increase was primarily attributable to higher average balance of borrowings in 2021.

### Foreign currency risks

The Group's property development projects are substantially located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies which operate in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 31 December 2021, the Group had borrowings in US dollar and HK dollar with an aggregate carrying amount of approximately RMB78,341.9 million, which are subject to foreign currency exposure.

The Group does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### Financial guarantees

As at 31 December 2021, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB30,859.2 million (31 December 2020: approximately RMB27,272.6 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

As of 31 December 2021, the financial guarantees given by the Group relating to the liabilities of the Group's joint ventures and associates mainly engaging in property development was approximately RMB11,549,138,000 and the provision as at 31 December 2021 amounted to RMB458,192,000. The proceeds of the financings were mainly applied towards property development projects of the joint ventures and associates of the Group. Based on management's best estimate, the provision for financial guarantee and the Group's exposure as at 31 December 2020 were not significant.

### Employees and remuneration policy

As at 31 December 2021, the Group had approximately 18,650 employees (31 December 2020: approximately 17,100 employees). The related employees' costs (including the directors' remuneration) for the year ended 31 December 2021 amounted to approximately RMB2,412.5 million. The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance. The Group provides trainings for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills. Further, the Company adopted the share option scheme on 14 June 2019. Further information of share option scheme has been set out in the annual report.



## MANAGEMENT DISCUSSION AND ANALYSIS

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not currently known to the Group or which may not be material now but could turn out to be material in the future.

#### Risks pertaining to the property market in the PRC

The Group's business and revenue growth is dependent on favourable economic conditions in the PRC, particularly the performance of the PRC residential property market in the cities in which the Group develops its property development projects, and therefore any potential decline in demand for properties, property sales or property prices in the PRC, particularly in the cities where the Group has operations, could have a material adverse effect on its business, results of operations and financial condition.

#### Operational Risks

The Group's operations are subject to a number of risk factors distinctive to the property related businesses. Shortages of materials, equipment and skilled labour, labour disputes, default on the part of its buyers, contractors and strategic business partners, natural catastrophes, adverse weather conditions, inadequacies or failures of internal processes or other external factors may have various levels of negative impact on the results of the Group's operations. Additionally, accidents may happen despite systems and policies set up for their prevention, which may lead to the Group's financial loss, litigation, or damage in reputation.

Further, property development is capital intensive in nature. The Group has financed its property development projects primarily through proceeds from sales of properties and bank borrowings. It may also access the capital markets to raise further financing. Its ability to obtain external financing in the future is subject to a variety of uncertainties, including the condition of the international and domestic financial markets and financing availability and general economic conditions in the PRC. If the Group fails to secure adequate financing or renew its existing loans prior to their expiry as a result of these governmental actions and policy initiatives, there may be a material adverse effect on the business, results of operations and financial condition of the Group.

#### Legal Risk

The Company underwent onshore and offshore restructuring exercise and breached the relevant Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as set out in the section headed "Other non-compliances with the Listing Rules" in this report as a result of the prolonged Suspension and therefore may be subject to legal actions, disputes, disciplinary actions and regulatory investigations, which may disrupt or otherwise negatively affect the operations, financial conditions or reputation of the Group. For details of the remedial actions in respect of those breaches, please refer to the section headed "Other non-compliances with the Listing Rules" in the corporate governance report.

#### Financial Risk

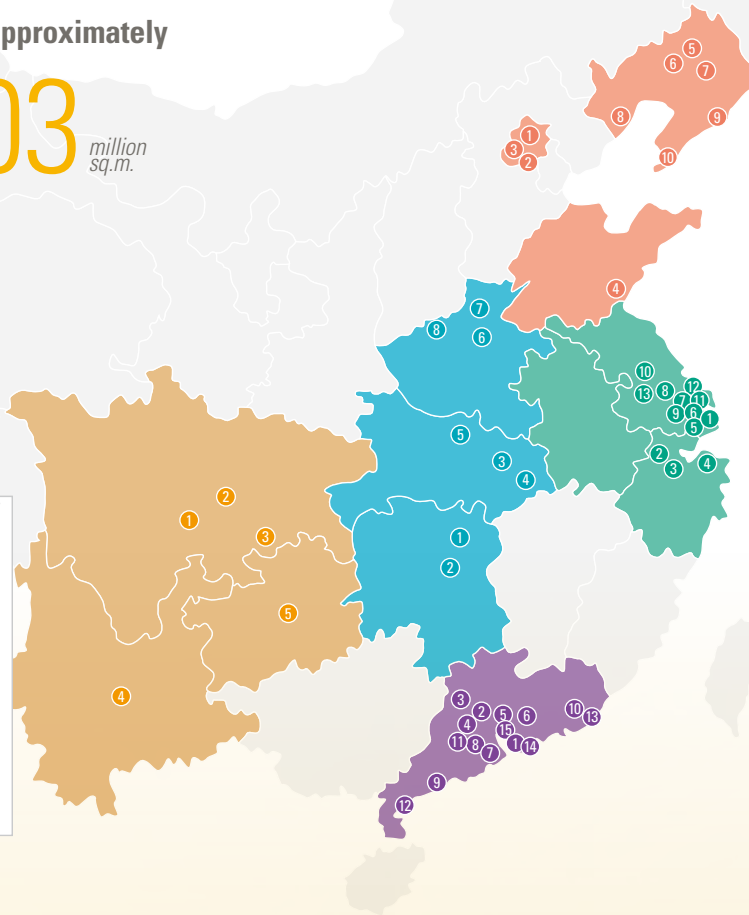
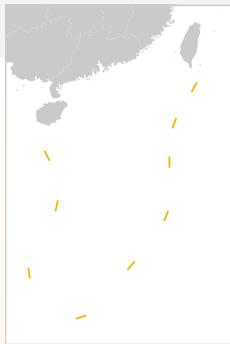
The financial risk management of the Group is set out in note 4 to the consolidated financial statements of the Company.

# PROJECT PORTFOLIO — SUMMARY

We have accumulated substantial experience in developing 225 projects. The map below shows the geographical coverage of our property development projects as at 31 December 2021.

Total GFA of approximately

**29.03** million sq.m.



- 1 Shenzhen
- 2 Guangzhou
- 3 Qingyuan
- 4 Foshan
- 5 Dongguan
- 6 Huizhou
- 7 Zhuhai
- 8 Zhongshan
- 9 Yangjiang
- 10 Jieyang
- 11 Jiangmen
- 12 Zhanjiang
- 13 Shantou
- 14 Hong Kong
- 15 Sanya

- 1 Shanghai
- 2 Hangzhou
- 3 Shaoxing
- 4 Ningbo
- 5 Jiaxing
- 6 Suzhou
- 7 Zhangjiagang
- 8 Nanjing
- 9 Wuxi
- 10 Xuzhou
- 11 Jiangyin
- 12 Taizhou
- 13 Hefei

- 1 Changsha
- 2 Hengyang
- 3 Wuhan
- 4 Ezhou
- 5 Xiaogan
- 6 Xinzheng
- 7 Xinxiang
- 8 Luoyang

- 1 Chengdu
- 2 Nanchong
- 3 Chongqing
- 4 Kunming
- 5 Guiyang

- 1 Beijing
- 2 Bazhou
- 3 Gu'an
- 4 Qingdao
- 5 Shenyang
- 6 Anshan
- 7 Benxi
- 8 Huludao
- 9 Dandong
- 10 Dalian

## PROJECT PORTFOLIO — SUMMARY

## PROJECT PORTFOLIO – AS AT 31 DECEMBER 2021

No	Project	Address	Location	Type
<b>The Greater Bay Area<sup>(6)</sup></b>				
1	Shenzhen Woodland Height	Junction of Shenhui Road and Lilang Road, Buji Town, Longgang District	Shenzhen	Residential
2	Shenzhen Mocha Town	Busha Road, Longgang District	Shenzhen	Residential
3	Shenzhen Kaisa Center <sup>(2)</sup>	East of Shangbu Nan Road and North of Nanyuan Road, Futian District	Shenzhen	Residential
4	Shenzhen Lake View Place	Junction of Xincheng Road and Pingxi Road, Longgang District	Shenzhen	Residential
5	Shenzhen Xiangrui Garden	North of Beihuan Highway, Nanshan District	Shenzhen	Residential
6	Shenzhen Jincui Garden	Cuizhu Road, Luohu District	Shenzhen	Residential
7	Shenzhen Shangpin Garden	Bantian Community, Bantian Street, Longgang District	Shenzhen	Residential
8	Shenzhen Kaisa Technology Center	Shennan Avenue, Futian District	Shenzhen	Commercial
9	Shenzhen Metro City <sup>(2)</sup>	Buji Station, Shenhui Road, Nanmendun, Buji Town, Longgang District	Shenzhen	Residential
10	Shenzhen Kaisa City Plaza	Banxuegang Avenue, Longgang District	Shenzhen	Residential
11	Shenzhen Kaisa Metropolitan Homeland <sup>(2)</sup>	Mumianwan Station, Longgang Avenue, Buji, Longgang District	Shenzhen	Residential
12	Shenzhen Dapeng Kaisa Peninsula Resort	Yingbin Avenue, Dapeng New District	Shenzhen	Commercial
13	Shenzhen Kaisa Yuefeng Garden	Bulong Road, Bantian, Longgang District	Shenzhen	Residential
14	Shenzhen Yantian Kaisa City Plaza	Mingzhu Avenue, Yantian District	Shenzhen	Residential
15	Shenzhen Kaisa Golden Bay International Park	Xiasha Community, Dapeng Street, Dapeng New District	Shenzhen	Commercial
16	Shenzhen Marriott Hotel Golden Bay	No.8 Jinsha Road, Xiasha Community, Dapeng Street, Dapeng New District	Shenzhen	Commercial
17	Shenzhen Kaisa Qianhai Plaza	Junction of Yueliangwan Avenue and Mianshan Road, Nanshan District	Shenzhen	Residential
18	Shenzhen Pinghu Kaisa Plaza	Junction of Shouzhen Street and Pinghu Avenue, Pinghu Street, Longgang District	Shenzhen	Residential
19	Shenzhen Kaisa Future City	Junction of Ruyi Road and Dayun Road, Longcheng Street, Longgang District	Shenzhen	Residential
20	Shenzhen Nan'ao Project	Shuitousha Beach, Nan'ao Street, Dapeng New District	Shenzhen	Commercial
21	Shenzhen Kaisa Dongmen New World <sup>(2)</sup>	Dongmen Street, Luohu District	Shenzhen	Commercial & Residential
22	Shenzhen Kaisa E Cube	Junction of Huanguan Nan Road and Guantian Road, Guanlan Street, Longhua District	Shenzhen	Commercial & Residential
23	Shenzhen Kaisa Marine Mangrove Bay	Intersection of Honghua Road and Xiangzhang Road, Futian District	Shenzhen	Residential
24	Shenzhen Kaisa Yuebanshan	Junction of Jiuwei Road and Huangmabu Road, Bao'an District	Shenzhen	Residential
25	Shenzhen Tongda Huixuan	Junction of Jianhui Road and Zhicheng Road, Longhua District	Shenzhen	Commercial & Residential
26	Shenzhen Futian Dongshan Project (P1)	No.8008 Binhe Avenue, Futian District	Shenzhen	Residential



## PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1-8	160,514	580,135	580,135	—	—	100%
1-7	185,724	735,299	735,299	—	—	100%
—	5,966	98,241	98,241	—	—	100%
1-5	182,064	388,626	388,626	—	—	100%
—	57,984	143,796	143,796	—	—	100%
—	9,066	105,830	105,830	—	—	100%
—	45,829	231,572	231,572	—	—	100%
1	14,411	175,180	—	175,180	—	100%
1-4	5,241	124,479	124,479	—	—	100%
1-4	242,172	1,755,673	1,541,065	214,608	—	100%
1-4	19,393	138,892	138,892	—	—	100%
1-2	48,256	186,466	186,466	—	—	100%
1-2	47,890	165,455	165,455	—	—	100%
1-3	230,315	794,562	446,473	348,089	—	100%
1-4	869,838	508,670	154,722	195,219	158,729	100%
1	34,449	77,834	77,834	—	—	100%
1-2	49,582	295,941	295,941	—	—	100%
1-3	118,488	666,848	666,848	—	—	100%
1-2	48,773	310,131	248,071	62,060	—	59%
1	25,966	51,930	—	51,930	—	71%
1	5,992	50,556	50,556	—	—	100%
1	34,129	160,970	160,970	—	—	51%
1	9,467	44,270	—	44,270	—	70%
1	35,239	150,820	—	150,820	—	40%
1	9,321	46,176	—	46,176	—	35%
1	7,590	50,796	—	50,796	—	46%

## PROJECT PORTFOLIO — SUMMARY

No	Project	Address	Location	Type
27	Shenzhen Kaisa Metropolis Plaza	Buji Street, Longgang District	Shenzhen	Commercial & Residential
28	Shenzhen Kaisa Sky-high Summit	Guangming Avenue, Guangming District	Shenzhen	Commercial & Residential
29	Shenzhen Luohu Sanshun Project	Dongxiao Street, Luohu District	Shenzhen	Industrial
30	Shenzhen Kaisa Shenwei	North of Shahe Street, intersection of Qiaofa Road and Qiaoshen Road, Nanshan District	Shenzhen	Commercial
31	Shenzhen Nanmendun Project (P1) <sup>(3)</sup>	North side of the interchange of Longgang Avenue and Tiedong Road, Buji Street, Longgang District	Shenzhen	Residential
32	Shenzhen Kaisa Sky-high Mansion	Bantian Street, Longgang District	Shenzhen	Residential
33	Shenzhen Kaisa Skyline Residence <sup>(3)</sup>	Intersection of Minfeng Road and Minrong Road, Longhua Street	Shenzhen	Residential & Commercial
34	Shenzhen Fengming Riverside	Intersection of Jiangangshan Avenue and Wolong 4th Road, Fuhua Community, Xixiang Street, Baoan District, Shenzhen	Shenzhen	Residential & Commercial
35	Guangzhou Kaisa Plaza <sup>(2)</sup>	No.191 Tiyu West Road, Tianhe District	Guangzhou	Commercial
36	Guangzhou Monarch Residence	No.99 Jiangnan Avenue Central, Haizhu District	Guangzhou	Residential
37	Guangzhou Kaisa Mansion No. 1	No.505 Huangpu Avenue, Financial Center, Tianhe District	Guangzhou	Residential
38	Guangzhou Sky Villa	Tongbao Road, Guangzhou Avenue North, Baiyun District	Guangzhou	Residential
39	Guangzhou Sky Mansion	Lot No.20, Meihua Garden, Shatai Road, Baiyun District	Guangzhou	Residential
40	Guangzhou Kaisa City Plaza	Lot No.49, Nangang, Yunpu Industrial Zone, Huangpu District	Guangzhou	Residential
41	Guangzhou Kaisa Future City	No.3889 Huangpu Avenue East, Huangpu District	Guangzhou	Commercial
42	Guangzhou Kaisa Center	East of Beihao Yong, Northwest to the Luoxi Bridge, Haizhu District	Guangzhou	Commercial
43	Guangzhou Kaisa Baiyun City Plaza	West of Baiyun New Town, South of Huangshi West Road, and East of Shicha Road, Baiyun District	Guangzhou	Residential
44	Guangzhou Kaisa Yuejiang Mansion	Lingshan Island, MingZhu Bay, Nansha Free Trade Zone	Guangzhou	Residential
45	Guangzhou Jiaze Garden	Huangniukan, Wuyi Village, Licheng Street, Zengcheng District	Guangzhou	Residential
46	Guangzhou Kaisa Yuefeng	Jiuru Village, Ningxi Street, Zengcheng District	Guangzhou	Residential
47	Guangzhou Kaisa Fengming Mountain	East of Huangge West Road, Huangge Town, Nansha District	Guangzhou	Residential & Commercial
48	Guangzhou Xiajing Village Project <sup>(3)</sup>	West of Guanghe Highway, East of Zhonghua Road, middle of Zhongxin Town, Zengcheng District	Guangzhou	Residential & Commercial
49	Guangzhou Shixi Village Project <sup>(3)</sup>	Shixi Village, Haizhu District	Guangzhou	Residential & Commercial
50	Guangzhou Kaisa Blissful Bay	South of Yingdong Avenue, West of Gangqian Avenue, Nansha District	Guangzhou	Residential
51	Qingyuan Kaisa City Plaza	South of Guang Qing Avenue, Longtang Town, Qingcheng District	Qingyuan	Residential
52	Foshan Shunde Kaisa Golden World	West of Waihuan Road, Ronggui Town, Shunde District	Foshan	Residential

## PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1	6,033	68,686	–	68,686	–	100%
1	28,841	138,820	–	138,820	–	54%
1	5,427	33,440	–	33,440	–	51%
1	7,241	58,400	–	58,400	–	22%
1	34,422	429,740	–	–	429,740	100%
1	29,500	212,427	–	212,427	–	100%
1	24,781	187,870	–	–	187,870	46%
1	21,051	67,360	–	67,360	–	5%
1-9	14,192	233,322	233,322	–	–	100%
–	7,707	56,666	56,666	–	–	49%
1	15,178	86,138	–	86,138	–	92%
1-2	65,627	226,946	226,946	–	–	49%
–	19,671	80,854	80,854	–	–	49%
1-4	190,742	776,317	776,317	–	–	95%
1-3	240,089	592,832	309,647	50,644	232,541	75%
1-3	52,176	314,540	–	48,998	265,542	39%
1-4	158,071	543,007	–	15,768	527,239	39%
1-2	47,626	94,960	–	94,960	–	90%
–	22,215	68,704	–	68,704	–	100%
1-3	113,300	351,200	–	246,100	105,100	90%
1-2	102,392	336,709	–	336,709	–	55%
1-3	243,200	393,700	–	–	393,700	79%
1-4	1,013,800	945,618	–	–	945,618	55%
1	30,623	101,056	–	101,056	–	100%
1-5	343,749	1,468,131	43,037	479,960	945,134	100%
1-9	197,584	499,112	499,112	–	–	49%



## PROJECT PORTFOLIO — SUMMARY

No	Project	Address	Location	Type
53	Foshan Kaisa Metro City	No.169 Guangfo Road, Huangqi Town, Nanhai District	Foshan	Commercial
54	Foshan Kaisa Yue Metropolis	No. 97 Yanbu Huanzhen North Road, Dali Town, Nanhai District	Foshan	Commercial
55	Foshan Kaisa Yuefeng	South of Kuiqi West Road, West of Zhenzhong Road, Shiwan Sub-district, Chancheng District	Foshan	Residential
56	Foshan Kaisa Fantasia Guangya Court	North of Xiaping Road, East of Foshan 1st Ring Road, Guicheng Street, Nanhai District	Foshan	Residential & Commercial
57	Foshan Lunjiao Zefengye Dijingwan	West of Lunchang North Road, Lunjiao Street and north of Guihua Shuichang Road, Shunde District, Foshan City	Foshan	Residential & Commercial
58	Dongguan Zhongyang Haomen	Longsheng Road, Xincheng District, Shilong Town	Dongguan	Residential
59	Dongguan Dongjiang Haomen	South of Dongjiang Road, Yangwu Village and Qishi Village, Qishi Town	Dongguan	Residential
60	Dongguan Shui'an Haomen	Fengshen Avenue, Fenggang Town	Dongguan	Residential
61	Dongguan Dijingwan	Jinshawan Square, Xincheng District, Shilong Town	Dongguan	Residential
62	Dongguan Le Grand Bleu	Xinwei Village Group, Qisha Village, Shatian Town	Dongguan	Residential
63	Dongguan Oasis Town	Junction of Huancheng Road and Green Road, Xiping Community, Nancheng District	Dongguan	Residential
64	Dongguan Yulongshan Garden	Jinzhou Community, Humen Town	Dongguan	Residential
65	Dongguan Shilong Project <sup>(3)</sup>	Junction of Jiangnan Middle Road and Xihu No. 1 Road, Xihu District, Shilong Town	Dongguan	Residential
66	Dongguan Riverside Woods Palace <sup>(3)</sup>	Junction of Dongshen Road and Bihu Avenue, Fenggang Town	Dongguan	Residential
67	Dongguan Riverside Hillview Palace <sup>(3)</sup>	Junction of Dongshen Road and Bihu Avenue, Fenggang Town	Dongguan	Residential
68	Dongguan Kaisa Glamorous Riverscape Garden	Douchi Island, Zhongtang Town	Dongguan	Residential
69	Dongguan Kaisa The Rhythm	Dingshan Community, Houjie Town	Dongguan	Residential
70	Dongguan Kaisa Enchanting Garden	Douchi Island, Zhongtang Town	Dongguan	Residential
71	Dongguan Kaisa Glossy Riverscape Garden	Douchi Island, Zhongtang Town	Dongguan	Residential
72	Dongguan Kaisa Prosperous Villa	Douchi Island, Zhongtang Town	Dongguan	Residential & Commercial
73	Huizhou Kaisa Mansion No. 1	Gutang'ao, Miaozaikeng	Huizhou	Residential
74	Huizhou Kaisa Center	No. 18 Sub-district, Jiangbei, Huicheng District	Huizhou	Commercial
75	Huizhou Yuanzhou Project <sup>(3)</sup>	Tanjiao Section, Liangwu Gaotou Village, Yuanzhou Town, Boluo County	Huizhou	Residential

## PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1	14,387	71,934	–	71,934	–	49%
1	15,271	61,082	61,082	–	–	100%
1	31,054	93,052	–	93,052	–	51%
1	62,460	178,392	–	178,392	–	51%
1	54,380	163,139	–	–	163,139	40%
–	82,742	377,481	377,481	–	–	100%
1	86,324	243,296	243,296	–	–	100%
1	70,734	200,386	200,386	–	–	80%
1-2	46,474	155,432	155,432	–	–	100%
1-4	239,050	555,735	414,175	141,560	–	100%
1-4	65,021	150,772	150,772	–	–	100%
1-2	33,910	109,180	109,180	–	–	100%
–	5,567	10,131	–	–	10,131	100%
–	62,702	112,864	–	–	112,864	85%
–	64,743	161,858	–	–	161,858	90%
1	38,096	97,281	–	97,281	–	51%
1	69,524	216,889	–	216,889	–	34%
1	22,451	68,102	66,619	1,483	–	49%
1	27,572	83,358	–	83,358	–	51%
1	41,837	106,727	–	106,727	–	49%
1-10	89,998	260,577	260,577	–	–	51%
1-3	70,859	722,945	722,945	–	–	100%
–	20,400	61,200	–	–	61,200	100%

## PROJECT PORTFOLIO — SUMMARY

No	Project	Address	Location	Type
76	Huizhou Kaisa Riverbank New Town	Jiangan Section, Cui Mei countryside Committee, Hengkeng, Luoyang Town, Boluo County	Huizhou	Residential
77	Huizhou Tianxin Village (Huizhou Riverbank New Town (P18))	Jiangan Section, Hengkeng Village Committee and Cuimei Garden Village Committee, Luoyang Town	Huizhou	Residential
78	Huizhou Kaisa Mountain Bay	Huangbujiao, Lianfeng Village, Renshan Town, Huidong County	Huizhou	Residential
79	Huizhou Kaisa Times Mocha Town	Junction of Zhongkai Avenue and Jinbang Road, Huicheng District	Huizhou	Residential
80	Huizhou Kaisa Dong River Garden	Jianganxincheng, Luoyang Town, Boluo County	Huizhou	Residential
81	Huizhou Longmen Longquan Residence	Laiwu Village, Longtian Town, Longmen County	Huizhou	Residential
82	Huizhou Kaisa Monarch Residence	Junction of Huifeng West Second Road and Hechang West Fifth Road, Huicheng District	Huizhou	Residential
83	Huizhou Kaisa Jade Garden	Longsu Road, Center of Longxi Town, Boluo County	Huizhou	Residential
84	Huizhou Kaisa Yunzhu	Shangpu Road, Longxi Street, Boluo County	Huizhou	Residential
85	Huizhou Kaisa Yunfeng	Junction of Dongxiang South Road and Xinglian West Road	Huizhou	Residential
86	Huizhou Kaisa Shiguangdao	Center of Ma'an Town, Huicheng District	Huizhou	Residential & Commercial
87	Huizhou Huidong Project	Renshan Town, Huidong County	Huizhou	Residential & Commercial
88	Huizhou Kaisa City Plaza	Pingnan Area, Huihuan Street, Zhongkai High-tech Zone, Huizhou	Huizhou	Residential & Commercial
89	Huizhou Kaisa Yuebanwan	South bank of Lujiangli, Huicheng District	Huizhou	Residential & Commercial
90	Zhuhai Lake View Waldorf Garden	Shangsha Street, Wanzai, Xiangzhou District	Zhuhai	Residential
91	Zhuhai Golden World	North of Huangyang Avenue, South of Wangbao Reservoir and Jintai Temple, Doumen Town, Doumen District	Zhuhai	Residential
92	Zhuhai Kaisa Monarch Residence	North of Zhufeng Avenue, Qianwu Town, Doumen District	Zhuhai	Residential
93	Zhuhai Kaisa Yuefeng Garden	East of Xiewei village and South of Golden Coast Road, Golden Coast, Sanzao Town, Jinwan District	Zhuhai	Residential
94	Zhuhai Kaisa Golden Metro Garden	Southeast of Nanda West Road, Northeast of Gangtong Second Road, Nanshui Town, Gaolangang	Zhuhai	Residential
95	Zhongshan Kaisa Xiangshan Royal Palace	No. 3 Jinzhong Road, Jinzhong Village, Banfu Town	Zhongshan	Residential
96	Zhongshan Kaisa Shangpin Garden	No. 1 Nanhu Road, Nanlang Town	Zhongshan	Residential

## PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1-17	1,563,976	3,665,611	2,454,544	358,291	852,776	36%
1	40,000	104,000	—	—	104,000	92%
1-3	169,331	286,395	—	286,395	—	37%
1-7	252,117	641,781	195,313	433,900	12,568	51%
1-4	176,724	441,809	—	196,332	245,477	51%
1-2	112,896	225,791	—	225,791	—	70%
1	22,201	95,447	95,447	—	—	41%
1	17,392	78,264	—	78,264	—	27%
1	48,179	168,627	—	168,627	—	17%
1	27,820	66,768	—	66,768	—	26%
1-4	116,270	348,200	—	348,200	—	51%
—	72,710	343,700	—	—	343,700	37%
1-2	212,785	755,979	—	365,824	390,155	30%
1-6	165,998	576,745	—	153,820	422,925	51%
1-3	159,891	232,017	60,369	46,675	124,973	100%
1-4	192,710	316,037	316,037	—	—	100%
—	16,088	28,958	28,958	—	—	100%
1	21,970	73,815	73,815	—	—	100%
1	74,729	129,260	—	129,260	—	100%
1	21,061	52,579	52,579	—	—	100%
1	22,307	66,819	66,819	—	—	78%



## PROJECT PORTFOLIO — SUMMARY

No	Project	Address	Location	Type
97	Zhongshan Kaisa Metro City	Junction of Xingbao Road and Yunsheng Road, Shaxi Town	Zhongshan	Residential
98	Zhongshan Kaisa Fortune Garden	No. 68 Guangfu Avenue, Dongsheng Town	Zhongshan	Residential
99	Zhongshan Kaisa Yuebanshan	In close vicinity to Changjiang Water Plant, Eastern Area	Zhongshan	Residential
100	Yangjiang Kaisa Riverside No. 1	Longtang Road, Yangdong District	Yangjiang	Residential
101	Jieyang Kaisa City Plaza	Binhai New District, Yuedong New City, Huilai County, Jieyang	Jieyang	Residential & Commercial
102	Jieyang Kaisa Future City	Southwest of Xingyuan Road and Feifeng Road, Jiedong District	Jieyang	Residential & Commercial
103	Jiangmen Kaisa Yuefeng Mansion	North of Mingde 1st Road, East of Wenhua Road, Xinhui District	Jiangmen	Residential
104	Zhanjiang Kaisa Yuebanwan	Left side of Diaoshun Road Fishery Company, Chikan District, Zhanjiang City	Zhanjiang	Residential & Commercial
105	Shantou Kaisa Aurora	Zutuan D and F of East Coast New Town, Longhu District, Shantou City	Shantou	Residential
106	Hong Kong Sai Wan Project	No. 1 Eastern Street, Sai Wan	Hong Kong	Residential
107	Hong Kong The Concerto	No. 203 Yee Kuk Street, Sham Shui Po, Kowloon	Hong Kong	Residential
108	Hong Kong Kowloon Mongkok Shanghai Street Project	Shanghai Street/ Reclamation Street, Mongkok, Kowloon	Hong Kong	Residential & Commercial
109	Hong Kong Kowloon Tong Project	No. 6-6C, Duke Street, Kowloon Tong, Kowloon	Hong Kong	Residential
110	Sanya Kaisa Begonia Seasons	Nantian Hot Spring Resort Area, North of Haitang District	Sanya	Commercial & Service
111	Sanya Kaisa Begonia Mountain	Dongfeng Branch, Nantian Farm, Haitang Bay Town	Sanya	Residential
<b>The West China Region</b>				
112	Chengdu Kaisa Monarch Residence	Erjiangsi Village, Huayang Town, Shuangliu County	Chengdu	Residential
113	Chengdu Lijing Harbour	Group 1 and 2, Huafeng Village, Yongquan Subdistrict, Wenjiang District	Chengdu	Residential
114	Chengdu Modern Town	Yingchunqiao, Dongsheng Sub-district Office, Shuangliu County	Chengdu	Commercial
115	Chengdu Kaisa Mansion No.8	South Sanzhiq Area, Dongsheng Street, Shuangliu County	Chengdu	Residential
116	Chengdu Kaisa City Plaza	Group 1 and 2, Machang Village, Wenjia Sub-district Office, Qingyang District	Chengdu	Residential
117	Chengdu Kaisa Leading Town	Group 6 and 7, Taiji Community, Gongping Subdistrict Office, Wenjiang District	Chengdu	Residential
118	Chengdu Kaisa Yuefu	Junction of Fengxiang Avenue and Fenghuang Avenue, Qingbaijiang District	Chengdu	Residential
119	Chengdu Kaisa Imperial Jade	No. 977, South of Fengxi Avenue, Wenjiang District	Chengdu	Residential
120	Chengdu Kaisa Tianyue Mansion	No. 64 Jinxing Road, Jinjiang District	Chengdu	Commercial & Residential
121	Chengdu Kaisa Lushan No.1	North of Shenyang Road, South of Lushan Avenue, Tianfu New District	Chengdu	Residential & Commercial
122	Chengdu Longyue No. 1 Project	North of Baohe East Road, West of Fuxing North Road, Shiling Street, Longquanyi District	Chengdu	Residential
123	Chengdu Kaisa Aurora Project	Groups 6 and 11 of Erjiangsi Village, Huayang Street, Tianfu New District, Group 2 of Helin Village	Chengdu	Residential & Commercial

## PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1-2	61,873	176,471	176,471	—	—	100%
1-2	51,339	128,329	64,612	63,717	—	51%
1	33,333	83,333	—	83,333	—	80%
1-2	78,451	192,011	118,911	73,100	—	90%
1-2	159,004	461,678	—	461,678	—	60%
1-3	135,715	314,007	—	172,181	141,826	100%
1	45,937	71,699	—	71,699	—	26%
1	26,676	110,045	—	—	110,045	90%
1-2	146,507	514,582	—	291,192	223,390	1%
1	386	3,271	—	3,271	—	100%
1	382	3,299	3,299	—	—	75%
1	253	1,664	—	1,664	—	31%
1	697	3,484	—	—	3,484	100%
1-2	42,585	42,585	—	42,585	—	60%
1	36,943	59,258	—	59,258	—	60%
1-3	182,666	1,041,531	1,041,531	—	—	100%
1	150,071	761,542	761,542	—	—	100%
1-2	133,269	362,420	362,420	—	—	100%
1-5	120,570	592,795	592,795	—	—	100%
1-4	112,194	460,901	460,901	—	—	100%
1-2	57,836	342,533	342,533	—	—	100%
1-2	113,411	447,537	447,537	—	—	100%
1	34,088	99,926	99,926	—	—	51%
1	3,286	32,876	32,876	—	—	100%
1	45,635	128,393	—	128,393	—	100%
1	39,588	83,578	—	83,578	—	56%
1	50,538	101,100	—	101,100	—	100%

## PROJECT PORTFOLIO — SUMMARY

No	Project	Address	Location	Type
124	Chengdu Kaisa Harmony Mansion	Youjiadu Community, Tianfu Street, Wenjiang District	Chengdu	Residential
125	Pengzhou Kaisa Golden Metro	West of Chengde Avenue (Beixin Avenue), Mengyang Town	Chengdu	Residential
126	Nanchong Kaisa Plaza	No.39 Zhengyang East Road, Shunqing District	Nanchong	Residential
127	Nanchong Monarch Residence	No.308 Baituba Road, Shunqing District	Nanchong	Residential
128	Chongqing Kaisa Plaza	Longzhouwan Street, Banan District	Chongqing	Residential
129	Chongqing Kaisa Bright Harbour	Baqiao Town, Dadukou District	Chongqing	Residential
130	Chongqing Kaisa Fengming Riverside	Ertang Village, Jingkou Street, Jingkou Town, Shapingba District	Chongqing	Residential
131	Chongqing Kaisa Zhuanshan Fortune Garden	North end of Changjiang River Bridge, Jiangjin District	Chongqing	Residential
132	Chongqing Riverside Seasons	East of Ganghua Middle Road, Dadukou District	Chongqing	Residential
133	Chongqing Kaisa Yuebanshan	Biquan Street, Bishan High-tech District	Chongqing	Residential
134	Chongqing Kaisa Skyline Residence	Xiyong, Shapingba District	Chongqing	Residential
135	Chongqing Kaisa Longyue No. 1	Xiyong, Shapingba District	Chongqing	Residential
136	Chongqing Kaisa Longyue No. 1 (P2)	Xiyong, Shapingba District	Chongqing	Residential
137	Chongqing Kaisa Jiangshan Heming	Caijia of Beibei District	Chongqing	Residential
138	Kunming Kaisa Dianchi Mansion	Intersection of Feihu Road and Haiyan Road, Chenggong District	Kunming	Residential
139	Guiyang Kaisa Yuebanshan	Near Jianshan Temple, Jinqing Avenue, Qingzhen City and within boundaries of Shiguan Village, Qinglongshan Street	Guiyang	Residential & Commercial
<b>The Pan-Bohai Bay Rim</b>				
140	Beijing Kaisa Fantasia Pinnacle Mansion	Intersection of Chengzi Street and Heishan Street, Mentougou District	Beijing	Residential
141	Bazhou Kaisa Peacock City Yuefeng	West of Rose Garden Hot Spring Resort, Development District	Bazhou	Residential
142	Gu'an Kaisa Fengyuan Tianci Project	Near the Niutuo Hot Spring Peacock City, Niutuo Town	Gu'an	Residential
143	Qingdao Kaisa Lake View Place	East of Zhongjing Second Road, West of Wangsha Road and South of Baishahe, Xiazhuang Street, Chengyang District	Qingdao	Residential
144	Qingdao Kaisa Yuefeng	No.777 Huicheng Road, Chengyang District, Qingdao	Qingdao	Residential
145	Shenyang Kaisa Center	East of Qingnian Avenue, Shenhe District	Shenyang	Commercial
146	Shenyang Kaisa Yuefeng	Changbai South Road, Heping District	Shenyang	Residential
147	Shenyang Kaisa Xuefu Mansion No.1	East of Xuzhou Street and North of Zhonghua Road, Heping District	Shenyang	Residential
148	Shenyang Kaisa Shiguangdao	East of Wencong Street, north of Huiquan East Road, Hunnan District	Shenyang	Residential
149	Anshan Kaisa Monarch Residence	South of Ziyou Dong Road, East of Anqian Road, Lishan District	Anshan	Residential

## PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1	28,912	86,737	–	–	86,737	55%
1-4	104,964	379,388	176,165	203,223	–	100%
1-2	29,541	116,634	116,634	–	–	100%
1-3	256,187	813,746	813,746	–	–	100%
1-3	119,767	384,219	384,219	–	–	100%
1-10	238,017	778,153	778,153	–	–	100%
1	56,644	178,264	–	178,264	–	90%
1-3	77,544	226,045	85,803	124,209	16,033	90%
1	41,724	162,558	–	162,558	–	89%
1-2	126,443	360,538	–	360,538	–	94%
1-3	116,773	245,747	–	144,959	100,788	90%
1	57,460	86,158	–	86,158	–	90%
1	31,493	78,733	–	–	78,733	31%
1	62,405	93,603	–	93,603	–	90%
1	33,693	75,734	–	75,734	–	39%
1-3	134,980	624,519	–	263,334	361,185	91%
1	20,039	61,626	–	61,626	–	12%
1	36,576	75,067	75,067	–	–	100%
1	32,484	48,726	48,726	–	–	49%
1-3	229,865	296,725	296,725	–	–	100%
1	61,492	110,685	–	110,685	–	51%
1	21,423	292,331	292,331	–	–	100%
1-2	12,947	38,844	38,844	–	–	100%
1	12,874	102,989	–	–	102,989	65%
1-2	130,658	261,315	–	95,560	165,755	1%
1-4	129,739	253,256	198,056	15,406	39,794	100%



## PROJECT PORTFOLIO — SUMMARY

No	Project	Address	Location	Type
150	Anshan Waterfront Mansion	North bank of Wanshui River, Lishan District	Anshan	Residential
151	Anshan Kaisa Plaza <sup>(2)</sup>	Renmin Road, Tiexi District	Anshan	Commercial
152	Benxi Kaisa Lake View Place	Binhe North Road, Mingshan District	Benxi	Residential
153	Huludao Suizhong Kaisa Dongdaihe <sup>(3)</sup>	South of Binhai Road, Dongdaihe New District, Suizhong County	Huludao	Residential
154	Dandong Kaisa Mansion No.1	South of Huanghai Avenue, Zhenxing District	Dandong	Residential
155	Dalian Kaisa Center	No.24 Zhujin Street, Donggang Business District, Zhongshan District	Dalian	Commercial
156	Dalian Kaisa Plaza	No.271 Tianjin Street, Zhongshan District	Dalian	Commercial
157	Dalian Kaisa Mansion No. 1	Junction of Zhonggang North Road and Hugang Road, Dalian Free Trade Zone	Dalian	Commercial & Residential
158	Dalian Kaisa Yuejing	East of Shengli Road, Jinpu New District	Dalian	Residential
<b>The Central China Region</b>				
159	Changsha Kaisa Lake View Place	Jinping Village, Tiaoma County	Changsha	Residential
160	Changsha Kaisa Times Square	Yingpan East Road, Furong District	Changsha	Residential
161	Changsha Kaisa Plaza	Wuyi Road, Furong District	Changsha	Commercial
162	Changsha Kaisa Meixi Lake Project	Meixi Lake, Yuelu District	Changsha	Residential
163	Changsha Kaisa City Plaza	Northeast of Xiangzhang Road and Yuhua Avenue Intersection, Yuhua District	Changsha	Residential & Commercial
164	Changsha Kaisa Crown Residence	Junction of Huahou Road and Xiangzhang Road, Gaotie New Town, Yuhua District	Changsha	Commercial
165	Changsha Kaisa Bright Harbour Seasons	Southwest of intersection of Shuangyang Road and Huangyuan Road, Furong District	Changsha	Commercial & Residential
166	Hengyang Kaisa Yuefeng	North of Chuanshan West Road, South of Lixin Avenue, West of Cailun Avenue	Hengyang	Residential
167	Wuhan Kaisa Golden World	Junction of Baisha Road and Qingling East Road, Qingling County, Hongshan District	Wuhan	Residential
168	Wuhan Kaisa Riverside No.1	North of Zhiyin Avenue, West of Yangcheng West Road, Hangyang District	Wuhan	Residential
169	Wuhan Kaisa Plaza	No.336 Wuluo Road, Wuchang District	Wuhan	Residential
170	Wuhan Kaisa Yuefu	North of Jinbei No.1 Road and East of Wuxingxian, Jinghe Street, Dongxi Lake District	Wuhan	Residential
171	Wuhan Kaisa New Riverside City	South of Shefa Shan Road, East of the 2nd Chuanjiangchi Road, Economic and Technology Development Area	Wuhan	Residential
172	Wuhan Kaisa Stream Jade Garden	East of Jintai Road, West of Fenghua Road and North of Guanhu Road, Xinzhou District	Wuhan	Residential
173	Wuhan Kaisa Jade Crest	South of Shendun San Road, East Lake New Technology Development Zone	Wuhan	Residential
174	Ezhou Zhongliang Kaisa The One Mansion	West of Yingbin Avenue, Echeng District	Ezhou	Residential
175	Xiaogan Kaisa Airport Science and Technology City	Airport Economic Development Zone	Xiaogan	Industrial

## PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1-3	120,591	135,385	51,532	40,431	43,422	100%
1-2	11,238	85,148	85,148	—	—	90%
1	122,200	324,480	324,480	—	—	100%
1-16	1,647,042	2,918,629	1,451,241	228,870	1,238,518	100%
1-4	133,340	331,542	331,542	—	—	100%
1-2	26,610	119,700	82,050	37,650	—	100%
—	15,955	78,454	78,454	—	—	91%
1	41,150	105,912	105,912	—	—	100%
1	24,334	85,169	85,169	—	—	100%
1-4	673,536	938,203	938,203	—	—	100%
—	21,770	108,731	108,731	—	—	30%
1	14,324	171,592	171,592	—	—	30%
1-6	253,693	892,604	892,604	—	—	50%
1-4	117,077	372,290	—	372,290	—	64%
1-2	20,108	171,932	—	171,932	—	18%
1	34,300	89,047	—	89,047	—	77%
1-2	50,054	161,595	88,237	73,358	—	51%
1-3	181,493	605,941	605,941	—	—	90%
—	40,351	156,763	156,763	—	—	100%
1	26,861	142,355	142,355	—	—	100%
1-2	128,539	257,078	257,078	—	—	100%
1	56,901	142,252	—	142,252	—	90%
1	129,191	258,382	—	258,382	—	63%
1	45,754	114,600	—	114,600	—	38%
1	103,175	281,668	—	281,668	—	32%
1-3	218,814	257,629	31,722	225,907	—	27%

## PROJECT PORTFOLIO — SUMMARY

No	Project	Address	Location	Type
176	Xiaogan Kaisa Jade Dragon Court	Airport Economic Development Zone	Xiaogan	Residential
177	Xinzheng Kaisa Yuefeng	South of Zhongxing Road, West of Wenhua Road	Xinzheng	Residential
178	Xinxiang Kaisa Yuefeng	West of Hongyuan Street, North of Guihua Road, Hongqi District	Xinxiang	Residential
179	Luoyang HYC Kaisa Fengming Riverside	Intersection of Zhongxin Road and Zhuge Street, Yibin District	Luoyang	Residential & Commercial
180	Luoyang HYC Kaisa Lake View Place	Junction of Simaguang Road and Liujiangxiang, Luolong District	Luoyang	Residential
181	Luoyang Kaisa Lake View Waldorf	Intersection of Yibin Road and Fumin Lane, Yibin District	Luoyang	Residential
182	Luoyang HYC Kaisa Luoyang Center	Intersection of Guanlin Road and Longmen Avenue, Luolong District	Luoyang	Residential & Commercial
<b>The Yangtze River Delta</b>				
183	Shanghai Shanhuwan Garden	No.4333 Alley, Haima Road, Haiwan Town, Fengxian District	Shanghai	Residential
184	Shanghai Shangpin Garden	Kangfeng North Road and Kangnian Road, Malu Town, Jiading District	Shanghai	Residential
185	Shanghai Kaisa Mansion No.8	No.99 Alley, Juting Road, Zhuanghang Town, Fengxian District	Shanghai	Residential
186	Shanghai Kaisa City Plaza (Phase 1-3)	Junction of Shengzhu East Road and Chengliu Road, Xuhang Town, Jiading District	Shanghai	Residential
187	Shanghai Kaisa City Plaza (Phase 4-7)	Xuhang Town, Jiading District	Shanghai	Residential
188	Shanghai Kaisa Monarch Residence	Junction of Songjian Road and Fumao Road, Chonggu Town, Qingpu District	Shanghai	Residential
189	Shanghai Kaisa City Garden	East of Qiyuan Road, West of Xiaoxin River, South of Shupindong Road and North of Xinjian No. 1 Road, Xuhang Town, Jiading District	Shanghai	Residential
190	Shanghai Shangpin Jiayuan	East of Xiaoxin River, West of Base Boundary, South of Gengpu River and North of Xinjian No.1 Road, Xuhang Town, Jiading District	Shanghai	Residential
191	Shanghai Kaisa Future City	North of Yinggang East Road, Xiayang Street, Qingpu District	Shanghai	Residential
192	Hangzhou Jade Dragon Court	North of Zhennan Road, Zhijiang National Holiday Resort, West Lake District	Hangzhou	Residential
193	Hangzhou Kaisa Monarch Residence	North of Shitang Road and West of Donghu Road, Qiaosi Street, Yuhang District	Hangzhou	Residential
194	Hangzhou Puyu Court	Jingfeng Community, Wuchang Street, Yuhang District	Hangzhou	Residential
195	Hangzhou Fuyang Yinhu Project	Dashanjiao Village, Yinhu Street, Fuyang District	Hangzhou	Residential
196	Hangzhou Kaisa Yunfeng	Xianlin Street, Yuhang District	Hangzhou	Residential
197	Hangzhou Kaisa Dexin Cloud Heigh Jade Garden	Northeast of Dongqiao Road and No.7 Road, Fuyang District	Hangzhou	Residential
198	Hangzhou Kaisa Aurora	Pengbu Street, Jianggan District	Hangzhou	Residential
199	Shaoxing Kaisa Guoyue Mansion	Lanting Street, Keqiao District	Shaoxing	Residential

## PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1-2	141,448	158,422	–	78,826	79,596	27%
1-2	69,499	156,619	104,376	52,243	–	100%
1	23,165	81,068	–	81,068	–	100%
1-5	120,649	361,947	–	361,947	–	29%
1-3	90,234	225,585	–	225,585	–	29%
1	95,613	239,023	–	239,023	–	29%
1-3	238,073	873,288	–	320,219	553,069	29%
1-4	104,796	140,151	140,151	–	–	100%
–	23,307	84,448	84,448	–	–	62%
1-2	143,052	171,659	171,659	–	–	100%
1-3	117,257	222,199	222,199	–	–	100%
1-4	126,923	213,514	–	213,514	–	62%
1-2	90,642	212,240	212,240	–	–	100%
1	23,638	42,549	42,549	–	–	41%
1	44,590	80,262	–	80,262	–	41%
1	27,819	88,584	–	88,584	–	51%
–	39,376	98,041	98,041	–	–	100%
–	36,595	100,849	100,849	–	–	100%
1	74,779	207,476	207,476	–	–	100%
1	26,000	19,500	–	–	19,500	95%
1	19,175	38,350	38,350	–	–	100%
1	49,166	108,165	–	108,165	–	51%
1	36,748	88,195	–	88,195	–	54%
1	61,133	46,657	46,657	–	–	99%



## PROJECT PORTFOLIO — SUMMARY

No	Project	Address	Location	Type
200	Shaoxing Kaisa Monarch Residence	Fuquan Street, Keqiao District	Shaoxing	Residential
201	Ningbo Kaisa Dongchenyipin	Junction of Century Avenue and Min'an Road, Yinzhou District	Ningbo	Commercial
202	Ningbo Kaisa Emerald Residence	Dongjiao Street, Yinzhou District	Ningbo	Residential
203	Jiaxing Xitang Project	East of Hongfu Road and South of Nanyuan Road, Xitang Town	Jiaxing	Residential
204	Suzhou Kaisa Plaza	West of Tayuan Road and South of Zhuyuan Road, Shishan Street, High-tech District	Suzhou	Residential
205	Suzhou Kaisa Monarch Residence	South of Xingye Road and East of Sudai Road, Huangqiao Street, Xiangcheng District	Suzhou	Residential
206	Suzhou Mudu Peaceful Yard Project	West of Xinhua Road, South of Xiangyanghe Road, Mushu Town, Wuzhong District	Suzhou	Residential
207	Zhangjiagang Kaisa Fengming Riverside	Southwest Corner of the Junction of Yingshan Road and Jingu Road, Phoenix Town	Zhangjiagang	Residential
208	Nanjing Kaisa City Plaza	Junction of Nanjing Foreign Language School and Taiqing Road, South of Hexi Area, Jianye District	Nanjing	Residential
209	Nanjing Kaisa Eminent Residence	No.560 Heyan Road, Qixia District	Nanjing	Residential
210	Nanjing Kaisa Yuefeng	East of Vanke City, Lishui District	Nanjing	Residential
211	Nanjing Kaisa Redsun Lakeside Mansion	18 Huqin Road, Lukou Avenue, Jiangning District	Nanjing	Residential
212	Nanjing Kaisa Riverview Mansion	Intersection of Fangjiaying Road and Chenghe North Road, Gulou District	Nanjing	Residential
213	Kaisa Xiangrui Xiangyi Garden	North of Yuexi Road, Ehu Town, Xishan District	Wuxi	Residential
214	Wuxi Xiangyi Xiyue	South of Yinxing West Road and west of Lianqun Road, Donggang Town, Xishan District	Wuxi	Residential
215	Xuzhou Thriving Spring Villa	West of Guangshan Park, East of Sanhuan East Road, Yunlong District	Xuzhou	Residential
216	Jiangyin Lake View Place	South of Xinhua Road, West of Dongwaihuan Road, and North of Renmin East Road	Jiangyin	Residential
217	Jiangyin Gushan Mocha Town	South of Golden Gushan Garden and West of Xingfu Avenue, Gushan Town	Jiangyin	Residential
218	Jiangyin Zhouzhuang Golden World	East of Zhouxi Dong Road, Zhouzhuang Town	Jiangyin	Residential
219	Jiangyin Changjing Lake View Waldorf	East of Xinglong Road and South of Dongshun Road, Changjing Town	Jiangyin	Residential
220	Jiangyin Tonghui Garden	North of Tonghui Road, West of Tongjiang Road, and South of Tongfu Road	Jiangyin	Residential
221	Jiangyin Fuqiao Homeland	North of Chengxi Road, West of Tongdu Road, and South of Binjiang Road	Jiangyin	Residential
222	Taizhou Kaisa Mansion No.1	North of Chenzhuang Road and West of No.11 Road, Taizhou Economic Development Area	Taizhou	Residential
223	Hefei HC Kaisa Future City	Southwest of junction of Jianghuai Avenue and Zhenzhu Road, Shangpai Town, Feixi	Hefei	Residential

## PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1	19,852	47,943	47,943	—	—	100%
1	15,086	56,382	56,382	—	—	30%
1	26,647	93,881	—	93,881	—	100%
1	38,881	64,857	64,857	—	—	51%
1-2	33,234	123,216	123,216	—	—	100%
1-2	59,629	155,553	155,553	—	—	100%
1	32,006	47,861	47,861	—	—	100%
1	31,666	37,999	37,999	—	—	100%
1-3	109,783	290,946	290,946	—	—	100%
1	27,376	63,050	63,050	—	—	100%
1	65,698	144,520	—	144,520	—	90%
1	69,332	103,160	—	103,160	—	51%
1-2	40,522	89,183	—	89,183	—	49%
1	48,697	78,195	—	78,195	—	49%
1	50,732	91,802	—	91,802	—	49%
1-2	132,397	246,029	—	246,029	—	50%
1-3	225,533	272,274	272,274	—	—	90%
1-4	76,465	132,849	132,849	—	—	100%
1-2	103,589	186,738	186,738	—	—	100%
1-2	93,275	149,763	149,763	—	—	100%
—	41,440	73,615	73,615	—	—	100%
—	35,801	134,535	134,535	—	—	100%
1-4	192,506	360,378	74,850	285,528	—	51%
1-2	111,500	206,575	—	206,575	—	49%

## PROJECT PORTFOLIO — SUMMARY

No	Project	Address	Location	Type
224	Hefei Kaisa Lakeside Residence	Intersection of Yungu Road and Guizhou Road, Binhu District	Hefei	Residential
225	Hefei New Station Project	West of Guihua Zhangheng Road, south of Shaoquan Street, Xinzhan High-tech Zone	Hefei	Residential
<b>Total</b>				

1 Residential properties include apartments, serviced apartments and townhouses, often with complementary commercial facilities, restaurants and community facilities.

2 The projects are renovation developments of once distressed assets and partially completed properties.

3 Including

- (i) Dongguan Shilong Project;
- (ii) Dongguan Riverside Woods Palace;
- (iii) Dongguan Riverside Hillview Palace;
- (iv) Shenzhen Nanmendun Project;
- (v) Guangzhou Xiajing Village Project;
- (vi) Shenzhen Xiaoaan Yunqi;
- (vii) Guangzhou Shixi Project;

for which as at 31 December 2021, the Group has not obtained the land use right certificate, but has entered into land grant contracts or obtained confirmation from the relevant land and resources bureau.

5 As at 31 December 2021, the GFA of total completed properties for sale reached approximately 1,909,604 sq. m..

6 Two projects in Hainan included.

## PROJECT PORTFOLIO — SUMMARY

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
			Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
1	37,485	75,966	–	75,966	–	100%
1-3	147,148	260,310	–	–	260,310	100%
	<b>22,377,842</b>	<b>59,172,758</b>	<b>32,053,002</b>	<b>16,297,604</b>	<b>10,822,152</b>	



## PROJECT PORTFOLIO — SUMMARY

### PROPERTIES UNDER DEVELOPMENT

The table below sets forth certain information of our property projects or project phases under development as at 31 December 2021. We have obtained land use rights certificates and construction works commencement permits for all of our properties under development.

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq. m.)	Saleable GFA or Estimated Saleable GFA (sq. m.)
Shenzhen Kaisa Financial Technology Center	Shenzhen	1	175,180	129,640
Shenzhen Kaisa City Plaza	Shenzhen	3	214,608	154,567
Shenzhen Yantian Kaisa City Plaza	Shenzhen	1-3	348,089	104,555
Shenzhen Kaisa Golden Bay International Park	Shenzhen	1-4	195,219	87,150
Shenzhen Kaisa Future City	Shenzhen	2	62,060	61,840
Shenzhen Nan'ao Project	Shenzhen	1	51,930	51,810
Shenzhen Kaisa Marine Mangrove Bay	Shenzhen	1	44,270	36,568
Shenzhen Kaisa Yuebanshan	Shenzhen	1	150,820	134,128
Shenzhen Tongda Huixuan	Shenzhen	1	46,176	32,775
Shenzhen Futian Dongshan Project (P1)	Shenzhen	1	50,796	22,998
Shenzhen Kaisa Metropolis Plaza	Shenzhen	1	68,686	63,543
Shenzhen Kaisa Sky-high Summit	Shenzhen	1	138,820	129,900
Shenzhen Luohu Sanshun Project	Shenzhen	1	33,440	23,029
Shenzhen Kaisa Shenwei	Shenzhen	1	58,400	56,930
Shenzhen Kaisa Sky-high Mansion	Shenzhen	1	212,427	53,412
Shenzhen Kaisa Fengming Riverside	Shenzhen	1	67,360	36,098
Guangzhou Kaisa Mansion No.1	Guangzhou	1	86,138	71,183
Guangzhou Kaisa Future City	Guangzhou	2	50,644	43,259
Guangzhou Kaisa Center	Guangzhou	1	48,998	66,214
Guangzhou Kaisa Baiyun City Plaza	Guangzhou	1	15,768	15,768
Guangzhou Kaisa Yuejiang Mansion	Guangzhou	1-2	94,960	94,960
Guangzhou Jiaze Garden	Guangzhou	—	68,704	43,064
Guangzhou Kaisa Yuefeng	Guangzhou	1-2	246,100	216,300
Guangzhou Kaisa Fengming Mountain	Guangzhou	1-2	336,709	327,805
Guangzhou Kaisa Blissful Bay	Guangzhou	1	101,056	84,129
Qingyuan Kaisa City Plaza	Qingyuan	1, 2, 5	479,960	314,367
Foshan Kaisa Metro City	Foshan	1	71,934	71,249
Foshan Kaisa Yuefeng	Foshan	1	93,052	93,052
Foshan Kaisa Fantasia Guangya Court	Foshan	1	178,392	137,323
Dongguan Le Grand Bleu	Dongguan	4	141,560	141,560
Dongguan Kaisa Glamorous Riverscape Garden	Dongguan	1	97,281	93,972
Dongguan Kaisa The Rhythm	Dongguan	1	216,889	123,665
Dongguan Kaisa Enchanting Garden	Dongguan	1	1,483	1,358
Dongguan Kaisa Glossy Riverscape Garden	Dongguan	1	83,358	83,358
Dongguan Kaisa Prosperous Villa	Dongguan	1	106,727	103,804

## PROJECT PORTFOLIO — SUMMARY

Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
Apr-2018	Not yet obtained	2024 3Q	100%
Dec-2017	Yes	2024 3Q	100%
Aug-2018	Yes	2023 4Q	100%
Oct-2018	Not yet obtained	2024 1Q	100%
Nov-2019	Yes	2023 4Q	59%
Sep-2020	Not yet obtained	2023 4Q	71%
Apr-2020	Yes	2023 4Q	70%
Apr-2020	Yes	2022 4Q	40%
Oct-2019	Yes	2022 4Q	35%
Jun-2020	Not yet obtained	2023 2Q	46%
May-2020	Yes	2023 3Q	100%
Sep-2020	Yes	2023 2Q	54%
Apr-2021	Not yet obtained	2023 2Q	51%
Apr-2021	Not yet obtained	2024 2Q	22%
Jul-2021	Not yet obtained	2023 3Q	100%
Aug-2021	Not yet obtained	2024 2Q	5%
Apr-2016	Yes	2022 2Q	92%
May-2020	Yes	2024 2Q	75%
Feb-2021	Yes	2024 3Q	39%
Jun-2021	Not yet obtained	2024 2Q	39%
Jan-2020	Yes	2023 2Q	90%
May-2020	Yes	2023 2Q	100%
Oct-2020	Yes	2024 1Q	90%
Sep-2020	Yes	2023 2Q	55%
Apr-2021	Not yet obtained	2023 1Q	100%
Aug-2019	Yes	2023 4Q	100%
Oct-2019	Not yet obtained	2023 3Q	49%
Dec-2019	Not yet obtained	2022 4Q	51%
Oct-2020	Yes	2023 2Q	51%
Jul-2018	Not yet obtained	2022 4Q	100%
Oct-2019	Yes	2022 2Q	51%
Aug-2020	Yes	2023 2Q	34%
Sep-2019	Yes	2022 2Q	49%
Dec-2020	Yes	2023 4Q	51%
Dec-2020	Yes	2023 2Q	49%

## PROJECT PORTFOLIO — SUMMARY

Project	City	Project Phase	Total GFA or	Saleable GFA or
			Estimated	Estimated
			Total GFA	Saleable GFA
			(sq. m.)	(sq. m.)
Huizhou Kaisa Riverbank New Town	Huizhou	13-14	358,291	354,613
Huizhou Kaisa Mountain Bay	Huizhou	1-3	286,395	277,746
Huizhou Kaisa Times Mocha Town	Huizhou	3-6	433,900	427,555
Huizhou Kaisa Dong River Garden	Huizhou	1-2	196,332	188,898
Huizhou Longmen Longquan Residence	Huizhou	1-2	225,791	224,834
Huizhou Kaisa Jade Garden	Huizhou	1	78,264	77,164
Huizhou Kaisa Yunzhu	Huizhou	1	168,627	166,804
Huizhou Kaisa Yunfeng	Huizhou	1	66,768	66,048
Huizhou Kaisa Shiguangdao	Huizhou	1-4	348,200	337,947
Huizhou Kaisa City Plaza	Huizhou	1-2	365,824	301,884
Huizhou Kaisa Yuebanwan	Huizhou	1, 5	153,820	144,884
Zhuhai Lake View Waldorf Garden	Zhuhai	2	46,675	26,314
Zhuhai Kaisa Golden Metro Garden	Zhuhai	1	129,260	114,729
Zhongshan Kaisa Fortune Garden	Zhongshan	2	63,717	59,486
Zhongshan Kaisa Yuebanshan	Zhongshan	1	83,333	76,788
Yangjiang Kaisa Riverside No. 1	Yangjiang	2	73,100	60,553
Jieyang Kaisa City Plaza	Jieyang	1-2	461,678	441,584
Jieyang Kaisa Future City	Jieyang	1, 3	172,181	161,123
Jiangmen Kaisa Yuefeng Mansion	Jiangmen	1	71,699	21,417
Shantou Kaisa Aurora	Shantou	1	291,192	243,532
Hong Kong Sai Wan Project	Hong Kong	1	3,271	2,572
Hong Kong Kowloon Mongkok Shanghai Street Project	Hong Kong	1	1,664	958
Sanya Kaisa Begonia Seasons	Sanya	1-2	42,585	33,207
Sanya Kaisa Begonia Mountain	Sanya	1	59,258	46,277
Chengdu Kaisa Lushan No.1	Chengdu	1	128,393	69,868
Chengdu Longyue No. 1 Project	Chengdu	1	83,578	59,382
Chengdu Kaisa Aurora Project	Chengdu	1	101,100	59,331
Pengzhou Kaisa Golden Metro	Chengdu	3-4	203,223	147,048
Chongqing Kaisa Fengming Riverside	Chongqing	1	178,264	131,214
Chongqing Kaisa Zhuanshan Fortune Garden	Chongqing	2	124,209	124,209
Chongqing Riverside Seasons	Chongqing	1	162,558	104,311
Chongqing Kaisa Yuebanshan	Chongqing	1-2	360,538	249,909
Chongqing Kaisa Skyline Residence	Chongqing	1-2	144,959	99,617
Chongqing Kaisa Longyue No. 1	Chongqing	1	86,158	84,453
Chongqing Kaisa Jiangshan Heming	Chongqing	1	93,603	96,039
Kunming Kaisa Dianchi Mansion	Kunming	1	75,734	53,170
Guiyang Kaisa Yuebanshan	Guiyang	1-2	263,334	212,448
Beijing Kaisa Fantasia Pinnacle Mansion	Beijing	1	61,626	38,889
Qingdao Kaisa Yuefeng	Qingdao	1	110,685	116,662
Shenyang Kaisa Shiguangdao	Shenyang	1	95,560	95,543

## PROJECT PORTFOLIO — SUMMARY

Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
Oct-2020	Yes	2023 2Q	36%
Jan-2019	Yes	2022 3Q	37%
Jan-2019	Yes	2022 3Q	51%
Mar-2019	Yes	2022 3Q	51%
Jun-2019	Yes	2023 2Q	70%
Dec-2019	Yes	2022 4Q	27%
Apr-2020	Yes	2023 2Q	17%
Feb-2020	Yes	2022 4Q	26%
Sep-2020	Yes	2022 4Q	51%
Jul-2021	Yes	2024 2Q	30%
Mar-2021	Yes	2023 4Q	51%
May-2021	Not yet obtained	2024 4Q	100%
Dec-2019	Yes	2023 2Q	100%
Nov-2020	Yes	2022 3Q	51%
Oct-2020	Yes	2023 2Q	80%
May-2020	Yes	2023 2Q	90%
Dec-2020	Yes	2023 2Q	60%
Jan-2021	Yes	2023 3Q	100%
Apr-2021	Yes	2023 4Q	26%
May-2021	Yes	2023 4Q	1%
Jul-2020	Not yet obtained	2024 1Q	100%
Jun-2021	Not yet obtained	2025 2Q	31%
May-2019	Not yet obtained	2022 4Q	60%
Feb-2021	Yes	2023 2Q	60%
Aug-2020	Yes	2023 2Q	100%
Nov-2020	Yes	2023 2Q	56%
Sep-2021	Not yet obtained	2024 3Q	100%
Oct-2019	Yes	2023 3Q	100%
Jun-2020	Yes	2024 4Q	90%
Aug-2019	Yes	2023 3Q	90%
Dec-2019	Yes	2023 4Q	89%
Mar-2020	Yes	2023 2Q	94%
Jan-2021	Yes	2023 2Q	90%
Jul-2021	Yes	2023 4Q	90%
Oct-2021	Yes	2025 1Q	90%
Nov-2020	Yes	2022 2Q	39%
Nov-2020	Yes	2023 3Q	91%
Jan-2021	Yes	2024 1Q	12%
Nov-2019	Yes	2023 1Q	51%
Nov-2021	Not yet obtained	2024 4Q	1%



## PROJECT PORTFOLIO — SUMMARY

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq. m.)	Saleable GFA or Estimated Saleable GFA (sq. m.)
Anshan Kaisa Monarch Residence	Anshan	4	15,406	9,608
Anshan Waterfront Mansion	Anshan	2	40,431	39,916
Huludao Suizhong Kaisa Dongdaihe	Huludao	4, 12	228,870	148,220
Dalian Kaisa Center	Dalian	2	37,650	37,650
Changsha Kaisa City Plaza	Changsha	1-4	372,290	364,835
Changsha Kaisa Crown Residence	Changsha	1-2	171,932	170,669
Changsha Kaisa Bright Harbour Seasons	Changsha	1	89,047	87,593
Hengyang Kaisa Yuefeng	Hengyang	2	73,358	72,481
Wuhan Kaisa New Riverside City	Wuhan	1	142,252	142,252
Wuhan Kaisa Stream Jade Garden	Wuhan	1	258,382	258,382
Wuhan Kaisa Jade Crest	Wuhan	1	114,600	114,600
Ezhou Zhongliang Kaisa The One Mansion	Ezhou	1	281,668	281,668
Xiaogan Kaisa Airport Science and Technology City	Xiaogan	2-3	225,907	96,767
Xiaogan Kaisa Jade Dragon Court	Xiaogan	1	78,826	70,092
Xinzheng Kaisa Yuefeng	Xinzheng	2	52,243	49,788
Xinxiang Kaisa Yuefeng	Xinxiang	1	81,068	80,002
Luoyang HYC Kaisa Fengming Riverside	Luoyang	1-5	361,947	365,341
Luoyang HYC Kaisa Lake View Place	Luoyang	1-3	225,585	223,857
Luoyang Kaisa Lake View Waldorf	Luoyang	1	239,023	227,756
Luoyang HYC Kaisa Luoyang Center	Luoyang	1	320,219	248,041
Shanghai Kaisa City Plaza (Phase 4-7)	Shanghai	1-4	213,514	131,035
Shanghai Shangpin Jiayuan	Shanghai	1	80,262	80,262
Shanghai Kaisa Future City	Shanghai	1	88,584	60,389
Hangzhou Kaisa Dexin Cloud Heigh Jade Garden	Hangzhou	1	108,165	101,478
Hangzhou Kaisa Aurora	Hangzhou	1	88,195	88,195
Ningbo Kaisa Emerald Residence	Ningbo	1	93,881	93,881
Nanjing Kaisa Yuefeng	Nanjing	1	144,520	141,463
Nanjing Kaisa Redsun Lakeside Mansion	Nanjing	1	103,160	84,034
Nanjing Kaisa Riverview Mansion	Nanjing	1-2	89,183	87,639
Kaisa Ruixiang Xiangyi Garden	Wuxi	1	78,195	76,078
Wuxi Xiangyi Xiyue	Wuxi	1	91,802	89,301
Xuzhou Thriving Spring Villa	Xuzhou	1-2	246,029	167,822
Taizhou Kaisa Mansion No.1	Taizhou	3-4	285,528	211,724
Hefei HC Kaisa Future City	Hefei	1-2	206,575	197,597
Hefei Kaisa Lakeside Residence	Hefei	1	75,966	41,355
			<b>16,297,604</b>	<b>13,646,114</b>

## PROJECT PORTFOLIO — SUMMARY

Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
Sep-2019	Yes	2023 3Q	100%
Jul-2020	Yes	2023 2Q	100%
Sep-2019	Yes	2023 2Q	100%
Aug-2018	Yes	2023 4Q	100%
Sep-2019	Yes	2023 2Q	64%
May-2019	Yes	2023 2Q	18%
Dec-2020	Yes	2023 2Q	77%
May-2019	Yes	2023 3Q	51%
Dec-2019	Yes	2023 2Q	90%
Jun-2020	Yes	2023 4Q	63%
Mar-2021	Yes	2024 1Q	38%
Oct-2018	Yes	2022 2Q	32%
Jul-2020	Yes	2025 1Q	27%
Jul-2021	Not yet obtained	2024 3Q	27%
Feb-2019	Yes	2023 4Q	100%
Apr-2019	Yes	2023 2Q	100%
Aug-2020	Yes	2023 4Q	29%
Sep-2019	Yes	2022 4Q	29%
Mar-2021	Yes	2024 3Q	29%
Jul-2021	Yes	2024 2Q	29%
Dec-2019	Yes	2022 4Q	62%
Apr-2019	Not yet obtained	2022 4Q	41%
Nov-2020	Yes	2022 4Q	51%
Apr-2020	Yes	2022 4Q	51%
Nov-2020	Yes	2023 4Q	54%
Feb-2021	Yes	2023 4Q	100%
Sep-2019	Yes	2022 4Q	90%
Oct-2019	Not yet obtained	2023 4Q	51%
Nov-2020	Yes	2023 4Q	49%
Apr-2021	Yes	2023 2Q	49%
Sep-2021	Not yet obtained	2024 1Q	49%
Mar-2019	Yes	2022 4Q	50%
Oct-2018	Yes	2023 4Q	51%
2020/6/1	Yes	2022 4Q	49%
Apr-2021	Yes	2023 3Q	100%

## PROJECT PORTFOLIO — SUMMARY

### PROPERTIES HELD FOR FUTURE DEVELOPMENT

The table below sets forth certain information of our property projects held for future development as at 31 December 2021.

Project
Shenzhen Kaisa Golden Bay International Park
Shenzhen Nanmendun Project (P1)
Shenzhen Kaisa Skyline Residence
Guangzhou Kaisa Future City
Guangzhou Kaisa Center
Guangzhou Kaisa Baiyun City Plaza
Guangzhou Kaisa Yuefeng
Guangzhou Xiajing Village Project
Guangzhou Shixi Village Project
Qingyuan Kaisa City Plaza
Foshan Lunjiao Zefeng Dijingwan
Dongguan Shilong Project
Dongguan Riverside Woods Palace
Dongguan Riverside Hillview Palace
Huizhou Yuanzhou Project
Huizhou Kaisa Riverbank New Town
Huizhou Tianxin Village (Huizhou Riverbank New Town (P18))
Huizhou Kaisa Times Mocha Town
Huizhou Kaisa Dong River Garden
Huizhou Huidong Project
Huizhou Kaisa City Plaza Project
Huizhou Kaisa Yuebanwan
Zhuhai Lake View Waldorf Garden
Jieyang Kaisa Future City
Zhanjiang Kaisa Yuebanwan
Shantou Kaisa Aurora
Hong Kong Kowloon Tong Project
Chengdu Kaisa Harmony Mansion
Chongqing Kaisa Zhuanshan Fortune Garden
Chongqing Kaisa Skyline Residence
Chongqing Kaisa Longyue No. 1 (P2)
Guiyang Kaisa Yuebanshan
Shenyang Kaisa Xuefu Mansion No. 1
Shenyang Kaisa Shiguangdao
Anshan Kaisa Monarch Residence
Anshan Waterfront Mansion
Huludao Suizhong Kaisa Dongdaihe
Xiaogan Kaisa Jade Dragon Court
Luoyang HYC Kaisa Luoyang Center
Hangzhou Fuyang Yinhu Project
Hefei New Station Project
<b>Total</b>

Note:

- For projects with multiple phases, the estimated time for completing the first phase of the project.

## PROJECT PORTFOLIO — SUMMARY

Location	Project Phase	Estimated Total GFA (sq. m.)	Estimated Completion Time <sup>1</sup>
Shenzhen	3	158,729	2027
Shenzhen	1	429,740	2025
Shenzhen	1-2	187,870	2025
Guangzhou	3	232,541	2025
Guangzhou	1-3	265,542	2024
Guangzhou	2-3	527,239	2024
Guangzhou	3	105,100	2026
Guangzhou	1-3	393,700	2026
Guangzhou	1-4	945,618	2026
Qingyuan	2-4	945,134	2025
Foshan	1	163,139	2024
Dongguan	2-5	10,131	2026
Dongguan	1	112,864	2026
Dongguan	—	161,858	2026
Huizhou	—	61,200	2026
Huizhou	8, 15-17	852,776	2026
Huizhou	—	104,000	2026
Huizhou	7	12,568	2026
Huizhou	3-4	245,477	2026
Huizhou	—	343,700	2026
Huizhou	2	390,155	2026
Huizhou	2-4, 6	422,925	2026
Zhuhai	3	124,973	2027
Jieyang	2	141,826	2026
Zhanjiang	1	110,045	2026
Shantou	2	223,390	2027
Hong Kong	1	3,484	2026
Chengdu	1	86,737	2026
Chongqing	3	16,033	2024
Chongqing	3	100,788	2026
Chongqing	1	78,733	2027
Guiyang	3	361,185	2025
Shenyang	1	102,989	2023
Shenyang	1-2	165,755	2025
Anshan	3	39,794	2027
Anshan	3	43,422	2026
Huludao	4,7,10,11,14-16	1,238,518	2027
Xiaogan	2	79,596	2025
Luoyang	2-3	553,069	2024
Hangzhou	1	19,500	2026
Hefei	1-3	260,310	2027
		10,822,152	



## PROJECT PORTFOLIO — SUMMARY

### SHENZHEN

#### SHENZHEN FENGMING RIVERSIDE (深圳鳳鳴水岸)

Located in Jiangangshan area, one of the top ten luxury residential areas in the world, Shenzhen Fengming Riverside is a pure villa product built in collaboration with the world's top 500 central enterprises. The project boasts an excellent location of "harboring Qianhai, living in the mid-levels", with the setting up of the world-class financial center in Qianhai in front, backed by the scarce ecology of approximately 623 hectares of Jiangang Mid-Levels, and next to the famous school Bao'an School Affiliated to HSAS, occupying the core scarce resources of the city. The site area of the project is approximately 21,000 m<sup>2</sup>, with a total GFA of approximately 67,000 m<sup>2</sup>. 75-120 m<sup>2</sup> 3-4 room units provide comfortable living environment at the prime area of a city worth tens of millions with a down payment of one million dollar.



#### SHENZHEN KAISA SKY-HIGH MANSION (深圳佳兆業雲望府)

Located within the surrounding area of Bantian district, Shenzhen, Shenzhen Kaisa Sky-high Mansion is adjacent to the metro entrances of Lines 10 and 27, connecting to the all-age lifestyle city of Shangxue project with a total GFA of one million sq. m. The project provides a colorful metropolitan life with a bustling business district nearby of approximately 380,000 m<sup>2</sup>, doorstep-education of 1 kindergarten and 1 primary school, multiple medical protection and all-rounded facilities of a metropolitan city. The project connects two parks with a mountain and a river, and the sky corridor is directly connected to the 2,500 mu of Xuexiang Sports Park (雪象體育公園), reproducing an urban paradise. The site area of the project is approximately 29,000 m<sup>2</sup>, with a total GFA of approximately 210,000 m<sup>2</sup>.



## PROJECT PORTFOLIO — SUMMARY

### SHENZHEN CITIC MANGROVE BAY (深圳中信城開紅樹灣)

CITIC Mangrove Bay project is located at the intersection of Honghua Road and Xiangzhang Road in Futian, adjacent to Futian Mangrove Park, the core area of Futian CBD and Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone. The project is located in the center of the “Greater Bay Area, Pilot Demonstration Zone, Futian Central District, Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone”, enjoying the surrounding landscape resources of Futian Mangrove Wetland Park, Hong Kong Mai Po Nature Reserve, Shenzhen Bay and Xinzhou Mangrove Road. The site area of the project is approximately 9,467 m<sup>2</sup>, with a total GFA of approximately 44,000 m<sup>2</sup>. The project is a small high-rise panoramic residence, with a floor area of approximately 59-143 m<sup>2</sup> of inter-bay ecological residence and a luxury and comfortable elevator-to-unit – ratio, combining urban prosperity and natural tranquility and customizing a living model for all kinds of urban extreme preference.



### GUANGZHOU

### GUANGZHOU KAISA BAIYUN CITY PLAZA (廣州佳兆業白雲城市廣場)

Guangzhou Kaisa Baiyun City Plaza is located next to the Baiyun TOD (under construction) in which the government has invested RMB44 billion to build. It is an approximately 1.7 million m<sup>2</sup> mixed-use complex that brings together quality residences, commercial complexes, Grade A offices, themed business hotels, quality education and nature

The project is a property erected on a station of three metro lines, including Xiaoping Station of metro line 8 which has been opened and Nanhang Xincun Station of metro line 12 which is still under construction, providing access to the whole city. The project is planned to have 6 schools, including 3 kindergartens, 2 primary schools and 1 secondary school to offer a 15-year education system the community and to connect to the future. It also engaged an international design team to build a commercial complex of approximately 150,000 m<sup>2</sup> for the residents to enjoy life from quality living and commuting to work to entertainment, shopping and relaxing leisure activities, thereby creating a new lifestyle of multi-dimensional city life in Guangzhou.



## PROJECT PORTFOLIO — SUMMARY

### GUANGZHOU SHIXI VILLAGE PROJECT (廣州石溪村項目)

Shixi Project is located on the west side of the southern section of Guangzhou's new central axis and is within area of "One River, Two Coasts and Three Belts", which is a superior location. The reconstruction scope of the project included Industrial Avenue to the north, the waterway behind Pearl River to the south, Ruibao Road to the east and Shigang Road to the west (including scattered plots to the north of Industrial Avenue). It is surrounded by 3 metro lines and adjacent to Haizhu transportation hub, which has a superior geographical location.



## HUIZHOU

### HUIZHOU KAISA RIVERBANK NEW TOWN (惠州佳兆業東江新城)

Kaisa Riverbank New Town, the top-selling property in Huizhou Boluo for 8 consecutive years since its launch 12 years ago. It has a GFA of approximately 4 million m<sup>2</sup>, located at the Xuefu Bay and within the area of Huizhou North Station High-Speed Railway in the Greater Bay Area. Surrounded by 1 highway, 2 high-speed railways and 4 expressways, it materialize a one-hour living circle encompassing Shenzhen, Dongguan and Huizhou. It owns a riverfront park of approximately 800,000 m<sup>2</sup> and a big commercial circle of 8,000 m<sup>2</sup>. Residents can enjoy all-age education from 3 to 18 years old there. RYB International Kindergarten and Boluo Middle School Kaisa School, the third-ranked school in Huizhou, have been opened.





## PROJECT PORTFOLIO — SUMMARY

## ZHANJIANG

ZHANJIANG KAISA YUEBANWAN  
(湛江佳兆業樾伴灣)

Kaisa has chosen the core area of Tiaoshun Island (調順島) in developing Zhanjiang Kaisa Yuebanwan and creating the city's unrepeatably coastal property. With Jinsha Bay on the left and the Olympic Sports Center on the right, residents can enjoy quality living resources at ease. The project presented an absolute highlight with a central position and renewed the coastal scenery along Zhanjiang. It is built with the standard of masterpieces, with 3 high-rise residential buildings and 1 super high-rise apartment building, creating a new city landmark.



## SHANTOU

SHANTOU AURORA  
(汕頭印月府)

Shantou Aurora project is located at the center of Xinjin District on the East Coast, with a mature transportation network, Jinzhong Overseas Chinese Experimental Zone School (金中華僑試驗區學校) and Jinzhong Haiwan School (金中海灣校區) on the side, and the MIXc One (萬象匯) shopping district just one way away, enjoying a variety of well-established facilities. The project builds a "bottomless" community on the East Coast with modern themed luxury gardens and island-themed raised floors for all ages. It is designed with extra-wide floor space and occupies a GFA of approximately 105-145 m<sup>2</sup> of comfortable 3-4 – rooms units.



## PROJECT PORTFOLIO — SUMMARY

### CHENGDU

#### CHENGDU KAISA LONGYUE NO. 1 PROJECT (成都佳兆業瓏樾壹號)

Chengdu Kaisa Longyue No. 1 Project, positioned as a top-class masterpiece of Kaisa with a plot ratio of 1.5, is planned to be mainly courtyard villas and a few villa houses of low density. It is located in downtown Chengdu beside the high-end residential area near the Third Ring Road and 30,000 mu QingLongHu Wetland Park, served by metro line 4, line 7, line 9 (planning) and 12 (planning) and within 30-minute living circle. Adjacent to Taikoo Li, IS, The Mixc and CapitalLand (Chengyu Flyovers Store), it is a courtyard villa in the city of “prosperous outside and peaceful inside”.



#### CHENGDU AURORA PROJECT (成都印月項目)

Chengdu Aurora Project is located at the left side of the affluent residential area of Tianfu New Area and the high-end well-developed residential area of Jinjiang Ecological Zone, with South Lake to the north and Luhu (麓湖) to the east, and two kilometers of golden shoreline of Jinjiang River. The site area of the project is approximately 76 mu, with a plot ratio of 2.0. It is planned to build 294 units of approximately 200-280 square meters of stacked products, aiming at the privacy and purity of living. The architectural design is based on the “river water” element of the confluence of the two rivers, and the fluidity, inclusiveness and freedom of water are used to create an aesthetic villa, interpreting the high-end residential aesthetics of flowing art and achieving a benchmark of luxury in the Tianfu New Area.





## PROJECT PORTFOLIO — SUMMARY

## CHONGQING

**CHONGQING KAISA LONGYUE NO. 1**  
(重慶佳兆業瓏樾壹號)

Located at University City West Road, Chongqing Kaisa Longyue No. 1 has a low plot ratio of 1.5 to create two benchmark pieces of houses and villas for resonance and pure life of intellectuals. In line with modern living habits and children's growth needs, it perfectly integrates architectural aesthetics, artistic garden and free space with a more advanced, scientific and open concept of building a home, which extends the enjoyment of home to the whole community instead of a closed space. With a truly humanized growth space, it leads the education life of elite families.

**PHASE II OF CHONGQING KAISA LONGYUE NO. 1**  
(重慶佳兆業瓏樾壹號二期)

Chongqing Kaisa Longyue No. 1 • Xuejing has a site area of 47 mu. It is located adjacent to Longyue No. 1, which echoes with and complements each other. It is a quality mid-rise residence with floor heating, exquisite decorations and schools nearby.



## PROJECT PORTFOLIO — SUMMARY

### CHONGQING KAISA JIANGSHAN HEMING (重慶佳兆業江山和鳴)

Chongqing Kaisa Jiangshan Heming is located in the Caijia Free Trade Bay Zone and enjoys four main commercial circles and five main business circles. With Caijia Longhutian Street (under construction) on its north, Lijiatian Street on its south and Convention and Exhibition Centre on its east and surrounded by the Free Trade Zone Riverside Park (under planning), Caijia Central Park and a unique water park (under planning), it owns a superior natural ecology to realize prosperous outside and peaceful inside.



## SHENYANG

### SHENYANG KAISA SHIGUANGDAO (瀋陽佳兆業時光道)

Shenyang Kaisa Shiguangdao Project is located in the Olympic Zone in Hunnan District of Shenyang, with mature transportation, commercial, educational and natural resources. Located in the highlighted Olympic Zone, it has concentrated resources of a city. As a high-end residential community with a site area of approximately 130,000 m<sup>2</sup> and a GFA of approximately 260,000 m<sup>2</sup>, most of its products are houses and high-rise residence. The scientific proportion of the area brings a sense of high-quality with its three-level 3D structure and elegant colors.



## PROJECT PORTFOLIO — SUMMARY

## WUXI

**WUXI DONGGANG XIANGYI XIYUE PROJECT (無錫東港香逸璽悅項目)**

Wuxi Donggang Xiangyi Xiyue Project is located in the core region of Donggang Town, the major town of economy in Wuxi. It is adjacent to the town government and citizen park and has a superior geographical location and convenient transportation. It is surrounded by Cheerful City Commercial Complex and schools such as Jiangsu Huairen High School and Wuxi Donghutang Experimental Primary School. The project has a site area of over 50,000 m<sup>2</sup>. and a GFA of approximately 90,000 m<sup>2</sup>., and will be established as a benchmark product of high-end residence in the surrounding area.



## LUOYANG

**LUOYANG HYC KAISA FENGMING RIVERSIDE (洛陽華耀城佳兆業鳳鳴水岸)**

Luoyang Hyc Kaisa Fengming Riverside Project is located at the intersection of two districts in Luoyang and enjoys the development benefits of the city. Leveraging the support from the two brands of Hyc and Kaisa, it builds diversified and all-round supporting facilities covering nearly 500,000 m<sup>2</sup>. The project is adjacent to the Hyc Commercial Complex of an area of approximately 2.5 million m<sup>2</sup>. Surrounded by mountains and rivers, it is equipped with rich educational and medical resources and a four lengthwise and three transverse transportation network, providing convenience for daily travel. The project has a total site area of approximately 120,000 m<sup>2</sup>. With a plot ratio of 3.0 and a greening ratio of 30%, the project blends with the nature and creates a Chinese garden landscape of “one mansion with two axes, four gardens and eight views”. The GFA of units ranges approximately 84-128 m<sup>2</sup> with a grand layout and exquisite design, leading the direction of the residential market in Luoyang.



## PROJECT PORTFOLIO — SUMMARY

### HEFEI

#### HEFEI NEW STATION PROJECT

(合肥新站項目)

Hefei New Station Project is located in the core region of Xinzhan. It has Shaoquan Lake Wetland Park on its north with beautiful scenery; Ershibu Landscape Corridor and Xinzhan Olympic Center on its west with comprehensive entertainment, commercial and sports facilities; projects of Vanke, Redsun and ITG on its south with a strong living atmosphere; and Xinzhan District Management Committee on its east, which is a district-level administrative center. With comprehensive ancillary facilities of commerce, park, sports and government units, it is an ideal place for living. Hefei Xinzhan 168 School within the district provides primary and secondary education, showing its excellent educational resources. The project has a site area of approximately 220 mu. It is planned to build 11 high-rise buildings (including 3 self-owned buildings) and 24 small high-rise buildings, adding 2,799 new suites. A kindergarten with 15 classes and a neighborhood center will be built simultaneously. The plot ratio is 1.80.





# DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

As at the date of this report, the board of directors (the “**Board**”) of the Company consists of nine directors (the “**Directors**”), three of whom are independent non-executive Directors. The Board has the general powers and duties for the management and conduct of the business. The Company has entered into service contracts with each of the Directors.

The table below sets forth certain information regarding the Directors:

Name	Age	Position
KWOK Ying Shing	58	Chairman and Executive Director
SUN Yuenan	59	Vice Chairman and Executive Director
MAI Fan	44	Vice Chairman, Executive Director and Chief Executive Officer
LI Haiming	48	Executive Director
KWOK Hiu Kwan	31	Executive Director
CHEN Shaohuan	57	Non-Executive Director
ZHANG Yizhao	52	Independent Non-Executive Director
RAO Yong	64	Independent Non-Executive Director
LIU Xuesheng	59	Independent Non-Executive Director

### Chairman and Executive Director

**KWOK Ying Shing (郭英成)**, aged 58, is the Chairman of the Board and an executive Director of the Company. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee of the Board. He is one of the founders of the Group and was the Chairman and a Director since its inception in 1999. He resigned as the Chairman and an executive Director in December 2014 and was re-appointed as the Chairman and an executive Director in April 2015. Mr. Kwok is primarily responsible for overall strategy, investment planning and human resource strategy of the Group. Mr. Kwok has extensive experience in real estate development, investment and financing management.

### Executive Directors

**SUN Yuenan (孫越南)**, aged 59, has been an executive Director since November 2009. He is also a Vice Chairman and an authorised representative of the Company for the purpose of the Listing Rules and Companies Ordinance. Mr. Sun is primarily responsible for investment and management of the Group. Mr. Sun joined the Group in July 2001 as chief administrative director of Kaisa Group (Shenzhen) Co., Ltd. (“**Kaisa Group (Shenzhen)**”) and has held various positions within the Group, including senior vice president of the Group, deputy general manager of Kaisa Group (Shenzhen) and general manager of Guangzhou Jinmao Property Development Co., Ltd. Mr. Sun has extensive regulatory and business administration experience in the real estate industry. From 1993 to 2001, Mr. Sun served in various positions, including deputy chief of administrative office, deputy chief of legal division and deputy chief of personnel division, in Hengyang Municipal Bureau of Land Resources, which oversaw land resources in the city of Hengyang, Hunan Province. Mr. Sun received a bachelor’s degree in law from the Correspondence Institute of the Academy of the Central Committee of the Communist Party of China in December 2001.

**MAI Fan (麥帆)**, aged 44, has been an executive Director since July 2017. He is also a Vice Chairman, the Chief Executive Officer and an authorised representative of the Company for the purpose of the Listing Rules and Companies Ordinance. Mr. Mai is responsible for the overall management and daily operations of the Group. Mr. Mai also serves as the director of Urban Renewal Group, Shenzhen Football Club and Poverty Alleviation Group. Prior to joining the Group in August 2015, Mr. Mai served at the Shenzhen Municipal Highway Bureau and Futian Government, Shenzhen from July 2001 to July 2015. Mr. Mai received his bachelor of laws from the Sun Yat-sen University in 2001 and received the qualification of legal profession in 2002.



## DIRECTORS AND SENIOR MANAGEMENT

**LI Haiming (李海鳴)**, aged 48, has been an executive Director since April 2020. He has also been the Chief Operating Officer of the Group since January 2019. He is in charge of management and investment of the real estate sector of the Group. Since March 2020, he also serves as senior management of various subsidiaries of the Group, including as the chairman of each of Dingsheng Park Entertainment Group Services Co., Ltd\* (鼎盛樂園娛樂集團服務有限公司) and International Park Group\* (國際樂園集團); the president and chairman of Kaisa Services Co., Ltd\* (佳兆業服務有限公司), the general manager of Kendu Project Development Co., Ltd\* (肯渡項目開發公司). Mr. Li joined the Group in July 2002, and has served in various positions in the Group, including as the vice-president of the Group from July 2017 to January 2019, senior management of real estate of Shenzhen from May 2015 to July 2017, senior management of real estate of Changsha from July 2007 to April 2015. Mr. Li was appointed as an executive director of Kaisa Prosperity Holdings Limited (a company listed on the Stock Exchange, stock code: 2168) on 8 April 2020. Mr. Li graduated from the Party School of the Guangdong Provincial Committee of the CPC (廣東省委黨校) with a bachelor's degree in business management in July 2000. He also specialised in architecture and graduated from Chongqing Jianzhu College (重慶建築工程學院) in July 1994.

**KWOK Hiu Kwan (郭曉群)**, aged 31, has been an executive Director since April 2020. He is also the chairman and president of the Shanghai region of the Group. He is responsible for overseeing the Group's business (including mergers and acquisitions, property developments, investments and financing) and business development in Shanghai. Mr. Kwok worked as the vice president of the real estate of the Group's Shanghai region from May 2018 to March 2020. Since March 2020, he has been appointed as chairman of the Shanghai region of the Group. Mr. Kwok graduated from Essex University in the United Kingdom with a bachelor's degree in finance management in July 2013 and obtained a master in sociology from University College London in the United Kingdom in July 2014.

### Non-Executive Director

**CHEN Shaohuan (陳少環)**, aged 57, has been a non-executive Director of the Company since 26 December 2013. She received a Diploma in Economics and Management from the Social Science Faculty of South China University of Technology in the People's Republic of China in July 1987. Ms. Chen joined Sino Life Insurance Co., Ltd. (生命人壽保險股份有限公司) ("**Sino Life Insurance**") from December 2013 to November 2016 and was the deputy general manager of the asset management centre of Sino Life Insurance. Prior to joining Sino Life Insurance, Ms. Chen was the manager of the investment division of Shenzhen Fengsheng Investment Group Company Limited\* (深圳市豐盛投資集團有限公司) from June 1995 to November 2013. Ms. Chen was also the deputy general manager of a subsidiary of Shenzhen Wuzhi Group Company\* (深圳市物資總公司) engaging in construction material business from September 1983 to May 1995.

### Independent Non-Executive Directors

**ZHANG Yizhao (張儀昭)**, age 52, has been an independent non-executive Director of the Company since 17 November 2009. Mr. Zhang is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. He is also a director of China Carbon Graphite Group Inc. (OTC BB: CHGI) and HH Biotechnology Holdings Company (OTC BB: HHBT). Mr. Zhang has over 19 years of experience in accounting and internal control, corporate finance, and portfolio management. Previously, Mr. Zhang was the CFO or director at various public companies listed in the US, Hong Kong and Tokyo. Mr. Zhang also had experiences in portfolio management and asset trading at Guangdong South Financial Services Corporation from 1993 to 1999. He is a Certified Public Accountant of the State of Delaware, and a member of the American Institute of Certified Public Accountants (AICPA). He also has the Chartered Global Management Accountant (CGMA) designation. Mr. Zhang graduated with a bachelor's degree in economics from Fudan University, Shanghai in 1992 and received a Master of Business Administration with concentrations in financial analysis and accounting from the State University of New York at Buffalo in 2003.

**RAO Yong (饒永)**, aged 64, has been an independent non-executive Director of the Company since 17 November 2009. Mr. Rao is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Mr. Rao is currently a director of Shenzhen Pengcheng Certified Public Accountants Co. Ltd. He is a member of the Chinese Institute of Certified Public Accountants (CICPA) and a certified public valuer in China. Mr. Rao has over 28 years of experience in accounting and auditing. Mr. Rao was a director of the Audit Bureau of Shenzhen City from 1991 to 1997 and a head of the Audit Bureau of Wuzhou City, Guangxi Province from 1987 to 1990. Mr. Rao has also been a director of The Chinese Institute of Certified Public Accountants since 1996, a director of the Shenzhen Institute of Certified Public Accountants since 1996 and its president since 2005, a forensic accounting expert of Shenzhen City since 2002 and the deputy secretary-general of the Asset Evaluation Association of Shenzhen City since 1997. Mr. Rao was appointed as an independent non-executive director of Maoye International Holdings Limited (a company listed on the Stock Exchange, stock code: 848) on 29 April 2020. Mr. Rao received a diploma in accounting from Guangxi College of Finance and Economics, China in July 1980.

## DIRECTORS AND SENIOR MANAGEMENT

**LIU Xuesheng (劉雪生)**, aged 59, has been an independent non-executive Director of the Company since 28 February 2017. Mr. Liu joined Shenzhen Institute of Certified Public Accountants (深圳市註冊會計師協會) (“SZICPA”) since February 1999 and is currently the deputy secretary general. Prior to joining the SZICPA, Mr. Liu was the accountant of OCT Group (深圳華僑城集團) from April 1992 to February 1999. Mr. Liu graduated from Jiangxi Institute of Finance and Economics (江西財經學院) (now known as the Jiangxi University of Finance and Economics (江西財經大學)) with a bachelor degree in 1989 and graduated from Shanghai University of Finance and Economics (上海財經大學) majoring in accounting and obtained a master degree in economics in 1992. He was admitted as Certified Public Accountants in the People’s Republic of China in 1995. Mr. Liu is currently an independent non-executive director of Telling Telecommunication Holdings Co., Ltd. (天音通信控股股份有限公司), Huafu Top Dyed Melange Yarn Co., Ltd. (華孚色紡股份有限公司) and EDAN Instruments, INC. (深圳市理邦精密儀器股份有限公司), which are companies listed on the Shenzhen Stock Exchange. From June 2008 to June 2011, Mr. Liu was the independent non-executive director of Dongjiang Environmental Company Limited (stock code: 895), a company listed in Hong Kong.

### SENIOR MANAGEMENT

As at the date of this report, the senior management members are ZHANG Huagang, LUO Tingting, SONG Wei, CHEN Yankun, XIE Binhong, LIU Lihao, NIE Qiang. The table below sets forth certain information regarding the senior management members:

Name	Age	Position
ZHANG Huagang	60	Vice Chairman
LUO Tingting	38	Chief Financial Officer
SONG Wei	38	Senior Vice President
CHEN Yankun	48	Senior Vice President
XIE Binhong	39	Senior Vice President and Chief Human Resources Officer
LIU Lihao	39	Senior Vice President
NIE Qiang	41	Senior Vice President

Please refer to the section headed “(A) The Board of Directors” of the Corporate Governance Report for further information on the changes in the senior management of the Group during the year and up to the date of this report.

## DIRECTORS AND SENIOR MANAGEMENT

**ZHANG Huagang (張華綱)**, aged 60, is the vice-chairman of the Group. He joined the Group in April 2020 and now serves as the chairman of Kaisa International Group, Kaisa Hotel Group, Kaisa Technology Innovation Group and Kaisa International Resorts Group. Before joining Kaisa Group, Mr. Zhang had worked in Gemdale Group, Zendai Property, etc. Mr. Zhang had earned his bachelor's degree in Industrial Automation from Huazhong University of Science and Technology in June 1982, and he graduated from New York State University with a master's degree in Business Administration in January 1989.

**LUO Tingting (羅婷婷)**, aged 38, is a chief financial officer of the Group, and mainly responsible for financial management. Ms. Luo joined the Group in April 2011, and successively served as the president assistant and the vice president of the Shenzhen Wealth Management Group, the general manager of the Planning and Finance Department of the Group and president assistant of the Group. She had worked in RSM China before joining our Group. In July 2006, Ms. Luo graduated from Jiangxi University of Finance and Economics with a bachelor's degree in Public Finance.

**SONG Wei (宋偉)**, aged 38, is a senior vice president of the Group. Mr. Song is primarily responsible for urban renewal work. Prior to joining the Group in November 2015, Mr. Song has successively engaged in news and planning in Hubei Daily Media Group and Evergrande Real Estate Group. Mr. Song has received a bachelor's degree in Journalism & Communication from Hubei University in 2007.

**CHEN Yankun (陳燕坤)**, aged 48, is a senior vice president of the Group and the chairman of Real Estate Group (Guangzhou Group), and is responsible for the management. Mr. Chen joined the Group in September 2017 and served as the vice chairman of Guangzhou Finance Group, the vice chairman of the Greater Bay Area Group, president of Guangzhou region, etc. Before joining the Group, Mr. Chen had worked for the politics and law system for a long time.

**XIE Binhong (謝斌鴻)**, aged 39, is a senior vice president of the Group and chief human resources officer. He is responsible for the human resources management. Mr. Xie joined the Group in 2011 and served as the assistant president of Kaisa Commercial Group and the vice president of Kaisa Real Estate Group (Shenzhen Region), etc. Before joining the Group, Mr. Xie worked for Financial Street Huizhou Real Estate Co., Ltd. and other companies. Mr. Xie graduated from Peking University, with a master's degree in Business Administration in June 2018.

## DIRECTORS AND SENIOR MANAGEMENT

**LIU Lihao (劉立好)**, aged 39, is a senior vice president of the Group and president of Shenzhen Group, and is responsible for the management. Mr. Liu joined the Group in August 2012 and served as the assistant president of Real Estate Group (Beijing Region) and the vice president of Real Estate Group (Shanghai Region), etc. Before joining the Group, Mr. Liu worked on commercial real estate analysis and operating management successively in DTZ holdings and Guangming Technology Park Co., Ltd. of China Merchants Group. Mr. Liu graduated from Jiangxi University of Finance and Economics with bachelor's degrees of Economics and Laws.

**NIE Qiang (聶強)**, aged 41, is a senior vice president of the Group. Mr. Nie joined the Group in April 2010 and successively served as the general manager, the Shanghai regional vice president, the executive vice president, and the president of the Shenzhen real estate company. Before joining the Group, Mr. Nie worked in the China Water Resources and Hydropower Third Engineering Bureau Installation Branch Co., Ltd. and Fantasia China Group Co., Ltd. Mr. Nie graduated from North China University of Water Conservancy and Electronic Power majoring in mechanical design and manufacturing and its automation in June 2004 with a bachelor's degree.

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2021.

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance and accountability. The Board will strive to uphold the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders of the Company.

The Company is committed to achieving high standards of corporate governance. An internal corporate governance policy was adopted by the Board aiming at providing greater transparency, quality of disclosure as well as more effective risk and internal control. The execution and enforcement of the Company's corporate governance system is monitored by the Board with regular assessments. The Company believes that its commitment to high-standard practices will translate into long-term value and ultimately maximise returns to shareholders. The Company's management pledges to build long-term interests for shareholders via, for example, conducting business in a socially responsible and professional manner. The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") as its own code to govern its corporate governance practices. The Company was conducting its business according to the principles of the CG Code set out in Appendix 14 to the Listing Rules.

For the year ended 31 December 2021, the Company complied with the code provisions of the CG Code set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code provision A.6.7 provides that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other important engagements, Ms. CHEN Shaohuan, a non-executive Director, was unable to attend the annual general meeting of the Company held on 15 June 2021 and the extraordinary general meetings of the Company held on 2 July 2021 and 27 October 2021.



## CORPORATE GOVERNANCE REPORT

### (A) THE BOARD OF DIRECTORS

#### Board Composition

The members of the Board during the financial year under review were as follows:

#### Members of the Board

##### Executive Directors:

Mr. KWOK Ying Shing

Mr. SUN Yuenan

Mr. MAI Fan

Mr. LI Haiming

Mr. KWOK Hiu Kwan

##### Non-executive Director:

Ms. CHEN Shaohuan

##### Independent non-executive Directors:

Mr. ZHANG Yizhao

Mr. RAO Yong

Mr. LIU Xuesheng

Biographical details of the Directors and the senior management of the Company are disclosed in the section headed "Directors and Senior Management" of this annual report. Save as disclosed in such section, to the best knowledge of the Company, there are no relationships (including financial, business, family or other material relationships) among the directors and senior management.

For the year ended 31 December 2021, Mr. YU Kwok Leung, the company secretary of the Company, received not less than 15 hours of relevant professional training to update his knowledge and skills.

As at 31 December 2021, the Board consisted of nine Directors including Mr. KWOK Ying Shing, Mr. SUN Yuenan, Mr. MAI Fan, Mr. LI Haiming and Mr. KWOK Hiu Kwan as the executive Directors, Ms. CHEN Shaohuan as the non-executive Director and Mr. ZHANG Yizhao, Mr. RAO Yong and Mr. LIU Xuesheng as the independent non-executive Directors. The overall management of the Company's operation is vested in the Board.

## CORPORATE GOVERNANCE REPORT

### Directors' Responsibilities

The Board takes on the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, risk management and internal control systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. As of 31 December 2021, the Board comprised nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. Their names and biographical details are set out in the section entitled "Directors and Senior Management" in this annual report.

All Directors have full and timely access to all relevant information about the Company so that they can discharge their duties and responsibilities as Directors. In particular, through regular Board meetings and receipt of regular financial and business updates, all Directors are kept abreast of the conduct, business activities and development, as well as regulatory updates applicable to the Company.

Liability insurance for Directors and members of the senior management of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

### Delegation by the Board

The management, consisting of the executive Directors of the Company along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

### Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2021.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by the relevant employees of the Group, who are likely to be in possession of inside information of the Company.

### Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. For the year ended 31 December 2021, in order to reinforce their respective independence, accountability and responsibility, Mr. KWOK Ying Shing acted as Chairman and Mr. MAI Fan acted as Chief Executive Officer during the year.

The chairman plays a leadership role and is responsible for the effective functioning of the Board in accordance with the good corporate governance practice adopted by the Company. He is also responsible for instilling corporate culture and developing strategic plans for the Company. Under code provisions A.2.1 and A.2.2 of the CG Code, the chairman would ensure that all Directors are properly briefed on issues arising at Board meetings and would be responsible for ensuring that Directors receive adequate information, which must be complete and reliable, in a timely manner. On the other hand, the chief executive officer primarily focuses on developing and implementing objectives and policies approved and delegated by the Board. The chief executive officer is also responsible for the Group's day-to-day management and operations and the formulation of the organisation structure, control systems and internal procedures and processes of the Company for the Board's approval.

## CORPORATE GOVERNANCE REPORT

### Other non-compliances with the Listing Rules

The Company was not able to timely comply with the financial reporting provisions under the Listing Rules in (i) publishing annual results and annual reports for the year ended 31 December 2021; (ii) announcing the interim results for the six months ended 30 June 2022; and (iii) publishing the interim report for the six months ended 30 June 2022. Such delay has constituted non-compliance with Rules 13.46(2)(a), 13.48 and 13.49 of the Listing Rules.

### Independent Non-Executive Directors

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decision. They bring an impartial view on the Company's strategies, performance and control.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board.

The Board also considers that the independent non-executive Directors can provide independent advice on the Company's business strategies, results and management so as to safeguard the interests of the Company and its shareholders.

For the year ended 31 December 2021, the Company has received an annual confirmation of independence from each independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive Directors. Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive Directors of a listed issuer must represent at least one-third of the Board of such listed issuer. The Company has complied with Rules 3.10(1) and 3.10A of the Listing Rules.

### Board Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Meeting agenda for regular meetings are set after consultation with the Chairman. All Directors are given an opportunity to include matters in the agenda.

At least 14 days' notice will be given for a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice will be given.

For the year ended 31 December 2021, it is considered that the Directors are well acknowledged to the business and the operation of the Group.

All Directors are provided with relevant materials relating to the matters in issue in advance before the meetings and have the opportunity to include matters in the agenda for Board meetings. They can separately get access to the senior executives and the company secretary at all time and may seek independent professional advice at the Company's expense. Minutes of board meetings and meetings of Board committees are kept by the company secretary of the meeting and such minutes are open for inspection at any reasonable time on reasonable notice by any Director. Pursuant to code provision A.1.5 of the CG Code, minutes of Board meetings and meetings of Board committees record in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft and final versions of minutes of Board meetings were sent to all the Directors for their comment and record respectively, in both cases within a reasonable time after the Board meeting was held.

## CORPORATE GOVERNANCE REPORT

Other than regular meetings, the Chairman also meets with non-executive Directors (including Independent non-executive Directors) without the presence of executive Directors, to facilitate an open discussion among the non-executive Directors on issues relating to the Group.

Pursuant to code provision A.1.7 of the Code, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by way of a physical meeting, rather than a written resolution. Independent non-executive Directors who have no material interest in the transaction would be present at such Board meeting.

The Board procedures are in compliance with the Articles, as well as relevant rules and regulations. For the year ended 31 December 2021, there were no significant changes to the Articles.

### Appointment, Re-election and Removal of Directors

Each of the executive Directors has entered into service contract with the Company for a term of three years, and subject to re-election at the annual general meeting of the Company ("AGM"), and which will continue thereafter until terminated by either party thereto giving to the other party not less than three months' prior notice in writing. Each of the non-executive Directors and the independent non-executive Directors has entered into letter of appointment with the Company and is appointed for a period of one year commencing on the date of appointment, which shall be automatically extended for another one year upon expiration of the letter of appointment, and subject to re-election at the AGM, and such letter of appointment could be terminated by giving not less than three months' prior notice in writing. The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting of the members of the Company and shall then be eligible for re-election at such meeting. Besides, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

In accordance with the Articles, at every AGM of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and being eligible offer themselves for re-election.

The members of the Company may, at any general meetings convened and held in accordance with the Articles, remove a Director at any time before the expiration of his period of office notwithstanding anything contrary in the Articles or in any agreement between the Company and such Director.

### Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director or alternative Director would receive an induction package covering the Group's businesses and the statutory regulatory obligations of a director of a listed company. The Group also provided briefings and other training to develop and refresh Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management, where appropriate, to ensure awareness of best corporate governance practices.

Briefings on directors' duties were given to the newly appointed executive Directors.

## CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2021, the Directors also participated in the following trainings:

Directors	Types of training
<b>Executive Directors</b>	
Mr. KWOK Ying Shing	B
Mr. SUN Yuenan	B
Mr. MAI Fan	B
Mr. LI Haiming	B
Mr. KWOK Hiu Kwan	B
<b>Non-Executive Director</b>	
Ms. CHEN Shaohuan	B
<b>Independent Non-Executive Directors</b>	
Mr. ZHANG Yizhao	A, B
Mr. RAO Yong	B
Mr. LIU Xuesheng	B

A: giving talks at seminars and/or conferences and/or forums

B: reading newspapers, journals, Company's newsletters and updates relating to the economy, general business, real estate or Directors' duties and responsibilities, etc.

### Board Diversity Policy

In 2013, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

### Board Committees

The Board has established three committees, namely, the Nomination Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Board and the Company's affairs. All Board committees are established with defined written terms of reference which are available to shareholders on the websites of the Company and the Stock Exchange. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

### Nomination Committee and policy

The Nomination Committee is primarily responsible for, among other things, considering and recommending to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required.



## CORPORATE GOVERNANCE REPORT

Its written terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of Board composition and the management of Board succession with reference to certain guidelines as endorsed by the Committee. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and time commitments of members. The Nomination Committee will select and recommend candidates for directorship after consideration of referrals and engagement of external recruitment professionals, when necessary.

The composition of the Nomination Committee during the financial year under review was as follows:

### Chairman:

Mr. KWOK Ying Shing, executive Director

### Members:

Mr. ZHANG Yizhao, independent non-executive Director

Mr. RAO Yong, independent non-executive Director

The Nomination Committee was primarily responsible for the following duties during the year ended 31 December 2021:

- to review the structure, size and composition of the Board (including the skills, knowledge and experience) and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members;
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Company; and
- to assess the independence of independent non-executive Directors.

In evaluating and selecting any candidate for directorship, the following factors would be considered:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy.
- Diversity in all aspects with reference to the Diversity Policy of the Board.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent non-executive directors in accordance with the Hong Kong Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

## CORPORATE GOVERNANCE REPORT

### Audit Committee

The Audit Committee is responsible for, among other things, the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. Their written terms of reference are in line with the provisions under the CG Code and explains the role and the authority delegated to the Audit Committee by the Board.

The Audit committee consists of three members, all of whom are non-executive Director and independent non-executive Directors. The composition of the Audit Committee during the financial year under review was as follows:

#### Chairman:

Mr. RAO Yong, independent non-executive Director

#### Members:

Mr. ZHANG Yizhao, independent non-executive Director

Ms. CHEN Shaohuan, non-executive Director

The Audit Committee was primarily responsible for the following duties during the year ended 31 December 2021:

- to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to develop and implement policy on engaging an external auditor to supply non-audit services;
- to review and monitor integrity of the Company's financial statements, annual report and accounts and half-year reports and to review significant financial reporting judgements contained in them;
- to review the Company's financial controls, internal control and risk management systems;
- to discuss the internal control system with management of the Company and ensure that the management has performed its duty to have an effective internal control system;
- to review the financial and accounting policies and practices of the Company and its subsidiaries;
- to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provides a timely response to the issues raised; and
- to review the effectiveness of the risk management and internal control systems and the internal audit function.

### Remuneration Committee

The Remuneration Committee is responsible for, among other things, making recommendations to the Directors' remuneration and other benefits. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that level of their remuneration and compensation are reasonable. Their written terms of reference are in line with the provisions of the Code. Pursuant to code provision B.1.4 of the CG Code, the remuneration committee would make available its terms of reference, explaining its role and the authority delegated to it by the Board. The composition of the Remuneration Committee during the financial year under review was as follows:

#### Chairman:

Mr. ZHANG Yizhao, independent non-executive Director

## CORPORATE GOVERNANCE REPORT

### Members:

Mr. KWOK Ying Shing, executive Director

Mr. RAO Yong, independent non-executive Director

The Remuneration Committee was primarily responsible for the following duties during the year ended 31 December 2021:

- to make recommendations to the Board on the Company's policy and structure for all remunerations of Directors and senior management of the Company and on the establishment of formal and transparent procedures for developing policies on all such remunerations;
- to have the delegated responsibilities to determine the specific remuneration packages of all executive Directors and senior management members of the Company;
- to review and approve performance-based remunerations by reference to corporate goals and objectives resolved by the Board from time to time;
- to review and approve compensation payable to executive Directors and senior management of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is fair and not excessive for the Company;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is reasonable and appropriate; and
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Report of the Directors" and note 14 to the consolidated financial statements. During the year ended 31 December 2021, the Remuneration Committee determined the remuneration packages of the executive Directors and senior management members of the Company, and reviewed the collective performance and individual performance as well as the performance-based bonus payment of them.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year 2021 is set out below:

Remuneration bands (RMB)	Number of Persons
1,000,001 to 2,000,000	8
2,000,001 to 3,000,000	9
3,000,001 to 4,000,000	4
5,000,001 to 6,000,000	3
6,000,001 to 7,000,000	2
7,000,001 to 8,000,000	1
8,000,001 to 9,000,000	2
11,000,001 to 12,000,000	1
17,000,001 to 18,000,000	1
	31

## CORPORATE GOVERNANCE REPORT

**Meeting Attendance**

The attendance of Directors at Board meetings and meetings of the Board committees and general meetings during the year ended 31 December 2021, as well as the number of such meetings held, is set out as follows:

**Meetings attended/held**

Directors	Board	Nomination Committee	Audit Committee	Remuneration Committee	General Meetings
<b>Executive Directors</b>					
Mr. KWOK Ying Shing	4/4	1/1		1/1	0/3
Mr. SUN Yuenan	4/4				0/3
Mr. MAI Fan	4/4				2/3
Mr. LI Haiming	4/4				1/3
Mr. KWOK Hiu Kwan	4/4				0/3
<b>Non-Executive Director</b>					
Ms. CHEN Shaohuan	3/4		0/2		0/3
<b>Independent Non-Executive Directors</b>					
Mr. ZHANG Yizhao	4/4	1/1	2/2	1/1	3/3
Mr. RAO Yong	4/4	1/1	2/2	1/1	3/3
Mr. LIU Xuesheng	4/4				3/3

**(B) FINANCIAL REPORTING AND INTERNAL CONTROL****Financial Reporting**

The Directors are responsible for the preparation of the financial statements of the Group. In the preparation of financial statements, the Hong Kong financial reporting standards have been adopted and the appropriate accounting policies have been consistently used and applied. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner. Pursuant to code provision C.1.1 of the CG Code, management would provide sufficient explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The working scope and reporting responsibilities of Elite Partners CPA Limited, the Company's external auditor, are set out on pages 112 to 116 of the "Independent Auditor's Report" in this annual report.

**External Auditor's Remuneration**

During the year under review, the fee payable to auditors, in respect of audit services and non-audit services provided to the Company were RMB6.5 million and RMB5 million, respectively.

## CORPORATE GOVERNANCE REPORT

### Risk Management and Internal Control

The Board is responsible for the Company's risk management and internal control systems and for reviewing their effectiveness. The 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.

Procedures have been designed for safeguarding assets against unauthorised use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publications and the compliance of applicable laws, rules and regulations.

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 Company has developed and adopted risk management procedures and guidelines with defined authority for implementation by key business processes and office functions. The Board, together with the Audit Committee, should collect the information from the risk management system, include discussions of risk and oversight of the management of those risks into the agenda of Board meetings.

An internal audit department has been established to perform regular financial and operational reviews and conduct audit of the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls are in place and functioning properly as intended. In addition, the Company, through the Audit Committee, has also reviewed the adequacy of resources, qualifications and experience of staff of the accounting and finance department and internal audit department, and their training programmes and budget.

During the course of audit performed by the external auditors, they reported on the weaknesses of the Group's risk management, internal control and accounting procedures which came to their attention.

The Directors, through the audit committee of the Company, reviewed the adequacy and effectiveness of the risk management and internal control systems of the Group, at least annually, for the year ended 31 December 2021. After such review, the Board considered that the Company's enhanced internal control system was adequate and effective.

### Handling of Inside Information

With a view to identifying, handling and disseminating inside information in compliance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), procedures including notification of regular blackout period and securities dealing restrictions to relevant Directors and employees, identification of project by code name and dissemination of information to stated purpose and on a need-to-know basis have been implemented by the Group to guard against possible mishandling and/or unauthorised use of inside information within the Group.

## (C) COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has established and maintained various channels of communication with the Company's shareholders and the public to ensure that they are kept abreast of the Company's latest news and business development. Information relating to the Company's financial results, corporate details, property projects and major events are disseminated through publications of interim and annual reports, announcements, circulars, press release and newsletters. The Board believes that effective investor relations can contribute towards lower cost of capital, higher market liquidity for the Company's stock and a more stable shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and following a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner. Keeping them aware of our corporate strategies and business operations is one of the key missions of our investor relations team.



## CORPORATE GOVERNANCE REPORT

Shareholders may put forward their written enquiries to the Board. In this regard, the Shareholders may send those enquiries or requests as mentioned to the following:

Address: 30/F, The Centre, No. 99 Queen's Road Central, Central, Hong Kong

Fax: (852) 3900 0990

Telephone: (852) 8202 6888

Pursuant to the code provisions of the CG Code, in respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The chairman of the Board should attend the AGM and invite for the chairman of the Audit Committee, Remuneration Committee and Nomination Committees any other committee (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the AGM. The chairman of the independent Board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. The Company would arrange for the notice to shareholders to be sent in the case of AGM at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings. The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by way of a poll.

Shareholder (s) holding not less than one-twentieth of the paid up capital of the Company can make a requisition to convene an extraordinary general meeting. The requisition must state the objects of the meeting, and must be signed by the relevant shareholder (s) and deposited at the registered office of the Company. Besides, Section 115A of the Companies Ordinance of Hong Kong provides that (i) shareholder(s) representing not less than one-fortieth of the total voting rights of all shareholders of the Company or (ii) not less than 50 shareholders holding the shares in the Company on which there has been paid up an average sum of not less than HK\$2,000 per shareholder can put forward proposals for consideration at a general meeting of the Company by depositing a requisition in writing signed by the relevant shareholder(s) at the registered office of the Company.

There are no provisions allowing shareholders to putting forward proposals at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders who wish to put forward proposals may follow the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures are set out in the above paragraph.

The constitutional documents of the Company are available on the websites of the Company and the Stock Exchange. There were no changes in the constitutional documents of the Company for the year ended 31 December 2021.

## CORPORATE GOVERNANCE REPORT

### (D) DIVIDEND POLICY

#### Purpose

This Dividend Policy (the “**Policy**”) sets out the principles and guidelines that the Company will apply when considering the declaration and payment of dividends to the shareholders of the Company.

#### Principles and Guidelines

The Company may, subject to the Cayman Companies Law, from time to time in general meeting declare dividends in any currency to be paid to the shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board.

The Board may from time to time determine to pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may determine to pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

The Board has the discretion to declare dividends to the shareholders of the Company, subject to the articles of the association of the Company and all applicable laws and regulations, taking into account the factors set out below:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- taxation considerations;
- any contractual, statutory and regulatory restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

#### Review of the Policy

The Board will review this Policy as appropriate from time to time.

# REPORT OF THE DIRECTORS

The Board presents the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department stores and cultural centre operations, water-way passenger and cargo transportation and health care operations, in the People's Republic of China (the "PRC"). The activities and particulars of the Company's subsidiaries are set out in note 47 to the consolidated financial statements. An analysis of the Group's turnover and operating profit for the year by principal activities is set out in note 6 to the consolidated financial statements.

## BUSINESS REVIEW

The business objectives of the Group are to develop its business and achieve sustainable growth of its business. A review of the businesses of the Group during the year using the key performance indicators and a discussion on the Group's future business development are provided in the section headed "Management Discussion and Analysis — Financial Review" in this report. Description of key risk factors and uncertainties that the Group is facing are provided in the section headed "Management Discussion and Analysis — Principal Risks and Uncertainties".

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 117 to 118 in this annual report.

## DIVIDENDS

The Board did not recommend payment of a final dividend for the year ended 31 December 2021 (2020: HK12.0 cents per share).

## PROPERTY, PLANT AND EQUIPMENT

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

## SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 35 to the consolidated financial statements.

## RESERVES

Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity. Details of the distributable reserves of the Company as at 31 December 2021 are set out in note 37 to the consolidated financial statements.

## BORROWINGS

Details of the borrowings are set out in note 31 to the consolidated financial statements.

## CHARITABLE DONATIONS

The charitable donations made by the Group during the year amounted to RMB46.9 million (2020: RMB248.1 million).

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

### Senior notes

During the year ended 31 December 2021, the Group issued (i) additional US\$300 million 10.875% senior notes due 2023 in January 2021, (ii) additional US\$200 million 9.95% senior notes due 2025 in January 2021, (iii) additional US\$100 million 9.75% senior notes due 2023 in February 2021, (iv) additional US\$200 million 9.75% senior notes due 2023 in April 2021, (v) US\$1,000 million 11.7% senior notes due 2025 in May 2021, (vi) US\$300 million 11.65% senior notes due 2026 in June 2021, (vii) additional US\$280 million 9.75% senior notes due 2023 in June 2021, (viii) US\$200 million 8.65% senior notes due 2022 in July 2021, (ix) US\$300 million 10.5% senior notes due 2022 in September 2021, and (x) additional US\$100 million 8.65% senior notes due 2022 in September 2021.

## REPORT OF THE DIRECTORS

During the year ended 31 December 2021, the Group conducted a tender offer to repurchase 7.875% senior notes due 9 June 2021 with a principal amount of US\$59.2 million and 7.875% senior notes due 30 June 2021 with a principal amount of US\$54.2 million. In May 2021, the Group conducted a concurrent exchange and tender offer for 9.375% senior notes due 2024. The Group issued US\$1,000.0 million 11.7% senior notes due 2025 comprising US\$500 million of the new notes pursuant to the terms of the exchange offer, and repurchased 9.375% senior notes due 2024 with a principal amount of US\$304 million as a result of the tender offer. All the repurchased notes were cancelled.

During the year ended 31 December 2021, the Group redeemed (i) 6.75% senior notes due February 2021 with a principal amount of US\$174.3 million, (ii) 11.75% senior notes due February 2021 with a principal amount of US\$215.8 million, (iii) 7.875% senior notes due 9 June 2021 with a principal amount of US\$240.8 million, (iv) 7.875% senior notes due 30 June 2021 with a principal amount of US\$345.9 million and (v) 10.5% convertible bonds due July 2021 with a principal amount of US\$100.0 million upon maturity.

All the notes issued above are listed and traded on the Singapore Stock Exchange.

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

### EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme, no equity-linked agreements that will or may result in the Company issuing Shares, or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the year or subsisted at the end of the year.

### DIRECTORS

During the year ended 31 December 2021 and up to the date of this report, the Directors were as follows:

#### Executive Directors

Mr. KWOK Ying Shing  
Mr. SUN Yuenan  
Mr. MAI Fan  
Mr. LI Haiming  
Mr. KWOK Hiu Kwan

#### Non-Executive Director

Ms. CHEN Shaohuan

#### Independent Non-Executive Directors

Mr. ZHANG Yizhao  
Mr. RAO Yong  
Mr. LIU Xuesheng

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Pursuant to 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive Director. Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board. The Company has complied with Rules 3.10(1) and 3.10A of the Listing Rules.

### BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

The biography of all the Directors and members of the senior management of the Company are set out on pages 69 to 73.

## REPORT OF THE DIRECTORS

### DIRECTOR'S SERVICE CONTRACTS

Each of the executive Directors has entered into service contract with the Company for a term of three years, and which will continue thereafter until terminated by either party thereto giving to the other party not less than three months' prior notice in writing. Each of the non-executive Directors and the independent non-executive Directors has entered into letter of appointment with the Company and is appointed for a period of one year commencing on the date of appointment, which shall be automatically extended for another one year upon expiration of the letter of appointment, and subject to re-election at the Company's general meeting, and such letter of appointment could be terminated by giving not less than three months' prior notice in writing. None of the Directors has entered into a service contract with the Company which is not determinable within one year without payment of compensation other than statutory compensation.

### THE EXISTING SHARE OPTION SCHEME

The Company adopted a share option scheme on 22 November 2009 (the "**Existing Share Option Scheme**"). A summary of the principal terms of the Existing Share Option Scheme is set out as follows:

#### (1) Purpose of the Existing Share Option Scheme

The purpose of the Existing Share Option Scheme was to enable the Company to grant options of the Company to Eligible Participants with the view to achieving the following objectives.

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

#### (2) Participants of the Existing Share Option Scheme

Participants of the Existing Share Option Scheme included any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, advisers and agents to the Company or any of its subsidiaries (the "**Eligible Participants**").

#### (3) Total number of Shares available for issue under the Existing Share Option Scheme

The total number of Shares which may be issued upon exercise of all Share options granted and yet to be exercised under the Existing Share Option Scheme and other schemes of the Company could not exceed 30% of the Shares in issue from time to time. The maximum number of Shares in respect of which options could be granted under the Existing Share Option Scheme and options under the other schemes of the Company was not permitted to exceed 10% limit, unless with the prior approval from the shareholders of the Company. The Existing Share Option Scheme limit was refreshed at the extraordinary general meeting held on 31 March 2014. As at 31 December 2021, the maximum number of the Shares available for issue upon exercise of all Share options granted under the Existing Share Option Scheme was 280,752,343 Shares, representing approximately 4.00% of the issued share capital of the Company as at the date of the report.

During the year ended 31 December 2021, a total of 6,865,605 were adjusted as a result of right issue on 6 May 2021, a total of 5,935,262 options were exercised, a total of 6,000,000 options were cancelled, and a total of 2,400,000 options were forfeited/lapsed. The weighted average closing prices of the Shares immediately before the dates on which the relevant share options were exercised was HK\$3.08.

#### (4) Maximum entitlement of each Eligible Participant

Unless approved by the shareholders of the Company, the maximum number of Shares issued and to be issued upon exercise of the options pursuant to the Existing Share Option Scheme and any other share option schemes of the Company to each participant of the Existing Share Option Scheme in any 12-month period up to and including the date of grant of the options could not exceed 1% of the total number of Shares in issue as at the date of grant.





## REPORT OF THE DIRECTORS

Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise Period	Exercise Price (adjusted) (Note 1) (HKD)	Balance as at 1 January 2021	Granted during the year ended 31 December 2021	Adjusted during the year ended 31 December 2021 (Note 1)	Exercised during the year ended 31 December 2021	Weighted average closing price of the securities immediately before the dates on which the options were exercised	Cancelled/ forfeited/ lapsed during the year ended 31 December 2021	Balance as at 31 December 2021
		3.27	19 July 2021 to 18 July 2027	3.44	12,000,000	-	389,126	-	-	-	12,389,126
<b>MAI Fan</b>	19 July 2017 (Note 3)	3.27	19 July 2018 to 18 July 2027	3.44	2,000,000	-	64,855	-	-	-	2,064,855
		3.27	19 July 2019 to 18 July 2027	3.44	2,000,000	-	64,854	-	-	-	2,064,854
		3.27	19 July 2020 to 18 July 2027	3.44	2,000,000	-	64,854	-	-	-	2,064,854
		3.27	19 July 2021 to 18 July 2027	3.44	4,000,000	-	129,708	-	-	-	4,129,708
<b>LI Haiming</b>	6 June 2012 (Note 2)	1.36	6 June 2015 to 5 June 2022	1.45	590,000	-	19,132	-	-	-	609,132
		1.36	6 June 2016 to 5 June 2022	1.45	590,000	-	19,132	-	-	-	609,132
		1.36	6 June 2017 to 5 June 2022	1.45	590,000	-	19,132	-	-	-	609,132
	19 July 2017 (Note 3)	3.27	19 July 2018 to 18 July 2027	3.44	1,400,000	-	45,398	-	-	-	1,445,398
		3.27	19 July 2019 to 18 July 2027	3.44	1,400,000	-	45,398	-	-	-	1,445,398
		3.27	19 July 2020 to 18 July 2027	3.44	1,400,000	-	45,398	-	-	-	1,445,398
		3.27	19 July 2021 to 18 July 2027	3.44	2,800,000	-	90,796	-	-	-	2,890,796
<b>RAO Yong</b>	6 June 2012 (Note 2)	1.36	6 June 2013 to 5 June 2022	1.45	100,000	-	3,242	-	-	-	103,242
		1.36	6 June 2014 to 5 June 2022	1.45	100,000	-	3,243	-	-	-	103,243
		1.36	6 June 2015 to 5 June 2022	1.45	100,000	-	3,243	-	-	-	103,243
		1.36	6 June 2016 to 5 June 2022	1.45	100,000	-	3,243	-	-	-	103,243
		1.36	6 June 2017 to 5 June 2022	1.45	100,000	-	3,243	-	-	-	103,243

## REPORT OF THE DIRECTORS

Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise Period	Exercise Price (adjusted) (Note 1) (HKD)	Balance as at 1 January 2021	Granted during the year ended 31 December 2021	Adjusted during the year ended 31 December 2021 (Note 1)	Exercised during the year ended 31 December 2021	Weighted average closing price of the securities immediately before the dates on which the options were exercised	Cancelled/forfeited/lapsed during the year ended 31 December 2021	Balance as at 31 December 2021
	19 July 2017 (Note 3)	3.27	19 July 2018 to 18 July 2027	3.44	280,000	–	9,079	–	–	–	289,079
		3.27	19 July 2019 to 18 July 2027	3.44	280,000	–	9,080	–	–	–	289,080
		3.27	19 July 2020 to 18 July 2027	3.44	280,000	–	9,080	–	–	–	289,080
		3.27	19 July 2021 to 18 July 2027	3.44	560,000	–	18,159	–	–	–	578,159
<b>ZHANG Yizhao</b>	19 July 2017 (Note 3)	3.27	19 July 2018 to 18 July 2027	3.44	280,000	–	9,079	–	–	–	289,079
		3.27	19 July 2019 to 18 July 2027	3.44	280,000	–	9,080	–	–	–	289,080
		3.27	19 July 2020 to 18 July 2027	3.44	280,000	–	9,080	–	–	–	289,080
		3.27	19 July 2021 to 18 July 2027	3.44	560,000	–	18,159	–	–	–	578,159
<b>LIU Xuesheng</b>	19 July 2017 (Note 3)	3.27	19 July 2018 to 18 July 2027	3.44	240,000	–	7,782	–	–	–	247,782
		3.27	19 July 2019 to 18 July 2027	3.44	240,000	–	7,783	–	–	–	247,783
		3.27	19 July 2020 to 18 July 2027	3.44	240,000	–	7,783	–	–	–	247,783
		3.27	19 July 2021 to 18 July 2027	3.44	480,000	–	15,565	–	–	–	495,565
<b>Other Employees</b>	23 March 2010 (Note 4)	2.62	9 June 2010 to 24 April 2022	3.01	1,622,000	–	46,098	200,000	3.82	–	1,468,098
		2.62	30 March 2011 to 24 April 2022	3.01	8,250,000	–	267,531	–	–	–	8,517,531
		2.62	24 April 2012 to 24 April 2022	3.01	8,500,000	–	275,637	–	–	–	8,775,637
	6 June 2012 (Note 2)	1.36	6 June 2013 to 5 June 2022	1.45	953,000	–	1,654	902,000	3.55	–	52,654

## REPORT OF THE DIRECTORS

Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise Period	Exercise Price (adjusted) (Note 1) (HKD)	Balance	Granted	Adjusted	Exercised	Weighted average closing price of the securities immediately before the dates on which the options were exercised	Cancelled/ forfeited/ lapsed during the year ended 31 December 2021	Balance
					as at 1 January 2021	during the year ended 31 December 2021	during the year ended 31 December 2021 (Note 1)	during the year ended 31 December 2021		as at 31 December 2021	
		1.36	6 June 2014 to 5 June 2022	1.45	1,203,000	–	19,295	917,728	3.50	–	304,567
		1.36	6 June 2015 to 5 June 2022	1.45	4,434,000	–	141,814	860,822	3.65	–	3,714,992
		1.36	6 June 2016 to 5 June 2022	1.45	5,094,000	–	165,198	202,356	3.60	–	5,066,842
		1.36	6 June 2017 to 5 June 2022	1.45	5,676,000	–	184,032	202,356	3.60	–	5,657,676
	19 July 2017 (Note 3)	3.27	19 July 2018 to 18 July 2027	3.44	28,000,000	–	469,049	200,000	3.82	600,000	27,669,049
		3.27	19 July 2019 to 18 July 2027	3.44	28,950,000	–	469,427	1,200,000	3.83	600,000	27,617,427
		3.27	19 July 2020 to 18 July 2027	3.44	29,450,000	–	482,020	1,250,000	3.82	600,000	28,082,020
		3.27	19 July 2021 to 18 July 2027	3.44	62,400,000	–	1,158,587	–	–	1,200,000	62,358,587
	24 January 2019 (Note 5)	2.33	24 January 2020 to 23 January 2029	2.31	2,000,000	–	64,854	–	–	–	2,064,854
		2.33	24 January 2021 to 23 January 2029	2.31	2,000,000	–	64,854	–	–	–	2,064,854
		2.33	24 January 2022 to 23 January 2029	2.31	2,000,000	–	64,854	–	–	–	2,064,854
		2.33	24 January 2023 to 23 January 2029	2.31	4,000,000	–	129,709	–	–	–	4,129,709
	12 April 2019 (Note 6)	3.68	12 April 2020 to 13 April 2029	3.58	5,800,000	–	168,621	–	–	600,000	5,368,621
		3.68	12 April 2021 to 13 April 2029	3.58	6,400,000	–	168,621	–	–	1,200,000	5,368,621
		3.68	12 April 2022 to 13 April 2029	3.58	6,400,000	–	168,621	–	–	1,200,000	5,368,621
		3.68	12 April 2023 to 13 April 2029	3.58	12,800,000	–	337,242	–	–	2,400,000	10,737,242
<b>Total</b>					288,222,000	–	6,865,605	5,935,262	–	8,400,000	280,752,343

## REPORT OF THE DIRECTORS

As at 31 December 2021, a total of 258,451,917 options were exercisable.

Notes:

1. The number of outstanding share options and exercise price were adjusted as a result of the completion of the rights issue of the Company on 6 May 2021.
2. The granted share options is divided into five equal tranches for a period of five years from the date of grant (i.e. 6 June 2012). The five tranches were vested on 6 June 2013, 6 June 2014, 6 June 2015, 6 June 2016 and 6 June 2017, respectively.
3. The granted share options is divided into four tranches for a period of 48 months from the date of grant (i.e. 19 July 2017). Up to 20% of the granted share options were vested on 19 July 2018, up to 40% of the granted share options were vested on 19 July 2019, up to 60% of the granted share options were vested on 19 July 2020 and all the remaining granted share options were vested on 19 July 2021.
4. The granted share options is divided into three tranches. 33% of the granted share options were vested on 9 June 2010, another 33% of the granted share options were vested on 30 March 2011 and the remaining 34% of the granted share options were vested on 24 April 2012.
5. The granted share options is divided into four tranches for a period of 48 months from the date of grant (i.e. 24 January 2019). Up to 20% of the granted share options were vested on 24 January 2020, up to 40% of the granted share options were vested on 24 January 2021, up to 60% of the granted share options will be vested on 24 January 2022 and all the remaining granted share options will be vested on 24 January 2023.
6. The granted share options is divided into four tranches for a period of 48 months from the date of grant (i.e. 12 April 2019). Up to 20% of the granted share options were vested on 12 April 2020, up to 40% of the granted share options were vested on 12 April 2021, up to 60% of the granted share options will be vested on 12 April 2022 and all the remaining granted share options will be vested on 12 April 2023.



## REPORT OF THE DIRECTORS

### THE NEW SHARE OPTION SCHEME

The Company adopted a new share option scheme on 14 June 2019 (the “**New Share Option Scheme**”). A summary of the principal terms of the New Share Option Scheme is set out as follows:

#### (1) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant New Share Options (as defined below) to New Eligible Participants with the view to achieving the following objectives.

- (i) motivate the New Eligible Participants (as defined below) to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the New Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

#### (2) Participants of the New Share Option Scheme

Participants of the New Share Option Scheme include any full-time or part-time employees, executives, officers or directors (including non-executive directors and independent non-executive directors) who, in the sole opinion of the Board, will contribute or have contributed to the Group (the “**New Eligible Participants**”).

#### (3) Total number of Shares available for issue under the New Share Option Scheme

The total number of Shares which may be issued upon exercise of all Share options (“**New Share Options**”) granted and yet to be exercised under the New Share Option Scheme and other schemes of the Company must not exceed 30% of the Shares in issue from time to time. The maximum number of Shares in respect of which New Share Options may be granted under the New Share Option Scheme and options under the other schemes of the Company is 10% of the total number of Shares in issue on the Adoption Date, unless approval has been obtained from the shareholders of the Company. As at 30 June 2021, the maximum number of the Shares available for issue upon exercise of all New Share Options which may be granted under the New Share Option Scheme is 608,090,770 Shares, being the sum of 10.0% of the issued share capital of the Company as at the Adoption Date and represents approximately 9.08% of the issued share capital of the Kaisa Prosperity as at the date of the report.

## REPORT OF THE DIRECTORS

During the year ended 31 December 2021, a total of 324,271 shares were adjusted as a result of right issue on 6 May 2021 under the New Share Option Scheme. The summary below sets out the details of options granted as at 31 December 2021 pursuant to the New Share Option Scheme:

Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise Period	Exercise Price (HKD)	Balance	Grant	Adjusted	Exercised	Weighted	Cancelled/	Balance	
					as at 1 January 2021	during the year ended 31 December 2021	during the year ended 31 December 2021	during the year ended 31 December 2021	average closing price of the Securities immediately before the dates on which the options were exercised	forfeited/lapsed during the year ended 31 December 2021	as at 31 December 2021	
<b>Other Employees</b>	4 November 2020 (Note 2)	3.68	4 November 2021 to 3 November 2030	3.57	2,000,000	–	64,854	–	–	–	2,064,854	
			4 November 2022 to 3 November 2030	3.57	2,000,000	–	64,854	–	–	–	2,064,854	
			4 November 2023 to 3 November 2030	3.57	2,000,000	–	64,854	–	–	–	–	2,064,854
			4 November 2024 to 3 November 2030	3.57	4,000,000	–	129,709	–	–	–	–	4,129,709
<b>Total</b>					10,000,000	–	324,271	–	–	–	10,324,271	

Notes:

- The number of outstanding share options and exercise price were adjusted as a result of the completion of the rights issue of the Company on 6 May 2021.
- The granted share options is divided into four tranches for a period of 48 months from the date of grant (i.e. 4 November 2020). Up to 20% of the granted share options will be vested on 4 November 2021, up to 40% of the granted share options will be vested on 4 November 2022, up to 60% of the granted share options will be vested on 4 November 2023 and all the remaining granted share options will be vested on 4 November 2024.

#### (4) Maximum entitlement of each Participant

Unless approved by the shareholders of the Company, the maximum number of Shares in respect of which New Share Options may be granted under the New Share Option Scheme to each New Eligible Participant shall not, when aggregated with (a) any Shares issued upon exercise of New Share Options granted under the New Share Option Scheme or options under the other schemes which have been granted to that New Eligible Participant; (b) any Shares which would be issued upon the exercise of outstanding New Share Options granted under the New Share Option Scheme or options under the other schemes granted to that New Eligible Participant; and (c) any cancelled shares which were the subject of New Share Options granted under the New Share Option Scheme or options under the other schemes which had been granted to and accepted by that New Eligible Participant, in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue as at the date of grant.

## REPORT OF THE DIRECTORS

### (5) Period within which the securities must be taken up under a New Share Option

The period within which the New Share Options must be exercised will be specified by the Company at the time of grant, provided that such period of time shall not exceed a period of ten years commencing on the date on which the New Share Option is deemed to be granted and accepted.

### (6) Payment on acceptance of New Share Option offer

HK\$1.00 is payable by the New Eligible Participant of the New Share Option Scheme to the Company upon acceptance of the New Share Option offered as consideration for the grant.

### (7) Basis of determining the exercise price

The exercise price per Share under the New Share Option Scheme is determined by the Board in its absolute discretion but in any event must be at least the higher of: (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of on which such New Share Option is offered in writing (the “Offer Date”); (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share, provided that for the purpose of determining the exercise price where the Shares have been listed on the Stock Exchange for less than five (5) Business Days preceding the Offer Date, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

### (8) Remaining life of the New Share Option Scheme

The New Share Option Scheme will remain valid until 14 June 2029 after which no further New Share Options shall be offered. However, the provisions of the New Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of this New Share Option Scheme and the New Share Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

## THE SUBSIDIARY SHARE OPTION SCHEMES

### Kaisa Prosperity Holdings Limited

Kaisa Prosperity Holdings Limited (“Kaisa Prosperity”), the Group’s subsidiary engaged in the property management business, adopted a share option scheme (the “Kaisa Prosperity Share Option Scheme”) at the annual general meeting of Kaisa Prosperity held on 18 June 2019 (the “Kaisa Prosperity Share Option Scheme Adoption Date”). A summary of the principal terms of the Kaisa Prosperity Share Option Scheme is set out as follows:

### (1) Purpose of the Kaisa Prosperity Share Option Scheme

The purpose of the Kaisa Prosperity Share Option Scheme is to enable Kaisa Prosperity to grant Kaisa Prosperity Share Options (as defined below) to Eligible Kaisa Prosperity Participants (as defined below) with the view to achieving the following objectives.

- (i) motivate the Eligible Kaisa Prosperity Participants to optimise their performance efficiency for the benefit of Kaisa Prosperity; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Kaisa Prosperity Participants whose contributions are or will be beneficial to the long-term growth of Kaisa Prosperity.

## REPORT OF THE DIRECTORS

### (2) Participants of the Kaisa Prosperity Share Option Scheme

Participants of the Kaisa Prosperity Share Option Scheme include any full-time or part-time employees, executives, officers or directors (including non-executive directors and independent non-executive directors) who, in the sole opinion of the board of directors of Kaisa Prosperity, will contribute or have contributed to Kaisa Prosperity (the “**Eligible Kaisa Prosperity Participants**”).

### (3) Total number of Kaisa Prosperity Shares available for issue under the Kaisa Prosperity Share Option Scheme

The total number of shares of Kaisa Prosperity (the “**Kaisa Prosperity Share(s)**”) which may be issued upon exercise of all Kaisa Prosperity Share Options (“**Kaisa Prosperity Share Options**”) granted and yet to be exercised under the Kaisa Prosperity Share Option Scheme and other schemes of Kaisa Prosperity must not exceed 30% of the Kaisa Prosperity Shares in issue from time to time. The maximum number of Kaisa Prosperity Shares in respect of which Kaisa Prosperity Share Options may be granted under the Kaisa Prosperity Share Option Scheme and options under the other schemes of Kaisa Prosperity is 10% of the total number of Kaisa Prosperity Shares in issue on the Kaisa Prosperity Share Option Scheme Adoption Date, unless approval has been obtained from the shareholders of Kaisa Prosperity. As at 31 December 2021, the maximum number of the Kaisa Prosperity Shares available for issue upon exercise of all Kaisa Prosperity Share Options which may be granted under the Kaisa Prosperity Share Option Scheme is 14,000,000 Kaisa Prosperity Shares, being 10.0% of the issued share capital of Kaisa Prosperity as at the Kaisa Prosperity Share Option Scheme Adoption Date and represents approximately 9.08% of the issued share capital of the Kaisa Prosperity as at the date of the report.

During the year ended 31 December 2021, no Kaisa Prosperity Share Options were granted under the Kaisa Prosperity Share Option Scheme. The summary below sets out the details of options granted as at 31 December 2021 pursuant to the Kaisa Prosperity Share Option Scheme:

Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise Period	Exercise Price (HKD)	Balance	Grant	Exercised	Cancelled/	Balance
					as at 1 January 2021	during the year ended 31 December 2021	during the year ended 31 December 2021	forfeited/ lapsed during the year ended 31 December 2021	as at 31 December 2021
<b>Directors of Kaisa Prosperity</b>									
<b>LIAO Chuanqiang</b>	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	400,000	–	–	–	400,000
		15.36	19 July 2021 to 18 July 2029	15.70	400,000	–	–	–	400,000
		15.36	19 July 2022 to 18 July 2029	15.70	400,000	–	–	–	400,000
		15.36	19 July 2023 to 18 July 2029	15.70	800,000	–	–	–	800,000

## REPORT OF THE DIRECTORS

Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise Period	Exercise Price (HKD)	Balance as at	Grant during the year ended	Exercised during the year ended	Cancelled/ forfeited/ lapsed during the year ended	Balance as at
					1 January 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2021
<b>GUO Li</b>	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	120,000	–	–	–	120,000
		15.36	19 July 2021 to 18 July 2029	15.70	120,000	–	–	–	120,000
		15.36	19 July 2022 to 18 July 2029	15.70	120,000	–	–	–	120,000
		15.36	19 July 2023 to 18 July 2029	15.70	240,000	–	–	–	240,000
<b>MA Xiumin</b>	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	19 July 2021 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	19 July 2022 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	19 July 2023 to 18 July 2029	15.70	20,000	–	–	–	20,000
<b>LIU Hongbai</b>	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	19 July 2021 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	19 July 2022 to 18 July 2029	15.70	10,000	–	–	–	10,000
		15.36	19 July 2023 to 18 July 2029	15.70	20,000	–	–	–	20,000



## REPORT OF THE DIRECTORS

Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise Period	Exercise Price (HKD)	Balance	Grant	Exercised	Cancelled/	Balance
					as at 1 January 2021	during the year ended 31 December 2021	during the year ended 31 December 2021	forfeited/ lapsed during the year ended 31 December 2021	as at 31 December 2021
<b>CHEN Bin</b>	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	10,000	–	–	–	10,000
			19 July 2021 to 18 July 2029	15.70	10,000	–	–	–	10,000
			19 July 2022 to 18 July 2029	15.70	10,000	–	–	–	10,000
			19 July 2023 to 18 July 2029	15.70	20,000	–	–	–	20,000
<b>Other Employees</b>	19 July 2019	15.36	19 July 2020 to 18 July 2029	15.70	1,570,000	–	110,000	–	1,460,000
			19 July 2021 to 18 July 2029	15.70	1,570,000	–	–	110,000	1,460,000
			19 July 2022 to 18 July 2029	15.70	1,570,000	–	–	110,000	1,460,000
			19 July 2023 to 18 July 2029	15.70	3,140,000	–	–	220,000	2,920,000
<b>Total</b>					10,600,000	–	110,000	440,000	10,050,000

## REPORT OF THE DIRECTORS

### (4) Maximum entitlement of each Participant

Unless approved by the shareholders of Kaisa Prosperity, the maximum number of Kaisa Prosperity Shares in respect of which Kaisa Prosperity Share Options may be granted under the Kaisa Prosperity Share Option Scheme to each Eligible Subsidiary Participant shall not, when aggregated with (a) any Kaisa Prosperity Shares issued upon exercise of Kaisa Prosperity Share Options granted under the Kaisa Prosperity Share Option Scheme or options under the other schemes which have been granted to that Eligible Subsidiary Participant; (b) any Kaisa Prosperity Shares which would be issued upon the exercise of outstanding Kaisa Prosperity Share Options granted under the Kaisa Prosperity Share Option Scheme or options under the other schemes granted to that Eligible Subsidiary Participant; and (c) any cancelled shares which were the subject of Kaisa Prosperity Share Options granted under the Kaisa Prosperity Share Option Scheme or options under the other schemes which had been granted to and accepted by that Eligible Subsidiary Participant, in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Kaisa Prosperity Shares in issue as at the date of grant.

### (5) Period within which the securities must be taken up under a Subsidiary Share Option

The period within which the Kaisa Prosperity Share Options must be exercised will be specified by Kaisa Prosperity at the time of grant, provided that such period of time shall not exceed a period of ten years commencing on the date on which the Subsidiary Share Option is deemed to be granted and accepted.

### (6) Payment on acceptance of Subsidiary Share Option offer

HK\$1.00 is payable by the Eligible Subsidiary Participant of the Kaisa Prosperity Share Option Scheme to Kaisa Prosperity upon acceptance of the Subsidiary Share Option offered as consideration for the grant.

### (7) Basis of determining the exercise price

The exercise price per Kaisa Prosperity Share under the Kaisa Prosperity Share Option Scheme is determined by the Board in its absolute discretion but in any event must be at least the higher of: (i) the official closing price of the Kaisa Prosperity Shares as stated in the daily quotation sheets of the Stock Exchange on the date of on which such Subsidiary Share Option is offered in writing (the “**Kaisa Prosperity Offer Date**”); (ii) the average of the official closing price of the Kaisa Prosperity Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the Kaisa Prosperity Offer Date; and (iii) the nominal value of a Kaisa Prosperity Share, provided that for the purpose of determining the exercise price where the Kaisa Prosperity Shares have been listed on the Stock Exchange for less than five (5) Business Days preceding the Offer Date, the issue price of the Kaisa Prosperity Shares in connection with such listing shall be deemed to be the closing price of the Kaisa Prosperity Shares for each Business Day falling within the period before the listing of the Kaisa Prosperity Shares on the Stock Exchange.

### (8) Remaining life of the Kaisa Prosperity Share Option Scheme

The Kaisa Prosperity Share Option Scheme will remain valid until 18 June 2029 after which no further Kaisa Prosperity Share Options shall be offered. However, the provisions of the Kaisa Prosperity Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any Kaisa Prosperity Share Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Kaisa Prosperity Share Option Scheme and the Kaisa Prosperity Share Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Kaisa Prosperity Share Option Scheme.

## REPORT OF THE DIRECTORS

### Kaisa Health Group Holdings Limited

Kaisa Health Group Holdings Limited (“**Kaisa Health**”), the Group’s subsidiary engaged in dental prosthetics business and health care business, adopted a share option scheme (the “**Kaisa Health Share Option Scheme**”) at the special general meeting of Kaisa Health held on 8 June 2015. A summary of the principal terms of the Kaisa Health Share Option Scheme is set out as follows:

#### (1) Purpose of the Kaisa Health Share Option Scheme

The purpose of the Kaisa Health Share Option Scheme is to recognise the contribution of the directors, employees and consultants of Kaisa Health by granting share options to them as incentives or rewards.

#### (2) Participants of the Kaisa Health Share Option Scheme

Participants of the Kaisa Health Share Option Scheme include all full-time or part-time employees, potential employees, executives or officers (including executive, non-executive and independent non-executive directors) of Kaisa Health or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the board of directors of Kaisa Health, will contribute or has contributed to Kaisa Health and/or any of its subsidiaries (the “**Eligible Kaisa Health Participants**”).

#### (3) Total number of Kaisa Health Shares available for issue under the Kaisa Health Share Option Scheme

The total number of Shares of Kaisa Health (the “**Kaisa Health Share(s)**”) which may be issued upon exercise of all Kaisa Health share options (“**Kaisa Health Share Options**”) granted and yet to be exercised under the Kaisa Health Share Option Scheme and other schemes of Kaisa Health must not exceed 30% of the Kaisa Health Shares in issue from time to time. The maximum number of Kaisa Health Shares in respect of which Kaisa Health Share Options may be granted under the Kaisa Health Share Option Scheme and options under the other schemes of Kaisa Health is 10% of the total number of Shares in issue on the date of refreshment of scheme of the Kaisa Health Share Option Scheme (i.e. 22 June 2020) (“**Kaisa Health Share Option Scheme Refreshment Date**”). As at 31 December 2021, the maximum number of the Shares available for issue upon exercise of all Kaisa Health Share Options which may be granted under the Kaisa Health Share Option Scheme is 504,213,937 Kaisa Health Shares, being the sum of 10% of the issued share capital of Kaisa Health as at the Kaisa Health Share Option Scheme Refreshment Date and the Kaisa Health Share Options granted and yet to be exercised as at the Kaisa Health Share Option Scheme Refreshment Date minus the Kaisa Health Share Options exercised, cancelled, forfeited or lapsed, and represents approximately 4.49% of the issued share capital of the Kaisa Health as at the date of the report.

## REPORT OF THE DIRECTORS

During the year ended 31 December 2021, no Kaisa Health Share Options were granted under the Kaisa Health Share Option Scheme. The summary below sets out the details of options granted as at 31 December 2021 pursuant to the Kaisa Health Share Option Scheme:

Grantee	Date of grant	Closing price of the securities immediately before the date on which the options were granted (HKD per share)	Exercise Period	Exercise Price (HKD)	Balance as at 1 January 2021	Granted during the year ended 31 December 2021	Exercised during the year ended 31 December 2021	Cancelled/ forfeited/ lapsed during the year ended 31 December 2021	Balance as at 31 December 2021
<b>Directors of Kaisa Health</b>									
Mr. Zhang Huagang	22 July 2020	0.142	22 July 2021 to 21 July 2030 (Note 1)	0.196	50,000,000 (Note 1)	–	–	–	50,000,000
Mr. Luo Jun	22 July 2020	0.142	22 July 2021 to 21 July 2030 (Note 1)	0.196	40,000,000 (Note 1)	–	–	–	40,000,000
Mr. Wu Tianyu (Note 2)	12 September 2016	0.350	12 September 2017 to 11 September 2022 (Note 3)	0.40	38,000,000 (Note 3)	–	–	–	38,000,000
	22 July 2020	0.142	22 July 2021 to 21 July 2030 (Note 1)	0.196	20,000,000 (Note 1)	–	–	–	20,000,000
Ms. Jiang Sisi (Note 2)	12 September 2016	0.350	12 September 2017 to 11 September 2022 (Note 3)	0.40	38,000,000 (Note 3)	–	–	–	38,000,000
	22 July 2020	0.142	22 July 2021 to 21 July 2030 (Note 1)	0.196	10,000,000 (Note 1)	–	–	–	10,000,000
Dr. Liu Yanwen	22 July 2020	0.142	22 July 2021 to 21 July 2030 (Note 1)	0.196	6,000,000 (Note 1)	–	–	–	6,000,000
Mr. Fok Hei Yu	22 July 2020	0.142	22 July 2021 to 21 July 2030 (Note 1)	0.196	6,000,000 (Note 1)	–	–	6,000,000 (Note 4)	–
Dr. Lyu Aiping	22 July 2020	0.142	22 July 2021 to 21 July 2030 (Note 1)	0.196	6,000,000 (Note 1)	–	–	–	6,000,000
<b>Employees and participants</b>									
	12 September 2016	0.350	12 September 2017 to 11 September 2022 (Note 3)	0.40	21,800,000 (Note 3 & 5)	–	–	(13,600,000) (Note 5)	8,200,000
	22 July 2020	0.142	22 July 2021 to 21 July 2030 (Note 1)	0.196	10,000,000 (Note 1)	–	–	–	10,000,000
	26 August 2021	0.275	26 August 2022 to 25 August 2031 (Note 6)	0.45	–	80,000,000	–	(80,000,000)	–
<b>Total</b>					245,800,000	80,000,000	–	99,600,000	226,200,000

## REPORT OF THE DIRECTORS

### Notes:

1. 30% of the granted share options would vest on 22 July 2021 and be exercisable from 22 July 2021 to 21 July 2030. Another 30% of the granted share options would vest on 22 July 2022 and be exercisable from 22 July 2022 to 21 July 2030. The remaining 40% of the granted share options would vest on 22 July 2023 and be exercisable from 22 July 2023 to 21 July 2030.
2. Ms. Jiang Sisi is the chief operating officer of Kaisa Health and also the director of certain subsidiaries of Kaisa Health. She is also the spouse of Mr. Wu Tianyu. As such, Ms. Jiang Sisi and Mr. Wu Tianyu were deemed or taken to be interested in the share options of each other for the purposes of the SFO. The aggregate family interest in share options is 106,000,000 as at 31 December 2021.
3. 30% of the granted share options would vest on 12 September 2017 and be exercisable from 12 September 2017 to 11 September 2022. Another 25% of the granted share options would vest on 12 September 2018 and be exercisable from 12 September 2018 to 11 September 2022. A further 20% of the granted share options would vest on 12 September 2019 and be exercisable from 12 September 2019 to 11 September 2022. A further 15% of the granted share options would vest on 12 September 2020 and be exercisable from 12 September 2020 to 11 September 2022. The remaining 10% of the granted share options would vest on 12 September 2021 and be exercisable from 12 September 2021 to 11 September 2022.
4. Mr. Fok Hei Yu resigned as an independent non-executive director of Kaisa Health on 4 March 2021. The Kaisa Health Share Options granted will be lapsed 30 days after cessation of employment according to the Kaisa Health Share Option Scheme.
5. Included in the balance represents 8,000,000 share options granted to Ms. Wu Ansheng who is the general manager and sales director of a subsidiary of Kaisa Health and a sister of Mr. Wu Tianyu. The Kaisa Health share options to Ms. Wu Ansheng were forfeited on 31 July 2021.
6. 30% of the granted share option would vest on 26 August 2022 and be exercisable from 26 August 2022 to 25 August 2031. Another 30% of the granted share options would vest on 26 August 2023 and be exercisable from 26 August 2023 to 25 August 2031. The remaining 40% of the granted share options would vest on 26 August 2024 and be exercisable from 26 August 2024 to 25 August 2031. All the share options were forfeited on 10 November 2021.

#### (4) Maximum entitlement of each Participant

Unless approved by the shareholders of Kaisa Health, the maximum number of Kaisa Health Shares in respect of which Kaisa Health Share Options may be granted under the Kaisa Health Share Option Scheme to each Eligible Kaisa Health Participant shall not, when aggregated with (a) any Kaisa Health Shares issued upon exercise of Kaisa Health Share Options granted under the Kaisa Health Share Option Scheme or options under the other schemes which have been granted to that Eligible Kaisa Health Participant; (b) any Kaisa Health Shares which would be issued upon the exercise of outstanding Kaisa Health Share Options granted under the Kaisa Health Share Option Scheme or options under the other schemes granted to that Eligible Kaisa Health Participant; and (c) any cancelled shares which were the subject of Kaisa Health Share Options granted under the Kaisa Health Share Option Scheme or options under the other schemes which had been granted to and accepted by that Eligible Kaisa Health Participant, in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Kaisa Health Shares in issue as at the date of grant.

#### (5) Period within which the securities must be taken up under a Kaisa Health Share Option

The period within which the Kaisa Health Share Options must be exercised will be specified by Kaisa Health at the time of grant, provided that such period of time shall not exceed a period of ten years commencing on the date on which the Kaisa Health Share Option is deemed to be granted and accepted.

#### (6) Payment on acceptance of Kaisa Health Share Option offer

The offer for the grant of options (the "Kaisa Health Offer") must be taken up within 14 days from the date of Kaisa Health Offer, with a payment of HK\$1.00 as consideration by the grantee.

#### (7) Basis of determining the exercise price

The exercise price per Kaisa Health Share under the Kaisa Health Share Option Scheme is determined at the highest of (i) the average closing prices of Kaisa Health Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the Kaisa Health Offer; (ii) the closing price of Kaisa Health Shares as stated in the Stock Exchange's daily quotations sheet on the date of the Kaisa Health Offer; and (iii) the nominal value of the Kaisa Health Shares.

## REPORT OF THE DIRECTORS

### (8) Remaining life of the Kaisa Health Share Option Scheme

The Kaisa Health Share Option Scheme will remain valid until 7 June 2025 after which no further Kaisa Health Share Options shall be offered. However, the provisions of the Kaisa Health Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any Kaisa Health Share Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Kaisa Health Share Option Scheme and the Kaisa Health Share Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Kaisa Health Share Option Scheme.

### Kaisa Capital Investment Holdings Limited

Kaisa Capital Investment Holdings Limited ("**Kaisa Capital**"), the Group's subsidiary engaged in construction equipment business and property development business, adopted a share option scheme (the "**Kaisa Capital Share Option Scheme**") at the extraordinary general meeting of Kaisa Capital held on 30 July 2015 (the "**Kaisa Capital Share Option Scheme Adoption Date**"). A summary of the principal terms of the Kaisa Capital Share Option Scheme is set out as follows:

#### (1) Purpose of the Kaisa Capital Share Option Scheme

The purpose of the Kaisa Capital Share Option Scheme is to provide an incentive and/or a reward to eligible participants for their contribution to, and continuing efforts to promote the interest of Kaisa Capital.

#### (2) Participants of the Kaisa Capital Share Option Scheme

Participants of the Kaisa Capital Share Option Scheme include (a) full-time or part-time employees of Kaisa Capital (including any directors, whether executive or non-executive and whether independent or not, of Kaisa Capital); (b) any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of Kaisa Capital; and (c) any person who, in the sole discretion of the board of directors of Kaisa Capital, has contributed or may contribute to Kaisa Capital (the "**Eligible Kaisa Capital Participants**").

#### (3) Total number of Kaisa Capital Shares available for issue under the Kaisa Capital Share Option Scheme

The total number of shares of Kaisa Capital (the "**Kaisa Capital Share(s)**") which may be issued upon exercise of all Kaisa Capital share options ("**Kaisa Capital Share Options**") granted and yet to be exercised under the Kaisa Capital Share Option Scheme and other schemes of Kaisa Capital must not exceed 30% of the total number of the Kaisa Capital Shares in issue from time to time. The maximum number of Kaisa Capital Shares in respect of which Kaisa Capital Share Options may be granted under the Kaisa Capital Share Option Scheme and options under the other schemes of Kaisa Capital is 10% of the total number of Kaisa Capital Shares in issue on the Kaisa Capital Share Option Scheme Adoption Date (i.e. 30 July 2015). As at 31 December 2021, the maximum number of the Kaisa Capital Shares available for issue upon exercise of all Kaisa Capital Share Options which may be granted under the Kaisa Capital Share Option Scheme is 80,000,000 Kaisa Capital Shares, being 10% of the issued share capital of Kaisa Capital as at the Kaisa Capital Share Option Scheme Adoption Date, and represents approximately 7.55% of the issued share capital of the Kaisa Capital as at the date of the report.

No Kaisa Capital Share Options were granted under the Kaisa Capital Share Option Scheme since the Kaisa Capital Share Option Scheme Adoption Date and during the year ended 31 December 2021.



## REPORT OF THE DIRECTORS

### (4) Maximum entitlement of each Participant

Unless approved by the shareholders of Kaisa Capital, the maximum number of Kaisa Capital Shares in respect of which Kaisa Capital Share Options may be granted under the Kaisa Capital Share Option Scheme to each Eligible Kaisa Capital Participant shall not, when aggregated with (a) any Shares issued upon exercise of Kaisa Capital Share Options granted under the Kaisa Capital Share Option Scheme or options under the other schemes which have been granted to that Eligible Kaisa Capital Participant; (b) any Shares which would be issued upon the exercise of outstanding Kaisa Capital Share Options granted under the Kaisa Capital Share Option Scheme or options under the other schemes granted to that Eligible Kaisa Capital Participant; and (c) any cancelled shares which were the subject of Kaisa Capital Share Options granted under the Kaisa Capital Share Option Scheme or options under the other schemes which had been granted to and accepted by that Eligible Kaisa Capital Participant, in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue as at the date of grant.

In addition, approval taken on a poll in a general meeting from the shareholder of Kaisa Capital will be required where Kaisa Capital Share Options are proposed to be granted to a connected person who is also a substantial shareholder (as defined in the Listing Rules) of Kaisa Capital or an independent non-executive director of Kaisa Capital or their respective associates and if such grant would result in the total number of Kaisa Capital Shares issued and to be issued upon exercise of the Kaisa Capital Share Options granted and to be granted (including Kaisa Capital Share Options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total number of Kaisa Capital Shares in issue and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million. The grantee, his associates and all core connected persons of Kaisa Capital must abstain from voting in favour of the proposed grant at such general meeting.

### (5) Period within which the securities must be taken up under a Kaisa Capital Share Option

The period within which the Kaisa Capital Share Options must be exercised will be specified by Kaisa Capital at the time of grant, provided that such period of time shall not exceed a period of ten years commencing on the date on which the Kaisa Capital Share Option is deemed to be granted and accepted.

### (6) Payment on acceptance of Kaisa Capital Share Option offer

The offer for the grant of options (the "**Kaisa Capital Offer**") must be taken up within 21 days from the date of Kaisa Capital Offer, with a payment of HK\$10.00 as consideration by the grantee.

### (7) Basis of determining the subscription price

The subscription price per Kaisa Capital Share under the Kaisa Capital Share Option Scheme is determined by the Board but shall not be less than the highest of (i) the closing price of the Kaisa Capital Shares as stated in the Stock Exchange's daily quotations sheet on the date of Kaisa Capital Offer (the "**Kaisa Capital Offer Date**"), which must be a business day; (ii) the average of the closing prices of the Kaisa Capital Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Kaisa Capital Offer Date; and (iii) the nominal value of the Kaisa Capital Share.

### (8) Remaining life of the Kaisa Capital Share Option Scheme

The Kaisa Capital Share Option Scheme will remain valid until 29 July 2025 after which no further Kaisa Capital Share Options shall be offered. However, the provisions of the Kaisa Capital Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any Kaisa Capital Share Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Kaisa Capital Share Option Scheme and the Kaisa Capital Share Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Kaisa Capital Share Option Scheme.

## REPORT OF THE DIRECTORS

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

## Directors' and Chief Executive's Interests in Securities

As at 31 December 2021, the interests and short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required 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 are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows:

## (i) Long/short positions in the Shares:

Name of Company	Name of Director	Number of ordinary Shares held				Total	Approximate percentage of the total number of shares in issue
		Personal Interest	Family Interest	Interest in controlled corporation	Interest in trust		
Kaisa Group Holdings Ltd.	KWOK Ying Shing	–	1,617,000 (L)	819,506,003 (L) (Note 1)	964,388,735 (L) (Note 2)	1,785,511,738 (L)	25.45%
	MAI Fan	238,000 (L)	–	–	–	238,000 (L)	0.00%
	ZHANG Yizhao	2,484,000(L)	–	–	–	2,484,000 (L)	0.04%
Kaisa Prosperity Holdings Limited	KWOK Ying Shing	–	–	1,453,000 (L)	–	1,453,000 (L)	0.94%
Kaisa Health Group Holdings Limited	KWOK Ying Shing	–	2,020,000	308,000,000 (L)	–	310,020,000 (L)	6.15%
Kaisa Capital Investment Holdings Limited	KWOK Ying Shing	–	275,600,000	–	–	275,600,000	26%

## Notes:

- For further details, please refer to Note 2 to the table under the section headed "SUBSTANTIAL SHAREHOLDERS".
- For further details, please refer to Note 4 to the table under the section headed "SUBSTANTIAL SHAREHOLDERS".
- The percentages were calculated based on Shares in issue of the corresponding entity as at 31 December 2021.

## REPORT OF THE DIRECTORS

### (ii) Long positions in the underlying Shares:

Name of Director	Capacity	Number of underlying Shares	Approximate percentage of the issued share capital of the Company (Note) %
SUN Yuenan	Beneficial owner	40,285,307	0.57%
MAI Fan	Beneficial owner	10,324,271	0.15%
LI Haiming	Beneficial owner	9,054,386	0.13%
RAO Yong	Beneficial owner	1,961,612	0.03%
ZHANG Yizhao	Beneficial owner	1,445,398	0.02%
LIU Xuesheng	Beneficial owner	1,238,913	0.02%

#### Note:

Each of the directors is deemed to be interested in the underlying shares of the Company within the meaning of Part XV of the SFO in respect of the share options of the Company granted to him. Further details are set out in the sections headed "THE EXISTING SHARE OPTION SCHEME" and "THE NEW SHARE OPTION SCHEME" of this report.

The percentages were calculated based on 7,015,468,487 Shares in issue as at 31 December 2021, assuming all the options granted under the Share Option Scheme have been exercised.

Save for those disclosed above, as at 31 December 2021, none of the Directors or chief executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required 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 are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Schemes as set out in note 43 to the consolidated financial statements, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 14 to the consolidated financial statements, no transaction, arrangements or contract of significance to which the Company, its holding company or their subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year ended 31 December 2021.

## REPORT OF THE DIRECTORS

### CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

No contracts of significance between the controlling shareholder of the Company or any of its subsidiaries and the Group was made during the year ended 31 December 2021.

### RELATED PARTY TRANSACTIONS

Significant related party transactions entered by the Group for the year ended 31 December 2021 are set out in note 45 to the consolidated financial statements, which are in compliance with the requirements of the Listing Rules.

### REMUNERATION POLICY

The remuneration policy (which includes the payment of the emoluments to the employees) of the employees of the Group is set up by the Remuneration Committee on the basis of the employees' performance, qualifications and experiences. Details of the remuneration of the Directors are set out in note 14 to the consolidated financial statements, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market statistics. The Company has adopted the Share Option Scheme as an incentive to Directors and eligible employees, details of the Share Option Scheme are set out in the report of the Directors and note 43 to the consolidated financial statements.

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

At no time during the year ended 31 December 2021, none of the Director, their close associate or a shareholder of the Company (who to the knowledge of the Directors own more than 5% of the Company's issued share capital) have any interest in any of the Group's five largest suppliers or customers.

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2021, so far as the Directors were aware, persons other than the Directors or chief executive of the Company, who had interests or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are set out as follows:

Name of substantial shareholder	Capacity	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
Da Chang Investment Company Limited ("Da Chang")	Beneficial owner	819,506,003 (L) (Note 2)	11.68%
Da Feng Investment Company Limited ("Da Feng")	Beneficial owner	964,388,735 (L) (Note 3)	13.75%
BEA Trustees	Trustee	964,388,735 (L) (Note 3)	13.75%
Da Zheng Investment Company Limited	Beneficial owner	963,503,287 (L)	13.73%
Funde Sino Life Insurance Co., Ltd.	Beneficial owner	649,700,957 (L)	21.92%
	Interest in a controlled corporation	887,995,149 (L) (Note 4)	
Fund Resources Investment Holding Group Company Limited	Beneficial owner	887,995,149 (L)	12.66%

## REPORT OF THE DIRECTORS

### Notes:

1. The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.
2. Da Chang is wholly owned by Mr. Kwok Ying Shing.
3. Da Feng is wholly owned by Xingsheng Asia Limited, which is in turn wholly owned by Hongyi Asia Limited, which is in turn wholly owned by Junjia Enterprises Corporation. Junjia Enterprises Corporation is wholly owned by BEA Trustees. BEA Trustees is the trustee of 964,388,735 Shares under a family trust of which Mr. Kwok Ying Shing is the founder and a beneficiary of the trust.
4. 887,995,149 Shares were held by Fund Resources Investment Holding Group Company Limited, which was wholly owned by Funde Sino Life Insurance Co., Ltd. as at 30 June 2021. By virtue of SFO, Funde Sino Life Insurance Co., Ltd. is deemed to be interested in Shares held by Fund Resources Investment Holding Group Company Limited.
5. The percentage were calculated based on 7,015,468,487 shares in issue as at 31 December 2021.

Save for those disclosed above, as at 31 December 2021, to the best of the Directors' knowledge, no other persons had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

### PERMITTED INDEMNITY PROVISION

Under the Articles, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duties in his/her office.

### MANAGEMENT CONTRACTS

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 ended 31 December 2021.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### ENVIRONMENTAL PROTECTION

As a responsible developer, the Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental measures to ensure that the conducting of the Group's business meets the applicable local standards and ethics in respect of environmental protection. The Group puts great emphasis in environmental protection and sustainable development. Through the establishment of an ever-improving management system, enhancement on procedure monitoring, energy conservation and environment protection were strongly promoted, leading to the remarkable achievement of environmental management.

### COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures have been enhanced to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Audit Committee is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. As far as the Company is aware, the Group has complied in material respects with the relevant laws and regulations which have a significant impact on the business and operations of the Company during the year ended 31 December 2021.

## REPORT OF THE DIRECTORS

### KEY RELATIONSHIPS WITH THE GROUP'S STAKEHOLDERS

#### Workplace Quality

The Group believes that the directors, senior management and employees of the Group are instrumental to the success of the Group and that their industry knowledge and understanding of the market will enable the Group to maintain the competitiveness in the market. As such, the Share Option Scheme was adopted by the Company for the purpose of providing incentives and rewards to the Eligible Participants (as defined above) who contributed to the success of the Group's operations.

The Group provides on-the-job training and development opportunities to enhance its employees' career progression. Through different trainings, staff's professional knowledge in corporate operations, occupational and management skills are enhanced. The Group also organised staff-friendly activities for employees, such as annual dinner, to promote staff relationship.

The Group provides on providing a safe, effective and congenial working environment. Adequate arrangements, trainings and guidelines are implemented to ensure the working environment is healthy and safe. The Group provided health and safety communications for employees to present the relevant information and raise awareness of occupational health and safety issues. The Group values the health and well-being of its staff. In order to provide employees with health coverage, its employees are entitled to medical insurance benefits.

#### Relationships with the Group's other stakeholders

The Group placed efforts in maintaining good relationships various financial institutions and banks given that the Group's business is capital intensive and require on-going funding for the development and growth of the Group's business. Further, the Group aims at delivering constantly high standards of quality in the products to its customers in order to stay competitive. Save as disclosed in this report, the Directors are not aware of any material and significant dispute between the Group and its financial institutions and/or customers during the year ended 31 December 2021.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares as at the date of this report.

### AUDITOR

Grant Thornton Hong Kong Limited had resigned as the auditor of the Company with effect from 27 June 2022. Elite Partners CPA Limited has been appointed as the new auditor of the Company with effect from 27 June 2022 to fill the casual vacancy following the resignation of Grant Thornton Hong Kong Limited and to hold office until the conclusion of the next annual general meeting of the Company.

The consolidated financial statements for the year ended 31 December 2021 were audited by Elite Partners CPA Limited. A resolution to re-appoint Elite Partners CPA Limited as auditor of the Company will be proposed at the forthcoming AGM.

### PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

On behalf of the Board

**KWOK Ying Shing**

*Chairman*

Hong Kong, 9 March 2023



# INDEPENDENT AUDITOR'S REPORT



## TO THE MEMBERS OF KAISA GROUP HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

### OPINION

We have audited the consolidated financial statements of Kaisa Group Holdings Ltd. (the “Company”) and its subsidiaries (the “Group”) set out on pages 117 to 272, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.2 to the consolidated financial statements that the Group incurred a loss attributable to owners of the Company of approximately RMB12,726,728,000 for the year ended 31 December 2021 and as of that date, the Group had net current assets of RMB31,554,931,000, and the Group’s current portion of interest-bearing bank and other borrowings amounted to RMB104,743,370,000, while its current portion of unrestricted cash bank balances and cash equivalents amounted to RMB4,560,184,000. Further, as at 31 December 2021, the Group had not repaid certain borrowings in aggregate principal amount according to their scheduled repayment dates as described in note 31 to the consolidated financial statements. These conditions along with the current situation as set forth in note 2.2, which indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

## INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of properties under development and completed properties held for sale</b></p> <p>Refer to note 5 regarding critical accounting estimates and judgements, note 23 regarding properties under development and note 24 regarding completed properties held for sale to the consolidated financial statements.</p> <p>As at 31 December 2021, the Group had properties under development and completed properties held for sale ("properties") amounting to RMB84,981,277,000 and RMB15,951,492,000, respectively, which in total represented approximately 34.53% of the total assets of the Group. Given the significant balance of properties under development and completed properties held for sale and the involvement of critical accounting estimates, the impairment assessment of these properties is considered as a key audit matter.</p> <p>These properties are carried at the lower of cost and net realisable value. Significant management judgement is required in determining the estimated net realisable values of these properties with reference to the latest selling prices of the properties and the budgeted costs to be incurred until completion and sale.</p> <p>Based on the management's analysis of the net realisable value of the properties, write-down of approximately RMB6,281,357,000 were charged to profit or loss for the year ended 31 December 2021.</p>	<p>We understood and evaluated the management's procedures on identifying properties for which the net realisable values may be lower than their carrying amounts, including the methodologies and inputs used in the estimation of the net realisable values.</p> <p>Our procedures in relation to assessing the appropriateness of the valuation of these properties included:</p> <ul style="list-style-type: none"> <li>(i) testing the calculation for the impairment assessment performed by the management;</li> <li>(ii) assessing future costs to be incurred to completion on a sample basis;</li> <li>(iii) comparing the carrying amounts of the properties taking into account the estimated amounts to completion with the related net realisable value with regard to properties under development; and</li> <li>(iv) testing management's key estimates on a sample basis for selling price which is estimated based on prevailing market conditions. We compared the estimated selling price to the recent market transactions by reference to the Group's selling prices of pre-sale units in the same project or the prevailing market price of the comparable properties with similar type, size and location.</li> </ul>
<p><b>Valuation of investment properties</b></p> <p>Refer to note 5 regarding critical accounting estimates and judgements, note 2.9 regarding accounting policy of investment properties and note 17 of investment properties to the consolidated financial statements.</p> <p>As at 31 December 2021, the Group had investment properties amounting to RMB20,262,500,000. The involvement of critical accounting estimates, the valuation of the investment properties is considered as a key audit matter.</p> <p>The estimate of the fair value of the Group's investment properties requires significant management judgement taking into account the conditions and locations of the properties as well as the latest market transactions. To support the management's determination of the fair value, the Group has engaged an external valuer to perform valuations on the investment properties at the reporting date. Different valuation techniques were applied to different types of investment properties.</p>	<p>We evaluated the independence, competence and relevant experience of the external valuer engaged by the Company.</p> <p>We also assessed the scope of the valuations, critical judgements and data used in the valuations and evaluated the methodology and assumptions used.</p> <p>In addition, we evaluated the source data used in the valuations by benchmarking them to relevant market information.</p>

## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of interests in associates and joint ventures</b></p> <p>Refer to note 5 regarding critical accounting estimates and judgements, note 19 regarding investments in associates and note 20 regarding investments in joint ventures to the consolidated financial statements. We identified the valuation of investments in associates and joint ventures as a key audit matter due to the significance of the Group's interests in associates and joint ventures in the context of the Group's consolidated financial statements, combined with the judgements involved in the management's impairment assessment of the investments in associates and joint ventures, in particular, the future prospects of each associate and joint venture.</p> <p>As at 31 December 2021, the carrying amounts of investments in associates and joint ventures amounting to RMB7,088,114,000 and RMB12,997,981,000 respectively.</p> <p>As disclosed in notes 19 and 20 to the consolidated financial statements, investments in associates and joint ventures are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associates and joint ventures, less accumulated impairment in the values of individual investments. As such, the Group is required to assess at each reporting date whether there is any indication that the carrying amounts of interests in associates and joint ventures may be impaired. For those associates and joint ventures in which such indication exists, the Group assessed the carrying amounts for impairment.</p> <p>Based on the management analysis, no impairment loss on investment in associate and joint ventures was considered by management to be necessary at 31 December 2021.</p>	<p>Our procedures in relation to the valuation of investments in associates and joint ventures included:</p> <ul style="list-style-type: none"> <li>• assessing the appropriateness of the management's accounting for investments in associates and joint ventures;</li> <li>• understanding the management's process for identifying the existence of impairment indicators in respect of the interests in associates and joint ventures and evaluating the effectiveness of such process;</li> <li>• where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of each of the relevant associates and joint ventures and obtaining an understanding from management of their financial position and future development plan; and</li> <li>• assessing the reasonableness of key inputs and assumptions used by the management in their estimation of recoverable amounts, including projections of cash flows, growth rates and discount rates applied; and comparing cash flow projections to supporting evidence, such as budgets, and evaluating the reasonableness of these budgets with reference to the future prospects of the associates and joint ventures as well as our knowledge of the industry and business.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

### OTHER MATTER

The consolidated financial statements of the Company for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 25 March 2021.

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the 2021 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

The directors are assisted by the audit committee in discharging their responsibility for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yip Kai Yin with Practising Certificate number P07854.

#### **Elite Partners CPA Limited**

*Certified Public Accountants*

9 March 2023

10/F., 8 Observatory Road

Tsim Sha Tsui

Kowloon, Hong Kong

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
<b>Revenue</b>	6	<b>35,544,684</b>	55,770,181
Cost of sales	7	<b>(30,916,419)</b>	(39,862,713)
<b>Gross profit</b>		<b>4,628,265</b>	15,907,468
Other gains and losses, net	8	<b>(7,262,310)</b>	1,687,692
Selling and marketing costs	7	<b>(1,611,875)</b>	(2,017,284)
Administrative expenses	7	<b>(3,588,635)</b>	(3,730,287)
Net fair value (loss)/gain of investment properties	17	<b>(1,822,651)</b>	189,433
Net gain on disposals of subsidiaries	42(a)	<b>392,360</b>	774,075
Net gain on deemed disposals of subsidiaries	42(b)	–	816,560
Provision for expected credit losses	8	<b>(2,875,764)</b>	(1,352,963)
<b>Operating (loss)/profit</b>		<b>(12,140,610)</b>	12,274,694
Share of results of associates		<b>(115,327)</b>	(44,756)
Share of results of joint ventures	20	<b>(324,699)</b>	37,595
Fair value gain of financial derivatives	33	<b>(27,450)</b>	52,838
Finance income	9	<b>689,893</b>	466,546
Finance costs	9	<b>(1,710,160)</b>	(2,284,561)
<b>Finance costs, net</b>	9	<b>(1,020,267)</b>	(1,818,015)
<b>(Loss)/Profit before income tax</b>		<b>(13,573,453)</b>	10,502,356
Income tax credit/(expenses)	10	<b>315,050</b>	(5,223,975)
<b>(Loss)/Profit for the year</b>		<b>(13,258,403)</b>	5,278,381
<b>(Loss)/Profit for the year attributable to:</b>			
Owners of the Company		<b>(12,726,728)</b>	5,447,125
Non-controlling interests		<b>(531,675)</b>	(168,744)
		<b>(13,258,403)</b>	5,278,381
			(restated)
<b>(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB per share)</b>			
– Basic	12(a)	<b>(1.898)</b>	0.863
– Diluted	12(b)	<b>(1.898)</b>	0.860



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
<b>(Loss)/Profit for the year</b>		<b>(13,258,403)</b>	5,278,381
<b>Other comprehensive (expense)/income, including reclassification adjustments</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Share of other comprehensive (expense)/income of associates		<b>(268)</b>	21,944
Exchange differences on translation of foreign operations		<b>(23,562)</b>	19,073
<b>Other comprehensive (expense)/income for the year, including reclassification adjustments</b>		<b>(23,830)</b>	41,017
<b>Total comprehensive (expense)/income for the year</b>		<b>(13,282,233)</b>	5,319,398
<b>Total comprehensive (expenses)/income for the year attributable to:</b>			
Owners of the Company		<b>(12,758,281)</b>	5,494,815
Non-controlling interests		<b>(523,952)</b>	(175,417)
		<b>(13,282,233)</b>	5,319,398

The notes on pages 125 to 272 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	15	5,245,085	5,311,916
Right-of-use assets	16	626,471	536,993
Investment properties	17	20,262,500	34,524,400
Land use rights	18	672,088	720,913
Investments in associates	19	7,088,114	13,817,340
Investments in joint ventures	20	12,997,981	18,386,366
Financial assets at fair value through profit or loss	21	7,912,876	5,369,151
Goodwill and intangible assets	22	1,008,724	1,276,405
Debtors, deposits and other receivables	25	25,000	20,000
Long-term bank deposits	28	700,000	1,200,000
Deferred tax assets	34	1,201,915	628,380
<b>Total non-current assets</b>		<b>57,740,754</b>	81,791,864
<b>Current assets</b>			
Properties under development	23	84,981,277	71,367,943
Completed properties held-for-sale	24	15,951,492	13,036,568
Inventories		518,561	416,781
Debtors, deposits and other receivables	25	54,606,478	48,468,486
Deposits for land acquisition	26	19,391,786	18,204,746
Prepayments for proposed development projects	27	37,482,981	25,004,121
Prepaid taxes		658,793	356,481
Restricted bank balances and cash	28	11,110,309	6,248,888
Financial assets at fair value through profit or loss	21	3,127,408	5,338,349
Short-term bank deposits	28	1,500,000	3,585,570
Cash and bank balances	28	3,060,184	36,078,762
<b>Total current assets</b>		<b>232,389,269</b>	228,106,695
<b>Current liabilities</b>			
Contract liabilities	29	44,788,870	49,706,027
Accrued construction costs		18,597,466	18,593,833
Income tax payable		12,819,884	12,020,469
Lease liabilities	30	134,041	103,208
Borrowings	31	104,743,370	23,069,223
Other payables	32	19,750,707	24,260,845
Derivative financial instruments	33	—	27,450
<b>Total current liabilities</b>		<b>200,834,338</b>	127,781,055
<b>Net current assets</b>		<b>31,554,931</b>	100,325,640
<b>Total assets less current liabilities</b>		<b>89,295,685</b>	182,117,504

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
<b>Non-current liabilities</b>			
Lease liabilities	30	491,473	453,240
Borrowings	31	26,963,124	98,401,736
Other payables	32	19,350	19,768
Deferred tax liabilities	34	2,739,722	4,523,386
Total non-current liabilities		30,213,669	103,398,130
<b>Net assets</b>		59,082,016	78,719,374
<b>Equity</b>			
Share capital	35	613,530	538,942
Share premium	35	6,376,801	4,948,564
Perpetual capital securities	36	1,350,054	1,350,054
Reserves	37	12,690,673	25,496,179
<b>Equity attributable to owners of the Company</b>		21,031,058	32,333,739
<b>Non-controlling interests</b>		38,050,958	46,385,635
<b>Total equity</b>		59,082,016	78,719,374

The financial statements on pages 117 to 124 were approved by the board of directors on 9 March 2023 and were signed on its behalf by:

**Kwok Ying Shing**  
Director

**Mai Fan**  
Director

The notes on pages 125 to 272 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Perpetual Capital Securities	Reserves	Sub-total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance as at 1 January 2020	534,844	5,546,561	–	19,634,942	25,716,347	29,990,226	55,706,573	
Profit/(Loss) for the year	–	–	–	5,447,125	5,447,125	(168,744)	5,278,381	
Other comprehensive income/(expenses) for the year	–	–	–	47,690	47,690	(6,673)	41,017	
<b>Total comprehensive income/(expenses) for the year</b>	–	–	–	5,494,815	5,494,815	(175,417)	5,319,398	
Acquisitions of subsidiaries (note 41)	–	–	–	–	–	243,558	243,558	
Capital injection by non-controlling interests	–	–	–	–	–	16,674,125	16,674,125	
Disposals of subsidiaries (note 42(a))	–	–	–	–	–	1,747	1,747	
Deemed disposals of subsidiaries (note 42(b))	–	–	–	–	–	(16,083)	(16,083)	
Deemed disposal of a subsidiary without loss of control	–	–	–	286,583	286,583	(305,574)	(18,991)	
Issue of perpetual capital securities	–	–	1,350,054	–	1,350,054	–	1,350,054	
Issue of shares upon exercise of share options	4,098	121,590	–	(33,156)	92,532	–	92,532	
Dividend paid (note 11)	–	(719,587)	–	–	(719,587)	–	(719,587)	
Dividend paid to non-controlling interests of subsidiaries	–	–	–	–	–	(26,947)	(26,947)	
Share-based payments (note 43(a))	–	–	–	112,995	112,995	–	112,995	
<b>Balance as at 31 December 2020</b>	538,942	4,948,564	1,350,054	25,496,179	32,333,739	46,385,635	78,719,374	

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Perpetual capital securities	Reserves	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 31 December 2020 and 1 January 2021	538,942	4,948,564	1,350,054	25,496,179	32,333,739	46,385,635	78,719,374
Profit/(Loss) for the year	–	–	141,212	(12,867,940)	(12,726,728)	(531,675)	(13,258,403)
Other comprehensive expenses for the year	–	–	–	(31,553)	(31,553)	7,723	(23,830)
Total comprehensive income/(expenses) for the year	–	–	141,212	(12,899,493)	(12,758,281)	(523,952)	(13,282,233)
Acquisitions of subsidiaries (note 41)	–	–	–	–	–	261,342	261,342
Net decrease in non-controlling interest without passing and losing on control of subsidiaries	–	–	–	46,524	46,524	(1,500,602)	(1,454,078)
Net decrease in non-controlling interest arising from loss of control of subsidiaries	–	–	–	–	–	(6,538,959)	(6,538,959)
Distribution paid on perpetual capital securities	–	–	(141,212)	–	(141,212)	–	(141,212)
Issue of ordinary shares on rights issue (note 35(b))	74,086	2,111,464	–	–	2,185,550	–	2,185,550
Issue of shares upon exercise of share options	502	17,282	–	(5,495)	12,289	–	12,289
Dividend paid (note 11)	–	(700,509)	–	–	(700,509)	–	(700,509)
Dividend paid to non-controlling interests of subsidiaries	–	–	–	–	–	(32,506)	(32,506)
Share-based payments (note 43(a))	–	–	–	52,958	52,958	–	52,958
<b>Balance as at 31 December 2021</b>	<b>613,530</b>	<b>6,376,801</b>	<b>1,350,054</b>	<b>12,690,673</b>	<b>21,031,058</b>	<b>38,050,958</b>	<b>59,082,016</b>

The notes on pages 125 to 272 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	38(a)	(10,873,354)	18,993,996
Income tax paid		(1,422,533)	(2,963,541)
Interest paid		(9,558,211)	(11,500,365)
<i>Net cash (used in)/generated from operating activities</i>		<b>(21,854,098)</b>	4,530,090
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	15	(632,860)	(1,205,339)
Additions to investment properties	17	(401,394)	(1,328,967)
Additions to land use rights	18	(5,925)	(38,355)
Additions to intangible assets	22	(156,264)	(314,042)
Acquisitions of associates		–	(2,988,599)
Acquisitions of joint ventures	20	–	(1,562,138)
Acquisitions of financial assets at FVTPL		(996,671)	(4,085,034)
Acquisitions of subsidiaries, net of cash acquired	41(a)	(7,295,093)	(4,143,775)
Increase in amounts due from associates		(5,943,684)	(639,100)
Increase in amounts due from joint ventures		(4,604,068)	(11,196,247)
Decrease in other receivables		–	382,738
Decrease in amounts due from non-controlling interest of a subsidiary		318,187	791,794
Decrease/(Increase) in short-term bank deposits		2,085,570	(1,048,846)
Decrease in long-term bank deposits		500,000	400,000
Capital injection to joint ventures	20	(85,330)	(1,189,057)
Capital injection to associates		(342,745)	–
Disposal of investment in associates		891,637	–
Return of investments in joint ventures		1,487,915	–
Cash inflow from disposals of subsidiaries	42(a)	1,403,419	813,875
Cash outflow from deemed disposals of subsidiaries		–	(726,153)
Dividend income received from an associate		–	254,700
Dividend income received from financial assets at FVTPL	8	41,399	16,597
Interest received		689,893	975,390
Increase in consideration payables related to acquisitions of associate and joint venture		(90,389)	(862,101)
(Decrease)/Increase in consideration payables related to acquisitions of subsidiaries		(899,546)	890,720
Payment for consideration payable related to purchase of financial assets at FVTPL		(256,680)	(430,774)
Proceeds from disposals of financial assets at FVTPL		997,564	890,461
Proceeds from disposals of property, plant and equipment	38(a)	107,096	22,486
Proceeds from disposal of deposits paid for land acquisition		–	429,933
<i>Net cash used in investing activities</i>		<b>(13,187,969)</b>	(25,889,833)



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
<b>Cash flows from financing activities</b>			
Capital injection by non-controlling interests		–	16,674,125
Increase in other payables		–	742,107
Increase/(Decrease) in amounts due to associates		<b>2,256,176</b>	(560,454)
Decrease in amounts due to joint ventures		<b>(9,107,107)</b>	(809,768)
Increase in restricted cash relating to borrowings		<b>(5,351,655)</b>	(186,992)
Increase/(Decrease) in amounts due to non-controlling interests of subsidiaries		<b>185,022</b>	(479,907)
Net proceeds from issuance of senior notes	31(a)	<b>16,883,188</b>	21,808,024
Proceeds from bank and other borrowings		<b>19,856,904</b>	19,485,815
Payment of lease liabilities	38(b)	<b>(90,539)</b>	(179,924)
Proceeds from exercise of share options		<b>12,289</b>	92,532
Proceeds from issuance of perpetual capital securities net of transaction costs		–	1,350,054
Distribution paid on perpetual capital securities		<b>(141,212)</b>	–
Repayments of bank and other borrowings		<b>(14,186,329)</b>	(20,293,142)
Repayments of loans from associates		–	(5,000)
Repayments of senior notes		<b>(6,359,851)</b>	(3,631,784)
Payment for repurchase of senior notes		<b>(2,742,657)</b>	(2,841,089)
Repayments of convertible loans		<b>(613,786)</b>	–
Dividend paid		<b>(700,509)</b>	(719,587)
Dividend paid to non-controlling interests of subsidiaries		<b>(32,506)</b>	(26,947)
Proceeds from issuance of ordinary shares on right issues		<b>2,185,550</b>	–
<i>Net cash generated from financing activities</i>		<b>2,052,978</b>	30,418,063
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		<b>36,078,762</b>	26,824,859
Exchange adjustments		<b>(29,489)</b>	195,583
<b>Cash and cash equivalents at the end of the year, represented by cash and bank balances</b>		<b>3,060,184</b>	36,078,762

The notes on pages 125 to 272 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

## 1. GENERAL INFORMATION

Kaisa Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 2 August 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands.

The address of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The Company is engaged in investment holding and its subsidiaries (collectively, the “Group”) are principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation and health care operations in the People’s Republic of China (the “PRC”).

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These consolidated financial statements are presented in Renminbi (“RMB”), which is also the currency of the primary economic environment in which most of the group entities operate (i.e. the functional currency of the Company and most of the entities comprising the Group), and all values are rounded to the nearest thousand (‘000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 9 March 2023.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirement of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including financial assets at fair value through profit or loss (“FVTPL”), investment properties and derivative financial instruments), which are carried at fair value.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group’s financial statements, if any, are disclosed in note 3. The consolidated financial statements have been prepared under historical cost convention, except for financial assets at FVTPL, investment properties and financial derivatives which have been measured at fair values.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.2 Going concern basis

For the year ended 31 December 2021, the Group incurred net loss of RMB13,258,403,000. As at 31 December 2021, the Group's net current assets had dropped to RMB31,554,931,000. As at 31 December 2021, the Group's current liabilities (including those that had become default or cross-default or contain early demand clauses) were amounted to RMB200,834,338,000.

As at 31 December 2021, the Group did not repay certain bank and other borrowings of about RMB5,588,130,000 according to their scheduled repayment dates. As a result, as at 31 December 2021, bank and other borrowings with the aggregate principal amount of about RMB77,921,662,000 had become default or cross default. Subsequent to 31 December 2021, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates.

These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and performance of the Group and the Group's available sources of financing and have considered the Group's cash flow projections prepared by management for a period of not less than 12 months from the date of reporting period. The following plans and measures are formulated with the objective to mitigate the liquidity pressure of the Group:

- The Company has appointed Houliham Lokery (China) Limited as its financial adviser for its offshore debt restructuring. The Group is actively in discussions with the existing lenders on the renewal of the Group's certain borrowings. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions. In addition, the Group will continue to seek for new sources of financing or accelerate asset sales address upcoming financial obligations and future operating cash flow requirements whilst engaging in existing lenders;
- 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. Recent relaxation of policies with regards to pre-sale requirements have been encouraging to increase buyer interests and stimulate demand. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;
- The Group will continue to seek suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities that make it relatively more attractive to potential buyers and retain a higher value in current market conditions; and
- The Group has already taken measures to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.2 Going concern basis (Continued)

The Directors, taking into account the above plans and measures, are of the opinion that, they are satisfied that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2021 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in Mainland China and the uncertainties to obtain support from the Group's creditors, material uncertainties exist as to whether or not the Group will be able to achieve its plans and measures as described above.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable 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 these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2021.

#### 2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.3 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal 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 previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 “Financial Instruments” or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### (i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business and the equity interests issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation are measured at either fair value or the present ownership interests’ proportionate share in the recognised amounts of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.3 Basis of consolidation (Continued)

(ii) **Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share of the subsidiary's carrying value of net assets is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

(iii) **Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) **Company's statement of financial position**

In the Company's statement of financial position, the investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### 2.4 Associates

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control of these policy, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.4 Associates (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss included in “other gains or losses, net”.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in profit or loss.

#### 2.5 Joint ventures

The Group applied HKFRS 11 to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. The Group’s investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group’s share of the net fair value of the joint venture’s identifiable assets and liabilities is accounted for as goodwill. When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### 2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

#### 2.7 Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in RMB, which is the functional and presentation currency of the Company.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies rates are recognised in profit or loss. All foreign exchange gains and losses are presented in profit or loss on a net basis within “Other gains and (losses), net”.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.7 Foreign currency translation (Continued)

##### (iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates of the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken into equity owners' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

#### 2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Hotel properties	20-25 years
Land and buildings	20-40 years
Machinery	5 years
Motor vehicles	5-10 years
Furniture, fitting and equipment	3-8 years
Aircraft	10 years
Vessels	10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains and (losses), net" in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.9 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Properties and land use right that are currently being constructed or developed for future use as investment property is classified as investment property.

Investment properties also include leased properties which are being recognised as right-of-use assets under HKFRS 16 and subleased by the Group under operating leases.

Investment property is measured initially at its cost, including related cost directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowings costs.

After initial recognition, investment property is carried at fair value, unless fair value cannot be reliably determined at that time. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Changes in fair values or the sale of an investment property are recognised in profit or loss in the period in which they arise.

If an investment property becomes an item of properties under development because of the change in use evidenced by the Group's commencement of further development of the property for sale, the property's deemed cost for subsequent accounting is its fair value at the date of change in use.

If an item of property, plant and equipment becomes an investment property because its use has been changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss to the extent the impairment provision previous made.

#### 2.10 Land use rights

The Group makes upfront payments to obtain land use rights (which meet the definition of right-of-use assets). The upfront payments of the land use rights are recorded as assets. The depreciation of land use rights is recognised as an expense on a straight-line basis over the unexpired period of the land use rights.

#### 2.11 Intangible assets and goodwill

##### (i) Contracts with sports players

Separately acquired contracts with sports players are shown at historical cost. Costs of contracts with sports players are initially recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method ranged from one to five years.

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.11 Intangible assets and goodwill (Continued)

(ii) Trademarks and patent, customer relationship, technology, distribution network and other intangible assets

Trademarks and patent, customer relationship, technology, distribution network and other intangible assets acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method ranged from five to eleven years over the expected life of these intangible assets.

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

(iii) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (i.e. the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value 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 Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets 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 equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

#### 2.12 Impairment of non-financial assets (other than contract assets)

The following assets are subject to impairment testing:

- goodwill arising on business combinations;
- other intangible assets;
- property, plant and equipment;
- right-of-use assets;
- land use rights; and
- the Company's interests in subsidiaries, associates and joint ventures

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.12 Impairment of non-financial assets (other than contract assets) (Continued)

Goodwill and other intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill, are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.13 Financial instruments

##### Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### Financial assets

##### *Classification and initial measurement of financial assets*

Except for those trade debtors that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets are classified into the following categories:

- amortised cost;
- FVTPL; or
- fair value through other comprehensive income (“FVOCI”).

The classification is determined by both:

- the entity’s business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within “Finance costs, net” or “Other gains and (losses), net.”

##### *Subsequent measurement of financial assets*

##### Debt investments

##### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Interest income from these financial assets is included in finance income in profit or loss. The Group’s debtors, deposits and other receivables (excluding prepayments and prepaid other taxes), restricted bank balances and cash, short-term bank deposits, long-term bank deposits and cash and bank balances fall into this category of financial instruments.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.13 Financial instruments (Continued)

##### Financial assets (Continued)

##### *Subsequent measurement of financial assets (Continued)*

##### *Debt investments (Continued)*

##### Financial assets at FVTPL

Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are categorised and measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of profit or loss and other comprehensive income within "Other gains and (losses), net" in the period in which it arises. Interest income from these financial assets is included in the "Finance costs, net" in profit or loss.

##### Equity investments

Investments in equity instruments are classified as FVTPL unless these equity instruments are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other gains and (losses), net" in profit or loss.

##### Financial liabilities and equity

##### *Classification and measurement of financial liabilities*

The Group's financial liabilities include accrued construction cost, lease liabilities, borrowings and other payables (excluding deed tax and other tax payables and deposits received).

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives designated at FVTPL, which are carried subsequently at fair value with "Other gains or (losses), (net)" recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within "Finance costs, net" in profit or loss.

Accounting policies of lease liabilities are set out in note 2.27.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.13 Financial instruments (Continued)

##### Financial liabilities and equity (Continued)

##### *Classification and measurement of financial liabilities* (Continued)

##### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid to the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that part or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### Convertible bonds

The fair value of the liability portion of a convertible bond is determined using a market interest rate for a non-convertible bond with similar terms. This amount is recorded as a liability on an amortised cost basis until conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity or derivative liability according to the conversion feature embedded. Any directly attributable transaction costs are allocated to the liability and equity or derivative liability component in proportion to their initial carrying amounts. The difference between the proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the call option for conversion of the bond into equity, is included in equity as convertible bond equity reserve.

Subsequent to initial recognition, the liability component of a convertible bond is measured at amortised cost using the effective interest method. The equity component of a convertible bond is not re-measured subsequent to initial recognition except on conversion or expiry. The derivative liability component of a convertible bond is measured at fair value with changes in fair value recognised in profit or loss. When the bond is converted, the equity component of convertible bond and the carrying value of the liability component at the time of conversion are transferred to share capital as consideration for the shares issued. If the bond is redeemed, the convertible bond equity reserve is released directly to retained earnings.

##### Accrued construction cost and other payables

Accrued construction cost and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

##### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.14 Impairment of financial assets

HKFRS 9's impairment requirements use forward-looking information to recognise expected credit losses ("ECL") – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade debtors recognised and measured under HKFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 and Stage 3 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### Trade debtors

For trade debtors, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade debtors have been grouped based on shared credit risk characteristics and the days past due.

#### Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, 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 default occurring since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.14 Impairment of financial assets (Continued)

##### Other financial assets measured at amortised cost (Continued)

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable information that demonstrate 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 end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

##### (i) Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

##### Credit-impaired financial assets

At each reporting date, the Group assesses on a forward-looking basis whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.14 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost (Continued)

(i) *Measurement of ECLs* (Continued)

Credit-impaired financial assets (Continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant of financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; and
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position as the loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the relevant assets.

(ii) *Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### 2.16 Properties under development

Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets in note 2.27, properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised less applicable variable selling expenses and anticipated cost to completion.

Development cost of properties comprises mainly construction costs, land use rights in relation to properties under development for subsequent sale, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.17 Completed properties held for sales

Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets in note 2.27, completed properties remaining unsold at each reporting date are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the estimated selling price in the ordinary course of business, less applicable estimated selling expenses to make the sale.

#### 2.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held by banks, other short-term high liquidity investment with original maturities of three months or less.

#### 2.19 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2.26). 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.

#### 2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 2.21 Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity. These are initially recognised at their fair value on the date of issuance and are not subsequently remeasured.

#### 2.22 Borrowing cost

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) **Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) **Deferred income tax**

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

For the purposes of measuring deferred tax liabilities or deferred tax assets 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. 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 HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associate and joint ventures, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for its associate, unless there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) **Offsetting**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.24 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. No forfeited contribution under the defined contribution retirement benefit plans is available to reduce the contribution payable in future years. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds. No forfeited contribution under the defined contribution retirement benefit plans is available to reduce the contribution payable in future years.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(iii) Bonus entitlements

The expected cost of bonus payment is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.24 Employee benefits (Continued)

##### (v) Share-based payments

The Group operates equity-settled share option schemes, which the Group receives services from employees as consideration for equity instruments ("options") of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions. At each reporting date, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

The options granted by the Company over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiary undertakings, with a corresponding credit to equity.

#### 2.25 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.26 Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when (or as) performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative standalone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Future details of the Group's revenue and other income recognition policies are as follows:

#### (i) Sales of properties

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.26 Revenue recognition (Continued)

##### (i) Sales of properties (Continued)

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

For properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress, i.e. the costs incurred up to date compared with the total budgeted costs, which depict the Group's performance towards satisfying the performance obligation.

For contract where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a significant financing component.

Deposits and instalments received from purchasers prior to delivery of the properties to the customers are contract liabilities.

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

##### (ii) Rental income

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms.

##### (iii) Hotel operation income

Revenue from hotel operation is recognised in the accounting period in which the services are rendered.

##### (iv) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered. The Group bills a fixed amount for each month of service provided and recognises as revenue in the amount to which the Group satisfies performance obligations by transferring the services to its customers.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of service. For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

Pre-delivery and consulting services to non-property owners mainly includes fees for construction sites management, display units and property sales venues management and consulting services to property developers at the pre-delivery stage, and property management consulting services provided to other property management companies which are billed based on actual level of services provided at pre-determined price and revenue is recognised when such services are provided.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.26 Revenue recognition (Continued)

(v) **Catering income**

Revenue from restaurant operations is recognised when food, beverages and services are delivered to or rendered to and have been accepted by customers

(vi) **Hire income from charter**

Hire income from time charter is accounted for as operating lease and is recognised on a straight-line basis over the period of each time charter contract.

(vii) **Passenger transportation agency service**

Revenue from passenger transportation agency service are recognised based on net agencies fee upon departure of ferries at terminals.

(viii) **Sales of goods**

The Group manufactures and sells a range of consumer products, including dental prosthetics. Revenue from sales of goods are recognised when the products have been delivered to and accepted by customers.

(ix) **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method. For financial assets measured at amortised cost are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of ECL allowance) of the asset.

#### 2.27 Leases

(a) **Definition of lease and the Group as a lessee**

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contain an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.27 Leases (Continued)

##### (a) Definition of lease and the Group as a lessee (Continued)

###### *Measurement and recognition of leases as a lessee*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Except for those right-of-use assets meeting the definition of investment properties, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use assets (except for those meeting the definition of investment properties) for impairment when such indicator exists. Those right-of-use assets meeting the definition of investment properties are subsequently measured at fair value, in accordance with the Group's accounting policies.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less. Low-value assets comprise IT-equipment and small items of office equipment.

On the consolidated statement of financial position, right-of-use assets that do not meet the definition of investment property have been included in "Right-of-use assets" are presented under non-current assets. Right-of-use assets that meet the definition of investment property are presented within "investment property". The prepaid lease payments for leasehold land are presented as "Land use rights" under non-current assets.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.27 Leases (Continued)

##### (b) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. The Group sub-leases some of its properties and the sub-lease contracts are classified as operating leases.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

#### 2.28 Dividend distribution

Dividend distribution to the owners of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or the board of directors, where applicable.

#### 2.29 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer (or guarantor) 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 contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers*.

Where guarantees in relation to loans or other payables of the Group's associates and joint venture are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations.

#### 2.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to property, plant and equipment are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to income is presented in gross under "Other gains and (losses), net" in the consolidated statement of profit or loss and other comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.31 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
  - i. has control or joint control over the Group;
  - ii. has significant influence over the Group; or
  - iii. is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity and if any of the following conditions applies:
  - i. the entity and the Group are members of the same group;
  - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - iii. the entity and the Group are joint ventures of the same third party;
  - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - v. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group (if the Group is itself such a plan) and the sponsoring employers are also related to the Group;
  - vi. the entity is controlled or jointly controlled by a person identified in (a);
  - vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### 3. ADOPTION OF NEW AND AMENDED HKFRSs

#### 3.1 Amended HKFRSs that are effective for annual periods beginning on or after January 2021

In the current year, the Group has applied for the first time the following amended standards and revised conceptual framework issued by HKICPA, which are relevant to the Group's operations and effective for the consolidated financial statements for the annual period beginning on 1 January 2021:

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

The application of the amendments to HKFRSs 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.

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior years have been prepared and presented.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. ADOPTION OF NEW AND AMENDED HKFRSS (Continued)

#### 3.2 Issued but not yet effective HKFRSSs

At the date of authorisation of these consolidated financial statements, the following new and amended standards have been published but are not yet effective, and have not been adopted early by the Group:

		Effective for the accounting period beginning on or after
Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKFRS 3	Reference to Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020	1 January 2022
HKFRS 17	Insurance Contracts and related amendments	1 January 2023
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
HK Interpretation 5 (2020)	Presentation of Financial Statement – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Directors anticipate that all of the applicable pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSSs, interpretation and accounting guideline are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL RISK MANAGEMENT

The Group conducts its operations in the PRC and is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's major financial instruments include financial assets at FVTPL, debtors, deposits and other receivables (excluding prepayments and prepaid other taxes), long-term and short-term bank deposits, cash and bank balances, restricted bank balances and cash, accrued construction costs, other payables, lease liabilities, derivative financial instruments and borrowings. Details of these financial instruments are disclosed in respective notes. The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

#### 4.1 Financial risk factors

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and borrowings to fund its operations.

Risk management is carried out by the Group's management under the supervision of the Directors. The Group's management identifies, evaluates and manages significant financial risks in the Group's individual operating units. The Directors provide guidance for overall risk management.

##### Market risk

##### Foreign exchange risk

The Group's businesses are principally conducted in RMB, except that some of the borrowings are denominated in other currencies. As at 31 December 2021 and 2020, the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective reporting dates are as follows:

	2021 RMB'000	2020 RMB'000
<b>Monetary assets</b>		
United States Dollars ("US\$")	<b>4,039,953</b>	5,940,094
Hong Kong Dollars ("HK\$")	<b>2,686,208</b>	2,789,028
Euro ("EUR")	<b>17,523</b>	172,018
	<b>6,743,684</b>	8,901,140
<b>Monetary liabilities</b>		
US\$	<b>77,391,985</b>	70,954,775
HK\$	<b>995,631</b>	2,493,072
	<b>78,387,616</b>	73,447,847

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. FINANCIAL RISK MANAGEMENT (Continued)

## 4.1 Financial risk factors (Continued)

## Market risk (Continued)

## Foreign exchange risk (Continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/(decrease) in RMB against the relevant currencies, the effect of (decrease)/increase (2020: increase/(decrease)) in the loss (2020: profit) for the year is as follows:

	2021		2020	
	Sensitivity rate %	Increase/ (Decrease) in profit or loss and equity RMB'000	Sensitivity rate %	Increase/ (Decrease) in profit or loss and equity RMB'000
USD	5%	3,667,602	5%	3,424,034
HKD	5%	(84,529)	5%	(93,237)
EUR	5%	(876)	5%	(780)

## Interest rate risk

The Group's interest-bearing assets and liabilities are mainly restricted bank balances and cash, long-term and short-term bank deposits, cash and bank balances, certain bank and other borrowings, senior notes and convertible bonds. Restricted bank balances and cash, long-term and short-term bank deposits, cash and bank balances, and certain bank and other borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Senior notes, certain bank and other borrowings, convertible bonds and lease liabilities issued at fixed rates expose the Group to fair value interest-rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2021, if interest rates on assets and liabilities had been increased/decreased by 100 (2020: 100) basis point with all variables held constant, the Group's post-tax loss for the year would have been RMB156,954,000 decreased/increased (2020: the Group's post-tax profit for the year would have been RMB95,301,000 decreased/increased). Majority of the interest expenses would be capitalised as a result of such interest expenses directly attributable to the property construction.

## Price risk

The Group's exposure to equity securities and debt securities price risk arises from investments held by the Group and classified in the Group's consolidated statement of financial position as at FVTPL. The Group regularly monitors the fluctuation of the price and assesses the impact on the Group's consolidated financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL RISK MANAGEMENT (Continued)

#### 4.1 Financial risk factors (Continued)

##### Market risk (Continued)

##### Price risk (Continued)

The table below summarises the impact of increases or decreases of price of the stocks and debt securities, which the Group purchased, on the Group's equity as at 31 December 2021. The analysis is based on the assumption that the stock price increased by 5% or decreased by 5% with all other variables held constant, and that all the Group's equity instruments moved in line with the price of each stock.

	2021 Decrease/ (increase) in the Group's loss for the year RMB'000	2020 Increase/ (decrease) in the Group's profit for the year RMB'000
Price of each stock – increases by 5%	<b>137,342</b>	112,600
Price of each stock – decreases by 5%	<b>(137,342)</b>	(112,600)
Price of each debt security – increases by 5%	<b>4,600</b>	8,457
Price of each debt security – decreases by 5%	<b>(4,600)</b>	(8,457)

##### Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's credit risk primarily arises from debtors, deposits and other receivables (excluding prepayments and prepaid other taxes), restricted bank balances, long-term and short-term bank deposits, and cash and bank balances. In respect of the Group's trade receivables, the Group has policies in place to ensure that sales are made to buyers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. For properties that are still under construction and the buyers choose to pay by bank mortgage, the Group typically provides guarantees to banks in connection with the buyers' borrowing of mortgage loans to finance their purchases of the properties. If a buyer defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the buyer's deposits and sell the property to recover any amounts paid by the Group to the bank. In this regard, the Directors consider that the Group's credit risk is largely mitigated. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk in respect of its trade receivables, with exposure spread over a large number of counterparties and buyers. As at 31 December 2021, the Group considered that there was an increase in credit risk of trade receivables having considered the COVID pandemic in the PRC and the economic environment in which property developers in the PRC operate. An expected credit loss of approximately RMB63,446,000 (2020: RMB18,227,000) was recognised for the year ended 31 December 2021.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. No credit limits were exceeded during the year, and management does not expect any significant losses from non-performance by these counterparties.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL RISK MANAGEMENT (Continued)

#### 4.1 Financial risk factors (Continued)

##### Credit risk (Continued)

The Group also provided guarantees in respect of certain borrowings of the Group's associates and joint ventures. The maximum exposure of such guarantees are the principal amounts borrowed by the associates and joint ventures, which has been disclosed in note 39. As at 31 December 2021, the Group has recognised a financial liability in respect of these guarantees of RMB458,192,000 (see note 32).

The credit risk of long-term bank deposits, short-term bank deposits, restricted bank balances and cash and bank balances is limited because the counterparties are either state-owned banks located in the PRC or banks with high credit ratings.

For the Group's financial assets measured at amortised cost that include other receivables, other deposits, restricted deposits for borrowings from non-financial institutions, amounts due from joint ventures, associates and non-controlling interests of subsidiaries, management makes periodic collective assessments as well as individual assessment on the recoverability of these receivables based on historical settlement records, past experience and forward-looking information. An expected credit losses of approximately RMB724,942,000 (2020: RMB858,226,000) was recognised for the year ended 31 December 2021 in respect of the financial assets due to the COVID pandemic in the PRC and the economic environment in which property developers in the PRC operate.

The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It also considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating, if any
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

##### *Trade receivables*

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

To measure the ECL of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the days past due. As at 31 December 2021 and 2020, there was no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. Credit losses for trade receivables are assessed on both individual and collective basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL RISK MANAGEMENT (Continued)

#### 4.1 Financial risk factors (Continued)

Credit risk (Continued)

Trade receivables (Continued)

The loss allowance provision for trade receivables as at 31 December 2021 and 2020 is determined as follows, the ECL provision below also incorporate forward-looking information.

	Current	More than 180 days past due	More than 1 year past due	Total
<b>2021</b>				
Expected loss rate	<b>0.2%-0.9%</b>	<b>3%-10%</b>	<b>25%-100%</b>	
Gross carrying amount (note 25(a)) (RMB'000)	<b>1,721,686</b>	<b>347,204</b>	<b>279,908</b>	<b>2,348,798</b>
Loss allowance provision (note 25(a)) (RMB'000)	<b>16,080</b>	<b>33,823</b>	<b>71,543</b>	<b>121,446</b>
	Current	More than 180 days past due	More than 1 year past due	Total
<b>2020</b>				
Expected loss rate	0.1%-0.5%	1%-5%	10%-100%	
Gross carrying amount (note 25(a)) (RMB'000)	1,620,525	241,848	315,438	2,177,811
Loss allowance provision (note 25 (a)) (RMB'000)	4,554	4,781	48,665	58,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL RISK MANAGEMENT (Continued)

#### 4.1 Financial risk factors (Continued)

##### Credit risk (Continued)

*Deposits and other receivables (excluding trade receivables, prepayments and prepaid other taxes but including amounts due from joint ventures, associates and non-controlling interests of subsidiaries)*

For financial assets measured at amortised cost include other receivables, other deposits, restricted deposits for borrowings from non-financial institutions, amounts due from joint ventures, associates and non-controlling interests of subsidiaries, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on the consideration of historical settlement records, past experience and forward-looking information. Credit losses for deposits and other receivables (excluding prepayments and prepaid other taxes) are assessed on both individual and collective basis.

Various categories adopted by the Group for the expected loss assessment on the Group's deposits and other receivables (excluding trade receivables, prepayments and prepaid other taxes but including amounts due from joint ventures, associates and non-controlling interests of subsidiaries) are as follows:

Category	Group definition of category	Basis for recognition of ECL provision
Performing	Debtors have a low risk of default or there has not been significant increase in credit risk	12 months expected losses
Underperforming	Receivables for which the credit risk has increased significantly since initial recognition; as significant increase in credit risk is presumed if interest and/or principal repayments are more than 180 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are more than 1 year past due there is no reasonable expectation of recovery	Lifetime expected losses
Write-off	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery	Asset is written off

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic data.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL RISK MANAGEMENT (Continued)

#### 4.1 Financial risk factors (Continued)

##### Credit risk (Continued)

Deposits and other receivables (excluding trade receivables, prepayments and prepaid other taxes but including amounts due from joint ventures, associates and non-controlling interests of subsidiaries)(Continued)

As at 31 December 2021 and 2020, the Group provides for credit losses against other receivables, other deposits, restricted deposits for borrowings from non-financial institutions, amounts due from joint ventures, associates and non-controlling interests of subsidiaries as follows:

#### 2021

Group's internal credit rating	Expected credit loss rates	Basis for recognition of expected credit loss provision	Gross carrying amount RMB'000	ECL provision RMB'000	Carrying amount (net of ECL) RMB'000
Performing	1%-11%	12 months expected losses	42,115,566	(605,609)	41,509,957
Underperforming	11%-21%	Lifetime expected losses	2,530,022	(360,818)	2,169,204
Non-performing	31%-51%	Lifetime expected losses	3,326,133	(1,686,435)	1,639,698
Total			47,971,721	(2,652,862)	45,318,859

#### 2020

Company internal credit rating	Expected credit loss rates	Basis for recognition of expected credit loss provision	Gross carrying amount RMB'000	ECL provision RMB'000	Carrying amount (net of ECL) RMB'000
Performing	1-10%	12 months expected losses	40,751,249	(1,098,335)	39,652,914
Underperforming	10%-20%	Lifetime expected losses	213,095	(42,619)	170,476
Non-performing	30%-50%	Lifetime expected losses	1,083,123	(786,966)	296,157
Total			42,047,467	(1,927,920)	40,119,547

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. FINANCIAL RISK MANAGEMENT (Continued)

## 4.1 Financial risk factors (Continued)

## Credit risk (Continued)

*Deposits and other receivables (excluding trade receivables, prepayments and prepaid other taxes but including amounts due from joint ventures, associates and non-controlling interests of subsidiaries)*(Continued)

As at 31 December 2021, the cumulative ECL recognised on amounts due from associates, joint ventures and non-controlling interests of subsidiaries were amounted to RMB107,180,000, RMB337,539,000 and RMB1,396,250,000 respectively (2020: RMB46,822,000, RMB184,884,000 and RMB45,969,000 respectively). ECL recognised on amounts due from associates, joint ventures and non-controlling interests of subsidiaries amounted to RMB60,358,000, RMB152,655,000 and RMB1,350,281,000 respectively for the year ended 31 December 2021 (2020: RMB6,391,000, RMB111,962,000 and RMB7,918,000 respectively).

No significant change to estimation techniques or assumptions was made during the year.

The loss allowance provision for deposits and other receivables (excluding trade receivables, prepayments and prepaid other taxes but including amounts due from joint ventures, associates and non-controlling interests of subsidiaries) as at 31 December 2021 and 2020 reconciles to the opening loss allowance for that provision as follows:

	Performing RMB'000	Underperforming RMB'000	Non-performing RMB'000	Total RMB'000
Opening loss allowance				
as at 1 January 2020	799,919	—	269,775	1,069,694
Transfers	(58,722)	—	58,722	—
Provision for loss allowance recognised in profit or loss during the year	357,138	42,619	458,469	858,226
Closing loss allowance				
as at 31 December 2020 and 1 January 2021	<b>1,098,335</b>	<b>42,619</b>	<b>786,966</b>	<b>1,927,920</b>
Transfers	<b>(31,530)</b>	<b>4,361</b>	<b>27,169</b>	—
Provision for loss allowance (reversed)/ recognised in profit or loss during the year	<b>(461,196)</b>	<b>313,838</b>	<b>872,300</b>	<b>724,942</b>
Closing loss allowance				
as at 31 December 2021	<b>605,609</b>	<b>360,818</b>	<b>1,686,435</b>	<b>2,652,862</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL RISK MANAGEMENT (Continued)

#### 4.1 Financial risk factors (Continued)

##### Credit risk (Continued)

*Deposits and other receivables (excluding trade receivables, prepayments and prepaid other taxes but including amounts due from joint ventures, associates and non-controlling interests of subsidiaries)*(Continued)

Summary of movement in ECL allowance

	Trade receivables RMB'000	Deposits and other receivables (excluding prepayments and prepaid other taxes) RMB'000	Total RMB'000
Closing loss allowance as at 31 January 2020	72,472	1,069,694	1,142,166
Provision for loss allowance recognised in profit or loss during the year (note 8)	18,227	858,226	876,453
Written off	(32,699)	–	(32,699)
Closing loss allowance as at 31 December 2020 and as at 1 January 2021	<b>58,000</b>	<b>1,927,920</b>	<b>1,985,920</b>
Provision for loss allowance recognised in profit or loss during the year (note 8)	<b>63,446</b>	<b>724,942</b>	<b>788,388</b>
Closing loss allowance As at 31 December 2021	<b>121,446</b>	<b>2,652,862</b>	<b>2,774,308</b>

##### Liquidity risk

Management aims at maintain sufficient cash and bank balances or having available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, short-term bank and other borrowings to meet its construction commitments. However, as explained in note 2.2, due to the unfavorable market condition in the property market in the PRC, the Group did not repay certain liabilities upon contractual maturities during and subsequent to the year ended 31 December 2021. Various plans and measures as explained in note 2.2 have been in process to help mitigate the Group's liquidity and financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. FINANCIAL RISK MANAGEMENT (Continued)

## 4.1 Financial risk factors (Continued)

## Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings taking into account the contractual terms of the Group's financial liabilities. The amounts disclosed in the table below are the contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay. The "on demand or within 1 year" category includes the Group's liabilities that had become default or cross-default as at 31 December 2021.

	On demand or within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 31 December 2021</b>					
Accrued construction costs	18,597,466	–	–	–	18,597,466
Borrowings	124,182,975	14,767,069	11,693,364	4,186,554	154,829,962
Other payables	19,750,707	19,350	–	–	19,770,057
Lease liabilities	170,537	88,002	264,007	249,161	771,707
	<b>162,701,685</b>	<b>14,874,421</b>	<b>11,957,371</b>	<b>4,435,715</b>	<b>193,969,192</b>
	On demand or within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 31 December 2020</b>					
Accrued construction costs	18,593,833	–	–	–	18,593,833
Borrowings	31,374,990	76,214,984	33,450,950	1,697,535	142,738,459
Other payables	24,260,845	19,768	–	–	24,280,613
Lease liabilities	137,953	104,460	204,977	272,251	719,641
	74,367,621	76,339,212	33,655,927	1,969,786	186,332,546

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL RISK MANAGEMENT (Continued)

#### 4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The management review the Group's capital structure periodically.

Consistent with other property developers that have significant operations in the PRC in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings, as shown in the consolidated statement of financial position) less cash and bank balances, long-term and short-term bank deposits and restricted bank balances and cash.

The gearing ratios of the Group at 31 December 2021 and 2020 were as follows:

	2021 RMB'000	2020 RMB'000
Total borrowings (note 31)	<b>131,706,494</b>	121,470,959
Less: Bank balances and cash (note 28)	<b>(16,370,494)</b>	(47,113,220)
Net debt	<b>115,336,000</b>	74,357,739
Total equity	<b>59,082,016</b>	78,719,374
Gearing ratio	<b>195.21%</b>	94.46%

The gearing ratio for 2021 was higher than that for 2020 as a result of (i) decrease in bank balances and cash; and (ii) the Group recorded a loss of approximately RMB13,258,403,000 for the year ended 31 December 2021 whereas, the Group recorded a profit of approximately RMB5,278,381,000 for the year ended 31 December 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. FINANCIAL RISK MANAGEMENT (Continued)

## 4.3 Fair value estimation

The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices, and not using significant unobservable inputs) (level 2).
- Significant inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liabilities that are measured at fair value:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 31 December 2021</b>				
<b>Assets</b>				
Financial assets at FVTPL	2,838,838	2,944,787	5,256,659	11,040,284
<b>Liabilities</b>				
Derivative financial instruments	–	–	–	–
<b>As at 31 December 2020</b>				
<b>Assets</b>				
Financial assets at FVTPL	2,421,118	2,692,525	5,593,857	10,707,500
<b>Liabilities</b>				
Derivative financial instruments	–	–	27,450	27,450

There was no transfer into or out of level 3 during the year ended 31 December 2021 and 2020.

The nominal value less impairment provisions of debtors and other receivables and the nominal value of accrued construction costs and other payables approximate their fair value due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL RISK MANAGEMENT (Continued)

#### 4.3 Fair value estimation (Continued)

##### (i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Fair value loss on financial assets at FVTPL of RMB963,377,000 (2020: gain on RMB98,616,000) was recognised in the profit or loss for the year ended 31 December 2021.

##### (ii) Financial instruments in level 2

As at 31 December 2021, the fair value of financial instruments in level 2 comprises of unlisted debt securities and unlisted managed funds which are determined based on information provided by quoted market makers and net asset values of the related funds provided by relevant financial institutions, which reflect the fair value of the underlying investments. Fair value loss on financial assets at FVTPL of RMB36,869,000 (2020: gain on RMB326,136,000) was recognised in the profit or loss for the year ended 31 December 2021.

##### (iii) Financial instruments in level 3

*Information about level 3 financial derivatives' fair value measurements*

Financial assets at level 3

The following table presents the changes in level 3 financial assets for the year ended 31 December 2021 and 2020:

	2021 RMB'000	2020 RMB'000
At 1 January	5,593,857	6,382,938
Additions	991,253	43,113
Derecognition	(281,681)	(97,713)
Net fair value loss recognised in profit or loss	(1,046,043)	(731,934)
Exchange realignment	(727)	(2,547)
At 31 December	5,256,659	5,593,857

Additions and derecognition of financial assets during the year ended 31 December 2021 mainly represented unlisted investment fund units in properties development and other businesses in the PRC.

For the Group's financial assets measured at FVTPL under the level 3 category, the net fair value loss on the financial assets at FVTPL for the year ended 31 December 2021 amounting to about RMB1,046,043,000 (2020: RMB731,934,000) which was recognised in the profit or loss for the year ended 31 December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. FINANCIAL RISK MANAGEMENT (Continued)

## 4.3 Fair value estimation (Continued)

## (iii) Financial instruments in level 3 (Continued)

The fair values of the Group's major investments in unlisted equity securities as at 31 December 2021 and 31 December 2020 are determined by using the market approach model, revalued by independent valuation experts. The fair value of the Group's derivative financial instruments as at 31 December 2020 was determined based on the binomial option price model, revalued by independent valuation experts. The fair value of the Group's investments in debt securities as at 31 December 2020 based on discounted cash flow model and binomial option price model, revalued by independent valuation expert. The fair value of other financial asset included in note 21 at 31 December 2021 is determined by using the income approach model, revalued by independent valuation experts. The valuation techniques and significant unobservable inputs of the financial assets at FVTPL and derivative financial instruments are as follows:

Financial instruments	Valuation techniques	Significant unobservable inputs	Range	Sensitivity relationship of unobservable inputs to fair value
Unlisted equity securities	Market approach	Price to book ratios	0.4 to 3.3 (2020: 0.5 to 4.1)	Increase/(decrease) in price to book ratios would result in increase/(decrease) in fair value
		Discount for lack of marketability	20% (2020: 20%)	Increase/(decrease) in discount rate would result in (decrease)/increase in fair value
Unlisted debt securities	Discounted cash flow model and binomial option pricing model	Expected volatility	N/A (2020: 70.9%)	Increase/(decrease) in expected volatility would result in increase/(decrease) in fair value
		Discount rate	N/A (2020: 10.5%)	Increase/(decrease) in discount rate would result in (decrease)/increase in fair value
Other financial asset	Income approach	Expected growth rate	3% to 5% (2020: N/A)	Increase/(decrease) in expected growth rate would result in increase/(decrease) in fair value
		Discount rate	10.5 (2020: N/A)	Increase/(decrease) in discount rate would result in (decrease)/increase in fair value
Derivative financial instruments	Binomial option pricing model	Expected volatility	N/A (2020: 43.85% to 45.90%)	Increase/(decrease) in expected volatility would result in increase/(decrease) in fair value

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL RISK MANAGEMENT (Continued)

#### 4.3 Fair value estimation (Continued)

##### (iii) Financial instruments in level 3 (Continued)

##### *Other fair value disclosures*

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2021 and 2020 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	2021		2020	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Borrowings:				
– Senior notes (note 31(a))	<b>74,883,812</b>	<b>19,348,190</b>	68,324,036	73,377,953

The Group does not have any financial assets/liabilities that are subject to offsetting, enforceable master netting arrangement and similar agreements during the years ended 31 December 2021 and 2020.

### 5. KEY ESTIMATION OF UNCERTAINTIES

Estimates and judgements used in preparing the consolidated financial statements are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Fair value of investment properties

Investment properties, including those completed investment properties and investment properties under construction, are carried at fair value in the consolidated statement of financial position and the changes in the fair value are recognised in the profit or loss. The Group obtains valuations from independent valuers at least annually. In making the judgement, consideration is given to inputs and assumptions that are mainly based on market conditions existing at the reporting date, expected rental from future leases in the light of current market conditions and capitalisation rates. Changes in subjective inputs and assumptions can materially affect the fair value estimate. The key assumptions used in the valuation in determining fair value for the Group's portfolio of properties are set out in note 17 to the consolidated financial statements.

As at 31 December 2021, the aggregate fair value of the Group's investment properties amounted to RMB20,262,500,000 (2020: RMB34,524,400,000), which was based on the valuation performed by an independent professional valuer.

#### (ii) Impairment losses on properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience (properties under development only) and committed contracts and estimated net sales value based on prevailing market conditions. Impairment losses are recognised when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

During the year ended 31 December 2021, based on the management's best estimate, an impairment loss was recognised in the profit or loss amounting to RMB6,281,357,000 (2020: RMB2,578,917,000) (see note 8).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. KEY ESTIMATION OF UNCERTAINTIES (Continued)

#### (iii) Impairment losses on prepayments for proposed development projects and deposits for land acquisitions

The Group assesses the carrying amounts of deposits for land acquisitions and prepayments for proposed development projects according to their recoverable amounts based on the realisability of these land use rights and property development projects, taking into account estimated net sales values based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

As at 31 December 2021, the carrying amounts of prepayments for proposed development projects and deposits for land acquisitions were RMB37,482,981,000 (2020: RMB25,004,121,000) and RMB19,391,786,000 (2020: RMB18,204,746,000) respectively. Based on the management best estimates, no impairment loss has recognised on the Group's prepayments for proposed development projects and deposits for land acquisition (2020: Nil and Nil respectively).

#### (iv) Impairment of non-financial assets (other than goodwill, investments in associates and joint ventures)

The Group assesses whether there are any indicators of impairment for all non-financial assets (other than goodwill, investments in associates and joint ventures) at the end of the reporting period. These 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 amounts 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.

When value-in-use calculations are undertaken, management estimates 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.

During the year ended 31 December 2021, based on the management's best estimate, the Group has recognised impairment losses of RMB286,140,000 (2020: Nil) intangible assets (other than goodwill) (see note 8).

#### (v) Income taxes, land appreciation taxes, withholding taxes and deferred income taxes

The Group's subsidiaries that operate in the PRC are subject to income tax in the PRC. Significant judgement is required in determining the provision for income taxes and withholding taxes on undistributed earnings of PRC subsidiaries. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred income tax provision in the period in which such determination is made.

Deferred tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of PRC subsidiaries to be repatriated and distributed by way of dividends as the Directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised certain of its land appreciation taxes calculation and payments with any local tax authorities in the PRC for most of its property projects. Accordingly, judgement is required in determining the amount of the land appreciation tax. The Group recognises these land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. KEY ESTIMATION OF UNCERTAINTIES (Continued)

#### (vi) Intangible assets – contracts with various sports players

Intangible assets acquired separately are measured at initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

The lives of the intangible assets range from 1 to 5 years based on the respective sports players' contracts. These are reviewed annually on a player-by-player basis to determine whether there are indicators of impairment. Determining whether the intangible assets should be impaired at the reporting date, factors such as whether the sports player will remain an active member of the playing squad and an assessment of the league that the football team will be playing in will be taken into account.

Full impairment loss was recognised for the year ended 31 December 2021 on such intangible assets, amounting to RMB286,140,000 (2020: Nil). The Directors are, of the view that, given the Covid pandemic control measures in the PRC, the intangible assets were no longer expected to generate significant future economic benefits to the Group.

#### (vii) Provision for impairment of trade debtors and other receivables

Under HKFRS 9, the Group makes allowances on items subjects to ECL (including debtors, deposits and other receivables (excluding prepayments and prepaid other taxes)) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. As at 31 December 2021, the aggregate carrying amounts of debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) amounted to RMB47,546,211,000 (net of ECL allowance of RMB2,774,308,000) (2020: RMB42,239,358,000 (net of ECL allowance of RMB1,985,920,000)).

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade receivables and other items within the scope of ECL of HKFRS 9 and credit losses in the periods in which such estimate has been changed.

#### (viii) Estimation of goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of CGU is determined based on value-in-use calculations which require the use of judgment and assumptions.

For the year ended 31 December 2021, based on the management's best estimate, the Group has recognised an impairment loss in the profit or loss amounting to RMB118,051,000 (2020: Nil). Details of impairment assessment and key assumptions are disclosed in note 22(b).

#### (ix) Fair value measurement of financial instruments

As at 31 December 2021, the Group's financial asset measured at FVTPL under level 3 fair value hierarchy was amounted to RMB5,256,659,000 (2020: RMB5,593,857,000). Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Further disclosures regarding the fair value measurement of those financial assets are set out in note 4.3.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. KEY ESTIMATION OF UNCERTAINTIES (Continued)

#### (x) Impairment assessment on investments in associates and joint ventures

As at 31 December 2021, the carrying amounts of the Group's investments in associates and joint ventures, net of impairment losses, were amounted to RMB7,098,501,000 and RMB13,026,297,000 respectively (2020: RMB13,817,340,000 and RMB18,386,366,000 respectively). Such investments are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Determining whether impairment loss should be recognised/reversed requires an estimation of the recoverable amount of the relevant associate/joint venture which is the higher of value in use and fair value less costs of disposal. The recoverable amount of each investment takes into account the respective financial position of the Group's associates or joint ventures, historical and expected future performance expected by the management with significant judgement.

Based on the management's best estimates, no impairment loss on the Group's investments in associates and joint ventures (2020: Nil and Nil respectively).

#### (xi) Classification of some of the Group's financial assets at FVTPL

The Group's financial assets at FVTPL as set out in note 21 included the Group's investment in an unlisted entity although the Group has over 20% equity interest in this investee. In making the judgement as to how the Group's investment should be classified, the Directors considered the facts that (a) the majority ownership of the investee is concentrated by a major shareholder who has over 50% equity interests in the investee and hence has power to direct the relevant activities of the investee by simple majority votes without regard to the views of the Group; and (b) the Group is entitled to appoint one out of seven directors of the investee. The Directors, therefore, concluded that the Group does not have sufficient significant influence over the operating and financing activities of this investee and hence classifies such investment as a financial asset at FVTPL. As at 31 December 2021, the carrying amount of such an investment was amounted to RMB4,134,995,000 (2020: RMB5,039,794,000).

#### (xii) Control over Kaisa Health Group Holdings Limited ("Kaisa Health Group")

The Group has obtained de facto control over Kaisa Health Group (a company incorporated in the Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange in Hong Kong) in November 2017. As at 31 December 2021, the Group has 42.99% equity interests (2020: 42.99%), which is accounted for and consolidated into the consolidated financial statements of the Group as a subsidiary. The Directors assessed whether the Group has control over Kaisa Health Group based on whether the Group has the practical ability to direct the relevant activities of Kaisa Health Group unilaterally. Key judgments adopted in concluding the Group has obtained control in Kaisa Health Group are: (a) the Group is the largest shareholder of Kaisa Health Group since November 2017 and no other single shareholder directly or indirectly controls more voting rights than the Group; (b) the shareholding of other non-controlling interests is dispersed and the chance of all other shareholders getting together to vote against the Group is remote; and (c) the Group has obtained effective control over majority of the board of Kaisa Health Group.

#### (xiii) Control over Kaisa Capital Investment Holdings Limited ("Kaisa Capital Group") (formerly known as "Eagle Legend Asia Limited")

The Group has obtained de facto control over Kaisa Capital Group (a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the main board of the Stock Exchange in Hong Kong) since the Group's acquisition of 30.6% equity interests of Kaisa Capital Group on 29 April 2021. The Group has treated Kaisa Capital Group as a subsidiary since the acquisition and consolidated into the consolidated financial statements of the Group as a subsidiary. The Directors assessed whether the Group has control over Kaisa Capital Group based on whether the Group has the practical ability to direct the relevant activities of Kaisa Capital Group unilaterally. Key judgments adopted in concluding the Group has obtained control in Kaisa Capital Group are: (a) pursuant to the terms of the Acting In Concert Undertaking dated 28 April 2021 with details being disclosed in the Company's announcement dated 28 April 2021, Excel Range Investments Limited ("Excel Range") (being a substantial shareholder holding 26% of the equity interests of Kaisa Capital Group at the time of the acquisition) has irrevocably and unconditionally undertaken to the Group that it will act in concert with the Group with respect to Kaisa Capital Group where Excel Range will vote in the same manner as the Group at shareholders' meetings of Kaisa Capital Group and that it will let the Group take the lead with respect to the control of Kaisa Capital Group; (b) since 16 July 2021, Mr. Kwok Ying Shing, the Chairman of the Company, has been appointed as the Chairman of Kaisa Capital Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. KEY ESTIMATION OF UNCERTAINTIES (Continued)

#### (xiv) Going concern assumptions

As stated in note 2.2, the Group's consolidated financial statements for the year ended 31 December 2021 have been prepared on a going concern basis. The assessment of the going concern assumption involves making significant judgment by the Directors and management about the future outcome of events or conditions which are uncertain. The Directors and management have been in the process of formulating plans and measures to mitigate the liquidity pressure of the Group and conclude that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2021 on a going concern basis.

### 6. SEGMENT INFORMATION

The CODM has been identified as the executive directors of the Company who are responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The executive directors assessed the performance of each single operating segment based on a measure of segment results. Fair value gain of financial derivatives, net fair value loss on financial assets at FVTPL, net (gain)/loss on repurchase of senior notes, corporate and other unallocated expenses, finance income, finance costs and income tax expenses are not included in the result for each operating segment.

The CODM identified the segments based on the nature of business operations. Specifically, the CODM assessed the performance of property development, property investment, property management services, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation operation and regarded these being the reportable segments.

As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market primarily in the PRC, and over 90% of the Group's assets are located in the PRC, no geographical segment information is presented.

Revenue for the year ended 31 December 2021 and 2020 consists of the following:

	2021 RMB'000	2020 RMB'000
Sales of properties	<b>30,565,700</b>	51,194,413
Rental income	<b>477,254</b>	543,704
Property management services	<b>2,136,147</b>	1,349,154
Hotel and catering operations	<b>343,834</b>	263,415
Cinema, department store and cultural centre operations	<b>297,332</b>	158,185
Water-way passenger and cargo transportation	<b>591,662</b>	424,371
Health care operations	<b>530,661</b>	490,999
Other	<b>602,094</b>	1,345,940
	<b>35,544,684</b>	55,770,181









## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Health care operations RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
<b>Other information</b>										
Depreciation										
– property, plant and equipment (notes 7 and 15)	66,298	7,248	3,791	24,029	10,239	62,638	8,317	5,809	7,718	196,087
– right-of-use assets (note 7 and 16)	61,846	9,610	2,089	8,729	6,060	5,263	1,838	44,425	(7,983)	131,877
Amortisation of intangible assets (notes 7 and 22)	–	–	2,507	–	268,126	–	44,793	3,729	–	319,155
Depreciation of land use rights (notes 7 and 18)	8,515	–	–	9,891	1,224	–	737	–	–	20,367
Write-down of completed properties held for sale and properties under development (note 8)	2,578,917	–	–	–	–	–	–	–	–	2,578,917
Provision of ECL/written off of debtors and other receivables	1,183,586	8,469	7,722	1,883	8,797	22,169	4,491	115,846	–	1,352,963

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Health care operations RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	862,743,144	43,746,564	7,464,778	3,909,126	10,849,454	30,103,753	9,703,569	161,868,564	(832,182,754)	298,206,198
Unallocated										11,692,361
<b>Total assets</b>										309,898,559
Segment liabilities	644,520,805	4,030,193	4,726,775	3,327,312	12,347,955	22,619,296	5,683,350	136,677,415	(755,128,110)	78,804,991
Unallocated										152,374,194
<b>Total liabilities</b>										231,179,185
<b>Other information:</b>										
Capital expenditure (notes 15, 16, 17, 18 and 22)	153,652	1,329,052	5,897	332,053	320,667	269,568	206,408	400,843	–	3,018,140
Net investments in associates	2,738,493	–	14,700	–	–	–	–	235,406	–	2,988,599
Net investments in joint ventures	2,701,195	–	–	–	–	–	–	50,000	–	2,751,195

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

For the years ended 31 December 2021 and 31 December 2020, none of the Group's customer accounted for more than 10% of the Group's total revenue.

Sales between segments are carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the profit or loss.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, investments in joint ventures, investments in associates, goodwill and intangible assets, land use rights, properties under development, completed properties held for sale, inventories, debtors, deposits and other receivables, deposits for land acquisition, prepayments for proposed development projects, bank balances and cash. They exclude financial assets at FVTPL, deferred tax assets and prepaid taxes.

As at 31 December 2021, segment assets of property development segment, property management, cinema, department store and cultural centre operations, health care operations and others segment included the investments in associates accounted for using the equity method totalling approximately RMB5,245,875,000, RMB13,060,000, Nil, RMB11,283,000 and RMB1,817,896,000 (2020: RMB8,226,990,000, RMB14,726,000, RMB1,000, RMB2,159,492,000 and RMB3,416,131,000) respectively. In addition, the segment assets of property development segment, property management segment and other segment included the investments in joint ventures accounted for using the equity method totalling RMB11,449,275,000, Nil and RMB1,548,706,000 (2020: RMB18,159,688,000, RMB102,805,000, RMB123,873,000) respectively.

Segment liabilities consist primarily of contract liabilities, accrued construction costs, operating borrowings and other payables. They exclude lease liabilities, deferred tax liabilities, income tax payable, corporate borrowings and derivative financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2021 RMB'000	2020 RMB'000
Auditor's remunerations		
– Audit services	6,500	8,000
– Non-audit services	–	3,200
Predecessor auditor's remunerations		
– Audit services	4,980	–
– Non-audit services	5,000	–
Advertising and other promotional costs	414,813	773,812
Agency fees	620,329	763,228
Amortisation of land use rights (note 18)	19,876	20,367
Amortisation of intangible assets (note 22)	256,270	319,155
Cost of properties sold	26,584,407	35,874,625
Depreciation		
– property, plant and equipment (note 15)	298,996	196,087
– right-of-use assets (note 16)	97,028	131,877
Direct operating expenses arising from		
– properties investments	252,382	217,334
– property management services	1,897,634	1,207,427
– hotel and catering operations	243,423	101,817
– cinema, department store, and cultural centre operations	725,540	948,705
– water-way passenger and cargo transportation	483,292	413,091
– health care operations	235,825	239,498
Donations	46,900	248,112
Legal and professional fees	490,593	605,926
Minimum lease payments under operating leases (note)	36,246	23,097
Other taxes	183,741	473,108
Staff costs – including directors' emoluments (note 14)	2,412,499	2,316,105

Note: According to HKFRS 16 Leases, payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss for the years ended 31 December 2021 and 2020. Short-term leases are leases with a lease term of less than 12 months.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. OTHER GAINS AND LOSSES – NET

	2021 RMB'000	2020 RMB'000
Other gains and (losses) mainly included in the following items:		
Dividend income received from		
– listed financial assets at FVTPL	22,974	300
– unlisted financial assets at FVTPL	18,425	16,297
Forfeited customer deposits	3,943	4,887
Government subsidy income (note)	165,628	153,740
Gain/(Loss) on disposals of property, plant and equipment (note 38(a))	25,742	(6,768)
Net exchange gain	1,617,758	4,670,815
Net fair value loss on financial assets at FVTPL	(2,046,289)	(307,182)
Loss on disposal of financial assets at FVTPL	(37,937)	–
Impairment loss on goodwill and intangible assets (note 22)	(404,191)	–
Write-down of properties under development (note 23)	(6,259,505)	(1,939,983)
Write-down of completed properties held for sale (note 24)	(21,852)	(638,934)
Net gain/(loss) on repurchase of senior notes (note 31(a))	2,198	(5,403)
Remeasurement losses resulting from associates and joint ventures (note 41(c))	–	(192,272)
Compensation paid	–	(145,033)
Provision for ECL allowance/write-off include:		
– relating to financial assets and contract assets	(2,532,021)	(1,352,963)
– relating to financial guarantees (note 39)	(343,743)	–
	<b>(2,875,764)</b>	<b>(1,352,963)</b>

Note: The amount represents the subsidies received from local government bureaux in the PRC as an incentive for development in specific regions. There was no unfulfilled conditions and other contingencies attached to the receipt of the subsidies.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9. FINANCE COSTS – NET

	2021 RMB'000	2020 RMB'000
<b>Finance income</b>		
Interest income on bank deposits	<b>683,968</b>	377,139
Interest income from associates	–	1,848
Interest income from loans to third parties	<b>5,925</b>	87,559
	<b>689,893</b>	466,546
<b>Finance costs</b>		
Interest expense		
– Bank borrowings	<b>2,615,007</b>	3,063,597
– Senior Notes (note 31(a))	<b>7,465,054</b>	6,966,334
– Convertible Bonds (note 31(b))	<b>47,781</b>	91,476
– Other borrowings	<b>1,746,347</b>	1,362,675
– Lease liabilities	<b>18,767</b>	41,533
Total interest expense	<b>11,892,956</b>	11,525,615
Less: interest capitalised (note)	<b>(10,182,796)</b>	(9,241,054)
	<b>1,710,160</b>	2,284,561
Finance costs – net	<b>(1,020,267)</b>	(1,818,015)

Note: The capitalisation rate of borrowings is 9.34% (2020: 8.06%) for the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10. INCOME TAX (CREDIT)/EXPENSES

	2021 RMB'000	2020 RMB'000
Current income tax		
– PRC enterprise income tax	803,545	3,162,104
– PRC land appreciation tax	1,206,077	2,222,657
Deferred income tax	(2,324,672)	(160,786)
	<b>(315,050)</b>	5,223,975

The income tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	2021 RMB'000	2020 RMB'000
(Loss)/Profit before income tax	(13,573,453)	10,502,356
Share of results of associates and joint ventures, net	440,026	7,161
	<b>(13,133,427)</b>	10,509,517
Calculated at PRC enterprise income tax rate of 25% (2020: 25%)	(3,283,356)	2,627,379
Effect of different income tax rates of subsidiaries	471,602	(723,109)
Income not subject to tax	(179,917)	(52,906)
Expenses not deductible for tax purposes	82,328	88,087
Effect of tax losses/deductible temporary difference not recognised	1,388,216	1,061,867
PRC enterprise income tax	(1,521,127)	3,001,318
PRC land appreciation tax	1,206,077	2,222,657
Income tax (credit)/expenses	<b>(315,050)</b>	5,223,975

**Overseas income tax**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax. The group companies in the British Virgin Islands ("BVI") were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

**Hong Kong profits tax**

No Hong Kong profits tax has been provided for the years ended 31 December 2021 and 2020 as the Group has no assessable profits arising in or derived from Hong Kong for the years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. INCOME TAX (CREDIT)/EXPENSES (Continued)

#### PRC withholding income tax

According to the Corporate Income Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be received on the immediate holding companies outside the PRC where their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

#### PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2020: 25%).

#### PRC land appreciation tax

PRC land appreciation tax 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 all property development expenditures.

### 11. DIVIDEND

#### (a) Dividends attributable to the year

	2021 RMB'000	2020 RMB'000
2021 dividends declared of Nil (2020: HK\$3.0 cents) per share	–	167,498
Proposed 2021 final dividend of Nil (2020: HK\$12.0 cents) per share	–	619,382
Distribution on perpetual capital securities Distribution on perpetual capital securities to the securities holders during the year ended 31 December 2021 (2020: Nil)	<b>141,212</b>	–

During the year ended 31 December 2021, the Company declared interim dividend of HK\$4.0 cents (equivalent to approximately RMB3.3 cents) (2020: HK\$3.0 cents (equivalent to approximately RMB2.65 cents)), the aggregate amount of interim dividend declared from share premium of the Company amounted to HK\$280,619,000 (equivalent to approximately RMB233,026,000) (2020: HK\$183,989,000 (equivalent to approximately RMB167,498,000)). After reviewing the financial position of the Company, the board of the Company has resolved that the interim dividend would not be paid.

The Company has resolved not to declare a final dividend for the year ended 31 December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11. DIVIDEND (Continued)

## (b) Dividends attributable to the previous financial year, approved and paid during the year

	2021 RMB'000	2020 RMB'000
Final dividend in respect of the previous financial year, of HK\$12.0 cents (2020: HK\$10.0 cents) per share	<b>700,509</b>	552,089

A final dividend in respect of the year ended 31 December 2020 of HK\$12.0 cents (equivalent to approximately RMB10.00 cents) per share was approved at the annual general meeting on 15 June 2021 (2020: a final dividend in respect of the year ended 31 December 2019 of HK\$10.0 cents (equivalent to approximately RMB8.96 cents) per share). The aggregate amount of final dividend declared from share premium of the Company amounted to approximately HK\$841,856,000 (equivalent to approximately RMB700,509,000) (2020: HK\$608,687,000 (equivalent to approximately RMB552,089,000)).

## 12. (LOSS)/EARNINGS PER SHARE

## (a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2021	2020 (restated)
(Loss)/Profit attributable to owners of the Company (RMB'000)	<b>(12,726,728)</b>	5,447,125
Distribution paid on perpetual capital securities (RMB'000)	<b>(141,212)</b>	–
	<b>(12,867,940)</b>	5,447,125
Weighted average number of ordinary shares in issue	<b>6,780,371,974</b>	6,310,942,116
Basic (loss)/earnings per share (RMB)	<b>(1.898)</b>	0.863

The calculation of basic (loss)/earnings per share is based on the Group's (loss)/profit attributable to owners of the Company of RMB12,867,940,000 (2020: profits of RMB5,447,125,000) and the weighted average number of 6,780,371,974 (2020: 6,310,942,116 (restated)) ordinary shares, after adjusting for the issue of shares upon exercise of share options and rights issue during the year ended 31 December 2021.

On 15 April 2021, the Company issued 876,555,528 ordinary shares, on the basis of seven rights shares for every one existing share held by the shareholders of the Company at a subscription price of HK\$2.95 per share through rights issue. The weighted average number of ordinary shares has been adjusted for the effect of the right issue for the year ended 31 December 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12. (LOSS)/EARNINGS PER SHARE (Continued)

#### (b) Diluted

	2021	2020 (restated)
(Loss)/Profit attributable to owners of the Company (RMB'000)	<b>(12,867,940)</b>	5,447,125
Weighted average number of ordinary shares in issue during the year	<b>6,780,371,974</b>	6,310,942,116
Effect of issue of shares under:		
– adjustment for share option scheme	–	22,641,813
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>6,780,371,974</b>	6,333,583,929
Diluted (loss)/earnings per share (RMB)	<b>(1.898)</b>	0.860

Diluted (loss)/earnings per share for the year ended 31 December 2021 and 2020 is calculated based on the weighted average number of ordinary shares outstanding adjusted to assume conversion of all dilutive potential ordinary shares (share options).

The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options.

The computation of diluted loss per share for the year ended 31 December 2021 did not assume the exercise of outstanding share options of the Company since their assumed conversion would result in a decrease in loss per share.

For year ended 31 December 2020, the number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise in full of the share options. The potential shares arising from the conversion of the Company's convertible bonds would increase the earnings per share attributable to owners of the Company and is not taken into account as they had an anti-dilutive effect.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 13. STAFF COSTS – INCLUDING DIRECTORS’ EMOLUMENTS

	2021 RMB'000	2020 RMB'000
Wages and salaries	<b>1,900,754</b>	1,959,488
Contribution to pension schemes	<b>102,031</b>	10,074
Medical benefits	<b>47,678</b>	30,099
Share-based payments (note 43(a))	<b>52,958</b>	112,995
Other allowances and benefits	<b>309,078</b>	203,449
	<b>2,412,499</b>	2,316,105

**Contribution to pension plans**

Employees in the Group’s PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal governments. The Group’s PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal governments to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (“MPF Scheme”) for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees’ relevant aggregate income and the maximum monthly contribution is HK\$1,500.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 14. DIRECTORS' CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S REMUNERATION

## (a) Director's and chief executive's emoluments

Directors' and chief executive's emoluments disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefit of Directors) Regulations, is as follows:

	Year ended 31 December 2021						
	Fees RMB'000	Salary RMB'000	Other benefits RMB'000	Discretionary performance- related bonus RMB'000	Contribution to pension scheme RMB'000	Share-based payments RMB'000	Total RMB'000
<b>Name of director</b>							
<b>Chairman</b>							
Mr. Kwok Ying Shing	–	3,526	–	–	–	–	3,526
<b>Vice Chairman</b>							
Mr. Sun Yuenan	–	14,241	88	198	35	2,508	17,070
<b>Executive Directors</b>							
Mr. Mai Fan*	–	10,725	73	186	35	836	11,855
Mr. Li Hai Ming (note ii)	–	6,495	73	198	35	585	7,386
Mr. Kwok Hiu Kwan (note ii)	–	1,960	50	114	54	–	2,178
<b>Non-Executive Director</b>							
Ms. Chen Shaohuan	–	252	–	–	–	–	252
<b>Independent Non-Executive Directors</b>							
Mr. Rao Yong	252	–	–	–	–	–	252
Mr. Zhang Yizhao	252	–	–	–	–	–	252
Mr. Liu Xuesheng	252	–	–	–	–	–	252
<b>Total</b>	<b>756</b>	<b>37,199</b>	<b>284</b>	<b>696</b>	<b>159</b>	<b>3,929</b>	<b>43,023</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 14. DIRECTORS' CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

## (a) Director's and chief executive's emoluments (Continued)

Name of director	Year ended 31 December 2020						Total RMB'000
	Fees RMB'000	Salary RMB'000	Other benefits RMB'000	Discretionary performance- related bonus RMB'000	Contribution to pension scheme RMB'000	Share-based payments RMB'000	
<b>Chairman</b>							
Mr. Kwok Ying Shing	–	3,732	–	–	16	–	3,748
<b>Vice Chairman</b>							
Mr. Sun Yuenan	–	12,264	72	–	19	6,674	19,029
<b>Executive Directors</b>							
Mr. Zheng Yi (note i)	–	1,053	14	–	3	–	1,070
Mr. Mai Fan*	–	7,741	56	–	19	2,225	10,041
Mr. Weng Hao (note i)	–	1,209	15	–	4	–	1,228
Mr. Li Hai Ming (note ii)	–	5,349	56	–	3	1,557	6,965
Mr. Kwok Hiu Kwan (note ii)	–	1,383	410	–	4	–	1,797
<b>Non-Executive Director</b>							
Ms. Chen Shaohuan	–	256	–	–	–	–	256
<b>Independent Non-Executive Directors</b>							
Mr. Rao Yong	267	–	–	–	–	311	578
Mr. Zhang Yizhao	267	–	–	–	–	311	578
Mr. Liu Xuesheng	267	–	–	–	–	267	534
<b>Total</b>	<b>801</b>	<b>32,987</b>	<b>623</b>	<b>–</b>	<b>68</b>	<b>11,345</b>	<b>45,824</b>

\* Chief executive officer of the Company

Notes:

- (i) Resigned on 6 April 2020 as executive director of the Company.
- (ii) Appointed on 6 April 2020 as executive director of the Company.
- (iii) Share option benefits represent fair value of share options granted to the relevant director which was charged to the consolidated statement of profit or loss and other comprehensive income in accordance with HKFRS 2.
- (iv) Salary paid to a director is generally an emolument paid or payable in respect of the person's other services in connection with the management of the affairs of the Company and its subsidiary undertakings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14. DIRECTORS' CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

#### (a) Director's and chief executive's emoluments (Continued)

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to any director as an inducement to join or leave the Group or compensation for loss of office. There were no arrangements under which a director has waived or has agreed to waive any emoluments.

#### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2020: three) directors whose emoluments are reflected in note (a) above. The emoluments for the remaining two (2020: two) individuals for the year ended 31 December 2021 are as follows:

	2021 RMB'000	2020 RMB'000
Salaries and other benefits	11,894	11,660
Contribution to pension schemes	34	5
Discretionary bonus	111	–
Share-based payments	5,452	3,842
	<b>17,491</b>	15,507

The emoluments for the remaining two (2020: two) individuals for the year ended 31 December 2021 fell within the following bands:

	Number of Individuals 2021	Number of Individuals 2020
HK\$0 to HK\$1,000,000	–	–
HK\$7,000,001 to HK\$7,500,000	–	1
HK\$10,000,001 to HK\$10,500,000	1	1
HK\$10,500,001 to HK\$11,000,000	1	–
	<b>2</b>	2

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties RMB'000	Land and buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Aircraft RMB'000	Vessels RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At 1 January 2020</b>									
Cost	2,029,414	1,779,576	97,567	90,318	1,218,033	–	620,693	108,101	5,943,702
Accumulated depreciation and impairment	(205,484)	(252,428)	(59,321)	(50,654)	(435,467)	–	(120,842)	–	(1,124,196)
Net carrying amounts	1,823,930	1,527,148	38,246	39,664	782,566	–	499,851	108,101	4,819,506
<b>Year ended 31 December 2020</b>									
Opening net carrying amounts	1,823,930	1,527,148	38,246	39,664	782,566	–	499,851	108,101	4,819,506
Additions	317,959	13,933	28,990	14,158	89,926	324,949	207,908	207,516	1,205,339
Acquisitions of subsidiaries (note 41)	–	4,114	–	–	1,617	–	–	–	5,731
Disposals	–	–	(4,783)	(1,479)	(7,740)	–	–	(15,252)	(29,254)
Disposals of subsidiaries (note 42(a))	(432,554)	–	–	(16)	(46,728)	–	–	–	(479,298)
Deemed disposals of subsidiaries (note 42(b))	–	–	–	(730)	(18,890)	–	–	–	(19,620)
Depreciation (notes 6 and 7)	(59,404)	(31,952)	(8,317)	(6,483)	(20,480)	(7,718)	(61,733)	–	(196,087)
Exchange realignment	–	–	5,675	(223)	147	–	–	–	5,599
Closing net carrying amounts	1,649,931	1,513,243	59,811	44,891	780,418	317,231	646,026	300,365	5,311,916
<b>At 31 December 2020</b>									
Cost	1,857,970	1,823,387	127,449	51,374	800,864	324,949	828,602	300,365	6,114,960
Accumulated depreciation and impairment	(208,039)	(310,144)	(67,638)	(6,483)	(20,446)	(7,718)	(182,576)	–	(803,044)
Net carrying amounts	1,649,931	1,513,243	59,811	44,891	780,418	317,231	646,026	300,365	5,311,916
<b>Year ended 31 December 2021</b>									
Opening net carrying amounts	1,649,931	1,513,243	59,811	44,891	780,418	317,231	646,026	300,365	5,311,916
Additions	52,259	15,391	53,958	5,874	368,000	–	44,224	93,154	632,860
Acquisitions of subsidiaries (note 41)	–	35,463	101,296	5,109	10,343	–	–	–	152,211
Disposals	–	(2,486)	(13,313)	(452)	(23,375)	–	(41,728)	–	(81,354)
Disposals of subsidiaries (note 42(a))	–	–	–	–	(980)	–	–	(187,043)	(188,023)
Depreciation (notes 6 and 7)	(62,525)	(42,826)	(10,771)	(10,588)	(54,609)	(30,871)	(86,806)	–	(298,996)
Transfer to FVTPL (note 21)	–	(284,884)	–	–	(3,687)	–	–	–	(288,571)
Exchange realignment	–	(486)	6,638	(646)	(1,157)	–	–	693	5,042
Closing net carrying amounts	1,639,665	1,233,415	197,619	44,188	1,074,953	286,360	561,716	207,169	5,245,085
<b>At 31 December 2021</b>									
Cost	1,910,229	1,586,384	276,028	50,673	1,150,010	324,949	831,097	207,169	6,336,539
Accumulated depreciation and impairment	(270,564)	(352,969)	(78,409)	(6,485)	(75,057)	(38,589)	(269,381)	–	(1,091,454)
Net carrying amounts	1,639,665	1,233,415	197,619	44,188	1,074,953	286,360	561,716	207,169	5,245,085

As at 31 December 2021, hotel properties, land and buildings with net carrying amounts of approximately RMB2,369,545,000 (2020: RMB1,323,368,000) were pledged as collateral for the Group's borrowings (note 31).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 December 2021, there was a land and building with net carrying amounts of approximately RMB889,673,000 (2020: RMB1,174,239,000) located in Hong Kong and under medium-term lease (between 10 and 50 years), and the remaining balances of hotel properties and land and buildings of approximately RMB1,983,407,000 (2020: RMB1,988,935,000) was located in the PRC and under medium-term and long-term lease (more than 50 years).

Depreciation expenses were charged to the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2021 RMB'000	2020 RMB'000
Cost of sales	182,917	129,454
Administrative expenses	116,079	66,633
	<b>298,996</b>	196,087

The management of the Group concluded there was an indication for impairment on certain of the Group's land and buildings. The recoverable amount of those land and buildings are determined based on their fair value less costs of disposal. The fair value measurement is categorised into Level 3 under the fair value hierarchy.

### 16. RIGHT-OF-USE ASSETS

The amount in respect of leases are as follows:

	Motor vehicles RMB'000	Office equipment RMB'000	Properties RMB'000	Machinery RMB'000	Total RMB'000
At 1 January 2020	993	586	1,356,937	–	1,358,516
Additions	818	74	130,545	–	131,437
Transfer	–	–	(682,986)	–	(682,986)
Deemed disposal of subsidiaries (note 42(b))	–	–	(48,981)	–	(48,981)
Disposal of subsidiaries (note 42(a))	–	–	(89,116)	–	(89,116)
Depreciation	(1,111)	(227)	(130,539)	–	(131,877)
At 31 December 2020 and 1 January 2021	<b>700</b>	<b>433</b>	<b>535,860</b>	–	<b>536,993</b>
Additions	<b>349</b>	<b>139</b>	<b>86,744</b>	<b>4,400</b>	<b>91,632</b>
Acquisition of subsidiaries (note 41)	<b>183</b>	–	<b>16,050</b>	<b>78,641</b>	<b>94,874</b>
Depreciation	<b>(650)</b>	<b>(19)</b>	<b>(88,295)</b>	<b>(8,064)</b>	<b>(97,028)</b>
<b>At 31 December 2021</b>	<b>582</b>	<b>553</b>	<b>550,359</b>	<b>74,977</b>	<b>626,471</b>

The right-of use assets represented leases of motor vehicles, office equipment, properties (staff quarters, offices and etc.) and machinery in Hong Kong and the PRC. The leases typically run for an initial period of 1 to 19 (2020: 1 to 20) years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 17. INVESTMENT PROPERTIES

	Under construction RMB'000	Completed RMB'000	Total RMB'000
At 1 January 2020	20,511,000	14,798,000	35,309,000
Additions	1,328,967	–	1,328,967
Disposals	–	(160,000)	(160,000)
Deemed disposals of subsidiaries (note 42(b))	–	(2,143,000)	(2,143,000)
Increase/(Decrease) in fair value	319,033	(129,600)	189,433
Transfer upon completion	(2,275,000)	2,275,000	–
<b>At 31 December 2020 and 1 January 2021</b>	<b>19,884,000</b>	<b>14,640,400</b>	<b>34,524,400</b>
Additions	<b>401,394</b>	–	<b>401,394</b>
Disposals of subsidiaries (note 42(b))	–	<b>(3,692,000)</b>	<b>(3,692,000)</b>
Decrease in fair value	<b>(316,394)</b>	<b>(1,506,257)</b>	<b>(1,822,651)</b>
Transfer to properties under development	<b>(8,167,000)</b>	<b>(981,643)</b>	<b>(9,148,643)</b>
<b>At 31 December 2021</b>	<b>11,802,000</b>	<b>8,460,500</b>	<b>20,262,500</b>

The following amount have been recognised in the consolidated statement of profit or loss and other comprehensive income for investment properties:

	2021 RMB'000	2020 RMB'000
Rental income (note 6)	<b>477,254</b>	543,704
Direct operating expenses arising from investment properties that generate rental income	<b>299,389</b>	217,334



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17. INVESTMENT PROPERTIES (Continued)

#### Valuation processes of the Group

The Group obtains independent valuations from Savills Valuation and Professional Services Limited, for its investment properties at least semiannually. For all investment properties, their current use equates to the highest and best use.

Discussions of valuation processes and results are held between the management, audit committee and the valuers in respect of valuations at the end of the reporting period, including but not limited to the following areas:

- discusses and assesses reasonableness of methodologies, major assumptions and inputs adopted in the independent valuation reports;
- assesses property valuations movements and compares to the prior year valuation reports; and
- holds discussions with the independent valuers.

#### Valuation techniques

##### Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' estimates of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

	2021		2020	
	Commercial RMB'000	Carpark RMB'000	Commercial RMB'000	Carpark RMB'000
Capitalisation rate	<b>2.5%-6.5%</b>	<b>6.5%</b>	3.0%-6.5%	6.5%
Expected vacancy rate	<b>0%-6%</b>	<b>N/A</b>	0%-5%	N/A
Monthly rental	<b>RMB72-775</b> <b>per sq.m.</b>	<b>RMB2,330</b> <b>per unit</b>	RMB113-621 per sq.m.	RMB2,330 per unit

Capitalisation and expected vacancy rates are estimated by the independent valuers based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Fair values of commercial properties under development are generally derived using the combination of direct comparison method by making reference to the comparable market transactions for the land portion as available in the market and the income capitalisation method by capitalising market rent derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 17. INVESTMENT PROPERTIES (Continued)

## Valuation techniques (Continued)

Fair value measurements using significant unobservable inputs (Continued)

	2021 RMB'000	2020 RMB'000
Term yield and reversionary yield	3.00% – 4.75%	4.35% – 4.75%
Budgeted construction cost to be incurred (RMB/sq.m.)	1,200–6,000	242–5,124
Anticipated developer's profit margin	5% – 12%	10% – 20%

The higher the term yield and reversionary yield, the lower the fair value.

Estimated costs to complete per square meter and developer's profit margin required are estimated by the independent valuers based on market conditions at the year-end dates. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the estimated costs to be incurred, the lower the fair value. The higher the anticipated developer's profit margin, the higher the fair value.

As at 31 December 2021 and 2020, the fair value measurement of the Group's investment properties is categorised at level 3. During the years ended 31 December 2021 and 2020, there were no transfers into or out of level 3.

The Group's investment properties are analysed as follows:

	2021 RMB'000	2020 RMB'000
In the PRC, held under:		
Leases of between 10 to 50 years	20,262,500	32,249,400
Leases of over 50 years	–	2,275,000
	<b>20,262,500</b>	<b>34,524,400</b>

As at 31 December 2021, investment properties with aggregate cumulative of RMB20,262,500,000 (2020: RMB13,665,400,000) were pledged as collateral for the Group's borrowings (note 31).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 18. LAND USE RIGHTS

	2021 RMB'000	2020 RMB'000
At 1 January	<b>720,913</b>	753,493
Addition	<b>5,925</b>	38,355
Disposals of subsidiaries (note 42(a))	–	(52,236)
Transfer to properties under development (note 23)	<b>(34,183)</b>	–
Amortisation – expensed in administrative expenses (note 7)	<b>(19,876)</b>	(20,367)
Exchange realignment	<b>(691)</b>	1,668
At 31 December	<b>672,088</b>	720,913
In the PRC, held under:		
Leases of over 50 years	<b>20,822</b>	60,603
Leases of between 10-50 years	<b>651,266</b>	660,310
At 31 December	<b>672,088</b>	720,913

Land use rights comprise cost of acquiring rights to use certain lands, which are principally located in the PRC, for hotel properties, self-use buildings and self-operating properties over fixed periods. The prepaid lease payments for the land use rights meet the definition of right-of-use assets in accordance with HKFRS 16.

As at 31 December 2021, land use rights with net carrying amounts of RMB286,003,000 (2020: RMB495,989,000) were pledged as collateral for the Group's borrowings (note 31).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19. INVESTMENTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Cost of investments in associates, less accumulated impairment		
– Listed	<b>1,100,551</b>	4,204,258
– Unlisted	<b>6,248,030</b>	9,770,984
Share of post-acquisition (loss)/profit and other comprehensive (loss)/profit, net of dividend received	<b>(260,467)</b>	(157,902)
	<b>7,088,114</b>	13,817,340
Fair value of listed investments	<b>658,550</b>	4,490,625

- (i) As at 31 December 2020, the Group had investments in Nam Tai Property Limited (“Nam Tai”), a company incorporated in British Virgin Islands and the shares of which are listed on New York Stock Exchange (“NYSE”). As at 31 December 2020, the Group held 9,191,050 ordinary shares of Nam Tai (“Nam Tai Shares”). The Nam Tai Shares were held by a subsidiary of the Company of which the shares have been pledged as collaterals in respect of a loan granted from a financial institution to the Group.

During the year ended 31 December 2021, due to the Group’s loss of significant influence over the operating and financing activities of Nam Tai, the Group’s investment in Nam Tai was reclassified from an investment in associate to financial asset as at FVTPL, a loss arising from the remeasurement of Nam Tai Shares to fair value at the time when the Group lost significant influence over Nam Tai of RMB342,596,000 was recognised in profit or loss for the year ended 31 December 2021.

Subsequent to the end of the reporting period, all of the Nam Tai Shares were disposed of by the financial institution with net proceeds amounting to RMB350,411,000 (equivalent to USD54,960,000), which was due to further drop in market price of Nam Tai Shares subsequent to the end of the reporting period. The proceeds from the disposal of Nam Tai Shares had been directly used to settle part of the loan from the financial institution.

- (ii) During the year ended 31 December 2021, the Group had lost significant influence over the operating and financing activities of 派斯雙林生物製藥股份有限公司 Pacific Shuanglin Bio-pharmacy Co., Ltd\* (formerly known as 南方雙林生物製藥股份有限公司 Southern Shuanglin Bio-pharmacy Co., Ltd\*) (“Shuanglin Bio-pharmacy”), the shares of which are listed on the Shenzhen Stock Exchange (“SZSE”) due to the disposal of certain Shuanglin Bio-pharmacy’s shares by the Group and capital injection by Shuanglin Bio-pharmacy’s other shareholders. During the year ended 31 December 2021, the Group’s interests in Shuanglin Bio-pharmacy had been reduced from 18.57% to 6.99%. As a result, the Group has reclassified its 6.99% equity interests in Shuanglin Bio-pharmacy from an investment in an associate to financial asset as at FVTPL as at 31 December 2021, a loss arising from the remeasurement of Shuanglin Bio-pharmacy to fair value at the time when the Group lost significant influence over Shuanglin Bio-pharmacy of RMB28,526,000 was recognised in profit or loss for the year ended 31 December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19. INVESTMENTS IN ASSOCIATES (Continued)

(iii) During the year ended 31 December 2020, the Group entered into a cooperation agreement with an independent third party to set up 南京正業置業發展有限公司 Nanjing Zhengye Property Development Co., Ltd.\* (“Nanjing Zhengye”) to obtain a development project for redevelopment. The Group injected capital into Nanjing Zhengye of RMB806,105,000. At as 31 December 2020, the Group had 49% equity interests in Nanjing Zhengye.

During the year ended 31 December 2021, the Group further injected RMB385,324,000 to Nanjing Zhengye.

(iv) As at 31 December 2021 and 2020, the management reviewed the recoverable amount of the Group’s interest in associates after taking into account the financial performance and financial position of the associates and the unfavorable business outlook of the associates. As at 31 December 2021, no impairment loss has recognised on the Group’s investment in associates (2020: Nil).

(v) As at 31 December 2021, based on management’s best estimates, the Group has recognised an aggregate cumulative impairment loss of RMB658,685,000 (2020: RMB658,685,000).

(vi) During the year ended 31 December 2020, the Group disposed of the interest of an associate to an independent third party through disposals of subsidiaries at the consideration of RMB1. Upon completion of the disposal, the Group recognised the gain on disposal in amount of approximately RMB9,535,000.

(vii) During the year ended 31 December 2020, the Group acquired additional interests in certain associates from other independent shareholders or through capital injection amounting to RMB265,754,000 in aggregate. Upon completion the acquisitions, the associates became subsidiaries of the Group with remeasurement losses on the investments in associates of RMB40,718,000 and transferred to subsidiaries in amount of RMB233,728,000 (note 40).

(viii) As at 31 December 2021, the fair value of the Group’s interest in an associate, namely, 廣東佳兆業佳雲科技股份有限公司 Kaisa JiaYun Technology Inc. (“JiaYun Technology”), which is listed on the SZSE, was amounted to RMB658,550,000. As at 31 December 2020, the fair values of the Group’s interests in Shuanglin Bio-pharmacy, JiaYun Technology and Nam Tai, were amounted to RMB3,475,814,000, RMB657,198,000 and RMB357,613,000 respectively. The abovementioned fair values were determined based on the market prices available on the respective stock exchanges, which are level 1 inputs in terms of HKFRS 13, Fair value measurement.

(ix) As at 31 December 2021, 101,419,425 shares of JiaYun Technology were pledged as collaterals for the Group’s borrowings. As at 31 December 2020, 9,191,050, 101,419,425 and 53,552,975 shares of Nam Tai, JiaYun Technology and Shuanglin Bio-pharmacy were pledged as collaterals for the Group’s borrowings (note 31).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19. INVESTMENTS IN ASSOCIATES (Continued)

Set out below are details of associates of the Group as at 31 December 2021 and 2020 which, in the opinion of the Directors, are material to the Group:

Name of entity	Place of business/ Country of incorporation	Particular of issued and paid up capital	Proportion of the issued capital/ interest held by the Group	Principal activity
福州金鵬盛天房地產開發有限公司 Fuzhou Jinpeng Sheng Tian Property Development Co., Ltd.* ("Fuzhou Jinpeng")	The PRC	RMB50,000,000 (2020: RMB50,000,000)	49% (2020: 49%)	Property development
JiaYun Technology	The PRC	RMB634,555,224 (2020: RMB634,555,224)	21.31% (2020: 21.31%)	Internet marketing
福州鑫地源房地產開發有限公司 Fuzhou Xin De Yuan Property Development Co., Ltd.* ("Xin De Yuan")	The PRC	RMB50,000,000 (2020: RMB50,000,000)	49% (2020: 49%)	Property development
Nam Tai (note i)	BVI	US\$265,476 (2020: US\$265,476)	N/A (2020: 23.90%)	Property development and management
Shuanglin Bio-pharmacy (note ii)	The PRC	RMB732,919,234 (2020: RMB492,434,666)	N/A (2020: 18.57%)	Research, development production and sales of blood products
廣州市融佳企業管理有限公司 Guangzhou Rongjia Corporate Management Co., Ltd.* (deregistration in 2021)	The PRC	N/A (2020: RMB10,000,000)	N/A (2020: 49%)	Corporate management service, marketing Advisory
Nanjing Zhengye (note iii)	The PRC	RMB2,460,000,000 (2020: RMB2,460,000,000)	49% (2020: 49%)	Property development

\* The English translation of the name of the Company established in the PRC is for reference only. The official name of the Company is in Chinese.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the summarised financial information of material associates of the Group as at the end of the reporting period. Such financial information has been adjusted to reflect the fair values of identifiable assets and liabilities of the associates at the completion dates of the acquisitions by the Group, and reconciled to the carrying amount in the consolidated financial statements.

#### 31 December 2021

	Nanjing Zhengye RMB'000	Fuzhou Jinpeng RMB'000	JiaYun Technology RMB'000	Xin De Yuan RMB'000
Current assets	5,853,395	5,098,734	1,369,099	3,199,600
Non-current assets	–	–	384,031	–
Current liabilities	(3,312,739)	(20)	(1,025,940)	(13)
Non-current liabilities	(279,700)	–	(15,442)	–
<b>Net assets</b>	<b>2,260,956</b>	<b>5,098,714</b>	<b>711,748</b>	<b>3,199,587</b>
Reconciliation to the Group's interest in the associates:				
Proportion of the Group's ownership	49.00%	49.00%	21.31%	49.00%
Carrying amount of the investment	1,107,868	2,498,370	151,673	1,567,798
Goodwill	–	–	819,085	–
<b>Carrying amount of the Group' investment</b>	<b>1,107,868</b>	<b>2,498,370</b>	<b>970,758</b>	<b>1,567,798</b>
Revenue for the year	–	–	6,529,010	–
Total expenses for the year	(125,839)	(3)	(6,788,745)	(1)
Income tax expense for the year	–	–	(34,422)	–
(Loss)/profit for the year	(125,839)	(3)	(291,157)	(1)
Other comprehensive expense for the year	–	–	(1,258)	–
<b>Total comprehensive expense for the year</b>	<b>(125,839)</b>	<b>(3)</b>	<b>(295,415)</b>	<b>(1)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19. INVESTMENTS IN ASSOCIATES (Continued)

31 December 2020

	Fuzhou Jinpeng RMB'000	JiaYun Technology RMB'000	Nam Tai RMB'000	Shuanglin Bio-pharmacy RMB'000	Xin De Yuan RMB'000
Current assets	5,098,737	1,811,394	6,326,153	832,673	3,199,601
Non-current assets	–	437,836	1,440,606	2,170,681	–
Current liabilities	(20)	(1,191,375)	(3,028,566)	(427,746)	(13)
Non-current liabilities	–	(50,694)	(874,800)	(283,648)	–
<b>Net assets</b>	<b>5,098,717</b>	<b>1,007,161</b>	<b>3,863,393</b>	<b>2,291,960</b>	<b>3,199,588</b>
Reconciliation to the Group's interest in the associates:					
Proportion of the Group's ownership	49.00%	21.31%	23.90%	18.57%	49.00%
Carrying amount of the investment	2,498,371	214,626	923,351	425,617	1,567,798
Goodwill	–	819,085	–	1,733,875	–
<b>Carrying amount of the Group' investment</b>	<b>2,498,371</b>	<b>1,033,711</b>	<b>923,351</b>	<b>2,159,492</b>	<b>1,567,798</b>
Revenue for the year/period since capital injection	–	3,279,324	491,003	915,472	–
Total expenses for the year/period since capital injection	(3)	(3,488,508)	(290,751)	(1,142,996)	(1)
Income tax (expense)/credit for the year/period since capital injection	–	(46,827)	(36,966)	7,917	–
(Loss)/profit for the year/period since capital injection	(3)	(256,011)	163,792	(219,607)	(1)
Other comprehensive income for the year/period since capital injection	–	–	91,816	–	–
Total comprehensive (expense)/income for the year/period since capital injection	(3)	(256,011)	255,608	(219,607)	(1)

The following table illustrates the aggregate summarised financial information of the Group's associates that are not individually material:

	2021 RMB'000	2020 RMB'000
Share of the associates' profit for the year/period since acquisitions/capital injection	<b>9,021</b>	11,437
Aggregate carrying amounts of the Group's interests in these associates	<b>943,319</b>	3,674,617

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. INVESTMENTS IN JOINT VENTURES

	2021 RMB'000	2020 RMB'000
At 1 January	<b>18,386,366</b>	14,092,325
Additions	<b>81,586</b>	89,334
Transfer from subsidiaries (notes 42(a) and 42(b))	–	1,662,805
Transfer to subsidiaries (notes 41(a) and 41(b))	<b>(3,754,208)</b>	(157,554)
Return of investment in a joint venture	<b>(1,476,394)</b>	–
Capital injection to joint venture	<b>85,330</b>	2,661,861
Share of results of joint ventures	<b>(324,699)</b>	37,595
At 31 December	<b>12,997,981</b>	18,386,366

- (i) During the year ended 31 December 2020, the Group also entered into an agreement with the other investor, being independent third party, to inject capital into a joint venture, 廣東佳紅房地產開發有限公司 Guangdong Jiahong Property Development Co., Ltd.\* (“Jiahong”). The Group contributed RMB280,500,000 to Jiahong during the year ended 31 December 2020.
- (ii) During the year ended 31 December 2020, the Group further injected RMB883,857,000 to 廣東佳盛房地產開發有限公司 Guangdong Jiasheng Property Development Co., Ltd.\* (“Jiasheng”) and the Group injected two immaterial joint ventures in aggregate amounts of RMB24,700,000.
- (iii) The management reviewed the recoverable amount of the interest in joint ventures after taking into account the financial performance and financial position of the joint ventures and the unfavorable business outlook of the joint ventures. As at 31 December 2021, no impairment loss has recognised on the Group’s investments in joint ventures (2020: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20. INVESTMENTS IN JOINT VENTURES (Continued)

Set out below are details of joint ventures of the Group as at 31 December 2021 and 2020 which, in the opinion of the Directors, are material to the Group.

Name of entity	Place of business/ Country of incorporation	Particular of issued and paid up capital	Proportion of the issued capital/ interest held by the Group	Principal activity
Huizhou City Kaileju Company Limited* ("Kaileju") ("惠州市愷樂居置業有限公司")	The PRC	RMB40,000,000 (2020: RMB40,000,000)	51% (2020: 51%)	Property development
Guangzhou Nantian Company Limited* ("Nantian") ("廣州南天商業大廣場建設 發展有限公司")	The PRC	RMB10,000,000 (2020: RMB10,000,000)	70% (2020: 70%)	Property leasing and development
Shenzhen Jiademeihuan Traveling Development Co., Limited* ("深圳市佳德美奧旅遊 開發有限公司")	The PRC	RMB50,000,000 (2020: RMB50,000,000)	51% (2020: 51%)	Property development
Shenzhen Jiafu East Tourism Development Co., Ltd.* ("深圳市佳富東部旅遊 開發有限公司")		RMB50,000,000 (2020: RMB50,000,000)		
Shenzhen Zhaofude Tourism Development Co., Ltd.* ("深圳市兆富德旅遊開發有限公司")		RMB50,000,000 (2020: RMB50,000,000)		
JVs for Dapeng Xiasha Development Project* ("大鵬下沙合營發展項目")				
Jiasheng	The PRC	RMB560,000,000 (2020: RMB560,000,000)	55% (2020: 55%)	Property development
Shenzhen Nanshan Kaisa Zhiye Property Development Co. Ltd.* ("Nanshan Kaisa") 深圳市南山佳兆業置業 發展有限公司#	The PRC	RMB83,333,333 (2020: RMB83,333,333)	100% (2020: 60%)	Property development

\* The English translation of the name of the Company established in the PRC is for reference only. The official name of the Company is in Chinese.

# Become a subsidiary of the Group during the year ended 31 December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. INVESTMENTS IN JOINT VENTURES (Continued)

Although the Group has over 50% equity interests in the above joint ventures, in accordance with the relevant joint arrangements, the decisions about relevant activities of the above entities require unanimous consent of the parties sharing control, accordingly they are classified as joint ventures of the Group. All the joint ventures of the Group are unlisted corporate entities with no quoted market prices available.

The Group has not incurred any contingent liabilities by other commitments relating to its investment in joint venture as at 31 December 2021 (2020: Nil).

The following table illustrates the summarised financial information of material joint ventures of the Group as at the end of the reporting period. Such financial information has been adjusted to reflect the fair values of identifiable assets and liabilities of the joint ventures as at the completion dates of acquisitions by the Group, and reconciled to the carrying amount in the consolidated financial statements.

#### 31 December 2021

	Nantian 2021 RMB'000	Kaileju 2021 RMB'000	Dapeng Xiasha Development Project 2021 RMB'000	Jiasheng 2021 RMB'000
Current assets	6,836,849	5,494,376	9,434,614	9,559,607
Non-current assets	3	129	13,618,747	1,903,051
Current liabilities	(4,861,246)	(2,901,680)	(7,015,105)	(1,617,959)
Non-current liabilities	–	(681,900)	(6,801,631)	(3,739,320)
<b>Net assets</b>	<b>1,975,606</b>	<b>1,910,925</b>	<b>9,236,625</b>	<b>6,105,379</b>
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	35,349	572,178	1,679	838,267
Non-current financial liabilities (excluding trade and other payables and provision)	–	(681,900)	(4,745,520)	(3,739,320)
Current financial liabilities (excluding trade and other payables and provisions)	(327,093)	(1,822,988)	–	–
Reconciliation to the Group's interest in the joint ventures				
Proportion to the Group's Ownership	70.0%	51.0%	51.0%	55.0%
Carrying amount of the Group's investment	1,382,924	974,572	4,710,679	3,357,958
Revenue	284	1,104,002	10,205	–
(Loss)/profit and total comprehensive (expense)/income for the year	(19,487)	194,036	219,742	(55,605)
The above profit/loss for the year including the following:				
Interest expenses	–	–	–	–
Depreciation	–	–	–	–
Income tax expenses	–	58,376	–	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20. INVESTMENTS IN JOINT VENTURES (Continued)

31 December 2020

	Kaileju 2020 RMB'000	Nantian 2020 RMB'000	Dapeng Xiasha Development Project 2020 RMB'000	Jiasheng 2020 RMB'000	Nanshan Kaisa 2020 RMB'000	Yan You 2020 RMB'000
Current assets	5,843,184	6,366,886	10,997,008	10,658,344	3,492,370	10,261,906
Non-current assets	307	17	11,535,746	800	16	–
Current liabilities	(3,206,701)	(1,371,810)	(6,440,922)	(1,123,161)	(795,433)	(7,309,158)
Non-current liabilities	(919,900)	(3,000,000)	(7,074,950)	(3,375,000)	–	–
<b>Net assets</b>	<b>1,716,890</b>	<b>1,995,093</b>	<b>9,016,882</b>	<b>6,160,983</b>	<b>2,696,953</b>	<b>2,952,748</b>
The above amounts of assets and liabilities include the following:						
Cash and cash equivalents	768,528	4,473	35,303	1,227,098	34	18,023
Non-current financial liabilities (excluding trade and other payables and provision)	(919,900)	(3,000,000)	(5,323,700)	(3,375,000)	–	(4,507,004)
Current financial liabilities (excluding trade and other payables and provisions)	(2,394,239)	(817)	–	–	–	(2,800,000)
Reconciliation to the Group's interest in the joint ventures						
Proportion to the Group's ownership	51.0%	70.0%	51.0%	55.0%	60.0%	50.0%
Carrying amount of the Group's investment	875,614	1,396,565	4,598,610	3,388,541	1,618,172	1,476,374
Revenue	1,246,156	3,580	60	6,423	–	–
Profit/(loss) and total comprehensive income/(expense) for the year/period since acquisition to obtain joint control	54,163	797	376,237	(34,968)	(15)	(7,179)
The above profit/loss for the year/period including the following:						
Interest expenses	–	–	–	–	–	–
Depreciation	–	–	–	–	–	–
Income tax expenses	83,993	–	–	–	–	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. INVESTMENTS IN JOINT VENTURES (Continued)

Set out below are the aggregate financial information of joint ventures that are not individually material:

	2021 RMB'000	2020 RMB'000
The Group's share of loss for the year/period since acquisition/capital injection to obtain joint control	<b>(491,502)</b>	(159,636)
Carrying amount of the Group's interest in these joint ventures	<b>2,571,848</b>	5,032,490

### 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RMB'000	2020 RMB'000
Listed securities:		
Equity securities – in Hong Kong (note i)	<b>779,170</b>	1,968,533
Equity securities – outside Hong Kong (notes i, iv and vi)	<b>1,967,666</b>	283,455
Debt securities – outside Hong Kong (note i)	<b>92,002</b>	169,130
Unlisted securities:		
Equity securities – in Hong Kong (note v)	<b>288,571</b>	–
Equity securities or funds – outside Hong Kong (note ii)	<b>7,583,929</b>	8,226,577
Debt securities – outside Hong Kong (note iii)	–	59,805
Other financial asset (note vi)	<b>328,946</b>	–
At 31 December	<b>11,040,284</b>	10,707,500
Less: non-current portion	<b>(7,912,876)</b>	(5,369,151)
Current portion	<b>3,127,408</b>	5,338,349

The fair value measurements of the Group's investments in listed and unlisted securities has been described in note 4.3.

The Group did not have significant influence or joint control on any of the above investments. The Group did not participate in the policy-making process and the operating and financial decisions of these unlisted investments as at 31 December 2021 and 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes:

- (i) The fair value measurement of these investments are classified as level 1 fair value measurement which are based on the quoted price available from the relevant stock exchanges. For the year ended 31 December 2021, the Group recognised a net fair value loss of RMB963,377,000 (2020: net fair value gain of RMB98,616,000) in respect of the fair value change in the consolidated statement of the profit or loss and other comprehensive income.
- (ii) The unlisted equity securities or investments in funds mainly represented the Group's investments in (a) an unlisted equity investment in an investee which is engaged in financial service business with the carrying amount as at 31 December 2021 amounting to RMB4,134,995,000 (2020: RMB5,039,794,000); (b) unlisted funds with the aggregate carrying amount as at 31 December 2021 amounting to RMB2,944,787,000 (2020: RMB2,682,638); and (c) other unlisted investments in private enterprises as at 31 December 2021 amounting to RMB504,147,000 (2020: RMB183,016,000). For the year ended 31 December 2021, the Group recognised a net fair value loss of RMB1,031,250,000 (2020: net fair value loss of RMB405,798,000) in respect of the fair value changes in the consolidated statement of the profit or loss and other comprehensive income.
- (iii) The amount represented the Group's investments in convertible bonds issued by unlisted entities. During the year ended 31 December 2021, the Group disposed of the investments in convertible bonds and the Group recognised a profit of RMB1,887,000 in the consolidated statement of the profit or loss and other comprehensive income.
- (iv) As at 31 December 2021, the carrying amount of the Group's investments in listed equity securities outside Hong Kong included the Group's investment in Nam Tai and Shaunglin Bio-pharmacy. During the year ended 31 December 2021, the Group has lost significant influence over the operating and financing activities of Nam Tai and Shaunglin Bio-pharmacy, hence the Group's investments in Nam Tai and Shaunglin Bio-pharmacy have been reclassified from investments in associate to financial assets at FVTPL with the carrying amount of RMB605,427,000 and RMB1,239,330,000 as at 31 December 2021 (Note 19).
- (v) The amount represented the Group's ownership in an investee that owns a property as at 31 December 2021 and 2020. The shares of the investee have been pledged as a collateral in respect of a loan advanced to the Group by a financial institution. During the year ended 31 December 2021, due to the Group's loss of control over the investee, the Group's investment in the investee has been reclassified to financial assets at FVTPL with the carrying amount of RMB288,571,000 as at 31 December 2021.
- (vi) During the year ended 31 December 2021, a subsidiary of the Group entered into contractual arrangements with independent third parties and the Group paid a deposit of RMB382,495,000 (the "Deposit") for an exclusive right to sell certain non-residential properties in the PRC (the "Properties") for a five-year period. Since the contractual arrangements give the Group a contractual right to receive cash which are variable, the asset is considered as a financial asset at FVTPL. A fair value loss of RMB53,549,000 has been recognised for the year ended 31 December 2021.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22. GOODWILL AND INTANGIBLE ASSETS

	Contracts							Total RMB'000
	Goodwill RMB'000 (note a)	with sports players RMB'000 (note b)	Trademarks and patent RMB'000 (note c)	Customer relationship RMB'000 (note c)	Technology RMB'000 (noted c)	Distribution network RMB'000 (note c)	Others RMB'000	
<b>Cost</b>								
At 1 January 2020	849,080	821,119	311,641	111,099	8,440	497,400	7,895	2,606,674
Acquisition of subsidiaries (note 41(b))	24,378	–	–	14,690	4,232	–	–	43,300
Additions	–	304,138	8,718	–	1,186	–	–	314,042
<b>At 31 December 2020 and 1 January 2021</b>	<b>873,458</b>	<b>1,125,257</b>	<b>320,359</b>	<b>125,789</b>	<b>13,858</b>	<b>497,400</b>	<b>7,895</b>	<b>2,964,016</b>
Additions	–	154,017	2,247	–	–	–	–	156,264
Acquisitions of subsidiaries (note 41)	216,335	–	4,643	18,000	–	–	–	238,978
Disposal of subsidiaries (note 42)	(2,462)	–	–	–	–	–	–	(2,462)
<b>At 31 December 2021</b>	<b>1,087,331</b>	<b>1,279,274</b>	<b>327,249</b>	<b>143,789</b>	<b>13,858</b>	<b>497,400</b>	<b>7,895</b>	<b>3,356,796</b>
<b>Accumulated amortisation</b>								
At 1 January 2020	203,931	540,290	53,255	63,005	8,440	497,400	2,135	1,368,456
Amortisation	–	268,126	31,562	13,231	3,383	–	2,853	319,155
<b>At 31 December 2020 and 1 January 2021</b>	<b>203,931</b>	<b>808,416</b>	<b>84,817</b>	<b>76,236</b>	<b>11,823</b>	<b>497,400</b>	<b>4,988</b>	<b>1,687,611</b>
Amortisation	–	184,718	46,259	20,351	2,035	–	2,907	256,270
Impairment	118,051	286,140	–	–	–	–	–	404,191
<b>At 31 December 2021</b>	<b>321,982</b>	<b>1,279,274</b>	<b>131,076</b>	<b>96,587</b>	<b>13,858</b>	<b>497,400</b>	<b>7,895</b>	<b>2,348,072</b>
<b>Net carrying amounts</b>								
<b>At 31 December 2021</b>	<b>765,349</b>	<b>–</b>	<b>196,173</b>	<b>47,202</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,008,724</b>
At 31 December 2020	669,527	316,841	235,542	49,553	2,035	–	2,907	1,276,405

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22. GOODWILL AND INTANGIBLE ASSETS (Continued)

Notes:

- (a) For the purposes of impairment testing, goodwill as at 31 December 2021, net of impairment, has been allocated to the following cash-generating units ("CGUs"):
- RMB15,254,000 (2020: RMB121,493,000) relating to sports operations which have been allocated in cinema, department store and cultural centre operations segment;
  - RMB490,387,000 (2020: RMB473,857,000) relating to health care operations which have been allocated in health care segments;
  - RMB165,035,000 (2020: RMB71,429,000) relating to property management operations which have been included in property management segment;
  - RMB286,000 (2020: RMB286,000) relating to cinema operations which have been allocated in cinema, department store and cultural centre operations segments; and
  - RMB94,387,000 (2020: Nil) and Nil (2020: RMB2,462,000) in trading of construction machinery and financial service operations, respectively, which have been allocated in other segments.

The following set out the key inputs and assumptions relating to the impairment assessment for the material segments:

#### Cinema, department store and cultural centre operations segment

The recoverable amounts of the CGU is determined by the management based on value-in-use calculations. These calculations used in cash flow projections in relation to the CGU of sports operations are based on financial budgets approved by management covering a 5-year (2020: 5-year) period and assumed the growth rate and inflation rate of 5% (2020: 38.4%) per annum and 3% (2020: 3%) per annum respectively. The cash flow are discounted using a pre-tax discount rate of 12% (2020: 12%) and reflect specific risks relating to the relevant segments. The value assigned to the key assumptions on market development and discount rates are consistent with external information sources. As at 31 December 2021, the management conducted a review on goodwill relating to sports operation and an impairment loss of RMB118,051,000 has been recognised in the consolidated profit or loss and other comprehensive income (2020: nil).

#### Health care segment

The recoverable amount of the CGU is determined by the management based on value-in-use calculation. These calculations used the five-year cash flow projections are based on financial budgets approved by the management with an average growth rate of 25% (2020: 25%) per annum. Cash flows beyond the five years period are extrapolated using 5% (2020: 5%) growth rate. A pre-tax discount rate of 16.00% (2020: 17%) is used for this CGU and derived using risk-free rate, the market returns and CGU specific factors. The key assumptions are annual growth rates, estimated future selling prices and direct costs which are estimated based on past practices and expectations of future changes in the market. The management believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGU to exceed the aggregate recoverable amount of CGU. As at 31 December 2021, the management conducted a review on goodwill relating to health care operations and concluded that no impairment is considered necessary to provide in respect of goodwill in health care operation (2020: nil).

#### Property management segment

The recoverable amount of the CGU is determined by the management based on value-in-use calculation. These calculations used the five-year cash flow projections are based on financial budgets approved by the management with an average growth rate of 12% (2020: 20%) per annum. Cash flows beyond the five-year period are extrapolated using 3% (2020: 3%) growth rate. A pre-tax discount rate of 19% (2020: 16%) is used for this CGU and derived using risk-free rate, the market returns and CGU specific factors. The key assumptions are annual growth rates, estimated future selling prices and direct costs which are estimated based on past practices and expectations of future changes in the market. The management believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGU to exceed the aggregate recoverable amount of CGU. As at 31 December 2021, the management conducted a review on goodwill relating to health care operations and concluded that no impairment is considered necessary to provide in respect of goodwill in property management operation (2020: nil).

- (b) The amounts represent the costs to acquire sports players' contracts or to extend their contracts, including the related agent's fees. The amortisation period ranged from 1 to 5 (2020: 1 to 5) years.

The Directors are, of the view that, given the Covid pandemic control measures in the PRC, the intangible assets were no longer expected to generate significant future economic benefits to the Group. Full impairment loss has been recognised on such intangible assets, amounting to RMB286,140,000, for the year ended 31 December 2021.

- (c) The trademarks and patent, customer relationship and distribution network were measured at their fair values at the date of acquisition and the valuation of the intangible assets is performed by an independent professional valuer not related to the Group. The fair value of these intangible assets at the date of acquisition was determined based on the income approach by estimating the future income arising from these intangible assets and the cost approach by reference to the financial information provided by the Group. The expected useful lives of these intangible assets ranged from 5 to 11 (2020: 5 to 11) years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. PROPERTIES UNDER DEVELOPMENT

	2021 RMB'000	2020 RMB'000
Amount comprises:		
Construction costs	<b>18,633,705</b>	18,840,846
Interest capitalised	<b>20,192,349</b>	17,026,583
Land use rights	<b>53,419,514</b>	37,817,304
	<b>92,245,568</b>	73,684,733
Less: Provisions for net realisable value	<b>(7,264,291)</b>	(2,316,790)
	<b>84,981,277</b>	71,367,943

The properties under development were located in the PRC and Hong Kong and are stated at lower of cost and net realisable value.

For the year ended 31 December 2021, a provision for impairment on properties under development of RMB6,259,505,000 (2020: RMB1,939,983,000) was recognised to reflect the decrease in the relevant net realisable value. In addition, the provision for impairment for properties under development of RMB1,312,004,000 (2020: RMB338,493,000) in aggregate were transferred to the provision for impairment on completed properties held for sale (note 24).

As at 31 December 2021, the net aggregate amount of properties under development of approximately RMB60,029,525,000 (2020: RMB44,926,104,000) were pledged as collateral for the Group's borrowings (note 31).

### 24. COMPLETED PROPERTIES HELD FOR SALE

	2021 RMB'000	2020 RMB'000
Completed properties held for sale	<b>16,855,054</b>	14,040,405
Less: Provision for net realisable value	<b>(903,562)</b>	(1,003,837)
Balance as at 31 December	<b>15,951,492</b>	13,036,568
Properties expected to be realised:		
Within one year from the end of the reporting period	<b>12,877,776</b>	4,709,071
After one year from the end of the reporting period	<b>3,073,786</b>	8,327,497
Balance as at 31 December	<b>15,951,562</b>	13,036,568

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**24. COMPLETED PROPERTIES HELD FOR SALE** (Continued)

The completed properties for sale were located in the PRC under medium-term and long-term lease. Completed properties held for sale which are expected to be recovered in more than twelve months after the reporting date are classified under current assets as it is expected to be realised in the Group's normal operating cycle.

For the year ended 31 December 2021, a provision for impairment loss on completed properties held for sale of RMB21,852,000 (2020: RMB638,934,000) was recognised to reflect the decrease in relevant net realisable value. In addition, the provision for impairment loss on completed properties held for sale of RMB1,312,004,000 (2020: RMB338,493,000) in aggregate were transferred from the provision for impairment on properties under development (note 23) during the year ended 31 December 2021.

As at 31 December 2021, the net aggregate amount of completed properties held for sale of approximately RMB8,671,038,000 (2020: RMB5,196,679,000) were pledged as collateral for the Group's borrowings (note 31).

**25. DEBTORS, DEPOSITS AND OTHER RECEIVABLES**

	2021 RMB'000	2020 RMB'000
Trade debtors – net (note a)	<b>2,227,352</b>	2,119,811
Other receivables (note b)	<b>9,856,031</b>	10,135,354
Other deposits (note b)	<b>1,502,723</b>	2,184,409
Prepayments (note d)	<b>3,752,296</b>	4,186,184
Prepaid other taxes	<b>3,332,971</b>	2,062,944
Restricted deposit for borrowings from non-financial institution (note b(iii))	–	1,960,203
Amounts due from associates (note b)	<b>8,235,404</b>	4,682,216
Amounts due from joint ventures (note b)	<b>22,952,859</b>	18,488,370
Amount due from non-controlling interests of subsidiaries (note b)	<b>5,424,704</b>	4,596,915
Less: Provision for ECL allowances (note c)	<b>55,056,988</b> <b>(2,652,862)</b>	48,296,595 (1,927,920)
Deposits, prepayments and other receivables – net	<b>52,404,126</b>	46,368,675
Total debtors, deposits and other receivables – net	<b>54,631,478</b>	48,488,486
Non-current portion		
– Other receivables (note b)	<b>(25,000)</b>	(20,000)
Current portion	<b>54,606,478</b>	48,468,486

As at 31 December 2021 and 2020, the carrying amounts of debtors, deposits, other receivables, amounts due from associates, amounts due from joint ventures and amount due from non-controlling interests of subsidiaries approximate their fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25. DEBTORS, DEPOSITS AND OTHER RECEIVABLES (Continued)

- (a) Trade debtors mainly arise from sales of properties, provision of property management services, provision of construction and design services and provision of financial services. Trade debtors are settled in accordance with the terms stipulated respectively in the property sale and purchase agreements or service agreements. The ageing analysis of trade debtors based on contractual terms as at the respective reporting dates is as follows:

	2021 RMB'000	2020 RMB'000
Within 90 days	1,458,322	1,411,610
Over 90 days and within 180 days	263,364	208,915
Over 180 days and within 270 days	264,476	186,823
Over 270 days and within 365 days	82,728	55,025
Over 365 days	279,908	315,438
	<b>2,348,798</b>	2,177,811
Less: Provision for ECL allowances (note c)	<b>(121,446)</b>	(58,000)
Trade debtor – net of ECL	<b>2,227,352</b>	2,119,811

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. As at 31 December 2021, a provision of RMB121,446,000 (2020: RMB58,000,000) was made against the gross amount of trade receivables.

Generally, no credit terms were granted to the customers of residential properties. For the Group's operation other than property development, the Group generally grant 0–90 days credit term to customers. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers as at 31 December 2021 and 2020.

The Group did not hold any collateral as security or other credit enhancements over the trade receivable.

- (b) Details of deposits and other receivables are as follows:

	2021 RMB'000	2020 RMB'000
Other receivables (notes i, ii, iii)	9,856,031	10,135,354
Other deposits (note iv)	1,502,723	2,184,409
Restricted deposit for borrowings from non-financial institution (note v)	–	1,960,203
Amounts due from associates (note vi)	8,235,404	4,682,216
Amounts due from joint ventures (note vi)	22,952,859	18,488,370
Amount due from non-controlling interests of subsidiaries (note vi)	5,424,704	4,596,915
	<b>47,971,721</b>	42,047,467
Less: Provision for ECL allowances (note c)	<b>(2,652,862)</b>	(1,927,920)
Deposits and other receivables – net	<b>45,318,859</b>	40,119,547

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**25. DEBTORS, DEPOSITS AND OTHER RECEIVABLES** (Continued)

(b) (Continued)

- (i) These receivables mainly include the interest receivables, amounts to be refunded by the government in relation to the land acquisitions in the PRC and other receivables. For the year ended 31 December 2021, provision for ECL allowance relating to these receivables was approximately RMB792,709,000 (2020: RMB690,379,000). As at 31 December 2021, the accumulated ECL for these balances were RMB769,724,000 (2020: RMB1,562,433,000).
- (ii) As at 31 December 2021, other receivables of RMB219,110,000 (2020: RMB246,010,000) are unsecured, carry interest at rates ranging from 4.35% to 15.0% (2020: 4.35% to 15.0%) p.a. and repayable within one year. For the year ended 31 December 2021, provision for ECL allowance relating to these receivables were reserved approximately RMB319,000 (2020: recognised RMB12,000). As at 31 December 2021, the accumulated ECL for these balances were approximately RMB4,601,000 (2020: RMB4,920,000).
- (iii) Included in other receivables, those which are repayable over 1 year from the end of the reporting period amounting to RMB25,000,000 (2020: RMB20,000,000), carrying interest at 13%, which are classified as non-current asset.
- (iv) Details of other deposits are as follows:

	2021 RMB'000	2020 RMB'000
Deposit paid for acquisitions of land use rights for property development	<b>102,000</b>	42,000
Refundable deposit to redevelopment project partner (note)	<b>1,021,873</b>	618,188
Other	<b>378,850</b>	1,524,221
	<b>1,502,723</b>	2,184,409

Note: The balances represent deposits paid by the Group for tendering redevelopment projects in the PRC, which is refundable when the tendering process were not being accepted.

For the year ended 31 December 2021, provision for ECL allowance relating to these deposits were approximately RMB6,120,000 (2020: RMB120,000). As at 31 December 2021, the accumulated ECL for these balances were approximately RMB37,568,000 (2020: RMB43,688,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25. DEBTORS, DEPOSITS AND OTHER RECEIVABLES (Continued)

- (b) (Continued)
- (v) The balances represent non-interest-bearing deposit restricted for borrowings from non-financial institution. For the year ended 31 December 2021, provision for ECL allowance relating to these receivables were approximately RMB39,204,000 (2020: Nil). As at 31 December 2021, the accumulated ECL for these balances were approximately Nil (2020: RMB39,204,000).
- (vi) The balances are unsecured, interest-free and repayable on demand. For the year ended 31 December 2021, provision for ECL allowance relating to these receivables were approximately RMB1,563,294,000 (2020: RMB126,271,000). As at 31 December 2021, the accumulated ECL for these balances were approximately RMB1,840,969,000 (2020: RMB277,675,000).
- (vii) The carrying amounts of the Group's receivables are mainly denominated in RMB and USD.
- (c) Impairment losses in respect of debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) are recorded using an allowance account unless the Group is satisfied that recovery of the amounts are remote, in which case the impairment losses are written off against debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) directly. The movement in the allowance for impairment of debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) is disclosed in note 4.1.
- (d) Prepayments mainly represent prepayments for purchase of construction materials and services.
- (e) The maximum credit risk exposure is the gross amount shown on the table above.

### 26. DEPOSITS FOR LAND ACQUISITION

Deposits for land acquisition arise from the acquisition of land in various regions in the PRC. These deposits would be converted into land use rights when the rights to use the lands have been obtained. The carrying amounts of the Group's deposits for land acquisition are mainly denominated in RMB.

### 27. PREPAYMENTS FOR PROPOSED DEVELOPMENT PROJECTS

The Group has entered into a number of contractual arrangements relating to redevelopment of certain areas and other development projects with independent third parties and has made prepayments in accordance with the terms of these respective contracts. These prepayments would be converted into properties under development upon the completion of the contracts.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 28. BANK BALANCES AND CASH

	2021 RMB'000	2020 RMB'000
<b>Non-current:</b>		
Long-term bank deposits	700,000	1,200,000
<b>Current:</b>		
Restricted bank balances and cash	11,110,309	6,248,888
Short-term bank deposits	1,500,000	3,585,570
Cash and bank balances	3,060,184	36,078,762
	<b>15,670,493</b>	45,913,220

Notes:

- (i) Restricted bank balances and cash mainly comprised of:
- (a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain subsidiaries of the Group engaged in property development are required to place in designated bank accounts certain amount of proceeds from pre-completion sale of properties as guaranteed deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and construction of the relevant property projects when approvals are obtained from local State-Owned Land and Resource Bureau. As at 31 December 2021, such guaranteed deposits amounted to RMB3,202,007,000 (2020: RMB3,273,542,000), which will be released after the construction of the relevant properties is completed or the related property ownership certificates are issued, whichever is earlier.
- (b) As at 31 December 2021, the Group's cash of RMB873,027,000 (2020: RMB2,306,573,000) was deposited in certain banks as guaranteed deposits for the benefit of mortgage loan facilities (note 39) granted by the banks to the purchasers of the Group's properties.
- (c) As at 31 December 2021, the Group's cash of RMB5,958,209,000 (2020: RMB606,554,000) was deposited in certain banks as guaranteed deposits for borrowings (note 31).
- (d) As at 31 December 2021, the Group's cash of RMB1,077,067,000 (2020: RMB62,219,000) was deposited in certain banks as guaranteed deposits for issuance of bills payables and settlement of tax.
- (ii) The effective interest rates and maturities of bank deposits in the PRC are ranged from 2.25% to 3.85% (2020: 1.55% to 3.85%) per annum and with remaining maturities from 6 months to 29 months (2020: 1 month to 41 months) as at 31 December 2021.
- (iii) As at 31 December 2021, short-term bank deposits of Nil (2020: RMB188,000,000) were pledged as collateral for the Group's borrowings (note 31).
- (iv) Long-term bank deposits, restricted bank balances and cash, short-term bank deposits and cash and bank balances are denominated in the following currencies:

	2021 RMB'000	2020 RMB'000
Denominated in – RMB	15,660,722	45,585,918
Denominated in – HKD	448,526	803,940
Denominated in – USD	261,088	706,328
Denominated in – EUR	157	17,034
	<b>16,370,493</b>	47,113,220

- (v) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and withdraw from the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 29. CONTRACT LIABILITIES

The amount of RMB44,788,870,000 (2020: RMB49,706,027,000) represents deposits and instalments received on properties sold to independent third parties after the issuance of pre-sale certificates by local government authorities.

### 30. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Total minimum lease payments:		
Due within one year	<b>170,537</b>	137,953
Due in the second to fifth years	<b>352,009</b>	309,437
Due after the fifth years	<b>249,161</b>	272,251
	<b>771,707</b>	719,641
Future finance charges on leases liabilities	<b>(146,193)</b>	(163,193)
Present value of leases liabilities	<b>625,514</b>	556,448
Present value of minimum lease payments		
Due within one year	<b>134,041</b>	103,208
Due in the second to fifth years	<b>266,680</b>	225,408
Due after the fifth years	<b>224,793</b>	227,832
	<b>625,514</b>	556,448
Less:		
Portion due within one year included under current liabilities	<b>(134,041)</b>	(103,208)
Portion due after one year included under non-current liabilities	<b>491,473</b>	453,240

As at 31 December 2021, the weighted average lessee's incremental borrowing rate applied was 7.11% (2020: 6.99%).

During the year ended 31 December 2021, the total cash outflows for the leases and short-term leases and low-value assets are RMB194,948,000 (2020: RMB203,021,000).

For both years, the Group leases various motor vehicles, machinery, office equipment and properties (including warehouse, staff quarters, offices and etc.) for its operations. Lease contracts are entered into for fixed term of 1 year to 19 years (2020: 1 year to 20 years), but may have extension and termination options. Lease terms are negotiated on an individual basis and contain 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.

The Group considered that no extension option or termination option would be exercised at the lease commencement date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31. BORROWINGS

	Notes	2021 RMB'000	2020 RMB'000
Borrowings included in current liabilities:			
Senior Notes	(a)	<b>74,883,812</b>	9,673,242
Convertible Bonds	(b)	–	663,398
Bank borrowings – secured	(c)	<b>11,601,144</b>	2,549,900
Bank borrowings – unsecured	(c)	<b>2,049,691</b>	3,687,274
Other borrowings – secured	(c)	<b>5,525,299</b>	1,934,150
Other borrowings – unsecured	(c)	<b>10,574,643</b>	4,452,478
Loan from a related company	(d)	<b>108,781</b>	108,781
		<b>104,743,370</b>	23,069,223
Borrowings included in non-current liabilities:			
Senior Notes	(a)	–	58,650,794
Bank borrowings – secured	(c)	<b>10,971,142</b>	18,433,007
Bank borrowings – unsecured	(c)	<b>3,011,970</b>	6,901,865
Other borrowings – secured	(c)	<b>4,605,058</b>	8,314,733
Other borrowings – unsecured	(c)	<b>8,374,954</b>	6,101,337
		<b>26,963,124</b>	98,401,736
Total borrowings		<b>131,706,494</b>	121,470,959

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 31. BORROWINGS (Continued)

Notes:

#### (a) Senior Notes

As at 31 December 2021 and 2020, the Group issued the following Senior Notes which are listed on the Singapore Exchange Securities Trading Limited:

Par value	Issue date	Par value							Issue price
		As at 1 January 2020	New issuance	Repurchase/ repayment	As at 31 December 2020 and 1 January 2021	New issuance	Repurchase/ repayment	As at 31 December 2021	
2020 7.25% Notes (US\$'000)	30 June 2017 and 4 May 2018	540,000	–	(540,000)	–	–	–	–	30 June 2020
2021 6.5% Notes – tranche I (US\$'000)	8 December 2020	–	250,000	–	250,000	–	–	250,000	7 December 2021
2021 6.5% Notes – tranche II # (US\$'000)	22 December 2020	–	150,000	–	150,000	–	–	150,000	7 December 2021
2021 6.75% Notes (US\$'000)	18 February 2020	–	400,000	(225,704)	174,296	–	(174,296)	–	18 February 2021
2021 7.875% Notes (US\$'000)	11 December 2018	400,000	–	–	400,000	–	(400,000)	–	30 June 2021
2021 7.875% Notes (US\$'000)	10 June 2020	–	300,000	–	300,000	–	(300,000)	–	9 June 2021
2021 11.75% Notes (US\$'000)	26 February 2019	400,000	–	(184,188)	215,812	–	(215,812)	–	26 February 2021
2022 8.5% Notes (US\$'000)	30 June 2017	1,147,000	–	–	1,147,000	–	–	1,147,000	30 June 2022
2022 11.25% Notes – tranche I (US\$'000)	9 April 2019	350,000	–	–	350,000	–	–	350,000	9 April 2022
2022 11.25% Notes – tranche II * (US\$'000)	2 July 2019	200,000	–	–	200,000	–	–	200,000	9 April 2022
2022 11.95% Notes – tranche I (US\$'000)	22 October 2019	400,000	–	–	400,000	–	–	400,000	22 October 2022
2022 11.95% Notes – tranche II ** (US\$'000)	1 November 2019	200,000	–	–	200,000	–	–	200,000	22 October 2022
2022 6.6% Notes (US\$'000)	5 February 2021	–	–	–	–	110,000	–	110,000	4 February 2022
2022 8.65% Notes (US\$'000)	23 July 2021	–	–	–	–	300,000	–	300,000	22 July 2022
2022 10.5% Notes (US\$'000)	8 September 2021	–	–	–	–	300,000	–	300,000	7 September 2022
2023 9.75% Notes – tranche I (US\$'000)	10 July 2020	–	400,000	–	400,000	–	–	400,000	28 September 2023
2023 9.75% Notes – tranche II ### (US\$'000)	16 February 2021	–	–	–	–	100,000	–	100,000	28 September 2023
2023 9.75% Notes – tranche III ### (US\$'000)	27 April 2021	–	–	–	–	200,000	–	200,000	28 September 2023
2023 9.75% Notes – tranche IV ### (US\$'000)	16 June 2021	–	–	–	–	280,000	–	280,000	28 September 2023
2023 10.875% Notes – tranche I (US\$'000)	23 July 2019	300,000	–	–	300,000	–	–	300,000	23 July 2023
2023 10.875% Notes – tranche II *** (US\$'000)	13 November 2019	150,000	–	–	150,000	–	–	150,000	23 July 2023
2023 10.875% Notes – tranche III *** (US\$'000)	26 January 2021	–	–	–	–	300,000	–	300,000	23 July 2023
2023 11.5% Notes – tranche I (US\$'000)	30 May 2019	400,000	–	–	400,000	–	–	400,000	30 January 2023
2023 11.5% Notes – tranche II **** (US\$'000)	24 June 2019	300,000	–	–	300,000	–	–	300,000	30 January 2023
2023 11.95% Notes – tranche I (US\$'000)	12 November 2019	300,000	–	–	300,000	–	–	300,000	12 November 2023
2023 11.95% Notes – tranche II (US\$'000) #	17 November 2020	–	200,000	–	200,000	–	–	200,000	12 November 2023
2024 9.375% Notes (US\$'000)	30 June 2017	3,051,500	–	–	3,051,500	–	(804,047)	2,247,453	30 June 2024
2025 9.95% Notes – tranche I (US\$'000)	23 January 2020	–	300,000	–	300,000	–	–	300,000	23 July 2025
2025 9.95% Notes – tranche II (US\$'000)	3 February 2021	–	–	–	–	200,000	–	200,000	23 July 2025
2025 10.5% Notes (US\$'000)	15 January 2020	–	500,000	–	500,000	–	–	500,000	15 January 2025
2025 11.25% Notes – tranche I (US\$'000)	8 July 2020	–	300,000	–	300,000	–	–	300,000	16 April 2025
2025 11.25% Notes – tranche II ## (US\$'000)	2 September 2020	–	400,000	–	400,000	–	–	400,000	16 April 2025
2025 11.7% Notes (US\$'000)	11 May 2021	–	–	–	–	1,000,022	–	1,000,022	11 November 2025
2026 11.65% Notes (US\$'000)	1 June 2021	–	–	–	–	300,000	–	300,000	1 June 2026
<b>Total (US\$'000)</b>		<b>8,138,500</b>	<b>3,200,000</b>	<b>(949,892)</b>	<b>10,388,608</b>	<b>3,090,022</b>	<b>(1,894,155)</b>	<b>11,584,475</b>	
<b>Total amortised cost (US\$'000)</b>		<b>7,943,372</b>			<b>10,471,278</b>			<b>11,745,190</b>	
<b>Total amortised cost (RMB'000)</b>		<b>56,418,863</b>			<b>68,324,036</b>			<b>74,883,812</b>	

\* 2022 11.25% Notes – tranche II was consolidated and form a single series with the 2022 11.25% Notes – tranche I.

\*\* 2022 11.95% Notes – tranche II was consolidated and form a single series with the 2022 11.95% Notes – tranche I.

\*\*\* 2023 10.875% Notes – tranche II and tranche III were consolidated and form a single series with the 2023 10.875% Notes – tranche I.

\*\*\*\* 2023 11.5% Notes – tranche II was consolidated and form a single series with the 2023 11.5% Notes – tranche I.

# 2021 6.5% Notes – tranche II was consolidated and form a single series with the 2021 6.5% Notes – tranche I.

## 2023 11.95% Notes – tranche II was consolidated and form a single series with the 2023 11.95% Notes – tranche I.

### 2025 11.25% Notes – tranche II was consolidated and form a single series with the 2025 11.25% Notes – tranche I.

#### 2023 9.75% Notes – tranche II, tranche III and tranche IV were consolidated and form a single series with the 2023 9.75% Notes – tranche I.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**31. BORROWINGS** (Continued)

Notes: (Continued)

**(a) Senior Notes (Continued)**

The major terms and conditions of the senior notes include early redemption options of the Group and the repurchase of the senior notes upon a change of control.

The senior notes are secured by the pledge of shares of the Group's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Group.

The movement of the Senior Notes is as follows:

	2021 RMB'000	2020 RMB'000
Carrying amount as at 1 January	68,324,036	56,418,863
Accrued interests (note 9)	7,465,054	6,966,334
Interests paid	(7,095,417)	(5,959,591)
Repurchase/repayment of Senior Notes	(12,390,501)	(6,467,470)
Senior Notes recognised	20,328,157	22,016,058
Transaction costs	(159,174)	(208,034)
Exchange difference	(1,588,343)	(4,442,124)
	<b>74,883,812</b>	68,324,036
Carrying amount as at 31 December	<b>74,883,812</b>	68,324,036

During the year ended 31 December 2021, the Group conducted a tender offer to repurchase 7.875% senior notes due 9 June 2021 with a principal amount of US\$59,194,000 (equivalent to approximately RMB388,982,000) and 7.875% senior notes due 30 June 2021 with a principal amount of US\$54,150,000 (equivalent to approximately RMB355,836,000). Besides, the Group conducted a concurrent exchange and tender offer for 9.375% senior notes due 2024 to repurchase 9.375% senior notes due 2024 with a principal amount of US\$304,025,000 (equivalent to approximately RMB1,997,839,000) and senior note holders with principal amount of US\$500,022,000 (equivalent to approximately RMB3,285,795,000) had validly tendered for the exchange and accepted pursuant to the exchange offer. All the repurchased notes were cancelled. As a result, a gain on repurchased of senior notes of approximately RMB2,198,000 (note 8) is recognised in profit or loss for the year ended 31 December 2021.

During the year ended 31 December 2021, the Group redeemed (i) 6.75% senior notes due February 2021 with a principal amount of US\$174,296,000 (equivalent to approximately RMB1,137,264,000), (ii) 11.75% senior notes due February 2021 with a principal amount of US\$215,812,000 (equivalent to approximately RMB1,408,152,000), (iii) 7.875% senior notes due 9 June 2021 with a principal amount of US\$240,800,000 (equivalent to approximately RMB1,582,408,000) and (iv) 7.875% senior notes due 30 June 2021 with a principal amount of US\$345,850,000 (equivalent to approximately RMB2,234,225,000) upon maturity.

The 2021 6.5% Notes tranche I & II were matured on 7 December 2021. The Group did not pay the principal and accrued unpaid interest on the maturity date.

Due to the cross-default terms and conditions set out in the relevant Senior Notes agreements, all of the outstanding Senior Notes have been classified as current liabilities as at 31 December 2021.

During the year ended 31 December 2020, the Group repurchased 2020 7.25% Notes with a principal amount of US\$27,000,000 (equivalent to approximately RMB191,146,000) and repaid the outstanding 2020 7.25% Notes with a principal amount of US\$513,000,000 (equivalent to approximately RMB3,631,784,000). In addition, the Group further repurchased 2021 11.75% Notes with a principal amount of US\$184,188,000 (equivalent to approximately RMB1,188,343,000) and the 2021 6.75% Notes with a principal amount of US\$225,704,000 (equivalent to approximately RMB1,456,197,000). The repurchases were substantially different as the discounted present value of the revised cash flows using the original effective interest rate was different from the discounted present value of the remaining cash flows of the original financial liabilities by more than 10 per cent. Accordingly, such modification of terms was accounted for as an extinguishment of the original financial liabilities and the recognition of new financial liabilities. Therefore, the Group derecognised the original senior notes outstanding and recognised new senior notes measured at fair value as at the date of extinguishment. The difference between the carrying amount of the borrowings derecognised and the fair value of the new senior notes recognised amounting to approximately RMB5,403,000 (note 8) was recognised in profit or loss for the year ended 31 December 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 31. BORROWINGS (Continued)

Notes: (Continued)

#### (b) Convertible Bonds

On 14 January 2019, the Company issued 10.5% convertible bonds at an aggregate principal amount of US\$100,000,000 (equivalent to approximately RMB643,496,000) (the "Convertible Bonds") which will be matured on 14 July 2021 (the "Maturity Date"). The Convertible bonds are denominated in United States dollars and are secured by the shares of the Company and certain subsidiaries of the Group. The Convertible Bonds entitle the holders to convert them into ordinary shares of the Company at any time starting from 41 days after the date of issue of the Convertible Bonds to 10 days before the Maturity Date at a conversion price of HK\$5 per share (translated into HK\$ at a fixed rate of exchange equal to US\$1.00: HK\$7.83) subject to antidilutive adjustments. The conversion price of the Convertible Bonds was adjusted to HK\$4.63 per share with effect from 5 December 2020, pursuant to the terms and conditions of the Convertible Bonds, as a result of the approval by the shareholders of an interim dividend of HK3.0 cents per share for the year ended 31 December 2020. Neither the Company nor the holders of the Convertible Bonds may demand early redemption. The terms of Convertible Bonds do not satisfy the "fixed for fixed" rule in HKFRS 9. The proceeds of the Convertible Bonds were allocated into two components, debt and financial derivative elements on initial recognition. The Convertible Bond bears interest at 10.5% per annum on the outstanding principal amount and would be payable semi-annually in arrears until the Convertible Bonds are converted or matured. During the year ended 31 December 2021, there has been no conversion of the Convertible bonds and the Convertible Bonds have been redeemed.

The Convertible Bonds were recognised as embedded financial derivatives and debt component as follows:

- Embedded financial derivatives comprise the fair value of the option of the holders of the Convertible bonds to convert the Convertible Bonds into ordinary shares of the Company at the conversion price.
- Debt component initially recognised at the residual amount after deducting the fair value of the derivative component from the net proceeds at the initial recognition, and is subsequently carried at amortised cost.

The movement of the liability and embedded derivatives components of the Convertible Bonds for the year is set out below:

	Liability component RMB'000	Embedded derivatives component RMB'000 (note 33)	Total RMB'000
At 1 January 2020	699,900	82,807	782,707
Interest expense (note 9)	91,476	–	91,476
Interest paid	(72,950)	–	(72,950)
Fair value changes	–	(52,838)	(52,838)
Exchange difference	(55,028)	(2,519)	(57,547)
At 31 December 2020 and 1 January 2021	<b>663,398</b>	<b>27,450</b>	<b>690,848</b>
Interest expense (note 9)	<b>47,781</b>	–	<b>47,781</b>
Interest paid	<b>(66,480)</b>	–	<b>(66,480)</b>
Fair value changes	–	<b>(27,232)</b>	<b>(27,232)</b>
Redemption	<b>(613,786)</b>	–	<b>(613,786)</b>
Exchange difference	<b>(30,913)</b>	<b>(218)</b>	<b>(31,131)</b>
At 31 December 2021	–	–	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**31. BORROWINGS** (Continued)

Notes: (Continued)

**(b) Convertible Bonds (Continued)**

The major inputs used in the binomial models as at 31 December 2020 were as follows:

	2020
Stock price	HK\$3.82
Conversion price	HK\$4.63 per share
Time to maturity	0.53 years
Risk-free rate	0.28%
Expected volatility	43.85%

Any changes in the major inputs in the model may result in changes in the fair value of the derivative component.

**(c) Bank and other borrowings**

The Group's bank and other borrowings of RMB32,702,643,000 (2020: RMB31,231,790,000) were secured by certain property, plant and equipment, investment properties, land use rights, properties under development, completed properties held for sale, financial assets at FVTPL, restricted bank balances and cash and short-term bank deposits of the Group and shares of certain of the Group's subsidiaries and associates.

The pledged assets for the Group's bank and other borrowings are as follows:

	2021 RMB'000	2020 RMB'000
Property, plant and equipment (note 15)	2,369,545	1,323,368
Investment properties (note 17)	20,262,500	13,665,400
Land use rights (note 18)	286,003	495,989
Investments in associates (note 19)	970,758	4,490,625
Properties under development (note 23)	60,029,525	44,926,104
Completed properties held for sale (note 24)	8,671,038	5,196,679
Financial assets at FVTPL (note 21)	1,663,785	–
Short-term bank deposits (note 28)	–	188,000
Restricted bank balances and cash (note 28)	5,958,209	606,554
	<b>100,211,363</b>	<b>70,892,719</b>

Certain bank and other borrowings are guaranteed by certain subsidiaries of the Group:

	2021 RMB'000	2020 RMB'000
Group companies		
– guaranteed and secured by the Group's assets	32,702,643	31,231,790
– guaranteed by the Company	25,960,223	19,593,107
	<b>58,662,866</b>	<b>50,827,897</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 31. BORROWINGS (Continued)

Notes: (Continued)

(d) As at 31 December 2021, (i) certain borrowings of the Group with the outstanding principal balance of RMB77,921,662,000 was repayable on demand under the circumstances that (a) the Senior Notes as described above with outstanding balances of RMB2,560,280,000 had not been repaid on schedule and RMB72,333,532,000 become cross-default under the relevant terms set out in the Senior Notes agreements; (b) certain bank and other borrowings with outstanding balances of RMB3,037,850,000 had not been repaid on demand or on schedule or otherwise renewed or extended; and (ii) certain bank and other borrowings with outstanding balances of RMB4,334,041,000 contain early demand clauses in the relevant loans agreements. Accordingly, the above-mentioned borrowings are classified as current liabilities in the consolidated financial positions of the Group.

(e) **Loan from a related company**

The amount due is unsecured, carries interest rate at 12% (2020: 12%) per annum and is repayable on demand. The related company is controlled by a substantial shareholder of the Company.

(f) The weighted average effective interest rates at each of the reporting dates were as follows:

	2021 RMB'000	2020 RMB'000
<b>Non-current liabilities</b>		
Bank borrowings	7.0%	6.5%
Other borrowings	11.2%	11.9%
<b>Current liabilities</b>		
Bank borrowings	6.4%	7.2%
Other borrowings	10.5%	11.1%
Loan from a related company	12.0%	12.0%
Senior Notes	10.4%	10.1%
Convertible Bonds	—	13.5%

(g) The amounts of the Group's borrowings are denominated in RMB except for Senior Notes, Convertible Bonds and certain bank and other borrowings with aggregate amounts of RMB77,389,435,000 and RMB952,504,000 (2020: RMB70,954,775,000 and RMB2,493,072,000), which are denominated in US\$ and HK\$ respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 32. OTHER PAYABLES

	2021 RMB'000	2020 RMB'000
Other payables and accruals (note i)	7,915,891	6,227,156
Accrued interest	3,059,585	1,075,778
Accrued staff costs	303,283	340,360
Bills payables	–	35,964
Consideration payables related to acquisitions of subsidiaries	222,984	1,122,530
Consideration payables related to acquisitions of associates and joint ventures	631,452	721,841
Consideration payables related to financial assets at FVTPL	–	256,680
Deed tax and other taxes payables	2,442,516	1,771,163
Deposits received	1,023,091	358,242
Provision for financial guarantee contracts (note 39)	458,192	–
Amounts due to associates (note ii)	2,473,380	1,526,789
Amounts due to joint ventures (note ii)	412,599	10,202,048
Amounts due to non-controlling interests of subsidiaries (note ii)	827,084	642,062
	<b>19,770,057</b>	24,280,613
Less: non-current portion		
Consideration payable related to acquisition of a subsidiary	<b>(19,350)</b>	(19,768)
Current portion	<b>19,750,707</b>	24,260,845

## Notes:

- (i) Other payables and accruals mainly included deposits received from construction companies, accrued operating expenses, advance from third parties for operations, amounts due to former shareholders in relation to newly acquired subsidiaries which are interest-free, unsecured and repayable on demand and payables of cooperation parties.

At as 31 December 2021, the other payables and accruals are interest-free, unsecured and repayable on demand.

As at 31 December 2020, included in other payables and accruals, there were payables amounting to RMB1,200,000,000 secured by non-interest bearing deposit of US\$289,355,000 (approximately equivalent to RMB1,960,203,000) (note 25). The remaining balances are interest-free, unsecured and repayable on demand.

- (ii) The amounts due are unsecured, interest-free and repayable on demand.
- (iii) The carrying amounts of other payables are denominated in RMB and approximate to their fair values.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 33. DERIVATIVE FINANCIAL INSTRUMENTS

	2021 RMB'000	2020 RMB'000
Embedded financial derivatives of convertible bonds (note 31(b))	–	27,450

A valuation on the embedded derivatives of the convertible bonds has been performed by an independent qualified valuer at the date of issuance, 31 December 2020, the binomial model is used in the valuation of the embedded financial derivatives.

During the year ended 31 December 2021, the convertible bonds were matured and a fair value gain of RMB27,450,000 (2020: loss of RMB52,838,000) was recognised in profit and loss for the year ended 31 December 2021.

### 34. DEFERRED INCOME TAX

	2021 RMB'000	2020 RMB'000
Deferred tax assets	<b>1,201,915</b>	628,380
Deferred tax liabilities	<b>(2,739,722)</b>	(4,523,386)
The net movement on the deferred income tax is as follows:		
At 1 January	<b>(3,895,006)</b>	(4,022,725)
Acquisitions of subsidiaries (note 41(b))	<b>(6,118)</b>	(592)
Disposals of subsidiaries (note 42(a))	<b>38,645</b>	(42)
Deemed disposals of subsidiaries (note 42(b))	–	289,139
Recognised in profit or loss (note 10)	<b>2,324,672</b>	(160,786)
At 31 December	<b>(1,537,807)</b>	(3,895,006)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**34. DEFERRED INCOME TAX** (Continued)

The movements in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

	Temporary difference arising from ECL on debtors deposits and other receivables RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2020	269,981	741,409	1,011,390
Acquisitions of subsidiaries (note 41(b))	–	133	133
Disposals of subsidiaries (note 42(a))	–	(42)	(42)
Deemed disposals of subsidiaries (note 42(b))	–	(61)	(61)
Credited/(Charged) to profit or loss	219,113	(409,337)	(190,224)
<b>At 31 December 2020 and 1 January 2021</b>	<b>489,094</b>	<b>332,102</b>	<b>821,196</b>
Acquisitions of subsidiaries (note 41(b))	1,005	–	1,005
Disposals of subsidiaries (note 42(a))	–	(696)	(696)
Credited to profit on loss	501,720	–	501,720
<b>At 31 December 2021</b>	<b>991,819</b>	<b>331,406</b>	<b>1,323,225</b>

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profit is probable. The Group did not recognise tax losses amounting to RMB15,779,316,000 (2020: RMB10,682,738,000) that can be carried forward against future taxable income. These tax losses will expiry from 2022 to 2026 (2020: 2021 to 2025).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. DEFERRED INCOME TAX (Continued)

	Properties acquired in business combination RMB'000	Intangible assets acquired in business combination RMB'000	Revaluation of investment properties RMB'000	Fair value of financial assets at FVTPL RMB'000	Total RMB'000
At 1 January 2020	34,389	257,759	4,294,482	447,485	5,034,115
Acquisitions of subsidiaries (note 41(b))	–	725	–	–	725
Deemed disposals of subsidiaries (note 42(b))	–	–	(289,200)	–	(289,200)
Charged/(Credited) to profit or loss	–	–	47,358	(76,796)	(29,438)
<b>At 1 January 2021</b>	<b>34,389</b>	<b>258,484</b>	<b>4,052,640</b>	<b>370,689</b>	<b>4,716,202</b>
Acquisitions of subsidiaries (note 41(a&b))	–	5,293	–	1,830	7,123
Disposal of subsidiaries (note 42(a))	(39,341)	–	–	–	(39,341)
Charged/(Credited) to profit or loss	4,952	(39,521)	(1,562,183)	(226,200)	(1,822,952)
<b>At 31 December 2021</b>	<b>–</b>	<b>224,256</b>	<b>2,490,457</b>	<b>146,319</b>	<b>2,861,032</b>

At 31 December 2021, the unrecognised deferred tax liabilities were RMB1,768,105,000 (2020: RMB1,270,162,000) relating to withholding tax that would be payable for undistributed profits of PRC subsidiaries, as the Directors consider that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these PRC subsidiaries as at 31 December 2021 amounted to RMB35,362,113,000 (2020: RMB25,403,247,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
<b>Authorised:</b>					
Ordinary share of HK\$0.10 each					
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	50,000,000,000	5,000,000	4,405,545	–	4,405,545
<b>Issue and fully paid:</b>					
At 1 January 2020	6,086,866,697	608,686	534,844	5,546,561	6,081,405
Issue of shares upon exercise of share options (note (a) and 43(a))	46,111,000	4,611	4,098	121,590	125,688
Dividend paid (note 11)	–	–	–	(719,587)	(719,587)
At 31 December 2020 and 1 January 2021	<b>6,132,977,697</b>	<b>613,297</b>	<b>538,942</b>	<b>4,948,564</b>	<b>5,487,506</b>
Issue of shares upon exercise of share options (note (a) and 43(a))	<b>5,935,262</b>	<b>594</b>	<b>502</b>	<b>17,282</b>	<b>17,784</b>
Issue of ordinary shares on right issue	<b>876,555,528</b>	<b>87,656</b>	<b>74,086</b>	<b>2,111,464</b>	<b>2,185,550</b>
Dividend paid (note 11)	–	–	–	(700,509)	(700,509)
<b>At 31 December 2021</b>	<b>7,015,468,487</b>	<b>701,547</b>	<b>613,530</b>	<b>6,376,801</b>	<b>6,990,331</b>

Changes in the share capital of the Company during the years ended 31 December 2021 and 2020 are as follows:

- (a) For the year ended 31 December 2021, 5,935,262 (2020: 46,111,000) shares were issued upon exercise of share options. Total proceeds were HK\$14,581,000 (equivalent to approximately RMB12,324,000) (2020: HK\$104,297,000 (equivalent to approximately RMB92,532,000)). The weighted average share price at the time of exercise was HK\$2.457 (2020: HK\$2.267) per share. The related transactions costs were deducted from the proceeds received.
- (b) On 15 April 2021, the Company issued and allotted 876,555,528 ordinary shares of par value HK\$0.10 each to qualifying shareholders pursuant to the rights issue on the basis of one rights share for every seven existing shares held by the qualifying shareholders on 15 April 2021 at the subscription price of HK\$2.95 per rights share ("Rights Issue"), and raised gross proceeds of approximately RMB2,185,550,000, of which approximately RMB74,086,000 was credited to share capital and RMB2,111,464,000 (before share issuance expenses) was credited to the share premium account of the Company.

Share issue expenses mainly include share underwriting commission, lawyers' fees and other related costs associated with the Rights Issue. Incremental costs that are directly attributable to the issue of the new shares amounting to approximately RMB28,654,000 was treated as a deduction against the share premium account arising from the Rights Issue. Further details about the Rights issue are set out in the announcement dated 26 March 2021 and circular dated 26 May 2021 issued by the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36. PERPETUAL CAPITAL SECURITIES

On 30 September 2020, the Company issued 10.875% perpetual capital securities with an aggregate principal amount of US\$200,000,000 (equivalent to approximately RMB1,361,519,000) (the "Securities") which are listed on Singapore Exchange Securities Trading Limited at an issue price of 100%. Transaction costs relating to the issue of the Securities amounted to approximately RMB11,465,000. Distribution is payable semiannually in arrears in equal instalments on 30 March and 30 September of each year based on the distribution rate as defined in the subscription agreement. Distribution by the Company may be deferred at its sole discretion. The Securities have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on 30 September 2023, or any distribution payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower rank.

As the Securities do not contain any contractual obligation to pay cash or other financial assets, in accordance with HKAS 32 "Financial Instruments: Presentation", they are classified as equity for accounting purpose. Any distributions made by the Company to the holders of the Securities will be deducted directly to equity in the consolidated financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 37. THE GROUP'S RESERVES

	Merger reserve RMB'000 (note a)	Exchange reserve RMB'000	Statutory reserve RMB'000 (note b)	Share option reserve RMB'000 (note c)	Capital reserve RMB'000 (note d)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2020	382	(8,018)	1,064,810	473,945	(491,584)	18,595,407	19,634,942
Profit for the year	–	–	–	–	–	5,447,125	5,447,125
Other comprehensive expense for the year	–	25,746	–	–	–	21,944	47,690
Total comprehensive (expense)/income for the year	–	25,746	–	–	–	5,469,069	5,494,815
Deemed disposals of subsidiaries	–	–	(41,043)	–	–	41,043	–
Deemed disposal of a subsidiary without loss of control	–	–	–	–	286,583	–	286,583
Issue of shares upon exercise of share options	–	–	–	(33,156)	–	–	(33,156)
Share-based payments (note 43(a))	–	–	–	112,995	–	–	112,995
Share options lapsed	–	–	–	(193,236)	–	193,236	–
Transfer to statutory reserves	–	–	428	–	–	(428)	–
Balance at 31 December 2020 and 1 January 2021	<b>382</b>	<b>17,728</b>	<b>1,024,195</b>	<b>360,548</b>	<b>(205,001)</b>	<b>24,298,327</b>	<b>25,496,179</b>
Loss for the year	–	–	–	–	–	(12,867,940)	(12,867,940)
Other comprehensive expense for the year	–	(31,285)	–	–	–	(268)	(31,553)
Total comprehensive (expense)/income for the year	–	(31,285)	–	–	–	(12,868,208)	(12,899,493)
Deemed disposal of a subsidiary without loss of control	–	–	–	–	46,524	–	46,524
Issue of shares upon exercise of share options	–	–	–	(5,495)	–	–	(5,495)
Share-based payments (note 43(a))	–	–	–	52,958	–	–	52,958
Share options lapsed	–	–	–	(10,566)	–	10,566	–
Transfer to statutory reserves	–	–	1,434	–	–	(1,434)	–
<b>Balance at 31 December 2021</b>	<b>382</b>	<b>(13,557)</b>	<b>1,025,629</b>	<b>397,445</b>	<b>(158,477)</b>	<b>11,439,251</b>	<b>12,690,673</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 37. THE GROUP'S RESERVES (Continued)

Notes:

- (a) The merger reserve of the Group represents the difference between the nominal value of the share capital and share premium of the subsidiaries acquire pursuant to the group reorganisation in December 2007 and the nominal value of the share capital of the Company issued in exchange thereof. The reorganisation qualifies as common control combinations and has been accounted for using merger accounting.
- (b) In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the PRC companies comprising the Group, before 1 January 2006, the local investment enterprises were required to appropriate at each year end 5% to 10% of the profit for the year after netting off the accumulated losses brought forward (based on figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund (collectively the "Statutory Reserves"), respectively. After 1 January 2006, the local investment enterprises are allowed to appropriate 10% of the net profit to the Statutory Reserves until the accumulated appropriation exceeds 50% of the registered capital.

For Chinese-foreign entities, in accordance with the Law of the PRC on Chinese-foreign Equity Joint Ventures, the percentage of profits to be appropriated to the Statutory Reserves is solely determined by the Board of Directors of these foreign investment enterprises.

In accordance with the Laws of the PRC on Enterprises Operated Exclusively with Foreign Capital and the companies' articles of association, an appropriation to the Statutory Reserves, after net of accumulated losses of previous years, have to be made prior to profit distribution to the investor. The appropriation for the Statutory Reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital.

For the year ended 31 December 2021, the Board of Directors of the Company's subsidiaries in the PRC, including both local and foreign investment enterprises, appropriated RMB1,434,000 (2020: RMB428,000) to the Statutory Reserves.

- (c) Share option reserve represents value of employee services in respect of share options granted under the Share Option Scheme (note 43).
- (d) Capital reserve arose from the difference between the amount by which the non-controlling interests are adjusted and the consideration paid for the acquisition of additional equity interest in subsidiaries.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 38. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

## (a) Cash generated from operations

	2021 RMB'000	2020 RMB'000
(Loss)/Profit for the year	<b>(13,258,403)</b>	5,278,381
Adjustments for:		
Income tax expenses (note 10)	<b>(315,050)</b>	5,223,975
Depreciation of property, plant and equipment (notes 7 and 15)	<b>298,996</b>	196,087
Depreciation of right-of-use assets (notes 7 and 16)	<b>97,028</b>	131,877
Amortisation of land use rights (notes 7 and 18)	<b>19,876</b>	20,367
Amortisation of intangible assets (notes 7 and 22)	<b>256,270</b>	319,155
Dividend income received from financial assets at FVTPL (note 8)	<b>(41,399)</b>	(16,597)
Fair value loss/(gain) of investment properties (note 17)	<b>1,822,651</b>	(189,433)
Fair value gain of financial derivatives	<b>(27,450)</b>	(52,838)
Gain on return of investment in joint ventures (note 20)	<b>(11,521)</b>	–
Impairment loss on intangible assets (notes 8 and 22)	<b>286,140</b>	–
Impairment loss on goodwill (notes 8 and 22)	<b>118,051</b>	–
Interest income (note 9)	<b>(689,893)</b>	(466,546)
Interest expense (note 9)	<b>1,710,160</b>	2,284,561
(Gain)/loss on disposal of property, plant and equipment	<b>(25,742)</b>	6,768
Loss on disposal of financial assets at FVTPL	<b>37,937</b>	–
Net exchange gains	<b>(1,617,758)</b>	(4,670,815)
Net fair value loss on financial assets at FVTPL (note 8)	<b>2,046,289</b>	307,182
Net (gain)/loss on repurchases of senior notes (notes 8 and 30(a))	<b>(2,198)</b>	5,403
Net gain on disposals of subsidiaries (note 42(a))	<b>(392,360)</b>	(774,075)
Net gain on deemed disposals of subsidiaries (note 42(b))	–	(816,560)
Provision for ECL or written off of debtors and other receivables (note 8)	<b>2,532,021</b>	1,352,963
Remeasurement losses resulting from associate and joint ventures (notes 8 and 41(c))	–	192,272
Share of results of associates	<b>115,327</b>	44,756
Share of results of joint ventures (note 20)	<b>324,699</b>	(37,595)
Share-based payments (note 43(a))	<b>52,958</b>	112,995
Recognition of financial liabilities in respect of financial guarantees related to liabilities of the Group's associates and joint ventures (notes 8 and 39)	<b>343,743</b>	–
Write-down of completed properties held for sale and properties under development (note 8)	<b>6,281,357</b>	2,578,917
Changes in working capital:		
Inventories	<b>(76,801)</b>	(171,124)
Properties under development and completed properties held for sale	<b>5,133,066</b>	3,567,516
Debtors, deposits and other receivables	<b>492,240</b>	(17,091,428)
Deposits for land acquisition	<b>(1,578,592)</b>	1,609,991
Prepayments for proposed development projects	<b>(990,535)</b>	(1,345,919)
Restricted cash	<b>490,234</b>	(45,441)
Contract liabilities	<b>(4,908,109)</b>	7,647,422
Accrued construction costs	<b>(609,920)</b>	5,285,726
Other payables	<b>(8,786,666)</b>	8,506,053
<b>Cash (used in)/generated from operations</b>	<b>(10,873,354)</b>	18,993,996

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 38. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

## (a) Cash generated from operations (Continued)

Note:

Loss on disposal of property, plant and equipment are as follows:

	2021 RMB'000	2020 RMB'000
Net carrying value disposed (note 15)	81,354	29,254
Proceeds received	(107,096)	(22,486)
(Gain)/Loss on disposal of property, plant and equipment (note 8)	(25,742)	6,768

## (b) Reconciliation liabilities arising from financing activities

	2021	
	Borrowings RMB'000 (note 31)	Lease liabilities RMB'000 (note 30)
At 1 January 2021	121,470,959	556,448
Changes from financing cash flows:		
Proceeds from bank and other borrowings	19,856,904	—
Net proceeds from issuance of senior notes (note 31(a))	16,883,188	—
Repayments of bank and other borrowings	(14,186,329)	—
Payments for repurchase of senior notes	(9,102,508)	—
Repayments of convertible loans	(613,786)	—
Payment of lease liabilities	—	(90,539)
Total changes from financing cash flows	134,308,428	465,909
Non-cash changes		
– exchange differences	(1,619,256)	—
– finance expenses recognised (note 9)	11,874,189	18,767
Other changes (note)	(11,525,449)	72,865
Acquisitions of subsidiaries (note 41)	3,737,444	67,973
Disposals of subsidiaries (note 42(a))	(5,068,862)	—
<b>At 31 December 2021</b>	<b>131,706,494</b>	<b>625,514</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 38. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

## (b) Reconciliation liabilities arising from financing activities (Continued)

	2020	
	Borrowings RMB'000 (note 31)	Lease liabilities RMB'000 (note 30)
At 1 January 2020	117,195,552	1,386,299
Changes from financing cash flows:		
Proceeds from bank and other borrowings	19,485,815	—
Repayment of loans from associates	(5,000)	—
Net proceeds from issuance of senior notes (note 31(a))	21,808,024	—
Repayments of bank and other borrowings	(20,293,142)	—
Repayments of senior notes	(3,631,784)	—
Payments for repurchase of senior notes	(2,841,089)	—
Payment of lease liabilities	—	(179,924)
<b>Total changes from financing cash flows</b>	<b>131,718,376</b>	<b>1,206,375</b>
Non-cash changes		
– exchange differences	(4,497,152)	—
– finance expenses recognised (note 9)	11,484,082	41,533
Other changes (note)	(11,806,478)	(551,549)
Acquisitions of subsidiaries (note 41)	1,358,066	—
Disposals of subsidiaries (note 42(a))	(1,877,699)	(88,986)
Deemed disposals of subsidiaries (note 42(b))	(4,908,236)	(50,925)
<b>At 31 December 2020</b>	<b>121,470,959</b>	<b>556,448</b>

Note:

Other change mainly represented the interest capitalisation, loss/gain on repurchase of senior notes (note 31(a)), additions to new lease liabilities.

## (c) Non-cash transactions

The Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statements of cash flows.

During the year ended 31 December 2021, the Group entered into certain lease contracts in which additions of right-of-use assets and lease liabilities amounting to RMB92,426,000 (2020: RMB131,437,000) was recognised at the lease commencement date.

During the year ended 31 December 2021, the Group entered into agreements with the non-controlling interests to acquire the remaining equity interest of certain subsidiaries amount to RMB2,783,652,000 by set-off with other payables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39. FINANCIAL GUARANTEES CONTRACTS

- (i) The Group had provided guarantees in respect of mortgage facilities granted by certain banks related to mortgage loans arranged for certain purchasers of the Group's properties amounting to RMB30,859,154,000 as at 31 December 2021 (2020: RMB27,272,582,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees expire or terminate upon the earlier of (i) issuance of the property ownership certificates which are generally be available within six months to one year after the purchasers take possession of the relevant properties; and (ii) the mortgage loans obtained by the purchasers of properties.

The Directors consider that summarised default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the consolidated financial statements for the guarantees.

- (ii) As of 31 December 2021, the financial guarantees given by the Group relating to the liabilities of the Group's joint ventures and associates were amounting to RMB11,549,138,000 and the provision as at 31 December 2021 was amounted to RMB458,192,000 (note 32). Based on management's best estimate, the provision for financial guarantee and the Group's exposure as at 31 December 2020 were not significant.

### 40. COMMITMENTS

- (a) **Commitments for property development expenditure, acquisitions of property, plant and equipment, acquisitions of subsidiaries, an associate and a joint venture**

	2021 RMB'000	2020 RMB'000
Contracted but not provided for		
– Acquisitions of land use rights and property development activities	<b>24,181,744</b>	28,777,924
– Acquisitions of subsidiaries (note)	<b>13,000,000</b>	107,706
– Acquisition of an associate and a joint venture	–	360,000
	<b>37,181,744</b>	29,245,630

Note: The Company entered into sales and purchase agreements with vendors of which, the beneficial owner is the Chairman of the Company, for the acquisition of certain target companies at total consideration of RMB13,000,000,000. The transaction was approved at an extraordinary general meeting of the Company held on 2 July 2021 (please see details in the Company's circular dated 28 May 2021). As at 31 December 2021, the transaction was not completed as the conditions precedent were not fulfilled.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**40. COMMITMENTS** (Continued)**(b) Lease commitments**

At the reporting date, the lease commitments for short-term leases and low-value assets leases are as follows:

	2021 RMB'000	2020 RMB'000
Not later than one year	572	969
Later than one year and not later than five years	–	4
	<b>572</b>	<b>973</b>

As at 31 December 2021, the Group leases staff quarters, offices and office equipment with a lease period of twelve months, which are qualified to be accounted for under low-value assets and short-term lease exemption under HKFRS 16.

**(c) Operating lease rentals receivable**

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	180,484	173,929
After 1 year but within 2 years	153,084	143,228
After 2 years but within 3 years	116,544	97,883
After 3 years but within 4 years	115,035	92,852
After 4 years but within 5 years	65,389	98,715
After 5 years	181,798	160,850
	<b>812,334</b>	<b>767,457</b>

The Group leases its investment properties (note 17) under operating lease arrangements which run for an initial period of one to twenty-one (2020: one to twenty-one) years, with an option to renew the lease and renegotiated the terms at the expiry date or at the dates as mutually agreed between the Group and the respective tenants. The terms of the leases generally also require the tenants to pay security deposits.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. ACQUISITIONS OF SUBSIDIARIES

#### (a) Acquisitions of assets

For the year ended 31 December 2021

During the year ended 31 December 2021, the Group entered into (i) certain sales and purchase agreements with independent third parties to acquire certain property development companies at total consideration of RMB4,237,400,000; and (ii) certain capital injection agreements and share transfer agreements with existing business partners to acquire additional equity interests in investees which were classified as the Group's joint ventures or associates before the further acquisitions with the aggregate consideration of approximately RMB4,226,032,000. The Group considered that these acquisitions would be just an acquisition of assets in substance and as a result the difference between the purchase consideration paid and the net assets acquired are recognised as adjustments to the carrying values of properties under development.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The aggregate balances of identifiable assets and liabilities arising from these acquisitions as at their respective acquisition dates are as follows:

	Acquisitions of assets RMB'000	Acquisitions of additional interests in certain joint ventures RMB'000
Property, plant and equipment	422	657
Right-of-use assets	487	685
Financial assets at FVTPL	–	700
Deferred tax assets	–	168
Properties under development	660,882	10,218,242
Completed properties held-for-sale	108,795	434,502
Debtors, deposits and other receivables	71,371	3,043,971
Prepayment for proposed development projects	3,839,126	7,649,199
Amounts due from the Group	–	2,088,432
Amounts due from associates of the Group	–	993,535
Amounts due from joint ventures of the Group	–	2,495,327
Prepaid tax	9,063	94,224
Cash and bank balances	13,041	1,147,282
Accrued construction costs	(105,625)	(683,761)
Other payables and contract liabilities	(332,376)	(13,643,766)
Amounts due to joint ventures of the Group	–	(2,048,663)
Borrowings	(27,300)	(3,627,570)
Lease liabilities	(486)	(583)
Total identifiable net assets	4,237,400	8,162,581
Less: pre-existing interests	–	(3,754,208)
Less: non-controlling interests	–	(182,341)
Identifiable net assets acquired	4,237,400	4,226,032

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. ACQUISITIONS OF SUBSIDIARIES (Continued)

## (a) Acquisitions of assets (Continued)

For the year ended 31 December 2021 (Continued)

	Acquisitions of assets RMB'000	Acquisitions of additional interests in certain joint ventures RMB'000
Total purchase consideration		
– Settled in cash during the year	4,237,400	4,060,915
– Payable	–	165,117
	<b>4,237,400</b>	<b>4,226,032</b>
Purchase consideration settled in cash	(4,237,400)	(4,060,915)
Cash and bank balances in the subsidiary acquired	13,041	1,147,282
Cash outflow on acquisition of the subsidiaries	<b>(4,224,359)</b>	<b>(2,913,633)</b>

## For the year ended 31 December 2020

During the year ended 31 December 2020, the Group entered into (i) certain sales and purchase agreements with independent third parties to acquire certain property development companies at total consideration of RMB5,516,534,000; and (ii) capital injection agreements and share transfer agreements with existing business partners to additionally acquire all the remaining equity interests in certain joint ventures at the consideration of approximately RMB148,239,000. The Group considered this would be an acquisition of assets in substance and as a result the difference between the purchase consideration paid and the net assets acquired would be recognised as adjustments to the carrying value of properties under development.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. ACQUISITIONS OF SUBSIDIARIES (Continued)

#### (a) Acquisitions of assets (Continued)

For the year ended 31 December 2020 (Continued)

The aggregate balances of identifiable assets and liabilities arising from these acquisitions as at their respective acquisition date are as follows:

	Acquisitions of assets RMB'000	Acquisitions of additional interests in joint ventures RMB'000
Property, plant and equipment	4,336	171
Intangible assets	–	1,332
Properties under development	6,676,285	3,612,033
Debtors, deposits and other receivables	322,924	2,263,921
Prepaid tax	384	51,848
Cash and bank balances	181,542	322,192
Accrued construction costs	(215,473)	(886,159)
Other payables and contract liabilities	(538,754)	(4,389,454)
Borrowings	(873,453)	(484,613)
<b>Total net assets of the acquisitions</b>	<b>5,557,791</b>	<b>491,271</b>
Less: carrying amount in pre-existing interests	–	(161,503)
Less: non-controlling interests	(41,257)	(181,529)
<b>Identifiable net assets acquired</b>	<b>5,516,534</b>	<b>148,239</b>
<b>Total purchase consideration</b>		
– Settled in cash during the year	4,413,772	148,239
– Payable	1,102,762	–
	<b>5,516,534</b>	<b>148,239</b>
Purchase consideration settled in cash	(4,413,772)	(148,239)
Cash and bank balances in the subsidiary acquired	181,542	322,192
<b>Cash (outflow)/inflow on acquisition of the subsidiaries</b>	<b>(4,232,230)</b>	<b>173,953</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. ACQUISITIONS OF SUBSIDIARIES (Continued)

#### (b) Acquisitions of businesses

For the year ended 31 December 2021

- (i) During the year ended 31 December 2021, the Group entered into an agreement with an independent third party to acquire 80% equity interests in 佳兆業文體產業(杭州)有限公司 (formerly known as 杭州蕭山蕭東萊茵達體育館管理有限公司) Jiazhaoye Sports Industry (Hangzhou) Co., Limited (“Jiazhaoye Sports”) at the consideration of RMB9,600,000. The principal activity of this company is engaged in sports operations.
- (ii) On 27 December 2020, the Group entered into a sales and purchase agreement with independent third parties for the acquisition of 60% of equity interests in 浙江瑞源物業管理有限公司 Zhejiang Ruiyuan Property Management Co., Ltd. (“Zhejiang Ruiyuan”), which is engaged in the provision of property management services for residential properties, commercial properties and other non-residential properties. The acquisition has been completed in January 2021.
- (iii) During the year ended 31 December 2021, the Group entered into an agreement with an independent third party to acquire 324,400,000 shares in Kaisa Capital, representing approximately 30.60% equity interest in Kaisa Capital, at the consideration of HK\$145,980,000 (approximately RMB123,382,000). The principal activities of Kaisa Capital are the trading of construction machinery and spare parts, leasing of the construction machinery under operating leases and providing repair and maintenance services in respect of the construction machinery.
- (iv) On 13 August 2020, Kaisa Health, a subsidiary of the Company, entered into an agreement with an independent third party to acquire 100% equity interest in Basic Dental Implant System, Inc. (“Basic Dental”). The cash consideration of the acquisition amounted to US\$3,525,000 (equivalent to approximately RMB22,475,000) and fair value of contingent consideration payable of RMB1,914,000 relating to a deferred contingent consideration of up to USD1,000,000 (equivalent to approximately RMB6,339,000), subject to the receipt of certain implants certification. Basic Dental operates in the USA and holds regulatory approvals and intellectual property relating to, the manufacture, marketing, and distribution of dental implant systems and related dental products and technologies in the USA and the PRC. The acquisition has been completed on 30 June 2021.

For the year ended 31 December 2020

- (v) During the year ended 31 December 2020, the Group acquired 60% equity interest in 寧波朗通物業服務有限公司 Ningbo Langtong Property Service Company Limited (“Ningbo Langtong”) and 51% equity interest in 上海眾鑫建築設計研究院有限公司 Shanghai Zhongxin Architectural Design & Research Institute Co., Ltd. (“Shanghai Zhongxin Group”) at total consideration of RMB27,000,000 and RMB20,856,000 respectively. Ningbo Langtong is principally engaged in the provision of property management services to industry parks and commercial properties. Shanghai Zhongxin Group is principally engaged in the provision of architectural design services. The acquisition of Shanghai Zhongxin Group is to diversify its business.
- (vi) During the year ended 31 December 2020, the Group entered into share transfer agreements to acquire further 91% and 75% equity interests in associates, namely Kaisa Financial Group Company Limited and Kaisa Asset Management Limited at the consideration of RMB124,837,000 and RMB678,000 respectively, and newly acquire 100% equity interest in Kaisa Financial Group Limited at the consideration of RMB32,834,000.

Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the businesses acquired. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets.

Goodwill arising from the acquisition is not expected to be deductible for tax purpose. The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree’s identifiable net assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. ACQUISITIONS OF SUBSIDIARIES (Continued)

#### (b) Acquisitions of businesses (Continued)

For the year ended 31 December 2020 (Continued)

Upon the completion of acquisitions, the Group is able to obtain the effective control over this subsidiary and become the subsidiary of the Group.

The non-controlling interests recognised at the respective acquisition dates were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The following table summaries the consideration paid for the acquisition, the aggregate amounts of fair value of the assets acquired and liabilities assumed of this company at the respective acquisition dates.

31 December 2021

	Jiazhaoye Sports RMB'000	Zhejiang Ruiyuan RMB'000	Kaisa Capital RMB'000	Basic Dental RMB'000
Property, plant and equipment	1,295	6,708	143,129	–
Financial assets at FVTPL	–	–	9,438	–
Intangible assets	–	18,000	1,750	2,893
Right-of-use assets	–	1,145	92,557	–
Deferred tax assets	–	755	82	–
Properties under development	–	–	85,257	–
Debtors, deposits and other receivables	20	52,809	60,249	275
Tax recoverable	–	–	1,621	–
Inventories	–	–	18,921	6,058
Cash and bank balances	55	16,771	16,691	175
Accrued construction costs	(127)	(5,447)	(28,579)	–
Income tax payable	–	(2,117)	(786)	–
Lease liabilities	–	(1,315)	(65,589)	–
Other payables and contract liabilities	(1,055)	(59,309)	(154,141)	(166)
Amount due to intermediate holding company	–	–	–	(583)
Deferred tax liabilities	–	(4,500)	(1,830)	(793)
Borrowings	–	–	(82,574)	–
<b>Total identifiable net assets</b>	<b>188</b>	<b>23,500</b>	<b>96,196</b>	<b>7,859</b>
Less: non-controlling interests	(2,400)	(9,400)	(67,201)	–
<b>Identifiable net assets acquired</b>	<b>(2,212)</b>	<b>14,100</b>	<b>28,995</b>	<b>7,859</b>
Goodwill (note 22)	11,812	93,606	94,387	16,530
	<b>9,600</b>	<b>107,706</b>	<b>123,382</b>	<b>24,389</b>
<b>Total purchase consideration</b>				
– Settled in cash during the year	7,500	53,853	123,382	22,475
– Payable	2,100	53,853	–	–
– Deferred contingent consideration	–	–	–	1,914
	<b>9,600</b>	<b>107,706</b>	<b>123,382</b>	<b>24,389</b>
<b>Purchase consideration settled in cash</b>	<b>(7,500)</b>	<b>(53,853)</b>	<b>(123,382)</b>	<b>(22,475)</b>
Deposits paid for acquisition	–	–	–	16,417
Cash and bank balances in the subsidiary acquired	55	16,771	16,691	175
<b>Cash outflow on acquisition of the subsidiaries</b>	<b>(7,445)</b>	<b>(37,082)</b>	<b>(106,691)</b>	<b>(5,883)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. ACQUISITIONS OF SUBSIDIARIES (Continued)

## (b) Acquisitions of businesses (Continued)

For the year ended 31 December 2020 (Continued)

31 December 2020

	Ningbo Langtong RMB'000	Shanghai Zhongxin Group RMB'000	Kaisa Financial Group RMB'000
Property, plant and equipment	398	826	–
Intangible assets	2,900	–	14,690
Deferred tax assets	133	–	–
Debtors, deposits and other receivables	6,528	42,277	175,310
Cash and bank balances	525	4,232	94,042
Contract liabilities	–	(20)	–
Income tax payable	(640)	–	–
Other payables	(4,749)	(7,435)	(125,693)
Deferred tax liabilities	(725)	–	–
Total identifiable net assets at fair value	4,370	39,880	158,349
Less: non-controlling interests	(1,748)	(19,024)	–
Identifiable net assets acquired	2,622	20,856	158,349
Goodwill (note 22)	24,378	–	–
Total purchase consideration	27,000	20,856	158,349
Total purchase consideration			
– Settled in cash during the year	14,850	20,856	148,591
– Pre-existing interests	–	–	9,758
– Payable	12,150	–	–
	27,000	20,856	158,349
Purchase consideration settled in cash	14,850	20,856	148,591
Cash and bank balances in subsidiaries acquired	(525)	(4,232)	(94,042)
Cash outflow on acquisitions of subsidiaries	14,325	16,624	54,549

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. ACQUISITIONS OF SUBSIDIARIES (Continued)

#### (b) Acquisitions of businesses (Continued)

For the year ended 31 December 2020 (Continued)

31 December 2020 (Continued)

Notes:

- (a) Jiazhaoye Sports contributed revenue of RMB1,946,000 and net loss of RMB615,000 to the Group for the period from the acquisition dates. If the acquisitions had occurred on 1 January 2021, the Group's consolidated revenue would be RMB2,248,000 and the consolidated loss for the year would be RMB1,007,000.
- (b) The consideration of Zhejiang Ruiyuan is subject to adjustment under the profit guarantee by the seller. The management believes that the fair value of the above profit guarantee is insignificant on the acquisition date and as at 31 December 2021.

The debtors and other receivables acquired with a fair value of RMB52,809,000 as at the date of acquisition had gross contractual amounts of RMB55,829,000. The best estimate at acquisition date of contractual cash flows not expected to be collected amounted to RMB3,020,000.

Zhejiang Ruiyuan contributed revenue of RMB184,179,000 and net profit of RMB12,710,000 to the Group for the period from 1 January 2021 to 31 December 2021.

- (c) Kaisa Capital contributed revenue of RMB120,712,000 and net profit of RMB9,884,000 to the Group for the period from the acquisition date. If the acquisition had occurred on 1 January 2021, the Group's consolidated revenue would be RMB178,151,000 and the consolidated profit for the year would be RMB4,010,000.
- (d) Basic Dental contributed revenue of RMB1,245,000 and net loss of RMB1,377,000 to the Group for the period from the acquisition date. If the acquisition had occurred on 1 January 2021, the Group's consolidated revenue would be RMB1,317,000 and the consolidated loss for the year would be RMB1,579,000.
- (e) Ningbo Langtong and Shanghai Zhongxin Group contributed revenues of RMB89,245,000 and net profit of RMB24,799,000 to the Group for the period from acquisition to 31 December 2020. If the acquisitions had occurred on 1 January 2020, the Group's consolidated revenue and consolidated profit for the year would be RMB211,386,000 and RMB7,864,000 respectively.
- (f) Kaisa Financial Group Company Limited, Kaisa Asset Management Limited and Kaisa Financial Group Limited contributed revenues of RMB25,063,000 and net profit of RMB19,460,000 to the Group for the period from the acquisition date to 31 December 2020. If the acquisitions had occurred on 1 January 2020, the Group's consolidated revenue and consolidated profit for the year would be RMB46,230,000 and RMB40,991,000 respectively.

#### (c) Acquisitions of additional interest in subsidiaries

During the years ended 31 December 2021, the Group acquired additional equity interest of certain subsidiaries, the Group recognised a decrease in non-controlling interests and a decrease in equity attributable to owners of the Company. The differences between the carrying amounts of non-controlling interests acquired and consideration paid are set out below:

	2021 RMB'000
Total carrying amount of non-controlling interests acquired	<b>2,737,128</b>
Less: total consideration paid to non-controlling interests	<b>(2,783,652)</b>
Total difference recognised within equity	<b>(46,524)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42. DISPOSALS OF SUBSIDIARIES/DEEMED DISPOSALS OF SUBSIDIARIES

## (a) Disposal of subsidiaries

During the year ended 31 December 2021, the Group entered into agreements with certain independent third parties to dispose of all the interests in certain subsidiaries. These subsidiaries were engaged in property development, property investment, healthcare operation and insurance business. The following table summarises the aggregate net assets and liabilities of the subsidiaries disposed of during the current year and the financial impacts are summarised as follows:

	Property development RMB'000	Property investment RMB'000	2021 Healthcare operation RMB'000	Insurance business RMB'000	Total RMB'000
Net assets disposed of:					
Property, plant and equipment	–	17	187,094	912	188,023
Investment properties	–	3,692,000	–	–	3,692,000
Financial assets at FVTPL	–	22,000	–	32,000	54,000
Goodwill and intangible assets	–	–	–	2,462	2,462
Deferred tax assets	–	696	–	–	696
Properties under development	3,144,240	–	178,013	–	3,322,253
Debtors, deposits and other receivables	803,570	916,134	74,783	14,117	1,808,604
Prepaid tax	–	–	10,398	–	10,398
Cash and bank balances	82,283	2,479	8,008	6,166	98,936
Contract liabilities	–	(9,011)	–	(37)	(9,048)
Accrued construction costs	(15,471)	(183,546)	(7,417)	(3,552)	(209,986)
Other payables	(20,914)	(2,637,005)	(28,654)	(23,549)	(2,710,122)
Borrowings	(2,638,365)	(2,200,000)	(230,497)	–	(5,068,862)
Deferred tax liabilities	(39,341)	–	–	–	(39,341)
	1,316,002	(396,236)	191,728	28,519	1,140,013
Non-controlling interests	–	–	(24,302)	(5,716)	(30,018)
Net (liabilities)/assets disposed of	1,316,002	(396,236)	167,426	22,803	1,109,995
Net gains on disposals of subsidiaries	(133,647)	396,236	110,574	19,197	392,360
Cash consideration satisfied by cash	1,182,355	–	278,000	42,000	1,502,355
Cash consideration	1,182,355	–	278,000	42,000	1,502,355
Cash and bank balances in disposed of	(82,283)	(2,479)	(8,008)	(6,166)	(98,936)
Net cash (outflow)/inflow in respect of disposals of subsidiaries	1,100,072	(2,479)	269,992	35,834	1,403,419

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42. DISPOSALS OF SUBSIDIARIES/DEEMED DISPOSALS OF SUBSIDIARIES (Continued)

## (a) Disposal of subsidiaries (Continued)

During the year ended 31 December 2020, the Group entered into cooperation agreements with a number of independent third parties for the disposals of certain subsidiaries for an aggregate consideration of RMB867,978,000. Upon the share transferred, the Group's equity interests in certain subsidiaries have been become from 100% to 47%, 40%, 30% and 0% respectively. These subsidiaries are engaged in cinema, department store and cultural centre operations, hotel operation, investment holding and holding property redevelopment projects, properties under development and completed properties held for sale. Upon the completion of disposals, these companies ceased to be subsidiaries of the Group and 47%, 40% and 30% equity interests held by the Group were then accounted for as joint ventures of the Group.

	2020 RMB'000
Net assets disposed of:	
Property, plant and equipment	479,298
Right-of-use assets	89,116
Investment in an associate	100,000
Land use rights	52,236
Deferred tax assets	42
Properties under development	2,337,207
Completed properties held for sale	233,801
Inventories	11,102
Debtors, deposits and other receivables	3,269,074
Prepaid tax	3,880
Cash and bank balances	54,103
Contract liabilities	(15,263)
Accrued construction costs	(656,451)
Income tax payable	(45,043)
Borrowings	(1,877,699)
Other payables	(3,610,654)
Leases liabilities	(88,986)
	335,763
Non-controlling interest	1,747
Net assets disposed of	337,510
Net gain on disposals of subsidiaries	774,075
	1,111,585

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42. DISPOSALS OF SUBSIDIARIES/DEEMED DISPOSALS OF SUBSIDIARIES (Continued)

## (a) Disposal of subsidiaries (Continued)

	2020 RMB'000
Satisfied by:	
Cash	867,978
Fair values of the 47%, 40% and 30% equity interests in joint ventures (note)	243,607
	1,111,585
Net cash outflow arising on disposal:	
Cash received	867,978
Cash and bank balances disposals of	(54,103)
	813,875

Note: The fair value was determined by management with reference to the valuation reports for the underlying assets. The remaining interests held by the Group were remeasured at fair values at the date the Group lost control over these companies.

## (b) Deemed disposals of subsidiaries

During the year ended 31 December 2020, the Group entered into capital injection agreements with a number of independent third parties for the capital injection of certain subsidiaries. Upon the capital injection, the Group's equity interests in certain subsidiaries have been diluted from 100% owned subsidiaries to joint ventures. These subsidiaries were engaged in catering operation, property investment, investment holding and holding property redevelopment projects, properties under developments and completed properties held for sale.

Upon completion of the deemed disposals, these companies ceased to be subsidiaries of the Group and were then accounted for as joint ventures of the Group using equity method. The fair value of the retained interests in these companies at the date on which the control was lost is regarded as the cost on initial recognition of the investments in joint ventures.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 42. DISPOSALS OF SUBSIDIARIES/DEEMED DISPOSALS OF SUBSIDIARIES (Continued)

#### (b) Deemed disposals of subsidiaries (Continued)

The following table summarises the net assets of the subsidiaries disposed of during the current year and the financial impacts are summarised as follows:

	2020 RMB'000
Net assets disposed of:	
Property, plant and equipment	19,620
Right-of-use assets	48,981
Investment properties	2,143,000
Investments in associates	506,557
Deferred tax assets	61
Properties under development	3,079,612
Completed properties held for sale	39,743
Inventories	3,543
Prepayments for proposed development projects	123,878
Debtors, deposits and other receivables	10,713,283
Prepaid tax	174,774
Financial assets at fair value through profit or loss	3,000
Cash and bank balances	726,153
Contract liabilities	(1,343,883)
Accrued construction costs	(1,631,134)
Income tax payable	(165,131)
Leases liabilities	(50,925)
Borrowings	(4,908,236)
Other payables	(8,574,975)
Deferred tax liabilities	(289,200)
	618,721
Non-controlling interest	(16,083)
	602,638
Net assets disposed of	602,638
Net gain on deemed disposals of subsidiaries	816,560
	1,419,198
Satisfied by:	
Fair values of the equity interests in joint ventures (note 20)	1,419,198
	1,419,198
Net cash outflow arising on deemed disposals:	
Cash and bank balances disposals of	(726,153)

Note: The fair value was determined by management with reference to the valuation reports for the underlying assets. The remaining interests held by the Group were measured at fair value at the date the Group lost control over these certain companies.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 43. SHARE OPTION

## (a) Share Option Scheme of the Company

Pursuant to the shareholders' resolution passed on 14 June 2019, a post-IPO share option scheme is terminated and the new share option scheme (the "Share Option Scheme") is conditionally adopted with effective from 14 June 2019. Pursuant to the terms of the Share Option Scheme, the Company may grant options at its discretion, to any eligible person (including directors, employees, officers of any member of the Group, advisers, consultants, suppliers, agents and customers of any members of the Group). The maximum number of shares which may be issued upon exercise of all options (the "Share Option") granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the Company's shares in issue from time to time.

No options may be granted under the Share Option Scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by the Company at the time of the grant, and the options expire no later than 10 years from the relevant date of grant. The exercise price of the option under the Share Option Scheme shall be no less than the highest of (i) the official closing price of the Company's shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; (iii) the nominal value of a share of the Company.

Details of the movement of the share options under Share Option Scheme are as follows:

	2021		2020	
	Weighted average exercise price in HK\$ per share	Number	Weighted average exercise price in HK\$ per share	Number
At 1 January	3.307	298,222,000	3.464	435,053,000
Effect of right issue (note)	3.133	7,189,876	–	–
Granted during the year	–	–	3.690	10,000,000
Exercised during the year (note 35)	2.457	(5,935,262)	2.267	(46,111,000)
Cancelled/lapsed during the year	3.646	(8,400,000)	4.502	(100,720,000)
At 31 December	3.209	291,076,614	3.307	298,222,000

As at 31 December 2021, 260,516,771 (2020: 171,822,000) outstanding options granted under the Share Option Scheme were exercisable (note).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43. SHARE OPTION (Continued)

#### (a) Share Option Scheme of the Company (Continued)

Note: Terms of share options at the reporting date were as follows:

Exercised period	Vesting period	Exercise prices per share HK\$	Number of share options	
			2021	2020
10/6/2010-24/4/2022	9/12/2009-9/6/2010	3.010*/3.105	<b>1,468,098*</b>	2,222,000
30/3/2011-24/4/2022	9/12/2009-29/3/2011	3.010*/3.105	<b>8,517,531*</b>	7,650,000
24/4/2012-24/4/2022	9/12/2009-23/4/2012	3.010*/3.105	<b>8,775,637*</b>	8,500,000
6/6/2013-5/6/2022	6/6/2012-5/6/2013	1.450*/1.500	<b>1,192,449*</b>	893,000
6/6/2014-5/6/2022	6/6/2012-5/6/2014	1.450*/1.500	<b>2,476,795*</b>	1,060,000
6/6/2015-5/6/2022	6/6/2012-5/6/2015	1.450*/1.500	<b>6,496,352*</b>	7,953,200
6/6/2016-5/6/2022	6/6/2012-5/6/2016	1.450*/1.500	<b>7,838,202*</b>	9,190,400
6/6/2017-5/6/2022	6/6/2012-5/6/2017	1.450*/1.500	<b>8,439,036*</b>	9,553,400
19/7/2018-18/7/2027	19/7/2017-18/7/2018	3.440*/3.550	<b>38,199,804*</b>	36,600,000
19/7/2019-18/7/2027	19/7/2017-18/7/2019	3.440*/3.550	<b>38,148,185*</b>	40,200,000
19/7/2020-18/7/2027	19/7/2017-18/7/2020	3.440*/3.550	<b>38,612,778*</b>	40,200,000
19/7/2021-18/7/2027	19/7/2017-18/7/2021	3.440*/3.550	<b>83,420,100*</b>	82,800,000
24/1/2020-23/1/2029	24/1/2019-23/1/2020	2.310*/2.380	<b>2,064,854*</b>	2,000,000
24/1/2021-23/1/2029	24/1/2019-23/1/2021	2.310*/2.380	<b>2,064,854*</b>	2,000,000
24/1/2022-23/1/2029	24/1/2019-23/1/2022	2.310*/2.380	<b>2,064,854*</b>	2,000,000
24/1/2023-23/1/2029	24/1/2019-23/1/2023	2.310*/2.380	<b>4,129,709*</b>	4,000,000
12/4/2020-11/4/2029	12/4/2019-11/4/2020	3.580*/3.700	<b>5,368,621*</b>	5,800,000
12/4/2021-11/4/2029	12/4/2019-11/4/2021	3.580*/3.700	<b>5,368,621*</b>	6,280,000
12/4/2022-11/4/2029	12/4/2019-11/4/2022	3.580*/3.700	<b>5,368,621*</b>	6,280,000
12/4/2023-11/4/2029	12/4/2019-11/4/2023	3.580*/3.700	<b>10,737,242*</b>	13,040,000
4/11/2021-4/11/2030	4/11/2020-3/11/2021	3.570*/3.690	<b>2,064,854*</b>	2,000,000
4/11/2022-4/11/2030	4/11/2020-3/11/2022	3.570*/3.690	<b>2,064,854*</b>	2,000,000
4/11/2023-4/11/2030	4/11/2020-3/11/2023	3.570*/3.690	<b>2,064,854*</b>	2,000,000
4/11/2024-4/11/2030	4/11/2020-3/11/2024	3.570*/3.690	<b>4,129,709*</b>	4,000,000
			<b>291,076,614</b>	298,222,000

\* The number of options and exercise price was adjusted upon the completion of Rights Issue on 8 May 2021.

On 6 June 2012, the Company offered to grant several directors and employees (the "June 2012 Grant") of 326,790,000 share options respectively of HK\$0.10 each in the capital of the Company.

On 19 July 2017, the Company offered to grant to the directors of the Company and certain employees of the Company and its subsidiaries (the "July 2017 Grant") of 64,000,000 and 250,300,000 share options respectively, of HK\$0.1 each in the capital of the Company. The Company further granted a director of the Company (the "September 2017 Grant" and the "November 2017 Grant") of 20,000,000 and 28,000,000 shares options on 22 September 2017 and 29 November 2017 respectively of HK\$0.1 each in the capital of the Company.

On 24 January 2019, the Company offered to grant to certain employees of the Company and its subsidiaries (the "January 2019 Grant") of 18,000,000 share options of HK\$0.1 each in the capital of the Company. The Company further granted certain employees of the Company and its subsidiaries (the "April 2019 Grant") of 34,000,000 share options on 12 April 2019 of HK\$0.1 each in the capital of the Company.

On 4 November 2020, the Company offered to grant to an employee of the Company and its subsidiaries (the "November 2020 Grant") of 10,000,000 share options of HK\$0.10 each in the capital of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**43. SHARE OPTION** (Continued)**(a) Share Option Scheme of the Company** (Continued)

The valuations were based on the Binomial Option Pricing Model with the following data and assumptions:

	June 2012 Grant	July 2017 Grant	January 2019 Grant	April 2019 Grant	November 2020 Grant
Fair value under binomial model (HK\$'000)	198,688	543,168	17,677	51,857	13,298
Closing share price at grant date (HK\$)	1.39	3.55	2.37	3.69	3.68
Exercise price (HK\$)	1.50	3.55	2.38	3.70	3.69
Annual risk free interest rate	1.04%	2.05%	2.49%	2.26%	0.91%
Expected volatility	44%	42%	45%	46%	46%
Expected option life	10 years	10 years	10 years	10 years	10 years
Expected divided yield	Nil	Nil	2.5%	2.5%	3.46%

Expected volatility was determined by using the historical volatility of the Company's share price from the listing date to the grant date. The risk-free interest rate is equal to Hong Kong Dollar swap rate over the exercise period at the grant date.

The Binomial Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised a share option expense of RMB52,958,000 (2020: RMB112,995,000) during the year ended 31 December 2021.

**(b) Share Option Scheme of Kaisa Health Group**

Kaisa Health Group, a non-wholly owned subsidiary of the Company, operates a share option scheme (the "Kaisa Health's Scheme"). The Kaisa Health's Scheme was adopted pursuant to a special general meeting on 8 June 2015 for a period of 10 years as incentive or reward for the grantees for their contribution or potential contribution to Kaisa Health Group and its subsidiaries.

During the year ended 31 December 2021, a total of 80,000,000 (2020: 148,000,000) options were granted, none of options were exercised and cancelled, and a total of 99,600,000 (2020: 161,340,000) were forfeited/lapsed.

Under the Kaisa Health's Scheme, Kaisa Health Group may grant options to eligible participant which includes any full-time or part-time employees, consultants, potential employees, executives or officers (including executive, non-executive and independent non-executive directors) of Kaisa Health Group or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the board of directors, will contribute or has contributed to Kaisa Health Group and/or any of its subsidiaries.

Share options granted to a director, chief executive or substantial shareholder of Kaisa Health Group, or to any of their associates, are subject to approval by the independent non-executive directors of Kaisa Health Group. In addition, any share options granted to a substantial shareholder or any independent non-executive director of Kaisa Health Group, or to any of their associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in any one year up to and including the date of such grant (i) representing in aggregate value over 0.1% of the shares of Kaisa Health Group in issue on that date; and (ii) having an aggregate value, based on the closing price of the shares on the date of each grant, in excess of HK\$5 million, are subject to shareholders' approval in a general meeting.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43. SHARE OPTION (Continued)

#### (b) Share Option Scheme of Kaisa Health Group (Continued)

The exercisable period of the options granted are determined by the board of directors of Kaisa Health Group at its absolute discretion. The share options will expire no later than ten years from the date of grant. At the time of grant of the share options, Kaisa Health Group may specify a minimum period for which an option must be held before it can be exercised. The acceptance date should not be later than 14 days after the date of offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of options. The subscription price of the option shares is not less than the higher of (i) the closing price of the shares on the date of grant; (ii) the average closing prices of the shares on the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares. The maximum number of shares in respect of which options may be granted under the Kaisa Health's Scheme may not exceed, in aggregate, nominal amount of 10% of the issued share capital of Kaisa Health Group at the date of approval of the Kaisa Health's Scheme. The Kaisa Health's Scheme limit may be increased from time to time to 10% of the shares in issue as at the date of such shareholders' approval. However, the total maximum number of shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital from time to time. The number of shares in respect of which options may be granted to each eligible participants in any one year is not permitted to exceed 1% of the shares of Kaisa Health Group in issue from time to time.

At 31 December 2021, the number of shares in respect of which options had been granted and remained outstanding under the Kaisa Health's Scheme was 226,200,000 (2020: 245,800,000), representing 4.5% (2020: 4.9%) of the shares of the Kaisa Health Group Holdings Limited in issue at that date.

During the year ended 31 December 2021, options were granted on 26 August 2021 and the estimated fair values of the options granted on that date were HK\$11,977,000 (2020: options were granted on 22 July 2020 and the estimated fair values of the options granted on that date were HK\$12,121,000).

The fair values of share options were calculated using binomial option pricing model based on following data:

	16 June 2015	24 July 2015	12 September 2016	22 July 2020	26 August 2021
Share price at grant date (HK\$)	0.780	0.690	0.350	0.144	0.275
Exercise price (HK\$)	0.784	0.784	0.400	0.196	0.450
Expected volatility	73.49%	80.31%	76.75%	63.68%	73.33%
Expected option life	5 years	5 years	6 years	10 years	10 years
Annual risk-free interest rate	1.296%	1.230%	0.713%	0.396%	1.010%
Expected dividend yield	5.17%	4.62%	0.00%	0.00%	0.00%
Early exercise multiples					
– Director and its associate	N/A	2.8x	2.8x	2.8x	N/A
– Employees or consultants	2.2x	N/A	2.2x	2.8x	2.2x

The variables and assumptions used in computing the fair value of the share options were based on Kaisa Health Group's directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**43. SHARE OPTION** (Continued)**(b) Share Option Scheme of Kaisa Health Group** (Continued)

Details of specific categories of options are as follows:

Grant date	Date of grant	Vesting period	Exercisable period	Exercise price	Closing price of the securities immediately before the date on which the options were granted
2015A	16/6/2015	16/6/2015–15/6/2019	16/6/2016–15/6/2020	HK\$0.784	HK\$0.790
2015B	24/7/2015 (note i)	16/6/2015–15/6/2019	16/6/2016–15/6/2020	HK\$0.784	HK\$0.710
2016	12/9/2016	12/9/2016–15/6/2021	12/9/2017–11/9/2022	HK\$0.400	HK\$0.350
2020	22/7/2020 (note ii)	22/7/2020–21/7/2023	22/7/2020–21/7/2030	HK\$0.196	HK\$0.142
2021	26/8/2021 (note iii)	26/8/2021–25/8/2024	26/8/2022–25/8/2031	HK\$0.450	HK\$0.275

Notes:

- (i) Share options subject to approval of independent shareholders was proposed and granted by board of directors on 16 June 2015. The approval was subsequently obtained on 24 July 2015 which was the date of grant as defined in accordance with HKFRS 2.
- (ii) Share options subject to approval of independent shareholders was proposed and granted by board of directors on 22 July 2020.
- (iii) Share options subject to approval of independent shareholders was proposed and granted by board of directors on 26 August 2021. All the share options were forfeited on 10 November 2021 upon the resignation of grantees.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43. SHARE OPTION (Continued)

#### (b) Share Option Scheme of Kaisa Health Group (Continued)

A summary of the movements of the number of share options under the Kaisa Health's Scheme during the years is as follows:

Type of participant	Option type	Outstanding at 1 January 2020	Forfeited during the year ended 31 December 2020	Granted during the year ended 31 December 2020	Outstanding at 31 December 2020 and 1 January 2021	Forfeited/ Lapsed during the year ended 31 December 2021	Grant during the year ended 31 December 2021	Outstanding at 31 December 2021
Mr. Wu Tianyu	2015B	74,070,000	(74,070,000)	–	–	–	–	–
Ms. Jiang Sisi	2015B	74,070,000	(74,070,000)	–	–	–	–	–
Mr. Wu Tianyu	2016	38,000,000	–	–	38,000,000	–	–	38,000,000
Ms. Jiang Sisi	2016	38,000,000	–	–	38,000,000	–	–	38,000,000
Ms. Wu Ansheng (note)	2016	8,000,000	–	–	8,000,000	(8,000,000)	–	–
Employees	2015A	3,000,000	(3,000,000)	–	–	–	–	–
Employees	2016	20,000,000	(6,200,000)	–	13,800,000	(5,600,000)	–	8,200,000
Consultants	2015A	4,000,000	(4,000,000)	–	–	–	–	–
Mr. Zhang Huagang	2020	–	–	50,000,000	50,000,000	–	–	50,000,000
Mr. Luo Jun	2020	–	–	40,000,000	40,000,000	–	–	40,000,000
Mr. Wu Tianyu	2020	–	–	20,000,000	20,000,000	–	–	20,000,000
Dr. Liu Yanwen	2020	–	–	6,000,000	6,000,000	–	–	6,000,000
Mr. Fok Hei Yu	2020	–	–	6,000,000	6,000,000	(6,000,000)	–	–
Dr. Lyu Aiping	2020	–	–	6,000,000	6,000,000	–	–	6,000,000
Ms. Jiang Sisi	2020	–	–	10,000,000	10,000,000	–	–	10,000,000
Employee	2020	–	–	10,000,000	10,000,000	–	–	10,000,000
Employee	2021	–	–	–	–	(80,000,000)	80,000,000	–
Exercisable at the end of the year		259,140,000	(161,340,000)	148,000,000	245,800,000	(99,600,000)	80,000,000	226,200,000
Exercisable at the end of the year		234,640,000			88,020,000			141,600,000
Weighted average exercise price		HK\$0.630	HK\$0.769	HK\$0.196	HK\$0.277	HK\$0.428	HK\$0.450	HK\$0.272

Note: Ms. Wu Ansheng is the general manager and sales director of a subsidiary of Kaisa Health Group and a sister of Mr. Wu.

In the opinion of the Directors, the fair value of the services received from consultants cannot be estimated reliably, the equity-settled share-based payment transactions with consultants are measured at the fair value of the equity instruments granted.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**43. SHARE OPTION** (Continued)**(c) Share Option Scheme of Kaisa Prosperity**

Kaisa Prosperity, a non-wholly owned subsidiary of the Company, operates a share option scheme (the “Kaisa Prosperity’s Scheme”). The Kaisa Prosperity’s Scheme was adopted pursuant to the shareholders’ resolution passed on 18 June 2019. Pursuant to the terms of the share option scheme, Kaisa Prosperity may grant options at its discretion, to any eligible person (including directors, employees, officers of any member of Kaisa Prosperity and its subsidiaries, advisers, consultants, suppliers, agents and customers of any members of the Kaisa Prosperity). The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the Kaisa Prosperity’s Scheme or any other Kaisa Prosperity’s Schemes adopted by Kaisa Prosperity must not exceed 30% of the Kaisa Prosperity’s shares in issue from time to time.

No options may be granted under the Kaisa Prosperity’s Scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by Kaisa Prosperity at the time of the grant, and the options expire no later than 10 years from the relevant date of grant.

The exercise price of the option under the Kaisa Prosperity’s Scheme shall be no less than the highest of (i) the official closing price of Kaisa Prosperity’s shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of Kaisa Prosperity’s shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; (iii) the nominal value of a share of Kaisa Prosperity.

Details of the movement of the share options under Kaisa Prosperity Scheme are as follows:

	Weighted average exercise price in HK\$ per share	Number
At 1 January 2020	15.7	11,450,000
Lapsed during the year	15.7	(850,000)
At 31 December 2020 and 1 January 2021	<b>15.7</b>	<b>10,600,000</b>
Exercise during the year	<b>15.7</b>	<b>(110,000)</b>
Lapsed during the year	<b>15.7</b>	<b>(440,000)</b>
<b>At 31 December 2021</b>	<b>15.7</b>	<b>10,050,000</b>

On 19 July 2019, Kaisa Prosperity offered to grant to the directors of the Kaisa Prosperity and certain employees of Kaisa Prosperity and its subsidiaries (the “July 2019 Grant”) of 2,750,000 and 8,700,000 share options respectively, of HK\$0.1 each in the capital of Kaisa Prosperity. The closing price of the shares immediately before the date of grant was HK\$15.36. The 8,700,000 share options granted to the employees and 2,750,000 share options granted to the directors of the Kaisa Prosperity have a fair value under the binomial model of HK\$62,564,000 and HK\$22,241,000, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43. SHARE OPTION (Continued)

#### (c) Share Option Scheme of Kaisa Prosperity (Continued)

The valuations were based on the Binomial Option Pricing Model with the following data and assumptions:

	July 2019 Grant
Fair value under binomial model	HK\$84,805,000
Closing share price at grant date	HK\$15.7
Exercise price	HK\$15.7
Annual risk free interest rate	1.87%
Expected volatility	50.86%
Expected option life	10 years
Expected dividend yield	1.15%

Expected volatility was determined by using the historical volatility of Kaisa Prosperity's share price from the listing date to the grant date.

The risk free interest rate is equal to HK\$ swap rate over the exercise period at the grant date. The Binomial Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

As at 31 December 2021, 4,020,000 of the outstanding options granted under the share option scheme were exercisable (2020: 2,120,000).

Note:

Terms of share options at the reporting date were as follows:

Exercise period	Exercise price per share HK\$	Number of share options as at Exercise price 31 December 2021
19/7/2020–18/7/2029	15.7	2,010,000
19/7/2021–18/7/2029	15.7	2,010,000
19/7/2022–18/7/2029	15.7	2,010,000
19/7/2023–18/7/2029	15.7	4,020,000
		<b>10,050,000</b>

Note: Such share options shall be vested in four tranches in accordance with the following dates: (i) up to 20% of the share options granted to each grantee at any time after the expiration of 12 months from the date of grant, i.e. 18 July 2020; (ii) up to 40% of the share options granted to each grantee at any time after the expiration of 24 months from the date of grant, i.e. 18 July 2021; (iii) up to 60% of the share options granted to each grantee at any time after the expiration of 36 months from the date of grant, i.e. 18 July 2022; and (iv) all the remaining share options granted to each grantee at any time after the expiration of 48 months from the date of grant. The shares options are exercisable within a period of ten years from the date of grant, i.e. 18 July 2029, subject to the vesting schedule.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 44. FINANCIAL INSTRUMENTS BY CATEGORY

## Assets as per consolidated statement of financial position

	2021 RMB'000	2020 RMB'000
<b>Financial assets at amortised cost</b>		
Debtors, deposits and other receivables, excluding prepayments and prepaid other taxes (note 25)	<b>47,546,211</b>	42,239,358
Bank balances and cash (note 28)		
– Long-term bank deposits	<b>700,000</b>	1,200,000
– Restricted cash	<b>11,110,309</b>	6,248,888
– Short-term bank deposits	<b>1,500,000</b>	3,585,570
– Cash and bank balances	<b>3,060,184</b>	36,078,762
	<b>63,916,704</b>	89,352,578
<b>Financial assets at FVTPL</b>		
Financial assets at FVTPL (note 21)	<b>11,040,284</b>	10,707,500

## Liabilities as per consolidated statement of financial position

	2021 RMB'000	2020 RMB'000
<b>Financial liabilities at amortised cost</b>		
Accrued construction costs	<b>18,597,466</b>	18,593,833
Borrowings (note 31)	<b>131,706,494</b>	121,470,959
Other payables, excluding deed tax and other tax payables (note 32)	<b>17,327,511</b>	22,509,450
Lease liabilities (note 30)	<b>625,514</b>	556,448
	<b>168,256,985</b>	163,130,690
<b>Financial liabilities at FVTPL</b>		
Derivative financial instruments (note 33)	–	27,450

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by Mr. Kwok Ying Shing (the "Controlling Shareholder").

Apart from those related party transactions disclosed elsewhere in the consolidated financial statements, the following transaction were carried out with related parties.

#### (a) Key management compensation

	2021 RMB'000	2020 RMB'000
Directors' fee	756	801
Salaries and other short-term employee benefits	107,428	146,822
Discretionary bonuses	3,535	3,066
Retirement scheme contributions	941	75
Share-based payments	18,214	29,210
	<b>130,874</b>	179,974

#### (b) Transactions with related parties

	Notes	2021 RMB'000	2020 RMB'000
Advertising income from an associate		19,811	8,962
Advertising income from joint ventures		5,678	21,698
Other income from associates		4,786	43,009
Other income from joint ventures		62,554	402,937
Property management fee income from associates		103,253	33,531
Property management fee income from joint ventures		197,465	135,405
Financial advisory fees charged by an associate		6,953	14,003
Interest income from associates (note 9)		–	1,848
Interest expense charged by an associate	(i)	–	618
Rental expenses charged by a Controlling Shareholder	(ii)	1,140	1,140

Notes:

- (i) Interest expense was charged at interest rate of 12.0% per annum on loans from associates which has been settled during the year end 31 December 2020.
- (ii) This represents payment of rental expense for various office premises to a Controlling Shareholder, Mr. Kwok Ying Shing. The rental expense paid during the year was determined at prevailing market rate of respective office premise.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 45. RELATED PARTY TRANSACTIONS (Continued)

## (c) Balances with related parties

	2021 RMB'000	2020 RMB'000
Loan from a related company (note 31(d))	<b>(108,781)</b>	(108,781)
Trade receivable from associates, net of ECL	<b>142,618</b>	112,417
Trade receivable from joint ventures, net of ECL	<b>506,479</b>	568,659
Amounts due from associates, net of ECL (note 25)	<b>8,128,224</b>	4,635,394
Amounts due from joint ventures, net of ECL (note 25)	<b>22,615,320</b>	18,303,486
Amounts due to associates (note 32)	<b>(2,473,380)</b>	(1,526,789)
Amounts due to joint ventures (note 32)	<b>(412,599)</b>	(10,202,048)
Interest payable to a related company – included in accrued interest in other payables	<b>(235,535)</b>	(235,535)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 46. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

## Statement of financial position of the Company as at 31 December 2021

	2021 RMB'000	2020 RMB'000
<b>Non-current assets</b>		
Investments in subsidiaries	82,768,891	73,295,904
Financial assets at fair value through profit or loss	19,389	34,608
	<b>82,788,280</b>	73,330,512
<b>Current assets</b>		
Financial assets at fair value through profit or loss	794,046	1,273,834
Deposits and other receivables	11,278	2,155,672
Cash and bank balances	173,373	287,106
	<b>978,697</b>	3,716,612
<b>Current liabilities</b>		
Borrowings	76,161,920	10,662,339
Other payables	1,771,760	1,582
Derivative financial instruments	–	27,450
	<b>77,933,680</b>	10,691,371
<b>Net current liabilities</b>	<b>(76,954,983)</b>	(6,974,759)
<b>Total assets less current liabilities</b>	<b>5,833,297</b>	66,355,753
<b>Non-current liability</b>		
Borrowings	–	59,955,448
<b>Net assets</b>	<b>5,833,297</b>	6,400,305
<b>EQUITY</b>		
Share capital (note 35)	613,530	538,942
Share premium (note 35)	6,376,801	4,948,564
Perpetual capital securities	1,350,054	1,350,054
Reserves (note (a))	(2,507,088)	(437,255)
<b>Total equity</b>	<b>5,833,297</b>	6,400,305

Approved and authorised for issue by the Board of Directors on 9 March 2023.

**Kwok Ying Shing**  
Director

**Mai Fan**  
Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**46. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY** (Continued)

Note:

(a) Reserve movement of the Company

	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2020	472,863	(2,497,964)	(2,025,101)
Profit and total comprehensive income for the year	–	1,708,044	1,708,044
Issue of shares upon exercise of share options	59,809	–	59,809
Share-based payment	(33,152)	–	(33,152)
Share options lapsed	(146,855)	–	(146,855)
<b>Balance at 31 December 2020 and 1 January 2021</b>	<b>352,665</b>	<b>(789,920)</b>	<b>(437,255)</b>
Loss and total comprehensive expense for the year	–	<b>(2,092,372)</b>	<b>(2,092,372)</b>
Issue of shares upon exercise of share options	<b>(5,495)</b>	–	<b>(5,495)</b>
Share-based payment	<b>36,198</b>	–	<b>36,198</b>
Share options lapsed	<b>(8,164)</b>	–	<b>(8,164)</b>
<b>Balance at 31 December 2021</b>	<b>375,204</b>	<b>(2,882,292)</b>	<b>(2,507,088)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Jinsheng Engineering Management Consulting (Shenzhen) Co., Ltd. 今盛工程管理諮詢(深圳)有限公司	the PRC, 27 July 2001	Limited liability company	HK\$714,000,000	100%	100%	Property development
Kaisa Urban Redevelopment Group (Shenzhen) Co., Ltd. 佳兆業城市更新集團(深圳)有限公司	the PRC, 26 March 2004	Limited liability company	RMB15,190,000	100%	100%	Property development
Kaisa Group (Shenzhen) Co., Ltd. 佳兆業集團(深圳)有限公司	the PRC, 3 June 1999	Limited liability company	RMB2,826,163,980	100%	100%	Property development
Shenzhen Naiao Kaisa Property Development Co., Ltd. 深圳市南澳佳兆業房地產開發有限公司	the PRC, 15 February 2004	Limited liability company	RMB640,000,000	100%	100%	Property development
Huizhou Canrong Property Ltd. 惠州燦榮房產有限公司	the PRC, 14 January 1994	Limited liability company	RMB35,926,506	100%	100%	Property development
Zhaoruijing Hotel Zhiye Management (Suizhong) Co., Ltd. 兆瑞景酒店置業管理(綏中)有限公司	the PRC, 20 December 2010	Limited liability company	HK\$68,300,000	100%	100%	Hotel management
Leisure Land Hotel Zhiye Management (Suizhong) Co., Ltd. 可域酒店置業管理(綏中)有限公司	the PRC, 20 December 2010	Limited liability company	RMB144,653,000	100%	100%	Hotel management
Kaisa Zhiye (Nanchong) Co., Ltd. 佳兆業置業(南充)有限公司	the PRC, 28 December 2010	Limited liability company	RMB850,000,000	100%	100%	Property development
Kaisa Real Estate (Benxi) Co., Ltd. 佳兆業地產(本溪)有限公司	the PRC, 7 March 2011	Limited liability company	HK\$210,000,000	100%	100%	Property development
Zhuhai Kaisa Property Development Co., Ltd. 珠海市佳兆業房地產開發有限公司	the PRC, 9 June 2011	Limited liability company	RMB518,000,000	100%	100%	Property development
Kaisa Tourism Development Co., Ltd. 佳兆業旅遊開發有限公司	the PRC, 15 July 2011	Limited liability company	HK\$93,600,000	100%	100%	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Kaisa Property (Suizhong) Co., Ltd. 佳兆業地產(綏中)有限公司	the PRC, 15 July 2011	Limited liability company	HK\$246,500,000	100%	100%	Property development
Kaisa Xindu Zhiye (Qingdao) Co., Ltd. 佳兆業新都置業(青島)有限公司	the PRC, 18 February 2013	Limited liability company	US\$60,000,000	100%	100%	Property development
Zuhai Zhanda Property Development Co., Ltd. 珠海市展大房地產開發有限公司	the PRC, 11 April 1992	Limited liability company	RMB98,040,000	100%	100%	Property development
Kaisa Property Management (Shenzhen) Co., Ltd. 佳兆業物業管理(深圳)有限公司	the PRC, 20 October 1999	Limited liability company	RMB310,000,000	67%	67%	Property development
Kaisa Commerce Group Co., Ltd. 佳兆業商業集團有限公司	the PRC, 19 July 2004	Limited liability company	RMB1,000,000,000	100%	100%	Commerce management
Shenzhen Jililong Shiye Co., Ltd. 深圳市吉利隆實業有限公司	the PRC, 21 March 1997	Limited liability company	RMB12,000,000	100%	100%	Property development
Guangzhou Jinmao Property Development Co., Ltd. 廣州金貿房地產開發有限公司	the PRC, 27 October 2005	Limited liability company	RMB202,500,000	100%	100%	Property development
Dongguan Kaisa Property Development Co., Ltd. 東莞市佳兆業房地產開發有限公司	the PRC, 6 September 2004	Limited liability company	RMB38,000,000	100%	100%	Property development
Dongguan Yingsheng Property Development Co., Ltd. 東莞市盈盛房地產開發有限公司	the PRC, 3 March 2006	Limited liability company	RMB20,000,000	100%	100%	Property development
Huizhou Jiabo Property Development Co., Ltd. 惠州市佳博房地產開發有限公司	the PRC, 14 September 2007	Limited liability company	RMB1,000,000	100%	100%	Property development
Dongguan Yingyan Property Development Co., Ltd. 東莞市盈雁房地產開發有限公司	the PRC, 4 July 2008	Limited liability company	RMB10,000,000	80%	80%	Property development
Chengdu Kaisa Investment Co., Ltd. 成都佳兆業投資有限公司	the PRC, 22 June 2007	Limited liability company	RMB20,000,000	100%	100%	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Dongguan Yingtai Property Development Co., Ltd. 東莞市盈泰房地產開發有限公司	the PRC, 4 January 2007	Limited liability company	RMB10,000,000	100%	100%	Property development
Nanchong Kaisa Property Co., Ltd. 南充市佳兆業房地產有限公司	the PRC, 10 December 2010	Limited liability company	RMB10,000,000	100%	100%	Property development
Shenzhen Henggang Kaisa Investment Consulting Co., Ltd. 深圳市橫崗佳兆業投資諮詢有限公司	the PRC, 3 June 2011	Limited liability company	RMB10,000,000	100%	100%	Property development
Anshan Junhuishangpin Property Development Co., Ltd. 鞍山君匯上品房地產開發有限公司	the PRC, 28 June 2011	Limited liability company	RMB152,825,200	100%	100%	Property development
Wan Rui Fa Property (Anshan) Co., Ltd. 萬瑞發地產(鞍山)有限公司	the PRC, 28 June 2011	Limited liability company	US\$19,115,864	100%	100%	Property development
Dongguan City Oasis Garden Property Development Co., Ltd. 東莞市城市綠洲花園房地產開發有限公司	the PRC, 21 October 2011	Limited liability company	RMB10,000,000	100%	100%	Property development
Shanghai Xiangyi Management Consulting Co., Ltd. 上海向益管理諮詢有限公司	the PRC, 3 November 2011	Limited liability company	RMB25,000,000	100%	100%	Investment holding
Chongqing Shenlian Investment Co., Ltd. 重慶深聯投資有限公司	the PRC, 22 August 2012	Limited liability company	RMB20,000,000	60%	60%	Property development
Dongguan Yulongshan Property Development Co., Ltd. 東莞市御龍山房地產開發有限公司	the PRC, 9 April 2013	Limited liability company	RMB20,000,000	100%	100%	Property development
Chongqing Tanxun Wulianwang Technology Co., Ltd. 重慶談訊物聯網科技有限公司	the PRC, 13 November 2013	Limited liability company	RMB10,000,000	100%	100%	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Kaisa E-Commerce (Shenzhen) Co., Ltd. 佳兆業電子商務(深圳)有限公司	the PRC, 24 February 2014	Limited liability company	RMB20,000,000	100%	100%	Property development
Shenzhen No.1 Warehouse Fast Network Co., Ltd. 深圳市一號倉佳速網絡有限公司	the PRC, 9 December 2014	Limited liability company	RMB10,000,000	100%	100%	Computer technology
Wuhan Haiding Property Co., Ltd. 武漢市海鼎置業有限責任公司	the PRC, 22 November 2002	Limited liability company	RMB30,000,000	100%	100%	Property development
Chongqing Xinshitong Real Estate Development Co., Ltd. 重慶市新事通房地產開發有限公司	the PRC, 27 December 2016	Limited liability company	RMB20,000,000	100%	100%	Property development
Shenzhen Sanlian Kendu Pharmaceutical Co., Ltd. 深圳三聯肯渡製藥股份有限公司	the PRC, 25 September 1995	Limited liability company	RMB100,000,000	70%	70%	Property development
Shaoxing Hongjia Housing Co., Ltd. 紹興鴻佳置業有限公司	the PRC, 25 July 2016	Limited liability company	RMB30,000,000	100%	100%	Property development
Zhuhai Jia Jun Investment Company Limited 珠海市佳駿投資有限公司	the PRC, 18 May 2017	Limited liability company	RMB50,000,000	100%	100%	Property development
Xinzheng Henderson Real Estate Development Company Limited 新鄭市佳兆業房地產開發有限公司	the PRC, 14 July 2017	Limited liability company	RMB400,000,000	100%	100%	Property development
Zhongshan Fuze Real Estate Development Co., Ltd. 中山富澤房地產開發有限公司	the PRC, 17 March 2015	Limited liability company	RMB10,000,000	100%	100%	Property development
Hangzhou Jiixin Zhiye Co., Ltd. 杭州佳欣置業有限公司	the PRC, 18 September 2017	Limited liability company	RMB40,932,200	100%	100%	Property development



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Jiashan Shangwan Real Estate Development Co., Ltd. 嘉善尚灣房地產開發有限公司	the PRC, 13 October 2017	Limited liability company	RMB16,000,000	51%	51%	Property development
Shenzhen Woodland Height Shiye Co., Ltd. 深圳市桂芳園實業有限公司	the PRC, 13 October 2003	Limited liability company	RMB500,000,000	100%	100%	Property development
Shenzhen Longgang Kaisa Property Development Co., Ltd. 深圳市龍崗佳兆業房地產開發有限公司	the PRC, 14 November 2006	Limited liability company	RMB204,680,000	100%	100%	Property development
Chengdu Nanxing Yinji Property Development Co., Ltd. 成都南興銀基房地產開發有限公司	the PRC, 5 November 2004	Limited liability company	RMB420,000,000	100%	100%	Property development
Hunan Kaisa Property Development Co., Ltd. 湖南佳兆業房地產開發有限公司	the PRC, 22 August 2007	Limited liability company	RMB220,000,000	100%	100%	Property development
Shenzhen Dapeng Kaisa Property Development Co., Ltd. 深圳市大鵬佳兆業房地產開發有限公司	the PRC, 17 November 2000	Limited liability company	RMB100,000,000	100%	100%	Property development
Shenzhen Tajian Construction & Engineering Co., Ltd. 深圳市泰建建築工程有限公司	the PRC, 19 July 2007	Limited liability company	RMB1,000,000,000	100%	100%	Construction engineering
Shenzhen Xingwoer Property Development Co., Ltd. 深圳市興沃爾房地產開發有限公司	the PRC, 29 January 1999	Limited liability company	RMB10,000,000	100%	100%	Property development
Shanghai Xinwan Investment Development Co., Ltd. 上海新灣投資發展有限公司	the PRC, 17 January 2007	Limited liability company	RMB35,000,000	100%	100%	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Boluo Kaisa Real Estate Development Co., Ltd. 博羅縣佳兆業房地產開發有限公司	the PRC, 2 June 2008	Limited liability company	RMB10,000,000	100%	100%	Property development
Shenzhen Golden Bay Hotel Co., Ltd. 深圳市金沙灣大酒店有限公司	the PRC, 17 June 1997	Limited liability company	RMB50,000,000	100%	100%	Property development
Jiangsu Kaisa Investment Co., Ltd. 江蘇佳兆業投資有限公司	the PRC, 18 May 2010	Limited liability company	RMB15,000,000	100%	100%	Property development
Baoji Crafts (Shenzhen) Co., Ltd. 寶吉工藝品(深圳)有限公司	the PRC, 28 December 1988	Limited liability company	RMB877,725,000	100%	100%	Property development
Jiangyin Washington Waterfront Property Development Co., Ltd. 江陰水岸華府房地產開發有限公司	the PRC, 10 December 2010	Limited liability company	RMB20,000,000	100%	100%	Property development
Zhejiang Wufeng Zhiye Co., Ltd. 浙江伍豐置業有限公司	the PRC, 7 January 2010	Limited liability company	RMB260,000,000	100%	100%	Property development
Jiangyin Jincuiyuan Property Development Co., Ltd. 江陰金翠園房地產開發有限公司	the PRC, 22 February 2011	Limited liability company	RMB20,000,000	100%	100%	Property development
Shenzhen Yantian Kaisa Property Development Co., Ltd. 深圳市鹽田佳兆業房地產開發有限公司	the PRC, 19 April 2011	Limited liability company	RMB800,000,000	100%	100%	Property development
Kaisa Dongdaihe Property Development Co., Ltd. 佳兆業東戴河房地產開發有限公司	the PRC, 6 July 2011	Limited liability company	RMB50,000,000	100%	100%	Property development
Shenzhen Yuefeng Investment Co., Ltd. 深圳市悅峰投資有限公司	the PRC, 25 April 2012	Limited liability company	RMB100,000,000	100%	100%	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Taizhou Kaisa Jiangshan Property Development Co., Ltd. 泰州佳兆業江山房地產開發有限公司	the PRC, 30 December 2011	Limited liability company	RMB50,000,000	<b>51%</b>	51%	Property development
Wuhan Kaisa Investment Co., Ltd. 武漢市佳兆業投資有限公司	the PRC, 13 July 2012	Limited liability company	RMB250,000,000	<b>100%</b>	100%	Property development
Shanghai Jinwan Zhaoye Property Development Co., Ltd. 上海金灣兆業房地產開發有限公司	the PRC, 2 August 2012	Limited liability company	RMB30,000,000	<b>100%</b>	100%	Property development
Jiangyin Binjiangyuan Property Development Co., Ltd. 江陰濱江雅園房地產開發有限公司	the PRC, 14 September 2012	Limited liability company	RMB20,000,000	<b>100%</b>	100%	Property development
Dalian Huapu Zhiye Co., Ltd. 大連華普置業有限公司	the PRC, 9 December 2009	Limited liability company	RMB100,000,000	<b>100%</b>	100%	Property development
Shanghai Jiawan Zhaoye Property Co., Ltd. 上海嘉灣兆業房地產有限公司	the PRC, 24 December 2012	Limited liability company	RMB30,000,000	<b>100%</b>	100%	Property development
Kaisa Culture and Sports Investment Development (Shenzhen) Co., Ltd. 佳兆業文化體育(深圳)有限公司	the PRC, 25 January 2013	Limited liability company	RMB72,000,000	<b>90%</b>	90%	Commerce management
Kaisa Property (Hangzhou) Co., Ltd. 佳兆業房地產(杭州)有限公司	the PRC, 6 March 2013	Limited liability company	RMB40,820,000	<b>100%</b>	100%	Property development
Chengdu Tianjia Zhiye Co., Ltd. 成都天佳置業有限公司	the PRC, 19 April 2013	Limited liability company	RMB200,000,000	<b>100%</b>	100%	Property development
Shenzhen Jiawangji Property Development Co., Ltd. 深圳市佳旺基房地產開發有限公司	the PRC, 5 February 2010	Limited liability company	RMB50,000,000	<b>70%</b>	70%	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Wuhan Junhui Property Development Co., Ltd. 武漢市君匯房地產開發有限公司	the PRC, 20 May 2013	Limited liability company	RMB50,000,000	100%	100%	Property development
Shanghai Rongwan Zhaoye Property Development Co., Ltd. 上海榮灣兆業房地產開發有限公司	the PRC, 17 October 2013	Limited liability company	RMB30,000,000	100%	100%	Property development
Wan Tai Chang Property Development (Suizhong) Co., Ltd. 萬泰昌房地產開發(綏中)有限公司	the PRC, 15 October 2013	Limited liability company	HK\$428,999,750	100%	100%	Property development
Hangxilongye Property (Hangzhou) Co., Ltd. 杭溪隆業房地產(杭州)有限公司	the PRC, 26 June 2013	Limited liability company	RMB98,000,000	100%	100%	Property development
Shanghai Chengwan Zhaoye Property Development Co., Ltd. 上海誠灣兆業房地產有限公司	the PRC, 2 August 2013	Limited liability company	RMB58,820,000	100%	100%	Property development
Chongqing Kaisa Property Development Co., Ltd. 重慶佳兆業房地產開發有限公司	the PRC, 13 November 2013	Limited liability company	RMB946,675,000	100%	100%	Property development
Sichuan Tianzi Zhiye Co., Ltd. 四川天姿置業有限公司	the PRC, 15 September 2006	Limited liability company	RMB20,000,000	100%	100%	Property development
Huizhou Weitong Property Co., Ltd. 惠州緯通房產有限公司	the PRC, 14 January 1994	Limited liability company	HK\$256,026,685	100%	100%	Property development
Kaisa Technology (Huizhou) Co., Ltd. 佳兆業科技(惠州)有限公司	the PRC, 24 March 2008	Limited liability company	US\$3,794,256	100%	100%	Property development
Kaisa Real Estate (Liaoning) Co., Ltd. 佳兆業地產(遼寧)有限公司	the PRC, 28 January 2010	Limited liability company	RMB1,086,670,000	100%	100%	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Shenzhen Zhengchangtai Investment Consulting Co., Ltd 深圳市正昌泰投資諮詢有限公司	the PRC, 13 June 2007	Limited liability company	RMB10,000,000	100%	100%	Property development
Wan Rui Chang Property Development Co., Ltd 萬裕昌計算機技術開發(深圳)有限公司	the PRC, 26 October 2001	Limited liability company	HK\$2,000,000	100%	100%	Commerce management
Kaisa Holdings Limited 佳兆業集團有限公司	HK, 16 July 1999	Limited liability company	HK\$10,000	100%	100%	Investment holding
Beijing Jinmao Caixun Xinxi Co., Ltd 北京金貿財迅信息有限公司	the PRC, 5 December 2005	Limited liability company	RMB24,400,000	100%	100%	Commerce management
Dong Sheng Investment Company Limited 東升投資有限公司	BVI, 25 July 2007	Limited liability company	US\$1	100%	100%	Investment holding
Rui Jing Investment Company Limited 瑞景投資有限公司	BVI, 23 July 2007	Limited liability company	HK\$1	100%	100%	Investment holding
Kaisa (Huizhou) Road Construction Development Co., Ltd. 佳兆業(惠州)道路建設發展有限公司	the PRC, 2 February 2008	Limited liability company	US\$40,000,000	100%	100%	Commerce management
Tai An Da Investment Company Limited 泰安達投資有限公司	BVI, 2 March 2010	Limited liability company	US\$2	100%	100%	Investment holding
Wan Rui Fa Investment Company Limited 萬瑞發投資有限公司	HK, 2 March 2010	Limited liability company	HK\$10,000	100%	100%	Investment holding
Tai He Sheng Investment Company Limited 泰和盛投資有限公司	BVI, 2 March 2010	Limited liability company	US\$1	100%	100%	Investment holding
Tai Chong Li Investment Company Limited 泰昌利投資有限公司	BVI, 2 March 2010	Limited liability company	US\$1	100%	100%	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Wan Jin Chang Investment Limited 萬晉昌投資有限公司	HK, 2 March 2010	Limited liability company	HK\$1	100%	100%	Investment holding
Wan Rui Chang Investment Company Limited 萬瑞昌投資有限公司	HK, 2 March 2010	Limited liability company	HK\$1	100%	100%	Investment holding
Wan Tai Chang Investment Company Limited 萬泰昌投資有限公司	HK, 2 March 2010	Limited liability company	HK\$1	100%	100%	Investment holding
Shenzhen Kaisa Hotel Management Co., Ltd. 深圳市佳兆業酒店管理有限公司	the PRC, 15 September 2010	Limited liability company	RMB110,750,000	100%	100%	Hotel management
Hong Kong Kaisa Industry Co., Limited 香港佳兆業實業有限公司	HK, 24 November 2010	Limited liability company	US\$1,000	100%	100%	Investment holding
Sunny Sino Investments Limited 熙華投資有限公司	HK, 21 September 2011	Limited liability company	US\$1	100%	100%	Investment holding
Xifeng Management Consulting (Shenzhen) Co., Ltd. 熙豐管理諮詢(深圳)有限公司	the PRC, 17 November 2011	Limited liability company	RMB1,000,000	100%	100%	Commerce management
Shenzhen Denghong Management Consulting Co., Ltd 深圳市德弘管理諮詢有限公司	the PRC, 8 November 2011	Limited liability company	RMB500,000,000	100%	100%	Commerce management
Action Enrich Limited 行裕有限公司	BVI, 2 May 2012	Limited liability company	US\$1,000	100%	100%	Investment holding
Chengdu Dingchengda Property Development Co., Ltd 成都市鼎誠達房地產開發有限公司	the PRC, 6 July 2012	Limited liability company	RMB10,000,000	100%	100%	Property development
Wan Rui Chang Property Development (Suizhong) Co., Ltd 萬瑞昌房地產開發(綏中)有限公司	the PRC, 1 August 2012	Limited liability company	HK\$244,000,000	100%	100%	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Kaisa Property (Dandong) Co., Ltd 佳兆業地產(丹東)有限公司	the PRC, 30 October 2012	Limited liability company	US\$50,500,000	100%	100%	Property development
Splendid Maple Limited 燁楓有限公司	BVI, 21 May 2013	Limited liability company	US\$10,000	100%	100%	Investment holding
Suzhou Kaisa Property Development Co., Ltd. 蘇州市佳兆業房地產開發有限公司	the PRC, 20 February 2014	Limited liability company	RMB196,000,000	100%	100%	Property development
Chengdu Jincheng Jiaye Property Development Co., Ltd. 成都錦城佳業房地產開發有限公司	the PRC, 24 February 2014	Limited liability company	RMB10,000,000	100%	100%	Property development
Nanjing Aoxin Property Development Co., Ltd. 南京奧信房地產開發有限公司	the PRC, 11 November 2013	Limited liability company	RMB50,000,000	100%	100%	Property development
Shanghai Qingwan Zhaoye Property Development Co., Ltd. 上海青灣兆業房地產開發有限公司	the PRC, 21 August 2014	Limited liability company	RMB50,000,000	100%	100%	Property development
Chengdu Jinxinrui Property Development Co., Ltd. 成都市錦新瑞房地產開發有限公司	the PRC, 7 November 2012	Limited liability company	RMB50,000,000	100%	100%	Property development
Shenzhen Guanyang Property Development Co., Ltd. 深圳冠洋房地產有限公司	the PRC, 5 June 2009	Limited liability company	RMB100,000,000	51%	51%	Property development
Shenzhen Jielingzixun Co., Ltd. 深圳市傑領資訊諮詢有限公司	the PRC, 3 November 2014	Limited liability company	RMB0	100%	100%	Commerce management
Hainan Kaisa Industrial Group Co., Ltd. 海南佳兆業實業集團有限公司	the PRC, 29 April 2010	Limited liability company	RMB10,000,000	100%	100%	Property development
Guangzhou Kaisa Investment Co., Ltd. 廣州佳兆業投資諮詢有限公司	the PRC, 8 March 2010	Limited liability company	RMB10,000,000	55%	55%	Property development



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Shenzhen Kaisa Real Estate Co., Ltd. 深圳市佳兆業置業有限公司	the PRC, 7 September 2012	Limited liability company	RMB10,000,000	100%	100%	Property development
Shenzhen Guan Lan Kaisa Real Estate Development Co., Ltd. 深圳市觀瀾佳兆業置業發展有限公司	the PRC, 30 August 2013	Limited liability company	RMB50,000,000	100%	100%	Property development
Shenzhen Jili Real Estate Development Co., Ltd. 深圳市吉麗房地產開發有限公司	the PRC, 25 October 2019	Limited liability company	RMB532,800,000	100%	100%	Property development
Qinghai Pharmaceutical Co., Limited 青海製藥廠有限公司	the PRC, 31 May 2000	Limited liability company	RMB100,000,000	54.84%	54.84%	Manufacturing and trading of pharmaceutical products
Guangzhou Jingsheng Real Estate Development Co., Ltd. 廣州市景晟房地產開發有限公司	the PRC, 8 August 2019	Limited liability company	RMB10,000,000	100%	100%	Property development
Dalian Shizhan Real Estate Development Co., Ltd. 大連世展房地產開發有限公司	the PRC, 26 January 2014	Limited liability company	RMB138,000,000	100%	100%	Property development
Hengyang Hengji Real Estate Development Co., Ltd. 衡陽恒基置業有限公司	the PRC, 27 October 2010	Limited liability company	RMB10,000,000	51%	51%	Property development
Chengdu Huaguan Keheng Technology Co., Ltd. 成都華冠可恒科技有限公司	the PRC, 26 June 2017	Limited liability company	RMB40,816,327	51%	51%	Property development
Chengdu Jinxi Shengrong Real Estate Development Co., Ltd. 成都錦熙榮房地產開發有限公司	the PRC, 26 April 2017	Limited liability company	RMB10,000,000	100%	51%	Property development
Qingdao Jiake Real Estate Development Co., Ltd. 青島佳科房地產開發有限公司	the PRC, 25 December 2018	Limited liability company	RMB10,000,000	51%	51%	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Bazhou Yujingxuan Real Estate Development Co., Ltd. 霸州市裕景軒房地產開發有限公司	the PRC, 8 August 2017	Limited liability company	RMB5,000,000	<b>100%</b>	51%	Property development
Chengdu Jiaruihua Real Estate Development Co., Ltd. 成都佳瑞華房地產開發有限公司	the PRC, 19 October 2017	Limited liability company	RMB10,000,000	<b>100%</b>	100%	Property development
Xingbotong Electrical (Shenzhen) Co., Ltd. 興博通電子(深圳)有限公司	the PRC, 28 May 2001	Limited liability company	HK\$390,000,000	<b>67%</b>	67%	Property development
Suzhou Jiayuanhuafu Real Estate Development Co., Ltd. 蘇州市佳源華府房地產開發有限公司	the PRC, 17 January 2018	Limited liability company	RMB50,209,400	<b>100%</b>	100%	Property development
Kaisa Health Group Holdings Limited 佳兆業健康集團控股有限公司 (note iv)	Bermuda, 26 March 1997	Limited liability company	HK\$6,303,000	<b>42.99%</b>	42.99%	Health care operations
Huizhou Jiashang Investment Co., Ltd. 惠州市佳尚投資有限公司	the PRC, 1 August 2017	Limited liability company	RMB70,000,000	<b>70%</b>	70%	Property development
Shenzhen Dashengtong Real Estate Development Co., Ltd. 深圳市達盛通置業有限公司	the PRC, 28 April 2016	Limited liability company	RMB10,000,000	<b>100%</b>	100%	Property development
Shenzhen Shipping Group Co., Ltd. 深圳市航運集團有限公司	the PRC, 24 March 1982	Limited liability company	RMB5,168,000	<b>70%</b>	70%	Water-way passenger and cargo transportation
Pinggu Nuoxin Real Estate Development (Dalian) Co., Ltd. 平谷諾信置業(大連)有限公司	the PRC, 8 November 2011	Limited liability company	RMB90,812,600	<b>100%</b>	100%	Property development
Shenzhen Pengxing Shipping Co., Ltd. 深圳市鵬星船務有限公司	the PRC, 1 December 1982	Limited liability company	RMB5,168,000	<b>70%</b>	70%	Water-way passenger and cargo transportation

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## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
Shenzhen Football Club Co., Ltd. 深圳市足球俱樂部有限公司	the PRC, 28 October 1994	Limited liability company	RMB110,000,000	<b>90%</b>	90%	Cultural operation
Kaisa Prosperity Holdings Limited 佳兆業美好集團有限公司 (note iv)	Cayman Islands, 13 October 2019	Limited liability company	HK\$1,541,100	<b>67.18%</b> (note ii)	67.33%	Investment holding
Zhongsan Runbang Real Estate Development Co., Ltd. 中山市潤邦房地產開發有限公司	the PRC, 24 May 2012	Limited liability company	RMB1,000,000	<b>100%</b>	100%	Property development
Chengdu Shengshi Phoenix Nest Property Co., Ltd. 成都盛世鳳巢置業有限公司	the PRC, 7 January 2014	Limited liability company	RMB30,000,000	<b>100%</b>	100%	Property development
Zhuhai Hao Hui Business Service Co., Ltd. 珠海浩輝商務服務有限公司	the PRC, 28 May 2015	Limited liability company	RMB10,000,000	<b>100%</b>	100%	Commerce management
Suizhong Jia Yue Real Estate Development Co., Ltd. 綏中佳悅房地產開發有限公司	the PRC, 21 August 2018	Limited liability company	RMB50,000,000	<b>100%</b>	100%	Property development
Zhangjiang Kaisa Top Quality Real Estate Development Co., Ltd. 張家港市佳兆業上品房地產開發有限公司	the PRC, 2 July 2018	Limited liability company	RMB50,000,000	<b>100%</b>	100%	Property development
Xuzhou Jiale Real Estate Development Co., Ltd. 徐州佳樂房地產開發有限公司	the PRC, 27 June 2018	Limited liability company	US\$215,000,000	<b>50%</b>	50%	Property development
Shaoxing Ming Yue Real Estate Co., Ltd. 紹興明悅置業有限公司	the PRC, 10 May 2018	Limited liability company	RMB2,000	<b>99%</b>	99%	Property development
Victorious Resources Limited 源凱有限公司	BVI, 3 August 2018	Limited liability company	US\$50,000	<b>100%</b>	100%	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment	Type of legal entity	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest		Principal activities
				2021	2020	
South Prestige Limited 南譽有限公司	BVI, 29 May 2018	Limited liability company	US\$50,000	<b>100%</b>	100%	Investment holding
Lejie Electronic Products (Shenzhen) Co. Ltd. 樂捷電子產品(深圳)有限公司	the PRC, 11 March 1993	Limited liability company	HK\$1,000,000	<b>0%</b> (note iii)	51% (note i)	Property development
Zhongshan Hong Kong Real Estate Development Company Limited 中山富港房地產開發有限公司	the PRC, 16 March 2017	Limited liability company	RMB120,480,000	<b>80%</b>	80%	Property development
Great Harbour Global Limited 耀港環球有限公司	BVI, 7 January 2019	Limited liability company	US\$50,000	<b>100%</b>	100%	Investment holding
Guangzhou Jiajing Real Estate Development Co., Ltd. 廣州佳徑房地產開發有限公司	the PRC, 11 March 2020	Limited liability company	RMB200,000,000	<b>80%</b>	80%	Property development
Good Promise Investments Limited 康諾投資有限公司	Hong Kong, 13 November 2018	Limited liability company	HK\$1	<b>100%</b>	100%	Investment holding
Weikang (Qingyuan) Zhiye Co., Ltd. 威康(清遠)置業有限公司	the PRC, 23 September 2008	Limited liability company	HK\$41,746,692	<b>100%</b>	100% (note i)	Property development
Jinlun (Qingyuan) Zhiye Co., Ltd. 金倫(清遠)置業有限公司	the PRC, 23 September 2008	Limited liability company	HK\$32,896,742	<b>100%</b>	100% (note i)	Property development
Qingyuan Delun Zhiye Co., Ltd. 清遠德倫置業有限公司	the PRC, 23 September 2008	Limited liability company	HK\$39,355,600	<b>100%</b>	100% (note i)	Property development
Kaisa Capital Investment Holdings Limited (note iv)	Cayman Islands 11 March 2010	Limited liability company	HK\$10,600,000	<b>30.6%</b> (note i)	0%	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Notes:

- (i) During the year ended 31 December 2021 and 2020, the Group entered into agreements with third parties to acquire equity interests in certain companies. Upon the acquisitions, these companies became subsidiaries of the Group.
- (ii) During the year ended 31 December 2021, the non-controlling interest has injected capital in certain subsidiaries. Upon capital injection, the Group's equity interest in these subsidiaries have been diluted and the Group has not lost control in these subsidiaries.
- (iii) The company has been deregistered during the year ended 31 December 2021.
- (iv) Kaisa Prosperity Holdings Limited, Kaisa Health Group Holdings Limited and Kaisa Capital Investment Holdings Limited are listed companies in Main Board of Hong Kong Stock Exchange.
- (v) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The table below shows details of non-wholly owned subsidiary of the Company that is individual material non-controlling interests of the Group as at 31 December 2021 and 2020:

Name of subsidiary	Place of Incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2021	2020	2021	2020	2021	2020
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
深圳航運集團有限公司 ("Shenzhen Marine") and its subsidiaries ("Shenzhen Marine Group") (note i)	the PRC	30.0%	30.0%	1,159	(9,631)	10,305,808	10,304,649

Notes:

- i As at 31 December 2021, the Group held 70% (2020: 70.0%) equity interest in Shenzhen Marine, which indirectly held 51% (2020: 51.0%) equity interest in 深圳圳華港灣企業有限公司.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Summarised financial information in respect of the Group's subsidiary with individual material non-controlling interest as set out below. The summarised financial information below represents amounts before intra-group eliminations.

	Shenzhen Marine Group	
	2021	2020
	RMB'000	RMB'000
Current assets	<b>14,841,061</b>	13,132,718
Non-current assets	<b>764,901</b>	1,152,543
Current liabilities	<b>(4,190,601)</b>	(2,992,257)
Non-current liabilities	<b>(383,561)</b>	(277,507)
Equity	<b>11,031,800</b>	11,015,497
Equity attributable to owners of the Company	<b>725,992</b>	710,848
Equity attributable to non-controlling interests	<b>10,305,808</b>	10,304,649

	Shenzhen Marine Group	
	2021	2020
	RMB'000	RMB'000
Revenue	<b>619,549</b>	442,559
Profit/(Loss) for the year	<b>43,988</b>	(95,079)
Other comprehensive (expense)/income for the year	<b>(27,685)</b>	62,976
Total comprehensive income/(expense) attributable to owners of the Company	<b>15,144</b>	(22,472)
Total comprehensive income/(expense) attributable to the non-controlling interests	<b>1,159</b>	(9,631)
Total comprehensive income/(expense) for the year	<b>16,303</b>	(32,103)
Net cash from operating activities	<b>385,370</b>	48,037
Net cash from/(used in) investing activities	<b>4,479</b>	(213,937)
Net cash (used in)/from financing activities	<b>(218,707)</b>	13,615
Net cash inflow/(outflow)	<b>171,142</b>	(152,285)

### 48. COMPARATIVE FIGURES

Certain comparative figures have been re-presented in order to conform to the current year's presentation.

# FINANCIAL SUMMARY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
<b>Non-current assets</b>					
Property, plant and equipment	5,245,085	5,311,916	4,819,506	3,055,880	2,551,580
Right-of-use assets	626,471	536,993	1,358,516	–	–
Investment properties	20,262,500	34,524,400	35,309,000	35,930,000	32,025,830
Land use rights	672,088	720,913	753,493	669,078	395,815
Investments in associates	7,088,114	13,817,340	11,918,789	7,072,822	5,284,835
Investments in joint ventures	12,997,981	18,386,366	14,092,325	8,677,152	6,818,118
Available-for-sale financial assets	–	–	–	–	4,400,796
Financial assets at fair value through profit or loss	7,912,876	5,369,151	7,807,357	6,567,622	–
Debtors, deposits and other receivables	25,000	20,000	553,500	1,652,852	823,860
Goodwill and intangible assets	1,008,724	1,276,405	1,238,218	1,105,288	1,206,237
Long-term bank deposits	700,000	1,200,000	1,600,000	400,000	–
Convertible bonds receivable	–	–	–	–	41,328
Deferred tax assets	1,201,915	628,380	864,268	784,310	9,699
	<b>57,740,754</b>	81,791,864	80,314,972	65,915,004	53,558,098
<b>Current assets</b>					
Properties under development	84,981,277	71,367,943	63,674,746	64,764,338	68,066,413
Completed properties held for sale	15,951,492	13,036,568	13,003,874	13,130,534	18,170,966
Inventories	518,561	416,781	260,302	105,305	2,714
Deposits for land acquisition	19,371,786	18,204,746	19,891,354	19,445,196	21,422,522
Prepayments for proposed development projects	37,482,981	25,004,121	23,782,080	19,080,815	15,925,608
Debtors, deposits and other receivables	54,606,478	48,468,486	33,461,565	22,600,171	14,124,677
Prepaid taxes	658,793	356,481	1,092,397	1,134,324	850,499
Restricted cash balance and cash	11,110,309	6,248,888	6,016,455	6,792,292	7,939,574
Financial assets at fair value through profit or loss	3,127,408	5,338,349	43,034	328,204	96,467
Short-term bank deposits	1,500,000	3,585,570	2,536,724	252,718	1,232,206
Cash and bank balances	3,060,184	36,078,762	26,824,859	15,479,139	11,998,423
	<b>232,389,269</b>	228,106,695	190,587,390	163,113,036	159,830,069



## FINANCIAL SUMMARY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
<b>Current liabilities</b>					
Advance proceeds received from customers and deposits received	—	—	—	—	29,564,933
Contract liabilities	<b>44,788,870</b>	49,706,027	39,388,659	39,154,089	—
Accrued construction costs	<b>18,597,466</b>	18,593,833	14,494,060	12,599,547	15,170,791
Income tax payable	<b>12,819,884</b>	12,020,469	10,739,849	7,773,315	5,649,679
Lease liabilities	<b>134,041</b>	103,208	159,694	—	—
Borrowings	<b>104,743,370</b>	23,069,223	31,891,998	16,965,694	22,173,037
Other payables	<b>19,750,707</b>	24,260,845	27,011,322	19,917,262	17,315,611
Derivative financial instruments	—	27,450	82,807	—	—
	<b>200,834,338</b>	127,781,055	123,768,389	96,409,907	89,874,051
<b>Net current assets</b>	<b>31,554,931</b>	100,325,640	66,819,001	66,703,129	69,956,018
<b>Total assets less current liabilities</b>	<b>89,295,685</b>	182,117,504	147,133,973	132,618,133	123,514,116
<b>Non-current liabilities</b>					
Lease liabilities	<b>491,473</b>	453,240	1,226,605	—	—
Borrowings	<b>26,963,124</b>	98,401,736	85,303,554	91,800,258	89,000,150
Other payables	<b>19,350</b>	19,768	10,248	—	104,171
Deferred tax liabilities	<b>2,739,722</b>	4,523,386	4,886,993	4,478,563	4,411,645
	<b>30,213,669</b>	103,398,130	91,427,400	96,278,821	93,515,966
<b>Net assets</b>	<b>59,082,016</b>	78,719,374	55,706,573	36,339,312	29,998,150
<b>EQUITY</b>					
Share capital	<b>613,530</b>	538,942	534,844	533,389	532,865
Share premium	<b>6,376,801</b>	4,948,564	5,546,561	6,168,607	6,913,069
Owners of perpetual capital securities	<b>1,350,054</b>	1,350,054	—	—	—
Reserves	<b>12,690,673</b>	25,496,179	19,634,942	14,938,114	11,641,988
<b>Equity attributable to owners of the Company</b>	<b>21,031,058</b>	32,333,739	25,716,347	21,640,110	19,087,922
Non-controlling interests	<b>38,050,958</b>	46,385,635	29,990,226	14,699,202	10,910,228
<b>Total equity</b>	<b>59,082,016</b>	78,719,374	55,706,573	36,339,312	29,998,150

## FINANCIAL SUMMARY

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
<b>Revenue</b>	<b>35,544,684</b>	55,770,181	48,021,685	38,704,967	32,779,347
Cost of sales	<b>(30,916,419)</b>	(39,862,713)	(34,191,622)	(27,576,209)	(23,845,129)
<b>Gross profit</b>	<b>4,628,265</b>	15,907,468	13,830,063	11,128,758	8,934,218
Other gains and losses, net	<b>(7,262,310)</b>	334,729	(1,494,341)	(1,633,635)	1,176,812
Selling and marketing costs	<b>(1,611,875)</b>	(2,017,284)	(1,996,166)	(1,262,466)	(896,012)
Administrative expenses	<b>(3,588,635)</b>	(3,730,287)	(3,350,817)	(2,601,078)	(2,501,232)
Fair value (loss)/gain of investment properties	<b>(1,822,651)</b>	189,433	178,419	212,374	2,088,849
Net gain on disposals of subsidiaries	<b>392,360</b>	774,075	245,581	–	–
Net gain on deemed disposals of subsidiaries	–	816,560	2,460,638	2,912,593	–
Loss on step acquisition of a subsidiary	–	–	–	–	(146,258)
Provision for expected credit losses*	<b>(2,875,764)</b>	(1,352,963)	(753,321)	(529,332)	(140,510)
<b>Operating (loss)/profit</b>	<b>(12,140,610)</b>	12,274,694	9,873,377	8,227,214	8,656,377
Share of results of associates	<b>(115,327)</b>	(44,756)	92,619	239,913	31,685
Share of results of joint ventures	<b>(324,699)</b>	37,595	(197,697)	(48,726)	37
Fair value gain/(loss) of financial derivatives	<b>27,450</b>	52,838	(82,191)	–	(969,204)
Finance income	<b>689,893</b>	466,546	580,269	402,511	185,818
Finance costs	<b>(1,710,160)</b>	(2,284,561)	(798,774)	(1,049,027)	(1,238,286)
<b>Finance costs – net</b>	<b>(1,020,267)</b>	(1,818,015)	(218,505)	(646,516)	(1,052,468)
<b>(Loss)/Profit before income tax</b>	<b>(13,573,453)</b>	10,502,356	9,467,603	7,771,885	6,666,427
Income tax expenses	<b>315,050</b>	(5,223,975)	(5,303,595)	(4,477,629)	(3,622,579)
<b>(Loss)/Profit for the year</b>	<b>(13,258,403)</b>	5,278,381	4,164,008	3,294,256	3,043,848

\* The comparative figures have been represented in order to confirm to the current year's presentation.

## FINANCIAL SUMMARY

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME** (Continued)

	For the year ended 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
<i>Other comprehensive (expense)/income, including reclassification adjustments</i>					
<i>Items that will be classified subsequently to profit or loss:</i>					
Share of other comprehensive income of associates	(268)	21,944	–	–	–
Exchange differences on translation of foreign operations	(23,562)	19,073	(25,165)	6,641	(6,387)
Other comprehensive (expense)/income for the year, including reclassification adjustments	(23,830)	41,017	(25,165)	6,641	(6,387)
Total comprehensive (expense)/income for the year	(13,282,233)	5,319,398	4,138,843	3,300,897	3,037,461
<b>(Loss)/Profit for the year attributable to:</b>					
Owners of the Company	(12,726,728)	5,447,125	4,594,265	2,750,206	3,284,889
Non-controlling interests	(531,675)	(168,744)	(430,257)	544,050	(241,041)
	(13,258,403)	5,278,381	4,164,008	3,294,256	3,043,848
<b>Total comprehensive (expense)/income for the year attributable to:</b>					
Owners of the Company	(12,758,281)	5,494,815	4,578,816	2,734,394	3,283,297
Non-controlling interests	(523,952)	(175,417)	(439,973)	566,503	(245,836)
	(13,282,233)	5,319,398	4,138,843	3,300,897	3,037,461





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