

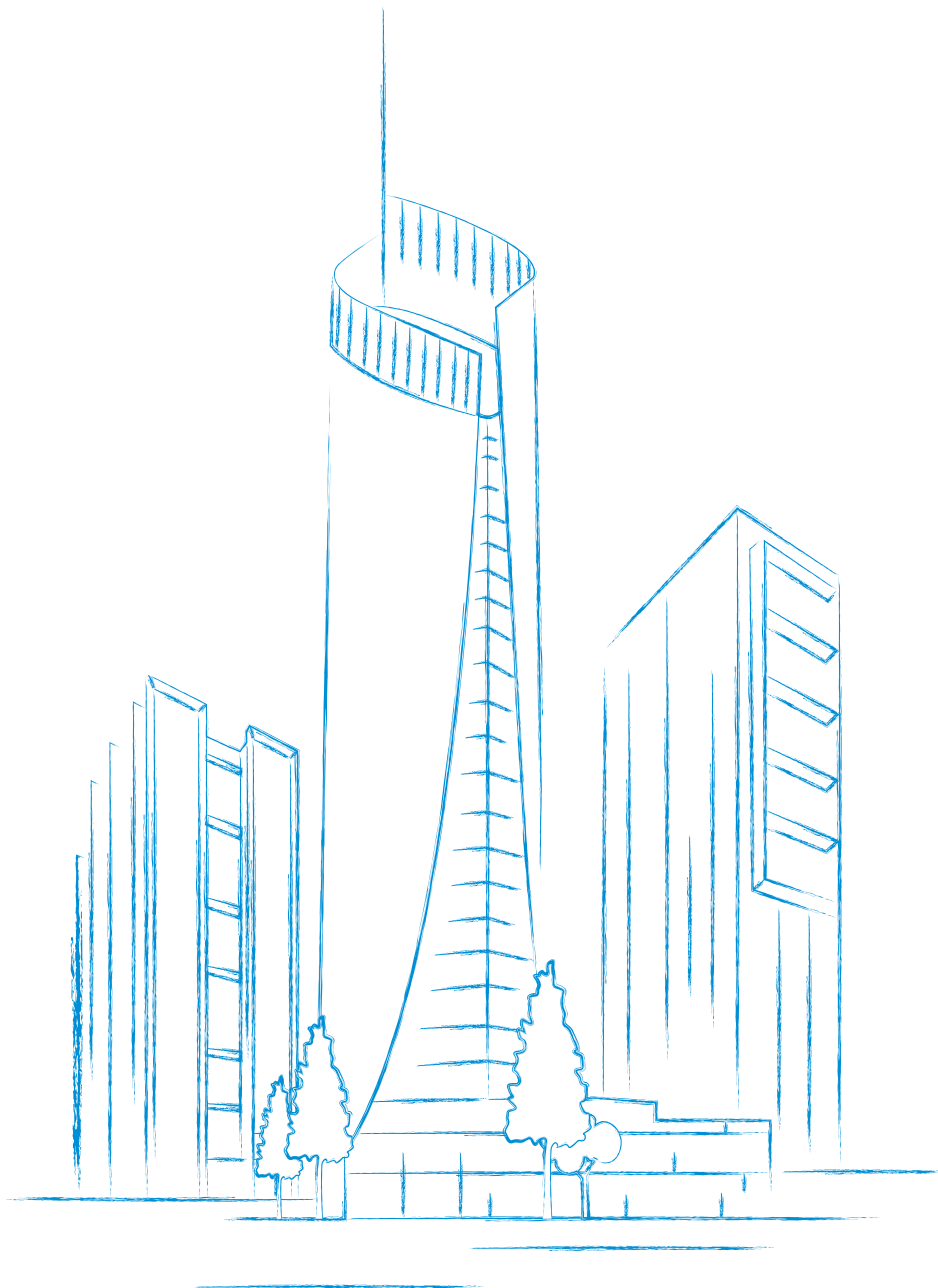


遠洋集團

2019  
ANNUAL  
REPORT

遠洋集團控股有限公司  
SINO-OCEAN GROUP HOLDING LIMITED

(Incorporated in Hong Kong with limited liability)  
Stock Code: 03377.HK



SINO-OCEAN

# **Focusing and Empowered Steady and Sustained Development**



## ABOUT SINO-OCEAN

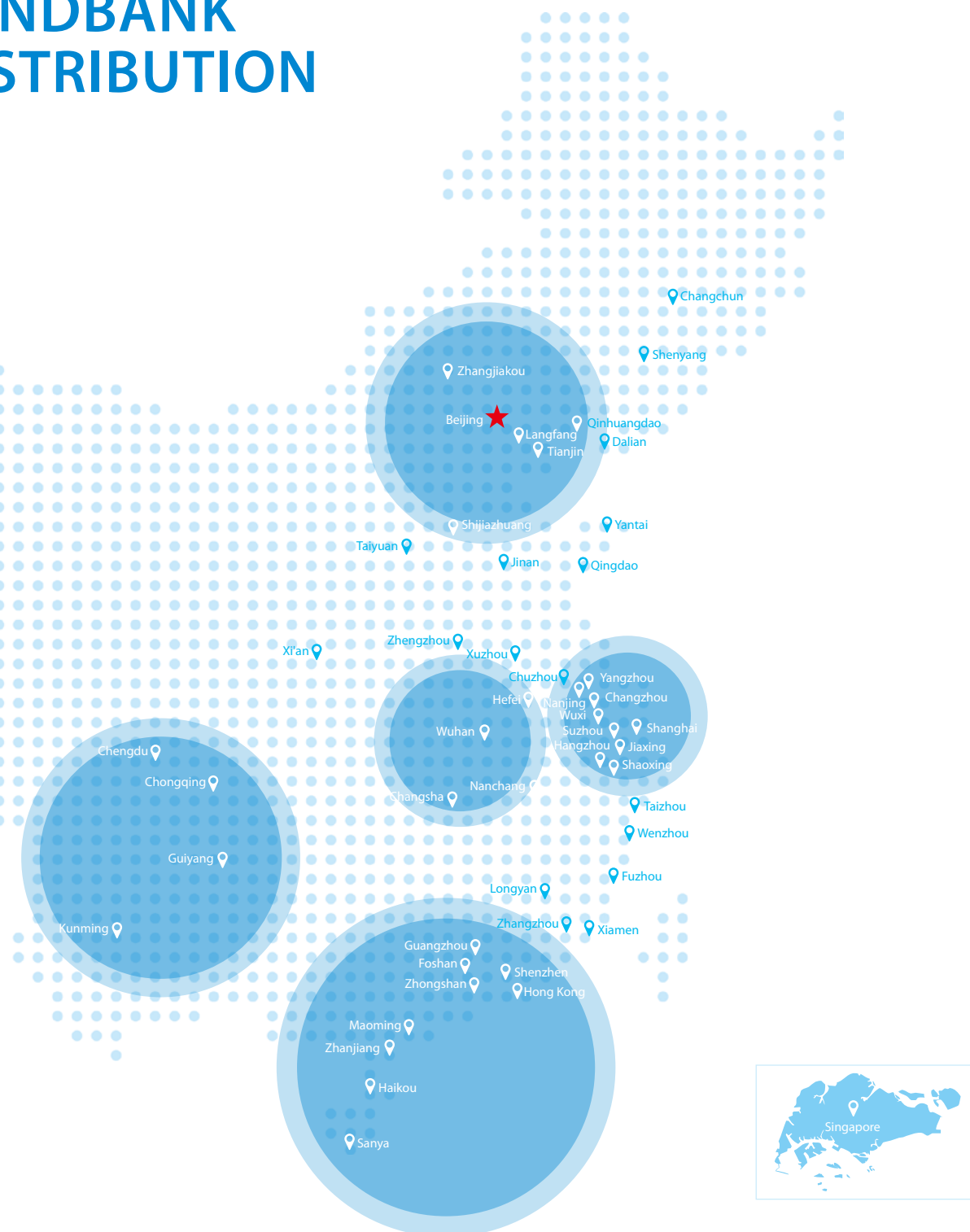
Sino-Ocean Group Holding Limited (“Sino-Ocean Group”) was founded in 1993 and has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 28 September 2007 (03377.HK). As at 31 December 2019, Sino-Ocean Group had a total issued number of shares of approximately 7,600 million, whose major shareholders include China Life Insurance (Group) Company and Dajia Insurance Group Co., Ltd.

Sino-Ocean Group has been selected as a constituent of Hang Seng Composite Index (HSCI), Hang Seng Composite Industry Indexes — Properties and Construction Index, Hang Seng Stock Connect Hong Kong Index, Hang Seng High Dividend Yield Index, Hang Seng Composite LargeCap & MidCap Index, Hang Seng China High Dividend Yield Index and Hang Seng Corporate Sustainability Benchmark Index.

In pursuit of the strategic vision of being the creator of “building health and creating social value”, Sino-Ocean Group is committed to becoming a pragmatic comprehensive corporation focusing on investment and development while exploring related diversified new businesses. Its business scope covers residential and integrated development, property development and operation, business collaboration and customer service. “Sino-Ocean” is a brand name with nationwide reputation as a provider of consistent quality products and professional services.

Sino-Ocean Group currently owns more than 190 projects in different stages in rapidly growing Chinese cities and metropolitan regions, such as, Beijing, Tianjin and Shijiazhuang in the Beijing-Tianjin-Hebei Region, Shanghai, Hangzhou, Nanjing and Suzhou in the Yangtze River Delta Region, Wuhan, Hefei and Changsha in the Yangtze Mid-stream Region, Shenzhen, Guangzhou, Zhongshan and Hong Kong in the Pearl River Delta Region, Chongqing and Chengdu in the Chengdu-Chongqing Region, and other major core cities. As at 31 December 2019, we had a land reserve over 37 million sq.m..

# LANDBANK DISTRIBUTION



**Sino-Ocean Group Focuses on Acquiring Quality Land Resources,  
with Landbank Coverage Extended to 50 Cities all Over the PRC and Overseas**

## ● BEIJING-TIANJIN-HEBEI REGION

Beijing, Tianjin, Shijiazhuang, Langfang,  
Zhangjiakou, Qinhuangdao

Total GFA: 21,364,000 sq.m.  
Total landbank: 15,216,000 sq.m.

Number of projects: **55**

## ● YANGTZE RIVER DELTA REGION

Shanghai, Hangzhou, Nanjing, Suzhou, Wuxi,  
Jiaxing, Chuzhou, Changzhou, Taizhou, Shaoxing,  
Wenzhou, Xiamen, Zhangzhou, Fuzhou, Yangzhou,  
Longyan

Total GFA: 5,812,000 sq.m.  
Total landbank: 4,079,000 sq.m.

Number of projects: **43**

## ● YANGTZE MID-STREAM REGION

Wuhan, Hefei, Changsha, Nanchang

Total GFA: 4,138,000 sq.m.  
Total landbank: 3,277,000 sq.m.

Number of projects: **9**

## ● PEARL RIVER DELTA REGION

Zhongshan, Shenzhen, Guangzhou, Foshan, Hong Kong,  
Zhanjiang, Maoming, Sanya, Haikou

Total GFA: 9,991,000 sq.m.  
Total landbank: 5,678,000 sq.m.

Number of projects: **33**

## ● CHENGDU-CHONGQING REGION

Chongqing, Chengdu, Kunming, Guiyang

Total GFA: 4,198,000 sq.m.  
Total landbank: 2,958,000 sq.m.

Number of projects: **22**

## OTHER REGION

Dalian, Shenyang, Changchun, Qingdao, Taiyuan,  
Zhengzhou, Xuzhou, Xi'an, Yantai, Jinan,  
Singapore

Total GFA: 10,250,000 sq.m.  
Total landbank: 6,035,000 sq.m.

Number of projects: **30**



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# FINANCIAL & OPERATION HIGHLIGHTS

Financial Highlights (RMB million)	2019	2018	Change
Contracted Sales	130,030	109,510	19%
Revenue	50,926	41,422	23%
Gross profit	10,222	8,287	23%
Profit for the year	4,166	4,666	-11%
Profit attributable to owners of the Company	2,656	3,574	-26%
Core profit	2,084	2,619	-20%
Total assets	243,699	249,362	-2%
Equity attributable to owners of the Company	49,907	48,385	3%
Cash resources <sup>1</sup>	33,566	42,571	-21%

Financial Information per share	2019	2018	Change
Earnings per share (RMB)			
— Basic	0.349	0.473	-26%
— Diluted	0.349	0.470	-26%
Dividend per share (HKD)	0.136	0.213	-36%

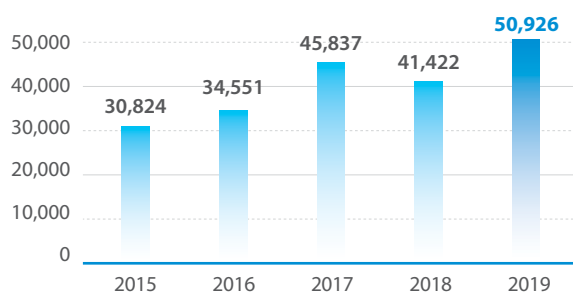
Financial Ratios	2019	2018	Change
Gross profit margin (%)	20%	20%	—
Core profit margin (%)	4%	6%	-2pts
Net profit margin (%)	8%	11%	-3pts
Net gearing ratio (%) <sup>2</sup>	77%	73%	4pts
Current ratio (times)	1.8	1.6	13%

Notes:

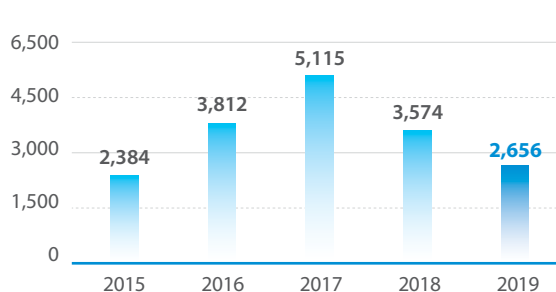
<sup>1</sup> Including the restricted bank deposits

<sup>2</sup> Total borrowings minus cash resources divided by total equity

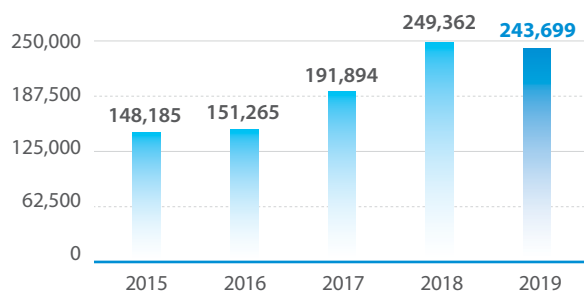
### Revenue (RMB million)



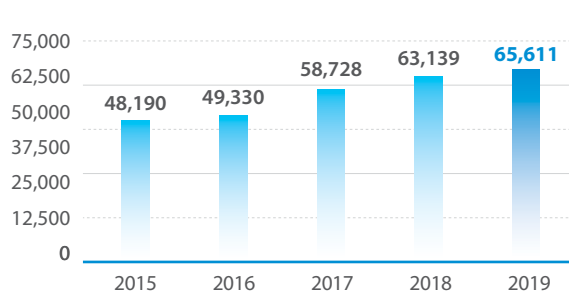
### Profit attributable to owners of the Company (RMB million)



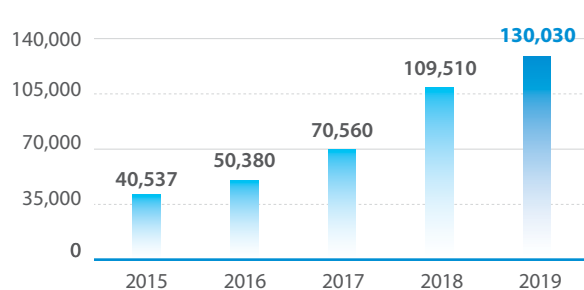
### Total assets (RMB million)



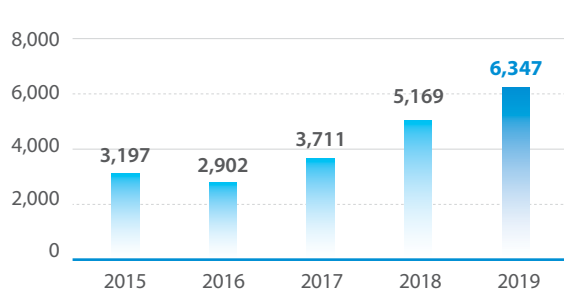
### Total equity (RMB million)



### Contracted sales (RMB million)



### Saleable GFA sold ('000 sq.m.)



# CHAIRMAN'S STATEMENT

**On behalf of our board of directors ("the Board"), I have the pleasure in presenting the results of Sino-Ocean Group Holding Limited ("Sino-Ocean Group" or the "Company") and its subsidiaries (together referred to as "our Group", the "Group" or "We") for the twelve months ended 31 December 2019.**

## Result of 2019

For the twelve months ended 31 December 2019, the Group recorded RMB50,926 million in revenue, an increase of 23% as compared to the previous year. Due to the significant gain on fair value of investment properties in 2018, profit attributable to owners of the Company and earnings per share in 2019 decreased to RMB2,656 million and RMB0.349, respectively, decreasing by 26% as compared to the previous year. Based on the profit attributable to owners of the Company in 2019, the Board is pleased to propose a final dividend of HKD0.026 per share for the year ended 31 December 2019. Together with the interim dividend of HKD0.110 per share, total dividend per share for 2019 was HKD0.136 (2018: HKD0.213). The payment of the 2019 final dividend would be subject to the approval of the shareholders of the Company (the "Shareholders") at the Company's annual general meeting.

## 2019 Business review

It was the Group's finale of the fourth phase of strategic development. To ensure a 'sustainable and high calibre' growth, the Group persevered in 'intensive cultivation and building strength' throughout the year and geared towards expanding the scale of our principal business, streamlining management and pushing related businesses forward steadily, laying a solid foundation for the fifth phase of strategic development in 2020.

### • Expanded scale in principal business, planned actively in penetrated city clusters

In 2019, the Group adhered to the strategy of expanding the scale of its principal business and property development continued to grow. The current real estate industry remains on a huge scale but growth rate is decelerating and profits declining while concentration is rising all the time. In this context, the Group achieved total contracted sales of RMB130 billion, an increase of 19% compared to that of 2018, a record high.

In 2019, the Central Government persisted with 'housing for accommodation not speculation' in its macro measures. Under 'one city one policy' people's demand to purchase property gradually returned to a more rational level and citizens began to focus more on the fundamentals in their cities' development. Under the circumstance, the Group planned actively in the city clusters we had already penetrated, raised investment criteria, took quality seriously, avoided risky and undiscerning investments and put emphasis on building products that satisfied demands in the main-stream market.

During the year, the Group continued to cultivate new territories and consolidate land banks in the five core city clusters of Beijing-Tianjin-Hebei, the Yangtze River Delta, Yangtze Mid-stream, Guangdong-Hong Kong-Macau Greater Bay Area, and Chengdu-Chongqing. The Group also selected the best cities for new expansion and made entry in Guiyang, Fuzhou, Yangzhou and Longyan, laying a strong foundation for future growth. Currently, the Group has property developments in 49 domestic cities and a land bank of more than 37 million sq.m..

**• New business management system showed initial result, streamlined management raised quality and efficiency**

In 2019, the Group's focus on streamlining management produced significant progress in operating efficiency and quality. We adopted the principle of 'facing the primary level, facing the foundation, facing the basics' to upgrade the management of budgets and business plans, explored and implemented streamline management and gradually formulated the new '4+8' operation management system revolving round projects and

businesses. At the same time, we perfected the front end and rear end mechanisms of the system — the former dealt with staffing and pre and post-investment convergence, the latter improved incentive solution, exert the effect in execution of decisions, enabling the new system to be more effective in raising competitiveness of projects and frontline empowerment. Through continuous practice and perfection, the new system showed initial results with perceptible improved efficiency in operating decisions and quality. Under the framework of the new system, all project heads' business sense became more acute, their professional circle more productive and their capabilities higher both as individuals and as a team, yielding better quality and efficiency in all projects and businesses.

**• Finance remained robust, optimized asset structure continually**

The Group maintained a strong financial position and corporate credit level in 2019. We made good use of our own advantage to grasp financing channels in the capital market to optimize asset structure. All business units also had a much stronger financial awareness and sped up sales for quicker cash collection which in turn improved liquidity, optimized asset structure and lowered interest-bearing debts. In January, the Group issued a total of USD500 million 3.25-year guaranteed notes at a coupon rate of 5.25%, the first Chinese non-financial enterprise investment grade USD bonds in 2019. In March, there was an issuance of corporate bonds totaling RMB2.9 billion at 4.06% for 5 years and 4.59% for 7 years. In August, the Group issued USD600 million 10-year guaranteed notes at a coupon rate of 4.75%, a rare issuance of 10-year USD bonds by a property enterprise in recent years. We maintain a leverage ratio comparable with our peers.



• **Light asset mode in investment property continued to break new grounds, lifting capabilities in development and operation**

During the year, the Group's investment property business progressed steadily to break new grounds, keeping up with the growth in the principal business. On the one hand, the Group carried on exploring the 'light asset' mode, on the other, continued to raise development and operating capabilities in real estate and urban complexes. With regards to light asset mode, the Group put Ocean International Center (Tianjin) in REITs project phase 2, another attempt at asset securitization of investment property.

Several development projects were also launched. Among office blocks, the China Life Financial Center was newly launched and officially open in Beijing CBD. Block C of Ocean Office Park was awarded BOMA 360 Performance Building. The prototype project of Ocean Rayzone located in the Lize Business District in Beijing was officially open.

• **Persevered with the concept of building health, achieved new heights in promotion and practice**

In 2019, the Group persevered with promoting and practising 'Building • Health' in projects. The concept is to construct wholesome buildings for inhabitants and has been deeply entrenched in the Group's numerous projects. In January, the new office area in Sino-Ocean Group's headquarters was officially open. It was certified by International WELL Building Institute™ (IWBI™) in December, the first in Beijing to be certified WELL platinum-class, also the largest space certified WELL NEI in Asia. Several residential projects including Ocean Epoch (Beijing) and Ocean Melody (Shanghai) were certified WELL gold-class. In December, the Sino-Ocean Group scored 82.5 in green credit index and grade A in green credit ranking, ranking the 13th in the '2019 China Property Enterprise Green Credit Index Top 50' (Interim) published by The Investment Association of China under

the National Development and Reform Commission, Caijing Magazine and a third party green rating agency 'Standard Ranking', hiking 10 places from the previous TOP50 report.

• **Enhanced service system in senior living, new businesses sought breakthrough continually**

The Group's senior living business continued to consolidate its current planning, enhance its service system, improve management level and explore sustainable business models. We actively sought opportunities to work closely with specialists from Hong Kong, the Netherlands, the US and Japan to upgrade our service to international standards. Meanwhile, an information system WeCaring was made available in all Senior Living L'Amore establishments, linking staff and customers in senior living services.

## 2019 Market review

Although global economic growth in 2019 slowed down and foreign demands were restricted, economy in China still demonstrated considerable resilience. On the basis of 'six stabilities' rolled out by the Central Government the economy moved forward in a steady pace. As reforms entered an advanced stage, substantial adjustments have been made to the economic structure leading to increasingly higher quality development, with 6.1% growth in GDP year-on-year.

As the Central Government demanded 'stable housing prices, stable land prices and stabilized expectations' the main theme of macro measures for the real estate industry was firmly on stability. The Politburo Conference in July first proposed 'not using real estate as a means to stimulate short-term economy', thus carried on the notion of 'housing for accommodation not speculation'. In this context, the Central Government placed even

more emphasis on the management of bottom line and early warning. Under 'one city one policy' regime, local authorities adopted varying and flexible policies as the situation dictated. While empowering local authorities to assume responsibilities for administering policies, the Central Government effectively monitored and supervised their macro measures efforts to maintain a stable and healthy market.

At the same time, the Central Bank made it clear that the financial policy for real estate must have continuity and stability, and there should be more stringent regulatory and risk warning measures for the financing activities of those large property enterprises that operated on high gearing to ensure proper control on their interest-bearing debts and assets and liabilities. As financing policy tightened and property enterprises were being progressively regulated, large-scale financing has become increasingly difficult. Enterprises had to speed up turnover time to facilitate cash collection.

Amid the real estate market became more stable, total GFA sold and sales volume of commodity housing in 2019 nationwide broke new record, albeit at a slower growth rate. GFA sold was 1.72 billion sq.m., a drop of 0.1% year-on-year while sales volume reached RMB15,900 billion, up by 6.5% year-on-year. Market sentiments were positive at the beginning of the year, releasing suppressed demand and sales were boosted in March and April. However, the Central Government's reiteration of 'housing for accommodation not speculation' in July put some of the demands on hold and slowed down sales visibly. In addition as financing was tightened, enterprises adjusted their prices downwards to encourage turnover and the golden months of September and October were nothing like what they were before. Differentiation between regions and cities widened, transactions in tier one and tier two cities were higher than the previous year while those in the next two tiers were slacking.

During the year, the land market also appeared 'buoyant then subdued'. As financing in the first half of the year was relatively relaxed, the 'small boom' in the property market found its way to the land market, encouraging certain enterprises to become more zealous in land

acquisition, resulting in higher floor price and premium rate. Since then the Central Government resumed a firm stance in July, calming the land market and lowering the premium rate. As a result, aborted auctions and withdrawals of land plot sales increased for the rest of the year.

## 2020 Market outlook

It is China's target to build a moderately prosperous society in all respects in 2020. It is also an important year for the satisfactory conclusion of the 13th five-year plan. Economic development is still very much focused on 'stability' and progress should be made within a reasonable range. The real estate industry will firmly adhere to the principle of 'housing for accommodation not speculation' in the future. Local authorities will exercise macro measures precisely through 'one city one policy' to ensure a stable and healthy market, and implement long-term control mechanisms aimed at upholding the policy of 'three stabilities' (i.e. stable housing prices, stable land prices and stabilized expectations).

Right at the beginning of 2020, the novel coronavirus first assaulted Wuhan and soon spread to the entire country. In view of the severity of the epidemic, the Central Government made it clear that there will be strong financial support for affected regions and industries, and adjustments in investment structure to stabilize people's consuming ability. The Group took its corporate social responsibility seriously. We set up a fund of RMB10 million to provide monetary support and materials to various affected areas including Wuhan in Hubei Province both to fight the virus and to prevent infection. Meanwhile, the Group reduced rentals by half in the six self-operated shopping complexes during the entire restricted period to ride out the storm together with the retailers. At the same time, the Group activated online flat viewing channels for 75 projects in 44 cities to enable customers to examine and purchase properties in safety. Online sales may well be a battleground where property enterprises compete in the future.

In the medium to long term, the development of the property industry is highly in accordance with the economic growth in China. As the country's urbanization advances, the aggregation effect of cities and city clusters will sustain people's demands for housing and upgrading and thus create plenty of room for industry growth. Meanwhile the Central Government at conferences dealing with the epidemic has emphasized that people's need for healthy living must be satisfied to nourish better life habits. Therefore healthy building may well be the future of real estate. The concept of 'Building • Health' that the Group has always advocated will be favoured by the market and customers, giving our products a competitive edge.

## 2020 Company strategies

The year of 2020 will witness the commencement of the Group's fifth phase of strategic development, a critical year for the Group to survive and thrive, and pursue superior and sustainable growth. We will be steadfast in applying the belief of 'Focus • Empower' to work towards the vision and target of this phase of development, focus on main business, development and the Group's benefits; empowering businesses, frontline and core personnel. We will make good use of our edge and firmly and confidently drive the Group to new heights.

### • Focusing on principal business to achieve high quality growth in large scale

Even as high-speed growth in the industry is ebbing and many changes are taking place, the Group still firmly believes that the property market will enjoy stable and

positive development. As a comprehensive real estate enterprise that principally develops property and also related diversified businesses, we have unwavering confidence in making good use of our edge and building inner strength to pursue high quality and sustainable growth. We are losing no time in accelerating our principal business to achieve this end. The Group will continue to focus on residential development, raise investment criteria, streamline management, speed up turnover, control costs and increase profitability. At the same time, we will adhere to deep penetration of cities and city clusters, especially those in the south and the west. We plan our principal business in select cities in any cluster. We also go deep into the concept of 'Building • Health', reinforcing it both in thoughts and practice, building like an artisan wholesome buildings, raising product competitiveness in all aspects to satisfy customers' demand for healthy living.

### • Focusing on growth and driving sustainable streamlined management

The Group is fully aware that streamlined management is key to high calibre and sustainable growth and therefore will continue to drive the setup and implementation of the new '4+8' operation management system evolving round projects and business for higher operation quality and management efficiency. Through repetition of the new operation management system, we aim to 'empower' where possible so that all projects and businesses will be motivated to carry out their tasks from the Group's angle, enabling the process to 'face the primary level, face the foundation, face the basics' to be more pragmatic, substantial and powerful. We think data, process and information building are important and strengthen our application of information system, all with a view to encouraging the Group to streamline management for quality growth.

**• Focusing on the Group's benefits, pursuing optimized asset structure**

The Group has always believed that a robust financial position is key to sustaining high calibre growth. We will continue to focus on increasing financial benefits for the Group and pay attention to profitability growth, pursue profitable income and quality assets. With this in mind, while further streamlining management and raising investment capabilities, we also exercise strict control on costs and administration expenses to encourage good work habits. In addition, the Group will continue to study securitization of commercial properties to optimize our asset structure. Corporatization of Sino-Ocean Capital has made notable breakthroughs after a year's exploration and practice. We will also examine new ways to grow senior living and property management, re-allocate assets for synergy and augmentation for the Group's quality and sustainable growth.

**• Poised to be creator of building health and social values at the start of our fifth phase of strategic development**

2020 is the first year of the Group's fifth phase of strategic development. In the coming five years, we will firmly uphold 'responsibility, sharing and health' and dedicate ourselves to be a creator of building health and social values in our way forward. The Group will continue to focus on the principal business of development and secure its position in the industry through large-scale growth, improve operating efficiency and optimize assets in hand and allocation of resources. In the medium to long term, we will raise key capabilities in the development business and diversified businesses, putting emphasis on crafting excellence and nurturing teamwork. In addition, being a responsible listed company, we will stay focused on financial indicators as we grow to create sustainable values for shareholders and all stakeholders.

**Appreciation**

On behalf of the Board, I would like to extend my deepest gratitude to all Shareholders, investors, local authorities, business partners and customers who have been most supportive; also to our directors (the "Directors"), management and the entire staff for their dedicated hard work. Our sustainable and stable development could not be achieved without their unreserved support.

**LI Ming**  
*Chairman*

Hong Kong, 24 March 2020

# MANAGEMENT DISCUSSION & ANALYSIS






A discussion and analysis of Sino-Ocean Group Holding Limited ("Sino-Ocean Group" or the "Company") and its subsidiaries (together referred to as "our Group", the "Group" or "We") for the year ended 31 December 2019 is set out below:

## Financial review

Sino-Ocean has become a group related with its base in property investment and development and is a pragmatic comprehensive corporation exploring diversified new business. We have secured a leading position in major city clusters including the Beijing-Tianjin-Hebei Region, the Yangtze River Delta Region, the Yangtze Mid-stream Region, the Pearl River Delta Region and the Chengdu-Chongqing Region. The Group will continue to stay focused on acquiring quality projects.

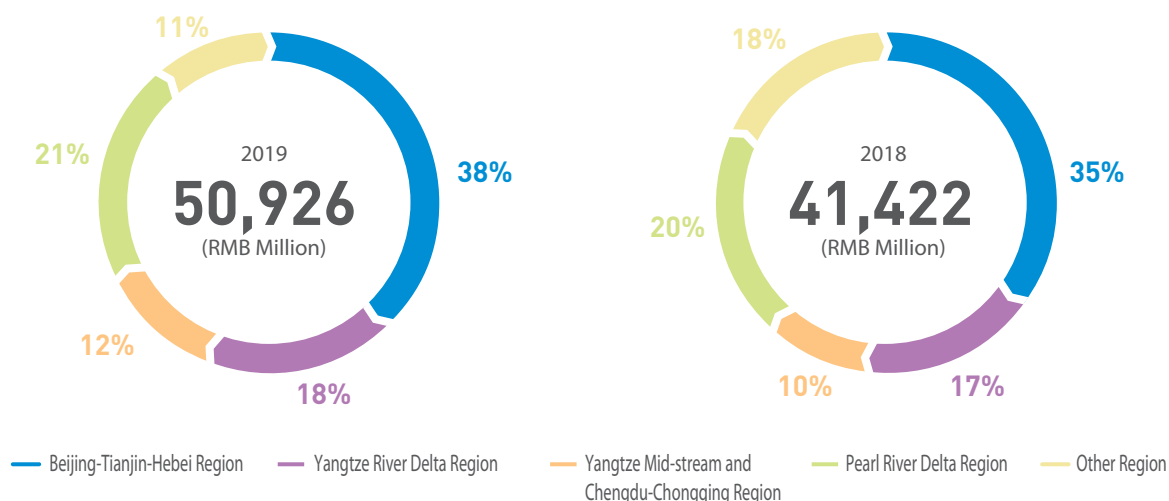
The Group's contracted sales amount for the year 2019 (including its joint ventures and associates) reached a record high of RMB130,030 million (2018: RMB109,510 million) with total saleable GFA sold of approximately 6,346,600 sq.m. (2018: 5,168,700 sq.m.). We recorded an increase in revenue of RMB9,504 million, or 23%, to RMB50,926 million (2018: RMB41,422 million). The profit attributable to owners of the Company decreased to RMB2,656 million (2018: RMB3,574 million), representing a decrease of 26% as compared to 2018. Basic earnings per share decreased accordingly by 26% to RMB0.349 (2018: RMB0.473).

**The components of the revenue are analyzed as follows:**

(RMB million)	2019	2018	Change
 Property development	43,100	35,493	21%
 Property investment	678	1,077	-37%
 Property management	1,249	1,129	11%
 Other real estate related businesses	5,899	3,723	58%
 Total	50,926	41,422	23%



Revenue contributions by geographical locations are analyzed below:



## Revenue

The Group's revenue in 2019 increased by 23% to RMB50,926 million, from RMB41,422 million in 2018. Property development segment remained the largest contributor which accounted for about 85% of total revenue. During the year, 86% of revenue from property development was contributed by the five major city clusters (2018: 79%). We will persistently maintain a balanced project portfolio for mitigating the risk from single market fluctuations and enabling more effective usage of resources, which allows the Group to stay focused on the future development plan.

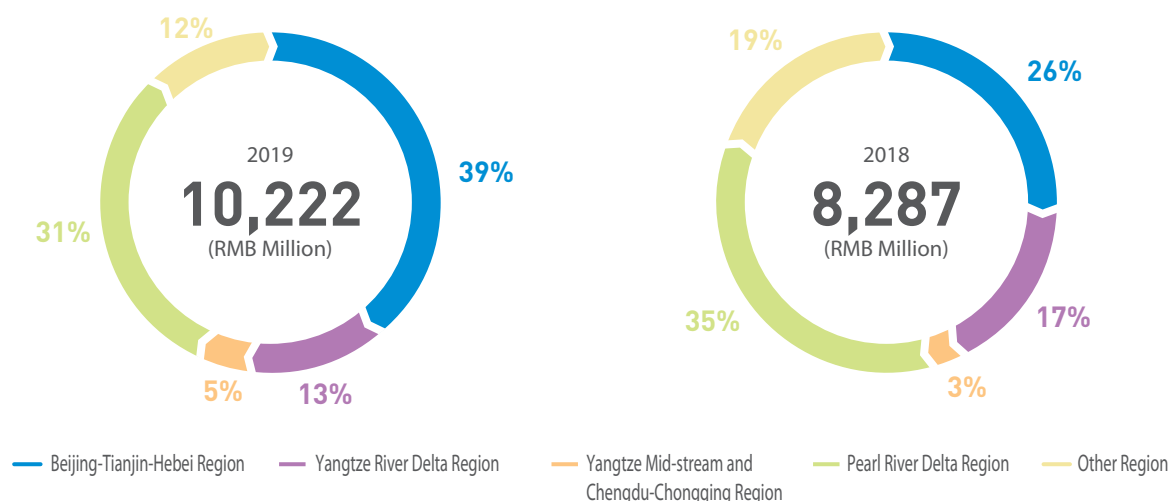
## Cost of sales

The Group's total cost of sales is mainly the cost of property development. The land cost and construction cost accounted for approximately 85% of the cost of property development during the year (2018: 84%).

Excluding carparks, average land cost per sq.m. of property development business in 2019 decreased to approximately RMB5,400 compared to RMB6,400 in 2018. This was mainly due to more projects in tier-two cities being delivered, which were at relatively lower land cost. Average construction cost per sq.m. (excluding carparks) for property development business decreased to approximately RMB5,700 for the year, compared to RMB6,300 in 2018. The decrease in average construction cost was mainly due to more high-end projects delivered in 2018, such as Ocean Epoch and Ocean LA VIE in Beijing.

## Gross profit

Gross profit by geographical locations is analyzed below:



Gross profit for the year was RMB10,222 million, representing an increase of 23% compared to that of 2018. Gross profit margin remained at 20% (2018: 20%).

## Interest and other income and other gains (net)

Interest and other income increased by 9% to RMB2,771 million in 2019, compared to RMB2,543 million in 2018. Such increase was mainly due to the increase in entrusted loan interest income, which was brought by the overall increase in the entrusted loan balance during the year.

The Group recorded other gains (net) of RMB699 million (2018: RMB1,340 million). Other gains (net) were mainly comprised of gains on disposal of subsidiaries, exchange losses and gains on revaluation of financial assets and financial liabilities at fair value through profit or loss during the year.

## Revaluation of investment properties

The Group recognized an increase in fair value on its investment properties (before tax and non-controlling interests) of RMB373 million for 2019 (2018: RMB2,361 million). The significant gain on fair value of investment properties in 2018 was mainly attributed to an office premise located in CBD of Beijing reclassified into investment property.

## Operating expenses

Selling and marketing expenses for 2019 rose to RMB1,270 million (2018: RMB1,206 million). These costs accounted for only approximately 1.0% of the total contracted sales amount for 2019 (2018: 1.1%).

Administrative expenses incurred for 2019 increased to RMB1,919 million (2018: RMB1,730 million), representing 1.5% of the total contracted sales amount for 2019 (2018: 1.6%). The Group will continue to adopt strict cost control measures to maintain these costs at a relatively stable and lower level.

## Finance costs

As a result of macro-control policies for real estate industry in China, the weighted average interest rate slightly increased to 5.50% in 2019 (2018: 5.38%). The total interest expenses paid or accrued amounted to RMB5,236 million in 2019 (2018: RMB4,210 million), RMB2,394 million (2018: RMB1,775 million) of which was not capitalized and charged through consolidated income statement during the year. The increase in interest expense is mainly due to the short-term rise in financial leverage during the first half of the year.

## Taxation

The aggregate of enterprise income tax and deferred tax decreased to RMB2,536 million in 2019 (2018: RMB3,059 million), reflecting an effective tax rate of 38% (2018: 40%). In addition, land appreciation tax in 2019 increased accordingly to RMB3,715 million (2018: RMB3,250 million), which was in line with the increase in revenue from property development.

## Profit attributable to owners of the Company

Due to the significant gain on fair value of investment properties in 2018, profit attributable to owners of the Company in 2019 decreased by 26% to RMB2,656 million, compared to RMB3,574 million in 2018. Our management will continue to focus on the improvement of our shareholders' return as their on-going task.

## Financial resources and liquidity

During 2019, the Group continued to refine our funding structure, liquidity and credit policies to minimize its risk exposure under the everchanging financial market and global economic environment. With overwhelming support from investors, the Group successfully issued guaranteed notes of USD500 million, corporate bonds of RMB2.9 billion and guaranteed notes of USD600 million in January, March and August 2019 respectively. We are committed to managing the borrowings at an appropriate level, which decreased from RMB88,575 million at the end of 2018 to RMB83,907 million as at the year end of 2019, of which 54% of the borrowings were denominated in Renminbi. The remaining borrowings were denominated in other currencies, such as HKD and USD. Approximately 69% of the borrowings were made at fixed interest rate.

As at 31 December 2019, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) totaling RMB33,566 million, of which 85% (2018: 84%) of the Group's cash resources were denominated in Renminbi with the remaining balances denominated in other currencies, and a current ratio of 1.8 times (2018: 1.6 times). Together with unutilized credit facilities of about RMB220,746 million, the Group is ensured to be financially sound. We have ample financial resources and an adaptable financial management policy to support our business expansion in the coming years.

The Group's net gearing ratio (i.e. total borrowings less total cash resources divided by total equity) was 77% (2018: approximately 73%), maintaining financial soundness. Given that the Group still had cash resources of RMB33,566 million as at 31 December 2019, we are satisfied with our current gearing position. And we expect the net gearing ratio to remain relatively stable in 2020 in order to maintain the Group's overall financial healthiness.

The maturities of the Group's total borrowings are set out as follows:

(RMB million)	As at 31 December 2019	As a percentage of total borrowings	As at 31 December 2018	As a percentage of total borrowings
Within 1 year	9,295	11%	15,425	17%
1 to 2 years	29,766	35%	12,637	14%
2 to 5 years	29,580	35%	46,231	52%
Over 5 years	15,266	19%	14,282	17%
Total	83,907	100%	88,575	100%

## Financial guarantees and charge on assets

As at 31 December 2019, the value of the guarantees provided by the Group to banks for mortgages extended to property buyers before completion of their mortgage registration was RMB9,595 million (2018: RMB8,159 million).

In 2019, the Group had pledged some of plant and equipment, land use rights, properties under development, completed properties held for sale, investment properties, etc. to secure short-term bank loans (including the current portion of long-term borrowings) of RMB669 million (2018: RMB2,833 million) and long-term bank loans of RMB1,514 million (2018: RMB5,590 million). As at 31 December 2019, total pledged assets accounted for approximately 7% of the total assets of the Group (2018: 8%).

## Capital commitments

The Group entered into certain agreements in respect of land acquisition and property development. As at 31 December 2019, the Group had a total capital commitment of RMB8,434 million (2018: RMB6,624 million).

## Contingent liabilities

In line with the prevailing commercial practice in the Mainland China, the Group provides guarantees for mortgages extended to property buyers before completion of their mortgage registration. As at 31 December 2019, the total amount of the aforesaid guarantees provided by the Group was RMB9,595 million (2018: RMB8,159 million). In the past, the Group had not incurred any material loss from providing such guarantees, as the guarantees were given as a transitional arrangement that would be terminated upon the completion of the mortgage registration and were secured by the buyers' properties.



## Material acquisitions and disposals of subsidiaries, associates and joint ventures

### • Capital increase in a subsidiary

On 1 February 2019, Heroic Peace Limited ("Heroic Peace") (a wholly-owned subsidiary of the Company) and Fortune Joy Ventures Limited (the "Target Company") (a then wholly-owned subsidiary of the Company) entered into a subscription agreement with certain investors (the "Investors"), pursuant to which the Target Company had agreed to allot and issue, and the Investors had agreed to subscribe for, a total of 5,100 ordinary shares of the Target Company at the aggregate subscription price of USD295,800,000. The subscription shares represent 51.00% of the total number of issued shares of the Target Company immediately upon completion of the allotment and issuance of the subscription shares to the Investors ("Completion"). Heroic Peace, the Investors and the Target Company also entered into a shareholders' agreement (the "Shareholders' Agreement") on 1 February 2019, pursuant to which the parties have agreed upon, among other things, the management and affairs of the Target Company.

Completion took place on 27 February 2019, following which the Target Company had ceased to be a wholly-owned subsidiary of the Company and became a non wholly-owned subsidiary of the Company and its financial results continued to be consolidated into the Company's consolidated financial statements as a result of the control by the Company of the composition of the majority of the members of the board of directors of the Target Company at the material time.

On 20 June 2019, Heroic Peace, the Investors and the Target Company entered into an amendment agreement to amend certain terms of the Shareholders' Agreement, pursuant to which the parties had agreed to the change in the board composition of the Target Company, following which the Target Company had ceased to be a non wholly-owned subsidiary of the Company and has become an associate of the Company, and the financial results of the Target Company will no longer be accounted for and consolidated in the consolidated accounts of the Group.

Details of the transactions have been disclosed in the announcements of the Company dated 3 February 2019 and 20 June 2019.

## Property development

### • Recognized sales

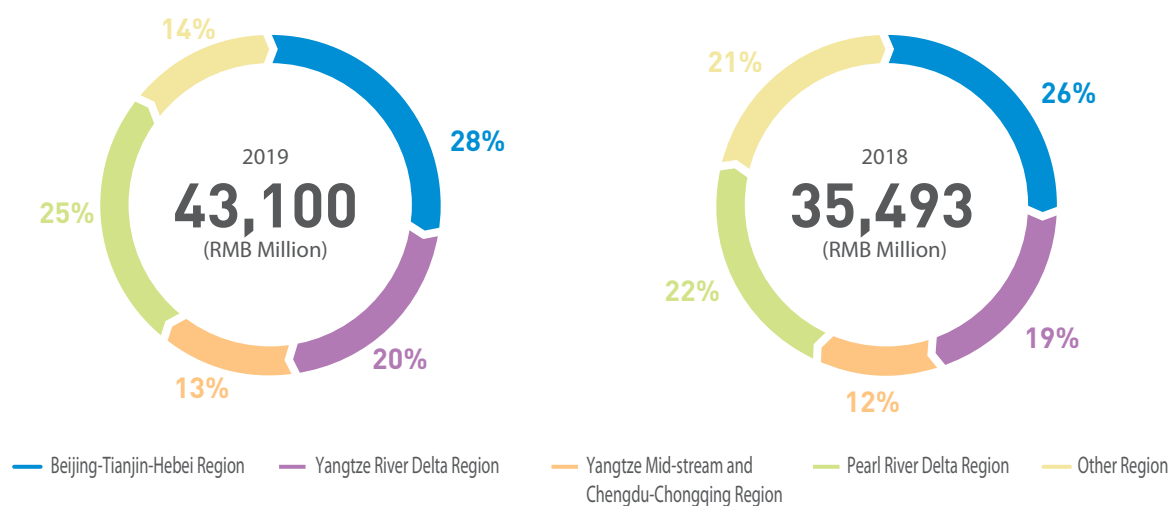
Revenue from property development business increased by 21% in 2019, amounting to RMB43,100 million (2018: RMB35,493 million). Saleable GFA delivered increased by 30% from approximately 2,293,000 sq.m. in 2018 to approximately 2,975,000 sq.m. in 2019. Excluding car parks sales, the average selling price recognized in 2019 was about RMB15,700 per sq.m. (2018: RMB17,600 per sq.m.).

Revenue and saleable GFA delivered from each city during 2019 are set out as follows:

Regions	Cities	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)
Beijing-Tianjin-Hebei Region	Beijing	3,798	109,000	34,800
	Tianjin	6,191	526,900	11,700
	Shijiazhuang	843	94,300	8,900
	Qinhuangdao	882	56,900	15,500
		<b>11,714</b>	<b>787,100</b>	<b>14,900</b>
Yangtze River Delta Region	Shanghai	1,267	41,400	30,600
	Hangzhou	1,915	98,000	19,500
	Nanjing	895	61,600	14,500
	Suzhou	1,017	55,700	18,300
	Wuxi	1,870	126,000	14,800
	Jiaxing	240	17,000	14,100
	Changzhou	774	58,200	13,300
	Taizhou	106	5,700	18,600
	Wenzhou	144	6,600	21,800
		<b>8,228</b>	<b>470,200</b>	<b>17,500</b>
Yangtze Mid-stream Region	Wuhan	2,541	159,200	16,000
	Changsha	1,205	89,500	13,500
		<b>3,746</b>	<b>248,700</b>	<b>15,100</b>
Pearl River Delta Region	Zhongshan	2,181	230,800	9,400
	Shenzhen	6,423	193,700	33,200
	Guangzhou	1,754	73,100	24,000
	Foshan	260	26,900	9,700
		<b>10,618</b>	<b>524,500</b>	<b>20,200</b>
Chengdu-Chongqing Region	Chongqing	1,972	170,800	11,500
	Chengdu	15	2,000	7,500
		<b>1,987</b>	<b>172,800</b>	<b>11,500</b>
Other Region	Dalian	1,830	108,700	16,800
	Shenyang	1,451	90,500	16,000
	Qingdao	1,233	126,700	9,700
	Yantai	22	3,000	7,300
		<b>4,536</b>	<b>328,900</b>	<b>13,800</b>
	Other projects	1,124	136,400	8,200
Subtotal (excluding car parks)		<b>41,953</b>	<b>2,668,600</b>	<b>15,700</b>
Car parks (various projects)		1,147	306,000	3,700
Total		<b>43,100</b>	<b>2,974,600</b>	<b>14,500</b>

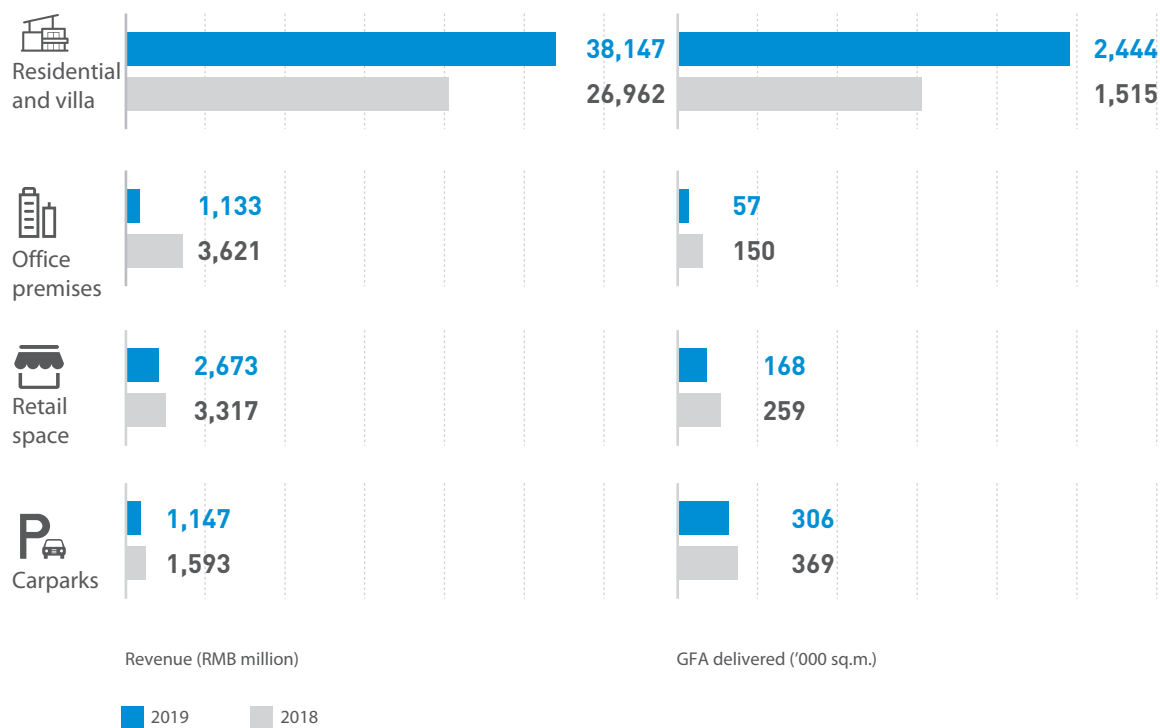
During 2019, Beijing decreased to the third largest contributor which accounted for 10% of total revenue from property development (2018: the largest contributor, 21%). Meanwhile, the Group developed a more balanced mix of contribution from the five city clusters on its revenue from property development business during the year.

Revenue from property development by geographical locations are analyzed below:



In terms of property types, residential properties (including villa) continued to contribute the largest portion of property development revenue, accounting for 89% in 2019 (2018: 76%). The average selling price recognized for the revenue from residential properties (including villa) in 2019 was approximately RMB15,600 per sq.m. (2018: RMB17,800 per sq.m.) while corresponding total saleable GFA delivered increased by 61% from approximately 1,515,000 sq.m. in 2018 to approximately 2,444,000 sq.m. in 2019.

Revenue from property development in terms of property types are analyzed below:



### • Contracted sales

The contracted sales of the Group, together with its joint ventures and associates, for the twelve months ended 31 December 2019 amounted to a record high of RMB130,030 million, representing approximately 19% increase compared to RMB109,510 million in 2018. Contracted saleable GFA sold in 2019 increased by 23% to 6,346,600 sq.m. (2018: 5,168,700 sq.m.). The average selling price (excluding car parks) decreased by 5% to RMB21,700 per sq.m. (2018: RMB22,900 per sq.m.).

The contracted sales amounts and saleable GFA sold by cities in 2019 are set out below:

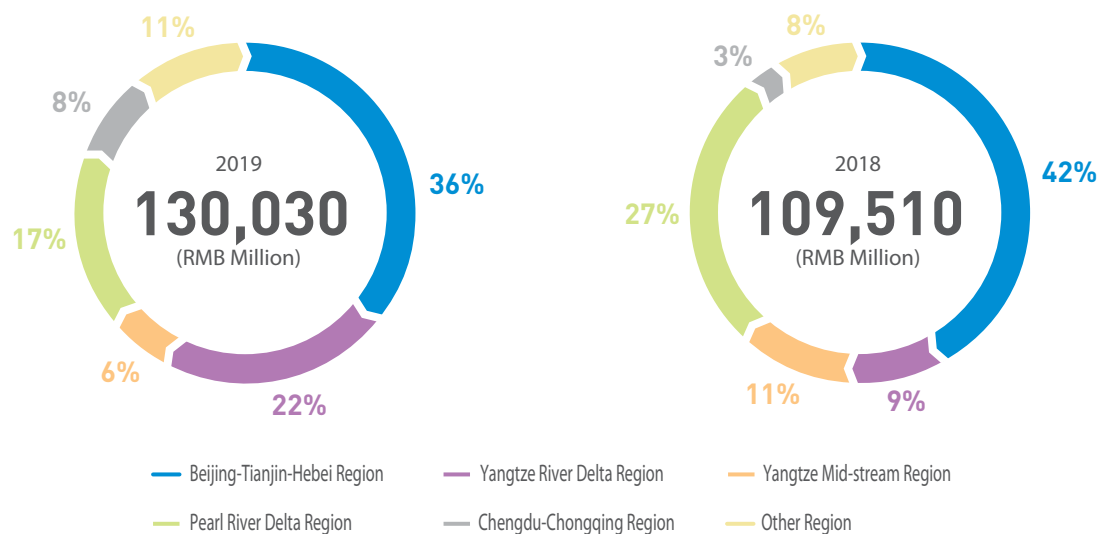
Regions	Cities	Contracted sales (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)
Beijing-Tianjin-Hebei Region	Beijing	28,681	551,500	52,000
	Tianjin	11,279	667,500	16,900
	Shijiazhuang	2,404	182,700	13,200
	Langfang	151	8,400	18,000
	Qinhuangdao	3,158	173,900	18,200
		<b>45,673</b>	<b>1,584,000</b>	<b>28,800</b>
Yangtze River Delta Region	Shanghai	1,740	34,900	49,900
	Hangzhou	7,206	307,900	23,400
	Nanjing	1,856	141,500	13,100
	Suzhou	4,292	250,000	17,200
	Wuxi	577	35,800	16,100
	Jiaxing	4,132	214,500	19,300
	Chuzhou	254	28,200	9,000
	Changzhou	450	31,500	14,300
	Taizhou	700	34,300	20,400
	Shaoxing	756	40,200	18,800
	Wenzhou	2,886	123,500	23,400
	Xiamen	2,065	49,100	42,100
	Zhangzhou	371	49,200	7,500
	Fuzhou	985	66,500	14,800
		<b>28,270</b>	<b>1,407,100</b>	<b>20,100</b>
Yangtze Mid-stream Region	Wuhan	7,107	319,300	22,300
	Hefei	1,060	93,400	11,300
	Nanchang	156	12,600	12,400
		<b>8,323</b>	<b>425,300</b>	<b>19,600</b>



Regions	Cities	Contracted sales (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)
Pearl River Delta Region	Zhongshan	1,856	172,500	10,800
	Shenzhen	6,445	172,800	37,300
	Guangzhou	3,007	87,700	34,300
	Foshan	3,228	265,700	12,100
	Hong Kong	6,899	44,600	154,700
	Zhanjiang	979	111,800	8,800
	Maoming	100	19,200	5,200
	Sanya	28	500	56,000
		<b>22,542</b>	<b>874,800</b>	<b>25,800</b>
Chengdu-Chongqing Region	Chongqing	1,814	127,800	14,200
	Chengdu	5,426	222,000	24,400
	Kunming	1,240	109,000	11,400
	Guiyang	224	20,100	11,100
		<b>8,704</b>	<b>478,900</b>	<b>18,200</b>
Other Region	Dalian	472	48,500	9,700
	Shenyang	1,007	93,800	10,700
	Qingdao	3,868	238,100	16,200
	Taiyuan	751	68,300	11,000
	Zhengzhou	726	79,200	9,200
	Xi'an	3,854	302,000	12,800
	Yantai	306	22,400	13,700
	Jinan	1,060	90,800	11,700
		<b>12,044</b>	<b>943,100</b>	<b>12,800</b>
	Other projects	1,677	156,100	10,700
Subtotal (excluding car parks)		127,233	5,869,300	21,700
Car parks (various projects)		2,797	477,300	5,900
<b>Total</b>		<b>130,030</b>	<b>6,346,600</b>	<b>20,500</b>

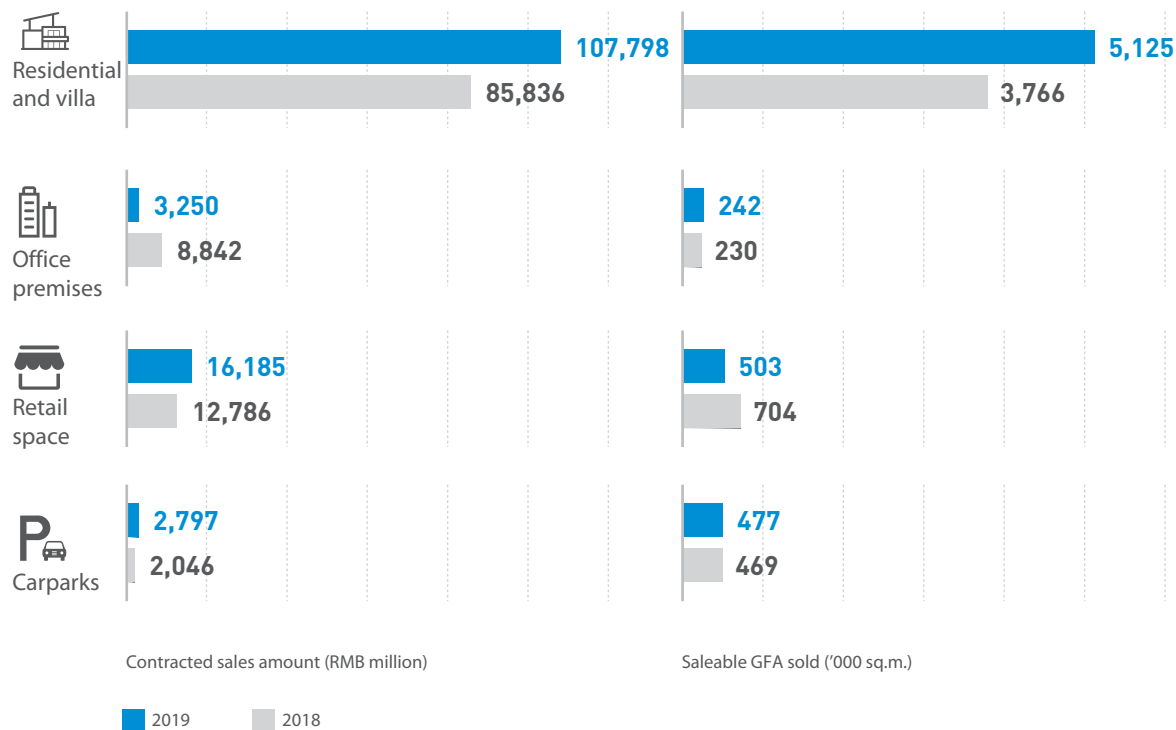
In terms of geographical distribution, there were over 150 projects available for sale during 2019 (2018: over 130 projects). Contracted sales from first and second-tier cities accounted for over 90% (2018: over 90%).

Contracted sales amounts by geographical locations are analyzed below:



In terms of property types, residential properties (including villa) continued to contribute the largest portion of contracted sales amount and accounted for 83% in 2019 (2018: 78%). The average selling price for residential properties (including villa) in 2019 was approximately RMB21,000 per sq.m. (2018: about RMB22,800 per sq.m.) while the saleable GFA sold for residential use increased by 36% from approximately 3,766,000 sq.m. in 2018 to approximately 5,125,000 sq.m. in 2019.

Contracted sales amount in terms of property types are analyzed below:



### • Construction Progress and Developing Projects

Total GFA and total saleable GFA completed in 2019 were approximately 4,419,000 sq.m. and 3,579,000 sq.m., respectively, increasing 52% and 41% respectively as compared to that in 2018. The Group will maintain the current construction scale in order to have enough GFA available for sale and for delivery to support the growth in 2020.

The details of construction progress and development progress are set out below:

Regions	Cities	Projects	GFA completed in 2019 (sq.m.)	Targeted GFA to be completed in 2020 (sq.m.)
Beijing-Tianjin- Hebei Region	Beijing	26 Block	78,700	–
		Eternal Scenery	–	8,200
		Gold Mansion	–	118,000
		Grand Harmony Emerald Residence	–	224,000
		Jasper Epoch	–	92,000
		Liangxiang Project	–	104,200
		Ocean Metropolis	86,900	94,300
		Ocean Wulieepoch	–	218,800
		Plot 6002, Mentougou New Town	112,700	–
		Xiji Plot E, Tongzhou District	–	130,500
		Xinchi Tower	–	67,000
	Tianjin	Elegant Prestige	229,600	–
		Happy Light Year	–	19,600
		Longfor Mansion	101,900	–
		Ocean Epoch	–	35,000
		Ocean Kunting	242,700	201,400
		Royal River	131,800	–
		The Great Habitat Mansion House	–	215,700
	Shijiazhuang	Jade Mansion	146,100	–
		Sino-Ocean No. 7	–	113,900
		Vigorous Mansion	–	202,600
	Qinhuangdao	Seatopia Resort	93,200	95,000

Regions	Cities	Projects	GFA completed in 2019 (sq.m.)	Targeted GFA to be completed in 2020 (sq.m.)
Yangtze River Delta Region	Shanghai	Chongming Dongtan Project	79,100	84,700
		Wellness Masterpiece	–	49,000
	Hangzhou	Ocean River Masterpiece	107,000	–
		Jiangnan Courtyard	111,000	–
		Sino-Ocean Native Place	68,000	–
	Nanjing	Ocean Landscape	65,800	81,200
		Ocean Seasons	–	234,400
		Sino-Ocean Tangyue Landscape	23,800	30,200
	Suzhou	Easy Town	–	103,700
		Mansion Yue	–	150,000
		Ocean Melody	75,900	29,100
		Rocker Park	–	58,400
		The Lake Garden	113,000	–
	Wuxi	Taihu Milestone (formerly known as Haoshi Project)	63,000	–
		Taihu Milestone (formerly known as Yuqin Project)	116,000	–
	Jiaxing	East Lake	–	104,000
		Lakeside Wonderland	–	134,100
		Ultimate Joy Mansion	–	116,800
	Chuzhou	Ocean Mansion	–	102,100
	Changzhou	Sky Peninsula	101,000	–
	Taizhou	Mansion	–	65,300
	Shaoxing	Ocean Yue Masterpiece	–	93,400
	Xiamen	The Only One	–	52,000
		Top Mansion	–	75,000
	Zhangzhou	Sino-Ocean Scenery	–	77,500

Regions	Cities	Projects	GFA completed in 2019 (sq.m.)	Targeted GFA to be completed in 2020 (sq.m.)
Yangtze Mid-stream Region	Wuhan	Hejiadun Project	271,800	–
		Oriental World View	–	366,100
	Hefei	Metropolis 1907	113,700	136,200
		Ocean Glory	–	110,200
		Sino-Ocean Landscape	–	102,800
	Changsha	Bund No.1	131,400	–
	Nanchang	Ocean Palace	–	53,100
Pearl River Delta Region	Zhongshan	Blossoms Valley	–	77,800
		King Realm	181,000	–
		Leader Mountain	53,300	134,000
		Sino-Ocean Aristocratic Family	103,200	–
		Sino-Ocean Landscape	–	81,800
		Zhonghui City (formerly known as Suixicun 136 Project, Nantou)	–	82,800
		Zhonghui City (formerly known as Suixicun 137 Project, Nantou)	–	107,000
	Shenzhen	Ocean Express	110,200	–
		Sino-Ocean Dream Land	313,400	–
	Guangzhou	Hibiscus Villa	29,900	–
		Honoka Project in Baiyun District	244,300	–
	Foshan	Delight River	42,100	162,300
		Elite Palace	42,100	105,700
	Zhanjiang	Ocean City	–	45,200

Regions	Cities	Projects	GFA completed in 2019 (sq.m.)	Targeted GFA to be completed in 2020 (sq.m.)
Chengdu- Chongqing Region	Chongqing	Poetry of Landscape	47,900	102,100
	Chengdu	Ocean Crown	25,300	73,700
		Ocean Habitat	–	123,000
	Kunming	Chenggong Project	–	222,000
		Chenggong Project, Phase II	–	4,700
		Sino-Ocean Esthetics Mansion	–	164,300
Other Region	Dalian	Diamond Bay	92,700	–
		The Place of Glory	176,100	–
	Shenyang	Grand Canal Milestone	112,800	–
	Changchun	Orient Palace	–	73,000
	Qingdao	Ocean Royal City	180,600	–
	Zhengzhou	Ocean Melody	–	43,500
	Yantai	Sino-Ocean Donglai County	–	43,300
	Jinan	Ocean Epoch	–	108,300
<b>Total</b>			<b>4,419,000</b>	<b>6,104,000</b>



## • Landbank

The Group's landbank decreased by 8% to approximately 37,243,000 sq.m. in 2019 (2018: 40,444,000 sq.m.); while landbank with attributable interest decreased by 8% to 20,119,000 sq.m. (2018: 21,761,000 sq.m.). In 2019, we acquired 34 plots of land and 3 developed projects, total GFA and attributable interest GFA were 4,508,000 sq.m. and 2,440,000 sq.m., respectively. The average acquisition cost per sq.m. of the newly acquired land plots was RMB9,200. In terms of saleable GFA, the average land cost per sq.m. for our landbank as at 31 December 2019 was approximately RMB7,500 (2018: RMB6,900).

Details of the newly acquired land plots during 2019 are set out as follows:

Cities	Projects	Total GFA acquired ('000 sq.m.)	GFA attributable to the Group ('000 sq.m.)	Interest attributable to the Group (%)
<b>Landbank</b>				
Beijing	Anzhen Project	46	8	17.10%
Beijing	Senior Living L'Amore	49	29	60.00%
Tianjin	Beichen Logistics Project	124	17	13.66%
Shijiazhuang	Ande Life Memorial Park	18	7	40.00%
Shijiazhuang	Family Park	132	67	51.00%
Hangzhou	Jiulongwan Project	20	20	100.00%
Suzhou	Shaxi Logistics Project	56	9	16.66%
Wuxi	Scenery Mansion	109	109	100.00%
Jiaying	Pinghu Logistics Project	72	12	16.10%
Fuzhou	East Bay	82	41	50.00%
Fuzhou	Sino-Ocean Landscape	89	49	55.00%
Yangzhou	Grand Canal Milestone	56	56	100.00%
Longyan	Sino-Ocean Landscape	203	104	51.00%
Wuhan	Ocean Seasons	35	20	55.90%
Wuhan	Yanyangtian Project, Jiang'an District	178	125	70.00%
Shenzhen	Ocean Palace	196	111	56.88%
Guangzhou	Huadu Industrial Park Project	472	263	55.69%
Hong Kong	Cheung Sha Project	3	3	100.00%
Hong Kong	Yin Chong Street Project, Mongkok	3	3	100.00%
Chongqing	Jiangjin Logistics Project	60	10	16.66%
Chengdu	Qingbaijiang Logistics Project	276	78	28.21%
Guiyang	Sino-Ocean Aristocratic Family	165	165	100.00%
Guiyang	Sino-Ocean Prospect	100	90	89.80%
Dalian	Joy of Mountain and Sea	189	189	100.00%
Dalian	Ocean The Piedmont Epoch	68	68	100.00%

Cities	Projects	Total GFA acquired (’000 sq.m.)	GFA attributable to the Group (’000 sq.m.)	Interest attributable to the Group (%)
Qingdao	Ocean Crown	125	74	59.50%
Qingdao	Ocean Great Harmony	377	162	43.00%
Taiyuan	Ocean Seasons	308	157	51.00%
Taiyuan	Sino-Ocean Oriental Mansion	105	84	80.00%
Taiyuan	Villa Epoch	54	24	44.00%
Xi’an	Fontaine Island	147	36	24.50%
Xi’an	Sino-Ocean Royal Landscape	292	164	56.00%
Jinan	Ocean Mansion	228	50	22.04%
Singapore	Cairnhill Heights	4	1	30.00%
Subtotal		4,441	2,405	
<b>Developed Project</b>				
Beijing	E-wing Center	12	8	69.40%
Nanjing	Nanjing Airport Project	39	11	27.82%
USA	California Asset Package	16	16	98.50%
<b>Total</b>		<b>4,508</b>	<b>2,440</b>	

The landbank by stages of development as at 31 December 2019 are set out as follows:

	Approximate total GFA (’000 sq.m.)	Approximate total saleable GFA (’000 sq.m.)	Remaining landbank (’000 sq.m.)
Completed properties held for sales	22,431	17,034	3,921
Properties under development	26,745	20,632	26,745
Properties held for future development	6,577	5,205	6,577
<b>Total</b>	<b>55,753</b>	<b>42,871</b>	<b>37,243</b>

The landbank details of the Group and its joint ventures and associates as at 31 December 2019 are set out as follows:

Regions	Cities	Projects	Districts	Approximate total GFA ( <sup>'000</sup> sq.m.)	Approximate total saleable GFA ( <sup>'000</sup> sq.m.)	Remaining landbank ( <sup>'000</sup> sq.m.)	Interest attributable to the Group (%)
Beijing-Tianjin-Hebei Region	Beijing	26 Block	Shunyi District, Beijing	79	79	3	23.00%
		Anzhen Project	Chaoyang District, Beijing	46	–	46	17.10%
		CBD Plot Z6	Chaoyang District, Beijing	27	21	27	100.00%
		Changping Sci-tech Park F2 Project	Changping District, Beijing	256	193	251	50.00%
		Eternal Scenery	Miyun District, Beijing	482	341	389	50.00%
		Gold Mansion	Daxing District, Beijing	118	99	118	25.00%
		Grand Harmony Emerald Residence	Daxing District, Beijing	224	165	224	40.00%
		Jasper Epoch	Daxing District, Beijing	92	78	92	49.00%
		Jialihua Project, Shunyi District	Shunyi District, Beijing	277	206	277	100.00%
		Liangxiang Project	Fangshan District, Beijing	126	102	126	11.10%
		Mentougou Tanzhe Temple Project	Mentougou District, Beijing	430	344	430	10.00%
		Mizhiyun Project	Miyun District, Beijing	80	71	42	90.00%
		Ocean Epoch	Shijingshan District, Beijing	264	198	33	100.00%
		Ocean LA VIE	Chaoyang District, Beijing	318	305	53	85.72%
		Ocean Metropolis	Mentougou District, Beijing	330	276	170	75.00%
		Ocean Rayzone	Fengtai District, Beijing	441	331	441	17.25%
		Ocean Shinkong Center	Tongzhou District, Beijing	479	334	379	50.00%
		Ocean Wulieepoch	Shijingshan District, Beijing	595	458	595	21.00%
		Our New World	Fangshan District, Beijing	109	91	16	100.00%
		Plot 6002, Mentougou New Town	Mentougou District, Beijing	125	97	75	21.00%
		Royal River Villa	Chaoyang District, Beijing	132	118	132	12.25%
		Senior Living L'Amore	Shunyi District, Beijing	49	–	49	60.00%
		The CBD's Private Palace	Daxing District, Beijing	436	383	72	100.00%
		Xanadu & Ocean Epoch	Chaoyang District, Beijing	230	193	230	50.00%
		Xanadu & Ocean Palace	Daxing District, Beijing	300	207	300	50.00%
		Xiji Plot E, Tongzhou District	Tongzhou District, Beijing	139	136	139	50.00%
		Xinchi Tower	Daxing District, Beijing	67	41	67	100.00%
		Yongjingtaoyuan Project	Chaoyang District, Beijing	692	554	692	50.07%
				6,943	5,421	5,468	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Tianjin	Beichen Logistics Project	Beichen District, Tianjin	124	–	124	13.66%
		Boda Logistics Project	Wuqing District, Tianjin	285	–	285	24.50%
		Elegant Prestige	Jinnan District, Tianjin	285	194	32	25.00%
		Happy Light Year	Wuqing District, Tianjin	504	317	504	49.98%
		Longfor Mansion	Jinnan District, Tianjin	227	171	100	33.00%
		Neo-metropolis	Beichen District, Tianjin	3,034	2,615	2,828	51.00%
		Ocean Chanson	Wuqing District, Tianjin	204	199	35	100.00%
		Ocean City	Binhai New Area, Tianjin	2,137	1,929	41	100.00%
		Ocean Epoch	Binhai New Area, Tianjin	35	25	35	100.00%
		Ocean Great Harmony	Xiqing District, Tianjin	350	290	47	100.00%
		Ocean Inside	Binhai New Area, Tianjin	183	176	46	60.00%
		Ocean Kunting	Binhai New Area, Tianjin	675	488	383	64.28%
		Ocean Prospect	Dongli District, Tianjin	321	309	50	100.00%
		Royal River	Wuqing District, Tianjin	349	333	30	100.00%
		The Great Habitat Mansion House	Dongli District, Tianjin	562	385	347	42.00%
		Xanadu	Binhai New Area, Tianjin	185	135	185	42.86%
				<b>9,460</b>	<b>7,566</b>	<b>5,072</b>	
	Shijiazhuang	Ande Life Memorial Park	Jingxing County, Shijiazhuang	18	3	18	40.00%
		Chang'an District Redevelopment Project	Chang'an District, Shijiazhuang	363	268	361	30.70%
		Family Park	Chang'an District, Shijiazhuang	132	108	132	51.00%
		Harmony Palace	Zhengding New District, Shijiazhuang	152	140	152	47.94%
		Jade Mansion	Gaocheng District, Shijiazhuang	146	99	1	51.00%
		Sino-Ocean No. 7	Chang'an District, Shijiazhuang	115	103	115	20.00%
		Vigorous Mansion	Chang'an District, Shijiazhuang	228	171	223	51.00%
				<b>1,154</b>	<b>892</b>	<b>1,002</b>	
	Langfang	Canal Bay	Xianghe County, Langfang	269	180	269	20.00%
		Ocean Kunting	Guangyang District, Langfang	1,897	954	1,897	36.00%
				<b>2,166</b>	<b>1,134</b>	<b>2,166</b>	
	Zhangjiakou	Centrality Mansion	Qiaodong District, Zhangjiakou	203	163	203	60.00%
	Qinhuangdao	Seatopia Resort	Funing District, Qinhuangdao	1,438	1,243	1,305	100.00%
				<b>21,364</b>	<b>16,419</b>	<b>15,216</b>	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Yangtze River Delta Region	Shanghai	Chongming Dongtan Project	Chongming District, Shanghai	1,072	672	836	41.03%
		Ocean Fortune Center	Pudong New Area, Shanghai	59	45	23	100.00%
		Ocean Melody	Pudong New Area, Shanghai	323	279	55	100.00%
		Wellness Masterpiece	Qingpu District, Shanghai	49	41	49	50.00%
		Yuanbo Hotel Project	Putuo District, Shanghai	54	–	54	34.20%
				<b>1,557</b>	<b>1,037</b>	<b>1,017</b>	
	Hangzhou	Canal Business Center Project	Gongshu District, Hangzhou	609	292	10	60.00%
		Jiulongwan Project	West Lake District, Hangzhou	20	–	20	100.00%
		Neo 1	Gongshu District, Hangzhou	43	40	43	50.00%
		Ocean River Masterpiece	Yuhang District, Hangzhou	107	73	13	51.00%
		Sino-Ocean Native Place	Xiaoshan District, Hangzhou	68	41	5	100.00%
				<b>847</b>	<b>446</b>	<b>91</b>	
	Nanjing	Binjiang Industrial Park	Jiangning District, Nanjing	58	–	58	27.82%
		Ocean Landscape	Jiangning District, Nanjing	147	121	90	70.00%
		Ocean Melody	Lishui District, Nanjing	234	184	234	100.00%
		Sino-Ocean Tangyue Landscape	Liuhe District, Nanjing	54	52	37	100.00%
				<b>493</b>	<b>357</b>	<b>419</b>	
	Suzhou	Easy Town	Huqiu District, Suzhou	104	85	104	16.50%
		Kunshan Yushan Logistics Project	Kunshan City, Suzhou	62	–	62	16.66%
		Mansion Yue	Wujiang District, Suzhou	150	147	150	70.00%
		Ocean Melody	Taicang City, Suzhou	105	77	105	34.00%
		Rocker Park	Huqiu District, Suzhou	240	198	240	30.00%
		Shaxi Logistics Project	Taicang City, Suzhou	56	–	56	16.66%
		Shihu Project	Wuzhong District, Suzhou	49	–	49	68.75%
		The Lake Garden	Wujiang District, Suzhou	113	79	33	34.00%
				<b>879</b>	<b>586</b>	<b>799</b>	
	Wuxi	Scenery Mansion	Yixing City, Wuxi	109	79	109	100.00%
		Taihu Milestone (formerly known as Haoshi Project)	Xinwu District, Wuxi	63	52	4	80.00%
		Taihu Milestone (formerly known as Yuqin Project)	Xinwu District, Wuxi	116	93	12	80.00%
				<b>288</b>	<b>224</b>	<b>125</b>	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Jiaxing	East Lake	Haining City, Jiaxing	109	73	109	33.00%
		Lakeside Wonderland	Xiuzhou District, Jiaxing	134	124	134	33.00%
		Ocean Lake Mansion	Haining City, Jiaxing	95	91	95	100.00%
		Pinghu Logistics Project	Pinghu City, Jiaxing	72	–	72	16.10%
		Ultimate Joy Mansion	Jiashan County, Jiaxing	122	106	98	30.00%
		Zhapu Logistics Center	Pinghu City, Jiaxing	44	–	44	27.82%
				<b>576</b>	<b>394</b>	<b>552</b>	
	Chuzhou	Ocean Mansion	Chahe Town, Chuzhou	108	82	108	100.00%
	Changzhou	Sky Peninsula	Yanshan New Area, Changzhou	101	99	42	40.00%
	Taizhou	Mansion	Jiaojiang District, Taizhou	79	65	68	40.00%
	Shaoxing	Ocean Yue Masterpiece	Keqiao District, Shaoxing	93	93	93	100.00%
	Wenzhou	Ocean Century Mansion	Longwan District, Wenzhou	153	107	127	100.00%
	Xiamen	The Only One	Xiang'an District, Xiamen	52	35	52	50.00%
		Top Mansion	Xiang'an District, Xiamen	75	49	75	50.00%
				<b>127</b>	<b>84</b>	<b>127</b>	
	Zhangzhou	Sino-Ocean Scenery	Zhao'an County, Zhangzhou	81	79	81	70.00%
	Fuzhou	East Bay	Mawei District, Fuzhou	82	65	82	50.00%
		Sino-Ocean Landscape	Mawei District, Fuzhou	89	74	89	55.00%
				<b>171</b>	<b>139</b>	<b>171</b>	
	Yangzhou	Grand Canal Milestone	Guangling District, Yangzhou	56	43	56	100.00%
	Longyan	Sino-Ocean Landscape	Xinluo District, Longyan	203	160	203	51.00%
				<b>5,812</b>	<b>3,995</b>	<b>4,079</b>	
Yangtze Mid-stream Region	Wuhan	Hejiadun Project	Jiangnan District, Wuhan	1,019	972	439	55.90%
		Ocean Seasons	Jiangnan District, Wuhan	35	25	35	55.90%
		Oriental World View	Hanyang District, Wuhan	1,880	1,509	1,880	10.50%
		Yanyangtian Project, Jiang'an District	Jiang'an District, Wuhan	178	80	178	70.00%
				<b>3,112</b>	<b>2,586</b>	<b>2,532</b>	
	Hefei	Metropolis 1907	Binhu New Area, Hefei	322	242	170	25.00%
		Ocean Glory	Feidong County, Hefei	197	186	197	100.00%
		Sino-Ocean Landscape	Feidong County, Hefei	200	180	200	52.43%
				<b>719</b>	<b>608</b>	<b>567</b>	
	Changsha	Bund No.1	Yuelu District, Changsha	134	95	5	95.00%
	Nanchang	Ocean Palace	Wanli District, Nanchang	173	122	173	51.00%
				<b>4,138</b>	<b>3,411</b>	<b>3,277</b>	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Pearl River Delta Region	Zhongshan	Blossoms Valley	Shenwan Town, Zhongshan	1,172	1,037	1,114	75.00%
		King Realm	Dongsheng Town, Zhongshan	181	134	10	75.00%
		Leader Mountain	Wuguishan Town, Zhongshan	187	137	171	50.00%
		Ocean City	Eastern District, Zhongshan	2,083	1,736	94	100.00%
		Ocean Emerald	Nantou Town, Zhongshan	437	412	49	51.00%
		Ocean Longshire	Henglan Town, Zhongshan	96	85	14	100.00%
		SCity (formerly known as Suixicun 162 Project, Nantou)	Nantou Town, Zhongshan	90	68	90	34.00%
		SCity (formerly known as Suixicun 163 Project, Nantou)	Nantou Town, Zhongshan	34	26	34	34.00%
		Sino-Ocean Aristocratic Family	Eastern District, Zhongshan	103	78	33	24.50%
		Sino-Ocean Landscape	Minzhong Town, Zhongshan	210	159	210	51.00%
		Zhonghui City (formerly known as Suixicun 135 Project, Nantou)	Nantou Town, Zhongshan	43	33	43	34.00%
		Zhonghui City (formerly known as Suixicun 136 Project, Nantou)	Nantou Town, Zhongshan	83	62	83	30.00%
		Zhonghui City (formerly known as Suixicun 137 Project, Nantou)	Nantou Town, Zhongshan	107	102	107	45.00%
				<b>4,826</b>	<b>4,069</b>	<b>2,052</b>	
	Shenzhen	Lishan Project	Nanshan District, Shenzhen	171	120	67	60.00%
		Longhua District De Ai Industrial Park	Longhua District, Shenzhen	533	282	533	80.00%
		Ocean Express	Longgang District, Shenzhen	556	437	145	84.70%
		Ocean Palace	Nanshan District, Shenzhen	196	82	196	56.88%
		Ocean Plaza	Nanshan District, Shenzhen	115	52	115	60.00%
		Sino-Ocean Dream Land	Longgang District, Shenzhen	401	292	14	100.00%
				<b>1,972</b>	<b>1,265</b>	<b>1,070</b>	
	Guangzhou	East Bay	Zengcheng District, Guangzhou	141	96	141	40.00%
		Elite Palace	Tianhe District, Guangzhou	310	279	61	100.00%
		Hibiscus Villa	Huadu District, Guangzhou	179	87	141	51.00%
		Honoka Project in Baiyun District	Baiyun District, Guangzhou	285	198	183	16.66%
		Huadu Industrial Park Project	Huadu District, Guangzhou	472	–	472	55.69%
				<b>1,387</b>	<b>660</b>	<b>998</b>	
	Foshan	Delight River	Sanshui District, Foshan	207	192	207	50.00%
		Elite Palace	Sanshui District, Foshan	259	191	223	100.00%
				<b>466</b>	<b>383</b>	<b>430</b>	

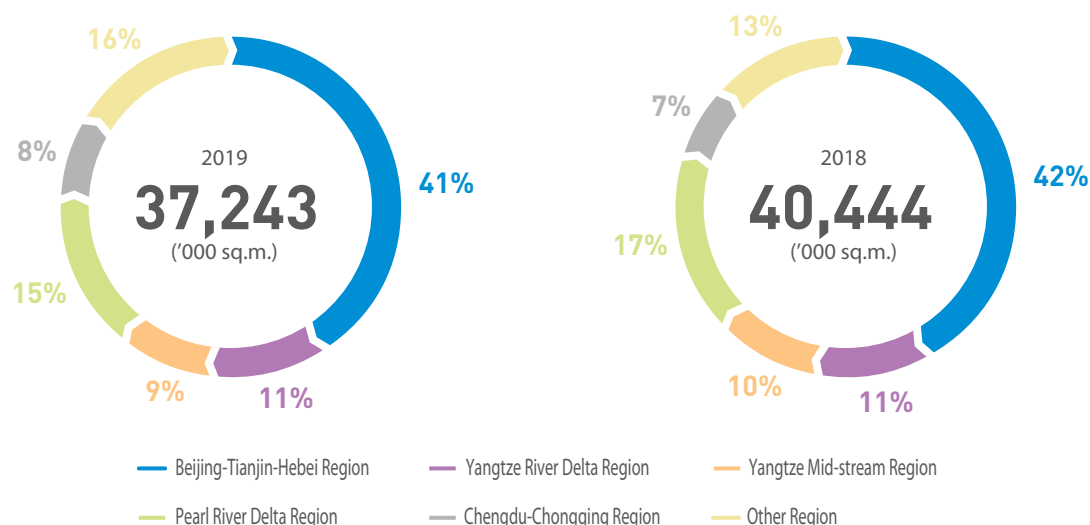
Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Hong Kong	Cheung Sha Project	Islands District, Hong Kong	3	3	3	100.00%
		LP6	Tseung Kwan O, Hong Kong	137	136	137	40.00%
		Ying Chong Street Project, Mongkok	Yau Tsim Mong District, Hong Kong	3	3	3	100.00%
				<b>143</b>	<b>142</b>	<b>143</b>	
	Zhanjiang	Ocean City	Xiashan District, Zhanjiang	612	493	612	63.00%
	Maoming	Sino-Ocean Landscape	Maonan District, Maoming	291	289	291	51.00%
	Sanya	Ocean Hill	Jiyang District, Sanya	177	111	77	100.00%
	Haikou	Ocean Zen House	Xiuying District, Haikou	117	106	5	100.00%
				<b>9,991</b>	<b>7,518</b>	<b>5,678</b>	
Chengdu-Chongqing Region	Chongqing	Fenghua Melody	Shapingba District, Chongqing	102	71	102	24.50%
		Fontaine Island	Nan'an District, Chongqing	178	132	178	24.50%
		Jiangjin Logistics Project	Jiangjin District, Chongqing	60	–	60	16.66%
		Ocean City (formerly known as Gaomiao Project, Jiulongpo)	Jiulongpo District, Chongqing	126	125	95	50.00%
		Ocean City (formerly known as Gaomiao Project, Phase II, Jiulongpo)	Jiulongpo District, Chongqing	285	213	9	50.00%
		Ocean Ninth Prince	Yubei District, Chongqing	335	246	135	50.00%
		Poetry of Landscape	Shapingba District, Chongqing	166	165	124	100.00%
		Sino-Ocean Garden	Banan District, Chongqing	592	480	192	42.50%
				<b>1,844</b>	<b>1,432</b>	<b>895</b>	
	Chengdu	Foothill City	Longquanyi District, Chengdu	320	263	320	8.00%
		Ocean Crown	Qingyang District, Chengdu	99	46	99	60.00%
		Ocean Habitat	Chongzhou City, Chengdu	123	98	121	100.00%
		Ocean Luxury City	Qingyang District, Chengdu	71	38	71	24.50%
		Ocean Sky Glory	Jinniu District, Chengdu	122	106	122	12.25%
		Qingbaijiang Logistics Project	Qingbaijiang District, Chengdu	276	–	276	28.21%
		Royal Mansion	Pidu District, Chengdu	139	99	139	24.50%
		Sino-Ocean Taikoo Li Chengdu	Jinjiang District, Chengdu	417	362	128	50.00%
				<b>1,567</b>	<b>1,012</b>	<b>1,276</b>	



Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Kunming	Chenggong Project	Chenggong District, Kunming	222	218	222	70.00%
		Chenggong Project, Phase II	Chenggong District, Kunming	99	88	99	70.00%
		Kunming Airport Project	Guandu District, Kunming	37	–	37	27.82%
		Sino-Ocean Esthetics Mansion	Panlong District, Kunming	164	145	164	37.15%
				<b>522</b>	<b>451</b>	<b>522</b>	
	Guiyang	Sino-Ocean Aristocratic Family	Shuanglong New District, Guiyang	165	135	165	100.00%
		Sino-Ocean Prospect	Yunyan District, Guiyang	100	75	100	89.80%
				<b>265</b>	<b>210</b>	<b>265</b>	
				<b>4,198</b>	<b>3,105</b>	<b>2,958</b>	
Other Region	Dalian	Diamond Bay	Ganjingzi District, Dalian	1,406	1,254	982	100.00%
		Joy of Mountain and Sea	Ganjingzi District, Dalian	189	150	189	100.00%
		Ocean The Piedmont Epoch	Lushunkou District, Dalian	68	46	68	100.00%
		Ocean Worldview	Jinzhou District, Dalian	1,902	1,645	367	100.00%
		Sino-Ocean Technopole	Jinzhou District, Dalian	922	540	922	100.00%
		The Place of Glory	Ganjingzi District, Dalian	925	875	158	100.00%
		Zhonghua Road Plot #2	Ganjingzi District, Dalian	111	52	111	100.00%
				<b>5,523</b>	<b>4,562</b>	<b>2,797</b>	
	Shenyang	Grand Canal Milestone	Shenhe District, Shenyang	382	257	8	100.00%
		Ocean Paradise	Heping District, Shenyang	713	695	9	100.00%
		The Mountain Echo	Hunnan District, Shenyang	212	169	212	100.00%
				<b>1,307</b>	<b>1,121</b>	<b>229</b>	
	Changchun	Orient Palace	Nanguan District, Changchun	73	60	73	20.00%
	Qingdao	Ocean Crown	Fushan New District, Qingdao	125	95	125	59.50%
		Ocean Great Harmony	Shibei District, Qingdao	377	270	377	43.00%
		Ocean Melody	Huangdao Development Zone, Qingdao	109	107	14	100.00%
		Ocean Royal City	Jiaozhou City, Qingdao	333	269	148	75.00%
		Ocean Seasons	Laoshan District, Qingdao	146	132	18	100.00%
				<b>1,090</b>	<b>873</b>	<b>682</b>	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Taiyuan	Ocean Seasons	Wanbailin District, Taiyuan	308	254	308	51.00%
		Sino-Ocean Oriental Mansion	Yingze District, Taiyuan	105	81	105	80.00%
		Villa Epoch	Yangqu County, Taiyuan	54	34	54	44.00%
				<b>467</b>	<b>369</b>	<b>467</b>	
	Zhengzhou	Ocean Melody	Zhongmu County, Zhengzhou	43	38	43	69.30%
		Ocean Prospect	Xinzheng City, Zhengzhou	169	158	169	38.00%
				<b>212</b>	<b>196</b>	<b>212</b>	
	Xuzhou	Jiawang Industrial Park	Jiawang District, Xuzhou	86	–	86	27.82%
	Xi'an	Emperor Chic	Weiyang District, Xi'an	321	316	321	24.50%
		Fontaine Island	Chanba Ecological District, Xi'an	147	111	147	24.50%
		Qinhan Logistics Center	Xianyang City, Xi'an	67	–	67	27.82%
		Sino-Ocean Royal Landscape	Chanba Ecological District, Xi'an	292	208	292	56.00%
				<b>827</b>	<b>635</b>	<b>827</b>	
	Yantai	Sino-Ocean Donglai County	Laishan District, Yantai	43	42	40	100.00%
	Jinan	Ocean Epoch	Lixia District, Jinan	390	371	390	50.00%
		Ocean Mansion	Huaiyin District, Jinan	228	190	228	22.04%
				<b>618</b>	<b>561</b>	<b>618</b>	
	Singapore	Cairnhill Heights	Area 9, Singapore	4	4	4	30.00%
				<b>10,250</b>	<b>8,423</b>	<b>6,035</b>	
<b>Total</b>				<b>55,753</b>	<b>42,871</b>	<b>37,243</b>	

The landbank by geographical locations as at 31 December 2019 and 2018 are analyzed below:



## Property investment

Investment properties provide a steady and reliable income and cash flow to the Group in addition to the possible capital gains from appreciation in value. They also help us to diversify our risk from market turbulence in the property development business. In 2019, revenue from property investment decreased by 37% to RMB678 million (2018: RMB1,077 million), which is mainly due to the implementation of asset-light strategy for the Group’s investment properties. As at 31 December 2019, the Group held more than 18 operating investment properties, in which the majority were office units. Our investment properties are mainly A-grade office premises, shopping malls and commercial complex at good location. With the completion of certain logistics projects in the second half of 2019, the total leasable area is approximately 1,641,000 sq.m..

The investment properties of the Group and its joint ventures and associates as at 31 December 2019 is set out as follows:

Projects	District	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail space (sq.m.)	Logistics projects (sq.m.)	Others (sq.m.)	Occupancy rate (%)	Interest attributable to the Group (%)
Ocean International Center (Beijing)	Chaoyang District, Beijing	103,000	76,000	9,000	–	18,000	82%	100%
Ocean Plaza (Beijing)	Xicheng District, Beijing	30,000	26,000	–	–	4,000	98%	72%
Ocean We-life (Tianjin)	Binhai New District, Tianjin	28,000	–	28,000	–	–	98%	100%
North Carolina Project (USA)	Durham, North Carolina	12,000	12,000	–	–	–	69%	70%
San Francisco Project (USA)	Financial District, San Francisco	6,000	6,000	–	–	–	100%	100%
Other projects		66,000	16,000	35,000	–	15,000		
Subtotal		245,000	136,000	72,000	–	37,000		
<b>Other</b>								
China Life Financial Center (Beijing)	Chaoyang District, Beijing	111,000	111,000	–	–	–	32%	10%
Diamond Plaza (Beijing)	Haidian District, Beijing	22,000	20,000	–	–	2,000	100%	34%
E-wing Center (Beijing)	Haidian District, Beijing	12,000	12,000	–	–	–	99%	69%
INDIGO (Beijing)	Chaoyang District, Beijing	225,000	52,000	48,000	–	125,000	94%	50%
Ocean International Center, Phase II (Beijing)	Chaoyang District, Beijing	70,000	46,000	13,000	–	11,000	91%	35%
Ocean Office Park (Beijing)	Chaoyang District, Beijing	107,000	81,000	12,000	–	14,000	92%	53%
Ocean We-life Plaza (Beijing)	Chaoyang District, Beijing	31,000	–	31,000	–	–	98%	50%
Ocean International Center (Tianjin)	Hedong District, Tianjin	53,000	53,000	–	–	–	73%	69%
Ocean We-life Plaza (Tianjin)	Hedong District, Tianjin	42,000	–	42,000	–	–	98%	50%
Haixing Plaza (Shanghai)	Huangpu District, Shanghai	14,000	10,000	–	–	4,000	71%	28%
Sino-Ocean Tower (Shanghai)	Huangpu District, Shanghai	62,000	46,000	4,000	–	12,000	84%	15%
Grand Canal Plaza (Hangzhou)	Gongshu District, Hangzhou	68,000	–	67,000	–	1,000	91%	60%
Sino-Ocean Taikoo Li Chengdu (Chengdu)	Jinjiang District, Chengdu	115,000	–	84,000	–	31,000	97%	50%
Other projects		464,000	69,000	80,000	195,000	120,000		
Subtotal		1,396,000	500,000	381,000	195,000	320,000		
<b>Total</b>		<b>1,641,000</b>	<b>636,000</b>	<b>453,000</b>	<b>195,000</b>	<b>357,000</b>		

## Commercial properties in progress

The Group has built a sound foundation for office complex operation and management since the development of commercial properties in 2010. The Group has cultivated strengths in commercial project positioning, planning and design, development and construction, investment attraction and project operation. Currently, the Group has several commercial property projects in progress across China, including grade A offices, high-class shopping centers, five-star hotels and high-quality serviced apartments.

For the year ended 31 December 2019, revenue from property investment amounted to RMB678 million. The Group currently has over 18 operating investment properties. During 2019, the Group newly acquired investments in the USA and the PRC respectively, which added to our list of diversified portfolio.

The Group now has approximately 1,641,000 sq.m. commercial real estate resources in operation, with office developments and the others including commercial complexes, logistics projects and car parks accounting for about 39% and 61% respectively. In addition, the Group has commercial property resources pending for development and operation by stages by 2025. These include offices in Beijing CBD, shopping centers in Tongzhou District, Beijing and other high-end commercial complexes. Going forward, the commercial property brand will boast a strong portfolio of cross-regional and diversified products. They will provide a sound foundation for favourable investment yield and profitability level in the future.

### • Property Management

For the year ended 2019, the Group's revenue from property management services amounted to RMB1,249 million, representing an increase of 11% compared to RMB1,129 million in 2018, mainly because of the improvement in operating ability and synergy with major development business. The property management service has reached 54 cities in the PRC.

A total area under management of approximately 64 million sq.m. (2018: approximately 56 million sq.m.) was covered by the Group's property management services.

## Other information

Details of the Group's business combination during the year are set out in note 50 to the consolidated financial statements of this annual report.

### • Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

In 2019, 46% of the Group's total borrowings were denominated in USD and HKD. As a result, the Group had a net currency exposure to fluctuation in foreign exchange rates. As Renminbi has been facing the trend of depreciation, the Group has entered into certain forward contracts so as to reduce the exchange loss in future year. The Group has never engaged in the dealing of any financial derivative instruments for speculative purpose.

In view of the potential Renminbi exchange rate fluctuations, the Group will further consider arranging for monetary and interest rate hedge at appropriate times to avoid the corresponding risks.

Details of the Group's foreign exchange risk are set out in note 5.1(a)(i) to the consolidated financial statements of this annual report.

## Employees and human resources

As at 31 December 2019, the Group had 12,613 employees (31 December 2018: 13,131 employees). The total number of employees serving the Group has remained basically stable. We will continue to strive for improvement in both manpower effectiveness and control capability of the Group.

During 2019, taking into account the amortization of share options, the level of our overall staff cost was approximately RMB3,044 million (2018: RMB2,565 million). The Group believes the share option scheme implemented in previous years will provide long-term incentive and rewards to our staff.

The Group will continuously review our salary and compensation schemes to make them competitive to retain our talented staff and also provide various training and development programs so that these talented staff can ultimately bring in higher return to our shareholders and investors.

# MAJOR AWARDS AND RECOGNITIONS



Award received:  
Hong Kong Outstanding  
Enterprises Parade 2019  
Issuing organisation: Economic Digest



Award received:  
Listed Company Awards of Excellence  
2019 — Main Board (large market  
capitalization)  
Issuing organisation:  
Hong Kong Economic Journal



Award received:  
Top 100 Hong Kong Listed Companies  
— Top 10 of Medium-sized Enterprises  
Issuing organisation:  
FINET



Award received:  
2019 Galaxy Awards:  
2018 Annual Report — Annual Reports  
— Print — Conglomerate — Silver  
2018 Annual Report — Annual Reports  
— Print — Real Estate Investment —  
Silver  
2018 Annual Report — Annual Reports  
— Print — Real Estate Dev. Svcs. —  
Bronze  
2018 Annual Report — Annual Reports  
— Print — Real Estate Holding Co. —  
Honors  
Issuing organisation: MerComm, Inc.



Award received:  
IADA Award 2019:  
2018 Annual Report — Traditional format —  
Commercial Real Estate/Retail — Gold  
2018 Annual Report — Traditional format —  
Real Estate Development — Gold  
2018 Annual Report — Interior Design —  
Commercial Real Estate/Office — Silver  
2018 Annual Report — Interior Design —  
Commercial Real Estate/Retail — Silver  
2018 Annual Report — Interior Design —  
Real Estate Development — Silver  
2018 Annual Report — Traditional format —  
Commercial Real Estate/Office — Silver  
Issuing organisation:  
IADA International Limited



Award received:  
2019 ARC Awards:  
2018 Annual Report — Traditional Annual  
Report — Hong Kong: Standard Treatment  
— Grand  
2018 Annual Report — Traditional Annual  
Report — Real Estate Development/SVC:  
Retail/Shopping Centers — Gold  
2018 Annual Report — Interior Design —  
Property Development: Commercial —  
Silver  
2018 Annual Report — Interior Design —  
Property Development: Residential — Silver  
2018 Annual Report — Interior Design —  
Real Estate Development/SVC: Residential  
Properties — Bronze  
2018 Annual Report — Interior Design  
— Real Estate Integrated Development &  
Investment — Bronze  
2018 Annual Report — Traditional  
Annual Report — Property Development:  
Residential — Bronze  
Issuing organisation: MerComm, Inc.



Award received:  
2018 China Real Estate Enterprises  
Charity Award  
Issuing organisation:  
China Real Estate Business



Award received:  
2019 China Property Enterprise  
Green Credit Index Top 50 (Interim)  
Issuing organisation:  
Biaozhun



Award received:  
2019 Blue Chip Real Estate  
Corporation  
Issuing organisation:  
The Economic Observer



Award received:  
Excellent Product Power  
Model for 2019  
Issuing organisation:  
Hexun.com



Award received:  
2019 China Green Building  
Innovative Model  
Issuing organisation:  
Biaozhun



Award received:  
2019 Best Healthy  
Real Estate Brand  
Issuing organisation:  
Leju Finance



Award received:  
Annual CSR Contribution Award  
Issuing organisation:  
The Economic Observer



Award received:  
2019 Best 30 China Real Estate  
Listed Companies  
Issuing organisation:  
Guardian Property & Co.



Award received:  
2019 Top 10 of China Real Estate  
Developers Brand Value  
Issuing organisation:  
China Real Estate Business,  
China Thinktank, Creb.com.cn



# INVESTOR RELATIONS

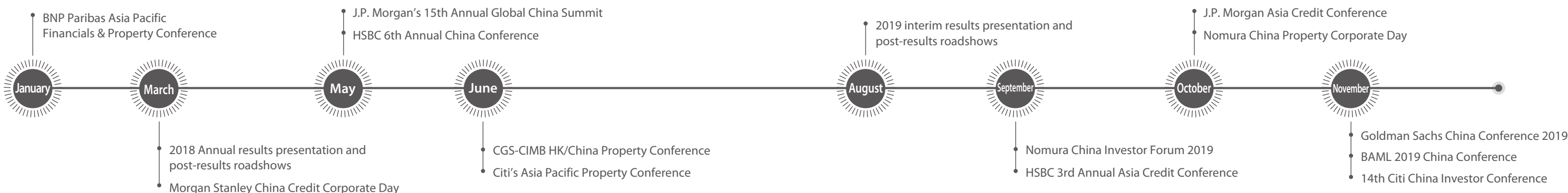


Sino-Ocean Group Holding Limited (“Sino-Ocean Group” or the “Company”) and its subsidiaries (together referred to as “our Group”, the “Group” or “We”) adheres to the best practice in information disclosure in terms of accuracy, transparency and consistency. We are committed to maintaining highly honest, sincere and effective communication with the financial community and other stakeholders. Our goals are to deepen investors’ understanding and approval of the Company’s strategies, to raise the quality of internal management and to maximize the Company’s value.

## Promoting company value through meaningful communication

In 2019, the downward pressure on the economy in China intensified. There were increasing uncertainties in the global market and macro measures on the real estate industry continued. However, the industry was able to maintain stability on the whole and achieved the goals of stabilizing land price, property price and expectation. As the government reiterated the policy positioning of stability, city-specific housing policies and ‘properties for accommodation not speculation’, the market will be able to maintain a stable growth. At the same time judicious tightening of credits to optimize liquidity continually should further consolidate the industry.

### 2019 Major Investor Relations Activities



In light of the changing economic environment and the development of the industry, we were agile in response and maintained continuous communication with our investors. In 2019, directed by ‘crafting meticulously’, the essence of the year, the Group recorded improved sales as in size and quality, and also achieved independent, rapid and solid growth in other businesses. The Group’s refined management produced results and we enjoyed a stable financial position that was widely recognized by investors. In 2020, the Group will continue with refined management to focus on residential development following a concept of high calibre, steadiness and sustainability.

In 2019, we communicated proactively with analysts and investors through results announcements and road shows. We also arranged small group meetings between management and investors. These meetings were highly effective and enjoyed very positive feedback. They served to reinforce understanding and trust between the Group and the capital market. Furthermore, the Group continued to generate opportunities to interact with analysts and investors individually. On the one hand, we attended investors’ conferences and communicated constantly. In 2019, we attended conferences in Beijing, Shanghai, Shenzhen, Hong Kong and Macau organized by 9 securities firms. We also conducted in-depth one-on-one discussions with over 200 institutional and individual investors. On the other hand, in view of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, we actively explored new channels of communication with over 20 funds and securities firms in mainland China. We also hosted more than 200 stakeholders at some 80 project site visits, enabling them to better understand the latest developments in the Group’s various business segments.

Through these events and discussions, we were able to foster a deeper understanding and appreciation of the Group’s progress, business policies and strategic development among fund managers, institutional and individual investors, analysts and other interested parties. Meanwhile our management also gained better knowledge of the expectations and demands of the capital market on the Group. We will seriously consider and put into practice all constructive suggestions.

## Ensuring fair disclosure and maintaining transparency

In 2019, we maintained our high standards of information disclosure to ensure the timely dissemination of relevant corporate information via our official website and other channels. In addition, we published our monthly unaudited operating statistics on the Stock Exchange website and share information on the Group’s latest development via investors groups to boost transparency and to ensure proper and fair access to relevant data for all parties in the capital market.

In 2019, we enjoyed coverage from 20 securities firms, including J.P. Morgan, Goldman Sachs, Citi, BOCI, Nomura and Macquarie, the majority of which rated Sino-Ocean Group as ‘out-performed the market’, ‘buy’ or ‘hold’.

## Listening attentively and receptively from a wide spectrum

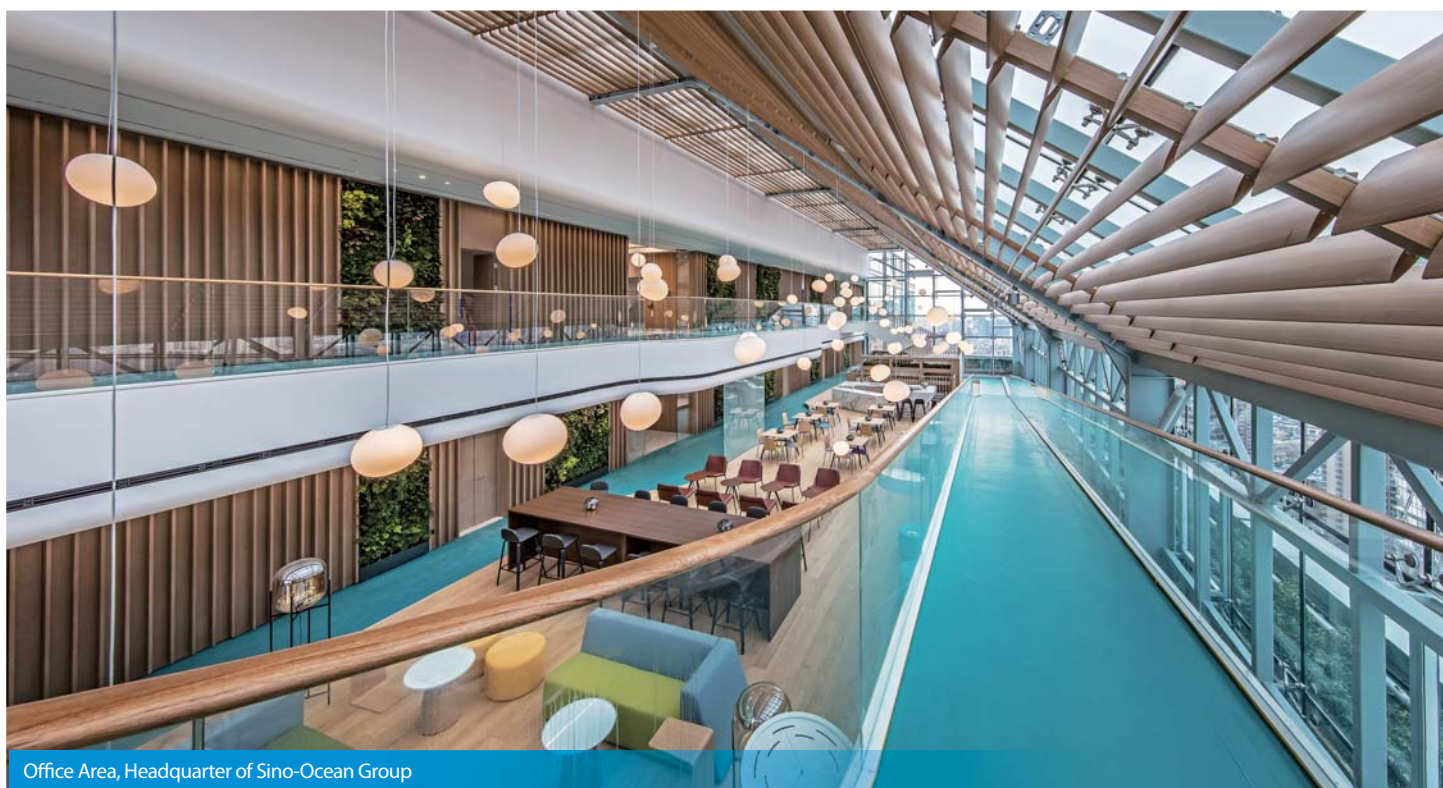
We listened carefully to our shareholders’ concerns and addressed them efficiently. In May 2019, the Group held its annual general meeting. As always, after each meeting management representatives reserved time for individual shareholders to voice their opinions and concerns, ensuring all parties present were given opportunity to discuss the key issues with our representatives.

We will continue our efforts to gain more coverage and obtain more recommendations from securities firms, with the goal of promoting investors’ approval, confidence and loyalty, as well as protecting their interests. We are grateful to all stakeholders for their remarkable support. If you have any questions or comments with regards to our work, please contact us at [ir@sinooceangroup.com](mailto:ir@sinooceangroup.com). We promise to provide answers to the extent permitted by applicable laws, regulations and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

# SUSTAINABILITY REPORT

As a pioneer of the philosophy of “Building • Health”, adhering to the concept of “achieving sustainable development in mankind, construction and environmental values in collaboration with stakeholders”, guided by the “United Nations 2030 Sustainable Development Goals (SDGs)” and for the purpose of “creating value for its stakeholders” Sino-Ocean Group Holding Limited (“Sino-Ocean Group” or the “Company”) and its subsidiaries (together referred to as “our Group”, the “Group” or “We”) have been committed to promoting corporate health, product health, environmental health, intellectual health, customer health and community health, and regards the promotion of the Company’s sustainable and healthy development as its responsibility. Sino-Ocean Group has always firmly grasped market trends and developed in-depth understanding of people’s most concerned and expected needs and wishes, based on which it optimizes its own business structure and build its core competence in the fierce market competition.

On 11 June 2019, we issued “Building Health for Shared Success-Sustainable Development Report 2018 of Sino-Ocean Group”, which, in addition to receiving 5-star rating from the Chinese Academy of Social Sciences for the fourth consecutive year, delivered outstanding performance results in the capital market, including receiving an upgraded MSCI rating of BB (2018: B) and ranking first among similar corporations in terms of GRESB.



Office Area, Headquarter of Sino-Ocean Group



## Refined business management and enhancing efficiency to improve corporate health

In 2019, the Group made significant progress in refined management. By comprehensively strengthening financial budget management and operation plan management and following the principles of “face the primary level, face the foundation, face the basics”, the Group gradually developed the project and business-oriented “4+8” new operation management system. Supplemented by corresponding management reform and appropriate staffing, the Group enhanced the competence of front-line employees of relevant projects, thereby significantly improving operational decision-making efficiency and operation quality. In the future, the Group will achieve new heights by focusing on its core business, cultivating core markets, polishing core products and building core teams.

## Product enhancement and focus on “Building • Health”

In 2019, Sino-Ocean Group continued to follow and made tremendous progress in promoting and implementing its brand concept of “Building • Health”.

The Sino-Ocean Group head office successfully passed a series of rigorous tests and inspections by The International WELL Building Institute™ (IWBI™), and officially became the first project registered WELL platinum-class certification™ in Beijing. At the same time, Sino-Ocean Group’s head office also received the honour of the largest WELL NEI platinum-class certified space in Asia. In addition, the renovated head office project was selected in *Health & Wellbeing in Real Estate* by GRESB as the one and the only demonstration project in China.

In 2019, as the Chinese real estate industry, which had gone through multiple rounds of macro measures, returned to rationality, quality products and quality living conditions have become the common voice of the industry and users.

With its intensive cultivation and persistent artisan quality in product power enhancement, the Group has won various honourable titles including the “Excellent Product Power Model for 2019 (2019年度優秀產品力榜樣)” awarded by hexun.com, the “Craftsman Spirit Real Estate Brand for 2019 (2019年度工匠精神地產品牌)”, the “Outstanding Real Estate Enterprise for 2019 (2019年度卓越地產企業)” awarded by China Times, and the “Best Real Estate Enterprise Award for 2019 (2019房地產最佳房企獎)” issued by Guangdong Times Media. Such product power honourable awards received have not only demonstrated Sino-Ocean Group’s long-term commitment to building upscale projects and steady results so achieved, but also developed its own characteristic path for product power building and outperformed in the new round of market competition.





Grand Canal Milestone (Shenyang)

## Improve overall service quality to safeguard customer health

In recent years, in order to consolidate its key position in the community business and improve the overall quality of services, Ocean Homeplus, a property management company of Sino-Ocean Group, has pursued a healthy business model and opened up a unique service path for community operations.

At present, Ocean Homeplus has developed a “5 + 5 + 1” (being “5 major business groups + 5 major user contact points + 1 data platform”) community model to deliver warm-hearted services to Sino-Ocean’s vast property owners. The 5 major contact points collect feedback on the needs of property owners, and issue service instructions after data integration through a unified data platform. The 5 major business groups act as the executors of such service instructions and are responsible for addressing property owners’ concerns.

In response to the State Council’s call for renovation of old communities, Ocean Homeplus has gradually carried out the old house refurbishment business in some major cities. The prospective external cooperative enterprises negotiated with Ocean Homeplus cover various retail, tourism, automobiles, maternal and child, home furnishing and other industry sectors, with a view to providing higher quality products and services for the vast property owners.

## Dedication to employees’ health and won the best employer award

As an enterprise pursuing the philosophy of “Building • Health”, Sino-Ocean Group has always paid close attention to the healthy development of employees. By establishing a new operation management system, it empowers front-line employees, provides a sustainable career development platform for employees, and helped cultivation of talents through encouragement, guidance and training. In order to better enhance employees’ happiness and satisfaction, Sino-Ocean Group has also adopted various measures to fully safeguard employees’ rights and interests and to attach importance to their safety and health, thus creating a healthy, open and shared corporate atmosphere. Sino-Ocean Group won the honourable title of “China Best Employer in Real Estate for 2019 (2019 中國房地產最佳僱主企業)” for its continuous intensive cultivation and outstanding performance in promotion of business health, organizational health and employee health.

Openness and sharing are at the core of our corporate responsibilities and values, and are also what make us a responsible corporate citizen. Our respect and care for employees are reflected in every space and scene and by building a healthy rapport between the Company, teams and staff, we seek to create a brighter future of Sino-Ocean with a healthier, more open and intelligent mind.





## Promoting health concept to help build healthy community and environment

Sino-Ocean Group performs its responsibility through the Sino-Ocean Charity Foundation. In addition to producing healthy products, the Group emphasizes the dissemination of health concepts and provides support to the construction of local communities. In April 2019, the Sino-Ocean Charity Foundation established the "2019 Sino-Ocean Health Charity Program". Under the program, the RMB1 million "Sino-Ocean Building Health Fund" was set up to support the construction of healthy environment in urban and rural areas where Sino-Ocean Group operates. The "Sino-Ocean Building Health Fund" can promote the full implementation of the Group's philosophy of "Building • Health", establish a good public image of "Sino-Ocean Health", widely promote the positioning and philosophy of "Building • Health", and encourage more people to embrace the concept of healthy lifestyle. In 2019, the fund was used to support the transformation of the Da Mao Village Natural Ecological Museum in Sanya, Hainan, and the experimental research on ecological composting in Da Mao Village. The beautiful environment of Da Mao Village requires us to strike a balance between building and environment. One of the concrete manifestations is garden waste recycling and sewage sedimentation ponds. These ecological measures can be used to dispose of recyclable waste and help to develop a recycling ecological construction to effectively meet the needs of rural economic and ecological development. Currently, Da Mao Project has established a "natural museum education" framework and is eager to incubate the "first natural museum village in China". The relevant health fund investment programs are still being upgraded.

Health is an eternal topic for human beings, and an important sign of social progress. Sino-Ocean Group adheres to its brand concept of "Building • Health" and incorporates "health" into its product DNA to constantly implement healthy building standards and insist on artisan quality, continuously enhances healthy residence experience, and builds a healthy ecological circle together with like-minded partners. In a manner which is more valuable to the society, the Group also integrates its diversified upstream and downstream industrial chain, creates value sharing, and explores the vast and promising blue ocean space, thereby striving to promote corporate health, product health, customer health, environmental health, employee health, community health and harmonious inclusiveness, and to unswervingly stay committed to the Group's healthy and sustainable development.

The Group believes that sustainable development is crucial to the development of a corporate and actively implements the concept of sustainable development at every level of the operation so as to create a better future for the community and the Group. The Group will issue separately an Sustainable Development Report 2019 in accordance with Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules. The Sustainable Development Report 2019 will be published on the website of the Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.sinooceangroup.com](http://www.sinooceangroup.com)) within the time limit stipulated by the Listing Rules.

## Joint Growth, Building Health

**“Health” is currently the signature feature of Sino-Ocean’s products, and also the core values of Sino-Ocean’s brand and the core philosophy of its corporate culture.**

**“Building” means that Sino-Ocean presents users healthy physical products such as residential, commercial and office buildings, and also denotes that Sino-Ocean is opening up a new era of healthy life in all aspects.**

**We strive to become a healthy company, aspiring to be a pioneer in building health in China.**

Chairman of the Board and CEO of  
Sino-Ocean Group



## Sino-Ocean Healthy Building System

### Healthy Action

We introduced the WELL building standard in the US in 2015; to support our localisation attempt, we launched the “Sino-Ocean Healthy Building System 1.0” and issued “Sino-Ocean, Healthy Senior Living System 1.0” in 2018. In 2020, we launched the “Sino-Ocean Healthy Residential System 1.1”, an upgraded system which targets at residential market.

### Healthy Concept

Adhering to our philosophy of “Building • Health”, we take pride in our role as one of the pioneers in China’s “big health” development by launching healthy products and developing diversified sectors.

### Remarkable Achievement

20 projects of Sino-Ocean Group covering residential, commercial and office buildings have obtained WELL final certification (including gold and platinum rating), ranking first among all domestic corporations in terms of both number and area of projects which have obtained the WELL certification. In addition to final certification, 13 projects of the Group have obtained the gold pre-certification and one obtained the silver pre-certification.

As of February 2020, Sino-Ocean Group had implemented the Sino-Ocean Healthy Building System in 75 projects, covering an area of more than 12 million sq.m.

### What is WELL Standard?

WELL standard is known as the world’s first building standard focused exclusively on the health and wellness of building users. Promoted by DELOS, a US-based company, the WELL standard measures, tests and certifies human health and comfort using factors including air, water, nourishment, light, fitness, comfort and mind. Sino-Ocean is the pioneer to apply and the biggest promoter of the WELL standard in China.

### How to “localise” Sino-Ocean standard?

By employing forensics, medicine, and methodologies and drawing upon its many years’ experience in the implementation of WELL standard, Sino-Ocean Group launched its self-developed “Sino-Ocean Healthy Building System” in 2018 with proprietary intellectual property rights.

“Health” is the product attributes and product DNA of Sino-Ocean. Based on theoretical exploration and innovative research and development, the Sino-Ocean Healthy Building System has been evolving according to market and user needs and upgraded to the “Sino-Ocean Healthy Building System 1.1”, which is more comprehensive in contents by incorporating 3 major international standards (i.e. WELL2.0, WELL Community and FITWEL) and 5 major domestic standards including green building standard, healthy town, sponge city, healthy building evaluation standard, and environmentally friendly building standards. In addition, the upgraded standard better caters to users’ needs by consolidating application-driven data analysis of 3,986 groups from 68 projects in 37 cities and, based on user sensitive factors, formulating 42 preferred items and 32 optional items covering individual building, park planning, interior decoration and healthy culture. 74 configuration marks are added and 43 implementation measure descriptions are optimised to facilitate promotion. The system has been designed based on medical science through referring to more than 200 authoritative literatures, taking into account user health in a comprehensive manner.



Sino-Ocean Healthy Building System 1.1

16 Plans and Designs to  
Formulate a Healthy Order

PARK  
HEALTH

- Separate roads
- Barrier-free travel
- Aerobic runways
- Fun for all
- Healing plants
- Landscape Lounge
- Reduced light interference
- Comfortable life
- Concealed garbage collection
- Health logo

- Sunny lawn
- Square foot gardening
- Pet paradise
- Outdoor multifunctional sports ground
- Art community
- Ecological community

Sino-Ocean Healthy Building System 1.1

19 Building Standards to  
Construct Healthy Buildings

BUILDING  
HEALTH

- Sunny life
- Scientific window-to-floor area ratio
- Dry bathroom
- Soundproof and heat resistant window

- Quiet environment
- Nightlight socket

- Healthy kitchen
- Emergency button
- Dust-proof carpet

- Vast landscape view
- Open clear height
- Natural lighting kitchen & bathroom
- Wet and dry separation
- Energy-saving wall
- Elderly-friendly design
- Healthy bathroom
- Sunny basement
- Air monitoring for underground garage
- Green building

Sino-Ocean Healthy Building System 1.1

32 Construction Methods to  
Polish Healthy Application

INDOOR  
HEALTH

- Convenient kitchen
- Kitchen storage
- Bathroom storage
- Healthy interior door
- Healthy floor
- Healthy coating
- Non-slip surface for kitchen and bathroom
- Healthy tubular products
- Gas safety
- Carefree hooks
- Healthy auxiliary materials

- Plastic reducing crafts
- Wood reducing crafts
- Warehouse for sorted materials
- Disposal of idle materials
- Pollution source control during construction
- Health acceptance standards
- Entrance storage
- Cabinet mildew control

- Healthy drinking
- Pre-water treatment
- Healthy bathroom
- Healthy lighting
- Kitchen auxiliary lighting
- Entrance sensor lighting
- Electronic lock
- Health smart device
- Floor heating
- Fresh air system
- Health floor materials
- Functional healthy materials

Sino-Ocean Healthy Building System 1.1

7 Service Configurations to  
Deliver Healthy Life Context

CULTURAL  
HEALTH

- Healthy exercise
- Healthy manual
- Health promotion
- Healthy neighbourliness

- Healthy water quality test
- Reading room
- Environmental information on health



# RESIDENTIAL DEVELOPMENT

Residential property development has been the core driver for Sino-Ocean Group's growth in scale. With more than 20 years of development, Sino-Ocean remains committed to metropolitan regions commanding "sustained economic growth and a strong concentration of population". We start from strategic core cities and maximize value gained from these cities by tapping their surrounding areas. We are committed to contribute to the development in more cities and will continue to increase our land reserves.

All projects shown under the "Residential Development" either have implemented the Sino-Ocean Healthy Building System or are listed in the "Sino-Ocean Healthy Projects" in compliance with WELL standard.





### Ocean Epoch (Tianjin)

Project location: Binhai New Area, Tianjin  
Total GFA: 35,000 sq.m.



### Ocean Epoch (Jinan)

Project location: Lixia District, Jinan  
Total GFA: 390,000 sq.m.







### Ocean Palace (Shenzhen)

Project location: Nanshan District,  
Shenzhen  
Total GFA: 196,000 sq.m.



### Ocean Great Harmony (Qingdao)

Project location: Shibei District, Qingdao  
Total GFA: 377,000 sq.m.



### Oriental World View (Wuhan)

Project location: Hanyang District, Wuhan  
Total GFA: 1,880,000 sq.m.



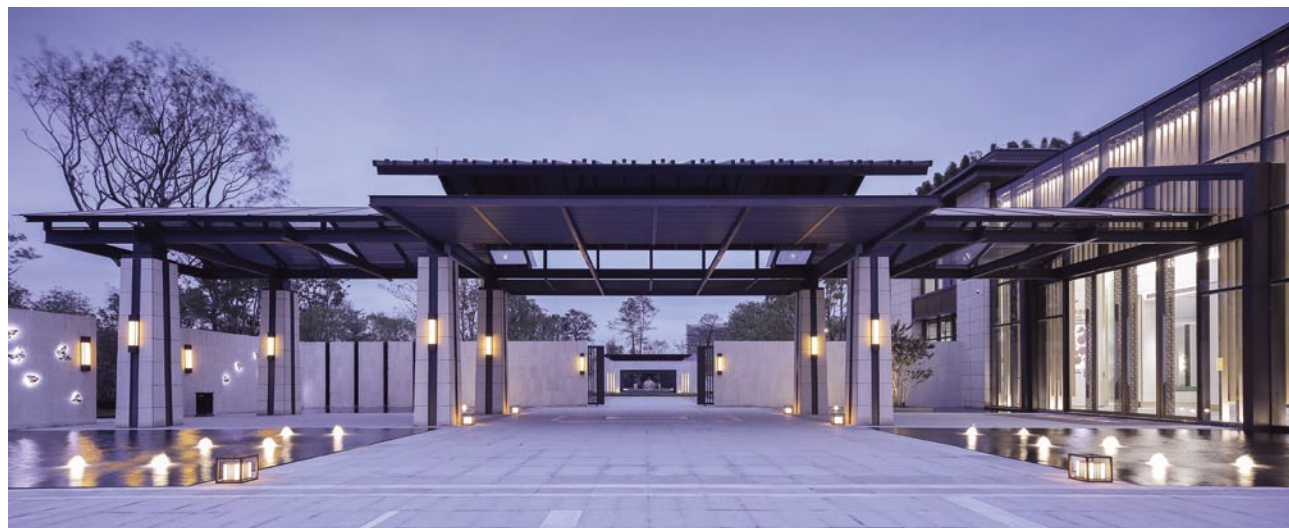
### Neo-metropolis (Tianjin)

Project location: Beichen District, Tianjin  
Total GFA: 3,034,000 sq.m.



### Blossoms Valley (Zhongshan)

Project location: Shenwan Town, Zhongshan  
Total GFA: 1,172,000 sq.m.



### Scenery Mansion (Wuxi)

Project location: Yixing City, Wuxi  
Total GFA: 109,000 sq.m.



### Ocean Melody (Shanghai)

Project location: Pudong New Area, Shanghai  
Total GFA: 323,000 sq.m.



### Ocean City (Zhanjiang)

Project location: Xiashan District, Zhanjiang  
Total GFA: 612,000 sq.m.



### Sino-Ocean Landscape (Zhongshan)

Project location: Minzhong Town, Zhongshan  
Total GFA: 210,000 sq.m.







# INVESTMENT PROPERTIES

The real estate development and investment business is one of Sino-Ocean's core businesses. Sino-Ocean seeks leading developments with its focus on "offices and complexes" as strategic products, which covers offices, urban complexes and regional business clusters. We focus on strengthening our investment holdings in upmarket projects of office properties in core tier-one cities, such as Beijing, Shanghai, Guangzhou and Shenzhen.



写字楼



**Ocean Rayzone (Beijing)**

Project location: Fengtai District, Beijing  
Total GFA: 441,000 sq.m.



**Sino-Ocean Taikoo Li Chengdu (Chengdu)**

Project location: Jinjiang District, Chengdu  
Leaseable area: 115,000 sq.m.

商业  
综合体



**INDIGO (Beijing)**

Project location: Chaoyang District, Beijing  
Leaseable area: 225,000 sq.m.



# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of Directors and senior management of Sino-Ocean Group Holding Limited (the "Company") as of 30 March 2020, being the latest practicable date prior to the issue of this annual report, are as follows:



## **Executive Director** Mr. LI Ming (李明)

Mr. LI Ming, aged 56, is the Chairman of the Board, an Executive Director, the Chief Executive Officer, Chairman of the Nomination Committee and Chairman of the Investment Committee. Mr. Li joined the Company as a general manager in July 1997 and became the Chief Executive Officer in August 2006 before serving as the Chairman of the Board since March 2010. Mr. Li is a non-executive director, honorary chairman of the board and chairman of the nomination committee of Gemini Investments (Holdings) Limited (stock code: 0174.HK) ("Gemini"), a subsidiary of the Group. Mr. Li has extensive experience in corporate governance, property development and investment and management of listed companies. Mr. Li graduated from Jilin University of Technology (now known as "Jilin University") and obtained a bachelor's degree of Engineering in 1985, graduated from the Graduate School of Chinese Academy of Social Sciences in 1996, and graduated from the China Europe International Business School and obtained a master's degree in Business Administration in 1998. Mr. Li is currently a member of the 13th National Committee of the Chinese People's Political Consultative Conference, the honorary vice-president of the China Real Estate Association ("CREA"), a Chartered Builder of The Chartered Institute of Building, UK and also a senior engineer. Mr. Li was a member of the 10th and 11th Beijing Municipal Committees of the Chinese People's Political Consultative Conference and deputy to the 13th, 14th and 15th People's Congress of Chaoyang District of Beijing. He was an advisory expert of the Ministry of Housing and Urban-Rural Development at real estate market regulation.



## **Executive Director** Mr. WEN Haicheng (溫海成)

Mr. WEN Haicheng, aged 50, is an Executive Director and the Executive President of the Company. Mr. Wen joined the Company in January 2009. Mr. Wen was the general manager of the Construction Business Division of China State Construction Engineering Corporation Limited, with extensive experience in engineering construction and project management. Mr. Wen graduated from Chongqing Institute of Architecture and Civil Engineering and obtained a bachelor's degree in 1992, graduated from Chongqing Jianzhu University and obtained a master's degree in 1999, graduated from Chongqing University and obtained a doctorate degree in 2007, and graduated from China Europe International Business School and obtained a master's degree in Executive Master of Business Administration in 2016. Mr. Wen is currently the vice president of the 8th council of CREA and executive chairman of Commercial Cultural Tourism Real Estate Committee of CREA, a Chartered Builder of The Chartered Institute of Building, UK and a senior engineer at professor level.



## **Executive Director** Mr. WANG Honghui (王洪輝)

Mr. Wang Honghui, aged 40, has been appointed as an Executive Director and a member of the Investment Committee of the Board since March 2020. He is the Executive President of the Company and also the general manager of Sino-Ocean Capital Limited, an associated company of the Company. Mr. Wang joined the Company since July 2005 and had served as the investment head for the Beijing region, general manager of the secretarial administration department, general manager of the CEO management centre and general manager of capital operation department of the Company. Mr. Wang is a non-executive director as well as a member of the nomination committee and strategic investment committee of Beijing Capital Grand Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock code: 1329.HK). Mr. Wang has extensive experience in real estate investment, equity investment and capital operation. Mr. Wang graduated from Renmin University of China and obtained a bachelor's degree in Real Estate Operation and Management in 2002 and graduated from the Chinese Academy of Social Sciences and obtained a master's degree in Regional Economics in 2004. Mr. Wang is a senior economist, specialises in real estate economy, and a registered real estate appraiser in China.



### Non-Executive Director Mr. ZHAO Peng (趙鵬)

Mr. ZHAO Peng, aged 47, is a Non-executive Director of the Company and a member of the Audit Committee of the Board. Mr. Zhao joined the Group in September 2019. Mr. Zhao has been an executive director of China Life Insurance Company Limited ("China Life") since February 2020. He is also the vice president and the person in charge of finance of China Life. Mr. Zhao served various positions in China Life, including assistant to the president and the general manager of Zhejiang branch. Mr. Zhao graduated from Hunan College of Finance and Economics in July 1995, majoring in actuarial science with a bachelor's degree in economics, from Central University of Finance and Economics in June 2002, majoring in finance with a master's degree in economics, and from Tsinghua University in January 2007, majoring in business administration with a master's degree in business administration. Mr. Zhao is nominated by China Life, a substantial shareholder of the Company.



### Non-Executive Director Mr. FU Fei (符飛)

Mr. FU Fei, aged 48, is a Non-Executive Director of the Company and a member of the Investment Committee of the Board. Mr. Fu joined the Group in May 2018 and is a PhD graduate. Mr. Fu is currently the director of risk resolution and legal affairs department of China Insurance Security Fund Co., Ltd., and the deputy head of risk resolution working team of Anbang Insurance Group Co., Ltd. ("Anbang"). Mr. Fu has extensive experience in insurance, banking and legal aspects. Mr. Fu is nominated by Dajia Life Insurance Co., Ltd. ("Dajia Life Insurance"), a substantial shareholder of the Company.



### Non-Executive Director Mr. FANG Jun (方軍)

Mr. FANG Jun, aged 51, is a Non-Executive Director of the Company and a member of the Investment Committee of the Board. Mr. Fang joined the Group in May 2014. Mr. Fang has been the vice president of China Life Pension Company Limited since August 2019. Mr. Fang was a non-executive director of China Life Franklin Asset Management Co., Limited during the period from May 2019 to December 2019. Prior to that, Mr. Fang also served various positions including an executive director and vice president of China Life Insurance (Overseas) Company Limited, and the general manager of the investment management department of China Life Insurance (Group) Company. Mr. Fang obtained a bachelor's degree in Laws from Renmin University of China in 1991 and a master's degree in Laws and a doctorate degree in Management from the Graduate School of Chinese Academy of Social Sciences in 1996 and 1999, respectively. Mr. Fang is a senior economist. Mr. Fang is nominated by China Life, a substantial shareholder of the Company.



### Non-Executive Director Ms. LI Liling (栗利玲)

Ms. LI Liling, aged 47, is a Non-Executive Director of the Company and a member of the Audit Committee of the Board. Ms. Li joined the Group in August 2018. Ms. Li is currently a member of risk resolution working team of Anbang. Ms. Li has been a non-independent director of Dashang Co., Ltd., a company listed on the Shanghai Stock Exchange, since August 2019. Ms. Li obtained a doctorate degree in Accounting and is a member of The Chinese Institute of Certified Public Accountants. Ms. Li has extensive experience in accounting and financial management. Ms. Li is nominated by Dajia Life Insurance, a substantial shareholder of the Company.



### Independent Non-Executive Director

Mr. HAN Xiaojing (韓小京)

Mr. HAN Xiaojing, aged 65, is an Independent Non-Executive Director of the Company, the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Board. Mr. Han joined the Group in June 2007. Mr. Han is the founding partner of the Commerce & Finance Law Offices. He has over 30 years' experience in the practice of corporate and securities laws in China, especially in the restructuring of large-scale state-owned enterprises and private companies and offshore listing of Chinese companies. Mr. Han is currently an independent non-executive director of each of Far East Horizon Limited and Vital Innovations Holdings Limited, companies listed on the Stock Exchange. He has been serving as an independent director of Ping An Bank Co., Ltd., a company listed on the Shenzhen Stock Exchange, since February 2014, an independent director of Beijing Sanju Environmental Protection and New Material Co., Ltd., a company listed on the Shenzhen Stock Exchange, since April 2014 and an external director of China National Aviation Fuel Group Limited since December 2017. Mr. Han was an independent non-executive director of Sinotrans Limited, a company listed on the Stock Exchange. Mr. Han graduated from China University of Political Science and Law and obtained a master's degree in Law in 1985.



### Independent Non-Executive Director

Mr. SUEN Man Tak (孫文德)

Mr. SUEN Man Tak, aged 61, is an Independent Non-Executive Director of the Company and a member of the Audit Committee and Remuneration Committee of the Board. Mr. Suen joined the Group in December 2015. Mr. Suen has extensive experience in the enforcement of securities and futures related legislation as well as commercial crime investigations. Mr. Suen had served with the Securities and Futures Commission of Hong Kong (the "SFC") for more than 17 years. He is now a practicing barrister-at-law specializing in litigation and advisory work on the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Buy-backs, the Rules Governing the Listing of Securities on the Stock Exchange, the Code of Conduct for Persons Licensed by or Registered with the SFC, market misconduct, white collar crimes and anti-money laundering activities. Mr. Suen has been an independent non-executive director of Zijin Mining Group Co., Ltd., a company listed on the Stock Exchange since December 2019. Mr. Suen is a member of the Board of Review under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) since 1 July 2014. Mr. Suen received his master's degree in Accountancy from the Charles Sturt University, Australia in September 1996. He further obtained a degree of Juris Doctor in July 2010 and a postgraduate certificate in Laws in July 2011, both from the City University of Hong Kong. He was called to the Hong Kong Bar in February 2013. Mr. Suen has been a member of the Hong Kong Institute of Certified Public Accountants since July 1998 and a member of the Hong Kong Securities and Investment Institute since April 1999.





## Independent Non-Executive Director

Mr. WANG Zhifeng (王志峰)

Mr. WANG Zhifeng, aged 64, is an Independent Non-Executive Director of the Company and a member of the Nomination Committee and Remuneration Committee of the Board. Mr. Wang joined the Group in March 2016. He is currently the retired cadre of the head office of Agricultural Bank of China Limited (the "Agricultural Bank", and together with its subsidiaries, the "Agricultural Bank Group"). Mr. Wang joined the Agricultural Bank Group in August 1978 and has over 37 years' experience in finance and management. Mr. Wang also served as the deputy head of Shenyang Branch, the deputy head of Liaoning Branch, the head and the secretary of the Communist Party Committee of Inner Mongolia Branch and the head and the secretary of the Communist Party Committee of Dalian Branch of the Agricultural Bank and a supervisor of Agricultural Bank of China Financial Leasing Co., Ltd. Mr. Wang is an independent non-executive director of Dalian Port (PDA) Company Limited, a company listed on the Stock Exchange, since October 2014. Mr. Wang graduated from Shenyang Agricultural College with master's degree in Economic Management. Mr. Wang is a senior economist.



## Independent Non-Executive Director

Mr. JIN Qingjun (靳慶軍)

Mr. JIN Qingjun, aged 62, is an Independent Non-Executive Director of the Company and a member of the Audit Committee and Investment Committee of the Board. Mr. Jin joined the Group in March 2016. Mr. Jin is currently the senior partner of King & Wood Mallesons, Beijing. His major areas of practice include securities, finance, investment, corporate and insolvency, as well as foreign-related legal affairs. Mr. Jin currently serves as an independent non-executive director of each of Times China Holdings Limited, a company listed on the Stock Exchange, Guotai Junan Securities Co., Ltd., a company listed on the Stock Exchange and the Shanghai Stock Exchange, Bank of Tianjin Co., Ltd., a company listed on the Stock Exchange and Central Development Holdings Limited (formerly Zhong Fa Zhan Holdings Limited), a company listed on the Stock Exchange, an independent director of Shenzhen Asiantime International Construction Co., Ltd., a company listed on the Shenzhen Stock Exchange and is a director of Shenzhen Kondarl (Group) Co., Ltd., a company listed on the Shenzhen Stock Exchange. Mr. Jin has been an independent non-executive director of Goldstream Investment Limited, a company listed on the Stock Exchange, since December 2019. Mr. Jin was an independent director of Gemdale Corporation, a company listed on the Shanghai Stock Exchange, a director of Konka Group Co., Ltd., a company listed on the Shenzhen Stock Exchange, and an external supervisor of China Merchants Bank Co., Ltd., a company listed on the Stock Exchange and the Shanghai Stock Exchange. Mr. Jin graduated from China University of Political Science and Law and obtained a master's degree in Law.



## Independent Non-Executive Director

Ms. LAM Sin Lai Judy (林倩麗)

Professor LAM Sin Lai Judy, aged 65, is an Independent Non-Executive Director of the Company, the Chairman of the Audit Committee and a member of the Investment Committee of the Board. Professor Lam joined the Group in August 2017. Professor Lam is currently a senior consultant of the Institute of New Economic Thinking. She has been appointed as the chancellor and board director of Wuhan College from 2015 to June 2017. She has been appointed as the board director and the chairman of the committee on education strategy since 2018 and has been appointed as senior advisor of Enrichment Education Group Limited with effect from 1 April 2020. Professor Lam is the first scholar in Hong Kong who was awarded a PhD in accounting at The Chinese University of Hong Kong and is the first Cheung Kong chair professor in accounting engaged by the Ministry of Education of the PRC in Xiamen University. Professor Lam also holds positions as honorary professor and visiting professor at several universities in Mainland China. Professor Lam co-authored a book, titled *Business Sustainability in Asia*, published by Wiley. From 2001 to 2004, Professor Lam was elected as a council member of the Hong Kong Institute of Certified Public Accountants and also served as the vice-chairman of Corporate Governance Committee of Hong Kong Institute of Certified Public Accountants. Professor Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants, a chartered professional accountant and chartered accountant of the Chartered Professional Accountants of British Columbia, a fellow member of The Institute of Chartered Secretaries and Administrators, a fellow member of The Hong Kong Institute of Chartered Secretaries, a fellow member of CPA Australia, a fellow member of The Institute of Chartered Accountants in England and Wales and the vice-chairman of its Chinese committee. In 2018, Professor Lam was awarded the Honorary Member of the Chinese Institute of Certified Public Accountant in Shenzhen. In 2019, Professor Lam was invited by the Chinese Institute of Certified Public Accountant as an editorial member of its professional journal *Chinese Certified Public Accountant*. Recently, Professor Lam has been appointed as vice chairman of the Organizing Committee of Greater Bay Area Impact Forum and senior advisor of the Greater Bay Area Impact Forum Foundation. She is also the chairman of Steering Committee on Research Study on Ranking of GBA cities using United Nations Sustainable Development Goals.

## SENIOR MANAGEMENT

### Mr. CUI Hongjie (崔洪杰)

Mr. CUI Hongjie, aged 47, is the Executive President of the Company, and also the general manager of the product construction centre. Mr. Cui joined the Company in August 1996 and has served as general manager of costing and engineering department, general manager of technology and cost department, assistant to CEO and vice president of the Company, with extensive experience in operation and development of real estate, engineering and construction. Mr. Cui graduated from Beijing University of Technology and obtained a master's degree in Structural Engineering in 2001. Mr. Cui is a member of the Royal Institution of Chartered Surveyors.

### Mr. SUM Pui Ying (沈培英)

Mr. SUM Pui Ying, aged 58, is the Chief Financial Officer of the Company. Mr. Sum joined the Company in May 2007. He was an Executive Director of the Company during the period from December 2015 to March 2020, and the Company Secretary of the Company during the periods from September 2007 to March 2014 and from July 2019 to March 2020. Mr. Sum is also an executive director and chief executive officer of Gemini. He has extensive experience in corporate management of listed companies, investment and financing and financial management. Mr. Sum graduated from the Hong Kong Polytechnic University and obtained a professional diploma in Accounting in 1988, graduated from the University of Wales and obtained a master's degree in Business Administration in 1991, and graduated from the University of Hong Kong and obtained a diploma in Legal Studies in 1996. Mr. Sum is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England & Wales.

### Mr. CHEN Wei (陳偉)

Mr. CHEN Wei, aged 35, is the Vice President of the Company. Mr. Chen joined the Company in July 2006 and has served as the general manager of the development management department, general manager of the Tianjin Company and general manager of the Northern Region Division of the Company, with extensive experience in operation and development of real estate and investment management. Mr. Chen graduated from Tsinghua University and obtained a master's degree in Real Estate Operation and Management in 2006 and graduated from China Europe International Business School and obtained a master's degree in Business Administration in 2018.

### Mr. DING Hui (丁暉)

Mr. DING Hui, aged 44, is the Vice President of the Company and also the general manager of the commercial property department. Mr. Ding joined the Company in August 2002, and has served as the general manager of Beijing Yuan Hao Company, general manager of the development management department, general manager of the operational management centre and general manager of the commercial property department of the Company, with extensive experience in development and management of real estate and commercial property operation. Mr. Ding graduated from Tongji University and obtained a bachelor's degree in Engineering in 1996 and graduated from Tsinghua University and obtained a master's degree in Structural Engineering in 2002.

### Mr. YANG Deyong (楊德勇)

Mr. YANG Deyong, aged 46, is the Vice President of the Company and also the general manager of the customer service department. Mr. Yang joined the Company in April 2007 and has served as the general manager of the Zhongshan (Shenzhen) Company and general manager of the customer service department of the Company, with extensive experience in operation of real estate, property management, senior living and long-term rental apartment business. Mr. Yang graduated from Renmin University of China and obtained a bachelor's degree in Labour Economics in 1995, graduated from Sun Yat-sen University and obtained a master's degree in Business Administration in 2004 and graduated from China Europe International Business School and obtained an Executive Master of Business Administration degree in 2015.

### Mr. Li Zesheng (李澤生)

Mr. Li Zesheng, aged 56, is the Vice President of the Company. Mr. Li joined the Company in September 2019. Mr. Li was the general manager of the brand promotion department of China Life Insurance (Group) Company. He has extensive experience in brand marketing and market research. Mr. Li is a PhD graduate in business management. He graduated from Beijing Technology and Business University with a bachelor's degree in accounting in 1987. Mr. Li has studied in Japan for many years and is engaged in studies and research in international business and marketing.

## COMPANY SECRETARY

### Mr. CHUNG Kai Cheong (鍾啟昌)

Mr. CHUNG Kai Cheong, aged 42, has been appointed as the Company Secretary of the Company since March 2020. Mr. Chung obtained a bachelor's degree majoring in accountancy from The City University of Hong Kong. He is currently a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Chung gained extensive experience in auditing, accounting, financial management, financing and compliance of Listing Rules and related regulations in Hong Kong through his works in an international accounting firm, companies listed on the Stock Exchange and a licensed corporation defined under the Securities Futures Commission.

# REPORT OF THE DIRECTORS

**The board of directors (the “Board”) of Sino-Ocean Group Holding Limited (the “Company” or “Sino-Ocean”) is pleased to present its report and the audited financial statements of the Company and its subsidiaries (the “Group” or “Sino-Ocean Group”) for the year ended 31 December 2019.**

## Principal operations and geographical analysis of operations

The Company is an investment holding company. Its subsidiaries are mainly engaged in residential and integrated development, real estate development and operation, business collaboration and customer service. The Group is one of the leading property developers with developments in key economic regions in the People’s Republic of China (the “PRC”).

The analysis of the Group’s revenue and operating results in its major operating activities is set out in note 7 to the consolidated financial statements of this annual report.

## Results and appropriations

Results of the Group for the year ended 31 December 2019 are set out in the consolidated income statement and the consolidated statement of comprehensive income on page 130 and 131 of this annual report respectively.

During the year under review, an interim dividend in respect of the six months ended 30 June 2019 of HKD0.110 per ordinary share and a final dividend in respect of the financial year ended 31 December 2018 of HKD0.073 per ordinary share were paid respectively.

The Board proposed to recommend at the forthcoming annual general meeting of the Company (the “AGM”) to be held on Wednesday, 20 May 2020 the payment of a final dividend of HKD0.026 per ordinary share for the year ended 31 December 2019. The final dividend will be paid in cash. The final dividend is subject to the approval of the shareholders of the Company (the “Shareholders”) at the AGM. The final dividend will be paid to the Shareholders whose names are standing in the register of members of ordinary shares of the Company on Monday, 25 May 2020. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited (the “Share Registrar”) at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 25 May 2020.

## Closure of register of members

The register of members of ordinary shares of the Company will be closed from Friday, 15 May 2020 to Wednesday, 20 May 2020 (both dates inclusive), during which period no transfer of ordinary shares will be registered. In order to qualify for attending the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar no later than 4:30 p.m. on Thursday, 14 May 2020.

## Dividend policy

The Company has adopted a dividend policy which sets out the basic principles and factors for considerations by the Board for the distribution of dividends. The Company strives to maintain a stable dividend payout ratio in order to enhance the Company’s long-term investors’ confidence in the Company’s stock and strengthen the momentum of the Company’s future share price. The Company intends to pay dividends twice a year in an aggregate amount of not less than 20% of the annual consolidated profit attributable to the owners of the Company.

On the premise that a stable dividend payout ratio shall be maintained, the Company is required to balance the Group’s profit, capital plan, operational development requirements and other relevant factors such as financial position of the Group, the capital requirements of the Company and the prevailing economic climate to determine the distribution of dividends to the Shareholders. The Company determines the final dividend payout ratio also with reference to the industry’s dividend payout level and stock price performance, as well as the capital market and Shareholders’ expectations of the Company.

## Reserves

Movements in the reserves of the Group and the Company during the year under review are set out in note 29 to the consolidated financial statements of this annual report.

## Distributable reserves

The Company’s total distributable reserves as at 31 December 2019 amounted to approximately RMB207 million.

## Share capital

Movements in the share capital of the Company during the year under review and as at 31 December 2019 are set out in note 27 to the consolidated financial statements of this annual report.

## Fixed assets

Movements in the Group's fixed assets are set out in note 8 to the consolidated financial statements of this annual report.

## Borrowings

In January 2019, the USD500,000,000 guaranteed notes due 2022 (the "2022 Guaranteed Notes") were issued by a wholly-owned subsidiary of the Company by way of debt issue to professional investors only and unconditionally and irrevocably guaranteed by the Company. The 2022 Guaranteed Notes bear interest at a rate of 5.25%. The net proceeds from the issue of the 2022 Guaranteed Notes amount to approximately USD495,035,000 and were used primarily by the Group for repayment of indebtedness of the Group in accordance with applicable laws and regulations.

In March 2019, the 4.625% guaranteed notes due 2019 in the principal amount of USD500,000,000 issued by a wholly-owned subsidiary of the Company and unconditionally and irrevocably guaranteed by the Company (the "2019 Guaranteed Notes") were redeemed in whole at a price equal to the make whole price as of the redemption date calculated in accordance with the terms and conditions thereof, together with accrued and any unpaid interest up to (but excluding) the redemption date. Upon completion of the redemption, all the 2019 Guaranteed Notes were cancelled, and withdrawal of the listing of the 2019 Guaranteed Notes on the Stock Exchange became effective in March 2019.

In March 2019, a wholly-owned subsidiary of the Company issued the corporate bonds with an aggregate principal amount of RMB2.9 billion (the "Corporate Bonds"). The Corporate Bonds are divided into two classes: Class I, with an aggregate principal amount of RMB1.7 billion, is with a term of five years with a coupon rate of 4.06%, under which after the end of the third year, the issuer shall be entitled to adjust the coupon rate and the bondholders shall be entitled to sell the bonds back to the issuer; Class II, with an aggregate principal amount of RMB1.2 billion, is with a term of seven years with a coupon rate of 4.59%, under which after the end of the fifth year, the issuer shall be entitled to adjust the coupon rate and the bondholders shall be entitled to sell the bonds back to the issuer. The net proceeds from the issue of the Corporate Bonds amount to approximately RMB2,885,756,000 and were used for the repayment of the principals and interests of the issuer's corporate bonds.

In August 2019, the USD600,000,000 guaranteed notes due 2029 (the "2029 Guaranteed Notes") were issued by a wholly-owned subsidiary of the Company by way of debt issue to professional investors only and unconditionally and irrevocably guaranteed by the Company. The 2029 Guaranteed Notes bear interest at a rate of 4.75%. The net proceeds from the issue of the 2029 Guaranteed Notes amount to approximately USD588,342,000 and were used primarily by the Group for repayment of indebtedness of the Group in accordance with applicable laws and regulations.

In September 2019, the 4.45% guaranteed notes due 2020 in the principal amount of USD700,000,000 issued by a wholly-owned subsidiary of the Company and unconditionally and irrevocably guaranteed by the Company (the "2020 Guaranteed Notes") were redeemed in whole at a price equal to the make whole price as of the redemption date calculated in accordance with the terms and conditions thereof, together with accrued and any unpaid interest up to (but excluding) the redemption date. Upon completion of the redemption, all the 2020 Guaranteed Notes were cancelled, and withdrawal of the listing of the 2020 Guaranteed Notes on the Stock Exchange became effective in September 2019.

The reasons for the issues of the 2022 Guaranteed Notes, the Corporate Bonds and the 2029 Guaranteed Notes are to expand finance channels, reduce cost of funding and improve debt structure of the Group.

Details of borrowings are set out in note 33 to the consolidated financial statements of this annual report. Details of the Group's capitalized interest expenses and other borrowing costs during the year under review are set out in note 42 to the consolidated financial statements of this annual report.

## Donations

For the year ended 31 December 2019, the Group's donations to charity and other purposes were approximately RMB5.74 million (2018: RMB8.99 million).

## Business review

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in the paragraphs headed "2019 Business review" and "2020 Company strategies" under the section headed "Chairman's Statement" in this annual report, respectively. The description of possible risks and uncertainties that the Group may be facing are set out in the paragraphs headed "2020 Market outlook" under the section headed "Chairman's Statement", note 5 to the consolidated financial statements and the paragraphs headed "Other information" under the section headed "Management Discussion & Analysis" in this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section headed "Financial & Operation Highlights" on page 8 of this annual report.

## Environmental policy and performance

The Group has a long history of implementing of green health standards. We conduct feasibility assessment and environmental impact assessment for new projects in stringent adherence to environmental assessment procedures in accordance with relevant regulations of local governments, and make arrangements and investment decisions accordingly. We place a strong emphasis on environmental protection and green health. Green office management has been actively promoted in internal corporate management. Meetings are held by way of telephone and video conference wherever practicable, while arrangements have been made for all employees to receive training in energy conservation and environmental protection, in a bid to create eco-friendly and healthy workplace and foster a strong sense of environmental and health awareness among our staff.

The year of 2019 marked the 26th year of the establishment of Sino-Ocean Group and the 12th year of our headquarters' relocation to Tower A of the Ocean International Center. This building and the office area of the Group's head-quarter have ushered in a healthy and new renovation. The new office area of our headquarters is elaborately built in accordance with the standards of both Sino-Ocean's Health Building System and WELL Platinum Certification. After a series of rigorous tests, the new office area of Sino-Ocean Group's headquarters, as expected, has become the largest office area in China that has passed WELL's highest-level certification. The Group's renovation project was selected as the only world's best case for GRESB certified healthy buildings among projects built by Chinese enterprises. Following the renovation, Tower A of the Ocean International Center has also received LEED-EB platinum certification.

On the business front, Sino-Ocean Group remained as a leader in the industry in terms of healthy green building. In 2019, the Group continued to promote the concept of "building health" with strong efforts, updated our "Sino-Ocean Healthy Building Regime" and simultaneously shared the same with our peers in the industry. At the same time, Sino-Ocean has completed further developments adopting the WELL healthy building standards across the nation. For more details, please refer to the paragraph headed "Product enhancement and focus on "Building • Health"" in the section headed "Sustainability Report" in this annual report.

## Stakeholder relations

Based on its review on past efforts in the fulfilment of relevant responsibilities and judgment on the current international and domestic situations, Sino-Ocean stays committed to the communication and collaboration with the seven major groups of stakeholders, namely investors, government, employees, customers, environment, business partners and community, striving to achieve sustainable development in economic, social and environmental values with these stakeholders together. In 2019, in accordance with the Sustainability Management Measures of Sino-Ocean Group, the Sustainability Working Team of the Group organised stakeholder investigation and interactive work and conducted a review on the overall materiality issues of the Group based on the investigation results.

The Board believes that the support of Shareholders and investors is essential. The Group adheres to the best practice in information disclosure in terms of accuracy, transparency and consistency. The Group is committed to maintaining highly honest, sincere and effective communication with the financial community and other stakeholders. The Group made proactive communication with investors through the Company's website, announcements and roadshows. The Group also attended investors' conferences and communicated constantly. After each general meeting, management reserved time for individual Shareholders to voice their opinions and concerns, ensuring all parties present were given opportunity to discuss the key issues with our representatives. For further information, please refer to the section headed "Investor Relations" in this annual report.

An enterprise should form initiatives in support of national policies as a means to respond to government expectations and demands. Over the years, Sino-Ocean has not only actively echoed and conscientiously fulfilled the government's demand for "real estate market's continuous and healthy development", but also closely followed national policies while showing a persistent concern and support for people's livelihood. We have never ceased to bring the strengths of our specialised skills into full play in developing projects for our market segments. Meanwhile, we have fulfilled the pledge and social responsibility of a property developer, and strived to improve people's living standard, satisfy their material and cultural needs, and help families to realise their dreams.

The sustainable development of Sino-Ocean is dependent upon the dedication and mutual progress of all employees. In 2019, the garnering of the titles such as "2019 China's Healthiest Employer" has fully demonstrated the powerful brand influence of Sino-Ocean Group as an employer in terms of six key dimensions: corporate image, organisational management, brand strategy, training and development, remuneration and work environment. For more details, please refer to the paragraph headed "Dedication to employees' health and won the best employer award" in the section headed "Sustainability Report" in this annual report.

At Sino-Ocean, we treasure our customers as one of our most important groups of stakeholders and attend to their needs by promoting healthy lifestyles, quality life, amicable neighbor relations and civilized community atmosphere. For more details, please refer to the section headed "Sustainability Report" in this annual report.

In connection with the environment, please refer to the paragraphs headed "Environmental policy and performance" above and the paragraph headed "Product enhancement and focus on "Building • Health"" in the section headed "Sustainability Report" in this annual report.



The Group commits to mutual growth and benefit with its business partners and drive them in sustainable development and fulfillment of social responsibility. Sino-Ocean has over 10,000 business partners across the nation. The Group gives priority to local suppliers based on the locations of relevant projects and are engaged in regular discussion with business partners. Strategic suppliers are assessed and classified (based on the results of the assessment) on a semi-annual basis, while feedback on cooperation in strategic procurement is collected every other two months to ensure timely understanding of the partners' businesses and developments. In 2018, the Group officially issued the Sino-Ocean Group Supplier Code of Conduct to ensure that the suppliers of Sino-Ocean share the Group's views on accountability. In the meantime, Sino-Ocean has also shared the idea of "micro-charity, co-participation and co-sustainability" with its partners. Under the proposition of "shared benefits", an increasing number of them have joined hands with the Sino-Ocean joint efforts initiative in charity.

Corporate social responsibility is performed and completed primarily through "Sino-Ocean Charity Foundation", which serves as the hub for a network of charitable resources with special emphasis on education support. Its specialised platform has effectively integrated the resources of Sino-Ocean and provided the most professional and compliant channel for the charitable donations and joint ventures between the Group and its partners.

Please refer to the 2019 Sustainability Report of Sino-Ocean Group, which will be published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sinooceangroup.com](http://www.sinooceangroup.com)) within the period as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), for further details.

## Compliance with laws and regulations

The real estate industry in China is the core industry which PRC laws, regulations and policies pay much attention to. There are laws and regulations of different level restricting various aspects of the real estate industry, such as the transfer of land use rights, the establishment of property development enterprises, the development and construction of real estate projects, environmental protection and foreign exchange control. The Group recognises the importance of the compliance with the laws and regulations in commercial activities, and the failure to comply with the above could result in serious risk and consequences. The Group has reasonably allocated legal, corporate governance, financial and human resources, in particular, the setting up of the compliance and risk management team, to ensure ongoing compliance with respective requirements of the laws and regulations and the policies. Meanwhile, the Group maintains good relationships with Government regulators through effective communication. During the year under review, to the best of our knowledge, the Group has complied with the following salient PRC laws and regulations, namely the Law on Sino-Foreign Equity Joint Ventures, the Foreign-Funded Enterprise Law, the Company Law, the Property Law, the Land Administration Law, the Law of the Administration of Urban Real Estate, the Regulations on Administration of Urban Real Estate Development, the Construction Law, the Environmental Protection Law, Control of Foreign Exchange Regulations and other relevant laws and regulations.

The Group is also committed to the compliance with the following salient laws and regulations in Hong Kong, including but not limited to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong, "Companies Ordinance"), the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, "SFO") and has been working with external professionals to develop internal guidelines and educating its employees so as to ensure that the Group and its employees will adopt business practices that are compliant with the relevant laws from time to time.



## Corporate governance

The Company is committed to maintaining a high standard of corporate governance practices. Corporate governance practices adopted by the Company are set out in the section headed “Corporate Governance Report” on pages 107 to 118 of this annual report.

## Remuneration policy and retirement benefits of the Group

The Group’s remuneration system has been determined by reference to the corporate business performance, the efficiency and accomplishments of the staff, and the remuneration level of the same industry in the market. The Company offers share options and restricted shares to competitive staff at appropriate times so as to provide staff remuneration package with market competitiveness and to ensure availability of human resources for the sustained development of the Company.

Details of the Group’s retirement benefit plans are set out in note 41 to the consolidated financial statements of this annual report.

## Basis of determining remuneration to directors

The Group’s remuneration policy is also applicable to the directors of the Company (the “Director(s)”). Apart from benchmarking against the market, the Company looks at individual experience, qualification and responsibilities involved in the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Directors, including the share option schemes and the restricted share award scheme, similar to those offered to other employees of the Group.

## Five-year financial summary

A five-year financial summary of the Group is set out on page 281 of this annual report.

## Restricted share award scheme

The Restricted Share Award Scheme (the "Award Scheme") was adopted by the Board on 22 March 2010 (the "Adoption Date") as an incentive to retain and encourage employees for the continual operation and development of our Group. Unless early terminated by the Board, the Award Scheme shall continue in full force and effect from the Adoption Date for a term of 10 years.

According to the Award Scheme, the maximum number of shares to be awarded under the Award Scheme is 169,104,822 shares, representing 3% of the issued share capital of the Company as at the Adoption Date. The restricted shares will be purchased by the trustee from the market out of cash contributed by our Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Award Scheme. The shares awarded to the directors and employees of the Group at no consideration will be vested in three years in which 40% of awarded shares will be vested after one year from the date of award and 7.5% of awarded shares will be vested quarterly thereafter.

During the year under review, the trustee of the Award Scheme, pursuant to the terms of the rules and trust deed of the Award Scheme, acquired 306,667 shares of the Company by way of acquisition at an aggregate consideration of approximately RMB1,030,401 (including transaction costs). Up to 31 December 2019, accumulated 149,584,742 shares of the Company had been acquired from the market, and from receiving scrip shares in lieu of cash dividend by the trustee, at an aggregate consideration of approximately RMB512,821,563 (including transaction costs), representing 2.65% of the issued share capital of the Company as at the Adoption Date.

Details of the number of shares awarded under the Award Scheme and the shares vested during the year under review are set out below:

### • Restricted shares

Date of award	Balance as at 1 January 2019	Shares awarded during the year	Awarded Shares		Balance as at 31 December 2019
			No. of shares vested during the year	No. of shares lapsed during the year (note)	
25 March 2016	881,919	–	(881,919)	–	–
31 March 2017	3,697,500	–	(2,725,350)	(314,700)	657,450
<b>Total</b>	<b>4,579,419</b>	<b>–</b>	<b>(3,607,269)</b>	<b>(314,700)</b>	<b>657,450</b>

Note: Pursuant to the Award Scheme, 314,700 awarded shares were lapsed upon the resignation of awardees during the year under review.

## Share option schemes

### • Share option schemes of the Company

The former share option scheme of the Company as adopted by the Shareholders' written resolutions dated 3 September 2007 (the "2007 Option Scheme") was valid and effective for a period of 10 years and had expired on 27 September 2017. Although the 2007 Option Scheme had expired, the share options already granted under such scheme before its expiration remain valid.

On 6 August 2018, the Shareholders approved a new share option scheme (the "2018 Option Scheme"), which is valid and effective for a period of 10 years until 5 August 2028, unless it is terminated early in accordance with the provisions of the 2018 Option Scheme.

A summary of the principal terms of each of the 2007 Option Scheme and the 2018 Option Scheme (collectively, the "Share Option Schemes") is set out below:

#### The 2007 Option Scheme

Under the 2007 Option Scheme, the Board may grant share options to eligible employees and directors of the Group. The purpose of the 2007 Option Scheme is to provide an incentive for employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of our shareholders, and to compensate employees of the Group for their contribution based on their individual performance and that of the Company.

As at 31 December 2019, the total number of shares of the Company which may be issued upon exercise of all outstanding share options granted under the 2007 Option Scheme is 170,405,000, representing approximately 2.24% of the issued shares of the Company as at the date of this annual report. Without prior approval from the Shareholders, the number of shares in respect of which share options were granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue.

The share options granted under the 2007 Option Scheme are exercisable within five years period in which 40% of share options become exercisable after one year from the grant date, 70% of share options become exercisable after two years from the grant date, and all share options become exercisable after three years from the grant date. A consideration of HKD1.00 is payable by each grantee accepting on the grant of share options. Options are exercisable at a price that is determined by the Board, which will not be less than the higher of the closing price of the Company's shares on the respective date of grant, and the average closing prices of the shares for the five business days immediately preceding the respective date of grant.

Particulars of share options outstanding under the 2007 Option Scheme at the beginning and at the end of the financial year ended 31 December 2019 and share options granted, exercised, cancelled or lapsed under the 2007 Option Scheme during the year were as follows:

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2019	No. of share options exercised during the year (Note ii)	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2019
<b>Directors</b>							
Mr. LI Ming	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	540,000	–	–	540,000
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	6,000,000	–	–	6,000,000
Mr. WEN Haicheng	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	240,000	–	–	240,000
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	3,000,000	–	–	3,000,000
	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	2,000,000	–	–	2,000,000
Mr. SUM Pui Ying	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	800,000	–	–	800,000
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	5,000,000	–	–	5,000,000
Mr. FANG Jun	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	350,000	–	–	350,000
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	–	500,000
Mr. HAN Xiaojing	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	350,000	–	–	350,000
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	–	500,000
Mr. SUEN Man Tak	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	–	500,000
Mr. WANG Zhifeng	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	–	500,000
Mr. JIN Qingjun	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	–	500,000

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2019	No. of share options exercised during the year (Note ii)	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2019
Ms. LAM Sin Lai Judy	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	500,000	–	–	500,000
Mr. ZHAO Lijun (Resigned on 30 September 2019)	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	500,000	–	(500,000)	–
<b>Subtotal</b>				<b>21,780,000</b>	<b>–</b>	<b>(500,000)</b>	<b>21,280,000</b>
<b>Employees</b>	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	31,709,500	(100,000)	(2,375,000)	29,234,500
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	82,868,500	–	(6,578,000)	76,290,500
	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	46,380,000	–	(2,780,000)	43,600,000
<b>Subtotal</b>				<b>160,958,000</b>	<b>(100,000)</b>	<b>(11,733,000)</b>	<b>149,125,000</b>
<b>Total</b>				<b>182,738,000</b>	<b>(100,000)</b>	<b>(12,233,000)</b>	<b>170,405,000</b>

Notes:

- (i) During the year ended 31 December 2019, no share option was granted or cancelled with respect to the 2007 Option Scheme.
- (ii) During the year ended 31 December 2019, 100,000 share options granted under the 2007 Option Scheme were exercised and the weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HKD4.158 per share.

## The 2018 Option Scheme

The scope of the participants applicable to the 2018 Option Scheme shall be determined by the Board. In general, the participants of the 2018 Option Scheme are the formal employees (i.e. who have signed valid employment contracts with the Company for one year or more) of the Group. The Board may decide to grant share options to other persons who, in the opinion of the Board, are critical to the development of the Company. The purposes of the 2018 Option Scheme are to provide an incentive for employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of our shareholders, to enhance the competitiveness of the Company's remuneration structure, to attract and retain talents required to achieve the Company's long-term strategic targets, and to compensate directors and employees of the Group for their contribution based on their individual performance and the performance of the Company.

The total number of shares in respect of which share options may be granted under the 2018 Option Scheme is not permitted to exceed 761,528,565 shares, representing approximately 10% of the total number of shares of the Company as at the date of this report. As at 31 December 2019, the total number of shares of the Company which may be issued upon exercise of all outstanding share options granted under the 2018 Option Scheme is 757,928,565, representing approximately 9.95% of the issued shares of the Company as at the date of this annual report. Without prior approval from the Shareholders, the number of shares in respect of which share options were granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue.

The share options granted under the 2018 Option Scheme are exercisable within five years period in which 50% of share options become exercisable after 12 months from the grant date and all share options become exercisable after 24 months from the grant date. A consideration of HKD1.00 is payable by each grantee accepting on the grant of share options. Options are exercisable at a price that is determined by the Board, which will not be less than the higher of the closing price of the Company's shares on the respective date of grant, and the average closing prices of the shares for the five business days immediately preceding the respective date of grant.

Particulars of share options outstanding under the 2018 Option Scheme at the beginning and at the end of the financial year ended 31 December 2019 and share options granted, exercised, cancelled or lapsed under the 2018 Option Scheme during the year were as follows:

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2019	No. of share options granted during the year	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2019
<b>Directors</b>							
Mr. LI Ming	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	25,000,000	–	–	25,000,000
	27 Mar 2019	27 Mar 2020– 26 Mar 2024	3.37	–	50,000,000	–	50,000,000
Mr. WEN Haicheng	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	15,000,000	–	–	15,000,000

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2019	No. of share options granted during the year	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2019
Mr. SUM Pui Ying	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	10,000,000	–	–	10,000,000
Mr. FU Fei	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	–	–	600,000
Mr. FANG Jun	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	–	–	600,000
Ms. LI Liling	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	–	–	600,000
Mr. HAN Xiaojing	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	–	–	600,000
	27 Mar 2019	27 Mar 2020–26 Mar 2024	3.37	–	600,000	–	600,000
Mr. SUEN Man Tak	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	–	–	600,000
	27 Mar 2019	27 Mar 2020–26 Mar 2024	3.37	–	600,000	–	600,000
Mr. WANG Zhifeng	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	–	–	600,000
	27 Mar 2019	27 Mar 2020–26 Mar 2024	3.37	–	600,000	–	600,000
Mr. JIN Qingjun	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	–	–	600,000
	27 Mar 2019	27 Mar 2020–26 Mar 2024	3.37	–	600,000	–	600,000
Ms. LAM Sin Lai Judy	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	–	–	600,000
	27 Mar 2019	27 Mar 2020–26 Mar 2024	3.37	–	600,000	–	600,000

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2019	No. of share options granted during the year	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2019
Mr. ZHAO Lijun (Resigned on 30 September 2019)	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	–	(600,000)	–
<b>Subtotal</b>				<b>55,400,000</b>	<b>53,000,000</b>	<b>(600,000)</b>	<b>107,800,000</b>
<b>Employees</b>	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	194,600,000	–	–	194,600,000
	27 Mar 2019	27 Mar 2020–26 Mar 2024	3.37	–	455,528,565	–	455,528,565
<b>Subtotal</b>				<b>194,600,000</b>	<b>455,528,565</b>	<b>–</b>	<b>650,128,565</b>
<b>Total</b>				<b>250,000,000</b>	<b>508,528,565</b>	<b>(600,000)</b>	<b>757,928,565</b>

Note: During the year ended 31 December 2019, no share option was exercised or cancelled with respect to the 2018 Option Scheme.

The average fair value of 508,528,565 share options granted on 27 March 2019 is HKD0.7144 per option. In determining the fair value of share options, the Binomial Model has been used and the following variables have been applied to the model:

Measurement date	27 March 2019
Variables	
— the expected volatility	38.263%
— the annual risk-free interest rate	1.341%
— the expected dividend yield	4.998%
— the expected life from the measurement date	5 years

Notes:

- (i) The closing price per share immediately before 27 March 2019, the date of granting the options, was HKD3.24.
- (ii) The expected volatility is the annualized standard deviation of daily return of the Company's share price with reference to Bloomberg.
- (iii) Risk-free rate represents the yields to maturity of Hong Kong Sovereign Curve with respective terms to maturity as at the valuation date.
- (iv) The expected dividend yield is with reference to the historical dividend.

The values of share options are subject to (i) the subjectivity and uncertainty relating to the assumptions to which such values are subject; and (ii) the limitation of the model used to estimate such values.



• **Share option scheme of Gemini Investments (Holdings) Limited (“Gemini”), a subsidiary of the Company**

At an extraordinary general meeting of Gemini held on 23 June 2011, a share option scheme of Gemini (the “Gemini Scheme”) was approved by its shareholders. Subject to early termination by Gemini in its general meeting or by the board of directors of Gemini (the “Gemini Board”), the Gemini Scheme shall be valid and effective for a period of 10 years commencing from the date of adoption of the Gemini Scheme (i.e. 23 June 2011) and will remain in force until 22 June 2021.

The purpose of the Gemini Scheme is to provide Gemini with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the employees (whether full-time or part-time) of each member of Gemini and its subsidiaries (the “Participants”) and for such other purposes as the Gemini Board may approve from time to time. The Gemini Board may from time to time grant options under the Gemini Scheme to the Participants to subscribe for new shares of Gemini. In determining the basic of eligibility of each Participant, the Gemini Board may have absolute discretion to determine whether or not one falls within the meaning of Participants and would take into account such factors as it considers appropriate.

As at 31 December 2019, the total number of shares of Gemini which may be issued upon exercise of all outstanding share options granted under the Gemini Scheme is 34,510,000, representing approximately 7.65% of the issued shares of Gemini as at the date of this annual report, and Gemini may further grant share options under the Gemini Scheme to subscribe for 39,550,000 shares of Gemini, representing approximately 8.76% of the issued shares of Gemini as at the date of this annual report. Without prior approval from the shareholders of Gemini, the number of shares in respect of which share options were granted and may be granted to a Participant in any 12-month period is not permitted to exceed 1% of the shares of Gemini in issue.

Options may be exercised by the grantees at any time during a period as notified by the Gemini Board to each grantee at the time of offer of the share options, such period shall not be more than 10 years from the date of grant of the options. Unless otherwise determined by the Gemini Board, there is no general requirement on the minimum period for which an option must be held before the option can be exercised. A consideration of HKD1.00 is payable by each grantee accepting on the grant of share options. Options are exercisable at a price that is determined by the Gemini Board, which will not be less than the higher of the closing price of Gemini’s shares on the respective date of grant, and the average closing prices of the shares of Gemini for the five business days immediately preceding the respective date of grant.

Particulars of share options outstanding under the Gemini Scheme at the beginning and at the end of the financial year ended 31 December 2019 and share options granted, exercised, cancelled or lapsed under the Gemini Scheme during the year were as follows:

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2019	No. of share options outstanding as at 31 December 2019
<b>Directors of the Company and Gemini</b>					
Mr. LI Ming	9 Aug 2013	9 Aug 2013– 22 Jun 2021	0.96	4,000,000	4,000,000
Mr. SUM Pui Ying	26 Aug 2011	26 Aug 2011– 22 Jun 2021	1.40	2,000,000	2,000,000
	9 Aug 2013	9 Aug 2013– 22 Jun 2021	0.96	16,000,000	16,000,000
<b>Subtotal</b>				<b>22,000,000</b>	<b>22,000,000</b>
<b>Other directors of Gemini</b>	9 Aug 2013	9 Aug 2013– 22 Jun 2021	0.96	4,000,000	4,000,000
	9 Mar 2015	9 Mar 2015– 22 Jun 2021	1.27	1,000,000	1,000,000
<b>Subtotal</b>				<b>5,000,000</b>	<b>5,000,000</b>
<b>Employees of Gemini and its subsidiaries</b>	26 Aug 2011	26 Aug 2011– 22 Jun 2021	1.40	300,000	300,000
	9 Aug 2013	9 Aug 2013– 22 Jun 2021	0.96	4,420,000	4,420,000
	9 Mar 2015	9 Mar 2015– 22 Jun 2021	1.27	2,790,000	2,790,000
<b>Subtotal</b>				<b>7,510,000</b>	<b>7,510,000</b>
<b>Total</b>				<b>34,510,000</b>	<b>34,510,000</b>

Note: During the year ended 31 December 2019, no share option was granted, exercised, cancelled or lapsed with respect to the Gemini Scheme.

## Purchase, sales or redemption of the Company's listed securities

Save as disclosed in the paragraphs headed "Restricted share award scheme" in this section, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

## Directors

The table below sets out certain information on the members of the Board during the year under review and up to the date of this report:

Name	Position
Mr. LI Ming	Chairman and Executive Director
Mr. WEN Haicheng	Executive Director
Mr. SUM Pui Ying	Executive Director
Mr. ZHAO Peng	Non-executive Director (Appointed on 30 September 2019)
Mr. FU Fei	Non-executive Director
Mr. FANG Jun	Non-executive Director
Ms. LI Liling	Non-executive Director
Mr. HAN Xiaojing	Independent Non-executive Director
Mr. SUEN Man Tak	Independent Non-executive Director
Mr. WANG Zhifeng	Independent Non-executive Director
Mr. JIN Qingjun	Independent Non-executive Director
Ms. LAM Sin Lai Judy	Independent Non-executive Director
Mr. ZHAO Lijun	Non-executive Director (Resigned on 30 September 2019)

Brief biographical details of the Directors and senior management are set out on pages 74 to 78 of this annual report.

## Directors of subsidiaries

List of directors of subsidiaries of the Company during the year ended 31 December 2019 is kept at the Company's registered office.

## Directors' service contracts

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without the payment of compensation other than statutory compensation.

## Permitted indemnity

The Articles of Association of the Company (the "Articles") provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

## Directors' interests in transactions, arrangements or contracts of significance

Save as disclosed in the section headed "Connected transaction and continuing connected transactions" in this section and contracts amongst group companies, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director or any entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of year or at any time during the year under review.

## Directors' rights to purchase shares or debentures

Save for the share options granted pursuant to the Share Option Schemes and the restricted shares awarded pursuant to the Award Scheme as set out above, at no time during the year under review, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18, were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

## Interests of directors and chief executives in shares, underlying shares and debentures

As at 31 December 2019, the interests and short positions of each Director and chief executives 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 SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

### • Long position in the shares and the underlying shares of the Company

Name of Directors	Nature of interest	No. of ordinary shares held (long position)	No. of underlying shares comprised in share options (note i)	Restricted shares (note ii)	Total	Percentage in the Company's issued share capital
Mr. LI Ming	Founder of discretionary trust	127,951,178 (note iii)	–	–	127,951,178	1.680%
	Beneficiary of trust	14,743,200 (note iv)	–	–	14,743,200	0.194%
	Beneficial owner	18,387,000	81,540,000	171,000	100,098,000	1.314%
Mr. WEN Haicheng	Beneficial owner	2,141,745	20,240,000	51,000	22,432,745	0.295%
Mr. SUM Pui Ying	Beneficial owner	3,505,500	15,800,000	51,000	19,356,500	0.254%
Mr. ZHAO Peng	–	–	–	–	–	–
Mr. FU Fei	Beneficial owner	–	600,000	–	600,000	0.008%
Mr. FANG Jun	Beneficial owner	213,500	1,450,000	4,500	1,668,000	0.022%
Ms. LI Liling	Beneficial owner	–	600,000	–	600,000	0.008%
Mr. HAN Xiaojing	Beneficial owner	455,500	2,050,000	4,500	2,510,000	0.033%
Mr. SUEN Man Tak	Beneficial owner	115,500	1,700,000	4,500	1,820,000	0.024%
Mr. WANG Zhifeng	Beneficial owner	115,500	1,700,000	4,500	1,820,000	0.024%
Mr. JIN Qingjun	Beneficial owner	115,500	1,700,000	4,500	1,820,000	0.024%
Ms. LAM Sin Lai Judy	Beneficial owner	–	1,700,000	–	1,700,000	0.022%

Notes:

- (i) The share options were granted pursuant to the Share Option Schemes, details of which are set out as above in the paragraphs headed "Share Option Schemes" in this section.
- (ii) The restricted shares were granted pursuant to the Award Scheme, the details of which are set out as above in the paragraph headed "Restricted Share Award Scheme".
- (iii) The 127,951,178 shares are held by a discretionary trust of which Mr. LI Ming is the founder.
- (iv) The 14,743,200 shares are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.

• Long position in the shares and the underlying shares of the associated corporation

Name of Directors	Name of associated corporation	Nature of interest	Date of share option granted	Exercise period	Exercise price per share (HKD)	No. of underlying shares of associated corporation comprised in share options	No. of ordinary shares of associated corporation held (long position)	Percentage of total issued share capital of associated corporation
Mr. LI Ming	Gemini Investments (Holdings) Limited	Beneficial owner	9 August 2013	9 August 2013–22 June 2021	0.96	4,000,000	–	0.886%
Mr. WEN Haicheng	Gemini Investments (Holdings) Limited	Beneficial owner	–	–	–	–	70,000	0.016%
Mr. SUM Pui Ying	Gemini Investments (Holdings) Limited	Beneficial owner	26 August 2011	26 August 2011–22 June 2021	1.40	2,000,000	–	0.443%
			9 August 2013	9 August 2013–22 June 2021	0.96	16,000,000	–	3.545%

Save as disclosed above, as at 31 December 2019, none of the Directors nor the chief executives of the Company or their associates had any interest or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

## Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

The register of substantial shareholders required to be kept by the Company under section 336 of Part XV of the SFO shows that as at 31 December 2019, the Company had been notified of the following substantial shareholders' interests and short positions in the shares of the Company, being interests of 5% or more, in addition to those disclosed above in respect of the Directors and chief executives of the Company:

Name of shareholders	Capacity	Long/short position	No. of ordinary shares held	Percentage in the Company's issued share capital
China Life Insurance (Group) Company ("China Life Insurance Group") (note i)	Interest of controlled corporation	Long	2,253,459,151	29.59%
Dajia Insurance Group Co., Ltd.* (大家保險集團有限責任公司) ("Dajia Insurance") (note ii)	Interest of controlled corporation	Long	2,252,646,115	29.58%

\* For identification purposes only

Notes:

- (i) The 2,253,459,151 shares were registered in the name of, and beneficially owned by, China Life Insurance Company Limited ("China Life"). China Life Insurance Group was interested in 68.37% of China Life. China Life Insurance Group was deemed to be interested in these shares by virtue of the SFO.
- (ii) The 2,252,646,115 shares were registered in the name of, and beneficially owned by, Dajia Life Insurance Co., Ltd.\* (大家人壽保險股份有限公司) (formerly known as Anbang Life Insurance Co., Ltd.\* (安邦人壽保險股份有限公司)) ("Dajia Life Insurance"). Dajia Insurance was interested in 99.98% of Dajia Life Insurance. Dajia Insurance was deemed to be interested in these shares by virtue of the SFO.

Save as disclosed above, as at 31 December 2019, no person or corporation had any interest in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO as having an interest in 5% or more of, or any short position in, the issued share capital of the Company.

## Competing interests

None of the Directors has interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## 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.

## Major suppliers and customers

The Group's principal operation is property development. During the year under review, purchases from the Group's five largest suppliers (excluding land supply) accounted for less than 30% of the total purchases for the year.

The Group's major products are principally commodity housings, and its major customers bases are general individual home buyers, involving a relatively large number of customers. During the year under review, sales to the Group's five largest customers accounted for less than 30% of the turnover for the year.

As far as the Directors are aware, neither the Directors, their close associates, nor the shareholders (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in the five largest customers and suppliers of the Group.

\* For identification purposes only

## Connected transaction and continuing connected transactions

During the year under review, the Group had the following connected transaction and continuing connected transactions that were not exempt from annual reporting requirement under Chapter 14A of the Listing Rules, details of which were disclosed below in compliance with the requirements of Chapter 14A of the Listing Rules:

### • Connected transaction

Reference is made to the transaction involving capital increase in a subsidiary of the Company as set out in the paragraphs headed “Material acquisitions and disposal of subsidiaries, associates and joint ventures” under the section headed “Management Discussion & Analysis” in this annual report, whereby on 1 February 2019, Heroic Peace Limited (“Heroic Peace”) (a wholly-owned subsidiary of the Company) and Fortune Joy Ventures Limited (the “Target Company”, together with its subsidiaries, the “Target Group”) (a then wholly-owned subsidiary of the Company) entered into a subscription agreement with Charm Reliance International Limited (“First Investor A”), Delight Finance International Limited (“First Investor B”, together with the First Investor A, the “First Investor”), and Leading Bright Investment Limited (領昱投資有限公司) (the “Second Investor”, together with the First Investor, the “Investors”), pursuant to which the Target Company had agreed to allot and issue, and the Investors had agreed to subscribe for, a total of 5,100 ordinary shares of the Target Company at the aggregate subscription price of US\$295,800,000, representing 51.00% of the total number of issued shares of the Target Company immediately upon completion (“Completion”) of the aforesaid subscription (the “Subscription”). Heroic Peace, the Investors and the Target Company also entered into a shareholders’ agreement (the “Shareholders’ Agreement”) on 1 February 2019, pursuant to which the parties have agreed upon, among other things, the management and affairs of the Target Company, and Heroic Peace, the First Investor and the Second Investor shall, upon Completion, have the right to appoint five, one and one member(s) to the board of directors of the Target Company (the “Target Company Board”), respectively.

Completion took place on 27 February 2019, following which the Target Company had ceased to be a wholly-owned subsidiary of the Company and became a non wholly-owned subsidiary of the Company and its financial results continued to be consolidated into the Company’s consolidated financial statements as a result of the control by the Company of the composition of the majority of the members of the Target Company Board at the material time.

Since the introduction of the Investors into the Target Company through the Subscription in February 2019, the Group had been negotiating with the Investors regarding the management and corporate governance of the Target Group going forward. With the view of further enhancing the corporate governance and internal control of the Target Group, and to enhance the synergetic effect between the Target Company and its shareholders, after negotiation between Heroic Peace and the Investors, it was agreed that the First Investor shall have the right to appoint an additional director to the Target Company Board to replace one of the directors appointed by the Group (the “Change in Board Composition”). The Board believes that the Change in Board Composition would also be able to strengthen the Investors’ confidence in the Target Group and enhance the synergetic effect between the Target Company and its shareholders, which will benefit the Target Group in the long run. The Group still retains four (out of seven) representatives at the Target Company Board, and the chairman and the executive director of the Target Company will also continue to be taken up by directors appointed by the Group. As such, the Group is still able to assert great influence over the operation and management of the Target Group.

Accordingly, on 20 June 2019, Heroic Peace, the Investors and the Target Company entered into an amendment agreement (the “Amendment Agreement”) to amend certain terms of the Shareholders’ Agreement, pursuant to which the parties had agreed to the Change in Board Composition, following which the Target Company had ceased to be a non wholly-owned subsidiary of the Company and has become an associate of the Company, and the financial results of the Target Company will no longer be accounted for and consolidated in the consolidated accounts of the Group.



As at the date of the Amendment Agreement, each of the Investors was a substantial shareholder of the Target Company, which, prior to the Change in Board Composition, was a non wholly-owned subsidiary of the Company. Accordingly, each of the Investors was a connected person of the Company at the subsidiary level at the time when the Amendment Agreement was entered into, and the deemed disposal by the Group of interest in the Target Company as a result of the Change in Board Composition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the connected transaction under the Amendment Agreement have been disclosed in the announcement of the Company dated 20 June 2019.

### • Continuing connected transactions

#### (a) Master Framework Agreement dated 21 December 2018 (as amended and supplemented by the Supplemental Agreement dated 31 December 2019)

On 21 December 2018, the Company and Anbang Insurance Group Co., Ltd.\* (安邦保險集團股份有限公司) ("Anbang Insurance") entered into the master framework agreement (the "Master Agreement") in relation to (i) the arrangement whereby the Group shall second its staff to Anbang Insurance and its subsidiaries and associates (including Sino-Ocean Bangbang Real Estate Co., Ltd.\* (遠洋邦邦置業有限公司) (the "JV")) (collectively, the "Anbang Group") (the "Staff Secondment Arrangement"); (ii) the consultancy services in relation to real estate projects to be provided by the Group to the Anbang Group (the "Consultancy Services"); (iii) the arrangement whereby the Group shall authorise and license the Anbang Group to use the brand name of "遠洋" to promote the sales of its real estate projects (the "Brand Name Licensing Arrangement"); and (iv) the lease by the Group of its properties to the Anbang Group (the "Property Lease"). The Master Agreement is with a term of three years commencing from 1 January 2019 to 31 December 2021 (both days inclusive).

The annual caps in respect of the transactions contemplated under the Master Agreement are as follows:

Type of transaction	Annual caps (RMB'000)		
	For the year ended 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021
Staff Secondment Arrangement	70,000	70,000	80,000
Consultancy Services	30,000	30,000	40,000
Brand Name Licencing Arrangement	150,000	150,000	100,000
Property Lease	10,000	15,000	17,000
<b>Total</b>	<b>260,000</b>	<b>265,000</b>	<b>237,000</b>

\* For identification purposes only

Reference is made to the announcement of the Company dated 10 May 2018 in relation to the formation of a joint venture in the PRC (i.e. the JV) between the Company and Anbang Insurance. Since the formation of the JV, the Company and Anbang Insurance have been negotiating actively on the details of the terms of cooperation between the parties, and Anbang Insurance has agreed to entrust the JV with the management of numerous projects under its control. The Master Agreement codifies the Group's role in its cooperation with the Anbang Group. While the Anbang Group brings in businesses to the JV and/or the Group, the Group provides support to operation of the Anbang Group by utilising its expertise, resources as well as its brand name. The Staff Secondment Arrangement allows the Group and the Anbang Group to enjoy the economies of scales by the secondment of staff with experience in the field of real estate development which will maximize cost efficiency and management effectiveness, while the Anbang Group shall reimburse the costs to be incurred by the Group. The provision of the Consultancy Services, the Brand Name Licensing Arrangement and the Property Lease allow the Group to utilise its expertise, brand name as well as resources and bring in additional revenue to the Group.

As at the date of the Master Agreement, Anbang Insurance (through its shareholding in Anbang Life Insurance Co., Ltd.\* (安邦人壽保險股份有限公司) (the "Direct Shareholder")) was a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Subsequently, the Company was informed that on 23 August 2019, pursuant to the approval by the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), the Direct Shareholder has been renamed from "Anbang Life Insurance Co., Ltd.\* (安邦人壽保險股份有限公司)" to "Dajia Life Insurance Co., Ltd.\* (大家人壽保險股份有限公司)" and its controlling shareholder has been changed from Anbang Insurance to Dajia Insurance, while the de facto controller remains unchanged. Accordingly, Anbang Insurance ceased to be, and Dajia Insurance became, a substantial shareholder of the Company. The JV, which is owned as to 50% by a wholly-owned subsidiary of the Direct Shareholder, also ceased to be an associate of Anbang Insurance and became an associate of Dajia Insurance. Given the aforesaid, on 31 December 2019, the Company, Anbang Insurance and Dajia Insurance entered into the supplemental agreement (the "Supplemental Agreement"), pursuant to which, amongst other things, Anbang Insurance has transferred all its rights and obligations under the Master Agreement to Dajia Insurance with effect from 23 August 2019.

As at the date of the Supplemental Agreement, the Direct Shareholder was a substantial shareholder of the Company which held approximately 29.58% of the total issued share capital of the Company directly. The Direct Shareholder was owned as to approximately 99.98% by Dajia Insurance and thus Dajia Insurance was a connected person of the Company. Accordingly, the transactions contemplated under the Master Agreement (as amended and supplemented by the Supplemental Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the continuing connected transactions contemplated under the Master Agreement (as amended and supplemented by the Supplemental Agreement) have been disclosed in the announcements of the Company dated 21 December 2018 and 31 December 2019.

For the year ended 31 December 2019, the transaction amount of each of the staff Secondment Arrangement, the Consultancy Services, the Brand Name Licencing Arrangement and the Property Lease did not exceed the respective annual caps.

\* For identification purposes only

In accordance with Rule 14A.55 of the Listing Rules, the Independent Non-Executive Directors have reviewed the continuing connected transactions under the Master Agreement (as amended and supplemented by the Supplemental Agreement) which took place during the year and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In accordance with Rule 14A.56 of the Listing Rules, the auditors of the Company has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions under the Master Agreement (as amended and supplemented by the Supplemental Agreement) which took place during the year:

- (1) have not been approved by the Board;
- (2) (for transaction involving the provision of goods or services by the Group) were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (4) have exceeded the annual cap.

**(b) Financial Products Transactions Framework Agreement dated 27 March 2019**

On 27 March 2019, the Company and China Life entered into the financial products transactions framework agreement (the “Framework Agreement”), pursuant to which China Life and its subsidiaries and branch offices (collectively, “China Life Group”) may, based on its investments needs, subscribe for financial products to be issued by the Group. The Framework Agreement is of a period commencing from 1 April 2019 to 31 December 2021.

In accordance with the terms of the Framework Agreement, the subscription amount (including transaction amount and any related expenses) by China Life Group shall be capped at RMB12,000,000,000 or equivalent currencies during its term, and the annual caps in respect of the subscription amount by China Life Group for transactions contemplated under the Framework Agreement are RMB4,000,000,000 or equivalent currencies per annum for each of the years ending 31 December 2019, 2020 and 2021, of which the subscription amount of:

- (1) credit products and unsecured products shall not exceed RMB2,000,000,000 or equivalent currencies per annum; and
- (2) various types of perpetual loan that are issued in or outside PRC, whether publicly or non-publicly issued, shall not exceed RMB2,000,000,000 or equivalent currencies per annum.

Furthermore, taking into account the types of financial products issued by the Group in the past and the amount involved, the Group expects that the transaction amounts for subscription by China Life Group of financial products that are to be secured by assets of the Group under the Framework Agreement shall not be more than RMB1,050,000,000 or equivalent currencies per annum for each of the years ending 31 December 2019, 2020 and 2021.

China Life is the largest shareholder of the Company. Building on the capital relationship between the Company and China Life, the parties have been cooperating and creating synergies in different areas of business. The entering into of the Framework Agreement provides the parties with flexibility to carry out transactions contemplated thereunder within the capital market window should both parties consider appropriate. The transactions under the Framework Agreement enhance the synergy between the Company and China Life in the capital market, allowing China Life to enrich its investments portfolio with the view of obtaining better investment returns on one hand, and enhancing the debt profile of the Company and thereby improving its capability for sustainable development on the other hand.

As at the date of the Framework Agreement, China Life was a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the continuing connected transactions contemplated under the Framework Agreement have been disclosed in the announcement of the Company dated 27 March 2019.

There were no continuing connected transaction carried out under the Framework Agreement during the year under review.

A summary of significant related party transactions entered into by the Group during the year under review is contained in note 52 to the consolidated financial statements. Save as disclosed above, the related party transactions described in the aforementioned note do not fall under the definition of “connected transaction” or “continuing connected transaction” under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year under review.

## Disclosure pursuant to Rule 13.22 of the Listing Rules

As at 31 December 2019, the amount of financial assistance to affiliated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the affiliated companies as at 31 December 2019 is presented as follows:

	RMB million
Non-current assets	16,038
Current assets	80,685
Current liabilities	(52,401)
Non-current liabilities	(37,482)
<b>Net assets</b>	<b>6,840</b>

The Group's attributable interest in the affiliated companies as at 31 December 2019 amounted to RMB3,357 million.

The proforma combined statement of financial position of the affiliated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as at 31 December 2019.

## Sufficient public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

## Auditors

The consolidated financial statements for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for reappointment, at the forthcoming AGM.

## Events after the balance sheet date

On 8 January 2020, the Company, together with Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary of the Company, entered into the subscription agreement with the joint lead managers in connection with the issue of the USD denominated guaranteed notes due 14 January 2030 in the principal amount of USD400,000,000 (the “2030 Guaranteed Notes”). The 2030 Guaranteed Notes bear interest at a rate of 4.75% per annum. The 2030 Guaranteed Notes are unconditionally and irrevocably guaranteed by the Company. The net proceeds from the issue of the 2030 Guaranteed Notes shall be used by the Group primarily for repayment of indebtedness of the Group in accordance with applicable laws and regulations. Details of the issue of the 2030 Guaranteed Notes are set out in the announcements of the Company dated 9 January 2020 and 14 January 2020.

The Directors consider that the outbreak of the 2019 Novel Coronavirus (“COVID-19”) may affect the financial performance and position of the Group including the construction and delivery of properties, rental revenue and occupancy rate of investment properties, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. Meanwhile, due to the inherent nature and unpredictability of future development of the virus and market sentiment, the Directors are still assessing the financial impact that COVID-19 will have on the financial statements of the Group as at the date of this report that the consolidated financial statements are authorised for issue. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

### By order of the Board

**LI Ming**  
*Chairman*

Hong Kong, 24 March 2020

# CORPORATE GOVERNANCE REPORT

**The Board is pleased to present the Corporate Governance Report of the Company.**

## Commitment to corporate governance

The board of directors (the “Board”) and the management of Sino-Ocean Group Holding Limited (the “Company”) and its subsidiaries (the “Group”) are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company’s operations and maintaining investors’ trust in the Company. It is of utmost importance to conduct business with accountability, transparency and fairness. The Group’s interests as well as those of its shareholders will be maximized in the long run by adhering to these principles. The management of the Group also actively observes the latest corporate governance developments in Hong Kong and overseas.

### • Corporate governance practices

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year under review, except for the deviations as disclosed herein.

The roles of the chairman (the “Chairman”) and the chief executive officer (the “CEO”) of the Company are served by Mr. LI Ming and have not been segregated as required under code provision A.2.1 of the CG Code. However, the Company considers that the combination of the roles of the Chairman and the CEO involve a realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company.

Code provision F.1.2 of the CG Code stipulates that a board meeting should be held to discuss the appointment of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. The appointment of the company secretary of the Company (the “Company Secretary”) during the year was approved by a written resolution in lieu of a physical board meeting in accordance with the articles of association of the Company (the “Articles”). Prior to the execution of the written resolution, board papers regarding the appointment of company secretary was provided to all directors of the Company (the “Directors”) in advance for their review and consideration. It is considered that the approval process by the adoption of a written resolution is an efficient and appropriate way for the appointment of the company secretary.

### • Directors’ securities transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “Code of Conduct”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. The Company has made specific enquiries with each Director and each of them confirmed that he or she had complied with all required standards under the Code of Conduct.

## The Board

### • Responsibilities

The Board, led by the Chairman, is responsible for achieving the corporate goals, formulating the development strategy, regularly reviewing the organizational structure, and monitoring the business activities and the performance of management so as to protect and maximize the interests of the Company and its shareholders (the “Shareholders”) as a whole. Matters relating to the daily operations of the Group are delegated to the management. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate. The Board will give clear directions to the management team as to their powers of management, and circumstances where the management team should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered into on behalf of the Company that are outside the scope of the operational authority delegated by the Board. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of Directors, remuneration policy and other major operational and financial matters. During the year under review, the Board, among others, considered and approved the annual budget, management results and performance update against annual budget, together with business reports from the management, reviewed and approved the interim results for the six months ended 30 June 2019 and the final results for the year ended 31 December 2018, approved the Company’s continuing connected transactions, grant of share options, approved the debt issuance and repayment and other critical business operations, assessed the corporate governance, internal control and the financial matters of the Group.

The Board is collectively responsible for performing corporate governance duties including:

- (a) to develop and review the Company’s policy and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the Code of Conduct applicable to employees and Directors; and
- (e) to review the Company’s compliance with the CG Code which is amended from time to time, and its disclosure in the corporate governance report.

### • Board composition

As at 30 March 2020, being the latest practicable date prior to the issue of this annual report, the Board comprised twelve Directors, including three Executive Directors, Mr. LI Ming (Chairman), Mr. WEN Haicheng and Mr. WANG Honghui; four Non-executive Directors, Mr. ZHAO Peng, Mr. FU Fei, Mr. FANG Jun and Ms. LI Liling; and five Independent Non-executive Directors (the “INEDs”), Mr. HAN Xiaojing, Mr. SUEN Man Tak, Mr. WANG Zhifeng, Mr. JIN Qingjun and Ms. LAM Sin Lai Judy.

The members of the Board represent a wide background and rich industry experience with appropriate professional qualifications. Please refer to the section headed “Biographies of Directors and Senior Management” of this annual report for the profiles of the Directors.

Save as disclosed in the section headed “Biographies of Directors and Senior Management”, the Directors have no other financial, business, family or other material/relevant relationships with one another.



(i) **Chairman and Chief Executive Officer**

As disclosed in the section headed “Corporate governance practices” in this report, the responsibilities of the Chairman and the CEO are vested in one person, Mr. LI Ming. However, all major decisions are made in consultation with the Board and the senior management of the Company. There are five INEDs and four Non-executive Directors on the Board. The Board considers that there is sufficient balance of power and that the current arrangement maintains a strong management position and also facilitates efficiency in the ordinary business activities of the Company. The Board will review the current structure from time to time and make any necessary arrangements as appropriate.

(ii) **Non-executive Directors and Independent Non- executive Directors**

The functions of Non-executive Directors should include:

- (a) participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- (b) taking the lead where potential conflicts of interests arise;
- (c) serving on the audit, remuneration, nomination and investment committees, if invited; and
- (d) scrutinising the Company’s performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The Company has received annual confirmations from all INEDs, namely Mr. HAN Xiaojing, Mr. SUEN Man Tak, Mr. WANG Zhifeng, Mr. JIN Qingjun and Ms. LAM Sin Lai Judy, in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the INEDs are independent parties in accordance with the independence guidelines set out in the Listing Rules and free of any relationship that could materially interfere with the exercise of their independent judgements.

Mr. ZHAO Peng (appointed on 30 September 2019), Mr. FU Fei, Mr. FANG Jun, Ms. LI Liling and Mr. ZHAO Lijun (resigned on 30 September 2019), all are Non-executive Directors, have agreed not to receive the Director’s fees of HKD96,822, HKD380,000, HKD380,000, HKD380,000 and HKD284,219, respectively during the year under review.

• **Appointment, re-election and removal of Directors**

Pursuant to the letters of appointment, all Non-executive Directors and INEDs are appointed for an initial term of one year. However, such term is subject to his/her reappointment at the annual general meeting of the Company (the “AGM”) in accordance with the Articles.

Every Director, including Non-executive Directors, is subject to retirement by rotation at least once every three years. One-third of the Directors must retire from office at each AGM and their re-election is subject to the approval of the Shareholders.

Pursuant to the Articles, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following general meeting of the Company, and shall be eligible for re-election.

## • Meetings

The Board conducts meetings on a regular basis and at least four times a year. Additional meetings will be arranged, if and when required. During the year under review, the Board convened four meetings to approve interim and final results announcements, financial reports and connected party transactions, continuing connected transactions, grant of options, to access the corporate governance matters, to recommend or declare dividends and to discuss the overall strategy and monitor financial and operation performance of the Company.

The attendance of each individual Director at the board meetings and AGM during the year under review is set out in the following table:

Directors	Number of meeting attended/eligible to attend	
	Board Meeting	AGM
Mr. LI Ming	4/4	1/1
Mr. WEN Haicheng	4/4	0/1
Mr. SUM Pui Ying	4/4	1/1
Mr. ZHAO Peng (appointed on 30 September 2019)	1/1	0/0
Mr. FU Fei	4/4	0/1
Mr. FANG Jun	4/4	1/1
Ms. LI Liling	4/4	0/1
Mr. HAN Xiaojing	4/4	0/1
Mr. SUEN Man Tak	3/4	1/1
Mr. WANG Zhifeng	4/4	0/1
Mr. JIN Qingjun	4/4	0/1
Ms. LAM Sin Lai Judy	4/4	1/1
Mr. ZHAO Lijun (resigned on 30 September 2019)	3/3	0/1

Notices of regular Board meetings were given to all Directors at least 14 days before the meetings. For board committee meetings, reasonable notice is generally given.

The agenda of Board meetings are set after consultation with the Chairman. All Directors are given an opportunity to include matters in the agenda. The agenda accompanying board papers are given to all Directors in a timely manner. All Directors are properly briefed on issues arising at any Board meetings by the Chairman.

Minutes of Board meetings and meetings of board committee with details of the matters considered and decisions reached are kept by the Company Secretary and are open for inspection at a reasonable time on reasonable notice by Directors.

All Directors have full and timely access to all relevant information as well as advice and services of the Company Secretary. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions.

Where 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 a physical Board meeting. INEDs who, and whose close associates, have no material interest in the transaction would be present at such Board meeting.

The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions.

### • Training for Directors

For any newly appointed Director, he/she will be provided with an induction course so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations as a director under the Listing Rules and the relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors, whenever necessary, in order to ensure that they have a proper understanding of the Company's operations and business. To assist their continuous professional development, the Company Secretary recommends relevant seminars and courses for the Directors to attend.

All Directors also understand the importance of continuous professional development. They are committed to participating in suitable training to develop and refresh their knowledge and skills. A record of the training received by the respective Directors are kept and updated by the Company Secretary.

During the year under review, the Directors participated in the following trainings:

Directors	Type of trainings
Mr. LI Ming	A/B/C
Mr. WEN Haicheng	A/C
Mr. SUM Pui Ying	A/C
Mr. ZHAO Peng (appointed on 30 September 2019)	A/C
Mr. FU Fei	A/C
Mr. FANG Jun	A/C
Ms. LI Liling	A/C
Mr. HAN Xiaojing	A/C
Mr. SUEN Man Tak	A/B/C
Mr. WANG Zhifeng	A/C
Mr. JIN Qingjun	A/C
Ms. LAM Sin Lai Judy	A/C
Mr. ZHAO Lijun (resigned on 30 September 2019)	A/C

A: attending seminars, conferences and/or forums

B: giving talk at seminar(s) or forum(s)

C: reading professional journals and updates relating to the economy, general business, real estate or director's duties and responsibilities etc.

### • Directors' and officers' liability insurance and indemnity

The Company has arranged appropriate liability insurance to indemnify its Directors and officers for their liabilities arising out of corporate activities. During the year under review, no claim had been made against the Directors and the officers of the Company.

## Board Committees

The Board has set up four board committees, namely, the audit committee (the “Audit Committee”), the remuneration committee (the “Remuneration Committee”), the nomination committee (the “Nomination Committee”) and the investment committee (the “Investment Committee”) (collectively the “Board Committees”), for overseeing particular aspects of the Company’s affairs. 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.

The attendance of each individual committee member at the Board Committee meetings during the year under review is set out in the following table:

Directors	Number of meeting attend/eligible to attend			
	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Investment Committee Meeting
Mr. LI Ming	–	–	1/1	1/1
Mr. ZHAO Peng (appointed as a member of the Audit Committee on 30 September 2019)	0/0	–	–	–
Mr. FU Fei	–	–	–	1/1
Mr. FANG Jun	–	–	–	1/1
Ms. LI Liling	2/2	–	–	–
Mr. HAN Xiaojing	–	2/2	1/1	–
Mr. SUEN Man Tak	2/2	2/2	–	–
Mr. WANG Zhifeng	–	2/2	1/1	–
Mr. JIN Qingjun	2/2	–	–	1/1
Ms. LAM Sin Lai Judy	2/2	–	–	1/1
Mr. ZHAO Lijun (ceased to act as a member of the Audit Committee on 30 September 2019)	1/2	–	–	–

### • Audit Committee

After Mr. ZHAO Lijun ceased to act as a member of the Audit Committee with effect from 30 September 2019 and the appointment of Mr. ZHAO Peng as a member of the Audit Committee on 30 September 2019, the Audit Committee consists of three INEDs and two Non-executive Directors of the Company, namely Ms. LAM Sin Lai Judy (the Chairman of the Audit Committee), Mr. SUEN Man Tak, Mr. JIN Qingjun, Mr. ZHAO Peng and Ms. LI Liling. Ms. LAM Sin Lai Judy has professional qualifications in accountancy. None of them is a member of the former or existing auditors of the Company or has any financial interest in the firm.

The main duties of the Audit Committee are to monitor and supervise the financial reporting process of the Group. The Audit Committee is also responsible for considering the appointment and remuneration of the auditors and any matters related to the removal and resignation of the auditors. The written terms of reference of the Audit Committee are available on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Audit Committee held two meetings during the year under review. Executive Directors, senior management and the external auditor of the Company were invited to join the discussions at the meetings.

The tasks, among others, performed by the Audit Committee during the year under review included:

- (i) review of the audit plan of the external auditor and discussion with them about the nature and scope of the audit;
- (ii) review of the interim and annual consolidated financial statements;
- (iii) discussion with the external auditors on the issues of, including but not limited to the impact of national macro policies to real estate companies, currency risk, financing structure, land appreciation tax, progress of various projects, joint venture operation, and implementation of new tax rule in the PRC;
- (iv) review the overall financial position of the Group and the adequacy of the provision for material liabilities and impairment of assets;
- (v) review of the adequacy and effectiveness of the internal control system and recommendation to the Board for improvement of internal control, credit control and risk management;
- (vi) review of the application of the relevant General Accepted Accounting Principles and recommendation to the Board for the adoption of accounting policies;
- (vii) meeting with the external auditor in the absence of executive Directors and senior management to discuss issues regarding audit;
- (viii) review and approval of the remuneration and terms of engagement of external auditor; and
- (ix) review of the external auditor's independence and objectivity and the effectiveness of audit process according to applicable standards.

Copy of the minutes of the Audit Committee meeting is presented to the Board meeting for consideration.

## • Remuneration Committee

The Remuneration Committee comprises three members, all being INEDs, namely Mr. HAN Xiaojing (the Chairman of the Remuneration Committee), Mr. SUEN Man Tak and Mr. WANG Zhifeng.

The main duties of the Remuneration Committee are to make recommendations and proposals to the Board in respect of the remuneration policies and to review and approve the remunerations which are determined based on the results and performance of the Company by making reference to the Company's objectives as approved from time to time by the Board and based on prevailing market conditions.

The Remuneration Committee to determine, with delegated responsibility from the Board, the remuneration package and incentive payment of executive Directors and senior management, including benefits in kind, pension rights and compensation payments. The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The tasks, among others, performed by the Remuneration Committee during the year under review included:

- (i) review and approval of the report of the labour cost for the year ended 31 December 2018 and the budget of the overall cost for the year ended 31 December 2019;
- (ii) review and approval of the report of remuneration packages for executive directors and senior management for the year ended 31 December 2019;
- (iii) review and approval of the recommendation of share options granted under the share option scheme of the Company; and
- (iv) make recommendation to the Board on the remuneration of executive Directors and non-executive Directors.

The remuneration of Directors is determined with reference to their experience, qualifications, responsibilities involved in the Company and the prevailing market conditions. Details of emoluments of Directors for the year under review are set out in note 54 to the consolidated financial statements. The emoluments paid to senior management during the year under review were within the following bands:

	Number of Senior Management
Nil to HKD3,000,000	–
HKD3,000,001 to HKD4,000,000	1
HKD4,000,001 to HKD5,000,000	3
HKD5,000,001 or above	2

### • Nomination Committee

The Nomination Committee comprises three members, being an Executive Director, Mr. LI Ming (the Chairman of the Nomination Committee), and two INEDs, namely Mr. HAN Xiaojing and Mr. WANG Zhifeng.

The main duties of the Nomination Committee are to nominate candidates for directorship, consider nominations for directorship and make recommendations to the Board in respect of such appointments. If necessary, the Nomination Committee will also convene meetings and submit reports to the Board. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The tasks, among others, performed by the Nomination Committee during the year under review included to:

- (i) review and recommend the structure, size and composition of the Board and its committees;
- (ii) review the profile of the potential candidate to assess suitability in accordance with the nomination policy of the Company (the “Nomination Policy”) and the objective criteria, with due regard for the benefits of diversity, as set out under the board diversity policy of the Company (the “Board Diversity Policy”) and then make recommendation to the Board;
- (iii) assess the independence of INEDs;
- (iv) review and recommend the rotation of Directors pursuant to the Articles; and
- (v) review human resource management and staff development system.

### • Summary of Nomination Policy under Nomination Committee

The purpose of the Nomination Policy is to set out the selection criteria and procedure for the selection, appointment and reappointment of Directors. In assessing the suitability of a proposed candidate, the factors would be used as reference by the Nomination Committee include but not limit to the following:

- reputation for integrity
- accomplishment and experience in the industry
- commitment in respect of available time and relevant interest
- diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, professional experience, skills, knowledge, industry or other experience, expertise, independence and length of service

Member(s) of the Nomination Committee shall convene a meeting of the Nomination Committee and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members. For filling a casual vacancy or appointing an addition Director, the Nomination Committee shall make recommendations for the Board’s consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations or recommendation to the Board for its consideration. A circular containing the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information as required pursuant to the applicable laws, rules and regulations, of the proposed candidates nominated by the Board to stand for election or re-election at a general meeting will be sent to Shareholders. A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the Company Secretary. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting.



### • Summary of board diversity policy under Nomination Committee

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors, in terms of gender, age, cultural and education background, professional experience, skills, knowledge, industry or other experience, expertise, independence and length of service. These differences will be taken into account in determining the optimum composition of the Board. The Company will also take into account factors based on its business model and specific needs from time to time. The Nomination Committee will discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

The Nomination Committee will review annually on the composition of the Board under diversified perspectives, and monitor the implementation of this policy to ensure the effectiveness of this policy. As at 30 March 2020, being the latest practicable date prior to the issue of this annual report, the Board comprises 12 Directors, two of which are female members. The Board is also characterised by significant diversity, whether considered in terms of gender, professional background and skills.

### • Investment Committee

After the appointment of Mr. WANG Honghui as a member of the Investment Committee on 25 March 2020, the Investment Committee comprises six members, being two Executive Directors, namely Mr. LI Ming (the Chairman of the Investment Committee) and Mr. WANG Honghui, two Non-executive Directors, namely Mr. FU Fei and Mr. FANG Jun and two INEDs, namely Mr. JIN Qingjun and Ms. LAM Sin Lai Judy. It will meet at the request of any member of the committee and the head of investment department will also participate in discussions. The Investment Committee is authorized, at the expense of the Company, to seek advice from external professionals or to arrange them to attend the meetings.

The main duties of the Investment Committee are to review the Group's investment strategy and to examine and make decision on the prospective major investments. The written terms of reference of the Investment Committee are available on the websites of the Company and the Stock Exchange.

## Accountability and Audit

The Directors acknowledge their responsibility to present a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. The management provides all Board members with monthly updates which give a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties. The Directors are responsible for the preparation of the financial statements for each financial period which gives a true and fair view of the Group's financial results for relevant period. Such information have been disclosed in the management discussion and analysis and consolidated financial statements of the annual and interim reports, announcements and other financial disclosures as required under the Listing Rules, and reports to regulators. Where the Directors are aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties would be clearly and prominently set out and discussed in detail in this Corporate Governance Report.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the financial statements of the Company for the year ended 31 December 2019 is set out in the Independent Auditor's Report on page 121 to 126 of this annual report.

## Risk management and internal controls

The risk management and internal controls of the Group are designed to help the Group in protecting its assets and information. The presence of risk management and internal controls empowers the Group to implement best business practices in challenging business environments. The Group's risk management and internal controls cover a number of in-house procedures and policies comprising, among others, the relevant financial, operational and compliance controls, handling and dissemination of inside information and risk management functions. The Board requires the management to maintain sound and effective internal controls. Evaluation of the Group's risk management and internal controls and the internal audit are independently conducted by our risk management department. They report to the Audit Committee twice each year, among others, in any significant findings and effectiveness of the internal audit, risk management and internal control systems. The Board and the Audit Committee considered that the risk management and internal control systems are implemented effectively. Furthermore, the Board, at least annually, reviews the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function and the reviews of the effectiveness of the Group's risk management and internal control systems cover all material controls, including financial, operational and compliance controls and risk management function. The Board is responsible for the risk management and internal control systems of the Group and reviewing their effectiveness. The risk management and internal control systems of the Group 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.

## Independent auditor

The Group's independent auditor is PricewaterhouseCoopers ("PwC"). PwC is responsible for auditing and forming an independent opinion on the Group's annual consolidated financial statements. Apart from the statutory audit of the annual consolidated financial statements, PwC was also engaged to perform a review of the interim consolidated financial statements of the Group for the six months ended 30 June 2019.

For the year ended 31 December 2019, remunerations payable to PwC for the provision of statutory audit services and non-auditing services amounted to RMB8.8 million and RMB2.8 million respectively. The non-auditing services mainly represent review of interim financial information.

## Company Secretary

The Company Secretary is responsible for ensuring that board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance matters. Moreover, the Company Secretary is responsible for keeping all Directors updated on the Listing Rules, regulatory requirements, as well as internal codes of conduct of the Company. The Company Secretary reports to the Board through the Chairman whilst all Directors have access to the advice and services of the Company Secretary. During the year under review, the Company Secretary has taken not less than 15 hours of relevant professional training.

## Constitutional documents

There was no change in the Company's constitutional documents during the year.

## Shareholders' rights and communication

As one of the measures to safeguard the interests and rights of the Shareholders, separate resolutions are proposed at Shareholders' meetings on every substantial matter, including the election of individual Directors, for Shareholders' consideration and voting. Furthermore, the Company regards the AGM and general meetings as an important event and the Directors, chairman of each board committee, senior management and external auditors make efforts to attend the AGM or general meetings of the Company to address the Shareholders' queries. All resolutions proposed at Shareholders' meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sinooceangroup.com](http://www.sinooceangroup.com)) on the same day of the relevant general meetings.

The notice of AGM and general meetings specified the place, the date and the time of meeting and, in the case of special business, the general nature of such business shall be sent to Shareholders at least 20 clear business days and 10 clear business days before the meeting respectively.

Shareholder(s) representing at least 5% of the total voting rights of all shareholders of the Company can make a requisition to convene a general meeting pursuant to Section 566 of the Companies Ordinance. 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. Beside, Section 580 and Section 615 of the Companies Ordinance provide that (i) shareholder(s) of the company representing at least 2.5% of the total voting rights of all the shareholders of the company who have a relevant right to vote; or (ii) at least 50 shareholders who have a relevant right to vote can put forward proposals for consideration at a general meeting by sending requests in writing to the Company.

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the registered office of the Company for the attention of the Company Secretary.

The Board has adopted a shareholders communication policy reflecting the current practices of the Company for communication with the Shareholders. Such policy aims at ensuring the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner and to enhance communication between the Company and the Shareholders.

The Company adheres to high standards with respect to the disclosure of its financial statements. To foster two-way communication amongst the Company, the Shareholders and potential investors, the Company has also established an Investor Relations Department to respond to enquiries from Shareholders and the public. In addition, the Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and strengthen the communication with both the Shareholders and the public. Further information about investor relations is set out in the section headed "Investor Relations" of this annual report.

# CORPORATE INFORMATION

The corporate information of Sino-Ocean Group Holding Limited as of 30 March 2020, being the latest practicable date prior to the issue of this annual report, is as follows:

## Directors

### Executive Directors

Mr. LI Ming (*Chairman*)  
Mr. WEN Haicheng  
Mr. WANG Honghui (appointed on 25 March 2020)  
Mr. SUM Pui Ying (resigned on 25 March 2020)

### Non-executive Directors

Mr. ZHAO Peng (appointed on 30 September 2019)  
Mr. FU Fei  
Mr. FANG Jun  
Ms. LI Liling  
Mr. ZHAO Lijun (resigned on 30 September 2019)

### Independent Non-executive Directors

Mr. HAN Xiaojing  
Mr. SUEN Man Tak  
Mr. WANG Zhifeng  
Mr. JIN Qingjun  
Ms. LAM Sin Lai Judy

## Audit committee

Ms. LAM Sin Lai Judy (*Chairman*)  
Mr. ZHAO Peng (appointed on 30 September 2019)  
Ms. LI Liling  
Mr. SUEN Man Tak  
Mr. JIN Qingjun  
Mr. ZHAO Lijun (resigned on 30 September 2019)

## Nomination committee

Mr. LI Ming (*Chairman*)  
Mr. HAN Xiaojing  
Mr. WANG Zhifeng

## Remuneration committee

Mr. HAN Xiaojing (*Chairman*)  
Mr. SUEN Man Tak  
Mr. WANG Zhifeng

## Investment committee

Mr. LI Ming (*Chairman*)  
Mr. WANG Honghui (appointed on 25 March 2020)  
Mr. FU Fei  
Mr. FANG Jun  
Mr. JIN Qingjun  
Ms. LAM Sin Lai Judy

## Company secretary

Mr. CHUNG Kai Cheong (appointed on 25 March 2020)  
Mr. SUM Pui Ying (appointed on 1 July 2019 and  
resigned on 25 March 2020)  
Ms. LAI Yin Ping (resigned on 1 July 2019)

## Authorized representatives

Mr. LI Ming  
Mr. CHUNG Kai Cheong (appointed on 25 March 2020)  
Mr. SUM Pui Ying (appointed on 1 July 2019 and  
resigned on 25 March 2020)  
Ms. LAI Yin Ping (resigned on 1 July 2019)

## Registered office

Suite 601, One Pacific Place  
88 Queensway  
Hong Kong

## Principal place of business

31–33 Floor, Tower A  
Ocean International Center  
56 Dongsihuanzhonglu  
Chaoyang District  
Beijing PRC

## Principal bankers

*(in alphabetical order)*

Agricultural Bank of China, Ltd.  
Bank of Beijing Co., Ltd.  
Bank of China (Hong Kong) Limited  
Bank of China Limited  
Bank of Communications Co., Ltd.  
Bank of Shanghai Co., Ltd.  
China Bohai Bank Co., Ltd.  
China CITIC Bank Corporation Limited  
China Construction Bank Corporation  
China Everbright Bank Co., Ltd.  
China Guangfa Bank Co., Ltd.  
China Merchants Bank Co., Ltd.  
China Zheshang Bank Co., Ltd.  
CMB Wing Lung Bank Limited  
DBS Bank (Hong Kong) Ltd.  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China, Ltd.  
Industrial Bank Co., Ltd.  
Shanghai Pudong Development Bank Co., Ltd.  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

## Auditor

PricewaterhouseCoopers  
Certified Public Accountants

## Legal advisor

Paul Hastings

## Share registrar

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

## Listing information

The Stock Exchange of Hong Kong Limited  
Stock Code: 03377

## Company website

[www.sinooceangroup.com](http://www.sinooceangroup.com)

## Investor relations contact

[ir@sinooceangroup.com](mailto:ir@sinooceangroup.com)

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Sino-Ocean Group Holding Limited**  
*(incorporated in Hong Kong with limited liability)*

## OPINION

### What we have audited

The consolidated financial statements of Sino-Ocean Group Holding Limited (the "Company") and its subsidiaries (the "Group") set out on pages 127 to 280, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### Our opinion

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 2019, 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters identified in our audit are summarised as follows:

- Recoverability of entrusted loans to and amounts due from third parties, joint ventures, associates and non-controlling interests
- Valuation of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Recoverability of entrusted loans to and amounts due from third parties, joint ventures, associates and non-controlling interests (collectively, the "Counterparties")</i></p> <p>Refer to note 23 to the consolidated financial statements</p> <p>As at 31 December 2019, the balance of entrusted loans to and amounts due from the Counterparties is RMB50,169 million, and loss allowance amounting to RMB152 million is recognised in profit or loss.</p> <p>Such amounts were provided to the Counterparties for the launch and development of the projects of real estate.</p> <p>The Group took into account reasonable and substantiated historical data such as principal and interest payment schedule, ageing, repayment history, subsequent repayment and financial information of the Counterparties, and available forward-looking information to determine whether or not the credit risk has significantly increased since initial recognition and to calculate expected credit losses.</p> <p>The assessment of the recoverability of entrusted loans to and amounts due from the Counterparties involves significant management judgements and estimates as it involves the consideration of a number of factors including historical data and forward-looking information.</p>	<p>We had interviews with the management to get knowledge of each Counterparty and the status of projects cooperated with or developed by the Counterparties. We performed site visit to the projects of real estate, on a sample basis, to collaborate with the understanding from management.</p> <p>We examined the historical data used by the Group to determine whether or not the credit risk has significantly increased since initial recognition and to calculate expected credit losses.</p> <p>We had interviews with the management for the consideration of forward-looking information such as the forecasts of future economic conditions.</p> <p>We found the judgements and estimates made by the management in the assessment of recoverability of entrusted loans to and amounts due from the Counterparties were supportable in light of available evidences.</p>



Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation of investment properties</i></p> <p>Refer to note 13 to the consolidated financial statements</p> <p>The Group's investment properties were measured at fair value and carried at RMB13,328 million as at 31 December 2019 with a fair value gain of RMB373 million for the year then ended. The fair values of investment properties were determined by the Group based on the valuations performed by independent professional valuers (the "Valuers") engaged by the Group.</p> <p>The Group's investment property portfolio mainly included completed investment properties in Mainland China, Hong Kong and the United States and investment properties under development in Mainland China.</p> <ul style="list-style-type: none"> <li>Completed investment properties: the valuation of these was derived using the income capitalization method and comparison approach; the relevant key assumptions included capitalization rates, prevailing market rents and price per square feet.</li> <li>Investment properties under development: the valuation of these was derived using the residual method; the relevant key assumptions included capitalization rates, prevailing market rents, development costs to completion and developer's profit margin.</li> </ul> <p>All the relevant key assumptions were influenced by the prevailing market conditions and each property's characteristics.</p> <p>We focus on this area due to the significant quantum to the consolidated financial statements, and relevant key assumptions in valuation involved significant judgements and estimates.</p>	<p>We assessed the competence, capabilities and objectivity of the Valuers.</p> <p>We obtained the valuation report of each property and assessed the appropriateness of the valuation methods applied.</p> <p>We assessed the reasonableness of relevant key assumptions used in valuation including capitalization rates, and prevailing market rents by gathering and analysing the data of comparable properties in the market and characteristics of the Group's properties such as location, size, occupancy rate, current rental and age.</p> <p>We checked the assumption on development costs to completion of investment property under construction with the approved budget, whose reasonableness was assessed by comparison with the actual cost of completed investment properties of the Group.</p> <p>We assessed the reasonableness of the assumption on developer's profit margin by reference to the range of estimated and empirical developer's profit margin in the industry.</p> <p>We involved our internal valuation specialists to assist us in assessing the methodologies used by the Valuers and compared the valuations of investment properties, on a sample basis, to our independently formed market expectations.</p> <p>In light of the above, we found the significant judgements and estimates made by management on relevant key assumptions were in the acceptable range.</p>

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and 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 Audit Committee is responsible 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, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism 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.
- 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, related safeguards.

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 Chan Kwong Tak.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 24 March 2020

# CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2019 RMB'000	2018 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,775,320	2,412,243
Right-of-use assets	9	190,869	–
Land use rights	10	180,566	235,794
Intangible assets	11	29,582	453,278
Goodwill	12	195,708	514,039
Investment properties	13	13,328,198	16,205,333
Investments in joint ventures	15	17,355,309	20,330,505
Investments in associates	16	6,846,347	7,177,355
Financial assets at fair value through other comprehensive income	18	2,715,647	679,952
Financial assets at fair value through profit or loss	19	6,446,074	3,961,645
Trade and other receivables and prepayments	23	12,841,234	15,520,575
Deferred income tax assets	34	1,439,498	1,145,474
Total non-current assets		63,344,352	68,636,193

		As at 31 December	
	Note	2019 RMB'000	2018 RMB'000
<b>Current assets</b>			
Prepayments for land use rights	22	2,228,844	2,160,585
Properties under development	20	60,378,181	54,655,796
Inventories, at cost		457,001	92,437
Land development cost recoverable	21	1,234,217	1,119,558
Completed properties held for sale	24	18,353,178	20,083,298
Financial assets at fair value through profit or loss	19	266,304	182,504
Trade and other receivables and prepayments	23	61,163,136	57,454,635
Contract assets		2,708,018	2,405,696
Restricted bank deposits	25	2,511,683	3,362,876
Cash and cash equivalents	26	31,054,201	39,208,481
<b>Total current assets</b>		<b>180,354,763</b>	<b>180,725,866</b>
<b>Total assets</b>		<b>243,699,115</b>	<b>249,362,059</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Capital	27	27,329,232	27,328,810
Shares held for Restricted Share Award Scheme	27	(167,227)	(178,317)
Reserves	29	(1,132,536)	(1,313,848)
Retained earnings	28	23,877,717	22,548,161
		49,907,186	48,384,806
<b>Non-controlling interests</b>		<b>15,703,909</b>	<b>14,753,699</b>
<b>Total equity</b>		<b>65,611,095</b>	<b>63,138,505</b>

		As at 31 December	
	Note	2019	2018
		RMB'000	RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	33	74,611,619	73,150,254
Lease liabilities	9	130,257	–
Trade and other payables	35	18,581	167,531
Deferred income tax liabilities	34	2,946,869	2,680,889
<b>Total non-current liabilities</b>		<b>77,707,326</b>	<b>75,998,674</b>
<b>Current liabilities</b>			
Borrowings	33	9,295,332	15,424,825
Lease liabilities	9	64,223	–
Trade and other payables	35	55,010,743	59,198,070
Contract liabilities	36	25,458,320	26,789,737
Income tax payable		10,500,972	8,665,309
Financial liabilities at fair value through profit or loss	37	51,104	146,939
<b>Total current liabilities</b>		<b>100,380,694</b>	<b>110,224,880</b>
<b>Total liabilities</b>		<b>178,088,020</b>	<b>186,223,554</b>
<b>Total equity and liabilities</b>		<b>243,699,115</b>	<b>249,362,059</b>

Approved by the Board of Directors on 24 March 2020

**LI Ming**  
Executive Director

**SUM Pui Ying**  
Executive Director

The notes on pages 136 to 280 are an integral part of these consolidated financial statements.



# CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2019 RMB'000	2018 RMB'000
Revenue	7	50,926,490	41,422,099
Cost of sales	40	(40,704,418)	(33,135,597)
<b>Gross profit</b>		<b>10,222,072</b>	8,286,502
Interest and other income	38	2,770,938	2,542,684
Other gains — net	39	698,520	1,339,960
Fair value gains on investment properties	13	373,381	2,361,070
Selling and marketing expenses	40	(1,270,120)	(1,205,559)
Administrative expenses	40	(1,919,326)	(1,730,205)
<b>Operating profit</b>		<b>10,875,465</b>	11,594,452
Finance costs	42	(2,393,714)	(1,774,760)
Share of results of joint ventures		1,519,370	1,103,464
Share of results of associates		415,361	52,065
<b>Profit before income tax</b>		<b>10,416,482</b>	10,975,221
Income tax expense	43	(6,250,215)	(6,309,400)
<b>Profit for the year</b>		<b>4,166,267</b>	4,665,821
<b>Attributable to:</b>			
Owners of the Company		2,656,277	3,573,745
Non-controlling interests		1,509,990	1,092,076
		<b>4,166,267</b>	4,665,821
<b>Earnings per share attributable to owners of the Company during the year (expressed in RMB)</b>			
<b>Basic earnings per share</b>	44	<b>0.349</b>	0.473
<b>Diluted earnings per share</b>	44	<b>0.349</b>	0.470

The notes on pages 136 to 280 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2019 RMB'000	2018 RMB'000
<b>Profit for the year</b>		<b>4,166,267</b>	4,665,821
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Fair value gain/(losses) on financial assets at fair value through other comprehensive income, net of tax		<b>25,794</b>	(28,923)
<b>Items that may be reclassified to profit or loss</b>			
Fair value gains on property, plant and equipment transferred to investment properties		<b>17,808</b>	–
Currency translation differences		<b>108,282</b>	(24,923)
Share of other comprehensive income of investments accounted for using the equity method	29	–	(1,463,874)
<b>Other comprehensive income for the year</b>		<b>151,884</b>	(1,517,720)
<b>Total comprehensive income for the year, net of tax</b>		<b>4,318,151</b>	3,148,101
<b>Total comprehensive income attributable to:</b>			
— Owners of the Company		<b>2,497,211</b>	1,851,135
— Non-controlling interests		<b>1,820,940</b>	1,296,966
		<b>4,318,151</b>	3,148,101

The notes on pages 136 to 280 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company					Non-controlling interests			
		Share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Capital instrument RMB'000	Perpetual subordinated guaranteed capital securities RMB'000	Others RMB'000	Total equity RMB'000
<b>Balance at 31 December 2018</b>		27,328,810	(178,317)	(1,313,848)	22,548,161	48,384,806	3,500,000	4,069,691	7,184,008	63,138,505
Profit for the year		-	-	-	2,656,277	2,656,277	289,874	407,971	812,145	4,166,267
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		-	-	25,794	-	25,794	-	-	-	25,794
Fair value gains on property, plant and equipment transferred to investment properties		-	-	12,329	-	12,329	-	-	5,479	17,808
Currency translation differences		-	-	(197,189)	-	(197,189)	-	294,835	10,636	108,282
<b>Total other comprehensive income, net of tax</b>		-	-	(159,066)	2,656,277	2,497,211	289,874	702,806	828,260	4,318,151
<b>Transactions with owners of the company</b>										
Dividends relating to 2018		-	-	-	(489,258)	(489,258)	-	-	-	(489,258)
Dividends relating to 2019	45	-	-	-	(755,510)	(755,510)	-	-	-	(755,510)
Expenses on share-based payment	29	-	-	272,960	-	272,960	-	-	-	272,960
Transfer from retained earnings	29	-	-	81,953	(81,953)	-	-	-	-	-
Issue of shares pursuant to exercise of employee share options	27	422	-	(76)	-	346	-	-	-	346
Vesting of shares under Restricted Share Award Scheme	27	-	12,120	(12,120)	-	-	-	-	-	-
Purchase of shares for Restricted Share Award Scheme	27	-	(1,030)	-	-	(1,030)	-	-	-	(1,030)
Distribution relating to capital instrument		-	-	-	-	-	(289,874)	-	-	(289,874)
Distribution relating to non-controlling interest		-	-	-	-	-	-	-	(431,941)	(431,941)
Distribution relating to capital securities		-	-	-	-	-	-	(407,971)	-	(407,971)
Issue of capital instrument		-	-	-	-	-	3,168,900	-	-	3,168,900
Repayment of capital instrument		-	-	-	-	-	(3,500,000)	-	-	(3,500,000)
Contribution from non-controlling interests		-	-	-	-	-	-	-	4,491,101	4,491,101
<b>Total contributions by and distributions to owners of the company</b>		422	11,090	342,717	(1,326,721)	(972,492)	(620,974)	(407,971)	4,059,160	2,057,723
Increase in non-controlling interest as a result of business combination		-	-	-	-	-	-	-	409,204	409,204
Increase in non-controlling interest as a result of other acquisition		-	-	-	-	-	-	-	235,566	235,566
Decrease in non-controlling interest as a result of disposal of subsidiaries		-	-	-	-	-	(2,187,900)	-	(2,299,330)	(4,487,230)
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries	51	-	-	(2,339)	-	(2,339)	-	-	(58,485)	(60,824)
<b>Total transactions with owners of the company</b>		422	11,090	340,378	(1,326,721)	(974,831)	(2,808,874)	(407,971)	2,346,115	(1,845,561)
<b>Balance at 31 December 2019</b>		27,329,232	(167,227)	(1,132,536)	23,877,717	49,907,186	981,000	4,364,526	10,358,383	65,611,095

The notes on pages 136 to 280 are an integral part of these consolidated financial statements.

		Attributable to owners of the Company					Non-controlling interests			
		Share capital	Shares held for Restricted Share Award Scheme	Other reserves	Retained earnings	Total	Capital instrument	Perpetual subordinated guaranteed capital securities	Others	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2018</b>		27,129,614	(140,746)	768,023	20,745,229	48,502,120	3,500,000	3,930,367	2,795,741	58,728,228
Adjustment on adoption of HKFRS 9, net of tax		-	-	(199,031)	199,031	-	-	-	-	-
Adjustment on adoption of HKFRS 15, net of tax		-	-	-	57,529	57,529	-	-	56,001	113,530
<b>Restated balance at 1 January 2018</b>		27,129,614	(140,746)	568,992	21,001,789	48,559,649	3,500,000	3,930,367	2,851,742	58,841,758
Profit for the year		-	-	-	3,573,745	3,573,745	175,000	198,913	718,163	4,665,821
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		-	-	(28,923)	-	(28,923)	-	-	-	(28,923)
Currency translation differences		-	-	(229,813)	-	(229,813)	-	195,959	8,931	(24,923)
Share of other comprehensive income of investments accounted for using the equity method	29	-	-	(1,463,874)	-	(1,463,874)	-	-	-	(1,463,874)
<b>Total other comprehensive income, net of tax</b>		-	-	(1,722,610)	3,573,745	1,851,135	175,000	394,872	727,094	3,148,101
<b>Transactions with owners of the company</b>										
Dividends relating to 2017		-	-	-	(999,882)	(999,882)	-	-	-	(999,882)
Dividends relating to 2018	45	-	-	-	(938,280)	(938,280)	-	-	-	(938,280)
Expenses on share-based payment	29	-	-	71,680	-	71,680	-	-	-	71,680
Transfer from retained earnings	29	-	-	89,211	(89,211)	-	-	-	-	-
Issue of shares pursuant to exercise of employee share options	27	197,298	-	(35,380)	-	161,918	-	-	-	161,918
Vesting of shares under Restricted Share Award Scheme	27	1,898	36,446	(38,344)	-	-	-	-	-	-
Purchase of shares for Restricted Share Award Scheme	27	-	(74,017)	-	-	(74,017)	-	-	-	(74,017)
Distribution relating to capital instrument		-	-	-	-	-	(175,000)	-	-	(175,000)
Distribution relating to non-controlling interest		-	-	-	-	-	-	-	(347,175)	(347,175)
Distribution relating to capital securities		-	-	-	-	-	-	(255,548)	-	(255,548)
Contribution from non-controlling interests		-	-	-	-	-	-	-	2,097,500	2,097,500
<b>Total contributions by and distributions to owners of the company</b>		199,196	(37,571)	87,167	(2,027,373)	(1,778,581)	(175,000)	(255,548)	1,750,325	(458,804)
Increase in non-controlling interest as a result of business combination		-	-	-	-	-	-	-	413,674	413,674
Increase in non-controlling interest as a result of other acquisition		-	-	-	-	-	-	-	1,566,012	1,566,012
Decrease in non-controlling interest as a result of disposal of subsidiaries		-	-	-	-	-	-	-	(68,891)	(68,891)
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries		-	-	(247,397)	-	(247,397)	-	-	(55,948)	(303,345)
<b>Total transactions with owners of the company</b>		199,196	(37,571)	(160,230)	(2,027,373)	(2,025,978)	(175,000)	(255,548)	3,605,172	1,148,646
<b>Balance at 31 December 2018</b>		27,328,810	(178,317)	(1,313,848)	22,548,161	48,384,806	3,500,000	4,069,691	7,184,008	63,138,505

The notes on pages 136 to 280 are an integral part of these consolidated financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December	
		2019 RMB'000	2018 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	46	5,794,009	7,472,323
Interest paid		(5,088,722)	(3,721,491)
Income tax paid		(4,008,105)	(3,795,365)
Net cash used in operating activities		(3,302,818)	(44,533)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	8	(551,364)	(877,098)
Proceeds from sale of property, plant and equipment	46	22,254	14,018
Proceeds from sale of investment properties		3,234	16,813
Purchases of investment properties		(86,398)	(805,327)
Purchases of intangible assets	11	(113)	(29,468)
Purchases of financial assets at fair value through other comprehensive income		–	(8,725)
Purchases of financial assets at fair value through profit or loss		(3,435,869)	(634,359)
Redemption of financial assets at fair value through profit or loss		–	6,717
Proceeds from disposal of financial assets at fair value through profit or loss		135,476	7,579
Dividends received		232,314	248,043
Purchases of land use rights	10	(132,439)	(179,676)
Acquisition of subsidiaries, net of cash acquired		(450,839)	(1,151,357)
Proceeds from disposal of interests in subsidiaries, net of cash disposed		(64,259)	5,038,590
Capital injection to joint ventures		(2,647,779)	(5,147,711)
Proceeds from disposal of joint ventures		1,722,364	493
Capital injection to associates		(160,047)	(2,788,550)
Proceeds from disposal of interests in an associate		51,798	–
Dividends received from joint ventures and associates		697,260	542,812
Entrusted loans advanced		(25,403,881)	(22,262,541)
Repayment of entrusted loans		23,113,799	12,727,130
Interest received		2,390,318	2,188,857
Net cash used in investing activities		(4,564,171)	(13,093,760)



	Note	Year ended 31 December	
		2019	2018
		RMB'000	RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		40,045,123	47,977,453
Repayments of borrowings		(42,465,196)	(22,055,932)
Amounts due to a non-controlling interest		–	5,000,000
Consideration paid for transactions with non-controlling interests		(60,824)	(303,345)
Capital injection from non-controlling interests		4,491,101	2,097,500
Dividends paid to non-controlling interests		(431,941)	(347,175)
Dividends paid to the shareholders of the Company		(1,244,768)	(1,938,162)
Distribution relating to capital securities		(407,971)	(255,548)
Repurchase of capital instrument		(3,500,000)	–
Purchase of shares for Restricted Share Award Scheme		(1,030)	(74,017)
Issue of shares pursuant to exercise of employee share options		346	161,918
Issue of capital securities		3,168,900	–
Distribution relating to capital instrument		(289,874)	(175,000)
Net cash (used in)/generated from financing activities		(696,134)	30,087,692
(Decrease)/Increase in cash and cash equivalents		(8,563,123)	16,949,399
Cash and cash equivalents at beginning of the year	26	39,208,481	21,968,819
Exchange gains on cash and cash equivalents		408,843	290,263
Cash and cash equivalents at end of the year	26	31,054,201	39,208,481

The notes on pages 136 to 280 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Sino-Ocean Group Holding Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 12 March 2007. The address of its registered office is Suite 601, One Pacific Place, 88 Queensway, Hong Kong. The Company and its subsidiaries (together, the “Group”) are principally engaged in investment holding, property development and property investment in the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been approved for issue by the Board of Directors on 24 March 2020.

## 2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 6.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 3.1 Changes in accounting policy and disclosures

#### (a) *New and amended standards adopted by the Group*

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2019:

- HKFRS 16 *Leases*
- *Prepayment Features with Negative Compensation — Amendments to HKFRS 9*
- *Long-term Interests in Associates and Joint Ventures — Amendments to HKAS 28*
- *Annual Improvements to HKFRS Standards 2015–2017 Cycle*
- *Plan Amendment, Curtailment or Settlement — Amendments to HKAS 19*
- *Interpretation 23 Uncertainty over Income Tax Treatments*

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.1 Changes in accounting policy and disclosures (Continued)

(a) *New and amended standards adopted by the Group (Continued)*

The Group also elected to adopt the following amendments early.

- Definition of Material — Amendments to HKAS 1 and HKAS 8

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in Note 4. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) *New standards and interpretations not yet adopted by the Group*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### 3.2 Subsidiaries

##### 3.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. 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 over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. 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 recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

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 recognized in profit or loss.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Subsidiaries (Continued)

##### 3.2.1 Consolidation (Continued)

##### (a) Business combinations (Continued)

Any contingent consideration to be transferred by the Group is recognized 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 recognized in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. 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 identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated unless the transaction provides evidence of an impairment of the transferred asset. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

##### (b) 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 acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (c) Disposal of interests in subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized 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 recognized 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 recognized in other comprehensive income are reclassified to profit or loss.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Subsidiaries (Continued)

##### 3.2.2 *Separate financial statements*

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.

#### 3.3 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 recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. 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 recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized 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.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.4 Associates

An associate is an entity over which the Group has significant influence but not control, 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 recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

The Group's share of post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized 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 recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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 recognizes the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated income statement.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.4 Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized 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 recognized in the consolidated income statement.

When the Group begins to have significant influence but not control over another entity as a result of increasing its stake or having representation on the board, an existing investment becomes an associate for the first time, the investment in the associate is initially recognized at the cost of each purchase plus a share of investee's profits or losses which is recognized in the consolidated income statement and other comprehensive income which is recognized in other comprehensive income, and acquisition-related costs are deemed as part of the cost of investment. Any existing gains or losses recognized in respect of the previously held the investment are reversed to restate the investment to cost.

#### 3.5 Segment reporting

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

#### 3.6 Foreign currency translation

(a) *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 Company's functional and the Group's presentation currency.

The Group identifies the functional currency of each subsidiary for the purpose of defining that entity's foreign currency exposure. Different entities within the Group may have different functional currencies. Judgement is required in determining an entity's functional currency based on individual facts and circumstances.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.6 Foreign currency translation (Continued)

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are remeasured. 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 are recognized in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the income statement within "other gains — net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary items such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

(c) *Group companies*

The results and financial position 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:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average 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 rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.7 Properties

(a) *Investment properties*

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, assessed annually by a professional independent valuer. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

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 the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is completed, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognized 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 recognized in the consolidated income statement.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.7 Properties (Continued)

(b) *Land use rights*

Land in China mainland is state-owned and no individual land ownership right exists. The Group acquired the rights to certain land, and the premiums paid for such rights are recorded as land use rights. Land use rights are classified and accounted for in accordance to the intended use of respective properties as erected on the land.

For properties that are held for own use, corresponding land use rights are separately stated in the balance sheet, and are stated at cost and amortized over the use terms of 40 to 70 years using the straight-line method.

For properties that are held for development and subsequent sale, corresponding land use rights are accounted for as part of the development costs, and are accounted for under Note 3.12.

#### 3.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. 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 recognized 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 derecognized. All other repairs and maintenance are charged to the consolidated income statement 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:

Buildings and leasehold improvements	5–50 years
Machinery	5–15 years
Vehicles	4–8 years
Office equipment	3–5 years
Electronic equipment	3 years

Leasehold improvements' estimated useful life is shorter of remaining lease term of or useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 (Note 3.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are recognized within "other gains — net", in the consolidated income statement.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.8 Property, plant and equipment (Continued)

Construction-in-progress represents buildings, machinery under construction and is stated at cost. Cost includes the costs of construction of buildings, the cost of plant and machinery, installation, testing and other direct costs incurred during the development period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. The carrying amount of a construction-in-progress is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10). When the assets concerned get ready for their intended use, the costs are depreciated in accordance with the policy as stated above.

#### 3.9 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

#### 3.10 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.11 Financial assets

##### 3.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that 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 fair value through other comprehensive income (FVOCI).

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

##### 3.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### 3.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.11 Financial assets (Continued)

##### 3.11.3 Measurement (Continued)

###### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

###### Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.11 Financial assets (Continued)

##### 3.11.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 5.1 for further details.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has 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 Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

#### 3.12 Inventories

##### (a) Properties under development

Properties under development are stated at the lower of cost and net realizable value. Net realizable value is determined by reference to estimated sales proceeds of the properties sold in the ordinary course of business less costs to complete development and estimated selling expenses.

Development costs of properties comprises land use rights, construction costs, borrowing costs and professional fees as incurred during the development period. On completion, all development costs of the properties are transferred to completed properties held for sale.

Costs to fulfill a contract comprise the development cost and land use right cost directly related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfill a contract are recorded in properties under development if they are expected to be recovered. The amount is amortised on a systematic basis, consistent with the pattern of revenue recognition of the contract to which the asset relates.

##### (b) Completed properties held for sale

Completed properties held for sale are completed properties remaining unsold at the balance sheet date and are stated at the lower of cost and net realizable values. Cost comprises development costs attributable to the unsold properties. Net realizable values is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

##### (c) Other inventories

Other inventories mainly comprise raw materials for upfitting, food and beverages and hotel consumables. Goods are valued at the lower of cost and net realizable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to purchases. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **3.13 Trade and other receivables and prepayments**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables and prepayments is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables and prepayments are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables and prepayments with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.11 for further information about the Group's accounting for trade and other receivables and prepayments, and Note 5.1 for a description of the Group's impairment policies.

#### **3.14 Contract assets and contract liabilities**

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognized as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

#### **3.15 Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

#### **3.16 Share capital**

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

#### **3.17 Capital securities and capital instrument**

Capital securities and capital instrument with no contracted obligation to repay its principal nor to pay any distribution are classified as part of equity.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

#### 3.19 Borrowings and Borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### 3.20 Current and deferred income tax

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

##### 3.20.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries/territories where the Company and its subsidiaries, joint ventures and associates 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.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.20 Current and deferred income tax (Continued)

##### 3.20.2 *Deferred income tax*

Deferred income tax is recognized, 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, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of 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 tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, joint ventures and associates, except for deferred income 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 associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements 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 utilized.

##### 3.20.3 *Offsetting*

Deferred income 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 income 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.

#### 3.21 Employee benefits

##### (a) *Employee leave entitlements*

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employee up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

##### (b) *Bonus entitlements*

Expected costs of bonus payments are recognized as liabilities when constructive obligations are present, as a result of services rendered by employees and reliable estimations of the obligations can be made.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.21 Employee benefits (Continued)

(c) *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 plans organized 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 as 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. 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. 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 HKD1,500. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

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

#### 3.22 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, including "share option scheme" and Restricted Share Award Scheme, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the Group.

- *Share option scheme*

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (eg the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (eg the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. The impact of the revision to original estimates, if any, is recognized in the consolidated income statement, with a corresponding adjustment to equity.

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.22 Share-based payments (Continued)

- *Restricted Shares Award Scheme*

The fair value of the employee services received in exchange for the grant of these share-based awards is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the shares awarded at the grant date.

When Trustee purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Restricted Share Award Scheme" in the consolidated statement of changes in equity and deducted from total equity. When the Trustee transfers the Company's shares to grantees upon vesting, the related costs of the awarded shares are credited to "Shares held for Restricted Share Award Scheme" with a corresponding adjustment to the share capital.

At the end of each reporting period, the Group revises its estimates of the number of these share-based awards that are expected to become vested. The impact of the revision to original estimates, if any, is recognized in the consolidated income statement, with a corresponding adjustment to equity.

#### 3.23 Provisions

Provisions are recognized 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 recognized 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 recognized 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 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 recognized as interest expense.

#### 3.24 Financial guarantee liabilities

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.24 Financial guarantee liabilities (Continued)

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with IAS/HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated statement of profit or loss within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the company.

#### 3.25 Contract work

When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable by reference to the stage of completion.

When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected losses are recognized as expense immediately.

The Group uses the "percentage of completion method" to determine the appropriate amount to be recognized in a given period. Depending on the nature of contracts, the stage of completion is measured by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs; (b) the amount of work certified by site engineers; or (c) completion of physical proportion of the contract work. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Contract work-in-progress is valued at the cost price of the work done, plus a part of the expected profit upon completion of the project in proportion to the progress made and less progress receivables and provisions. Provisions are recognized for expected losses on contract work-in-progress, as soon as they are foreseen, and deducted from the cost price. The cost price includes direct project costs, consisting of direct payroll costs, materials, costs of subcontracted work, other direct costs, rental charges and maintenance costs for the equipment used. The progress of a project is determined on the basis mentioned in preceding paragraph. Profits are not recognized unless a reliable estimate can be made of the result on completion of the project. The balance of the value of contract work-in-progress and progress receivables is determined on a project by project basis.

The Group presents as an asset the "amounts due from customers for contract work" for all contracts in progress for which costs incurred plus recognized profits exceed progress receivables. Progress receivables not yet paid by customers and retention are included within "contract assets".

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) *Sales of properties and construction services*

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

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

If control of the asset transfers over the period, 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.

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

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

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over the period, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.26 Revenue recognition (Continued)

- (b) *Rental income*  
Rental income is recognized on a straight-line basis over the lease terms.
- (c) *Property management and agency fee income*  
Property management and agency fee income is recognized in the accounting period in which the services are rendered.
- (d) *Interest income*  
Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.
- (e) *Dividend income*  
Dividend income is recognized when the right to receive payment is established.

#### 3.27 Leases

As explained in note 3.1 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 4.

Until 31 December 2018, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.27 Leases (Continued)

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.27 Leases (Continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 13). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

#### 3.28 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 4 CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses.

As indicated in Note 3.1 above, the Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019. The Group has applied the simplified transition approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.7%.

### (a) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 determining whether an arrangement contains a lease.

## 4 CHANGE IN ACCOUNTING POLICIES (Continued)

### (b) Measurement of lease liabilities

	2019 RMB'000
Operating lease commitments as at 31 December 2018	3,878,980
Discounted using the lessee's incremental borrowing rate of at the date of initial application	2,527,818
Lease liability recognised as at 1 January 2019	2,527,818
Of which are:	
Current lease liabilities	247,437
Non-current lease liabilities	2,280,381
	2,527,818

### (c) Measurement of right-of-use assets

Under the simplified transition method, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment relating to that lease recognised in the balance sheet as at 31 December 2018.

### (d) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets — increase by RMB2,563,533,000.
- prepayments — decrease by RMB35,715,000.
- lease liabilities — increase by RMB2,527,818,000.

### (e) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The board of directors reviews and approves policies for managing each of these risks and they are summarized below.

(a) *Market risk*

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from future commercial transactions and recognized assets and liabilities which are not denominated in the Group's functional currency. Majority of the Group's foreign currency transactions and balances are denominated in Hong Kong dollars ("HKD") and United States dollars ("USD"). The Group currently does not have a foreign currency hedging policy. However, management of the Group monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Conversion of RMB into foreign currency is subject to the rules and regulations of the foreign exchange control, as promulgated by the PRC government.

As at 31 December 2019, if RMB had weakened/strengthened by 5% against HKD and USD with all other variable held constant, post-tax profit for the year of the Group would have been RMB972,222,000 lower/higher (2018: RMB961,864,000 lower/higher), mainly as the result of the foreign exchange losses/gains on translation of HKD/USD dominated borrowings, net of foreign exchange gains/losses on translation of HKD/USD dominated cash and cash equivalents.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. During 2019 and 2018, the Group's borrowings at prevailing market interest rates were denominated in RMB, HKD and USD.

The Group's fair value interest rate risk relates primarily to its fixed rate borrowing and other payables. The Group currently does not utilize 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 2019, if interest rates have increased/decreased by 50 basis points with all other variables held constant, the Group's post-tax profit, after taking into account the impact of interest capitalization, would decrease/increase by approximately RMB27,697,000 (2018: RMB23,874,000).

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(b) *Credit risk*

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge the obligation under the terms of financial instrument and cause a financial loss to the Group. The Group considered the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there's a significant increase in credit risk, the Group compares the risk of a default occurring on the asset at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Especially the following indicators are incorporated:

- internal credit rating
- 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
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

(i) *Cash in banks*

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited with state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) *Trade receivables and contract assets*

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss also incorporate forward-looking information.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Trade receivables and contract assets (Continued)

As at 31 December 2019, the loss allowance was determined as follows for trade receivables and contract assets:

	Within 6 months RMB'000	Between 6 months to 1 year RMB'000	Between 1 year to 2 years RMB'000	Between 2 years to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Expected loss rate	0.8%	1.1%	1.7%	4.0%	7.0%	1.0%
Gross carrying amount						
— trade receivables	2,331,900	976,052	593,358	128,559	7,652	4,037,521
Gross carrying amount						
— contract assets	2,720,107	—	—	—	—	2,720,107
Loss allowance						
— trade receivables and contract assets	39,813	11,061	9,943	5,216	533	66,566

As at 31 December 2018, the loss allowance was determined as follows for trade receivables and contract assets:

	Within 6 months RMB'000	Between 6 months to 1 year RMB'000	Between 1 year to 2 years RMB'000	Between 2 years to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Expected loss rate	0.8%	1.7%	3.0%	6.0%	7.0%	1.2%
Gross carrying amount						
— trade receivables	1,272,137	894,529	349,763	27,903	19,074	2,563,406
Gross carrying amount						
— contract assets	2,417,785	—	—	—	—	2,417,785
Loss allowance						
— trade receivables and contract assets	29,548	15,256	10,743	1,674	1,335	58,556

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for trade receivables and contract assets during the year ended 31 December 2019.



## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

(iii) Other receivables

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition.	Lifetime expected losses.
Stage three	Receivables for which there is a credit loss since initial recognition.	Lifetime expected losses.

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Other receivables (Continued)

As at 31 December 2019, the loss allowance was determined as follows for other receivables:

	Entrusted loans to and amount due from third parties, joint ventures, associates and non-controlling interests RMB'000	Receivables from other third parties excluding prepayments RMB'000	Total RMB'000
Carrying amount of other receivables	50,169,294	12,538,780	62,708,074
Expected credit loss rate	0.30%	0.75%	0.39%
Loss allowance	152,319	94,043	246,362
Other receivables, net	50,016,975	12,444,737	62,461,712

As at 31 December 2018, the loss allowance was determined as follows for other receivables:

	Entrusted loans to and amount due from third parties, joint ventures, associates and non-controlling interests RMB'000	Receivables from other third parties excluding prepayments RMB'000	Total RMB'000
Carrying amount of other receivables	53,593,425	9,792,311	63,385,736
Expected credit loss rate	0.1%	0.3%	0.1%
Loss allowance	55,390	30,262	85,652
Other receivables, net	53,538,035	9,762,049	63,300,084

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for other receivables during the year ended 31 December 2019.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

(iv) Financial guarantee

The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell 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 significantly reduced.

The Group also provides guarantees to certain related parties of the Group to obtain borrowings after assessing the credit history of these related parties. The Group closely monitors the repayment progress of the relevant borrowings by these related parties. In the opinion of the directors of the Group, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties. The directors consider that the likelihood of default in payments is minimal and the financial guarantees measured at fair value is immaterial.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(c) *Liquidity risk*

Cash flow forecasting is performed in the operating entities of the Group in and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting process takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amount disclosed in the table is the contractual undiscounted cash flows.

	Less than 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
At 31 December 2019					
Borrowings	13,545,683	32,861,491	34,064,087	17,202,000	97,673,261
Lease liabilities	72,950	45,352	66,335	42,271	226,908
Trade and other payables excluding statutory liabilities	51,223,546	–	18,581	–	51,242,127
	64,842,179	32,906,843	34,149,003	17,244,271	149,142,296
At 31 December 2018					
Borrowings	19,815,080	16,160,629	50,664,482	15,791,756	102,431,947
Trade and other payables excluding statutory liabilities	57,464,653	–	167,531	–	57,632,184
	77,279,733	16,160,629	50,832,013	15,791,756	160,064,131

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(c) *Liquidity risk (Continued)*

The amounts have not included financial guarantee contracts:

- which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties (Note 47(a)). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties;
- which the Group make for its cooperation parties' bank borrowings (Note 47(b)). Such guarantees terminate upon the repayment of relevant bank borrowings.

Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

### 5.2 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.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2019 and 2018 were as follows.

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Total borrowings (Note 33)	83,906,951	88,575,079
Less: cash and cash equivalents (Note 26)	(31,054,201)	(39,208,481)
Net debt	52,852,750	49,366,598
Total equity	65,611,095	63,138,505
Total capital	118,463,845	112,505,103
Gearing ratio	45%	44%

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (b) 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) (Level 2).
- (c) 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 assets or liabilities that are measured at fair value at 31 December 2019 and 2018. See Note 13 for disclosures of the investment properties that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2019				
<b>Assets</b>				
Financial assets at fair value through profit or loss (Note 19)	266,304	1,195,096	5,250,978	6,712,378
Financial assets at fair value through other comprehensive income (Note 18)	48,164	656,483	2,011,000	2,715,647
	314,468	1,851,579	7,261,978	9,428,025
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss (Note 37)	–	(51,104)	–	(51,104)



## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2018				
<b>Assets</b>				
Financial assets at fair value through profit or loss (Note 19)	379,147	1,080,933	2,684,069	4,144,149
Financial assets at fair value through other comprehensive income (Note 18)	54,806	625,146	–	679,952
	433,953	1,706,079	2,684,069	4,824,101
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss (Note 37)	–	(146,939)	–	(146,939)

There were no transfers between Level 1, Level 2 and Level 3 during the period.

During the period there were no significant changes in the business or economic circumstances that may affect the fair value of the Group's financial assets and financial liabilities.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

(a) *Financial instruments in Level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet 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. Instruments included in Level 1 comprise primarily the listed United States and HKSE equity investments classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

(b) *Financial instruments in Level 2*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise primarily equity fund investments and other unlisted equity securities, for equity fund investments, the underlying portfolio invested by equity fund are all listed equity shares, the valuation of equity fund is determined based on the quoted market price of listed equity shares. The unlisted equity security is the convertible preferred shares issued by a listed company, comparison method was used for the valuation of convertible preferred shares, which is mainly based on the fair value of ordinary share of comparable companies.

(c) *Financial instruments in Level 3*

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no changes in valuation techniques during the year.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

(c) *Financial instruments in Level 3 (Continued)*

The following table presents the changes in Level 3 instruments for the year ended 31 December 2019

	Financial asset at fair value through other comprehensive income and through profit or loss RMB'000
<b>Financial assets in Level 3</b>	
Opening balance	2,684,069
Additions	3,222,833
Fair value gains	128,609
Increase due to disposal of a subsidiary	2,000,000
Decrease due to disposal of a subsidiary	(812,081)
Currency translation difference	40,494
Disposal	(1,946)
Closing balance	7,261,978

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

(c) *Financial instruments in Level 3 (Continued)*

The following table presents the changes in Level 3 instruments for the year ended 31 December 2018.

	Financial asset at fair value through other comprehensive income and through profit or loss RMB'000
<b>Financial assets in Level 3</b>	
Opening balance	1,825,451
Additions	496,911
Fair value gains	301,795
Capital return	(6,717)
Currency translation difference	70,831
Disposal	(4,202)
Closing balance	2,684,069

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

#### (d) Valuation process

The finance department of the Group includes a team that performs the valuations of level 3 financial instruments required for financial reporting purposes. The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers after each valuation by the independent qualified valuers, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

The components of the level 3 instruments mainly include investments in private investment funds and unlisted companies. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows and comparable transactions approaches. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimate of discount rate and recent market transactions etc. The fair values of these instruments determined by the Group requires significant judgement, including the financial performance of the investee company, market value of comparable properties as well as discount rate, etc.

## 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually 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 actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Estimate of fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 13.

#### (b) Income taxes and land appreciation tax ("LAT")

The Group is primarily subject to various PRC taxes, as it is principally engaged in property development in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

## 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (b) Income taxes and land appreciation tax ("LAT") (Continued)

The implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land use rights, borrowing costs, business taxes, property development and other related expenditures. These taxes are incurred upon transfer of property ownership.

Significant judgment is required in determining the extent of land appreciation and its related taxes. The Group recognized LAT based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the consolidated income statement in the periods in which such taxes are finalized with local tax authorities.

### (c) Deferred income tax

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

### (d) Estimations for total properties construction cost

The Group estimates properties construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detailed budgetary information as developed by the management, and will be assessed periodically, as the constructions progress. Should these estimates depart from their actual finalized costs, such differences would affect the accuracy of costs of sales recognized.

### (e) Revenue recognition

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



## 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (e) Revenue recognition (Continued)

The Group recognises property development revenue over the period by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on type of properties, gross and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

### (f) Estimated impairment of assets

The Group tests at least annually whether assets have suffered any impairment in accordance with the accounting policies stated in Note 3.10. Assets are also reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts of the assets to exceed their recoverable amounts. The recoverable amount of an asset or a cash generating unit is determined as the higher of cash generating unit's fair value less cost to sell and its value-in-use which requires the use of assumptions and estimates. In 2019, based on such reviews the directors have determined that certain of Group's properties under development (Note 20) and completed properties held for sale (Note 24) were impaired, and relevant provision had been made.

### (g) Impairment of financial assets

The loss allowances for financial assets are 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. Details of the key assumptions and inputs used are disclosed in the tables in Note 5.

### (h) Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

## 7 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating committee (the “Committee”) that are used to make strategic decisions.

The Committee considers the business from both a geographic and product perspective. From the product perspective, management considers the performance of property development and property investment. Property development businesses are further segregated geographically.

Other operations as carried out by the Group mainly include property management services, property sales agency services, as well as upfitting services. These are not included within the reportable operating segments, as they are not included in the reports provided to the Committee. The results of these operations are included in the “All other segments” column.

The Committee assesses the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Finance costs and corporate finance income are not included in the result for each operating segment that is reviewed by the Committee, as they are driven by activities of the central treasury function, which manages the cash position of the Group. The measure also excludes the effects of any unrealized gains from investments in joint ventures and associates as well as fair value gains from investment properties and corporate overheads. Other information provided to the Committee, except as noted below, is measured in a manner consistent with that in the financial statements.

Total segment assets exclude corporate cash and cash equivalents, investments in joint ventures and associates, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and deferred income tax assets, all of which are managed on a central basis. Total segment liabilities exclude borrowings, deferred income tax liabilities and financial liabilities at fair value through profit or loss, all of which are managed on a central basis as well. These are part of the reconciliation to total balance sheet assets and liabilities.

Transactions between segments are carried out at arm’s length. The revenue from external parties reported to the Committee is measured in a manner consistent with that in the consolidated income statement.

## 7 SEGMENT INFORMATION (Continued)

The segment information provided to the Committee for the reportable segments for the years ended 31 December 2019 and 2018 is as follows:

	Property development							Total RMB'000
	Beijing- Tianjin- Hebei RMB'000	Yangtze River Delta RMB'000	Yangtze Mid-stream and Chengdu- Chongqing RMB'000	Pearl River Delta RMB'000	Others RMB'000	Investment property RMB'000	All other segments RMB'000	
Year ended 31 December 2019								
Total revenue	12,520,979	8,756,308	5,816,982	10,753,054	5,272,759	696,250	11,149,096	54,965,428
Inter-segment revenue	(1,269)	–	–	(18,518)	–	(18,077)	(4,001,074)	(4,038,938)
Revenue (from external customers)	12,519,710	8,756,308	5,816,982	10,734,536	5,272,759	678,173	7,148,022	50,926,490
Segment operating profit	2,395,490	918,890	505,025	2,806,522	586,417	290,719	2,967,480	10,470,543
Depreciation and amortization (Note 40)	(16,957)	(3,915)	(775)	(6,027)	(536)	(475)	(237,843)	(266,528)
Year ended 31 December 2018								
Total revenue	9,603,837	6,968,862	4,150,029	8,018,733	7,113,782	1,105,395	9,003,598	45,964,236
Inter-segment revenue	(81,416)	(218,170)	–	(53,424)	(9,561)	(28,805)	(4,150,761)	(4,542,137)
Revenue (from external customers)	9,522,421	6,750,692	4,150,029	7,965,309	7,104,221	1,076,590	4,852,837	41,422,099
Segment operating profit	1,638,437	1,161,292	271,029	2,523,464	1,435,041	747,944	679,916	8,457,123
Depreciation and amortization (Note 40)	(2,221)	(1,246)	(500)	(1,289)	(726)	(898)	(89,060)	(95,940)
As at 31 December 2019								
Total segment assets	29,136,779	27,139,851	14,467,982	19,635,419	13,256,552	13,968,275	88,409,442	206,014,300
Additions to non-current assets (other than financial instruments and deferred income tax assets)	3,593	2,441	753	1,462	118	829,306	2,015,760	2,853,433
Total segment liabilities	15,834,204	16,320,481	5,266,442	9,691,546	8,722,999	691,947	34,655,477	91,183,096
As at 31 December 2018								
Total segment assets	32,535,979	16,035,925	13,350,224	28,608,288	15,042,635	18,311,388	88,006,682	211,891,121
Additions to non-current assets (other than financial instruments and deferred income tax assets)	56	2,842	1,614	1,371	4,291	4,806,533	2,027,106	6,843,813
Total segment liabilities	22,233,398	7,320,687	6,733,471	15,732,406	10,041,201	1,324,583	31,434,901	94,820,647

## 7 SEGMENT INFORMATION (Continued)

A reconciliation of segment operating profit to profit before income tax is provided as follows:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Segment operating profit	10,470,543	8,457,123
Corporate finance income	71,177	49,420
Corporate overheads	(738,156)	(613,121)
Fair value gains on investment properties (Note 13)	373,381	2,361,070
Other gains — net (Note 39)	698,520	1,339,960
Finance costs (Note 42)	(2,393,714)	(1,774,760)
Share of results of joint ventures	1,519,370	1,103,464
Share of results of associates	415,361	52,065
<b>Profit before income tax</b>	<b>10,416,482</b>	<b>10,975,221</b>

## 7 SEGMENT INFORMATION (Continued)

Reportable and other segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Total segment assets	206,014,300	211,891,121
Corporate cash and cash equivalents	2,615,636	3,993,503
Investments in joint ventures (Note 15)	17,355,309	20,330,505
Investments in associates (Note 16)	6,846,347	7,177,355
Financial assets at fair value through other comprehensive income (Note 18)	2,715,647	679,952
Financial assets at fair value through profit or loss (Note 19)	6,712,378	4,144,149
Deferred income tax assets (Note 34)	1,439,498	1,145,474
<b>Total assets per consolidated balance sheet</b>	<b>243,699,115</b>	<b>249,362,059</b>
Total segment liabilities	91,183,096	94,820,647
Current borrowings (Note 33)	9,295,332	15,424,825
Non-current borrowings (Note 33)	74,611,619	73,150,254
Deferred income tax liabilities (Note 34)	2,946,869	2,680,889
Financial liabilities at fair value through profit or loss (Note 37)	51,104	146,939
<b>Total liabilities per consolidated balance sheet</b>	<b>178,088,020</b>	<b>186,223,554</b>

For the year ended 31 December 2019, included in the revenue of sales of properties, RMB39,849,341,000 was recognised as a point in time, RMB3,250,954,000 was recognised over the period due to the adoption of HKFRS 15.

The Company is incorporated in Hong Kong, with most of its major subsidiaries domiciled in the PRC. Revenues from external customers of the Group are mainly derived in the PRC for the years ended 31 December 2019 and 2018.

As at 31 December 2019, total non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB38,178,235,000 (2018: RMB45,638,734,000), the total of these non-current assets located in Hong Kong is RMB431,394,000 (2018: RMB410,635,000) and in the United States is RMB1,292,270,000 (2018: RMB1,279,178,000).

For the year ended 31 December 2019 and 2018, the Group does not have any single customer with the transaction value over 10% of the total external sales.

## 8 PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Year ended 31 December 2019</b>							
Opening net book amount	692,996	333,134	14,023	51,435	54,204	1,266,451	2,412,243
Additions	48,145	12,117	1,879	26,191	9,520	453,512	551,364
Acquisition of subsidiaries	160	605	663	2,723	852	–	5,003
Transfer	1,086,679	207,661	–	–	–	(1,294,340)	–
Transfer from properties under development (Note 20)	–	–	–	–	–	1,018,867	1,018,867
Transfer to Investment properties	(47,276)	–	–	–	–	–	(47,276)
Disposals	(4,873)	(3,439)	(186)	(13,160)	(5,417)	–	(27,075)
Depreciation charge (Note 40)	(35,619)	(31,851)	(3,029)	(15,909)	(9,972)	–	(96,380)
Disposal of interests in subsidiaries	(1,026,340)	(515,802)	(658)	(15,302)	(2,814)	(480,510)	(2,041,426)
Closing net book amount	713,872	2,425	12,692	35,978	46,373	963,980	1,775,320
<b>At 31 December 2019</b>							
Cost	839,399	6,040	56,251	122,947	113,233	963,980	2,101,850
Accumulated depreciation	(125,527)	(3,615)	(43,559)	(86,969)	(66,860)	–	(326,530)
Net book amount	713,872	2,425	12,692	35,978	46,373	963,980	1,775,320
<b>Year ended 31 December 2018</b>							
Opening net book amount	292,089	4,309	14,985	27,896	63,236	858,873	1,261,388
Additions	54,969	1,946	4,862	48,890	6,674	759,757	877,098
Acquisition of subsidiaries	–	344,461	882	183	503	118,845	464,874
Transfer	467,765	3,259	–	–	–	(471,024)	–
Transfer from Investment properties (Note 13)	46,639	–	–	–	–	–	46,639
Disposals	(5,642)	(76)	(1,262)	(757)	(1,360)	–	(9,097)
Depreciation charge (Note 40)	(16,961)	(20,332)	(4,670)	(20,058)	(14,644)	–	(76,665)
Disposal of interests in subsidiaries	(145,863)	(433)	(774)	(4,719)	(205)	–	(151,994)
Closing net book amount	692,996	333,134	14,023	51,435	54,204	1,266,451	2,412,243
<b>At 31 December 2018</b>							
Cost	793,406	414,791	62,914	127,049	120,607	1,266,451	2,785,218
Accumulated depreciation	(100,410)	(81,657)	(48,891)	(75,614)	(66,403)	–	(372,975)
Net book amount	692,996	333,134	14,023	51,435	54,204	1,266,451	2,412,243



## 8 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense of RMB67,528,000 (2018: RMB59,255,000) has been charged in “cost of sales”, RMB28,852,000 (2018: RMB17,410,000) in “administrative expenses”.

Construction in progress as at 31 December 2019 and 2018 represents building and machinery being constructed and debugged mainly in Beijing, Dalian, Hangzhou, Guangzhou, Changzhou and Suzhou with intent use of senior housing or health care related services and operation of data centers.

As at 31 December 2019, Property, plant and equipments of the Group with carrying values of RMB80,194,000 (2018: RMB67,971,000), respectively, were pledged as collateral for the Group’s borrowings.

## 9 LEASES

### (a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December 2019 RMB'000	As at 1 January 2019 RMB'000
<b>Right-of-use assets</b>		
Buildings	190,472	2,562,826
Equipment	153	634
Vehicles	244	73
<b>Total right-of-use assets per consolidated balance sheet</b>	<b>190,869</b>	<b>2,563,533</b>
<b>Lease liabilities</b>		
Current	64,223	247,437
Non-current	130,257	2,280,381
<b>Total lease liabilities per consolidated balance sheet</b>	<b>194,480</b>	<b>2,527,818</b>

For adjustments recognised on adoption of HKFRS 16 on 1 January 2019, please refer to Note 4.

Decrease of the right-of-use assets and lease liabilities during this year is mainly due to the disposal of the relevant business line (Note 49 (b)(c)).

## 9 LEASES (Continued)

### (b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2019 RMB'000	2018 RMB'000
<b>Depreciation charge of right-of-use assets</b>		
Buildings	(152,825)	–
Equipment	(115)	–
Vehicles	(352)	–
<b>Total</b>	<b>(153,292)</b>	–
Interest expense (Note 42)	72,222	–

### (c) The Group's leasing activities and how these are accounted for

The Group mainly leases various offices. Rental contracts are typically made for fixed periods of 15 months to 15 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

## 10 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments in the PRC which are held on leases of less than 50 years (including 50 years). The movements are as follows:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
<b>At beginning of the year</b>	<b>235,794</b>	59,535
Addition	132,439	179,676
Transfer from properties under development (Note 20)	340,391	–
Amortization charge (Note 40)	(5,056)	(3,417)
Disposal of interests in subsidiaries (Note 49)	(523,002)	–
<b>At end of the year</b>	<b>180,566</b>	235,794

As at 31 December 2019, Land use rights of the Group with carrying values of RMB5,112,000 (2018: RMB5,245,000), respectively, were pledged as collateral for the Group's borrowings.

## 11 INTANGIBLE ASSETS

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
<b>At beginning of the year</b>	<b>453,278</b>	–
Addition	113	29,468
Acquisition of subsidiaries	–	439,668
Disposal of interests in subsidiaries (Note 49(a))	(412,009)	–
Amortization charge (Note 40)	(11,800)	(15,858)
<b>At end of the year</b>	<b>29,582</b>	453,278

## 12 GOODWILL

	RMB'000
Year ended 31 December 2019	
Opening net book amount	<b>514,039</b>
Disposal of interests in subsidiaries	<b>(324,463)</b>
Acquisition of subsidiaries	<b>35,560</b>
Derecognition of goodwill (Note 40)	<b>(29,428)</b>
Closing net book amount	<b>195,708</b>
At 31 December 2019	
Cost	<b>321,235</b>
Impairment charge	<b>(125,527)</b>
Net book amount	<b>195,708</b>
Year ended 31 December 2018	
Opening net book amount	99,168
Effects of the adoption of HKFRS 15	(9,582)
Acquisition of subsidiaries	578,963
Derecognition of goodwill (Note 40)	(154,510)
Closing net book amount	514,039
At 31 December 2018	
Cost	639,566
Impairment charge	(125,527)
Net book amount	514,039

Goodwill was generated from business combination and allocated to a cash generated unit or a group of cash generated units, from the acquisition date, that is expected to benefit from the synergies of the combination. Derecognition of goodwill allocated to a cash generated unit or a group of cash generated units was recognized due to disposal of the relevant properties.

## 12 GOODWILL (Continued)

Goodwill is allocated to the Group's cash generating units identified according to operating segment. An operating segment level summary of the goodwill allocation is presented below:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Property development (i)	81,677	111,104
Other (ii)	114,031	402,935
	195,708	514,039

- (i) Goodwill relating to property development arised from the acquisition of properties development companies, the impairment of such goodwill is considered together with the impairment of the inventories of the Group.
- (ii) As at 31 December 2019, such goodwill mainly arised from the companies engaging in the provision of property management service.

The recoverable amount of goodwill is determined based on value-in-use calculations, these calculations use cash flow projections based on management's financial budgets covering periods of no more than 5 years. The Group expects cash flows beyond such periods will be similar to that of the respective final forecast years on existing scale.

Key assumptions applied in the impairment test include the expected growth in revenue and gross margin, operating costs, selling and administrative expenses and discount rates and so on. Management determined these key assumptions based on past performance and its expectation on market development. Management believes that any reasonably possible change in any of these key assumption on which recoverable amounts are based may cause carrying amounts of goodwill to exceed their receoverable amounts. The results of the tests undertaken as at 31 December 2019 indicated no impairment charge was necessary.

### 13 INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
<b>At fair value</b>			
<b>Year ended 31 December 2019</b>			
At beginning of the year	11,051,632	5,153,701	16,205,333
Additions	–	86,398	86,398
Transfers from completed properties held for sale	718,858	–	718,858
Transfer from property, plant and equipment (a)	65,084	–	65,084
Disposal of interests in subsidiaries (Note 49)	(3,726,858)	(373,674)	(4,100,532)
Currency translation differences	18,482	–	18,482
Fair value gains recognized in profit or loss	182,806	190,575	373,381
Disposal of an investment property	(2,369)	–	(2,369)
Others	(36,437)	–	(36,437)
<b>At end of the year</b>	<b>8,271,198</b>	<b>5,057,000</b>	<b>13,328,198</b>

- (a) During the year, property, plant and equipment amounting to RMB47,276,000 was transferred to investment properties. The fair value gain on the transfer date amounting to RMB17,808,000 was recognized in other comprehensive income.

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
<b>At fair value</b>			
<b>Year ended 31 December 2018</b>			
At beginning of the year	17,279,920	–	17,279,920
Additions	627,356	187,532	814,888
Acquisition of a subsidiary	–	122,169	122,169
Transfer from properties under development (Note 20)	–	3,041,522	3,041,522
Transfer from completed properties held for sale	874,450	–	874,450
Transfer to property, plant and equipment (Note 8)	(46,639)	–	(46,639)
Disposal of interests in subsidiaries	(8,311,000)	–	(8,311,000)
Disposal of an investment property	(8,666)	–	(8,666)
Currency translation differences	87,180	–	87,180
Fair value gains	558,592	1,802,478	2,361,070
Others	(9,561)	–	(9,561)
<b>At end of the year</b>	<b>11,051,632</b>	<b>5,153,701</b>	<b>16,205,333</b>



### 13 INVESTMENT PROPERTIES (Continued)

#### (a) Amounts recognized in profit or loss for investment properties

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Rental income (Note 7)	678,173	1,076,590
Direct operating expenses arising from investment properties that generate rental income	(91,313)	(136,176)
Direct operating expenses that did not generate rental income	(36,717)	(69,456)
	550,143	870,958

As at 31 December 2019, the Group had no unprovided contractual obligations for future repairs and maintenance (2018: nil).

## 13 INVESTMENT PROPERTIES (Continued)

### (b) Valuation basis

Fair value measurements using significant unobservable inputs

	31 December 2019										
	Completed investment properties						Investment properties under development				
	Beijing RMB'000	Tianjin RMB'000	Dalian RMB'000	Hangzhou RMB'000	Hong Kong RMB'000	United States RMB'000	Sub-total RMB'000	Beijing RMB'000	Tianjin RMB'000	Wuhan RMB'000	Total RMB'000
Opening balance as at 1 January	5,637,646	342,000	460,000	2,977,000	355,808	1,279,178	11,051,632	4,844,000	246,026	63,675	16,205,333
Additions	-	-	-	-	-	-	-	22,425	119	63,854	86,398
Transfer from completed properties held for sale	-	718,858	-	-	-	-	718,858	-	-	-	718,858
Disposal of interests in subsidiaries (Note 49)	-	(718,858)	-	(3,008,000)	-	-	(3,726,858)	-	(246,145)	(127,529)	(4,100,532)
Transfer from property, plant and equipment	-	-	-	-	65,084	-	65,084	-	-	-	65,084
Disposal of an investment property	(2,369)	-	-	-	-	-	(2,369)	-	-	-	(2,369)
Currency translation differences	-	-	-	-	(6,207)	24,689	18,482	-	-	-	18,482
Net gains or losses from fair value adjustment	117,425	4,000	6,424	69,000	(2,447)	(11,596)	182,806	190,575	-	-	373,381
Others	1,987	-	(424)	(38,000)	-	-	(36,437)	-	-	-	(36,437)
Closing balance as at 31 December	5,754,689	346,000	466,000	-	412,238	1,292,271	8,271,198	5,057,000	-	-	13,328,198
Total gains or losses for the year ended 31 December 2019 included in profit or loss for assets held at the end of the year, under "Fair value gains on investment properties"	117,425	4,000	6,424	69,000	(2,447)	(11,596)	182,806	190,575	-	-	373,381
Change in unrealized gains or losses for the year ended 31 December 2019 included in profit or loss for assets held at the end of the year	117,425	4,000	6,424	69,000	(2,447)	(11,596)	182,806	190,575	-	-	373,381

## 13 INVESTMENT PROPERTIES (Continued)

### (b) Valuation basis (Continued)

	31 December 2018										
	Completed investment properties						Investment properties under development				
	Beijing RMB'000	Tianjin RMB'000	Dalian RMB'000	Hangzhou RMB'000	Hong Kong RMB'000	United States RMB'000	Sub-total RMB'000	Beijing RMB'000	Tianjin RMB'000	Wuhan RMB'000	Total RMB'000
Opening balance as at 1 January	12,239,440	1,114,000	460,000	2,565,000	315,036	586,444	17,279,920	–	–	–	17,279,920
Additions	1,672	–	–	–	34,992	590,692	627,356	–	123,857	63,675	814,888
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	122,169	–	122,169
Transfer from completed properties held for sale	–	596,084	–	278,366	–	–	874,450	–	–	–	874,450
Disposal of interests in subsidiaries	(7,197,000)	(1,114,000)	–	–	–	–	(8,311,000)	–	–	–	(8,311,000)
Transfer from properties under development (Note 20)	–	–	–	–	–	–	–	3,041,522	–	–	3,041,522
Transfer to property, plant and equipment (Note 8)	–	–	–	–	(46,639)	–	(46,639)	–	–	–	(46,639)
Disposal of an investment property	–	–	–	–	–	(8,666)	(8,666)	–	–	–	(8,666)
Currency translation differences	–	–	–	–	15,190	71,990	87,180	–	–	–	87,180
Net gains or losses from fair value adjustment	593,534	(234,484)	(6,113)	129,708	37,229	38,718	558,592	1,802,478	–	–	2,361,070
Others	–	(19,600)	6,113	3,926	–	–	(9,561)	–	–	–	(9,561)
Closing balance as at 31 December	5,637,646	342,000	460,000	2,977,000	355,808	1,279,178	11,051,632	4,844,000	246,026	63,675	16,205,333
Total gains or losses for the year ended 31 December 2018 included in profit or loss for assets held at the end of the year, under "Fair value gains on investment properties"	593,534	(234,484)	(6,113)	129,708	37,229	38,718	558,592	1,802,478	–	–	2,361,070
Change in unrealized gains or losses for the year ended 31 December 2018 included in profit or loss for assets held at the end of the year	593,534	(234,484)	(6,113)	129,708	37,229	38,718	558,592	1,802,478	–	–	2,361,070

## 13 INVESTMENT PROPERTIES (Continued)

### (b) Valuation basis (Continued)

#### *Valuation processes of the Group*

The Group measures its investment properties at fair value. The investment properties were mainly revalued by DTZ Cushman & Wakefield Limited, BMI Appraisals Limited and Colliers International, independent qualified valuers not related to the Group, who hold recognized relevant professional qualifications and have recent experiences in the location and segments of the investment properties valued, at 31 December 2019. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers after each valuation by the independent qualified valuers, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent qualified valuers.

#### *Valuation techniques*

Fair values of completed commercial properties in Beijing, Tianjin, Dalian, Hangzhou, Hong Kong and the United States are generally derived using the income capitalization method. These valuation methods are based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation 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.

Fair values of completed residential properties and commercial property in the United States is generally derived using the comparison approach by reference to recent sales price of comparable properties on a price per square feet basis, adjusted for a premium or a discount specific to the quality of the Group's building compared to the recent sales. Higher premium for higher quality buildings will results in a higher fair value measurement.

Fair value of under development commercial property in Beijing is generally derived from residual method. Residual method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit margin and risk from the estimated capital value of the proposed development assuming completion as at the date of valuation.

## 13 INVESTMENT PROPERTIES (Continued)

### (b) Valuation basis (Continued)

There were no changes to the valuation techniques during the year and there were no transfers between fair value hierarchy during the year.

*Significant unobservable inputs used to determine fair value*

- Completed investment properties

Description	Fair value at 31 Dec 2019 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs		Premium or discount for quality of properties (%)
			Prevailing market rents	Capitalization rates (%)	
Completed investment properties — Beijing	5,754,691	Income capitalization	RMB35 to RMB575 per month per square meter	6.25 to 7.00	N/A
Completed investment properties — Tianjin	346,000	Income capitalization	RMB62 to RMB291 per month per square meter	3.50 to 7.00	N/A
Completed investment properties — Dalian	466,000	Income capitalization	RMB67 to RMB112 per month per square meter	4.50 to 6.00	N/A
Completed investment properties — Hong Kong	412,237	Income capitalization	HKD60 to HKD70 per month per square feet	2.80 to 3.50	N/A
Completed investment properties — United States	340,439	Income capitalization	USD5 per month per square feet	6.00	N/A
Completed investment properties — United States	951,831	Comparison approach	N/A	N/A	-20.00 to 10.00

*Significant unobservable inputs used to determine fair value*

- Investment properties under development

Description	Fair value at 31 Dec 2019 (RMB'000)	Valuation technique(s)	Prevailing market rents	Range of significant unobservable inputs		Premium or discount for quality of properties (%)
				Capitalization rates (%)	Cost to completion	
Investment properties under development — Beijing	5,057,000	Residual method	RMB421 to RMB702 per month per square meter	4.00 to 6.50	RMB13,804 per square meter	N/A

## 13 INVESTMENT PROPERTIES (Continued)

### (b) Valuation basis (Continued)

Significant unobservable inputs used to determine fair value

- Completed investment properties

Description	Fair value at 31 Dec 2018 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs			Premium or discount for quality of properties (%)
			Prevailing market rents	Capitalization rates (%)		
Completed investment properties — Beijing	5,637,646	Income capitalization	RMB31 to RMB555 per month per square meter	6.25 to 7.00		N/A
Completed investment properties — Tianjin	342,000	Income capitalization	RMB61 to RMB325 per month per square meter	3.50 to 7.00		N/A
Completed investment properties — Dalian	460,000	Income capitalization	RMB67 to RMB111 per month per square meter	4.50 to 6.00		N/A
Completed investment properties — Hangzhou	2,977,000	Income capitalization	RMB87 to RMB538 per month per square meter	3.50 to 7.00		N/A
Completed investment properties — Hong Kong	355,808	Income capitalization	HKD19 to HKD63 per month per square feet	2.30 to 3.00		N/A
Completed investment properties — United States	347,634	Income capitalization	USD5 per month per square feet	6.75		N/A
Completed investment properties — United States	931,544	Comparison approach	N/A	N/A		-20.00 to 16.00

Significant unobservable inputs used to determine fair value

- Investment properties under development

Description	Fair value at 31 Dec 2018 (RMB'000)	Valuation technique(s)	Prevailing market rents	Range of significant unobservable inputs			Premium or discount for quality of properties (%)
				Capitalization rates (%)	Estimated price	Cost to completion	
Investment properties under development — Beijing	4,844,000	Residual method taking reference to comparison approach	RMB441 to RMB735 per month per square meter	4.50 to 6.50	RMB11,186 to RMB75,346 per square meter	RMB14,992 per square meter	N/A
Investment properties under development — Tianjin	246,026	Comparison approach	N/A	N/A	RMB75 to RMB3,033 per square meter	N/A	-2.00 to 19.00
Investment properties under development — Wuhan	63,675	Comparison approach	N/A	N/A	RMB361 to RMB1,318 per square meter	N/A	0.00 to 10.00

## 13 INVESTMENT PROPERTIES (Continued)

### (b) Valuation basis (Continued)

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Capitalization rates are estimated by valuers based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Premium or discount for quality of properties are estimated by valuers based on quality of properties, such as location, size, view, level and condition of the properties.

### (c) Non-current assets pledged as security

As at 31 December 2019 and 2018, investment properties of the Group with carrying values of RMB3,615,439,000 and RMB3,438,577,000, respectively, were pledged as collateral for the Group's borrowings.

As at 31 December 2018, investment properties of the Group with carrying values of RMB2,565,000,000, respectively, were pledged as collateral for the Group's capital instrument.



## 14 SUBSIDIARIES

The following is a list of the subsidiaries as at 31 December 2019 which, in the opinion of the directors, materially affect the results or assets of the Group:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2019	2018	2019	2018
(1) Sino-Ocean Holding Group (China) Limited 遠洋控股集團(中國)有限公司	PRC, Limited liability company	Property development in PRC	RMB7,064,870	100%	100%	-	-
(2) 遠洋國際建設有限公司	PRC, Limited liability company	Renovation service in PRC	RMB600,000	100%	100%	-	-
(3) 北京遠盛置業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	-	-
(4) Beijing Yuankun Real Estate Development Company, Limited 北京遠坤房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB500,000	100%	100%	-	-
(5) 北京萬洋世紀創業投資管理有限公司	PRC, Limited liability company	Consultant service in PRC	RMB341,000	100%	100%	-	-
(6) 北京碧城創業投資管理有限公司	PRC, Limited liability company	Consultant service in PRC	RMB336,000	100%	100%	-	-
(7) Beijing Qianyan Property Co., Ltd. 北京乾遠置業有限公司	PRC, Limited liability company	Investment holdings in PRC	RMB300,000	100%	100%	-	-
(8) Beijing Yuan Yang Building Co., Ltd. 北京遠洋大廈有限公司	PRC, Limited liability company	Investment property in PRC	USD30,000	72%	72%	28%	28%
(9) Beijing Wuhe Real Estate Development Company, Limited 北京五河房地產開發有限公司	PRC, Limited liability Company	Land development in PRC	RMB100,000	75%	75%	25%	25%
(10) Beijing Jun De Land Development Company Limited 北京駿德置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB90,000	100%	100%	-	-
(11) Beijing Dong Long Real Estate Development Co., Ltd. 北京東隆房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	USD12,370	85.72%	85.72%	14.28%	14.28%
(12) Beijing Jin He Wan Sheng Real Estate Development Company Limited 北京金和萬盛房地產開發有限公司	PRC, Limited liability Company	Land development in PRC	RMB75,000	100%	100%	-	-

## 14 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2019	2018	2019	2018
(13) Beijing Yuan Hao Land Development Company, Limited 北京遠豪置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB60,000	100%	100%	-	-
(14) Beijing Yuan He Real Estate Development Company Limited 北京遠河房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB30,000	100%	100%	-	-
(15) Beijing Tianlin Real Estate Development Company, Limited 北京市天麟房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB30,000	100%	100%	-	-
(16) 北京遠東新地置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB30,000	100%	100%	-	-
(17) Beijing Yin Gang Real Estate Development Company Limited 北京銀港房地產開發有限公司	PRC, Limited liability Company	Investment holdings in PRC	RMB10,000	100%	100%	-	-
(18) Beijing Yuan-lian Real Estate Development Company, Limited 北京遠聯置地房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB10,000	100%	100%	-	-
(19) Tianjin Pulida Real Estate Construction and Development Company Limited 天津普利達房地產建設開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB420,000	100%	100%	-	-
(20) Sino-Ocean Real Estate (Tianjin) Co., Ltd. 遠洋地產(天津)有限公司	PRC, Limited liability Company	Investment holding in PRC	RMB170,000	100%	100%	-	-
(21) 天津宇華房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB100,000	100%	100%	-	-
(22) Tianjin Yuanying Real Estate Development Company, Limited 天津市遠贏置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB30,000	100%	100%	-	-
(23) 大連新悅置業有限公司	PRC, Limited liability Company	Property development in PRC	USD241,000	100%	100%	-	-
(24) 大連匯洋置業有限公司	PRC, Limited liability Company	Property development in PRC	USD66,122	100%	100%	-	-
(25) 大連廣宇置業有限公司	PRC, Limited liability Company	Property development in PRC	USD363,200	100%	100%	-	-

## 14 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2019	2018	2019	2018
(26) 大連世甲置業有限公司	PRC, Limited liability Company	Property development in PRC	USD167,850	100%	100%	-	-
(27) Dalian Sunny-Ocean Property Limited 大連明遠置業有限公司	PRC, Limited liability Company	Property development in PRC	USD80,000	100%	100%	-	-
(28) 大連永圖置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD119,500	100%	100%	-	-
(29) Dalian Sky-Upright Property Limited 大連正乾置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD76,860	100%	100%	-	-
(30) 大連至遠置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD69,754	100%	100%	-	-
(31) 大連源豐置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD50,700	100%	100%	-	-
(32) 大連遠佳產業園開發有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD35,000	100%	100%	-	-
(33) Dalian Kaimeng Real Estate Co., Ltd. 大連凱盟房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB150,000	100%	100%	-	-
(34) 大連通遠房地產開發有限公司	PRC, Limited liability Company	Land development in PRC	RMB8,000	100%	100%	-	-
(35) 遠洋地產(遼寧)有限公司	PRC, Limited liability Company	Property development in PRC	RMB20,000	100%	100%	-	-
(36) 長春東方聯合置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB200,000	100%	100%	-	-
(37) 青島遠豪置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB150,000	100%	100%	-	-
(38) 遠洋地產(上海)有限公司	PRC, Limited liability Company	Property development in PRC	RMB20,000	100%	100%	-	-

## 14 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2019	2018	2019	2018
(39) 上海遠望置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB20,000	100%	100%	-	-
(40) 大連鑫融置業有限公司	PRC, Limited liability Company	Property development in PRC	USD120,000	100%	100%	-	-
(41) 遠洋地產(中山)開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	RMB720,000	100%	100%	-	-
(42) 中山市遠見房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB30,000	100%	100%	-	-
(43) 天基房地產開發(深圳)有限公司	PRC, Limited liability Company	Property development in PRC	HKD160,000	84.70%	84.70%	15.30%	15.30%
(44) 三亞南國奧林匹克花園有限公司	PRC, Limited liability Company	Property development in PRC	RMB64,100	100%	100%	-	-
(45) 海南浙江椰香村建設開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB15,000	100%	100%	-	-
(46) 北京天江通置業有限公司	PRC, Limited liability Company	Investment property in PRC	RMB4,123,112	100%	100%	-	-
(47) 天津遠頤房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	100%	100%	-	-
(48) 大連利遠置業有限公司	PRC, Limited liability Company	Property development in PRC	USD143,410	100%	100%	-	-
(49) 中山市遠恆房地產開發有限公司 ("Zhongshan Yuanheng")	PRC, Limited liability Company	Property development in PRC	RMB4,050,000	51%	51%	49%	49%
(50) 遠洋養老運營管理有限公司	PRC, Limited liability Company	Senior housing service in PRC	RMB500,000	100%	100%	-	-
(51) Tianjin Yuan-bin Real Estate Development Company, Limited 天津市遠濱房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB600,000	100%	100%	-	-

## 14 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2019	2018	2019	2018
(52) 大連宏宇置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	100%	100%	-	-
(53) 北京遠山置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	100%	100%	-	-
(54) 中山市博信房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB30,000	100%	51%	-	49%
(55) 盈創再生資源有限公司	PRC, Limited liability Company	Environmental technology in PRC	RMB361,670	96.19%	92.53%	3.81%	7.47%
(56) 青島遠洋華歐置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB10,000	100%	100%	-	-
(57) 悅軒(天津)置業投資有限公司	PRC, Limited liability Company	Property development in PRC	RMB350,000	100%	100%	-	-
(58) 上海銳盈置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB145,000	100%	100%	-	-
(59) 深圳市樂安房地產有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	100%	100%	-	-
(60) 杭州雨潤華府房地產有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	100%	100%	-	-
(61) 杭州遠鼎盛安置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB444,140	51%	51%	49%	49%
(62) 北京遠新資產管理有限公司	PRC, Limited liability Company	Investment property in PRC	RMB20,000	100%	100%	-	-
(63) 中山市彩虹投資管理有限公司	PRC, Limited liability Company	Investment management in PRC	RMB28,000	100%	100%	-	-
(64) 北京市佳利華經濟開發有限責任公司	PRC, Limited liability Company	Senior housing service in PRC	RMB30,000	100%	100%	-	-

## 14 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2019	2018	2019	2018
(65) 遠洋健康醫療投資管理(北京)有限公司	PRC, Limited liability Company	Health & medical service in PRC	RMB10,000	65%	65%	35%	35%
(66) Ocean Homeplus Property Service Corporation Limited 遠洋億家物業服務股份有限公司	PRC, Limited liability Company	Property Management in PRC	RMB104,000	100%	100%	-	-
(67) 上海遠匯置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB2,200,000	100%	100%	-	-
(68) 深圳市金楓房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	60%	60%	40%	40%
(69) 深圳市高誠達投資發展有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	80%	80%	20%	20%
(70) 三亞德商房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	USD30,000	100%	98.27%	-	1.73%
(71) 北京信馳置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB10,000	100%	100%	-	-
(72) 南京金遠置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB33,330	70%	70%	30%	30%
(73) 杭州宸遠招盛置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB100,000	50%	50%	50%	50%
(74) 上海椿萱茂養老服務有限公司	PRC, Limited liability Company	Senior housing service in PRC	RMB10,000	100%	100%	-	-
(75) 湖北福星惠譽常青置業有限公司 ("Hubei Fuxing")	PRC, Limited liability Company	Property development in PRC	RMB10,000	51%	61%	49%	39%
(76) 北京遠創置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB300,000	75%	75%	25%	25%
(77) 杭州宜品房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB170,000	100%	100%	-	-

## 14 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2019	2018	2019	2018
(78) 北京邦捨置業有限公司	PRC, Limited liability Company	Apartment service in PRC	RMB10,000	100%	100%	-	-
(79) 北京遠奧置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	100%	100%	-	-
(80) 天津濱海房地產經營有限公司	PRC, Limited liability Company	Property development in PRC	RMB100,000	60%	60%	40%	40%
(81) 秦皇島市海洋置業房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB100,000	100%	100%	-	-
(82) 遠洋地產鎮江有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	55%	55%	45%	45%
(83) 瀋陽銀基新世紀置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB150,000	100%	100%	-	-
(84) 廣州市遠翔房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB1,800,000	100%	100%	-	-
(85) 青島遠佳置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB666,670	100%	100%	-	-
(86) 北京遠川房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB20,000	100%	100%	-	-
(87) 成都恆茂置地有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	100%	100%	-	-
(88) 溧陽宏景房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB300,000	40%	40%	60%	60%
(89) 台州環僑置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB20,000	40%	40%	60%	60%
(90) 河北遠坤房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB10,000	100%	100%	-	-



## 14 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2019	2018	2019	2018
(91) 南京遠乾置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB20,000	100%	100%	-	-
(92) 西安遠洋中央公園置業有限責任公司	PRC, Limited liability Company	Property development in PRC	USD80,000	100%	100%	-	-
(93) 天津城投濱海房地產經營有限公司	PRC, Limited liability Company	Property development in PRC	RMB200,000	64.28%	64.28%	35.72%	35.72%
(94) 中山市遠昇房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB20,400	75%	75%	25%	25%
(95) 重慶遠香房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB32,108	50%	50%	50%	50%
(96) 重慶遠基房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB667,000	50%	50%	50%	50%
(97) 北京商務中心區開發建設有限責任公司	PRC, Limited liability Company	Land development in PRC	RMB680,850	47%	47%	53%	53%
(98) 大連宏澤置業有限公司	PRC, Limited liability Company	Property development in PRC	USD15,000	100%	100%	-	-
(99) 福州世遠置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB20,000	50%	-	50%	-
(100) 山西明遠房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB10,000	80%	-	20%	-
(101) 貴州築宸府置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB-	80%	-	20%	-
(102) 秦皇島潤海房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB636,000	100%	-	-	-

## 14 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2019	2018	2019	2018
(103) 秦皇島潤濱房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB212,000	100%	–	–	–
(104) 秦皇島潤鴻房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB21,200	100%	–	–	–
(105) 秦皇島潤澤房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB21,200	100%	–	–	–
(106) 秦皇島潤港房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB21,200	100%	–	–	–
(107) 秦皇島潤鑫房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB21,200	100%	–	–	–
(108) 上海崇遠企業管理諮詢有限公司	PRC, Limited liability Company	Property development in PRC	RMB10,000	100%	–	–	–
(109) 茂名市錦繡河山房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB19,000	51%	–	49%	–
(110) 龍巖遠盛房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB–	51%	–	49%	–
(111) 上海潤翔商務諮詢有限公司	PRC, Limited liability Company	Property development in PRC	RMB161,925	56.77%	–	43.23%	–
(112) 上海攬海房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB229,325	41.03%	–	58.97%	–
(113) 上海雋品置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	51%	–	49%	–
(114) 杭州雋遠置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	51%	–	49%	–
(115) 昆明滇洱房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB12,500	70%	–	30%	–

## 14 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2019	2018	2019	2018
(116) 蘇州奧遠房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB20,000	34%	–	66%	–
(117) 湖南樂住置業投資有限公司	PRC, Limited liability Company	Property development in PRC	RMB30,000	95%	–	5%	–
(118) 石家莊遠俊房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB–	51%	–	49%	–
(119) 貴陽遠匯房地產開發有限公司	PRC, Limited liability Company	Property development in PRC	RMB50,000	100%	–	–	–
(120) 天津遠洋匯基置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB–	100%	–	–	–
(121) 大連盈合置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB–	100%	–	–	–
(122) 宜興遠博置業有限公司	PRC, Limited liability Company	Property development in PRC	RMB20,000	100%	–	–	–
(123) 大連峰景美墅地產發展有限公司	PRC, Limited liability Company	Property development in PRC	RMB181,614	100%	–	–	–
(124) Sino-Ocean Land (Hong Kong) Limited 遠洋地產(香港)有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD10	100%	100%	–	–
(125) Gemini Investments (Holdings) Limited 盛洋投資(控股)有限公司	Hong Kong, HK Listed Company	Investment holding in Hong Kong	HKD22,550	69.23%	69.23%	30.77%	30.77%
(126) Shine Wind Development Limited 耀勝發展有限公司	BVI, Limited Company	Investment holding in BVI	USD10	100%	100%	–	–
(127) Mission Success Limited 穎博有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD–	100%	100%	–	–
(128) Dynamic Class Limited 昇能有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD–	100%	100%	–	–
(129) Mega Precise Profits Limited	BVI, Limited Company	Investment holding in BVI	USD–	100%	100%	–	–
(130) Smart State Properties Limited	BVI, Limited Company	Investment holding in BVI	USD–	100%	100%	–	–

## 14 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2019	2018	2019	2018
(131) Faith Ocean International Limited 信洋國際有限公司	BVI, Limited Company	Investment holding in BVI	USD-	100%	100%	-	-
(132) World Luck Corporation Limited 寰福有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD-	100%	100%	-	-
(133) Fame Gain Holdings Limited 名得控股有限公司	BVI, Limited Company	Investment holding in BVI	USD-	100%	100%	-	-
(134) Sino-Ocean Land Property Development Limited 遠洋地產國際發展有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD20	100%	100%	-	-
(135) Fast Fame Capital Investment Limited 迅榮創富有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD-	100%	100%	-	-
(136) Steed Wind Limited 驥風有限公司	BVI, Limited Company	Investment holding in BVI	HKD-	50%	50%	50%	50%
(137) Max Star Ent. Ltd 盛星企業有限公司	BVI, Limited Company	Investment holding in BVI	RMB667,010	50%	50%	50%	50%
(138) Glory Soar Limited 軒鵬有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD-	50%	50%	50%	50%
(139) Sino-Ocean Land Treasure Finance I Limited	BVI, Limited Company	Investment holding in BVI	HKD-	100%	100%	-	-
(140) Sino-Ocean Land Treasure Finance II Limited	BVI, Limited Company	Investment holding in BVI	HKD-	100%	100%	-	-
(141) Sino-Ocean Land Treasure III Limited	BVI, Limited Company	Investment holding in BVI	HKD-	100%	100%	-	-
(142) Sino-Ocean Land Treasure IV Limited	BVI, Limited Company	Investment holding in BVI	HKD-	100%	100%	-	-
(143) Ample Base Developments Limited 基博發展有限公司	BVI, Limited Company	Property development in Hong Kong	HKD-	100%	-	-	-
(144) Alpha Advent Ventures Limited	BVI, Limited Company	Property development in Hong Kong	HKD1,163	100%	-	-	-
(145) New Advance Limited	Hong Kong, Limited Company	Property development in Hong Kong	HKD1,000	100%	-	-	-

## 14 SUBSIDIARIES (Continued)

### (a) Material non-controlling interests

The total non-controlling interest as at 31 December 2019 is RMB15,703,909,000 which mainly consists of non-controlling interest of RMB2,039,252,000 and non-controlling interest of RMB430,371,000 deriving from Zhongshan Yuanheng and Hubei Fuxing being 51% and 51% owned subsidiaries, respectively. The non-controlling interest in respect of other subsidiaries is not material.

Cash and short-term deposits held by Zhongshan Yuanheng and Hubei Fuxing amounted to RMB403,184,000 in aggregate are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

### Summarized balance sheet

	Zhongshan Yuanheng		Hubei Fuxing	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Assets	<b>4,290,452</b>	4,096,453	<b>2,619,749</b>	4,169,215
Liabilities	<b>(155,278)</b>	(383,869)	<b>(1,669,058)</b>	(3,442,983)
Total current net assets	<b>4,135,174</b>	3,712,584	<b>950,691</b>	726,232
Non-current				
Assets	<b>26,565</b>	404,344	<b>216,617</b>	652,534
Liabilities	–	–	<b>(289,000)</b>	(742,000)
Total non-current net assets	<b>26,565</b>	404,344	<b>(72,383)</b>	(89,466)
Net assets	<b>4,161,739</b>	4,116,928	<b>878,308</b>	636,766
Accumulated non-controlling Interest	<b>2,039,252</b>	2,017,295	<b>430,371</b>	248,339

## 14 SUBSIDIARIES (Continued)

### Summarized income statement

	Zhongshan Yuanheng		Hubei Fuxing	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	98,848	819,900	2,567,705	1,649,323
Profit before income tax	65,785	324,793	528,563	152,107
Income tax expense	(23,016)	(133,453)	(157,068)	(52,654)
Post-tax profit	42,769	191,340	371,495	99,453
Total comprehensive income	42,769	191,340	371,495	99,453
Total comprehensive income allocated to non-controlling Interests	20,957	93,757	182,032	38,787

### Summarized cash flows

	Zhongshan Yuanheng		Hubei Fuxing	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Cash (used in)/generated from operations	(320,395)	(3,507,382)	19,397	(303,714)
Interest paid	–	(267,137)	(69,490)	(40,878)
Income tax paid	(75,557)	–	(138,687)	(54,995)
Net cash used in operating activities	(395,952)	(3,774,519)	(188,780)	(399,587)
Net cash generated from/(used in) investing activities	392,679	(267,853)	919,723	(127,064)
Net cash generated from/(used in) financing activities	–	3,950,000	(352,990)	227,000
Net (decrease)/increase in cash and cash equivalents	(3,273)	(92,372)	377,953	(299,651)
Cash and cash equivalents at beginning of the year	5,611	97,983	22,893	322,544
Cash and cash equivalents at end of the year	2,338	5,611	400,846	22,893

The information above is the amount before inter-company eliminations.

## 15 INVESTMENTS IN JOINT VENTURES

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
At beginning of the year	20,330,505	14,720,119
Effects of the adoption of HKFRS 15	–	1,503
Capital injection	2,648,574	6,047,711
Dividend	(611,301)	(490,773)
Disposal	(1,633,415)	(436)
Deemed disposal of joint ventures	(2,082,769)	–
Increase due to disposal of interest in subsidiaries (Note 49(e))	170,541	361,542
Decrease due to disposal of interest in a subsidiary (Note 49(a))	(2,870,370)	–
Share of results of joint ventures — after adjustment for unrealized profit or loss from inter-company transactions between the Group and the joint ventures	1,389,216	1,030,107
Share of other equity movement of equity accounted investee (i)	–	(1,463,874)
Currency translation difference	14,328	124,606
At end of the year	17,355,309	20,330,505

(i) This represents the share of the changes in other comprehensive income of the joint venture of the Group.



## 15 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2019, all of which are unlisted:

	Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2019	Effective interest held as at 31 December 2018	Nature of relationship	Principal activities
(1)	Beijing Linlian Property Company Limited 北京麟聯置業有限公司	PRC	Limited liability Company	RMB400,000	50%	50%	(iii)	Land and property development
(2)	Chengdu Qianhao Real Estate Company Limited 成都乾豪置業有限公司	PRC	Limited liability Company	USD329,000	50%	50%	(iii)	Land and property development
(3)	Chengdu Yingang Real Estate Company Limited 成都銀港置業有限公司	PRC	Limited liability Company	RMB8,000	50%	50%	(iii)	Land and property development
(4)	北京遠騰置業有限公司	PRC	Limited liability Company	RMB1,820,000	50%	50%	(iii)	Land and property development
(5)	深圳市遠盛業投資有限公司	PRC	Limited liability Company	RMB200,000	51%	51%	(i), (iv)	Investment management
(6)	北京遠洋新光商業管理有限公司	PRC	Limited liability Company	RMB5,000	50%	50%	(iv)	Investment management
(7)	北京遠新房地產開發有限公司	PRC	Limited liability Company	RMB100,000	50%	50%	(iii)	Land and property development
(8)	北京遠洋新揚子資產管理有限公司	PRC	Limited liability Company	RMB2,000	50%	50%	(iv)	Investment management
(9)	鴻基偉業(北京)房地產開發有限公司	PRC	Limited liability Company	RMB20,000	50%	50%	(iii)	Land and property development
(10)	北京房地鑫洋房地產開發有限公司	PRC	Limited liability Company	RMB30,000	30%	30%	(ii), (iii)	Land and property development
(11)	Tianjin Yijiahe Real Estate Company Limited 天津市億嘉合置業有限公司	PRC	Limited liability Company	RMB80,000	51%	51%	(i), (iii)	Land and property development
(12)	南京綠洋置業有限公司	PRC	Limited liability Company	RMB20,000	50%	50%	(iii)	Land and property development
(13)	Gemini-Rosemont Realty LLC	USA	Limited liability Company	USD68,360	45%	45%	(ii), (iii)	Land and property development
(14)	SOL Investment Fund LP	Cayman island	Limited Liability Partnership	HKD2,679,000	50%	50%	(iv)	Investment management
(15)	香河萬潤新元房地產開發有限公司	PRC	Limited liability company	RMB85,000	20%	20%	(ii), (iii)	Land and property development
(16)	北京穎暉置業有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development

## 15 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2019, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2019	Effective interest held as at 31 December 2018	Nature of relationship	Principal activities
(17) 北京房地天銳鑫洋房地產開發有限公司	PRC	Limited liability company	RMB41,180	30%	30%	(ii), (iii)	Land and property development
(18) 上海新證財經信息諮詢有限公司	PRC	Limited liability company	RMB142,500	45%	45%	(ii), (v)	Consulting service
(19) 中山市大信融佳商業投資有限公司	PRC	Limited liability company	RMB1,000	50%	25%	(iv)	Investment management
(20) 北京卓信瑞通投資有限公司	PRC	Limited liability company	RMB1,000	33%	33%	(ii), (iv)	Investment management
(21) 天津旭浩房地產開發有限公司	PRC	Limited liability company	RMB120,000	25%	25%	(ii), (iii)	Land and property development
(22) 北京紫金長寧房地產開發有限公司	PRC	Limited liability company	RMB198,500	50%	50%	(iii)	Land and property development
(23) 北京中聯置地房地產開發有限公司	PRC	Limited liability company	RMB560,000	49%	49%	(ii), (iii)	Land and property development
(24) 信銀振華三號房地產私募投資基金	PRC	Limited Liability partnership	RMB8,100,000	33%	33%	(ii), (iv)	Investment management
(25) 天津市遠銘置業有限公司	PRC	Limited liability company	RMB50,000	42%	42%	(ii), (iii)	Land and property development
(26) 北京新揚子投資基金管理中心(有限合夥)	PRC	Limited Liability partnership	RMB1,000,000	50%	50%	(iv)	Investment management
(27) 廊坊市裕豐房地產開發有限公司	PRC	Limited liability company	RMB50,000	25.5%	51%	(i), (iii)	Land and property development
(28) 北京房地銘洋房地產開發有限公司	PRC	Limited liability company	RMB30,000	49%	49%	(ii), (iii)	Land and property development
(29) 武漢遠慧企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	15%	15%	(ii), (iv)	Investment management
(30) 武漢遠正企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	15%	15%	(ii), (iv)	Investment management
(31) 張家口富利嘉房地產開發有限公司	PRC	Limited liability company	RMB30,000	60%	60%	(i), (iii)	Land and property development
(32) 河北川匯房地產開發有限公司	PRC	Limited liability company	RMB5,000	51%	51%	(i), (iii)	Land and property development
(33) 石家莊永熹房地產開發有限公司	PRC	Limited liability company	RMB10,000	20%	20%	(ii), (iii)	Land and property development
(34) 深圳市遠康置地投資有限公司	PRC	Limited liability company	RMB50,000	65%	65%	(i), (iv)	Investment management

## 15 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2019, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2019	Effective interest held as at 31 December 2018	Nature of relationship	Principal activities
(35) 長春王府井遠洋商業投資有限公司	PRC	Limited liability company	RMB50,000	40%	40%	(ii), (iv)	Investment management
(36) 中山祥盛房地產開發有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development
(37) 深圳市奧益投資有限公司	PRC	Limited liability company	RMB50,000	55%	55%	(i), (iv)	Investment management
(38) 合肥永拓置業發展有限公司	PRC	Limited liability company	RMB400,000	25%	25%	(ii), (iii)	Land and property development
(39) 深圳市國通厚德房地產開發有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i), (iii)	Land and property development
(40) 鄭州建業十八城置業有限公司	PRC	Limited liability company	RMB200,000	50%	50%	(iii)	Land and property development
(41) 北京潭拓興業房地產開發有限公司	PRC	Limited liability company	RMB300,000	10%	10%	(ii), (iii)	Land and property development
(42) 北京遠創興茂置業有限公司	PRC	Limited liability company	RMB100,000	40%	40%	(ii), (iii)	Land and property development
(43) 昆明吉興達房地產開發有限公司	PRC	Limited liability company	RMB200,000	20%	55%	(ii), (iii)	Land and property development
(44) 愛車(天津)房地產開發有限公司	PRC	Limited liability company	RMB150,000	49.98%	49.98%	(iii)	Land and property development
(45) 贏家(天津)房地產開發有限公司	PRC	Limited liability company	RMB850,000	49.98%	49.98%	(iii)	Land and property development
(46) 山西龍城遠洋置業有限公司	PRC	Limited liability company	RMB10,000	44%	44%	(ii), (iii)	Land and property development
(47) 成都嘉豆房地產有限責任公司	PRC	Limited liability company	RMB10,000	60%	60%	(i), (iii)	Land and property development
(48) 北京創遠亦程置業有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development
(49) 佛山昱辰房地產開發有限公司	PRC	Limited liability company	RMB20,000	50%	50%	(iii)	Land and property development
(50) 太倉遠匯置業有限公司	PRC	Limited liability company	RMB200,000	34%	34%	(ii), (iii)	Land and property development
(51) 北京遠和置業有限公司	PRC	Limited liability company	RMB810,000	25%	25%	(ii), (iii)	Land and property development
(52) 杭州雋洋置業有限公司	PRC	Limited liability company	RMB50,000	49%	49%	(ii), (iii)	Land and property development

## 15 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2019, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2019	Effective interest held as at 31 December 2018	Nature of relationship	Principal activities
(53) 珠海市遠致房地產開發有限公司	PRC	Limited liability company	RMB50,000	70%	70%	(i), (iii)	Land and property development
(54) 河南優居房地產開發有限公司	PRC	Limited liability company	RMB20,000	25.5%	51%	(ii), (iii)	Land and property development
(55) 上海遠緒置業有限公司	PRC	Limited liability company	RMB10,000	50%	50%	(iii)	Land and property development
(56) 天津吉慶置業有限公司	PRC	Limited liability company	RMB30,000	50%	50%	(iii)	Land and property development
(57) 鄭州遠啟博奧企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i), (iv)	Investment management
(58) 鄭州博鼎企業管理諮詢有限公司	PRC	Limited liability company	RMB20,000	55%	55%	(i), (iv)	Investment management
(59) 北京遠創興城置業有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development
(60) 中山市遠閣房地產開發有限公司	PRC	Limited liability company	RMB40,000	51%	50%	(i), (iii)	Land and property development
(61) 中山市遠隆房地產開發有限公司	PRC	Limited liability company	RMB1,000	70%	70%	(i), (iii)	Land and property development
(62) 北京百思得科技服務有限公司	PRC	Limited liability company	RMB10,000	30%	30%	(ii), (v)	Sanitation service
(63) 中山盛哲房地產開發有限公司	PRC	Limited liability company	RMB20,000	30%	30%	(ii), (iii)	Land and property development
(64) 重慶國際高爾夫俱樂部有限公司	PRC	Limited liability company	RMB96,290	42.5%	42.5%	(ii), (iii)	Land and property development
(65) 西安恆正隆房地產有限公司	PRC	Limited liability company	RMB100,000	34%	51%	(ii), (iii)	Land and property development
(66) 遠洋邦置業有限公司	PRC	Limited liability company	RMB200,000	50%	50%	(iii)	Land and property development
(67) 北京穎融企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i), (iv)	Investment management
(68) 北京穎創企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i), (iv)	Investment management
(69) 長沙遠曜投資管理合夥企業	PRC	Limited liability company	RMB632,642	24.96%	49.92%	(ii), (iv)	Investment management
(70) 北京樂優富拓投資有限公司	PRC	Limited liability company	RMB1,000	25%	25%	(ii), (iv)	Investment management

## 15 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2019, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2019	Effective interest held as at 31 December 2018	Nature of relationship	Principal activities
(71) 嘉興金久房地產開發有限公司	PRC	Limited liability company	RMB8,000	33%	33%	(ii), (iii)	Land and property development
(72) 龍洋生命(開曼)有限公司	PRC	Limited liability company	RMB184,600	50%	50%	(iii)	Land and property development
(73) SO CTCO Investments, L.P.	Cayman island	Limited liability company	USD100,000	50%	50%	(iv)	Investment management
(74) 石家莊新聯遠鴻房地產開發有限公司	PRC	Limited liability company	RMB100,000	31%	51%	(ii), (iii)	Land and property development
(75) 石家莊州贊房地產開發有限公司	PRC	Limited liability company	RMB5,000	31%	51%	(ii), (iii)	Land and property development
(76) 河北裕悅房地產開發有限公司	PRC	Limited liability company	RMB10,000	55%	55%	(i), (iii)	Land and property development
(77) 西安遠瑞置業有限公司	PRC	Limited liability company	RMB10,000	60%	60%	(i), (iii)	Land and property development
(78) 溫州龍巖陵園有限公司	PRC	Limited liability company	USD66,700	50%	50%	(iii)	Land and property development
(79) 天津市遠馳房地產開發有限公司	PRC	Limited liability company	RMB400,000	50%	50%	(iii)	Land and property development
(80) 北京睿暉商業管理有限公司	PRC	Limited liability company	RMB1,000	50%	50%	(iii)	Land and property development
(81) 北京睿鴻商業管理有限公司	PRC	Limited liability company	RMB1,000	50%	50%	(iii)	Land and property development
(82) 濟南全眾信息科技有限公司	PRC	Limited liability company	RMB50,000	50%	50%	(iv)	Investment management
(83) Sino-Ocean Meridian Holding	USA	Limited liability company	USD33,333	40%	40%	(ii), (iv)	Investment management
(84) TSKY Carinhill Pte. Ltd	SG	Limited liability company	USD20,000	30%	—	(ii), (iii)	Land and property development
(85) 杭州遠洋新河酒店置業有限公司	PRC	Limited liability company	USD132,590	60%	100%	(i), (iii)	Land and property development
(86) 杭州遠洋運河商務區開發有限公司	PRC	Limited liability company	USD143,210	60%	100%	(i), (iii)	Land and property development

## 15 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2019, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2019	Effective interest held as at 31 December 2018	Nature of relationship	Principal activities
(87) 杭州遠洋天祺置業有限公司	PRC	Limited liability company	USD147,760	60%	100%	(i), (iii)	Land and property development
(88) 太原吉飛通房地產開發有限公司	PRC	Limited liability company	RMB10,000	51%	5%	(i), (iii)	Land and property development
(89) 蘇州嶼秀房地產開發有限公司	PRC	Limited liability company	RMB480,000	16.5%	16.5%	(ii), (iii)	Land and property development

- (i) Although the Group holds more than 50% of the equity shares of these entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of the these entities. Accordingly, these entities are considered as joint ventures of the Group by the directors.
- (ii) Although the Group holds less than 50% of the equity shares of these entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of these entities. Accordingly, these entities are considered as joint ventures of the Group by the directors.
- (iii) Investments in these joint ventures provide more opportunities to explore business in property development and investment properties.
- (iv) Investments in these joint ventures provide more opportunities to explore business in real estate investment activities.
- (v) Investments in these joint ventures provide more opportunities for the Group to explore business in other business activities.
- (vi) As at 31 December 2019, the Group has the outstanding capital commitment to joint ventures amounting to RMB271,125,000. (2018: RMB579,425,000).

## 15 INVESTMENTS IN JOINT VENTURES (Continued)

### (b) Individually immaterial joint venture

The Group has interests in individually immaterial joint ventures that are accounted for using the equity method.

	2019 RMB'000	2018 RMB'000
Aggregate carrying amount of individually immaterial joint ventures	17,355,309	20,330,505
Aggregate amounts of the Group's share of:		
Profit from continuing operations	1,519,370	1,103,464
Other comprehensive income	–	(1,463,874)
Total comprehensive income	1,519,370	(360,410)

## 16 INVESTMENTS IN ASSOCIATES

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
At beginning of the year	7,177,355	4,562,962
Effects of the adoption of HKFRS 15	–	20,022
Capital injection	164,009	2,788,550
Disposal	(32,729)	–
Dividend	(85,959)	–
Deemed disposal of associates	–	(267,492)
Increase due to disposal of interest in subsidiaries (Note 49(a))	2,001,590	–
Decrease due to disposal of interest in a subsidiary (Note 49(a))	(2,777,569)	–
Share of results of associates — after adjustment for unrealized profit or loss from inter-company transactions between the Group and the associates	335,257	(44,880)
Currency translation difference	64,393	118,193
At end of the year	6,846,347	7,177,355



## 16 INVESTMENTS IN ASSOCIATES (Continued)

(a) Following are the details of all of the associates of the Group at 31 December 2019:

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2019	Effective interest held as at 31 December 2018	Nature of the relationship	Principal activities
(1) Guoshou Yuantong Real Estate Company Limited 國壽遠通置業有限公司	PRC	Limited liability Company	RMB2,500,000	10%	10%	(i),(ii)	Property development and investment services
(2) Beijing Shengyong Property Development and investment Company Limited 北京盛永置業投資有限公司	PRC	Limited liability Company	RMB500,000	35%	35%	(ii)	Property development and investment services
(3) CIGIS (China) Company Limited 建設綜合勘察研究設計院有限公司	PRC	Limited liability Company	RMB50,000	35%	35%	(iii)	Survey and design
(4) Chongqing Yuanteng Real Estate Development Limited 重慶遠騰房地產開發有限公司	PRC	Limited liability Company	RMB1,100,000	42.5%	42.5%	(ii)	Land and property development
(5) 北京興佰君泰房地產開發有限公司	PRC	Limited liability Company	RMB90,000	21%	21%	(ii)	Land and property development
(6) 北京達成光遠置業有限公司	PRC	Limited liability Company	RMB100,000	23%	23%	(ii)	Land and property development
(7) 廣州宏軒房地產開發有限公司	PRC	Limited liability Company	RMB300,000	16.66%	16.66%	(i),(ii)	Land and property development
(8) 廣州宏嘉房地產開發有限公司	PRC	Limited liability Company	RMB300,000	16.66%	16.66%	(i),(ii)	Land and property development
(9) 廣州環畔房地產開發有限公司	PRC	Limited liability Company	RMB300,000	16.66%	16.66%	(i),(ii)	Land and property development
(10) 深圳遠景融資租賃有限公司	PRC	Limited liability Company	USD200,000	45%	45%	(iii)	Finance lease
(11) 中交地產(海口)有限公司	PRC	Limited liability Company	RMB400,000	30%	30%	(ii)	Land and property development
(12) Beijing Capital Juda Limited. 首創鉅大有限公司	Cayman Island	Limited liability Company	HKD20,345	9.9%	9.9%	(i),(ii)	Land and property development
(13) China Logistics Property Holdings Co., Ltd 中國物流資產控股有限公司	Cayman Island	Limited liability Company	USD184	8.87%	8.87%	(i),(iii)	Operation of logistics
(14) 深圳市遠景置業有限公司	PRC	Limited liability Company	RMB20,000	50.75%	38.25%	(ii)	Land and property development
(15) 重慶騰基物業管理有限公司	PRC	Limited liability Company	RMB3,000	49%	49%	(ii)	Land and property development
(16) 重慶遠朗房地產開發有限公司	PRC	Limited liability Company	RMB233,540	50%	50%	(ii)	Land and property development

## 16 INVESTMENTS IN ASSOCIATES (Continued)

(a) Following are the details of all of the associates of the Group at 31 December 2019: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2019	Effective interest held as at 31 December 2018	Nature of the relationship	Principal activities
(17) 杭州北農房地產開發有限公司	PRC	Limited liability Company	RMB100,000	50%	50%	(ii)	Land and property development
(18) 武漢遠駿置業有限公司	PRC	Limited liability Company	RMB50,000	34%	34%	(ii)	Land and property development
(19) 長春市元亨房地產開發有限公司	PRC	Limited liability Company	RMB10,000	20%	20%	(ii)	Land and property development
(20) 天津遠卓商貿有限公司	PRC	Limited liability Company	RMB10,000	15%	15%	(i),(iv)	Investment management
(21) 天津中建致恆地產有限公司	PRC	Limited liability Company	RMB70,000	42.86%	42.86%	(ii)	Land and property development
(22) 石家莊安聯房地產開發有限公司	PRC	Limited liability Company	RMB20,000	30%	30%	(ii)	Land and property development
(23) 江西軍邦房地產開發有限公司	PRC	Limited liability Company	RMB30,000	51%	51%	(ii)	Land and property development
(24) 成都青銅匯股權投資基金合夥 企業(有限合夥)	PRC	Limited Liability partnership	RMB700,000	42.86%	42.86%	(iv)	Investment management
(25) 北京瑞成永創科技有限公司	PRC	Limited liability Company	RMB50,000	22.2%	22.2%	(v)	Scientific research and technical services
(26) 廈門國遠同豐置業有限公司	PRC	Limited liability Company	RMB98,000	51.02%	51.02%	(ii)	Land and property development
(27) 南昌國遠盈潤置業有限公司	PRC	Limited liability Company	RMB98,000	49%	49%	(ii)	Land and property development
(28) 北京融德房地產開發有限公司	PRC	Limited liability Company	RMB687,000	49%	49%	(ii)	Land and property development
(29) Coldwest Fund I LP	Cayman Island	Limited liability Company	USD105,000	47.62%	47.62%	(iv)	Investment management
(30) Delos China (HK) Limited	HK	Limited liability Company	USD16,000	25%	25%	(ii)	Healthy renovation service
(31) 北京融平企業管理服務有限公司	PRC	Limited liability Company	RMB687,000	49%	49%	(iii)	Land and property development
(32) 上海棟鼎企業管理有限公司	PRC	Limited liability Company	RMB30,000	49%	49%	(iv)	Land and property development
(33) 北京誼誠置業有限公司	PRC	Limited liability Company	RMB10,000	21%	21%	(ii)	Land and property development

## 16 INVESTMENTS IN ASSOCIATES (Continued)

(a) Following are the details of all of the associates of the Group at 31 December 2019: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2019	Effective interest held as at 31 December 2018	Nature of the relationship	Principal activities
(34) Fortune Joy Ventures Limited	BVI	Limited liability Company	RMB580,000	49%	100%	(v)	Investment management
(35) 上饒市棕遠生態環境有限公司	PRC	Limited liability Company	RMB320,000	28.98%	-	(v)	Environmental governance

Among the associates mentioned above, Beijing Capital Juda Limited and China Logistics Property Holdings Co., Ltd are listed on Stock Exchange of Hong Kong Ltd, the quoted fair value and carrying amount thereof presented as below:

Name	Country of incorporation and operation	Legal status	Quoted market value		Carrying amount	
			2019	2018	2019	2018
			RMB'000	RMB'000	RMB'000	RMB'000
(1) Beijing Capital Juda Limited	PRC	Limited liability Company	110,000	116,771	149,023	154,319
(2) China Logistics Property Holdings Co., Ltd	PRC	Limited liability Company	780,990	728,915	1,046,678	985,387

Even though quoted market value of both of Beijing Capital Juda Limited and China Logistics Property Holdings Co., Ltd is less than carrying amount, the fair value of net assets of these two companies attributable to the Group is higher than the carrying amount, no impairment charge is recognised for these two investments.

- (i) Although the Group holds less than 20% of the equity shares of these entities, the Group exercises significant influence under the contractual agreements in the strategic financial and operating policy decisions of these companies.
- (ii) Investments in these associates provide more opportunities to explore business in property development.

## 16 INVESTMENTS IN ASSOCIATES (Continued)

(a) Following are the details of all of the associates of the Group at 31 December 2019: (Continued)

- (iii) Investments in these associates provide more opportunities to involve in related services to support property development, such as architectural design and property management.
- (iv) Investments in these associates provide more opportunities to explore business in real estate investment activities.
- (v) Investments in these associates provide more opportunities to explore business in other activities.
- (vi) As at 31 December 2019, the Group has the outstanding capital commitment to associates amounting to RMB320,441,000. (2018: RMB137,861,000).

### (b) Individually immaterial associates

The Group has interests in individually immaterial associates that are accounted for using the equity method.

	2019 RMB'000	2018 RMB'000
Aggregate carrying amount of individually immaterial associates	6,846,347	7,177,355
Aggregate amounts of the Group's share of:		
Profit from continuing operations	415,361	52,065
Other comprehensive income	–	–
Total comprehensive income	415,361	52,065

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2019 RMB'000	2018 RMB'000
<b>Financial assets</b>		
Financial assets at amortised cost:		
Trade and other receivables and prepayments	74,004,370	72,975,210
Less: Prepayments	(7,559,614)	(7,158,187)
— Trade and other receivables and prepayments excluding prepayments	66,444,756	65,817,023
— Restricted bank deposits (Note 25)	2,511,683	3,362,876
— Cash and cash equivalents (Note 26)	31,054,201	39,208,481
— Contract assets	2,708,018	2,405,696
Financial assets at fair value through other comprehensive income (Note 18)	2,715,647	679,952
Financial assets at fair value through profit or loss (Note 19)	6,712,378	4,144,149
	<b>112,146,683</b>	<b>115,618,177</b>
<b>Financial liabilities</b>		
Liabilities at amortised cost:		
— Borrowings (Note 33)	83,906,951	88,575,079
— Lease liabilities (Note 9)	194,480	—
— Trade and other payables excluding tax payables	51,242,127	57,632,184
Financial liabilities at fair value through profit or loss (Note 37)	51,104	146,939
	<b>135,394,662</b>	<b>146,354,202</b>

## 18 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### (i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

### (ii) Equity investments at fair value through other comprehensive income

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Listed securities (a)	48,164	54,806
Unlisted securities (b)	2,667,483	625,146
	2,715,647	679,952
Less: Non-current portion	(2,715,647)	(679,952)
Current portion	–	–

- (a) Investment in listed equity securities is stated at fair value based on the quoted price of the equity securities.
- (b) Investment in unlisted equity securities are denominated in HKD and RMB. For the valuation of unlisted equity securities, please refer to Note 5.3.

## 19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

### (i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI, and
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

## 19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

### (i) Classification of financial assets at fair value through profit or loss (Continued)

Financial assets mandatorily measured at FVPI include the following:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Investment in fund investments	6,111,352	3,225,309
Investment in other unlisted equity securities	327,428	532,711
Investment in listed equity securities	266,304	238,484
Others	7,294	6,982
Derivatives — held-for-trading		
Leveraged bond-linked notes	—	140,663
	6,712,378	4,144,149
Less: Non-current portion	(6,446,074)	(3,961,645)
Current portion	266,304	182,504

Changes in fair values of financial assets at fair value through profit or loss are recorded in “other gains — net” in the income statement.

### (ii) Amounts recognised in profit or loss

During the year, the following gains were recognised in profit or loss:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Fair value gains recognised in other gains	187,872	205,252

### (iii) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in Note 5.1. For information about the methods and assumptions used in determining fair value please refer to Note 5.3.



## 20 PROPERTIES UNDER DEVELOPMENT

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
At beginning of the year	54,655,796	47,767,443
Effects of the adoption of HKFRS 15	–	(1,641,328)
Additions	34,522,513	37,452,750
Transfer from deposits for land use rights	177,165	4,150,121
Acquisition of subsidiaries	12,020,221	1,848,191
Disposal of interests in subsidiaries	(2,739,385)	(141,183)
Provision for impairment	(106,973)	(116,952)
Transfer to property, plant and equipment (Note 8)	(1,018,867)	–
Transfer to land use rights (Note 10)	(340,391)	–
Transfer to investment properties	–	(3,041,522)
Transfer to completed properties held for sale	(36,339,661)	(30,788,071)
Recognised in cost of sales	(452,237)	(833,653)
At end of the year	60,378,181	54,655,796
Properties under development comprises:		
Land use rights	32,666,483	31,643,756
Construction costs and capitalized expenditure	19,415,825	15,326,434
Interest capitalized	8,295,873	7,685,606
	60,378,181	54,655,796

Properties under development are mainly located in the PRC. As at 31 December 2019, properties under development of approximately RMB11,337,759,000 (2018: RMB14,495,605,000) were pledged as collateral for the Group's borrowings.

All properties under development are expected to be completed within the normal operating cycle of the Group, in which RMB44,571,757,000 (2018: RMB32,857,229,000) is expected to be completed and available for sale more than twelve months after the balance sheet date.

## 21 LAND DEVELOPMENT COST RECOVERABLE

Land development cost recoverable refers to capitalized costs on primary land development projects. The land use right certificates belong to the government for these projects. Main activities for primary land development projects included house dismantlement and land leveling works, in order to make sure the land is connected to water, gas, and electric power supplies.

## 22 PREPAYMENTS FOR LAND USE RIGHTS

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Deposits to local land authorities	<b>2,228,844</b>	2,160,585

The prepayments were paid to local land authorities for land use rights as at 31 December 2019 and 2018, respectively. Once the title of land is transferred to the Group, the land will be used to develop properties held for sale.

## 23 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade receivables (a)	<b>3,983,044</b>	2,516,939
Other receivables and prepayments (b)	<b>70,021,326</b>	70,458,271
	<b>74,004,370</b>	72,975,210
Less: non-current portion	<b>(12,841,234)</b>	(15,520,575)
Current portion	<b>61,163,136</b>	57,454,635

## 23 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

### (a) Trade receivables

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade receivables	4,037,521	2,563,406
Less: provision for impairment of trade receivables	(54,477)	(46,467)
	3,983,044	2,516,939
Less: non-current portion	–	–
Current portion	3,983,044	2,516,939

Proceeds from services and sales rendered are to be received in accordance with the term of respective agreement, and the credit term is very short, an ageing analysis of trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Within 6 months	2,331,900	1,272,137
Between 6 months to 1 year	976,052	894,529
Between 1 year to 2 years	593,358	349,763
Between 2 years to 3 years	128,559	27,903
Over 3 years	7,652	19,074
	4,037,521	2,563,406

As at 31 December 2019, no trade receivables (2018: nil) were pledged as collateral for the Group's borrowings.

Movements on the provision for impairment of trade receivables are as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
At 1 January	(46,467)	(45,178)
Provision for receivable impairment	(8,010)	(1,289)
At 31 December	(54,477)	(46,467)

## 23 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

### (b) Other receivables and prepayments

	As at 31 December					
	Current RMB'000	2019 Non- current RMB'000	Total RMB'000	Current RMB'000	2018 Non- current RMB'000	Total RMB'000
Entrusted loans to third parties (i)	189,204	459,385	648,589	1,064,219	1,821,995	2,886,214
Entrusted loans to joint ventures (ii)	1,327,399	8,475,766	9,803,165	2,264,638	9,251,451	11,516,089
Entrusted loans to associates (iii)	725,589	706,156	1,431,745	1,012,566	116,689	1,129,255
Entrusted loans to non-controlling interests (iv)	512,700	325,000	837,700	791,000	475,000	1,266,000
Amounts due from third parties (i)	1,688,936	–	1,688,936	2,698,956	–	2,698,956
Amounts due from joint ventures (v)	18,654,638	–	18,654,638	16,598,387	–	16,598,387
Amounts due from associates (v)	8,901,985	–	8,901,985	9,723,159	–	9,723,159
Amounts due from non-controlling interests (v)	8,202,536	–	8,202,536	7,775,365	–	7,775,365
Tax prepayments	5,446,496	403,286	5,849,782	4,271,512	1,616,282	5,887,794
Receivables from government (vi)	2,516,377	–	2,516,377	2,600,818	–	2,600,818
Payment for the cooperation of potential properties development projects (vii)	3,916,922	2,260,317	6,177,239	1,955,893	1,110,000	3,065,893
Receivables from disposal of interest in subsidiaries	972,977	–	972,977	863,472	–	863,472
Other prepayments	1,709,832	–	1,709,832	1,270,393	–	1,270,393
Other receivables	2,612,934	259,253	2,872,187	2,116,072	1,146,056	3,262,128
Less: provision for impairment of other receivables	(198,433)	(47,929)	(246,362)	(68,754)	(16,898)	(85,652)
Other receivables and prepayments	57,180,092	12,841,234	70,021,326	54,937,696	15,520,575	70,458,271

## 23 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

### (b) Other receivables and prepayments (Continued)

- (i) Entrusted loans to and amounts due from third parties represent amounts paid to joint ventures and associates' joint ventures and associates in order to support the development of real estate projects. As the Group has no direct equity interests in these companies to which the amounts paid are classified as entrusted loans to and amounts due from third parties.

As at 31 December 2019 and 2018, entrusted loans to third parties comprised:

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Unsecured loans	648,589	2,173,089
Secured loans	–	713,125
	648,589	2,886,214
Less: Non-current portion	(459,385)	(1,821,995)
	189,204	1,064,219

- Unsecured loans bear interest ramping from 3.5% to 15% per annum (2018: from 3.5% to 15%).

Amounts due from third parties are unsecured, interest free, and repayable on demand.

- (ii) Entrusted loans to joint ventures are unsecured, interest bearing from 3.38% to 16% per annum (31 December 2018: from 3.38% to 16%). RMB1,327,399,000 (31 December 2018: RMB2,264,638,000) of the balances are repayable within one year. The remaining balances of RMB8,475,766,000 (31 December 2018: RMB9,251,451,000) are repayable after one year and included in the non-current portion.
- (iii) Entrusted loans to associates are unsecured, interest bearing from 8% to 15% per annum (31 December 2018: from 6.62% to 15%). RMB725,589,000 (31 December 2018: RMB1,012,566,000) of the balances are repayable within one year. The remaining balances of RMB706,156,000 (31 December 2018: RMB116,689,000) are repayable after one year and included in the non-current portion.
- (iv) Entrusted loans to non-controlling interests are unsecured, bearing interest from 8% to 10% per annum (31 December 2018: from 8% to 12%). RMB512,700,000 (31 December 2018: RMB791,000,000) of the balances are repayable within one year. The remaining balances of RMB325,000,000 (31 December 2018: RMB475,000,000) are repayable after one year and included in the non-current portion.
- (v) Amounts due from joint ventures, associates and non-controlling interests are unsecured, interest free, and repayable on demand.

## 23 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

### (b) Other receivables and prepayments (Continued)

- (vi) Receivables from government mainly represent payment made for land development cost, some deposits paid to government to ensure the business activities of properties development, and the amounts paid to government with the intention of possible future cooperation in real estate project development, which will be subsequently reimbursed by the government.
- (vii) Amounts mainly represent the payment for cooperation of potential properties development projects. As at 31 December 2019, such cooperation is still in negotiation stage.

RMB4,475,117,000 (2018: RMB1,580,000,000) out of the balance are unsecured, interest bearing from 5% to 11% (2018: from 7% to 11%). The remaining balances of RMB1,702,122,000 (2018: RMB1,485,893,000) are unsecured and interest free.

RMB3,916,922,000 (2018: 1,955,893,000) out of the balance are repayable on demand. The remaining balance of RMB2,260,317,000 (2018: RMB1,110,000,000) will be repayable in 2022 and included in the non-current portion.

The maximum exposure to credit risk at the reporting date is the book value of each class of receivable mentioned above. The carrying amounts of the Group's trade and other receivables and prepayments are mainly denominated in RMB.

The carrying amounts of trade and other receivables and prepayments approximate their respective fair values as at 31 December 2019 and 2018.

## 24 COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are located in the PRC on leasehold lands with lease terms between 40 to 70 years, and are stated at cost less accumulated amortization of land use rights for the years ended 2019 and 2018, respectively.

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Completed properties held for sale comprised:		
Land use rights	4,225,274	5,354,222
Construction costs and capitalized expenditure	10,432,959	10,873,360
Interest capitalized	3,694,945	3,855,716
	18,353,178	20,083,298

## 24 COMPLETED PROPERTIES HELD FOR SALE (Continued)

Movements on the provision for impairment of completed properties held for sale are as follows:

	As at 31 December	
	2019 RMB'000	2018 RMB'000
At beginning of the year	678,245	137,135
Addition	313,912	565,887
Transfer from properties under development	170,180	66,286
Write-off upon sales of completed properties held for sale	(541,604)	(91,063)
At end of the year	620,733	678,245

As at 31 December 2019, RMB3,010,113,000 completed properties held for sale (2018: RMB5,034,095,000) were pledged as collateral for the Group's borrowings.

## 25 RESTRICTED BANK DEPOSITS

Restricted bank deposits are mainly denominated in RMB, which are guaranteed deposits for the mortgage loan facilities granted by the banks to the purchasers of the Group's properties, as well as for projects co-developed with third parties. The balances also include guaranteed deposits placed in the banks, as guaranteed funds of construction projects to meet certain local authorities' requirements. The effective interest rate on restricted bank deposits ranging from 0.3% to 2.0115% for the year ended 31 December 2019.



## 26 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Cash at bank and in hand	30,862,813	35,363,241
Short-term bank deposits	191,388	3,845,240
Cash and cash equivalents	31,054,201	39,208,481
Denominated in:		
— RMB	25,990,454	33,076,277
— HKD	294,885	1,769,956
— USD	4,736,177	4,357,305
— Other currencies	32,685	4,943
	31,054,201	39,208,481

The Group's cash and cash equivalents denominated are deposited with banks in the Mainland China and Hong Kong, respectively. The conversion of the RMB denominated balances into foreign currencies, which are placed within the PRC, is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

## 27 CAPITAL

	Number of ordinary shares	Share capital HKD'000	Equivalent share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Total RMB'000
<b>Opening balance 1 January 2019</b>	<b>7,615,995,657</b>	<b>30,413,141</b>	<b>27,328,810</b>	<b>-</b>	<b>27,328,810</b>
Issue of shares pursuant to exercise of employee share options	100,000	493	422	-	422
Vesting of shares under Restricted Share Award Scheme	-	-	-	-	-
	<b>7,616,095,657</b>	<b>30,413,634</b>	<b>27,329,232</b>	<b>-</b>	<b>27,329,232</b>
Restricted Share Award Scheme (a)					
<b>Opening balance 1 January 2019</b>	<b>(53,101,242)</b>	<b>-</b>	<b>-</b>	<b>(178,317)</b>	<b>(178,317)</b>
Shares purchased during the year	(306,667)	-	-	(1,030)	(1,030)
Vesting of shares under Restricted Share Award Scheme	3,607,269	-	-	12,120	12,120
<b>At 31 December 2019</b>	<b>(49,800,640)</b>	<b>-</b>	<b>-</b>	<b>(167,227)</b>	<b>(167,227)</b>
<b>At 31 December 2019</b>	<b>7,566,295,017</b>	<b>30,413,634</b>	<b>27,329,232</b>	<b>(167,227)</b>	<b>27,162,005</b>
Opening balance 1 January 2018	7,564,608,657	30,169,687	27,129,614	-	27,129,614
Issue of shares pursuant to exercise of employee share options	51,387,000	240,423	197,298	-	197,298
Vesting of shares under Restricted Share Award Scheme	-	3,031	1,898	-	1,898
	<b>7,615,995,657</b>	<b>30,413,141</b>	<b>27,328,810</b>	<b>-</b>	<b>27,328,810</b>
Restricted Share Award Scheme (a)					
Opening balance 1 January 2018	(46,635,224)	-	-	(140,746)	(140,746)
Shares purchased during the year	(17,847,216)	-	-	(74,017)	(74,017)
Vesting of shares under Restricted Share Award Scheme	11,381,198	-	-	36,446	36,446
<b>At 31 December 2018</b>	<b>(53,101,242)</b>	<b>-</b>	<b>-</b>	<b>(178,317)</b>	<b>(178,317)</b>
<b>At 31 December 2018</b>	<b>7,562,894,415</b>	<b>30,413,141</b>	<b>27,328,810</b>	<b>(178,317)</b>	<b>27,150,493</b>

## 27 CAPITAL (Continued)

- (a) On 22 March 2010, the board of the Company resolved to adopt a Restricted Share Award Scheme, The purpose of the Scheme is to recognise and motivate the contribution of certain employees and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Restricted Share Award Scheme was administered by an independent trustee appointed by the Group, the trustee shall purchase from the market such number of shares awarded as specified by the Board and shall hold such shares until they are vested in accordance with the Restricted Share Award Scheme Rules. When the selected employee has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the shares forming the subject of the award, the trustee shall transfer the relevant vested shares to that employee.

Movements in the number of awarded shares for the years ended 31 December 2019 and 2018 are as follows:

	Shares (thousands)
At 1 January 2019	4,580
Vested	(3,607)
Lapsed	(315)
At 31 December 2019	658
At 1 January 2018	16,873
Vested	(11,381)
Lapsed	(912)
At 31 December 2018	4,580

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of awarded shares granted during the year ended 31 December 2019 was RMB nil per share (2018: RMB3.89 per share).

The outstanding awarded shares as of 31 December 2019 were divided into several tranches on an equal basis as at their grant dates. The outstanding awarded shares will be exercised after a specified period ranging from one to three years from the grant date.

## 28 RETAINED EARNINGS

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
At 1 January	<b>22,548,161</b>	20,745,229
Effects of the adoption of HKFRS 9, net of tax	–	199,031
Effects of the adoption of HKFRS 15, net of tax	–	57,529
Profit for the year	<b>2,656,277</b>	3,573,745
Dividends relating to 2017	–	(999,882)
Dividends relating to 2018 (Note 45)	<b>(489,258)</b>	(938,280)
Dividends relating to 2019 (Note 45)	<b>(755,510)</b>	–
Transfer to statutory reserve fund	<b>(81,953)</b>	(89,211)
At 31 December	<b>23,877,717</b>	22,548,161

## 29 RESERVES

	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Restricted Share Award Scheme RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2019	(763,427)	1,443,093	(190,039)	(1,118,444)	167,464	10,720	(863,215)	(1,313,848)
Fair value losses on financial assets at fair value through other comprehensive income	-	-	-	25,794	-	-	-	25,794
Fair value gains on property, plant and equipment transferred to investment properties	-	-	-	-	-	-	12,329	12,329
Currency translation differences	-	-	(197,189)	-	-	-	-	(197,189)
Expense on share-based payment	-	-	-	-	269,402	3,558	-	272,960
Issue of shares pursuant to exercise of employee share options	-	-	-	-	(76)	-	-	(76)
Vesting of shares under Restricted Share Award Scheme	-	-	-	-	-	(12,120)	-	(12,120)
Transfer from retained earnings	-	81,953	-	-	-	-	-	81,953
Decrease in non-controlling interests as a result of acquisition of additional interests in a subsidiary from non-controlling interests	-	-	-	-	-	-	(2,339)	(2,339)
At 31 December 2019	(763,427)	1,525,046	(387,228)	(1,092,650)	436,790	2,158	(853,225)	(1,132,536)

## 29 RESERVES (Continued)

	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Restricted Share Award Scheme RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2018	(763,427)	1,353,882	39,774	573,384	142,509	42,339	(620,438)	768,023
Effects of the adoption of HKFRS 9, net of tax	-	-	-	(199,031)	-	-	-	(199,031)
Fair value losses on financial assets at fair value through other comprehensive income	-	-	-	(28,923)	-	-	-	(28,923)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	(1,463,874)	-	-	-	(1,463,874)
Currency translation differences	-	-	(229,813)	-	-	-	-	(229,813)
Expense on share-based payment	-	-	-	-	64,955	6,725	-	71,680
Expiry of share option	-	-	-	-	(4,620)	-	4,620	-
Issue of shares pursuant to exercise of employee share options	-	-	-	-	(35,380)	-	-	(35,380)
Vesting of shares under Restricted Share Award Scheme	-	-	-	-	-	(38,344)	-	(38,344)
Transfer from retained earnings	-	89,211	-	-	-	-	-	89,211
Decrease in non-controlling interests as a result of acquisition of additional interests in a subsidiary from non-controlling interests	-	-	-	-	-	-	(247,397)	(247,397)
At 31 December 2018	(763,427)	1,443,093	(190,039)	(1,118,444)	167,464	10,720	(863,215)	(1,313,848)

Statutory reserves represent reserves of the PRC incorporated companies which are set aside for future development purposes in accordance with the regulations in the PRC. The allocation is based on certain percentages of the companies' profit of the year, which is allocated on an annual basis.

### 30 SHARE OPTIONS

The establishment of the Group's share options schemes was approved on 3 September 2007 and 6 August 2018, respectively by the shareholders. The share option plan is designed to provide long-term incentives for senior managers and above to deliver long-term shareholder returns. Under the schemes, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Share options granted from 2015 to 2017 are granted to several directors and to selected employees, in which 40% of the options are exercisable after 1 year from the grant date; additional 30% of the options are exercisable after 2 years from the grant date, and remaining 30% of the options are exercisable after 3 years from the grant date.

Share options granted from 2018 to 2019 are granted to several directors and to selected employees, in which 50% of the options are exercisable after 1 year from the grant date, and remaining 50% of the options are exercisable after 2 years from the grant date.

The options have a contractual option term of 5 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK dollar per share HKD	Shares (thousands)
At 1 January 2019	4.02	432,738
Granted during the year	3.37	508,529
Lapsed during the year	4.08	(12,833)
Exercised during the year	4.04	(100)
At 31 December 2019	3.66	928,334

Out of the 928,334,000 outstanding options (2018: 432,738,000), 281,275,000 (2018: 183,274,000) were exercisable as at 31 December 2019.

As a result of the options exercised during the year ended 31 December 2019, 100,000 ordinary shares (2018: 51,387,000 ordinary shares) were issued by the Company. The weighted average price of the shares at the time these options were exercised was HKD3.53 per share (2018: HKD3.16 per share).



### 30 SHARE OPTIONS (Continued)

Share options outstanding as at 31 December 2019 have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK dollar per share	Shares (thousands)
27 August 2020	4.04	31,515
13 April 2021	3.80	92,790
24 August 2022	4.70	46,100
04 September 2023	3.96	249,400
27 March 2024	3.37	508,529
		928,334

The directors of the Company have used the Binomial Model to determine the fair value of the options as at the respective grant dates, which is to be expensed over the relevant vesting period. The weighted average fair value of options granted during the year ended 31 December 2019 was HKD0.7144 per option (2018: HKD0.7863 per option).

The model inputs for options granted during the year ended 31 December 2019 included:

- (a) exercise price: HKD3.37 (2018: HKD3.96)
- (b) grant date: 27 March 2019 (2018: 4 September 2018)
- (c) expiry date: 27 March 2024 (2018: 4 September 2023)
- (d) share price at grant date: HKD3.28 (2018: HKD3.96)
- (e) expected price volatility of the company's share: 38.26% (2018: 37.99%)
- (f) expected dividend yields: 5.00% (2018: 5.63%)
- (g) risk-free interest rate: 1.34% (2018: 2.12%)

### 31 CAPITAL SECURITIES

On 21 September 2017, Sino-Ocean Land Treasure III Limited ("Sino-Ocean Land III"), a wholly owned subsidiary, issued perpetual subordinated guaranteed capital securities ("capital securities"), which are callable, with initial aggregate principal amount of USD600,000,000.

The capital securities have no maturity date, and the payments of distribution of such capital securities can be deferred at the discretion of Sino-Ocean Land III. When Sino-Ocean Land III and the Company elects to declare dividends to their shareholders, Sino-Ocean Land III should make a distribution at an initiation rate of 4.9% per annum, as defined in the subscription agreement. Such capital securities are guaranteed by the Company.

### 32 CAPITAL INSTRUMENT

On 26 June 2019, Sino-Ocean Holding Group (China) Limited ("Sino-Ocean Holding"), a wholly owned subsidiary, issued a capital instrument, which is callable, with an initial aggregate principal quota amount of RMB3,000,000,000, as at 31 December 2019 the amounts raised is RMB981,000,000.

The capital instrument have no maturity date, and the payments of distribution of such capital instrument can be deferred at the discretion of Sino-Ocean Holding. When Sino-Ocean Holding and the Company elect to declare dividends to their shareholders, Sino-Ocean Holding should make a distribution to the holders of the capital instrument at the distribution rate as defined in the subscription agreement.

### 33 BORROWINGS

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
<b>Non-current</b>		
Bank borrowings (a)	20,305,097	21,900,632
Other borrowings (b)	54,306,522	51,249,622
Total non-current borrowings	74,611,619	73,150,254
<b>Current</b>		
Current portion of long-term bank borrowings (a)	1,165,063	4,317,089
Current portion of long-term other borrowings (b)	7,378,713	9,174,679
Short-term bank borrowings (a)	751,556	290,000
Short-term other borrowings (b)	–	1,643,057
Total current borrowings	9,295,332	15,424,825
<b>Total borrowings</b>	<b>83,906,951</b>	<b>88,575,079</b>

### 33 BORROWINGS (Continued)

- (a) As at 31 December 2019, bank borrowings amounting to RMB3,541,981,000 were secured by investment properties, properties under development, completed properties held for sale and equity interest in certain subsidiaries of the Group.

As at 31 December 2018, bank borrowings amounting to RMB9,290,840,000 were secured by investment properties, properties under development, completed properties held for sale and equity interest in certain subsidiaries of the Group.

#### (b) Other borrowings

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Bond issuance (i)	28,883,861	26,396,455
Guaranteed notes (ii)	20,691,260	21,089,256
Borrowings from trust companies (iii)	6,737,250	8,892,400
Asset-backed securitisation (iv)	5,174,774	5,689,247
Borrowings from a non-controlling interest(v)	198,090	–
	61,685,235	62,067,358
Less: non-current portion	(54,306,522)	(51,249,622)
Current portion	7,378,713	10,817,736

- (i) In 2019, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the company, issued bonds with a total principle amount of RMB118,000,000 with coupon rate of 6.00% per year of a term of two years.

In 2019, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the company, issued bonds in an aggregate amount of RMB2,900,000,000 in two series: (i) RMB1,700,000,000 with coupon rate of 4.06% per year of a term of five years; (ii) RMB1,200,000,000 with coupon rate of 4.59% per year of a term of seven years.

In 2018, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB2,000,000,000 with maturity period of 5 years and annual interest rate of 4.7%.

In 2018, the Company issued Medium-term Notes in an aggregate amount of RMB6,000,000,000 in two series: (i) RMB3,000,000,000 with coupon rate of 5.87% per year of a term of three years; (ii) RMB3,000,000,000 with coupon rate of 5.95% per year of a term of three years.

In 2017, the Company issued the first tranche Medium-term Notes in an aggregate amount of RMB4,000,000,000 in two series: (i) RMB2,000,000,000 with coupon rate of 4.77% per year of a term of three years; (ii) RMB2,000,000,000 with coupon rate of 5.05% per year of a term of five years.

In 2017, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB1,000,000,000 with maturity period of 5 years and annual interest rate of 5.29%.

In 2016, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB4,000,000,000 with maturity period of 5 years and annual interest rate of 3.50%.

### 33 BORROWINGS (Continued)

#### (b) Other borrowings

##### (i) (Continued)

In 2015, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB10,000,000,000. The first phase of the bonds is issued in August with an aggregate principal amount of RMB5,000,000,000 in three series: (i) RMB2,000,000,000 with maturity period of 5 years and annual interest rate of 3.78%; (ii) RMB1,500,000,000 with maturity period of 7 years and annual interest rate of 4.15%; (iii) RMB1,500,000,000 with maturity period of 10 years and annual interest rate of 5.00%. The second phase of the bonds is issued in October with an aggregate principal amount of RMB5,000,000,000 in two series: (i) RMB2,000,000,000 with maturity period of 6 years and annual interest rate of 3.85%; (ii) RMB3,000,000,000 with maturity period of 10 years and annual interest rate of 4.76%. The bonds are unsecured.

##### (ii) In August 2019, Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary, issued a guaranteed note with a total principal amount of USD600,000,000 with a maturity period of 10 years and annual interest rate of 4.75%.

In January 2019, Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary, issued a guaranteed note with a total principal amount of USD500,000,000 with a maturity period of 3 years and annual interest rate of 5.25%.

In July 2018, Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary, issued a guaranteed note with principal amount of USD700,000,000 at interest rate equal to three-month USD London Interbank Offered Rate plus 2.30% due in 2021 (the "2021 Notes"). The Notes are unsecured and are guaranteed by the Company.

In January 2015, Sino-Ocean Land Treasure Finance II Limited, a wholly-owned subsidiary, issued a guaranteed note with principal amount of USD500,000,000 at a rate of 5.95% per annum due in 2027 (the "2027 Notes"). The notes are unsecured and guaranteed by the Company.

In July 2014, Sino-Ocean Land Treasure Finance I Limited, a wholly-owned subsidiary, issued a guaranteed note with principal amount of USD700,000,000 at a rate of 6.00% per annum due in 2024 (the "2024 Notes").

##### (iii) Such loans bear interest rate from 5.00% to 11.00% per annum, and RMB5,536,250,000 of the loan portion (2018: RMB3,480,000,000) repayable after one year are included in non-current portion.

As at 31 December 2019, loans amounting to RMB3,058,250,000 were secured by properties under development and equity interests in a certain subsidiary of the Group.

As at 31 December 2018, loans amounting to RMB80,000,000 were secured by properties under development and equity interests in a certain subsidiary of the Group.

##### (iv) In October 2018, Sino-Ocean Holding Group (China) Limited entered into asset-backed special agreement with a third-party financing company in the form of asset securitisation. Asset-backed securities are divided into priority level and subprime level with total principal of RMB310,000,000 and RMB100,000,000 respectively. The Group repurchased all the subprime level asset-backed securities in the year ended 31 December 2018. As at 31 December 2019, RMB125,000,000 of the principal remained outstanding.

In September 2018, Sino-Ocean Holding Group (China) Limited entered into asset-backed special agreement with a third-party financing company in the form of asset securitisation. Asset-backed securities are divided into priority level and subprime level with total principal of RMB2,710,000,000 and RMB143,000,000 respectively. The Group repurchased all the subprime level asset-backed securities in the year ended 31 December 2018. The priority level securities were guaranteed by Sino-Ocean Holding Group (China) Limited, and secured by property, plant and equipment, land use rights and investment properties of the Group. As at 31 December 2019, RMB2,625,791,000 of the principal remained outstanding.

In April 2018, Ocean Homeplus Property Service Corporation Limited, a wholly-owned subsidiary of the Company, entered into asset-backed special agreement with a third-party financing company in the form of asset securitisation. Asset-backed securities are divided into priority level and subprime level with total principal of RMB3,000,000,000 and RMB158,000,000 respectively. The Group repurchased all the subprime level asset-backed securities in the year ended 31 December 2018. The priority level securities were guaranteed by Sino-Ocean Holding Group (China) Limited. As at 31 December 2019, RMB2,423,983,000 of the principal remained outstanding.

##### (v) Such Loan bears interest rate 7.13% per annum, and RMB198,090,000 repayable after one year are included in non-current portion.

### 33 BORROWINGS (Continued)

(c) The maturities of the Group's total borrowings at respective balance sheet dates are set out as follows:

	As at 31 December	
	2019 Bank and other borrowings RMB'000	2018 Bank and other borrowings RMB'000
Total borrowings		
— Within 1 year	9,295,332	15,424,825
— Between 1 and 2 years	29,765,995	12,637,458
— Between 2 and 5 years	29,579,976	46,230,681
— Over 5 years	15,265,648	14,282,115
	83,906,951	88,575,079

(d) The Group's borrowings denominated in RMB, HKD and USD respectively are set out as follows:

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Denominated in:		
— RMB	45,589,835	54,765,202
— HKD	13,943,021	8,967,212
— USD	24,374,095	24,842,665
	83,906,951	88,575,079

### 33 BORROWINGS (Continued)

(e) The weighted average effective interest rates at the respective balance sheet dates are set out as follows:

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Bank borrowings	4.83%	4.92%
Other borrowings	5.78%	5.55%

(f) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Within 6 months	22,677,592	20,220,569
Between 6 and 12 months	3,032,750	8,041,900
Between 1 and 5 years	58,196,609	60,312,610
	83,906,951	88,575,079

(g) The fair value of non-current borrowings approximate their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.83% (2018: 4.92%) and are within Level 2 of the fair value hierarchy.

### 34 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Deferred income tax assets:		
— to be recovered after more than 12 months	987,241	894,193
— to be recovered within 12 months	452,257	251,281
	1,439,498	1,145,474
Deferred income tax liabilities:		
— to be recovered after more than 12 months	(2,459,865)	(2,235,274)
— to be recovered within 12 months	(487,004)	(445,615)
	(2,946,869)	(2,680,889)
Deferred income tax liabilities, net	(1,507,371)	(1,535,415)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
At beginning of the year	1,535,415	2,270,654
Effects of the adoption of HKFRS 15	—	30,669
Recognized in the income statement (Note 43)	(547,271)	106,855
Charged/(credited) to other comprehensive income	8,179	(5,715)
Acquisition of subsidiaries	653,145	170,688
Disposal of interests in subsidiaries	(142,097)	(1,037,736)
At end of the year	1,507,371	1,535,415



### 34 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2019 and 2018, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

#### Deferred income tax assets

	Recognition of expenses RMB'000	Unrealized gains RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
<b>At 1 January 2019</b>	<b>1,178,730</b>	<b>–</b>	<b>108,972</b>	<b>3,003</b>	<b>1,290,705</b>
Credited to income statement	238,988	77,348	49,621	–	365,957
Disposal of interests in subsidiaries	(118,029)	–	(2,625)	–	(120,654)
<b>At 31 December 2019</b>	<b>1,299,689</b>	<b>77,348</b>	<b>155,968</b>	<b>3,003</b>	<b>1,536,008</b>
At 1 January 2018	790,690	64,060	276,159	–	1,130,909
Credited/(charged) to income statement	425,292	(64,060)	(167,187)	–	194,045
Acquisition of a subsidiary	–	–	–	3,003	3,003
Disposal of interests in subsidiaries	(37,252)	–	–	–	(37,252)
At 31 December 2018	1,178,730	–	108,972	3,003	1,290,705

## 34 DEFERRED INCOME TAX (Continued)

### Deferred income tax liabilities

	Depreciation difference RMB'000	Investment properties revaluation RMB'000	Property revaluation RMB'000	Unrealized gain RMB'000	Recognition of revenue over the period RMB'000	Withholding taxes RMB'000	Others RMB'000	Total RMB'000
<b>At 1 January 2019</b>	(55,037)	(1,749,643)	(483,156)	(55,860)	(186,396)	(237,887)	(58,141)	(2,826,120)
(Charged)/credited to income statement	-	(89,458)	200,298	55,860	18,601	-	(3,987)	181,314
Acquisition of subsidiaries	-	-	(653,145)	-	-	-	-	(653,145)
Disposal of interests in subsidiaries	-	155,574	107,177	-	-	-	-	262,751
Credited to other comprehensive income	-	-	-	-	-	-	(8,179)	(8,179)
<b>At 31 December 2019</b>	(55,037)	(1,683,527)	(828,826)	-	(167,795)	(237,887)	(70,307)	(3,043,379)
At 1 January 2018	(55,037)	(2,339,936)	(711,062)	-	-	(237,887)	(57,641)	(3,401,563)
Effects of the adoption of HKFRS 15	-	-	-	-	(30,669)	-	-	(30,669)
(Charged)/credited to income statement	-	(484,695)	401,597	(55,860)	(155,727)	-	(6,215)	(300,900)
Acquisition of subsidiaries	-	-	(173,691)	-	-	-	-	(173,691)
Disposal of interests in subsidiaries	-	1,074,988	-	-	-	-	-	1,074,988
Credited to other comprehensive income	-	-	-	-	-	-	5,715	5,715
At 31 December 2018	(55,037)	(1,749,643)	(483,156)	(55,860)	(186,396)	(237,887)	(58,141)	(2,826,120)

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related benefit through the future profits is probable. These tax losses are going to expire within five years. The Group did not recognize deferred income tax assets of RMB960,522,000 (2018: RMB665,972,000) in respect of losses amounting to RMB3,842,088,000 (2018: RMB2,663,888,000) that can be carried forward against future taxable income.

At 31 December 2019, the Group recognized deferred tax liabilities of approximately RMB237,887,000 (2018: RMB237,887,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that the remaining available unremitted earnings of the Group's subsidiaries will be distributed in the foreseeable future according to the distribution and reinvestment plans of the Group. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognized totaled approximately RMB4,662,671,000 at 31 December 2019 (2018: RMB5,508,584,000).

### 35 TRADE AND OTHER PAYABLES

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Trade payables	17,789,750	18,290,208
Accrued expenses	3,308,010	3,135,060
Amounts due to joint ventures (i)	8,791,353	9,388,039
Amounts due to associates (i)	3,179,119	4,274,001
Amounts due to non-controlling interests (i)	8,247,547	7,422,527
Amounts due to government	77,627	72,114
Other taxes payable	3,787,197	1,733,417
Deposits received	1,966,134	5,160,682
Other payables	7,882,587	9,889,553
	55,029,324	59,365,601
Less: non-current portion	(18,581)	(167,531)
Current portion	55,010,743	59,198,070

The carrying amounts of trade payables and other payables approximate their fair values.

- (i) Amounts due to joint ventures, associates and non-controlling interests are unsecured, interest free, and repayable on demand.
- (ii) An ageing analysis of the trade payables (including amounts due to related parties of trading in nature) is as follows:

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Within 6 months	7,067,779	8,481,970
Between 6 months to 12 months	3,652,058	4,684,871
Between 1 year to 2 years	4,711,607	3,783,846
Between 2 years to 3 years	1,819,411	709,919
Over 3 years	538,895	629,602
	17,789,750	18,290,208

### 36 CONTRACT LIABILITIES

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Advances receipts directly coming from customers	25,458,320	26,723,236
Others	–	66,501
	25,458,320	26,789,737

### 37 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Derivatives-held for trading		
Forward foreign exchange contracts	51,104	146,939
	51,104	146,939

The notional principal amount of forward foreign exchange contracts at 31 December 2019 was RMB7,366,867,000 (2018: RMB10,198,715,000), these contracts will mature during the year from 2020 to 2023.

### 38 INTEREST AND OTHER INCOME

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Interest income:		
— Interest income from bank deposits	230,391	150,030
— Interest income from entrusted loans	2,203,619	2,039,453
Dividend income	232,314	300,082
Others	104,614	53,119
	<b>2,770,938</b>	<b>2,542,684</b>

### 39 OTHER GAINS — NET

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Gains on disposal of interests in subsidiaries	716,413	2,097,238
Gains on revaluation of financial assets and financial liabilities at fair value through profit or loss	228,937	269,543
Gains on disposal of joint ventures and associates	108,018	57
Gains on deemed disposal of joint ventures and associates	107,513	265,701
Gains/(losses) on disposal of financial assets at fair value through profit or loss	32,379	(9,975)
Exchange losses	(408,843)	(576,232)
Payment for the settlement of contracted obligations	(79,903)	(730,000)
(Losses)/gains on disposal of property, plant and equipment	(4,821)	4,921
Gains on disposal of investment properties	865	8,147
Negative goodwill on business combinations	798	2,636
Other (losses)/gains	(2,836)	7,924
	<b>698,520</b>	<b>1,339,960</b>

## 40 EXPENSES BY NATURE

Expenses by nature comprised cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Cost of properties and land use rights sold:		
— Land use rights	14,347,125	12,102,063
— Capitalized interest	4,992,252	4,591,681
— Construction related cost	14,805,832	12,115,758
Cost of up fitting services rendered	3,674,757	1,754,801
Direct investment property expenses (Note 13)	128,030	205,632
Employee benefit expense (Note 41)	1,829,689	1,426,520
Consultancy fee	435,839	381,329
Auditor's remuneration	11,650	11,600
— Audit services	8,850	8,800
— Non-audit services	2,800	2,800
Depreciation (Note 8)	96,380	76,665
Depreciation of right-of-use assets (Note 9)	153,292	—
Amortization of land use rights and intangible asset (Note 10, Note 11)	16,856	19,275
Advertising and marketing	1,007,917	990,452
Business taxes and other levies	370,757	405,036
Impairment charges	601,695	781,869
Derecognition of goodwill (Note 12)	29,428	154,510
Office expenditure	179,158	175,259
Properties maintenance expenses	1,000,995	702,020
Energy expenses	160,328	145,659
Others	51,884	31,232
	43,893,864	36,071,361

## 41 EMPLOYEE BENEFITS EXPENSE

The employee benefits expense of the Group, including its directors' emoluments is as follows:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Salaries, wages and bonuses	2,139,954	2,000,065
Retirement benefits contribution	198,434	198,041
Share options granted to directors and employees (Note 29)	269,402	64,955
Restricted Share Award Scheme (Note 29)	3,558	6,725
Other allowances and benefits	432,324	295,267
	3,043,672	2,565,053
Less: capitalized in properties under development	(1,213,983)	(1,138,533)
	1,829,689	1,426,520

The Group's employees participate in various retirement benefit plans organized by the relevant municipal and provincial government in the PRC under which the Group was required to make monthly contributions at rates ranging from 10% to 20%, depending on the applicable local regulations, of the employees' salary for the years ended 31 December 2019 and 2018.

In addition, the Group participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme for all employees in Hong Kong. The contributions to the Mandatory Provident Fund Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income (with a cap of HKD30,000).



## 41 EMPLOYEE BENEFITS EXPENSE (Continued)

### (a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2018: two) directors whose emoluments are reflected in the analysis shown in Note 54. The emoluments payable to the remaining two (2018: three) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Basic salaries and allowance	4,300	5,100
Bonuses	1,920	900
Retirement scheme contributions	253	376
Share-based payments	3,255	13,647
	9,728	20,023

The emoluments fell within the following bands:

	Year ended 31 December	
	2019	2018
RMB4,432,000 (equivalent to HK\$5,000,000) to RMB5,319,000 (equivalent to HK\$6,000,000)	2	–
RMB5,319,000 (equivalent to HK\$6,000,000) to RMB6,205,000 (equivalent to HK\$7,000,000)	–	–
RMB6,205,000 (equivalent to HK\$7,000,000) to RMB7,092,000 (equivalent to HK\$8,000,000)	–	2
RMB7,092,000 (equivalent to HK\$8,000,000) to RMB7,978,000 (equivalent to HK\$9,000,000)	–	1
	2	3

- (b) During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for losses of office.

## 42 FINANCE COSTS

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Interest expense:		
— Bank borrowings	1,346,499	1,081,121
— Other borrowings	3,817,131	3,128,758
— Lease Liabilities	72,222	—
Less: interest capitalized at a capitalization rate of 5.50% (2018: 5.38%) per annum	(2,842,138)	(2,435,119)
	2,393,714	1,774,760

## 43 INCOME TAX EXPENSE

Majority of the Group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these Group entities for the years ended 31 December 2019 and 2018. Other Group entities are mainly subject to Hong Kong profits tax.

The amount of income tax expense charged to the income statement represents:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Current income tax:		
— PRC enterprise income tax	3,082,775	2,952,542
— PRC land appreciation tax	3,714,711	3,250,003
Deferred income tax (Note 34)	(547,271)	106,855
	6,250,215	6,309,400

### 43 INCOME TAX EXPENSE (Continued)

Taxation on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group as follows:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Profit before income tax	10,416,482	10,975,221
Adjust for: Share of results of joint ventures	(1,519,370)	(1,103,464)
Share of results of associates	(415,361)	(52,065)
	8,481,751	9,819,692
Tax calculated at a tax rate of 25%	2,120,438	2,454,923
Effect of higher tax rate for the appreciation of land in the PRC	2,786,033	2,437,502
Income not subject to tax	(30,315)	(87,306)
Expenses not deductible for tax purposes	1,029,447	776,387
Tax losses not recognized	429,910	436,808
Utilization of previously unrecognized tax losses and expenses	(212,075)	(184,049)
Reversal of previously recognized deferred income tax assets	54,034	103,757
Deductible temporary differences not recognized	22,843	195,188
Dividend withholding tax	49,900	–
Effect of tax adjustment due to disposal of interest in a subsidiary	–	176,190
Income tax expense	6,250,215	6,309,400

## 44 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as share held for Restricted Share Award Scheme (Note 27).

	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company (RMB'000)	<b>2,656,277</b>	3,573,745
Profit used to determine basic earnings per share (RMB'000)	<b>2,656,277</b>	3,573,745
Weighted average number of ordinary shares in issue (thousands)	<b>7,616,063</b>	7,553,266
Basic earnings per share (RMB per share)	<b>0.349</b>	0.473

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to, assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and shares held for the Restricted Share Award Scheme. For the share options and shares held for the Restricted Share Award Scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options and awarded shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and awarded shares.

## 44 EARNINGS PER SHARE (Continued)

### (b) Diluted (Continued)

	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company (RMB'000)	<b>2,656,277</b>	3,573,745
Profit used to determine diluted earnings per share (RMB'000)	<b>2,656,277</b>	3,573,745
Weighted average number of ordinary shares in issue (thousands)	<b>7,616,063</b>	7,553,266
Adjustment for:		
— share options (thousands)	—	38,454
— shares held for the Restricted Share Award scheme (thousands)	—	4,629
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>7,616,063</b>	7,596,349
Diluted earnings per share (RMB per share)	<b>0.349</b>	0.470

## 45 DIVIDENDS

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Interim dividend paid	<b>755,510</b>	938,280
Proposed final dividend of RMB0.024 (2018: RMB0.062) per ordinary share (a)	<b>181,298</b>	474,979

- (a) On 24 March 2020, the Company proposed a final dividend of RMB181,298,000 for the year ended 31 December 2019.

## 46 CASH FLOW INFORMATION

### (a) Cash generated from operations

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Profit for the year	4,166,267	4,665,821
Adjustments for:		
— Income tax expense (Note 43)	6,250,215	6,309,400
— Depreciation (Note 8)	96,380	76,665
— Amortization of land use rights (Note 10)	5,056	3,417
— Amortization of intangible assets (Note 11)	11,800	15,858
— Amortization of Right-of-use Assets (Note 9)	153,292	—
— Valuation gains on investment properties (Note 13)	(373,381)	(2,361,070)
— Share of results of joint ventures (Note 15)	(1,389,216)	(1,030,107)
— Share of results of associates (Note 16)	(335,257)	44,880
— Gains on disposal of joint ventures and associate (Note 39)	(108,018)	(57)
— Gains on deemed disposal of joint ventures and an associate (Note 39)	(107,513)	(265,701)
— Dividend income (Note 38)	(232,314)	(300,082)
— Interest income	(2,390,318)	(2,188,857)
— Gains on disposal of interests in subsidiaries (Note 39)	(716,413)	(2,097,238)
— Gains on disposal of financial assets at fair value through profit or loss	(32,379)	(3,377)
— Losses/(gains) on sale of property, plant and equipment (Note 39)	4,821	(4,921)
— Fair value gains on financial assets and financial liabilities at fair value through profit or loss (Note 39)	(228,937)	(269,543)
— Impairment charges (Note 40)	601,695	781,869
— Derecognition of goodwill (Note 12)	29,428	154,510
— Finance costs (Note 42)	2,393,714	1,774,760
— Gains on acquisition of a subsidiary (Note 39)	(798)	(2,636)
— Gains on disposal of an investment property (Note 39)	(865)	(8,147)
— Exchange gains	(408,843)	(290,263)
— Share-based payments (Note 29)	272,960	71,680
	7,661,376	5,076,861

## 46 CASH FLOW INFORMATION (Continued)

### (a) Cash generated from operations (Continued)

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
— Completed properties held for sale	(201,886)	(2,851,035)
— Inventories, at cost	(367,079)	70,073
— Contract assets	(314,411)	(1,764,263)
— Trade and other receivables and prepayments	(7,878,647)	(10,122,644)
— Land development cost recoverable	(114,659)	(304,720)
— Prepayments for land use rights	(486,396)	5,377,414
— Trade and other payables	657,874	16,726,110
— Financial assets at fair value through profit or loss	(83,800)	23,234
— Contract liabilities	(4,245,382)	3,297,544
— Properties under development	10,315,826	(7,490,906)
— Restricted bank deposits	851,193	(565,345)
Cash generated from operations	5,794,009	7,472,323

### (b) In the consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Net book amount (Note 8)	27,075	9,097
(Losses)/gains on disposal of property, plant and equipment (Note 39)	(4,821)	4,921
Proceeds from disposal of property, plant and equipment	22,254	14,018

## 46 CASH FLOW INFORMATION (Continued)

### (c) The reconciliation of liabilities from financing activities

This section sets out an analysis of liabilities from financing activities and the movements in liabilities from financing activities for each of the periods presented.

	2019 RMB'000	2018 RMB'000
Borrowings-repayable within one year (Note 33)	(9,295,332)	(15,424,825)
Borrowings-repayable after one year (Note 33)	(74,611,619)	(73,150,254)
Net debt	(83,906,951)	(88,575,079)
Gross debt -fixed interest rates	(58,196,609)	(60,652,610)
Gross debt -variable interest rates	(25,710,342)	(27,922,469)
Net debt	(83,906,951)	(88,575,079)

	Liabilities from financing activities		
	Borrowing due within 1 year RMB'000	Borrowing due after 1 year RMB'000	Total RMB'000
Net debt at 31 December 2018	(15,424,825)	(73,150,254)	(88,575,079)
Cash flows	18,698,166	(12,248,204)	6,449,962
Increase due to business combination	(1,056,150)	(4,468,057)	(5,524,207)
Decrease due to disposal of interests in subsidiaries	–	4,497,827	4,497,827
Foreign exchange adjustments	(84,369)	(587,134)	(671,503)
Other non-cash movements	(11,428,154)	11,344,203	(83,951)
Net debt at 31 December 2019	(9,295,332)	(74,611,619)	(83,906,951)

Other non-cash movement is mainly the reclassification of long-term borrowing and borrowing within 1 year and the amortization of issuing cost of bond and guaranteed notes.



## 47 FINANCIAL GUARANTEES

- (a) The Group had the following financial guarantees as 31 December 2019 and 2018:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers	9,595,026	8,158,848

As at 31 December 2019 and 2018, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued 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. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then pledged with the banks.

- (b) As at 31 December 2019, the Group provided joint-liability guarantees in respect of borrowings granted by certain financial institutions to joint ventures and associates amounting to RMB1,059,420,000 (2018: RMB1,708,143,000). Properties under development owned by these joint ventures and associates are the primary collateral of such borrowings.

## 48 COMMITMENTS

- (a) Capital commitments

Capital commitments in respect of development costs attributable to properties under development and land use rights at the balance sheet date but not yet incurred are as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Properties under development	7,842,456	5,906,409
Commitment of Investment	591,566	717,286
Contracted but not provided for	8,434,022	6,623,695

## 48 COMMITMENTS (Continued)

### (b) Operating lease rental receivables

The future aggregate minimum lease rental receivables under non-cancellable operating leases in respect of land and buildings are as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Within 1 year	325,455	379,117
Between 1 to 5 years	540,192	473,727
Over 5 years	261,565	678,479
	1,127,212	1,531,323

## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES

During the year, the significant disposal of interests in subsidiaries of the Group are presented as below:

### (a) Disposal of Fortune Joy

In February 2019, Fortune Joy Ventures Limited ("Fortune Joy"), a wholly-owned subsidiary of the Group, had agreed to allot and issue a total of 5,100 subscription shares at the aggregate subscription price of USD295,800,000 to Charm Reliance International Limited, Delight Finance International Limited and Leading Bright Investment Limited (together, "the Investors"). The subscription shares represent 51% of the total number of issued shares of Fortune Joy. Upon completion of the subscription, Fortune Joy ceased to be a wholly-owned subsidiary of the Group and became a non wholly-owned subsidiary of the Group, and its financial statement continued to be consolidated into the consolidated financial statement of the Group.

In June 2019, the Investor and the Group agreed to amend the articles of the association of Fortune Joy. Upon completion of the change, the Group lost control over Fortune Joy as it has no power to govern the financial and operating policies of Fortune Joy, which became an associate of the Group.

The effect of disposal of interests in the subsidiary on the equity attributable to owners of the Company during the period is summarized as follows:

	As at 30 June 2019
	RMB'000
Fair value of the Group's remaining interests	2,001,590
Capital instrument investment in Fortune Joy measured as financial assets at fair value through other comprehensive income	2,000,000
Carrying value of the Fortune Joy's net assets disposed — shown as below	(3,710,430)
Gains on disposal of interests in Fortune Joy that resulted in loss of control	291,160

## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

### (a) Disposal of Fortune Joy (Continued)

The assets and liabilities disposed of are as follows:

	As at 30 June 2019 RMB'000
Cash and cash equivalents	305,863
Property, plant and equipment	998,814
Land use rights	183,308
Intangible assets	412,009
Goodwill	324,463
Investment properties	373,674
Investments in joint ventures	2,870,370
Investments in associates	2,777,569
Deferred income tax assets	4,664
Prepayments for land use rights	78,443
Properties under development	285,189
Inventories, at cost	2,515
Financial assets at fair value through profit or loss	1,118,005
Trade and other receivables and prepayments	6,819,932
Borrowings	(3,598,852)
Trade and other payables	(4,612,822)
Income tax payables	(60,152)
Contract liabilities	(10,679)
Deferred income tax liabilities	(104,313)
Non-controlling interests	(4,457,570)
Net assets disposed	3,710,430
<b>Outflow of cash to dispose the subsidiary, net of cash disposed</b>	
Proceeds received in cash	–
Cash and cash equivalents in the subsidiary disposed of	(305,863)
Net cash outflow on disposal	(305,863)

## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

### (b) Disposal of Beijing Bangshe

In May 2019, the Group entered into an agreement with Beijing Xuda Real Estate Co., Ltd ("Beijing Xuda") to dispose of 100% equity interests in Beijing Bangshe Apartment Management Co., Ltd. ("Beijing Bangshe"), a subsidiary of the Group, at a consideration of RMB1 for the equity interest of Beijing Bangshe, and furthermore Beijing Xuda paid the debt, amounting to RMB320,875,000, owing to the Group on behalf of Beijing Bangshe.

The effect of disposal of interests in the subsidiary on the equity attributable to owners of the Company during the period is summarized as follows:

	As at 31 May 2019 RMB'000
Proceeds received in cash on disposal of interests in the subsidiary	–
Carrying value of the Beijing Bangshe's net liabilities disposed — shown as below	131,126
Gains on disposal of interest in Beijing Bangshe that resulted in loss of control	131,126
	As at 31 May 2019 RMB'000
Cash and cash equivalents	1,905
Property, plant and equipment	156
Right-of-use Assets	1,054,241
Trade and other receivables and prepayments	452,945
Trade and other payables	(521,828)
Borrowings	(75,550)
Lease liabilities	(1,035,614)
Income tax payables	(77)
Contract liabilities	(7,304)
Net liabilities disposed	(131,126)
<b>Outflow of cash to dispose the subsidiaries, net of cash disposed</b>	
Proceeds received in cash	–
Cash and cash equivalents in the subsidiaries disposed of	(1,905)
Net cash outflow on disposal	(1,905)

## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

### (c) Disposal of Beijing Chunxuanmao

In May 2019, the Group entered into an agreement with Beijing Xuda to dispose of 30% equity interests in Beijing Chunxuanmao Investment Management Co., Ltd ("Beijing Chunxuanmao"), at a consideration of RMB9,000,000 for the equity interest of Beijing Chunxuanmao, and furthermore Beijing Xuda paid the debt, amounting to RMB248,862,000, owing to the Group on behalf of Beijing Chunxuanmao. Upon completion of the disposal, the Group lost control over Beijing Chunxuanmao as it has no power to govern the financial and operating policies of Beijing Chunxuanmao, which became a joint venture of the Group.

The effect of disposal of interests in the subsidiary on the equity attributable to owners of the Company during the period is summarized as follows:

	As at 31 May 2019 RMB'000
Proceeds received in cash on disposal of interests in the subsidiary	9,000
Fair value of the Group's remaining interests	—
Carrying value of the Beijing Chunxuanmao's net liabilities disposed — shown as below	168,778
Gains on disposal of interest in Beijing Chunxuanmao that resulted in loss of control	177,778
	As at 31 May 2019 RMB'000
Cash and cash equivalents	8,829
Property, plant and equipment	14,609
Completed properties held for sale	697
Right-of-use Assets	1,563,795
Trade and other receivables and prepayments	797,193
Trade and other payables	(896,848)
Borrowings	(54,803)
Lease liabilities	(1,593,968)
Contract liabilities	(8,281)
Net liabilities disposed	(168,777)
<b>Inflow of cash to dispose the subsidiaries, net of cash disposed</b>	
Proceeds received in cash	9,000
Cash and cash equivalents in the subsidiaries disposed of	(8,829)
Net cash inflow on disposal	171

## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

### (d) Disposal of Qinghuangdao Yuanhao

In March 2019, the Group entered into an agreement with Beijing Haoshun Life Technology Group Co., Ltd., to dispose of 100% equity interests in Qinghuangdao Yuanhao Real Estate Development Co., Ltd. ("Qinghuangdao Yuanhao"), at a consideration of RMB89,037,000.

The effect of disposal of interest in the subsidiary on the equity attributable to owners of the Company during the period is summarized as follows:

	As at 31 March 2019 RMB'000
Proceeds received on disposal of interest in the subsidiary	89,037
Carrying value of the Qinghuangdao Yuanhao's net liabilities disposed — shown as below	475
Gains on disposal of interest in Qinghuangdao Yuanhao that resulted in loss of control	89,512
	As at 31 March 2019 RMB'000
Cash and cash equivalents	51,246
Properties under development	630,492
Trade and other receivables and prepayments	5,455
Trade and other payables	(129,198)
Borrowings	(558,470)
Net liabilities disposed	(475)
<b>Inflow of cash to dispose the subsidiaries, net of cash disposed</b>	
Proceeds received in cash	89,037
Cash and cash equivalents in the subsidiaries disposed of	(51,246)
Net cash inflow on disposal	37,791

## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

### (e) Disposal of Sky Charter and Moral Wealth

In December 2019, Sky Charter Development Limited ("Sky Charter") and Moral Wealth International Limited ("Moral Wealth"), wholly-owned subsidiaries of the Group, had agreed to allot and issue a total of 2,000,000 ordinary shares and 4 ordinary shares at the aggregate consideration of RMB60,000,000 and RMB140,000,000 respectively, to Xinying Investment Holdings Limited ("Xinying Investment") (the Subscription), after the Subscription the Group owned 60% equity stakes in Sky Charter and Moral Wealth, which became a joint venture of the Group as the Group lost control over these two companies.

The effect of disposal of interest in the subsidiary on the equity attributable to owners of the Company during the period is summarized as follows:

	As at 31 December 2019 RMB'000
Fair value of the Group's remaining interests after the subscription	170,541
Carrying value of Sky Charter and Moral Wealth's net assets disposed — shown as below	(171,608)
Losses on disposal of interests in Sky Charter and Moral Wealth that resulted in loss of control	(1,067)

## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

### (e) Disposal of Sky Charter and Moral Wealth (Continued)

The assets and liabilities disposed of are as follows:

	As at 31 December 2019 RMB'000
Cash and cash equivalents	195,572
Property, plant and equipment	1,021,906
Land use rights	339,694
Investment properties	3,008,000
Completed properties held for sale	638,216
Trade and other receivables and prepayments	4,893,504
Deferred income tax assets	68,494
Right-of-use Assets	9,037
Lease liabilities	(8,979)
Deferred tax liabilities	(190,766)
Trade and other payables	(5,359,192)
Borrowings	(4,026,888)
Income tax payables	(411,076)
Contract liabilities	(5,914)
Net assets disposed	171,608
<b>Outflow of cash to dispose the subsidiaries, net of cash disposed</b>	
Proceeds received in cash	–
Cash and cash equivalents in the subsidiaries disposed of	(195,572)
Net cash outflow on disposal	(195,572)

### (f) Disposal of Tianjin Ruihong

In December 2019, the Group entered into an agreement with Zhonglian Qianyuan Real Estate Fund Management Co., Ltd ("Zhonglian Qianyuan"), to dispose of 100% equity interests in Tianjin Ruihong Enterprise Management Co., Ltd. ("Tianjin Ruihong"), at a consideration of RMB16,456,000 for the equity interest of Tianjin Ruihong, and furthermore Zhonglian Qianyuan paid the debt, amounting to RMB715,544,000, owing to the Group on behalf of Tianjin Ruihong.



## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

### (f) Disposal of Tianjin Ruihong (Continued)

The effect of disposal of interests in the subsidiary on the equity attributable to owners of the Company during the period is summarized as follows:

	As at 24 December 2019 RMB'000
Proceeds received in cash on disposal of interests in the subsidiary	16,456
Carrying value of the Tianjin Ruihong's net assets disposed — shown as below	(3,386)
Gains on disposal of interest in Tianjin Ruihong that resulted in loss of control	13,070
	As at 24 December 2019 RMB'000
Cash and cash equivalents	3,672
Property, plant and equipment	6
Investment properties	718,858
Trade and other receivables and prepayments	2,526
Trade and other payables	(716,990)
Income tax payables	(265)
Contract liabilities	(4,421)
Net assets disposed	3,386
<b>Inflow of cash to dispose the subsidiaries, net of cash disposed</b>	
Proceeds received in cash	16,456
Cash and cash equivalents in the subsidiaries disposed of	(3,672)
Net cash inflow on disposal	12,784

## 50 BUSINESS COMBINATIONS (Continued)

During the year, the significant business combinations of the Group are presented as below:

### (a) Acquisition of Shanghai Lanhai

The Group owns 41% equity stakes in Shanghai Lanhai Real Estate Development Co., Ltd and its subsidiaries (together, "Shanghai Lanhai"), which was accounted by way of equity method.

In September 2019, in order to optimize the performance of the real estate projects developed by Shanghai Lanhai, the Group obtained the controlling stake in Shanghai Lanhai. As a result of the change, Shanghai Lanhai became a subsidiary of the Group as the Group has power to decide Shanghai Lanhai's operation and finance.

The following table summarises the consideration paid for Shanghai Lanhai, the fair value of assets acquired and liabilities assumed at the acquisition date.

	As at 1 September 2019 RMB'000
Consideration:	
— Book value of equity interest in Shanghai Lanhai held before business combination	1,396,106
— Deemed disposal gains of equity interest	20,036
Identifiable net assets acquired	(1,416,142)
Goodwill	—
Recognized amounts of identifiable assets acquired and liabilities acquired	RMB'000
Cash and cash equivalents	361,388
Property, plant and equipment	1,127
Properties under development	5,352,453
Completed properties held for sale	380,077
Trade and other receivables and prepayments	238,160
Trade and other payables	(925,583)
Borrowings	(2,232,008)
Contract liabilities	(1,273,545)
Deferred income tax liabilities	(87,719)
Non-controlling interests	(398,208)
Total identifiable net assets	1,416,142

The revenue included in the consolidated income statement since 1 September 2019 contributed by Shanghai Lanhai was RMB1,154,991,000. Shanghai Lanhai also contributed profit of RMB240,462,000 over the same period.

Had Shanghai Lanhai been consolidated from 1 January 2019, the consolidated income statement would show pro-forma revenue of RMB50,926,750,000 and profit of RMB4,133,595,000.

## 50 BUSINESS COMBINATIONS (Continued)

### (b) Acquisition of Qinhuangdao Seatopia Resort Project

In May 2019, the Group acquired 100% of the equity interests of Beijing Yingli Enterprise Consulting Management Co., Ltd., and its subsidiaries (together, "Qinhuangdao Seatopia Resort Project"), at a consideration of RMB2,458,126,000. As a result of the acquisition, Qinhuangdao Seatopia Resort Project became a subsidiary of the Group.

The following table summarises the consideration paid for Qinhuangdao Seatopia Resort Project, the fair value of assets acquired and liabilities assumed at the acquisition date.

	As at 31 May 2019 RMB'000
Consideration:	
— Consideration transferred	2,458,126
Identifiable net assets acquired	(2,458,924)
Excess of consideration paid recognized in profit or loss as other gains	(798)
Recognized amounts of identifiable assets acquired and liabilities acquired	RMB'000
Cash and cash equivalents	751,949
Property, plant and equipment	3,867
Properties under development	5,852,128
Trade and other receivables and prepayments	3,346,679
Trade and other payables	(2,503,519)
Borrowings	(2,709,730)
Income tax payables	(53,576)
Contract liabilities	(1,672,598)
Deferred income tax liabilities	(556,276)
Total identifiable net assets	2,458,924

The revenue included in the consolidated income statement since 31 May 2019 contributed by Qinhuangdao Seatopia Resort Project was RMB784,912,000. Qinhuangdao Seatopia Resort Project also contributed Profit of RMB178,508,000 over the same period.

Had Qinhuangdao Seatopia Resort Project been consolidated from 1 January 2019, the consolidated income statement would show pro-forma revenue of RMB51,027,105,000 and profit of RMB4,074,235,000.

## 51 TRANSACTIONS WITH NON-CONTROLLING INTERESTS WITHOUT CHANGE OF CONTROL

During the year ended 31 December 2019, the Group acquired certain equity interests of certain subsidiaries amounting to RMB58,485,000 from non-controlling shareholders, the difference between consideration paid and the carrying amount of equity interest acquired amounting to RMB2,339,000 was recognized as a decrease in reserves.

## 52 RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere, the following is a summary of significant related party balances and transactions entered into in the ordinary course of business between the Group and its related parties during the years ended 31 December 2019 and 2018:

### (a) Provision of services to:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
— A shareholder	4,639	4,268
— Joint ventures	3,270,886	442,603
— Associates	833,095	117,355
	4,108,620	564,226

Provision of services mainly represent construction service, the terms of which are entered into with related parties in accordance with the terms of agreement.

## 52 RELATED PARTY TRANSACTIONS (Continued)

### (b) Transaction with joint ventures:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Gains on disposal of interests in subsidiaries to joint ventures	–	2,165,245

### (c) Key management compensation:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Salaries and other short-term employee benefits	40,325	45,524
Post-employment benefits	3,469	5,127
Other long-term welfare	1,126	1,125
Share-based payments	45,745	39,638
	90,665	91,414

## 52 RELATED PARTY TRANSACTIONS (Continued)

- (d) Year-end balances arising from sales and purchases of properties and services and disposal of interests in subsidiaries:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Receivables from related parties:		
— A shareholder	35,771	34,032
— Joint ventures	2,023,274	733,492
— Associates	258,967	162,616
	2,318,012	930,140
Other receivables from related parties:		
— A joint venture	–	863,472
Advance from related parties:		
— Joint ventures	–	–
— Associates	–	2,000
	–	2,000
Trade payables due to related parties:		
— A joint venture	37,836	40,349
— An associate	4,252	645
	42,088	40,994

- (e) Interest income

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Interest received:		
— Joint ventures	1,190,595	1,260,161
— Associates	323,018	246,867
	1,513,613	1,507,028

## 52 RELATED PARTY TRANSACTIONS (Continued)

### (f) Loans to related parties

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Joint ventures:		
At 1 January	11,516,089	5,053,855
Loans advanced during year	17,501,000	16,034,558
Loans repayments received	(19,528,323)	(9,572,324)
Increase due to disposal of interests in subsidiaries	778,049	–
Decrease due to disposal of interest in subsidiaries	(463,650)	–
Interest charged	(1,190,595)	(1,260,161)
Interest received	1,190,595	1,260,161
At 31 December (Note 23(b)(ii))	9,803,165	11,516,089
Associates:		
At 1 January	1,129,255	580,306
Loans advanced during year	1,814,210	831,639
Loans repayments received	(811,450)	(282,690)
Decrease due to deemed disposal of associates	(402,895)	–
Increase due to disposal of interests in subsidiaries	376,015	–
Decrease due to disposal of interest in subsidiaries	(673,390)	–
Interest charged	(323,018)	(246,867)
Interest received	323,018	246,867
At 31 December (Note 23(b)(iii))	1,431,745	1,129,255

## 52 RELATED PARTY TRANSACTIONS (Continued)

### (g) Amounts due from related parties

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Joint ventures:		
At 1 January	16,598,387	15,944,187
Amounts advanced during year	56,292,021	39,973,775
Repayments during year	(54,542,950)	(39,996,703)
Decrease due to deemed disposal of joint ventures	(672,869)	–
Increase due to disposal of interests in subsidiaries	980,049	677,128
At 31 December (Note 23(b)(v))	18,654,638	16,598,387
Associates:		
At 1 January	9,723,159	7,638,158
Amounts advanced during year	7,689,906	8,937,168
Repayments during year	(9,744,890)	(8,395,521)
Increase due to deemed disposal of associates	–	1,543,354
Decrease due to deemed disposal of an associate	(329,765)	–
Increase due to disposal of subsidiaries	1,563,575	–
At 31 December (Note 23(b)(v))	8,901,985	9,723,159



## 52 RELATED PARTY TRANSACTIONS (Continued)

### (h) Amounts due to related parties

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Joint ventures:		
At 1 January	9,388,039	8,630,367
Amounts advanced during year	17,648,483	20,207,116
Repayments during year	(19,665,564)	(19,860,843)
Decrease due to deemed disposal of joint ventures	(538,638)	–
Decrease due to disposal of interest in a subsidiary	(2,091)	–
Increase due to disposal of interest in subsidiaries	1,961,124	411,399
At 31 December (Note 35(ii))	8,791,353	9,388,039
Associates:		
At 1 January	4,274,001	829,939
Amounts advanced during year	6,550,590	6,595,957
Repayments during year	(7,215,109)	(3,056,015)
Decrease due to disposal of interest in a subsidiary	–	(95,880)
Decrease due to deemed disposal of an associate	(432,549)	–
Increase due to disposal of interest in a subsidiary	2,186	–
At 31 December (Note 35(ii))	3,179,119	4,274,001

### (i) Investment in limited partners' share issued by an associate

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Fair value of investment in limited partners' share issued by an associate	2,126,795	–

### (j) Investment in capital instrument issued by an associate

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Fair value of investment in capital instrument issued by an associate	2,011,000	–

## 53 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

### Balance sheet of the Company

		As at 31 December	
	Note	2019 RMB'000	2018 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets		–	–
Investments in subsidiaries		3,428,410	3,427,259
<b>Current assets</b>			
Amounts due from subsidiaries		34,875,510	35,251,808
Other receivables		2,060	2,060
Cash and cash equivalents		384,395	11,698
		35,261,965	35,265,566
<b>Total assets</b>		<b>38,690,375</b>	<b>38,692,825</b>
<b>EQUITY</b>			
Capital	(a)	27,329,232	27,328,810
Reserves	(b)	426,789	395,854
Retained earnings	(c)	447,542	483,576
<b>Total equity</b>		<b>28,203,563</b>	<b>28,208,240</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		9,985,954	9,974,458
Lease liabilities		–	–
<b>Current liabilities</b>			
Other payables		500,858	510,127
Lease liabilities		–	–
		500,858	510,127
<b>Total liabilities</b>		<b>10,486,812</b>	<b>10,484,585</b>
<b>Total equity and liabilities</b>		<b>38,690,375</b>	<b>38,692,825</b>

Approved by the Board of Directors on 24 March 2020.

**LI Ming**  
Executive Director

**SUM Pui Ying**  
Executive Director

## 53 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

### (a) Capital movement of the Company

	RMB'000
<b>At 1 January 2019</b>	<b>27,328,810</b>
Issue of shares pursuant to exercise of employee share options	422
Vesting of shares under Restricted Share Award Scheme	–
<b>At 31 December 2019</b>	<b>27,329,232</b>
At 1 January 2018	27,129,614
Issue of shares pursuant to exercise of employee share options	197,298
Vesting of shares under Restricted Share Award Scheme	1,898
At 31 December 2018	27,328,810

### (b) Reserve movement of the Company

	RMB'000
<b>At 1 January 2019</b>	<b>395,854</b>
Share based payment	272,960
Issue of shares pursuant to exercise of employee share options	(76)
Vesting of shares under Restricted Share Award Scheme	–
Purchase of shares for Restricted Share Award Scheme	(1,030)
<b>At 31 December 2019</b>	<b>667,708</b>
At 1 January 2018	435,309
Share based payment	71,680
Issue of shares pursuant to exercise of employee share options	(35,220)
Vesting of shares under Restricted Share Award Scheme	(1,898)
Purchase of shares for Restricted Share Award Scheme	(74,017)
At 31 December 2018	395,854

## 53 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

### (c) Retained earnings

	RMB'000
<b>At 1 January 2019</b>	<b>483,576</b>
Profit for the year	<b>1,208,734</b>
Dividends relating to 2018	<b>(489,258)</b>
Dividends relating to 2019	<b>(755,510)</b>
<b>At 31 December 2019</b>	<b>447,542</b>
At 1 January 2018	1,148,176
Profit for the year	1,273,562
Dividends relating to 2017	(999,882)
Dividends relating to 2018	(938,280)
At 31 December 2018	483,576

## 54 BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' emoluments

The remuneration of every director for the years is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking											
	Year ended 31 December											
	2019						2018					
	Fees	Salary and bonus	Employer's contribution to retirement benefit scheme	Other long-term welfare	Subtotal	Share-based payments	Fees	Salary and bonus	Employer's contribution to retirement benefit scheme	Other long-term welfare	Subtotal	Share-based payments
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Chairman</i>												
Mr. Li Ming	-	6,310	1,715	1,126	9,151	23,715	-	5,760	3,060	1,125	9,945	4,781
<i>Executive directors</i>												
Mr. Li Hu (iii)	-	-	-	-	-	-	-	1,688	87	-	1,775	2,342
Mr. Wang Yeyi (iii)	-	-	-	-	-	-	144	-	-	-	144	74
Mr. Sum Pui Ying	-	2,383	238	-	2,621	4,601	-	4,050	237	-	4,287	2,384
Mr. Wen Haicheng	-	3,410	126	-	3,536	5,889	-	2,720	125	-	2,845	3,051
Mr. Li Hongbo (iii)	-	-	-	-	-	-	-	1,325	87	-	1,412	515
<i>Non-executive directors</i>												
Mr. Zhao Peng (i)	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Zhao Lijun (ii)	-	-	-	-	-	-	-	-	-	-	-	167
Mr. Yao Dafeng (iii)	-	-	-	-	-	-	231	-	-	-	231	75
Mr. Fang Jun	-	-	-	-	-	422	-	-	-	-	-	219
Ms. Shangguan Qing (iii)	-	-	-	-	-	-	231	-	-	-	231	75
Mr. Fu Fei	-	-	-	-	-	174	-	-	-	-	-	90
Ms. Li Liling	-	-	-	-	-	174	-	-	-	-	-	90
<i>Independent non-executive directors</i>												
Mr. Han Xiaojing	337	-	-	-	337	596	325	-	-	-	325	219
Mr. Suen Man Tak	337	-	-	-	337	495	325	-	-	-	325	166
Mr. Wang Zhifeng	337	-	-	-	337	495	325	-	-	-	325	166
Mr. Jin Qingjun	337	-	-	-	337	495	325	-	-	-	325	166
Ms. Lam Sin Lai Judy	337	-	-	-	337	493	325	-	-	-	325	165
	1,685	12,103	2,079	1,126	16,993	37,549	2,231	15,543	3,596	1,125	22,495	14,745

## 54 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

### (a) Directors' emoluments (Continued)

- (i) On 30 September 2019, Mr. Zhao Peng was appointed as a non-executive director.
- (ii) On 30 September 2019, Mr. Zhao Lijun, resigned as a non-executive director.
- (iii) On 18 May 2018, Mr. Wang Yeyi, retired as an executive director.
- On 10 August 2018, Mr. Li Hongbo, resigned as an executive director.
- On 10 August 2018, Mr. Li Hu, resigned as an executive director.
- On 10 August 2018, Mr. Yao Dafeng, resigned as a non-executive director.
- On 10 August 2018, Ms. Shangguan Qing, resigned as a non-executive director.

### (b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## 55 SUBSEQUENT EVENT

- (a) On 14 January 2020, Sino-Ocean Land Treasure IV Limited (the "Issuer"), a wholly-owned subsidiary of the Company, issued guaranteed notes with principal amount of USD400,000,000 at interest rate of 4.75% due in 2030 (the "Notes"). The Notes are unsecured and are guaranteed by the Company.
- (b) The Directors of the Group consider that the outbreak of the 2019 Novel Coronavirus ("COVID-19") may affect the financial performance and position of the Group including the construction and delivery of properties, rental revenue and occupancy rate of investment properties, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. Meanwhile, due to the inherent nature and unpredictability of future development of the virus and market sentiment, the Directors are still assessing the financial impact that COVID-19 will have on the financial statements of the Group as at the date that the consolidated financial statements are authorised for issue. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

# FIVE-YEAR FINANCIAL SUMMARY

	2019 RMB million	2018 RMB million	2017 RMB million	2016 RMB million	2015 RMB million
Revenue	50,926	41,422	45,837	34,551	30,824
Gross Profit	10,222	8,287	11,239	7,636	6,354
Profit attributable to owners of the Company	2,656	3,574	5,115	3,812	2,384
Total assets	243,699	249,362	191,894	151,265	148,185
Total liabilities	178,088	186,223	133,166	101,935	99,995
Shareholders' equity	49,907	48,385	48,502	43,999	43,764
Total equity	65,611	63,139	58,728	49,330	48,190

# LIST OF PROJECT NAMES

Our list of project names as at 31 December 2019 is set out as follows:

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
1	Beijing-Tianjin-Hebei Region	Beijing	26街區(北京)	26 Block (Beijing)	順義南法信項目	Nanfaxin Project, Shunyi District
2			安貞項目(北京)	Anzhen Project (Beijing)		
3			CBD Z6地塊(北京)	CBD Plot Z6 (Beijing)		
4			昌平未來科技城F2項目(北京)	Changping Sci-tech Park F2 Project (Beijing)		
5			中國人壽金融中心(北京)	China Life Financial Center (Beijing)	CBD Z13地塊	CBD Plot Z13
6			鑽石大廈(北京)	Diamond Plaza (Beijing)		
7			遠洋萬和風景(北京)	Eternal Scenery (Beijing)		
8			銀網中心(北京)	E-wing Center (Beijing)		
9			金悅府(北京)	Gold Mansion (Beijing)	大興黃村0901地塊	Huangcun 0901 Plot, Daxing District
10			萬和斐麗(北京)	Grand Harmony Emerald Residence (Beijing)		
11			頤堤港(北京)	INDIGO (Beijing)	將台商務中心	Jiangtai Business Center
12			頤璟萬和(北京)	Jasper Epoch (Beijing)		
13			順義佳利華項目(北京)	Jialihua Project, Shunyi District (Beijing)		
14			房山良鄉項目(北京)	Liangxiang Project (Beijing)		
15			門頭溝潭柘寺項目(北京)	Mentougou Tanzhe Temple Project (Beijing)		
16			密之雲項目(北京)	Mizhiyun Project (Beijing)		
17			遠洋天著春秋(北京)	Ocean Epoch (Beijing)	石景山區劉娘府項目	Liuniangfu Project, Shijingshan District
18			遠洋國際中心(北京)	Ocean International Center (Beijing)		
19			遠洋國際中心二期(北京)	Ocean International Center, Phase II (Beijing)	京棉項目	Jingmian Project
20			遠洋LA VIE(北京)	Ocean LA VIE (Beijing)		
21			遠洋沁山水(北京)	Ocean Landscape Eastern Area (Beijing)	遠洋沁山水E02/03項目	Ocean Landscape Eastern Area E02/03 Project
22			遠洋新天地(北京)	Ocean Metropolis (Beijing)	門頭溝新城項目	Mentougou New Town Project
23			遠洋光華國際(北京)	Ocean Office Park (Beijing)		
24			遠洋大廈(北京)	Ocean Plaza (Beijing)		
25			遠洋銳中心(北京)	Ocean Rayzone (Beijing)	麗澤商務區項目	Lize Business District Project
26			遠洋新光中心(北京)	Ocean Shinkong Center (Beijing)	遠洋新光項目	Sino-Ocean Shin Kong Project
27			遠洋未來廣場(北京)	Ocean We-life Plaza (Beijing)		
28			遠洋五里春秋(北京)	Ocean Wulieepoch (Beijing)	石景山五里坨組團一地塊	Wulituo Plot, Shijingshan District
29			遠洋新仕界(北京)	Our New World (Beijing)	遠洋春天著	Ocean Spring



	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
30			門頭溝新城6002地塊(北京)	Plot 6002, Mentougou New Town (Beijing)		
31			天瑞宸章(北京)	Royal River Villa (Beijing)		
32			椿萱茂·和園長者社區(北京)	Senior Living L'Amore (Beijing)		
33			遠洋天著(北京)	The CBD's Private Palace (Beijing)		Ocean Palace
34			禧瑞春秋(北京)	Xanadu & Ocean Epoch (Beijing)		
35			禧瑞天著(北京)	Xanadu & Ocean Palace (Beijing)	經開區G2R1地塊	Yizhuang EDA Plot G2R1
36			通州西集E地塊(北京)	Xiji Plot E, Tongzhou District (Beijing)		
37			信馳大廈(北京)	Xinch Tower (Beijing)	亦莊汽車大廈項目	Yizhuang Motor Tower Project
38			雍景桃源項目(北京)	Yongjingtaoyuan Project (Beijing)		
39		Tianjin	北辰物流項目(天津)	Beichen Logistics Project (Tianjin)		
40			博大奶牛場項目(天津)	Boda Logistics Project (Tianjin)		
41			天悅風華(天津)	Elegant Prestige (Tianjin)	海河教育園14號地塊	Haihe Jiaoyuyuan Plot 14
42			悅光年(天津)	Happy Light Year (Tianjin)	汽車世界	Autoworld
43			天宸原著(天津)	Longfor Mansion (Tianjin)	海河教育園13號地塊	Haihe Jiaoyuyuan Plot 13
44			未來城(天津)	Neo-metropolis (Tianjin)	北辰宜興埠項目	Yixingbu Project, Beichen District
45			遠洋香奈(天津)	Ocean Chanson (Tianjin)	奧萊二期居住項目	Outlets Phase II Residential Project
46			遠洋城(天津)	Ocean City (Tianjin)		
47			天著春秋(天津)	Ocean Epoch (Tianjin)		
48			遠洋萬和城(天津)	Ocean Great Harmony (Tianjin)	倪黃莊項目	Nihuangzhuang Project
49			遠洋心裡(天津)	Ocean Inside (Tianjin)	濱海新區港濱路項目	Gangbin Road Project, Binhai New District
50			遠洋國際中心(天津)	Ocean International Center (Tianjin)		
51			遠洋琨庭(天津)	Ocean Kunting (Tianjin)		
52			遠洋風景(天津)	Ocean Prospect (Tianjin)		
53			遠洋未來匯(天津)	Ocean We-life (Tianjin)		
54			遠洋未來廣場(天津)	Ocean We-life Plaza (Tianjin)		
55			紅熙郡(天津)	Royal River (Tianjin)	武清項目	Wuqing Project
56			鯤棲府(天津)	The Great Habitat Mansion House (Tianjin)	華明項目	Huaming Project
57			海納府(天津)	Xanadu (Tianjin)	濱海新區生態城5號地塊	Binhai New Area Eco-Town Plot 5
58		Shijiazhuang	安德生命紀念公園(石家莊)	Ande Life Memorial Park (Shijiazhuang)		
59			長安區舊改項目(石家莊)	Chang'an District Redevelopment Project (Shijiazhuang)		
60			風景長安(石家莊)	Family Park (Shijiazhuang)		
61			萬和學府(石家莊)	Harmony Palace (Shijiazhuang)	正定新區004項目	Zhengding New District Project

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
62	Yangtze River Delta Region	Langfang	遠洋福美瑾園(石家莊)	Jade Mansion (Shijiazhuang)		
63			遠洋7號(石家莊)	Sino-Ocean No. 7 (Shijiazhuang)		
64			遠洋晟庭(石家莊)	Vigorous Mansion (Shijiazhuang)	長安區015號地	Chang'an District Plot 015
65			運河灣(廊坊)	Canal Bay (Langfang)	香河萬潤項目	Xiang He Wan Run Project
66			遠洋琨庭(廊坊)	Ocean Kunting (Langfang)	碾子營項目	Nianziying Project
67		Zhangjiakou	遠洋尚東萬和(張家口)	Centrality Mansion (Zhangjiakou)	橋東區東山天地項目	Qiaodong District Dongshantiandi Project
68		Qinhuangdao	蔚藍海岸(秦皇島)	Seatopia Resort (Qinhuangdao)		
69		Shanghai	嘉譽都匯廣場(上海)	Amazing City (Shanghai)	嘉譽國際廣場	
70		Hangzhou	崇明東灘花園項目(上海)	Chongming Dongtan Project (Shanghai)		
71			海興廣場(上海)	Haixing Plaza (Shanghai)		
72			遠洋財富中心(上海)	Ocean Fortune Center (Shanghai)		
73			遠洋萬和四季(上海)	Ocean Melody (Shanghai)	惠南項目	Huinan Project
74			萬和昊美項目(上海)	Onehome Art Project (Shanghai)		
75			遠洋商業大廈(上海)	Sino-Ocean Tower (Shanghai)	東海商業中心	East Ocean Center
76			西郊宸章(上海)	Wellness Masterpiece (Shanghai)		
77			元博酒店項目(上海)	Yuanbo Hotel Project (Shanghai)		
78			大運河商務區項目(杭州)	Canal Business Center Project (Hangzhou)		
79			遠洋樂堤港(杭州)	Grand Canal Plaza (Hangzhou)		
80			九龍灣項目(杭州)	Jiulongwan Project (Hangzhou)		
81			厘望Neo1(杭州)	Neo 1 (Hangzhou)	厘望軒	
82			上河宸章(杭州)	Ocean River Masterpiece (Hangzhou)	余杭區崇賢C-7地塊	Chongxian C-7 Plot, Yuhang District
83			遠洋雁歸里(杭州)	Sino-Ocean Native Place (Hangzhou)	蕭山臨浦項目	Xiaoshan Linpu Project
84		Nanjing	濱江產業園(南京)	Binjiang Industrial Park (Nanjing)	濱江物流項目	Binjiang Logistics Project
85			南京空港項目(南京)	Nanjing Airport Project (Nanjing)		
86			遠洋山水(南京)	Ocean Landscape (Nanjing)	吉山項目	Jishan Project
87			遠洋萬和四季(南京)	Ocean Seasons (Nanjing)		
88			遠洋棠悅山水(南京)	Sino-Ocean Tangyue Landscape (Nanjing)		
89		Suzhou	蘇悅灣花園(蘇州)	Easy Town (Suzhou)		
90			昆山玉山物流項目(蘇州)	Kunshan Yushan Logistics Project (Suzhou)		
91			萬和悅花園(蘇州)	Mansion Yue (Suzhou)		
92			萬和四季(蘇州)	Ocean Melody (Suzhou)	太倉港區項目	Taichang gangqu Project
93			洛克公園(蘇州)	Rocker Park (Suzhou)		
94			沙溪物流項目(蘇州)	Shaxi Logistics Project (Suzhou)		

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
95			石湖項目(蘇州)	Shihu Project (Suzhou)		
96			上湖名著(蘇州)	The Lake Garden (Suzhou)	汾湖006地塊	Fenhu Plot 006
97		Wuxi	溪山宸章(無錫)	Scenery Mansion (Wuxi)		
98			遠洋太湖宸章(無錫)	Taihu Milestone (Wuxi)	好施項目	Haoshi Project
99			遠洋太湖宸章(無錫)	Taihu Milestone (Wuxi)	裕沁項目	Yuqin Project
100		Jiaxing	桂語東方(嘉興)	East Lake (Jiaxing)		
101			萃湖上郡(嘉興)	Lakeside Wonderland (Jiaxing)		
102			遠洋湖映宸章(嘉興)	Ocean Lake Mansion (Jiaxing)		
103			平湖物流項目(嘉興)	Pinghu Logistics Project (Jiaxing)		
104			上善悅府(嘉興)	Ultimate Joy Mansion (Jiaxing)	嘉善縣34號地塊	Plot 34, Jiashan
105			乍浦產業園(嘉興)	Zhapu Logistics Center (Jiaxing)	乍浦物流項目	Zhapu Logistics Project
106		Chuzhou	遠洋萬和上寧府(滁州)	Ocean Mansion (Chuzhou)	汊河新城向榮路項目	Xiangrong Road Project
107		Changzhou	天隼半島(常州)	Sky Peninsula (Changzhou)		
108		Taizhou	樾府(台州)	Mansion (Taizhou)	椒江項目	Jiaojiang Project
109		Shaoxing	遠洋越府宸章(紹興)	Ocean Yue Masterpiece (Shaoxing)		
110		Wenzhou	遠洋世紀宸章(溫州)	Ocean Century Mansion (Wenzhou)	高新區HX-22-A02地塊	Gaoxin District Project
111		Xiamen	天和(廈門)	The Only One (Xiamen)	翔安區2017XP02地塊	Plot 2017XP02, Xiang'an District
112			天成(廈門)	Top Mansion (Xiamen)	翔安區2017XP03地塊	Plot 2017XP03, Xiang'an District
113		Zhangzhou	遠洋風景(漳州)	Sino-Ocean Scenery (Zhangzhou)		
114		Fuzhou	東江灣(福州)	East Bay (Fuzhou)		
115			遠洋山水(福州)	Sino-Ocean Landscape (Fuzhou)		
116		Yangzhou	大河宸章(揚州)	Grand Canal Milestone (Yangzhou)		
117		Longyan	遠洋山水(龍岩)	Sino-Ocean Landscape (Longyan)		
118	Yangtze Mid-stream Region	Wuhan	賀家墩項目(武漢)	Hejiadun Project (Wuhan)	有座莊園	Tangchen Project
119			萬和四季(武漢)	Ocean Seasons (Wuhan)		
120			遠洋東方境世界觀(武漢)	Oriental World View (Wuhan)	漢陽區歸元寺項目	Hanyang District Guiyuan Temple
121			江岸區鸚鵡天項目(武漢)	Yanyangtian Project, Jiang'an District (Wuhan)		
122		Hefei	都會1907(合肥)	Metropolis 1907 (Hefei)		
123			遠洋萬和雲錦(合肥)	Ocean Glory (Hefei)	肥東縣FD18-13地塊	Feidong FD18-13 Project
124			遠洋廬玥風景(合肥)	Sino-Ocean Landscape (Hefei)		
125		Changsha	遠洋外灘壹號(長沙)	Bund No.1 (Changsha)	S10項目	S10 Project
126		Nanchang	遠洋天著(南昌)	Ocean Palace (Nanchang)	灣里區178項目	Wanli 178 Project

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
127	Pearl River Delta Region	Zhongshan	遠洋繁花里(中山)	Blossoms Valley (Zhongshan)	神灣項目	Shenwan Project
128			遠洋君域(中山)	King Realm (Zhongshan)	東升隆成項目	Dongsheng Longcheng Project
129			領秀山(中山)	Leader Mountain (Zhongshan)	五桂山龍塘村項目	Wuguishan Longtangcun Project
130			遠洋城(中山)	Ocean City (Zhongshan)		
131			遠洋翡翠郡(中山)	Ocean Emerald (Zhongshan)	南頭項目	Nantou Project
132			遠洋瓏郡(中山)	Ocean Longshire (Zhongshan)	橫欄項目	Henglan Project
133			時光樾(中山)	SCity (Zhongshan)	南頭穗西村162商住項目	Suixicun 162 Project, Nantou
134			時光樾(中山)	SCity (Zhongshan)	南頭穗西村163商住項目	Suixicun 163 Project, Nantou
135			遠洋世家(中山)	Sino-Ocean Aristocratic Family (Zhongshan)	大信融佳項目	Da Xin Rong Jia Project
136			遠洋山水(中山)	Sino-Ocean Landscape (Zhongshan)		
137		Shenzhen	中薈城(中山)	Zhonghui City (Zhongshan)	南頭穗西村135項目	Suixicun 135 Project, Nantou
138			中薈城(中山)	Zhonghui City (Zhongshan)	南頭穗西村136項目	Suixicun 136 Project, Nantou
139			中薈城(中山)	Zhonghui City (Zhongshan)	南頭穗西村137項目	Suixicun 137 Project, Nantou
140			荔山項目(深圳)	Lishan Project (Shenzhen)		
141			龍華區德愛電子廠項目(深圳)	Longhua District De Ai Industrial Park (Shenzhen)		
142			遠洋新幹線(深圳)	Ocean Express (Shenzhen)	南聯項目	Nanlian Project
143			遠洋天著(深圳)	Ocean Palace (Shenzhen)		
144			遠洋廣場(深圳)	Ocean Plaza (Shenzhen)	龍船塘項目	Long Chuan Tang Project
145			遠洋新天地(深圳)	Sino-Ocean Dream Land (Shenzhen)		Ocean Metropolis
146		Guangzhou	東灣(廣州)	East Bay (Guangzhou)	朱村街凰崗村項目	Fenggangcun, Zhucun Street Project
147			遠洋天驕(廣州)	Elite Palace (Guangzhou)	廣州粵隆客車廠	Yuelong Project
148			芙蓉墅(廣州)	Hibiscus Villa (Guangzhou)	芙蓉墅項目	Hibiscus Villa Project
149			白雲區穗花項目(廣州)	Honoka Project in Baiyun District (Guangzhou)		
150			花都產業園項目(廣州)	Huadu Industrial Park Project (Guangzhou)		
151	Foshan	Foshan	漫悅灣(佛山)	Delight River (Foshan)		
152			遠洋天驕(佛山)	Elite Palace (Foshan)	遠洋華遠天驕	
153	Hong Kong	Hong Kong	長沙項目(香港)	Cheung Sha Project (Hong Kong)		
154			LP6(香港)	LP6 (Hong Kong)		
155			旺角煙廠街項目(香港)	Yin Chong Street Project, Mongkok (Hong Kong)		

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
156	Chengdu-Chongqing Region	Zhanjiang	遠洋城(湛江)	Ocean City (Zhanjiang)		
157		Maoming	遠洋山水(茂名)	Sino-Ocean Landscape (Maoming)		
158		Sanya	遠洋山海(三亞)	Ocean Hill (Sanya)		Ocean Treasure
159		Haikou	遠洋華墅(海口)	Ocean Zen House (Haikou)	遠洋浮木陣	Ocean Driftwood Array
160		Chongqing	楓樺四季(重慶)	Fenghua Melody (Chongqing)	重慶大學城項目	Chongqing College Town Project
161			楓丹江嶼(重慶)	Fontaine Island (Chongqing)	茶園項目	Chayuan Project
162			江津物流項目(重慶)	Jiangjin Logistics Project (Chongqing)		
163			遠洋城(重慶)	Ocean City (Chongqing)	九龍坡區高廟地塊	Gaomiao Plot, Jiulongpo District
164			遠洋城(重慶)	Ocean City (Chongqing)	九龍坡區高廟地塊二期	Gaomiao Project, Phase II, Jiulongpo District
165			遠洋九公子(重慶)	Ocean Ninth Prince (Chongqing)	渝北區九曲河2號地	Plot 2 of Yubei District
166			遠洋山水賦(重慶)	Poetry of Landscape (Chongqing)		
167			遠洋公園(重慶)	Sino-Ocean Garden (Chongqing)	遠洋高爾夫國際社區	Sino-Ocean International Golf Resort
168		Chengdu	東麓城(成都)	Foothill City (Chengdu)	龍泉陽光城項目	Longquan Sunshine Town Project
169			遠洋萬和公館(成都)	Ocean Crown (Chengdu)		
170			遠洋棲棠(成都)	Ocean Habitat (Chengdu)		
171			遠洋香匯(成都)	Ocean Luxury City (Chengdu)	青羊項目	Qingyang Project
172			遠洋天和(成都)	Ocean Sky Glory (Chengdu)	金牛項目	Jinniu Project
173			青白江物流項目(成都)	Qingbaijiang Logistics Project (Chengdu)		
174			國賓御府(成都)	Royal Mansion (Chengdu)	犀浦項目	Xipu Project
175			成都遠洋太古里(成都)	Sino-Ocean Taikoo Li Chengdu (Chengdu)		
176	Kunming		呈貢大學城項目(昆明)	Chenggong Project (Kunming)		
177			呈貢大學城二期項目(昆明)	Chenggong Project, Phase II (Kunming)		
178			昆明空港項目(昆明)	Kunming Airport Project (Kunming)		
179			遠洋青雲府(昆明)	Sino-Ocean Esthetics Mansion (Kunming)		
180	Guiyang		遠洋萬和世家(貴陽)	Sino-Ocean Aristocratic Family (Guiyang)		
181			遠洋風景(貴陽)	Sino-Ocean Prospect (Guiyang)		
182	Other Region	Dalian	鑽石灣(大連)	Diamond Bay (Dalian)		
183			悅和山海(大連)	Joy of Mountain and Sea (Dalian)		
184			遠洋山麓春秋(大連)	Ocean The Piedmont Epoch (Dalian)		
185			紅星海世界觀(大連)	Ocean Worldview (Dalian)		
186			遠洋創智高地(大連)	Sino-Ocean Technopole (Dalian)	IT產業園 — 工業部分	IT Zone — Industrial

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
187			遠洋榮域(大連)	The Place of Glory (Dalian)	中華路3號地	Zhonghua Road Land Plot #3
188			中華路2號地(大連)	Zhonghua Road Plot #2 (Dalian)	遠洋溫德姆至尊豪庭大酒店	Wyndham Grand Plaza Royale Sino-Ocean
189		Shenyang	百利保大廈(瀋陽)	Bailibao Plaza (Shenyang)		
190			遠洋大河宸章(瀋陽)	Grand Canal Milestone (Shenyang)		
191			遠洋天地(瀋陽)	Ocean Paradise (Shenyang)		
192			遠洋仰山(瀋陽)	The Mountain Echo (Shenyang)	裕沁碧苑項目	Yubin Biyu Project
193		Changchun	遠洋錦唐(長春)	Orient Palace (Changchun)	市經開區元亨地塊	Jingkai Distict Plot Yuanheng
194		Qingdao	遠洋萬和公館(青島)	Ocean Crown (Qingdao)		
195			遠洋萬和城(青島)	Ocean Great Harmony (Qingdao)		
196			遠洋萬和四季(青島)	Ocean Melody (Qingdao)	黃島區五台山路地塊	Wutaishan Road Plot, Huangdao District
197			遠洋御城(青島)	Ocean Royal City (Qingdao)	膠州市興正元項目	Xingzhengyuan Project, Jiaozhou
198			遠洋自然(青島)	Ocean Seasons (Qingdao)		
199		Taiyuan	萬和四季(太原)	Ocean Seasons (Taiyuan)		
200			遠洋尚郡(太原)	Sino-Ocean Oriental Mansion (Taiyuan)		
201			晉春秋(太原)	Villa Epoch (Taiyuan)		
202		Zhengzhou	遠洋萬和四季(鄭州)	Ocean Melody (Zhengzhou)	綠博113號地	Lvbo Plot 113
203			遠洋風景(鄭州)	Ocean Prospect (Zhengzhou)	新鄭市龍湖鎮107國道項目	107 Road Project, Longhu Town
204		Xuzhou	賈旺產業園(徐州)	Jiawang Industrial Park (Xuzhou)	賈旺物流項目	Jiawang Logistics Project
205		Xi'an	楓丹唐悅(西安)	Emperor Chic (Xi'an)	趙村項目	Zhaocun Project
206			楓丹江嶼(西安)	Fontaine Island (Xi'an)		
207			秦漢產業園(西安)	Qinhan Logistics Center (Xi'an)	秦漢新城物流項目	Qinhanxincheng Logistics Project
208			遠洋御山水(西安)	Sino-Ocean Royal Landscape (Xi'an)		
209		Yantai	遠洋東萊郡(煙台)	Sino-Ocean Donglai County (Yantai)		
210		Jinan	天著春秋(濟南)	Ocean Epoch (Jinan)	唐冶項目	Tangye Project
211			遠祥萬和府(濟南)	Ocean Mansion (Jinan)		
212	Singapore		烏節路項目(新加坡)	Cairnhill Heights (Singapore)		
213	USA		加州資產包(美國)	California Asset Package (USA)		
214			北卡羅萊納州項目(美國)	North Carolina Project (USA)		
215			三藩市項目(美國)	San Francisco Project (USA)		

