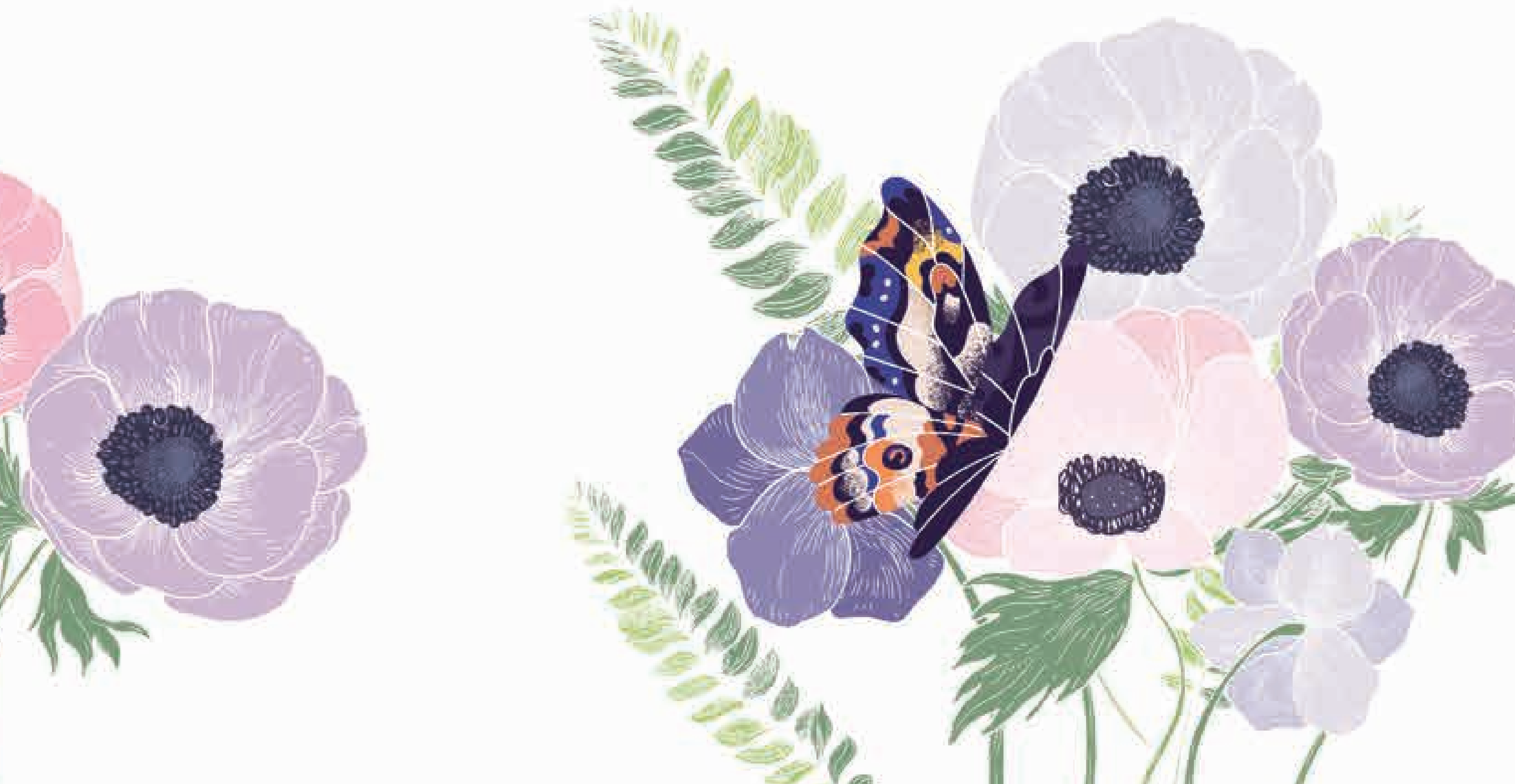
中國海外宏洋集團有限公司
CHINA OVERSEAS GRAND OCEANS GROUP LTD.

Stock Code : 00081

Together We Advance

Annual Report 2020

Contents



Corporate and Shareholders' Information

CORPORATE INFORMATION

REGISTERED OFFICE

Suites 701–702, 7/F., Three Pacific Place
1 Queen's Road East, Hong Kong

Telephone	:	(852) 2988 0600
Facsimile	:	(852) 2988 0606
Website	:	www.cogogl.com.hk

COMPANY SECRETARY

Anita Wong

SHARE REGISTRAR

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

Telephone	:	(852) 2980 1333
Facsimile	:	(852) 2810 8185
E-mail	:	is-enquiries@hk.tricorglobal.com

LEGAL ADVISOR

Mayer Brown

AUDITOR

BDO Limited
Certified Public Accountants

PRINCIPAL BANKERS

(In Alphabetical Order)
Agriculture Bank of China Limited
Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
Bank of Shanghai Co. Ltd.
China CITIC Bank Corporation Limited
China Construction Bank (Asia) Corporation Limited
China Construction Bank Corporation
Chong Hing Bank Limited
China Merchants Bank Co., Ltd.
CMB Wing Lung Bank Limited
DBS Bank Ltd., Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
Shanghai Pudong Development Bank Limited

SHAREHOLDERS' INFORMATION

SHARE LISTING

The Company's shares are listed on the Stock Exchange.

ORDINARY SHARES (AS AT 31 DECEMBER 2020)

Shares outstanding	3,423,359,841 shares

STOCK CODE

SHARES

Stock Exchange	:	00081
Bloomberg	:	81: HK
Reuters	:	0081.HK

INVESTOR RELATIONS

Corporate Communications Department

Telephone	:	(852) 2988 0600
Facsimile	:	(852) 2988 0606
E-mail	:	cogo.ir@cohl.com

PUBLIC RELATIONS

Corporate Communications Department

Telephone	:	(852) 2988 0600
Facsimile	:	(852) 2988 0606
E-mail	:	cogo.pr@cohl.com

FINANCIAL CALENDAR

2020 annual results announcement	22 March 2021
Book closure period for annual general meeting	16 June 2021 to 21 June 2021 (both days inclusive)
Annual general meeting	21 June 2021
Book closure period for final dividend	25 June 2021
Despatch date of final dividend warrants	8 July 2021

Board of Directors and Committees

EXECUTIVE DIRECTORS

Zhuang Yong	*Chairman*
Yang Lin	*Chief Executive Officer*
Wang Man Kwan, Paul	*Chief Financial Officer*

NON-EXECUTIVE DIRECTORS

Yan Jianguo	
Yung Kwok Kee, Billy	*Vice Chairman*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Lo Yiu Ching, Dantes

AUTHORIZED REPRESENTATIVES

Zhuang Yong
Yang Lin

AUDIT COMMITTEE

Chung Shui Ming, Timpson*
Lam Kin Fung, Jeffrey
Lo Yiu Ching, Dantes

REMUNERATION COMMITTEE

Lam Kin Fung, Jeffrey*
Yung Kwok Kee, Billy
Chung Shui Ming, Timpson
Lo Yiu Ching, Dantes

NOMINATION COMMITTEE

Lo Yiu Ching, Dantes*
Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Zhuang Yong

* *Committee Chairman*

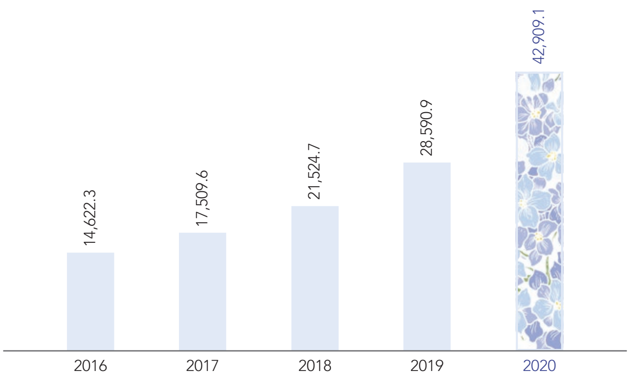
Financial Highlights

For the year ended 31 December	2020	2019	Change
Contracted property sales# *(RMB Million)*	**64,709.5**	53,732.8	20.4%
Key Consolidated Profit and Loss Items *(RMB Million)*			
Revenue	**42,909.1**	28,590.9	50.1%
Gross profit	**11,641.4**	9,527.8	22.2%
Gross margin[1]	**27.1%**	33.3%	-6.2%^
Profit attributable to owners of the Company	**4,374.8**	3,329.7	31.4%
Net margin[2]	**10.2%**	11.6%	-1.4%^
As at 31 December	**2020**	**2019**	**Change**
Key Consolidated Statement of Financial Position Items *(RMB Million)*			
Inventories of properties	**107,721.2**	86,397.3	24.7%
Contract liabilities	**70,336.4**	54,618.7	28.8%
Cash reserves[3]	**28,069.1**	27,426.7	2.3%
Total borrowings[4]	**40,464.4**	30,789.6	31.4%
Net debts[5]	**12,395.3**	3,362.9	268.6%
Total equity	**27,236.4**	21,513.3	26.6%
Equity attributable to owners of the Company	**24,133.2**	19,545.3	23.5%
Net gearing[6]	**45.5%**	15.6%*	29.9%^
Net asset per share[7] *(RMB)*	**7.05**	5.71	23.5%
Land Bank *(Thousand sq.m.)*			
Development land reserves#	**30,106.6**	24,009.3	25.4%
Financial Year	**2020**	**2019**	**Change**
Return to Shareholders			
Return on equity[8]	**20.0%**	18.2%	1.8%^
Earnings per share *(RMB cents)*	**127.8**	97.3	31.4%
Dividends per share *(HK cents)*	**34.5**	25.5	35.3%

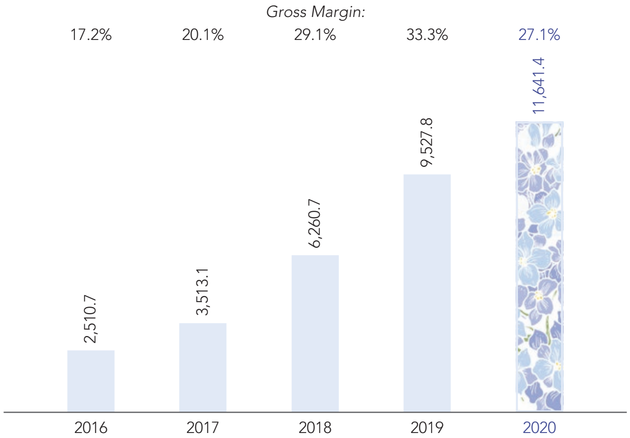
FORMULA OF FINANCIAL INFORMATION	
(1) Gross margin	$\dfrac{\text{Gross profit}}{\text{Revenue}}$
(2) Net margin	$\dfrac{\text{Profit attributable to owners of the Company}}{\text{Revenue}}$
(3) Cash reserves	Cash and bank balances + Restricted cash and deposits
(4) Total borrowings	Borrowings + Guaranteed notes payable
(5) Net debts	Total borrowing – Cash reserves
(6) Net gearing	$\dfrac{\text{Net debts}}{\text{Total equity}}$
(7) Net asset per share	$\dfrac{\text{Equity attributable to owners of the Company}}{\text{Number of Shares outstanding}}$
(8) Return on equity	$\dfrac{\text{Profit attributable to owners of the Company}}{\text{Average capital and reserves attributable to owners of the Company}}$

Included associates and joint ventures
^ Change in percentage points
* Restated to conform to current year's definition

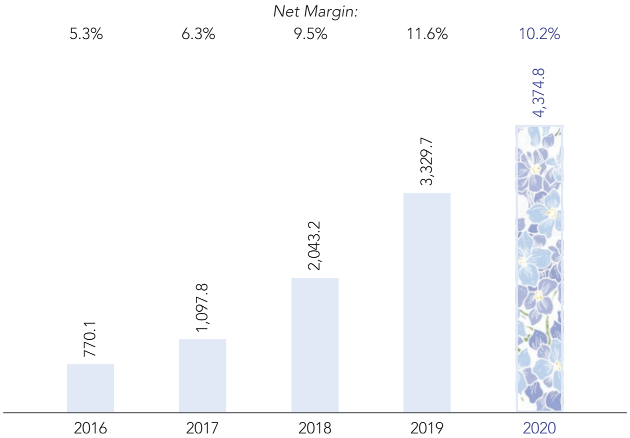
Revenue
(RMB Million)



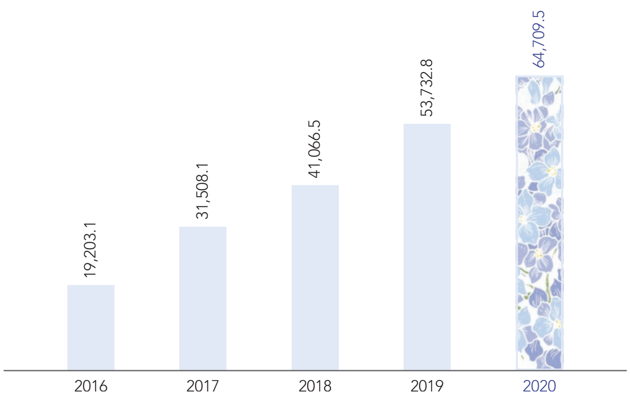
Gross Profit
(RMB Million)



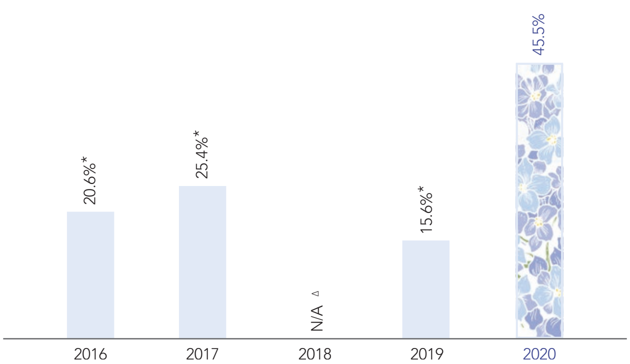
Profit Attributable to Owners of the Company
(RMB Million)



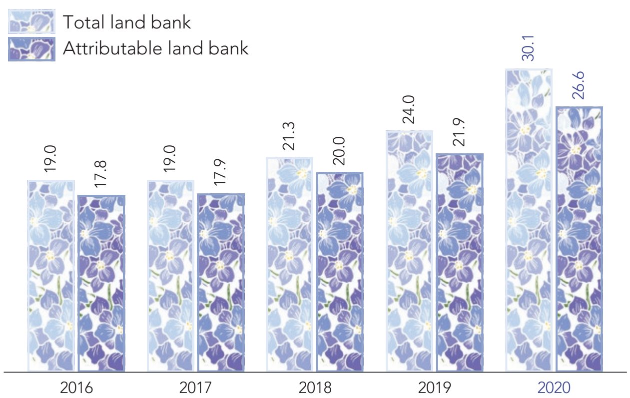
Contracted Property Sales#
(RMB Million)



Net Gearing (Net debts/total equity)

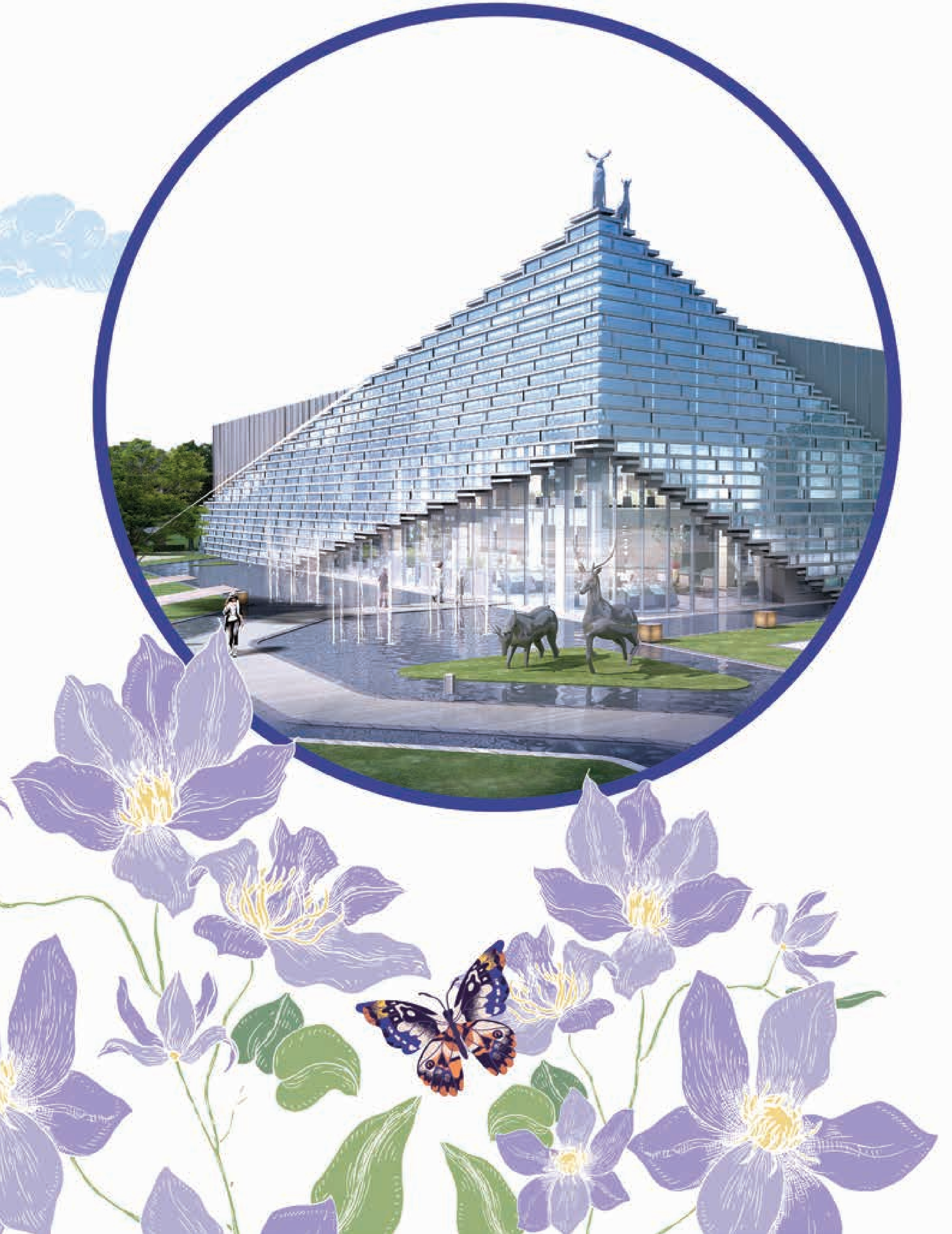


Land Bank#
(Million sq.m.)



Included associates and joint ventures
Δ Net cash
* Restated to conform to current year's definition

Chairman's Statement



Chairman's Statement

For the year ended 31 December 2020, the Group's revenue increased by 50.1% to RMB42,909.1 million comparing with last year, while profit attributable to owners of the Company was RMB4,374.8 million, 31.4% higher than last year. Basic earnings per share were RMB127.8 cents.

The Group has full confidence in the prospects of property market in China. While the operating environment was extremely challenging in the year, the Group, backed by its strong fundamentals and abundant financial resources, seized chances to actively replenish land pieces and enlarge its land bank with high quality projects at reasonable costs so as to further solidify its foundation for sustainable growth of the business.

Zhuang Yong
Chairman and Executive Director

INTRODUCTION

I am pleased to present the annual results of the Group for the year ended 31 December 2020.

For the year ended 31 December 2020, the Group's revenue increased by 50.1% to RMB42,909.1 million comparing with last year, while profit attributable to owners of the Company was RMB4,374.8 million, 31.4% higher than last year. Basic earnings per share were RMB127.8 cents.

2020 was an extraordinary year amidst the unprecedented crisis from the widespread of coronavirus around the world and the complex international landscape. With the accurate judgement of the situation and the comprehensive and effective measures taken by the central government, China's economy remained resilience and a positive growth in GDP of 2.3% was recorded in the year of 2020. For the property market in China, "housing is for living in, not for speculation" continued to be the general principle. Driven by the enormous efforts made by the government on promoting steady and sound development of the sector and the advancement of urbanization, the property market recovered quickly and grew stably in the year.

Fully observed the government's policies to combat the outbreak of the pandemic, the Group implemented strict prevention and controlling measures in its properties and communities. Resulting from the precise execution of the nationwide measures, the pandemic in China has been broadly under control. As such, the Group focused at developing its business and stepped up its efforts to mitigate the negative impacts of the pandemic. Strenuous efforts were made to push up property sales and catch up construction schedule in the year that the overall sales performance and construction progress met the expectation of the management.

The Group has full confidence in the prospects of property market in China. While the operating environment was extremely challenging in the year, the Group, backed by its strong fundamentals and abundant financial resources, seized chances to actively replenish land pieces and enlarge its land bank with high quality projects at reasonable costs so as to further solidify its foundation for sustainable growth of the business. It was a fruitful year in terms of business expansion to the Group that its operations further extended to ten new cities with high growth potential, namely Taizhou (Jiangsu province),

Yangzhou – Gorgeous Mansion

Yinchuan – Mansion Yue

Zhenjiang (Jiangsu province), Langfang (Hebei province), Tangshan (Hebei province), Jinhua (Zhejiang province), Zunyi (Guizhou province), Tianshui (Gansu province), Zhuzhou (Hunan province), Zhanjiang (Guangdong province) and Linyi (Shandong province) in 2020. Firmly adhered to the prudent investment principle, the Group's well-experienced management team performed thorough scout and in-depth analysis on the projects acquired in the year, as selection of right locations for investment in a divided market is very crucial to the generation of good returns to shareholders. During the year, the Group and its associate and joint ventures bagged land parcels with gross floor area of 4,750,100 square meters ("sq.m"). in the ten cities newly expanded into as mentioned above. Together with the land pieces added in the cities with presence, the Group and its associate and joint ventures acquired total land parcels with gross floor area of about 11,569,200 sq.m (attributable to the Group: 9,724,000 sq.m.). As at 31 December 2020, the gross floor area of total land bank of the Group and its associates and joint ventures in China reached about 30,106,600 sq.m., of which, about 1,085,500 sq.m. are held by an associate and joint ventures collectively. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) is about 26,617,100 sq.m.. The Group and its associates and joint ventures held a land bank distributed in 37 cities as at 31 December 2020.

In addition to enriching its land bank, the Group worked relentlessly to raise its sales capability and strive for steady growth of its business amid the grave and complicated environment. The Group continuously evolved innovative marketing strategies, sales channels and sales tactics to boost property sales. Customized promotional campaigns were launched in different cities to grasp the best window for property sales. The Group managed to achieve an outstanding sales performance during the year that surpassed its previous sales records. The contracted property sales attained by the Group, together with its associates and joint ventures for the year, was RMB64,709.5 million (2019: RMB53,732.8 million), representing an increase of 20.4% against last year, which corresponded to an aggregated contracted area of 5,303,400 sq.m. (2019: 5,044,400 sq.m.), representing an increase of 5.1% year-on-year. Of the contracted sales, an amount of RMB1,019.2 million (2019: RMB347.8 million) for an aggregated contracted area of 85,900 sq.m. (2019: 32,200 sq.m.) was contributed by associates and joint ventures. Besides, the balance of preliminary sales at the year-end pending completion of formal sales and purchase agreements in the pipeline was RMB1,307.0 million for an aggregated contracted area of 100,200 sq.m..

Delivering of high quality products and best of the class customer services was among the key drivers behind the robust growth of property sales. The Group continued to exploit new designs of its property products to meet the changing customer requirements and impose high standard controls in construction process to ensure product quality. Customer services team also enhanced its services to offer customers with premium sales and after-sales experiences.

In the wake of rapidly changing financial market, the Group maintained its prudent financial management and has successfully completed the issuance of a 5-year US$512 million guarantee notes in February 2021, mainly for refinancing purpose. The issuance enabled the Group to further secure its healthy financial position.

DIVIDEND

The interim dividend paid in October 2020 was HK7 cents per share (2019: HK6 cents per share). After reviewing the result performance for the year and working capital requirements for the Group's future expansion of its business, the Board of the Company recommended the payment of a final dividend of HK27.5 cents per share (2019: HK19.5 cents per share) for the year ended 31 December 2020. Total dividends for the financial year will, thus, amount to HK34.5 cents per share (2019: HK25.5 cents per share). The dividend payout ratio for the year is 24.0%.

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting 2021.

PROSPECTS

THE ECONOMY

Although there are uncertainties and instabilities in the international environment and the evolution of the pandemic, the economy is expected to improve gradually with the pandemic is gradually brought under control globally. Being the first economy in the world to emerge from recession, China's economy is expected to continue to stabilize and progress under the new development pattern of dual circulation of domestic and international economic cycles in 2021.

REAL ESTATE DEVELOPMENT

With the implementation of the "three red lines" on monitoring capital and regulating financing management of the property developers and set up of the real estate loan concentration management system, the establishment of the long-term mechanism in the housing market continues to accelerate, laying a firm foundation for the long-term stable and healthy development of the market. In the short term, the controlling policies for property market will continue to focus on stability and it is expected that the property market in 2021 will remain stable.

GROUP STRATEGY

The Group is optimistic to the long-term development of the property market in China, which is supported by the sturdy fundamentals. The Group remains committed to achieve sustainable and healthy growth with high quality and continues its expansion strategies to build up its business scale gradually.

Fully embraced the government's urbanization and long-term housing policy, the Group is determined to develop in promising emerging cities with investment value and growth potential. Project developments in popular cities and popular locations remain the investment thesis and primary focus of development of the Group. Setting its sights on customers looking for high quality residential properties, development of middle to high-end products is still the core business of the Group.

Align with its corporate development plan, the Group fully believes that it is of paramount importance to build up and maintain a scaled high quality land bank at competitive costs for sustainable growth and maximizing shareholders' returns in long term. The financial muscles gained over the years empowered the Group with the flexibility to extend its business scale in a volatile and dynamic environment. Stick firmly to its cautious investment approach, the Group, at appropriate and sustainable capital and debt structures, will seek for new development opportunities with good returns in an orderly manner.

Property market in China is fragment that development pace and phases of markets in different regions are not the same. The Group closely monitors operating environment and land acquisition opportunities in different regions and actively solicits suitable property projects in prime cities and locations at good terms to enlarge its land bank and widen its operating territories. To perfect its geographic distribution of the projects and support the healthy growth of business, the Group not only replenishes land in its well-performed cities, but also actively explores to penetrate into some new cities, mainly regional economic centres closed to metropolitan areas and with growth potential, and districts where synergies can be achieved with the existing cities being operated.

Open market land auction has been a major and important source of land addition, but the Group also keeps on diversifying its land acquisition channels in order to accelerate the development pace and maintain a balanced land bank with reasonable investment returns. To manage risks cautiously while expanding its operating scale, the Group strengthens the co-operations with reliable business partners, including but not limited to reputable property developers and trustworthy investment institution, to jointly develop property projects. In September 2020, the Group has successfully sought approval from independent shareholders to develop property projects in China with China Overseas Land & Investment Limited, the controlling shareholder of the Group. The management considers the co-operation will allow the Group to participate larger scale investment projects and generate satisfactory returns.

The Group places strong emphasis on customer services and fully recognizes the importance of value creation to its customers in its long term business development. The management is mandated to offer customers with good products and good services. Through offering the best of the class products, caring services and exceptional customer experiences in property handover, the Group strives to exceed the customer expectations and become the market leader in the area of customer satisfaction so as to accumulate loyal customers for sustainable business growth.

Offering of high standard property products is the primary responsibility of a successful developer. The Group consistently upgrades its property projects with popular layouts and improved material to meet the market requirements. Developing popular products with high-quality, green, healthy, wisdom and technology remains the key product strategy of the Group. Adhered to the spirit of excellence in craftsmanship, the Group conducts multi-dimensional research in the aspects of functions and living experiences and establishes research centres and model houses to analyze the needs of customers and the specifications of new building materials to enhance each product details and evolve new features. In designing its property products, the Group takes into consideration of the differences in customer requirements in different regions of its projects located to meet the unique local requirement. With the development and introduction of new products, the Group is determined to lead the market and safeguard its profitability.

The Group is ambitious to enlarge its operating scale progressively. Leveraged with the highly recognized nationwide brand, the Group closely monitors the market environment in different regions and picks the best window to launch tailor-made sales programs to accelerate the sell-through rate of inventory and expedite cash collection. In addition, targeting different customer segments, the Group actively expands its sales channels, formulates well-placed strategies and deploys new marketing tools to raise the effectiveness of the sales campaigns. Innovative marketing methodologies have been adopted to promote the property projects and speed up the property sales. To match the growth strategies and property sales plan, construction program is being optimized continuously. Stringent controls in project management and monitoring are implemented so that the Group is able to shorten project development cycle while raising quality of its property products.

As part of its development strategy, the Group promotes digital management and enhances its operating systems and operating process continuously. The Group continues to upgrade its management information system and streamline its workflows to improve efficiency and effectiveness. Digital platforms are being applied in a broader basis to facilitate the management review process to boost the competitiveness in the fast-changing market environment. The Group will keep on reinforcing its internal controls, tightening its cost controls and strengthening its risk management system to warrant healthy growth of the business and extend its competitive edge.

Facing the stringent regulatory environment and volatile financial and capital market, the Group maintains professional and prudent financial management of the financial resources and continues to enhance its financial management capability. Cash collection and debt management are the key areas the management focuses at. Financial returns of property projects will be tracked closely to ensure the progress is in line with the business plan. Debt structure and profile are reviewed regularly and maintained at a healthy level continuously. Different financing tools will also be studied and evaluated for the supply of sufficient funding for business development. Being a responsible corporation strictly observed financial disciplines, the Group will keep a close eye on the impacts from the external political and economic environments, volatility of exchange rate of Renminbi, and national policy changes to the business operations.

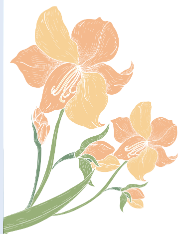
With the continuous growth of the business scale, the management believes that talent capital is the key to success. By providing all-rounded trainings and an open and inclusive organization structure and working environment, the Group is committed to cultivate staff with potential to ensure the marching forward of the corporate. The Group will continue to optimize its competitive remuneration package for staff to maintain a professional, dedicated and highly effective team. The Group continues to grow together with its staff.

APPRECIATION

2020 was a very challenging year. I would like to take this opportunity to express my heartfelt thanks to my fellow directors and our committed staff for their dedication, hard work and contributions to the Group for the year, and our shareholders, customers and business partners for their continued confidence and support.

China Overseas Grand Oceans Group Limited
Zhuang Yong
Chairman and Executive Director

Hefei – Central Mansion



Management Discussion and Analysis

Management Discussion and Analysis

BUSINESS REVIEW

REVENUE AND OPERATING RESULTS

In 2020, the global economy was inevitably affected by the coronavirus pandemic. While strictly followed the central government's prevention and controlling measures, the Group also took various countermeasures, including additional online promotions, various levels of construction process adjustments and application for sales permits as early as possible, to effectively alleviate the adverse effects of the pandemic on the business. Stability remained the principle of the government controlling policy on real estate market. The markets of the Group's property development projects located also picked up quickly and steadily. The Group together with its associates and joint ventures achieved contracted property sales of RMB64,709.5 million for the year (2019: RMB53,732.8 million), representing an increase of 20.4% against last year. Of the contracted sales, an amount of RMB1,019.2 million (2019: RMB347.8 million) was contributed by associates and joint ventures. For the year ended 31 December 2020, the Group recorded revenue of RMB42,909.1 million, 50.1% increase comparing with RMB28,590.9 million in last year. Gross profit for the year was RMB11,641.4 million, RMB2,113.6 million higher than last year. Gross profit margin was 27.1% (2019: 33.3%).

The Group continued to increase its marketing activities and made more use of electronic platforms in sales activities during the year, including online customers registration and reservation, launch of property sales and properties selections, in order to enhance sales efficiency. With the number of projects launched hit a record high this year, the distribution and selling expenses increased by RMB220.9 million against the last year to RMB1,368.8 million. Nevertheless, the ratio of distribution and selling expenses to the Group's contracted property sales was at a low level of 2.1%, almost the same as last year. Moreover, as the pace of business expansion accelerated that the operations extended to ten new cities with high growth potential, administrative expenses for the year increased by RMB276.6 million year-on-year to RMB1,069.9 million. However, the ratio of the administrative expenses to revenue dropped by 0.3% to 2.5% from last year, as the Group still maintained stringent controls over the expenses.

In respect of the investment properties, same as the last year, no fair value adjustment was recognized during the year. The Group decided to change the use of certain commercial area of Universal City in China Overseas Plaza in Lanzhou from development for sales to investment property for leasing out to generate rental income in the year. As such, a fair value gain of RMB8.1 million from the reclassification of properties was reported. In addition, the Group also changed the use of two hotels being held namely, Huizhou Tangquan Hotel and Shantou Nanbin Hotel to investment properties for leasing out purpose during the year. The revision of the usage of the properties aligns with the Group's corporate strategic development plan which focuses on the property development business.

Driven by rise in revenue and gross profit, operating profit for the year amounted to RMB9,564.3 million, representing an increase of 19.3% against last year.

In line with the business development, the average total borrowings of the Group increased versus last year and thus, total interest expense increased from RMB1,267.4 million of last year to RMB1,371.7 million this year. Finance costs, after capitalization of RMB1,328.6 million to the on-going development projects, was RMB43.1 million (2019: RMB33.8 million) for the year.

BUSINESS REVIEW (CONTINUED)

REVENUE AND OPERATING RESULTS (CONTINUED)

The share of profit of joint ventures for the year decreased to RMB6.7 million (2019: RMB290.5 million) mainly due to the fact that more property sales were recognized last year. The profit for the year was mainly contributed by two joint ventures located in Shanghai and Hefei respectively.

Share of profit of associates amounted to RMB12.0 million (2019: RMB22.7 million) for the year, which was mainly contributed by an associated company located in Shantou.

Income tax expense comprised enterprise income tax and land appreciation tax. Mainly due to the increase in operating profit, which was led by the increase in the gross profit, income tax expense increased by RMB137.1 million versus last year to RMB4,935.7 million. However, as the average land appreciation tax rate for the projects with profit recognized in the year was lower than that of last year, the effective tax rate of the year decreased by 6.1% to 51.7% compared to last year.

In total, for the year ended 31 December 2020, profit attributable to owners of the Company increased by 31.4% against last year to RMB4,374.8 million (2019: RMB3,329.7 million). Basic earnings per share were RMB127.8 cents (2019: RMB97.3 cents).

LAND BANK

The management believes that a sizable and high-quality land bank can ensure the sustainable growth of the Group's business and is also one of the most important assets to a property developer. Over the past year, the Group actively acquired land parcels at reasonable prices for land bank expansion and further extended its operations to ten cities with high growth potential. Apart from the newly entered cities, it also replenished its land bank and expanded operating scale in cities with presence timely. In 2020, the Group and its associate and joint ventures bagged land parcels with gross floor area of 4,750,100 sq.m. in the ten cities newly expanded into for consideration of RMB20,727.6 million. Together with the land pieces added in the cities with presence, the Group and its associate and joint ventures acquired total land parcels for a total consideration of RMB46,233.1 million and with gross floor area of 11,569,200 sq.m. (attributable to the Group: 9,724,000 sq.m.), which was more than the area of new land parcels acquired last year (excluding Weinan projects) of 6,192,100 sq.m. (attributable to the Group: 5,390,800 sq.m.), that was acquired at total consideration of RMB27,860.4 million.

Hefei – Upper East

BUSINESS REVIEW (CONTINUED)

LAND BANK (CONTINUED)

The table below shows the details of land parcels acquired during the year:

City	Name of project	Attributable Interest	Total GFA (sq.m.)
Taizhou	Hailing District Project (The Central Mansion)	85%	225,900
Zibo	Wenchanghu District Project (Glory Lake The Pu Yue)	100%	161,200
Hefei	Jingkai District Project (Upper East)	60%	293,600
Huizhou	Huicheng District Project #1 (Riverview Mansion)	60%	498,100
Yancheng	Yannan Gaoxin District Project (HaiFu Garden)	35%	125,400
Langfang	Anci District Project (Platinum Garden)	100%	206,200
Lanzhou	Qilihe District Project (The Platinum Mansion)	100%	84,800
Baotou	Kundulun District Project (Wang Jing Mansion)	100%	229,900
Xining	Beichuan New District Project (Mountain and Lake)	100%	268,500
Jiujiang	Xunyang District Project (Central Mansion)	100%	12,200
Tangshan	Lunan District Project (Maple Palace)	100%	287,700
Hefei	Xinzhan District Project (The Halo)	100%	128,300
Yinchuan	Jinfeng District Project #1 (The Royal Peninsula)	100%	335,200
Shantou	Longhu District Project #1 (The Rivera)	100%	286,500
Jinhua	Wucheng District Project (The Central Mansion)	100%	213,700
Huizhou	Huicheng District Project #2 (Glorious Palace)	60%	310,100
Zunyi	Xinpu New District Project (New City of China)	70%	336,700
Zhenjiang	Danyang City Huanan Gaoxin District Project #1 (Epochal Mansion)	100%	128,600
Hohhot	Saihan District Project #1 (Zhonghai Shi Li Qing Chuan)	100%	121,700
Hohhot	Xincheng District Project #1 (Zhonghai He Shan Guan Lan)	100%	187,400
Zunyi	Huichuan District Project (The Central Mansion)	80%	117,200
Yancheng	Yandu District Project (Gorgeous Mansion)	100%	354,900
Hohhot	Xincheng District Project #2 (River View Mansion)	100%	120,300
Hohhot	Saihan District Project #2 (Zhonghai Zhen Ru Fu)	100%	135,500
Yinchuan	Jinfeng District Project #2 (Patrimonial Mansion)	100%	211,600
Yinchuan	Jinfeng District Project #3 (The New Metropolis)	100%	65,800

BUSINESS REVIEW (CONTINUED)

LAND BANK (CONTINUED)

The table below shows the details of land parcels acquired during the year: (Continued)

City	Name of project	Attributable Interest	Total GFA (sq.m.)
Hefei	Baohe District Project	100%	154,800
Tianshui	Qinzhou District Project (The Platinum Pleased Mansion)	100%	226,600
Tangshan	Lubei District Project (The Pogoda Shadow)	100%	191,000
Lanzhou	Chengguan District Project	100%	371,900
Shantou	Longhu District Project #2 (The Rivera)	100%	569,000
Weifang	Fangzi District Project #1 (Royal Villa)	100%	255,700
Weifang	Fangzi District Project #2 (The Riviera)	100%	130,500
Jilin	Fengman District Project #1-1 (La Cité)	100%	477,200
Jilin	Fengman District Project #1-2	51%	132,300
Jilin	Fengman District Project #2 (La Cité)	100%	136,200
Zhuzhou	Tianyuan District Project #1 (International Community)	70%	242,400
Zhuzhou	Tianyuan District Project #2 (International Community)	70%	128,800
Zhuzhou	Tianyuan District Project #3 (International Community)	70%	266,000
Zhuzhou	Tianyuan District Project #4 (International Community)	70%	246,900
Zhuzhou	Tianyuan District Project #5 (Zhonghai Xue Fu Li)	70%	298,500
Zhuzhou	Tianyuan District Project #6 (International Community)	70%	303,100
Changzhou	Jintan District Project	100%	343,400
Zhenjiang	Danyang City Huanan Gaoxin District Project #2	100%	181,400
Huizhou	Zhongkai District Project	100%	185,300
Ganzhou	Ganxian District Project (One City South)	100%	131,800
Zhanjiang	Xiashan District Project	50%	271,000
Linyi	Luozhuang District Project	100%	189,200
Taizhou	Guangling District Project	24.75%	689,200
Total			**11,569,200**

As at 31 December 2020, the gross floor area of total land bank of the Group and its associates and joint ventures in China reached 30,106,600 sq.m., of which, 1,085,500 sq.m. was held by an associate and joint ventures collectively. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) was 26,617,100 sq.m.. The Group and its associate and joint ventures held a land bank distributed in 37 cities as at 31 December 2020.

In January 2021, the Group entered into the property market of Anqing City, Anhui province by acquiring a land piece. The Group, sticks firmly to its principle of prudent investment, continues to explore to penetrate into new cities proactively.

BUSINESS REVIEW (CONTINUED)

LAND BANK (CONTINUED)

The table below shows the details of land bank as at year ended:

No.	City	Total GFA ('000 sq.m.)	%	Attributable GFA ('000 sq.m.)	%
1	Shantou	3,051.1	10.1%	3,036.3	11.4%
2	Yinchuan	2,233.0	7.4%	2,012.0	7.6%
3	Jiujiang	2,010.8	6.7%	2,010.8	7.6%
4	Jilin	1,843.8	6.1%	1,778.9	6.7%
5	Weifang	1,543.1	5.1%	1,543.1	5.8%
6	Lanzhou	1,509.0	5.0%	1,315.9	4.9%
7	Hohhot	1,302.3	4.3%	1,302.3	4.9%
8	Huizhou	1,517.1	5.0%	1,193.9	4.5%
9	Hefei	1,361.4	4.5%	1,076.6	4.0%
10	Zhuzhou	1,485.7	4.9%	1,040.1	3.9%
11	Yangzhou	944.4	3.2%	944.4	3.5%
12	Changzhou	924.1	3.2%	924.1	3.5%
13	Yancheng	943.0	3.2%	861.5	3.2%
14	Baotou	808.2	2.7%	626.9	2.4%
15	Xining	620.2	2.1%	620.2	2.3%
16	Nanning	951.7	3.2%	563.5	2.1%
17	Jining	528.3	1.8%	528.3	2.0%
18	Ganzhou	527.9	1.8%	527.9	2.0%
19	Quanzhou	520.5	1.7%	520.5	2.0%
20	Tangshan	478.7	1.6%	478.7	1.8%
21	Nantong	600.2	2.0%	434.5	1.6%
22	Xuzhou	555.5	1.8%	403.5	1.5%
23	Taizhou	915.1	3.0%	362.5	1.4%
24	Zunyi	453.9	1.5%	329.4	1.2%
25	Zhenjiang	310.0	1.0%	310.0	1.2%
26	Tianshui	226.6	0.8%	226.6	0.9%
27	Jinhua	213.7	0.7%	213.7	0.8%
28	Langfang	206.2	0.7%	206.2	0.8%
29	Linyi	189.2	0.6%	189.2	0.7%
30	Qingyuan	180.0	0.6%	180.0	0.7%
31	Zibo	161.2	0.5%	161.2	0.6%
32	Huangshan	249.5	0.8%	137.2	0.5%
33	Zhanjiang	271.0	0.9%	135.5	0.5%
34	Weinan	131.4	0.4%	131.4	0.5%
35	Liuzhou	161.6	0.5%	113.1	0.4%
36	Shaoxing	106.6	0.4%	106.6	0.4%
37	Guilin	70.6	0.2%	70.6	0.3%
Total		**30,106.6**	**100.0%**	**26,617.1**	**100.0%**

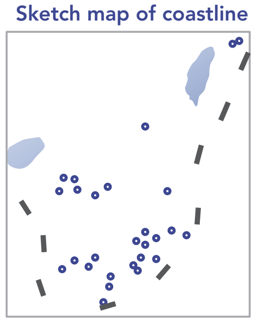
Total Land Bank:

30.1
million sq.m.

Attributable Land Bank:

26.6
million sq.m.

Sketch map of coastline

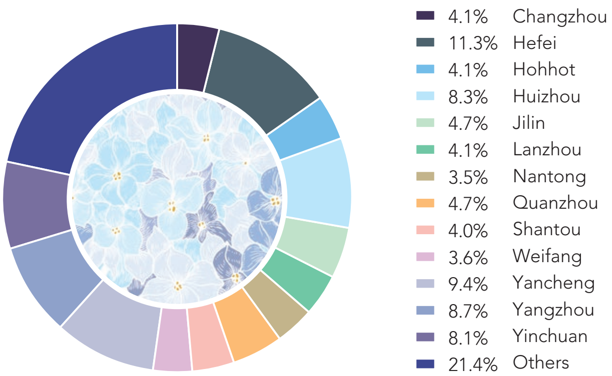


PROPORTION OF CONTRACTED PROPERTY SALES# BY CITIES

TOTAL PROPERTY SALES:

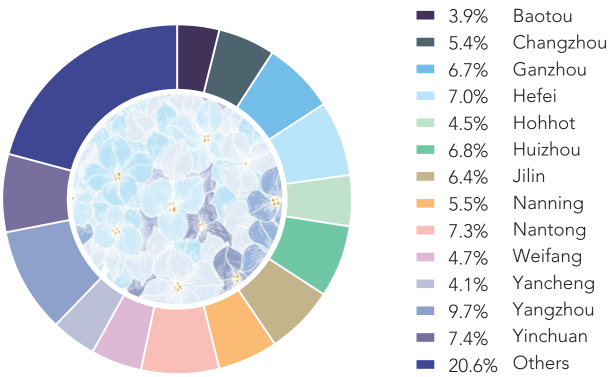
2020

RMB64.7 billion



2019

RMB53.7 billion

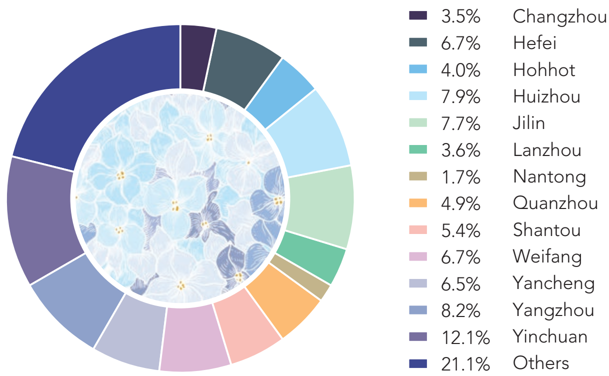


PROPORTION OF CONTRACTED AREA SOLD# BY CITIES

TOTAL CONTRACTED AREA SOLD:

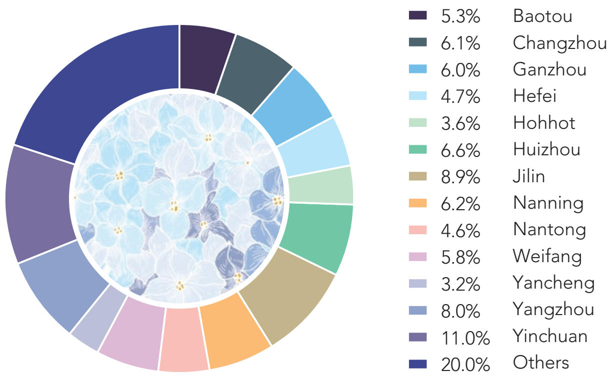
2020

5,303,400 sq.m.



2019

5,044,400 sq.m.



Included associates and joint ventures

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

The Group has been developing various types of property products in different cities. In recent years, the market demand for renovated flats has increased. The Group, in view of it, has also supplied renovated flats products gradually in accordance with the market conditions in each city. As such, the Group is able to meet the needs of different markets and customers, enhance the rate of return, maximize the benefits of national brand and maintain its leading market position.

Riding on the momentum of the sales growth in the recent years, the contracted property sales of the Group and its associates and joint ventures for the year ended 31 December 2020 amounted to RMB64,709.5 million (2019: RMB53,732.8 million), for an aggregated contracted area of 5,303,400 sq.m. (2019: 5,044,400 sq.m.), (in which, RMB1,019.2 million (2019: RMB347.8 million) for an aggregated contracted area of 85,900 sq.m. (2019: 32,200 sq.m.) was contributed by associates and joint ventures) representing an increase of 20.4% and 5.1% respectively against the last year. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB1,307.0 million for an aggregated contracted area of 100,200 sq.m..

Contracted property sales from major projects during the year:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Hefei	Central Mansion	**147,148**	**3,349.0**
	Upper East	**103,199**	**2,179.7**
	Royal Villa	**32,705**	**793.8**
	Coli City	**40,023**	**517.2**
Yancheng	The Central Mansion	**103,580**	**2,648.6**
	The Paragon	**66,224**	**1,347.2**
	Glory Mansion	**85,134**	**1,023.3**
	HaiFu Garden	**82,882**	**1,017.2**
Yinchuan	International Community	**509,158**	**3,830.2**
	Mansion Yue	**134,834**	**1,440.8**
Yangzhou	Upper East	**122,163**	**1,650.0**
	Gorgeous Mansion	**108,392**	**1,626.6**
	La Rive Gauche	**87,310**	**1,306.0**
	Eternal Treasure	**55,103**	**576.4**
Huizhou	Riverview Mansion	**314,935**	**4,101.2**
	Huizhou Tangquan	**49,647**	**873.1**
Quanzhou	Glorious	**169,046**	**1,961.5**
	River View Mansion	**92,939**	**1,047.7**
Shantou	Golden Coast	**133,361**	**1,165.3**
	La Cité	**70,022**	**697.6**
	Platinum Mansion	**64,554**	**598.9**

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Contracted property sales from major projects during the year: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Lanzhou	La Cité	**91,003**	**1,417.7**
	Platinum Pleased Mansion	**79,684**	**1,040.4**
Jilin	Overlooking River Mansion	**118,402**	**899.6**
	Royal Villa	**96,329**	**849.8**
	Glorioushire	**108,738**	**700.6**
Hohhot	He Shan Da Guan	**56,154**	**768.9**
	Zhonghai He Shan Yuan Zhu	**52,104**	**658.7**
	Zhonghai He Shan Ya Song	**38,992**	**473.2**
	The Premier Mansion	**33,261**	**456.5**
Nantong	Jade Park	**89,718**	**2,219.0**
Changzhou	Clouds Fairyland	**108,888**	**2,215.2**
Weifang	Da Guan Tian Xia	**325,350**	**2,117.5**
Xuzhou	The Platinum Pleased Mansion	**101,496**	**1,347.3**
	The Central Mansion	**51,399**	**685.4**
Jining	Coli City	**111,121**	**1,026.4**
	Coli Phoenix Community	**62,783**	**559.4**
Shaoxing	The Central Mansion	**50,570**	**1,529.4**
Nanning	Celestial Heights	**25,731**	**513.6**
	Harrow Community	**44,082**	**479.9**
	International Community	**47,999**	**458.0**
Beijing	Maple Palace	**29,573**	**1,405.3**
Taizhou	The Central Mansion	**80,879**	**1,097.9**
Baotou	Glorioushire	**85,951**	**719.9**
Xining	Mountain and Lake	**33,046**	**375.7**
	Glorioushire	**34,668**	**333.5**
Liuzhou	The Cullinan	**52,158**	**679.0**
Ganzhou	Jardin De Rive Danche	**49,999**	**535.0**

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Progress for all development projects was satisfactory and largely in line with the construction programs. During the year, gross floor area of nearly 5,630,000 sq.m. of construction sites were completed for occupation and of which, about 93% was sold out by year end. While the Group continuously accelerated the property sales, it also seized opportunities, after cautious assessment, to acquire quality land pieces with high investment potential at reasonable prices to achieve sustainable development scale at healthy financial position.

For the year ended 31 December 2020, revenue from property sales increased by 50.8% against last year to RMB42,701.3 million (2019: RMB28,317.2 million). Gross profit margin narrowed to approximately 26.9% (2019: 33.0%) as the gross profit margin of projects recognized in last year was higher. Same as last year, revenue for the year was mainly recognized from the sales of high-rise residential projects.

During the year, with the supports of the shareholders, the Group entered into a cooperation agreement with China Overseas Land & Investment Limited ("COLI") for investments in property development projects. The management expects that the Group would speed up its development pace with the support of COLI.

Moreover, based on the schedules of the profit recognition from projects, the net profits contribution from the associates and joint ventures in the year was RMB14.9 million (2019: RMB309.0 million). During the year, the Group participated in new property development projects through an associate company in Yancheng and through joint ventures in Zhanjiang and Taizhou.

Furthermore, the segment result included a fair value gain of RMB8.1 million (2019: RMB72.2 million) from the reclassification of inventories of properties to investment properties as aforesaid above.

Hence, the segment result increased by 15.8% to RMB9,564.5 million (2019: RMB8,262.2 million) for the year.

Yancheng – The Central Mansion

Quanzhou – Glorious

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Recognized revenue from major projects during the year:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Weifang	Da Guan Tian Xia	449,755	3,622.7
Yinchuan	International Community	372,246	2,307.9
	Mansion Yue	159,289	1,294.4
Nantong	Times Metropolis	105,312	1,548.0
	Upper East	49,910	986.4
	Central Mansion	40,436	945.5
Ganzhou	One Riverside Park	143,287	1,958.5
	The Cullinan	96,699	1,457.0
Yangzhou	Eternal Treasure	116,508	1,758.7
	Grand Polis	100,681	1,110.5
	Yangzhou Jiajing	41,989	406.1
Hefei	Coli City	180,457	2,130.9
	Royal Villa	35,258	787.0
Huizhou	Riverview Mansion	99,137	1,086.5
	Harbour City	76,764	909.2
	The Rosary	71,077	690.2
Yancheng	The Paragon	84,235	1,993.4
	The Glorious	41,903	458.9
Nanning	International Community	227,156	2,408.4
Shantou	La Cité	190,476	1,819.0
	Huating	81,161	416.0
Changzhou	Platinum Mansion	123,297	2,022.4
Xining	Glorioushire	225,164	1,937.8
Beijing	Maple Palace	22,794	1,712.1
Jilin	The New Metropolis	120,396	730.6
	International Community	70,425	671.7
Xuzhou	Patrimonial Mansion	130,019	1,257.3
Liuzhou	The Cullinan	54,682	693.9

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

The following projects had commenced the construction work in the year:

City	Name of project	Commenced by
Weifang	The Phoenix (previously named as "Fangzi District Project")	January 2020
Hohhot	Zhonghai He Shan Ya Song (previously named as "Xincheng District Project #2")	March 2020
Hohhot	Zhonghai He Shan Yuan Zhu (previously named as "Xincheng District Project #1")	April 2020
Jilin	Royal Villa	April 2020
Shantou	Platinum Mansion	April 2020
Jining	Coli Phoenix Community	May 2020
Yangzhou	La Rive Cauche (previously named as "Guangling District Project #1 and #2")	May 2020
Lanzhou	La Cité	June 2020
Taizhou	The Central Mansion	June 2020
Yancheng	The Central Mansion	June 2020
Jiujiang	Central Mansion	July 2020
Zibo	Glory Lake The Pu Yue	July 2020
Hefei	Upper East	August 2020
Xuzhou	The Central Mansion (previously named as "Quanshan District Project #2 and #3")	August 2020
Baotou	Wang Jing Mansion	September 2020
Lanzhou	The Platinum Mansion	September 2020
Yancheng	HaiFu Garden	September 2020
Zhenjiang	Epochal Mansion	September 2020
Hohhot	Zhonghai He Shan Sheng Jing (previously named as "Xincheng District Project #4")	October 2020
Jinhua	The Central Mansion	October 2020
Jiujiang	Central Mansion	October 2020
Shantou	The Rivera	October 2020
Xining	Mountain and Lake	October 2020
Yinchuan	The Royal Peninsula	October 2020
Huizhou	Glorious Palace	November 2020
Tangshan	Maple Palace	November 2020
Hefei	The Halo	December 2020
Lanzhou	Chengguan District Project	December 2020

Further details of the respective projects are shown in the Particulars of Major Properties & Property Interests on page 212 to page 234 in the annual report.

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

At year end date, the gross floor area of properties under construction and stock of completed properties amounted to 18,220,900 sq.m. and 1,187,700 sq.m. respectively, totaling 19,408,600 sq.m.. Properties with gross floor area of 9,299,800 sq.m. had been contracted for sales and were pending for handover upon completion.

PROPERTY LEASING

As announced on 1 April 2020, the Group leased out the four investment properties in Beijing, Lanzhou, Huizhou and Shantou to COLI entirely in the year. While ensuring the stability of the leasing business, it can also draw on the leasing management expertise and resources of COLI to create synergies and therefore, the Group can focus on real estate development business. For the year ended 31 December 2020, rental income amounted to RMB186.1 million (2019: RMB192.6 million).

The Group holds 65% of equity interests of the scientific research office building in Zhang Jiang High-tech Zone in Shanghai and it also has been leased out to COLI as a whole during the year. The contribution from the joint venture, which is holding the above research office building, was RMB3.7 million (2019: RMB4.2 million) for the year.

Therefore, the segment profit increased by RMB11.2 million year-on-year to RMB159.4 million (2019: RMB148.2 million).

Shaoxing – The Central Mansion

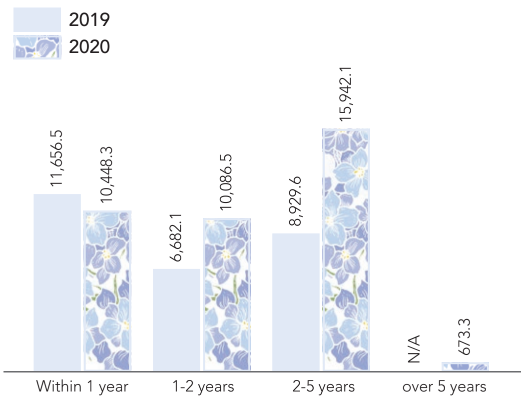
FINANCIAL RESOURCES AND LIQUIDITY

The Group has consistently adopted prudent financial management approach and its financial condition remained healthy. The Company and its subsidiaries have gained multiple accesses to funds from both investors and financial institutions in China and international market to meet its requirements in working capital, refinancing and project development.

As at 31 December 2020, net working capital amounted to RMB50,796.7 million (31 December 2019: RMB37,798.4 million), with a quick ratio of 0.5 (31 December 2019: 0.5).

Debt# Maturity Profile

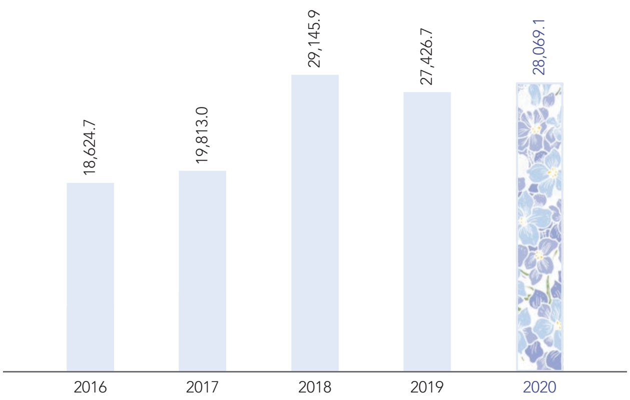
(RMB Million)



excluding guaranteed notes payable

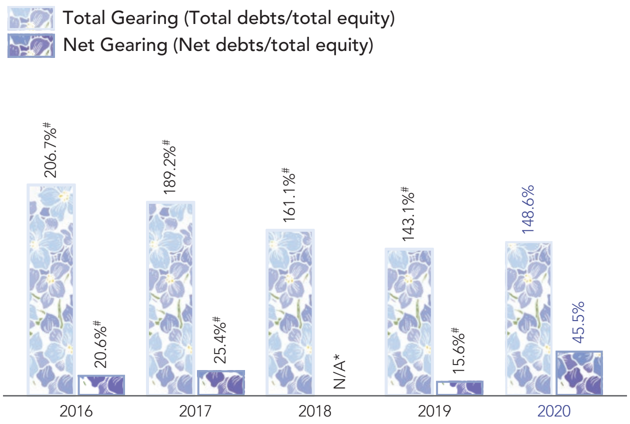
During the year, the Group secured new credit facilities of approximately RMB27,116.5 million from leading financial institutions. After taking into account drawdowns of RMB21,941.3 million, repayment of loans of RMB11,233.4 million and decrease of RMB825.9 million due to translation of Hong Kong Dollar ("HKD") loan, total bank and other borrowings (exclude the guaranteed notes payable of RMB3,314.2 million) increased by RMB9,882.0 million to RMB37,150.2 million as compared to the end of last year.

Cash Reserves
(RMB Million)



The Group has unutilized bank credit facilities of RMB9,002.2 million as at 31 December 2020

Gearing Ratio



* Net cash
# Restated to conform to current year's definition

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

Of the total bank and other borrowings, RMB loan amounted to RMB23,962.2 million while the HKD loan amounted to HK$15,670.0 million (equivalent to RMB13,188.0 million). As at year end, interests of borrowings amounted to RMB3,142.9 million were charged at fixed rate from 3.80% to 5.23% while the remaining borrowings of RMB34,007.3 million were charged at floating rates with a weighted average of 3.81% per annum. About 28.1% of bank and other borrowings is repayable within one year.

On the other hand, the total amortized cost payable of the guaranteed note due in June 2021 amounted to RMB3,314.2 million as at 31 December 2020.

Properties sales and sales deposits collection were satisfactory for the year. Cash and bank balances plus restricted cash and deposits was RMB28,069.1 million in total as at 31 December 2020 (31 December 2019: RMB27,426.7 million). Of which, 99.5% is denominated in RMB while the remaining is mainly in HKD.

As at 31 December 2020, the ratio of net debts (i.e. total borrowings, including the guaranteed notes, net of cash and bank balances and restricted cash and deposits) to total equity was 45.5% (31 December 2019: 15.6%). The management closely monitors the financial position of Group to ensure healthy development of the operation scale and business.

Taking into account of the unutilized bank credit facilities available to the Group of RMB9,002.2 million, the Group's total available funds (including restricted cash and deposits of RMB7,525.8 million) reached RMB37,071.3 million as at 31 December 2020. Besides, in February 2021, the Group seized the opportunity and successfully issued guaranteed notes of US$512 million with a coupon rate of 2.45% due in 2026. The proceeds will mainly be applied for repayment of the above-mentioned guaranteed notes due in June 2021.

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

With the development of vaccines, orderly advancement of vaccination and also the effective economic policies of the central government, the Chinese economy is expected to be relatively stable. Focusing on liquidity risk management, the Group continues to implement centralized management policies in financing and cash management, maintains good cash flow and minimizes its financial risks to ensure healthy operations and financial positions. While the international environment is complex and dynamic and financial market is also volatile, the Group maintains close communication with financial institutions, and ensures the continual fulfillment of the financial covenants and receiving of continual supports from all parties.

The Group has not entered into any financial derivatives either for hedging or speculative purpose during the year.

The Group regularly re-evaluates its operational and investment position and endeavour to improve its cash flow and minimize its financial risks.

FOREIGN EXCHANGE EXPOSURE

As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings in RMB for its property development business in China, the management considered a natural hedge mechanism existed in that operations. However, as at 31 December 2020, about 59% and 41% (31 December 2019: 52% and 48%) of the Group's total borrowings (including the guaranteed notes) were denominated in RMB and HKD/USD respectively. Hence, take into account of the debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

The exchange rate of RMB to HKD raised by 6.4% in the year and accordingly, the net asset value of the Group increased by RMB1,035.3 million.

The Group continued to enhance its risk management on foreign currency. After balancing the finance cost and risks, the management optimized the proportion of different currencies in its loan portfolio, in response to changes in market environment. The Group continues to closely monitor the volatility of the RMB exchange rate and, if necessary, will further fine-tune the ratio of RMB and HKD/USD debt to minimize the foreign exchange risk.

COMMITMENTS AND GUARANTEE

As at 31 December 2020, the Group had commitments totaling RMB26,121.0 million which related mainly to land costs, property development and construction works. In addition, as a usual commercial practice, the Group issued guarantees to banks totaling RMB34,685.9 million for facilitating end-user mortgages in connection with its property sales in China.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling RMB231.7 million approximately during the year, mainly included additions of investment properties, as well as additions of vehicles and furniture, fixtures and office equipment within property, plant and equipment.

On the other hand, as at 31 December 2020, certain property assets in China with aggregate carrying value of RMB10,454.0 million were pledged to obtain RMB5,502.9 million of secured borrowings from certain banks in China for the projects.

Yinchuan – International Community

EMPLOYEES

As at 31 December 2020, the Group has 2,974 employees (31 December 2019: 2,516). The increase in the number of employees was mainly due to business growth and expansion of operating scale.

The Group is keen to motivate and retain talent and reviews the remuneration policies and packages on a regular basis to recognize employee contributions and respond to changes in the employment market. The total staff costs incurred for the year ended 31 December 2020 was approximately RMB979.8 million (2019: RMB765.9 million). The pay levels of the employees are determined based on their responsibilities, performance and the prevailing market condition. Discretionary bonus was paid to employees based on individual performance while other remuneration and benefits, including the provident fund contributions/retirement pension scheme, remained at appropriate levels. Different trainings and development opportunities continued to be offered to sharpen employees' capabilities to meet the pace of business growth.

KEY RISKS FACTORS AND UNCERTAINTIES

The Group monitors the development of the industry on regular basis and timely assesses different types of risks in order to formulate proper strategies to minimize the impact to the Group. The following contents list out the key risks and uncertainties identified by the Group:

INVESTMENT RISK

The property market in China diverges with uneven growth among different cities and districts. Under the city-specific policies, it is critical for the Group to replenish and acquire suitable land bank at suitable sites at reasonable price for healthy and continuous growth.

The Group sticks firmly to its prudent investment approach and expands its operating scale in an organized manner. The Group would continue to perform comprehensive due diligence review on new business opportunities and selected cautiously appropriate projects meeting its requirements for investment. At the same time, co-operation with strong and reputable corporations for developing projects jointly are considered to balance risks and rewards.

DEBT REPAYMENT RISK

The financial market is complicated and fast-changing. Cash flow management is one of the major business risks of property development business, which is capital intensive in nature. The risk is mainly arising from lower than expected cash collection from sales and failure to refinance debt upon maturity. In addition, the development of geopolitics, and international political and economic landscape may affect the financing capability of the Group and increase the pressure on capital fund flow.

To preserve sufficient cash flow and safeguard financial health, the Group would continue to expedite property sales and cash collection, remain discreet in land bank replenishment, harmonize the development pace with market conditions and strengthen stock management. The Group would continue to maintain the good relationships and strengthen the communications with financial institutions, and ensure continual fulfillment of the financial covenants. Besides, the Group would also further explore opportunities of different financing accesses to broaden its funding channels.

Weifang – Da Guan Tian Xia

KEY RISKS FACTORS AND UNCERTAINTIES (CONTINUED)

FOREIGN EXCHANGE RISK

Over the past few years, the exchange rate of RMB has been increasingly market oriented and fluctuated according to the global economic environment. As aforesaid, under the existing debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

To better manage its exchange rate risk, the Group has gradually adjusted the proportion of RMB loan in its entire borrowings portfolio according to market situation. The Group would continue to actively monitor the volatility of RMB exchange rate and after balancing the finance cost and risks, would review the financing strategy constantly to optimize the ratio of RMB and HKD/USD debt at appropriate time and also explore different financing tools to minimize the foreign exchange risk.

MARKET RISK

China's real estate market is susceptible to different factors such as government policies and regulations, economic growth, social environment, customer demands, etc.

The Group is kept abreast with the changes in business environment and regulatory, and timely assesses the impacts on the operations in order to formulate the best strategy for persisted growth. Benefited from the national brand for excellence product, the Group will further strengthen product research and development, improve standardization and gradually increase the supply of renovated flats in its product offerings to meet the changes in customer needs. This strategy will also expedite the development of projects and thus increase the return on investment. Moreover, the Group would alter the construction program of the projects to match the sales progress so that the stock level could be optimized while the supply of properties could still be warranted.

PRODUCT QUALITY RISK

Property developer has to manage the risk of work quality of major contractors. Reputation of the developer would be dampened by sub-standard housing products arising from improper work procedures and poor site management.

With extensive experience in the property development business, the Group has established a well-defined quality assessment system and would strictly regulate the construction work process in order to ensure smooth running and quality of the property development projects.

Yangzhou – Upper East

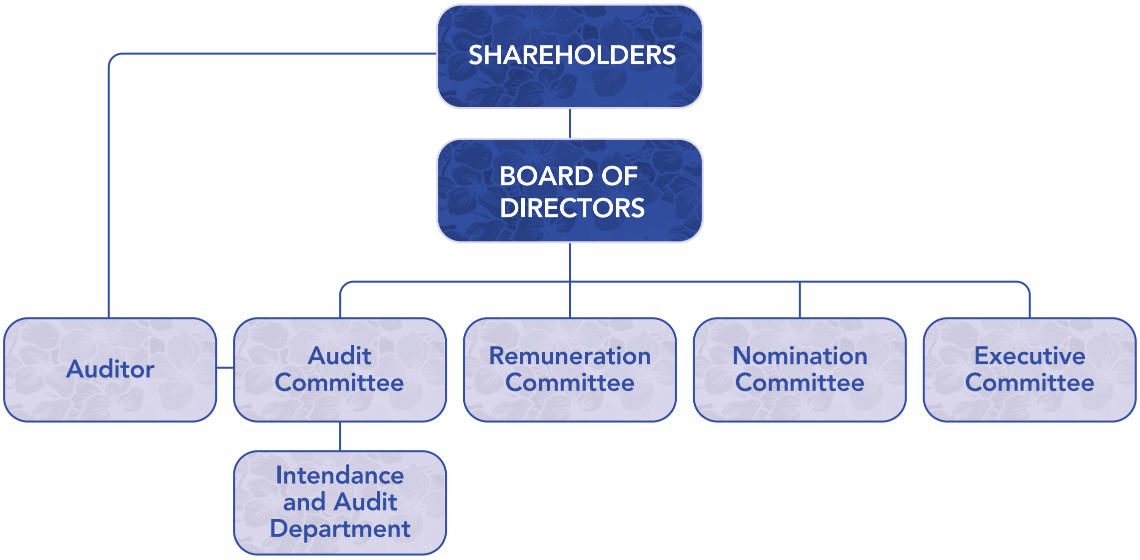
Changzhou – Clouds Fairyland

CORPORATE GOVERNANCE PRACTICES

The Group strives to raise the standards of corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and senior management on abiding by the standards of corporate governance, as well as our commitment to maintain transparency and accountability to maximise the value of our shareholders as a whole.

CORPORATE GOVERNANCE STRUCTURE

The following are the key players involved in ensuring the application of good governance practices and policies within the Group and their major roles and explanations of their corporate governance practices and policies are set out in the following report:



BOARD OF DIRECTORS

MANAGEMENT FUNCTIONS

The Board is the highest decision-making and managing body of the Company. Having regard to the best interests of the Company and its shareholders, the Board reviews and approves major matters such as the Company's business strategies, budgets, major investments as well as mergers and acquisitions. With respect to the day-to-day operations of the business, the Board has delegated its powers to the Executive Committee and the management. In addition, the Directors have acknowledged that the principal responsibilities of the Board include supervising and administrating the operation and financial position of the Company, enhancing corporate governance practices and promoting the communication with its shareholders.

BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION

The Board currently comprises eight members drawn from diverse and complementary backgrounds and experience:

Name of Directors	Background*
Mr. Zhuang Yong *(Chairman and Executive Director)*	Construction project management, real estate development and corporate management
Mr. Yang Lin *(Executive Director and CEO)*	Property development and general corporate management
Mr. Wang Man Kwan, Paul *(Executive Director and CFO)*	Finance and investment
Mr. Yan Jianguo *(Non-executive Director)*	Construction business, real estate investment and management
Mr. Yung Kwok Kee, Billy *(Vice Chairman and Non-executive Director)*	Property development and general corporate management
Dr. Chung Shui Ming, Timpson *(Independent Non-executive Director)*	Finance and investment
Mr. Lam Kin Fung, Jeffrey *(Independent Non-executive Director)*	General corporate management
Mr. Lo Yiu Ching, Dantes *(Independent Non-executive Director)*	Construction and public administration

* *Full biographies of the Directors are set out in the section headed "Directors and Organization" of this annual report.*

During the year, the Company has complied with Rules 3.10 and 3.10A of the Listing Rules regarding the appointment of at least three independent non-executive directors including at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise, and the independent non-executive directors representing at least one-third of the board.

The Board has received annual written confirmation of independence from each of the Independent Non-executive Directors and believes that, as at the date of this annual report, all Independent Non-executive Directors are independent of the Company in accordance with the relevant requirement of the Listing Rules.

BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION (CONTINUED)

Pursuant to the Code A.4.3 of CG Code, serving more than nine years could be relevant to the determination of a non-executive director's independence. Although Mr. Lam Kin Fung, Jeffrey has been serving as Independent Non-executive Director for more than nine years, the Directors opined that he still has the required character, integrity, independence and experience to fulfill the role of an Independent Non-executive Director. The Directors consider that there is no evidence that length of tenure has an adverse impact on independence of the Independent Non-executive Directors and the Directors are not aware of any circumstances that might influence Mr. Lam in exercising his independent judgement. Based on the aforesaid, the Directors concluded that despite his length of service, he will continue to maintain an independent view of the Company's affairs and bring his relevant experience and knowledge to the Board.

CHAIRMAN AND CEO

The roles between the Chairman of the Board and the Chief Executive Officer are separate to ensure a balance of power and authority.

Mr. Zhuang Yong is the Chairman of the Board to lead and manage the Board. He is also responsible for ensuring that before any meeting is held, all Directors receive complete and reliable information in a timely manner and all Directors are properly briefed on issues arising at the meetings. He also ensures that the Board works effectively and discharges its responsibilities; good corporate governance practices and procedures are established; and appropriate steps are taken to provide effective communication with shareholders and those views of shareholders are communicated to the Board as a whole. The Chairman also holds meeting annually with the Independent Non-executive Directors to discuss corporate governance and other matters without the presence of other Directors.

Mr. Yang Lin is the Chief Executive Officer of the Company, responsible for the implementation of strategies and objectives set by the Board and for day-to-day management of the Company's businesses.

APPOINTMENTS, RE-ELECTION AND REMOVAL

In accordance with the articles of association of the Company, one-third of the Directors will retire from office by rotation for re-election by shareholders at the annual general meeting. In addition, any new appointment to the Board is subject to re-appointment by shareholders at the upcoming general meeting.

All Directors have entered into service contracts with the Company. All Independent Non-executive Directors are appointed for a term of three years commencing from 1 August 2020 and the other Directors are not appointed for a specific term of office.

Code A.4.1 of CG Code stipulates that non-executive directors should be appointed for a specific term. Two Non-executive Directors of the Company are not appointed for a specific term, however, they are subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a set of code of conduct for securities transactions by Directors (the "Code of Conduct"), the terms of which are not less exacting than the Model Code.

Having made specific inquiries to all Directors, the Company can reasonably confirm that the Directors had complied with the Code of Conduct throughout the year of 2020.

DIRECTORS AND OFFICERS LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

BOARD OF DIRECTORS (CONTINUED)

SUPPLY OF AND ACCESS TO INFORMATION

Full Board or Board committee meeting papers will be sent to all Directors or members of committees of the Board at least three days before the intended date of a Board meeting or Board committee meeting.

Management has supplied the Board and its committees with adequate information and explanations so as to enable them to make an informed assessment of the financial and other information put before the Board and its committees for approval. Management is also invited to join the Board or Board committee meetings where appropriate.

All the Directors are also entitled to have access to timely information such as monthly updates in relation to the Group's businesses and have separate and independent access to senior management.

DIRECTORS' TRAINING

According to the records of training maintained by the Company, during the financial year under review, all the Directors have participated continuous professional developments to refresh their knowledge and skills. Details of the type of training they received are set out as follows:

Name of Directors	Type of Training *(see remarks)*
Mr. Zhuang Yong	A, B, C
Mr. Yang Lin	A
Mr. Wang Man Kwan, Paul	A, B, C
Mr. Yan Jianguo	C
Mr. Yung Kwok Kee, Billy	A, B, C
Dr. Chung Shui Ming, Timpson	A, C
Mr. Lam Kin Fung, Jeffrey	C
Mr. Lo Yiu Ching, Dantes	A, C

Remarks:
A: attending seminars or trainings
B: giving talks at seminars
C: reading materials relevant to the director's duties and responsibilities

In addition, every newly appointed Director will receive an induction on the first occasion of his appointment, so as to ensure that he has a proper understanding of the operations and business of the Company, and his responsibilities under laws, regulations and especially the governance policies of the Company.

CORPORATE STRATEGY AND BUSINESS MODEL

Details of the Group's strategy, business model and financial review in the year 2020 are set out in the "Chairman's Statement" and "Management Discussion and Analysis" sections on pages 6 to 32 of this annual report.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Board acknowledges its responsibility for preparing the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Company's financial statements are prepared in accordance with the relevant laws and standards. Appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable. The Directors endeavour to ensure that a balanced, clear and understandable assessment of the Company's performance, position and prospects are presented in annual reports, interim reports, announcements and other disclosures required under the Listing Rules and other statutory requirements.

ACCOUNTABILITY AND AUDIT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has implemented effective systems of risk management and internal controls to provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are maintained, reliable financial information are provided for management and publication purposes and significant investment and business risks affecting the Group are identified and properly managed. Furthermore, these systems help the Group comply with applicable laws and regulations, and also internal policies with respect to the conduct of businesses of the Group. However, they are designed to manage rather than eliminate the downside risk to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has established the Intendance and Audit Department (the "Department") so as to enhance a good internal control environment. The Department provides risk management and internal control assessment reports to the management on a regular or ad hoc basis.

The Company establishes the following principal management policies to improve its internal control systems during the year:

- Rules of Procedures for Executive Committee (Expanded) Meeting and its Professional Decision-Making Committee
- Real Estate Development and Operation Coordination Mechanism
- Management Measures for Regional Companies' Organisations
- Management Measures for Filing
- Management Measures for Tendering
- Management Measures for Administration of Legal Dispute Cases
- Management Measures for Engaging External Lawyers
- Management Measures for Related Party Transactions
- Management Measures for Joint Venture Companies
- Management Measures for Rectification of Issues Identified in the Audit
- Management Measures for Employees' Receipt of Gifts and Rewards

According to the annual internal audit schedule, the Department has completed four audits in respect of the overall operating conditions of Yancheng Company, Jining Company, Shaoxing Company, Lanzhou Company, and two term-end accountability audits for Weifang Company and Zibo Company. The Department prepared the respective audit reports and the audited companies have rectified the issues in a timely manner in accordance with the opinion set out in the audit reports.

In addition to carrying out the routine audit, the Department has carried out a special audit on the sales and marketing channel of the Company for all district companies, and on-site review inspections for six district companies in ten cities, including Hohhot, Yinchuan, Nanning, Ganzhou, Shantou and Huizhou, and provided advice and recommendation on various issues discovered during the audit process.

In response to the issues identified in the process of various audits and inspections, the Department requires the audited unit to rectify immediately and clarify the risk prevention requirements and rectification measures, and regularly supervise the audited unit's rectification and implementation work.

The Company has established a comprehensive risk management system and implemented a risk management responsibility system. The Department regularly organises various departments of the Company and the risk management units of its subsidiaries to carry out annual risk assessment. Risk assessment covers all business links of the Company, and the risk contents cover corporate risks including strategic risk, market risk, operational risk, financial risk, compliance risk, etc.

ACCOUNTABILITY AND AUDIT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

In addition, the Department also regularly reviews and reports to the Audit Committee and the Board on risk management and internal control affairs of the Company on half-yearly basis. In the report, the Department will discuss the principal business risk faced by the Company and confirm whether the risk management and internal control systems are effective. The Audit Committee will review and evaluate the business risk and the measures to manage such risk. The Audit Committee will also review the Department's findings concerning business and operation control systems and action plans to address any control system weakness. In addition, the external auditors also discuss with the Audit Committee concerning any control issues identified in the course of their audit. After reviewing the effectiveness of the internal control systems, the Audit Committee will then report to the Board any weakness in the system and recommendations to manage the business risk and rectify any control weakness.

The Board is responsible for and has reviewed the efficiency of risk management and internal control systems of the Company and its subsidiaries in aspects such as financial reporting, operation and regulatory compliance throughout the year of 2020 and the Board considers that these systems are effective and efficient. No significant system weaknesses have been identified in the reviews during the year and appropriate actions are also taken to rectify any control deficiencies, if any. The Directors believe that these systems are efficient and effectively control the risks that may have impacts on the Company in achieving its goals.

The Board has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting function, and their training programmes and budget.

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Company regularly reminds the Directors, senior management and employees about due compliance with all policies regarding the inside information and keeps them appraised of the latest regulatory updates. Employees who are privy or have access to inside information have also been notified on observing the restrictions from time to time pursuant to the relevant requirements.

DELEGATION BY THE BOARD

BOARD PROCEEDINGS

The Board held ten meetings during the year and meetings were also held as and when necessary to discuss significant transactions, including material acquisitions, disposals and connected transactions, if any. All Directors can give notice to the Chairman or Company Secretary if they intend to include matters in the agenda for Board meetings. Before each Board meeting, notice of at least 14 days or reasonable notice of meeting was sent to each Director to promote better attendance.

After meetings, draft and final versions of all minutes recorded in sufficient details the matters considered and decisions reached for Board meetings and committee meetings will be sent to all Directors and committee members for review. The approved minutes are kept by the Company Secretary, and the Board and committee members may inspect the documents at anytime.

All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that the Company has followed procedures and complied with all applicable laws and regulations. Where necessary, the Directors can seek separate independent professional advice at the Company's expenses so as to discharge their duties to the Company.

DELEGATION BY THE BOARD (CONTINUED)

BOARD PROCEEDINGS (CONTINUED)

To safeguard their independence, Directors are required to declare their interest, if any, in any business proposals to be considered by the Board and, where appropriate, they are required to abstain from voting. In 2020, due to a potential conflict of interest, Mr. Yan Jianguo had abstained from voting in five Board meetings and Mr. Zhuang Yong in three Board meetings. In addition, physical Board meetings will be held to consider all material connected transactions or any transactions in which a substantial shareholder or a Director has material interest.

BOARD COMMITTEES

Currently, the Board has set up four committees, namely, Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee to implement internal supervision and control on each relevant aspect of the Company.

EXECUTIVE COMMITTEE

Major responsibilities and functions of the Executive Committee are as follows:

- To review and approve loans or banking facilities to be granted to the Group and the opening of bank or securities related accounts matters;
- To review and monitor training and continuous professional development of Directors and senior management;
- To oversee all matters and to formulate policies in relation to the Company's corporate governance functions;
- To oversee all matters and to formulate policies (where necessary) in relation to the Company's environmental, social and governance issues; and
- To deal with any other specific business delegated by the Board.

The Executive Committee comprises all Executive Directors of the Company.

During the year, the Executive Committee held 74 meetings (amongst other matters):

- To review and approve various bank loans and facilities;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and
- To bring the members of the Board up-to-date on the latest developments of regulatory issues and corporate governance.

AUDIT COMMITTEE

The principal duties of the Audit Committee are as follows:

- To review the financial statements of the Group;
- To review with the Group's management, external auditor and internal auditor, the adequacy of the Group's policies and procedures regarding internal controls and risk management; and
- To review risk management and monitor the scope, effectiveness and results of internal audit function.

The Audit Committee comprises three members, namely Dr. Chung Shui Ming, Timpson, Mr. Lam Kin Fung, Jeffrey and Mr. Lo Yiu Ching, Dantes, all of whom are Independent Non-executive Directors. The Audit Committee is chaired by Dr. Chung Shui Ming, Timpson. For the purpose of reinforcing their independence, there should be at least one member of the Audit Committee with appropriate professional qualifications, accounting or related financial management experience referred to in the Listing Rules.

DELEGATION BY THE BOARD (CONTINUED)

AUDIT COMMITTEE (CONTINUED)

During the year, the Audit Committee held four meetings and has reviewed:

- the Group's financial reports for the year ended 31 December 2019, interim and quarterly results;
- the audit plans from the external auditor;
- the internal and independent audit results;
- the connected transactions entered into by the Group;
- risk management, internal control and financial reporting systems; and
- the re-appointment of the external auditor and their remuneration.

The Audit Committee also had meetings with the auditor twice a year in the absence of management to discuss matters relating to any issues arising from audit and any other matters the auditor may wish to raise.

REMUNERATION AND NOMINATION OF DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION COMMITTEE

The principal duties of the Remuneration Committee are as follows:

- To make recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management;
- To make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management; and
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

The remuneration of the Directors approved by the shareholders of the Company is determined by the Board with reference to certain factors such as salaries paid by comparable companies, time commitment, responsibilities of the Directors and employment conditions.

The Remuneration Committee has the following members, majority of whom are Independent Non-executive Directors:

- Mr. Lam Kin Fung, Jeffrey (Chairman)
- Mr. Yung Kwok Kee, Billy
- Dr. Chung Shui Ming, Timpson
- Mr. Lo Yiu Ching, Dantes

During the year, the Remuneration Committee held two meetings and has reviewed:

- the remuneration policy of the Group and Directors' remunerations; and
- the remuneration package of individual Directors.

NOMINATION COMMITTEE

The following are major responsibilities and duties of the Nomination Committee:

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board;
- To identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships;

DELEGATION BY THE BOARD (CONTINUED)

NOMINATION COMMITTEE (CONTINUED)

- To assess the independence of Independent Non-executive Directors; and
- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Board has adopted a board diversity policy effective on 29 July 2013 (the "Diversity Policy") to achieve diversity of the Board, and hence supporting the attainment of the Company's strategic objectives and sustainable developments. The Diversity Policy requires that all Board appointments shall be based on merit and selection of candidates shall be based on a range of diversity factors. The Nomination Committee is responsible for developing measurable objectives to implement the Diversity Policy and for monitoring progress towards the achievement of these objectives.

As at the date of this annual report, the Board comprises eight Directors and three of them are Independent Non-executive Directors, thereby promoting critical review and control of the management process.

In addition, a proposal for the appointment of a new Director will be considered and reviewed by the Nomination Committee. Candidates to be selected and recommended are experienced and high calibre individuals. All candidates must be able to meet the standards and criteria set out in the Listing Rules and the Company's nomination policy which has been adopted by the Board in October 2018.

The Nomination Committee has the following members, majority of whom are Independent Non-executive Directors:

- Mr. Lo Yiu Ching, Dantes (Chairman)
- Mr. Zhuang Yong
- Dr. Chung Shui Ming, Timpson
- Mr. Lam Kin Fung, Jeffrey

During the year, the Nomination Committee held two meetings and has reviewed the rotation and appointment of Directors.

DIVIDEND POLICY

The Company adopted a dividend policy in 2019 (the "Dividend Policy"). According to the Dividend Policy, the total amount of dividends to be distributed by the Company to its shareholders for each financial year shall be approximately 20–30% of the Group's consolidated net profit attributable to shareholders, subject to the criteria set out in the Dividend Policy.

COMPANY SECRETARY

Ms. Anita Wong has been appointed as the Company Secretary. According to Rule 3.29 of the Listing Rules, the Company Secretary has taken no less than 15 hours of relevant professional training during the year.

COMMUNICATION WITH SHAREHOLDERS

Apart from reporting to the shareholders and investors on its operation and financial conditions semi-annually and annually, the Company also discloses relevant information monthly and quarterly so that the investors can have a better understanding about the Company's operations.

A shareholders' communication policy was adopted throughout the year pursuant to the CG Code which aims at establishing a two-way relationship and communication between the Company and its shareholders.

The Company also holds regular meetings with financial analysts and investors, during which the Company's management will provide relevant information and data to the financial analysts, fund managers and investors, as well as answer their enquiries in a prompt, complete and accurate manner. The Company's website is updated continuously, providing up-to-date information regarding every aspect of the Company.

Save as disclosed above, the Company has strictly complied with all code provisions set out in the CG Code in 2020.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A GENERAL MEETING ("GM")

Pursuant to the articles of association of the Company, GM shall be convened on request by shareholders, or, in default, may be convened by the requesting shareholders in accordance with the Companies Ordinance.

According to the Companies Ordinance, shareholders of the Company representing at least 5% of the total voting rights at GM may request the Directors to call a GM and the Directors must call a meeting within 21 days after the date on which they become subject to the requirement. The GM must then be held on a date not more than 28 days after the date of the notice convening the meeting.

If the Directors fail to call the meeting in accordance with the Companies Ordinance, the shareholders who requested to convene the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a meeting at the expenses of the Company. The meeting must be called for a date not more than 3 months after the date on which the Directors become subject to the requirement to call a meeting.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT GM

According to the Companies Ordinance, at least 50 shareholders or shareholders representing at least 2.5% of the total voting rights may request the Company to circulate to the shareholders entitled to receive notice of a GM a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution or other business to be dealt with at that GM.

Such request must be made in writing, authenticated by the relevant shareholders and received by the Company at least 6 weeks before the relevant annual general meeting or 7 days before the GM to which it relates.

ENQUIRIES TO THE BOARD

The Board always welcomes shareholders' views and input. Shareholders may at any time send their enquiries and concerns to the Board by addressing them to Company Secretary of the Company and her contact details are as follows:

Company Secretary
China Overseas Grand Oceans Group Limited
Suites 701–702, 7/F., Three Pacific Place,
1 Queen's Road East, Hong Kong
Email: companysecretary81@cohl.com
Tel. no.: (852) 2988 0657
Fax no.: (852) 2988 0606

ATTENDANCE RECORDS

Details of Directors' attendance at the Board meetings, Board committee meetings and general meetings held in 2020 are set out in the following table:

Name of Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Executive Committee Meetings	Annual General Meeting	General Meetings
Mr. Zhuang Yong	9/9	N/A	N/A	1/1	72/72	1/1	2/2
Mr. Yang Lin	10/10	N/A	1/1	N/A	74/74	1/1	2/2
Mr. Wang Man Kwan, Paul	10/10	N/A	N/A	N/A	74/74	1/1	2/2
Mr. Yan Jianguo	9/10	N/A	N/A	1/1	N/A	1/1	2/2
Mr. Yung Kwok Kee, Billy	10/10	N/A	2/2	N/A	N/A	1/1	2/2
Dr. Chung Shui Ming, Timpson	10/10	4/4	2/2	2/2	N/A	1/1	2/2
Mr. Lam Kin Fung, Jeffrey	10/10	4/4	2/2	2/2	N/A	1/1	2/2
Mr. Lo Yiu Ching, Dantes	10/10	4/4	2/2	2/2	N/A	1/1	2/2

Note: The attendance figure represents actual attendance/the number of meetings a Director was entitled to attend.

AUDITOR'S REMUNERATION

For the year ended 31 December 2020, fees for audit services and non-audit services payable to the auditor of the Company amounted to approximately HK$3,230,000 and HK$426,000 respectively. The fee for non-audit services payable was mainly for professional services rendered in connection with the Group's continuing connected transactions, and the major and connected transaction in 2020.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 December 2020.

Directors and Organization

EXECUTIVE DIRECTORS

MR. ZHUANG YONG, *Chairman*

Aged 44, graduated from Chongqing University majoring in construction project management, real estate development and corporate management in 2000, and obtained a Master of Architecture and Civil Engineering in 2007 from Chongqing University. Mr. Zhuang joined China Overseas Development Group Co., Ltd.* ("CODG", a wholly-owned subsidiary of COLI) in 2000 and since then, he worked in various business units within CODG, such as, human resources department, sales and marketing management department, and acted as the deputy general manager of the Shanghai branch, general manager of the Nanjing branch, general manager of the Suzhou branch and assistant general manager of the Western China regional companies. From 2015 to 2017, Mr. Zhuang served as the assistant president of COLI and general manager of Northern China regional companies, vice president of COLI, and since October 2018, as general manager of South China regional companies of COLI. With effect from 11 February 2020, Mr. Zhuang has been appointed as Chairman of the Board, Executive Director and member of Nomination Committee of the Company, as well as non-executive director and vice chairman of the board of directors of COLI. Currently, he is also a director of COHL and certain subsidiaries of the Company. He has about 20 years' experience in construction project management, real estate development and corporate management. COLI and COHL are the substantial shareholders of the Company within the meaning of the SFO.

MR. YANG LIN, *Chief Executive Officer*

Aged 47, graduated from the Peking University with a Master of Business Administration. He joined a subsidiary of COHL in 1995 and since 2006, he served in different positions, such as, the deputy general manager and general manager of the marketing and planning department of CODG and the general manager of China Overseas Xingye (Xi'an) Limited*. Mr. Yang has been appointed as Assistant President of the Company since March 2015 and appointed as Executive Director and Vice President of the Company with effect from 21 March 2017. With effect from 11 February 2020, he has also been appointed as Chief Executive Officer and member of Remuneration Committee of the Company. With effect from 26 June 2020, Mr. Yang has ceased to be a member of Remuneration Committee of the Company. Mr. Yang is currently a director of certain subsidiaries of the Company. He has 25 years' experience in property development and corporate management. COHL is the substantial shareholder of the Company within the meaning of the SFO.

EXECUTIVE DIRECTORS (CONTINUED)

MR. WANG MAN KWAN, PAUL, *Chief Financial Officer*

Aged 64, graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Wang is a fellow member of The Hong Kong Institute of Certified Public Accountants and an associate member of The Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute) and The Hong Kong Institute of Chartered Secretaries. Mr. Wang joined COLI as general manager, Finance & Treasury Department in December 2004. Between February 2005 and August 2009, he was appointed as executive director, deputy financial controller and qualified accountant of COLI. Prior to joining COLI, Mr. Wang was director and chief financial officer of Guangdong Investment Limited. Mr. Wang has extensive experience in corporate restructuring and corporate financial services. His previous experience includes working in the Hong Kong Inland Revenue Department, Jardine Matheson (Company Secretary's Department and JMS Finance), Deloitte (Hong Kong and Toronto offices) and as a director and chief operating officer of a South East Asian Group in charge of operations in China, Philippines, Indonesia, Singapore, Dubai and Germany. Mr. Wang was appointed an Executive Director and Chief Financial Officer of the Company in July 2011.

NON-EXECUTIVE DIRECTORS

MR. YAN JIANGUO

Aged 54, graduated from Chongqing Institute of Architectural and Engineering (now known as Chongqing University) majoring in Industrial and Civil Construction in 1989, and obtained an MBA degree from Guanghua School of Management in Peking University in 2000 and a PhD degree in Marketing from Wuhan University in 2017. Mr. Yan joined CSCEC in 1989 and had been seconded to COLI twice. During the year 1990 to 1992, he had been working for the Shenzhen branch of CODG and had held a number of positions, including site engineer and department head. He was assigned to COLI again from 2001 to 2011 and had been assistant general manager of Guangzhou branch, deputy general manager of Shanghai branch, general manager of Suzhou branch, general manager of Shanghai branch, vice managing director of CODG and president of Northern China region. Mr. Yan had worked in CSCEC from 2011 to June 2014 and had been director of the general office, general manager of information management department, chief information officer and assistant general manager. Mr. Yan joined Longfor Properties Co. Ltd. (listed on the Stock Exchange, Stock Code: 960) in June 2014 and resigned on 5 December 2016. During the period, he had held a number of positions including executive director and the senior vice president. Mr. Yan has been appointed as executive director and chief executive officer from 1 January 2017, become chairman of the board of directors of COLI from 13 June 2017 and continues to serve as chief executive officer of COLI. On the same day, he has also been appointed as Chairman of the Board, Non-executive Director and a member of the Nomination Committee of the Company, and chairman of the board of directors and non-executive director of COPH. He has also been appointed as chairman of the board of directors and non-executive director of CSC effective from 22 March 2019. With effect from 11 February 2020, Mr. Yan has resigned as chief executive officer of COLI, chairman of the board of directors and non-executive director of COPH and Chairman of the Board and a member of the Nomination Committee of the Company, and continues to act as Non-executive Director of the Company. Mr. Yan has about 31 years' experience in construction business, real estate investment and management.

In addition to acting as the aforesaid positions, Mr. Yan is also the chairman and president of COHL, and a director of certain subsidiaries of COHL and COLI. COHL and COLI are the substantial shareholders of the Company within the meaning of the SFO.

NON-EXECUTIVE DIRECTORS (CONTINUED)

MR. YUNG KWOK KEE, BILLY, *Vice Chairman*

Aged 67, received a bachelor's degree in Electrical Engineering from University of Washington and a master's degree in Industrial Engineering from Stanford University. Mr. Yung has over 40 years of experience in managing manufacturing, retailing, transportation, semi-conductor, computer hardware and software business in China, Hong Kong and US. He has also over 40 years of experience in real-estate investment and development in USA, Canada, Holland, Hong Kong, Taiwan, Macau and China. Mr. Yung resigned as the Group Chairman and Chief Executive of the Company with effect from 10 February 2010 and has been re-designated from Chairman of the Board and Executive Director to Vice Chairman of the Board and Non-executive Director of the Company with effect from 27 February 2010. He is now the Vice Chairman of the Board, Non-executive Director and member of the Remuneration Committee of the Company. He is also the chairman of the board and non-executive director of PFC Device Inc. and the chairman of the board and non-executive director of SMC Electric Limited. Mr. Yung is currently the Permanent Honorary President of Friends of Hong Kong Association Ltd., the Honorary President of Shun Tak Fraternal Association and a member of Senior Police Call Central Advisory Board, and was awarded the Honorary Citizen of the City of Guangzhou and the Honorary Citizen of the City of Foshan.

INDEPENDENT NON-EXECUTIVE DIRECTORS

DR. CHUNG SHUI MING, TIMPSON *GBS, JP*

Aged 69, holds a Bachelor of Science degree from the University of Hong Kong, a master's degree in business administration from the Chinese University of Hong Kong and a Doctor of Social Sciences honoris causa from the City University of Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants. Dr. Chung is currently a member of the National Committee of the 13th Chinese People's Political Consultative Conference. Besides, Dr. Chung is an independent non-executive director of China Unicom (Hong Kong) Limited, Glorious Sun Enterprises Limited, Miramar Hotel and Investment Company, Limited, China Everbright Limited, China Railway Group Limited, Orient Overseas (International) Limited and Postal Savings Bank of China Co., Ltd. (all listed on the Stock Exchange). From 8 January 2018, Dr. Chung ceased to be an independent director of CSCECL (listed on the Shanghai Stock Exchange and is the substantial shareholder of the Company within the meaning of the SFO). From October 2004 to November 2008, Dr. Chung served as an independent non-executive director of China Netcom Group Corporation (Hong Kong) Limited. Formerly, Dr. Chung was an independent director of China Everbright Bank Company Limited, an independent non-executive director of Henderson Land Development Company Limited, Nine Dragons Paper (Holdings) Limited, China Construction Bank Corporation and Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited, a director of Hantec Investment Holdings Limited, the chairman of China Business of Jardine Fleming Holdings Limited, the deputy chief executive officer of BOC International Limited, the independent non-executive director of Tai Shing International (Holdings) Limited, and the chairman of the Council of the City University of Hong Kong. He was also the chairman of the Hong Kong Housing Society, a member of the Executive Council of the Hong Kong Special Administrative Region, the vice chairman of the Land Fund Advisory Committee of Hong Kong Special Administrative Region Government, a member of the Managing Board of the Kowloon-Canton Railway Corporation, a member of the Hong Kong Housing Authority, a member of the Disaster Relief Fund Advisory Committee and a vice-chairman, director and deputy general manager of Nanyang Commercial Bank Limited and the chief executive officer of the Hong Kong Special Administrative Region Government Land Fund Trust. In addition, Dr. Chung has been appointed as Pro-Chancellor of the City University of Hong Kong with effect from August 2016. Since May 2010, Dr. Chung has been appointed as an Independent Non-executive Director of the Company, the Chairman of the Audit Committee, and members of both the Remuneration Committee and Nomination Committee of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

MR. LAM KIN FUNG, JEFFREY *GBS, JP*

Aged 69, holds a bachelor's degree from Tufts University in USA. He has over 30 years of experience in the toy industry and is currently the managing director of Forward Winsome Industries Limited which is engaged in toy manufacturing. He is also a member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Lam also holds a number of other public and community service positions including non-official member of the Executive Council, member of the Legislative Council in Hong Kong, general committee member of Hong Kong General Chamber of Commerce, chairman of Independent Commission Against Corruption (ICAC) Complaints Committee and a director of Heifer International — Hong Kong and Hong Kong Mortgage Corporation Limited (HKMC). In addition, he is an independent non-executive director of CC Land Holdings Limited, Wynn Macau, Limited, Chow Tai Fook Jewellery Group Limited, CWT International Limited (formerly known as HNA Holding Group Co. Limited), i-CABLE Communications Limited, Wing Tai Properties Limited, Analogue Holdings Limited and China Strategic Holdings Limited. Since May 2010, Mr. Lam has been appointed as an Independent Non-executive Director of the Company, and he is currently the members of the Audit Committee and Nomination Committee and the Chairman of the Remuneration Committee of the Company.

MR. LO YIU CHING, DANTES *GBS, JP*

Aged 75, graduated in London in 1970 and further obtained his Master of Science degree in Civil Engineering from the University of Hong Kong in 1980. He is a fellow of the Institution of Civil Engineers, a fellow of the Institution of Structural Engineers and a fellow of the Hong Kong Institution of Engineers.

Mr. Lo had been engaged both in Hong Kong and overseas in the administration, planning, design and supervision of major capital works projects in civil and structural engineering, including multi-storey buildings, slope works, construction of roads and bridges, reclamations and port works and new town development. In 1970, Mr. Lo started his career with Ove Arup & Partners in London as a project engineer. He joined the Hong Kong Government in 1974 as an engineer and was promoted to director of Civil Engineering Department in 1999 and then director of Highways Department in 2000. In 2002, Mr. Lo was appointed the permanent secretary for the Environment, Transport and Works (Works). He retired from the civil service in 2006. Before his retirement, Mr. Lo was awarded the Gold Bauhinia Star (GBS) in recognition of his loyal and distinguished service to the Government and the Hong Kong Community. In particular, he had made valuable contribution in steering forward major public works projects and in promoting quality improvements in the construction industry.

Mr. Lo is a Justice of the Peace. Mr. Lo had been a senior consultant to the Hospital Authority on capital planning and an advisor to CEO of The Airport Authority Hong Kong. He has been appointed as a distinguished adjunct professor in the Department of Civil Engineering, The University of Hong Kong since 2003. Since May 2010, Mr. Lo has been appointed as an Independent Non-executive Director of the Company, members of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He has also been appointed as the Chairman of the Nomination Committee of the Company with effect from 17 March 2016. In addition, Mr. Lo has been appointed as an independent non-executive director of Build King Holdings Limited with effect from 30 November 2018.

SENIOR MANAGEMENT STAFF

Assisted by head of departments, the businesses and operations of the Group are under the direct responsibilities of the Executive Directors and the Executive Directors are therefore regarded as the senior management staff of the Company.

* *English translation is for identification only.*

Directors' Report

The Board presents the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

During the year, the principal activities of the Group are property investment and development, property leasing and investment holding. Details of the activities of its subsidiaries, associates and joint ventures are set out in notes 53 to 55 to the financial statements respectively.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 7 to the financial statements.

BUSINESS REVIEW

A fair review of the business of the Company as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing by the Group and an indication of likely future developments in the Group's business, can be found in the "Chairman's Statement" and "Management Discussion and Analysis" sections set out on pages 6 to 32 of this annual report. These sections form part of this Directors' Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated income statement on page 82.

The Board has recommended the payment of final dividend of HK27.5 cents per ordinary share for the year ended 31 December 2020 with a total amount of approximately HK$941,424,000 (2019: HK$667,555,000).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 211.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 36 to the financial statements.

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

Save as disclosed below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2020 and up to the date of this report.

DEBENTURES ISSUED

On 26 January 2021, 中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Limited*), a wholly-owned subsidiary of the Company, issued RMB525,000,000 3.9 per cent. 2020 Phase I final payment of properties asset-back securities due February 2022 (the "ABS"), which are guaranteed by the Company and listed on the Shenzhen Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the ABS, are used to repay the existing indebtedness and outstanding liabilities of the Group.

On 9 February 2021, the Company and the issuer (a wholly-owned subsidiary of the Company) announced the issuance of the 2021 Guaranteed Notes, which are guaranteed by the Company irrevocably and unconditionally and listed on the Stock Exchange. The net proceeds from the issuance of the 2021 Guaranteed Notes, after deducting the fees and other expenses in connection with the issuance, amounted to approximately US$509.9 million, which are intended to be used to repay and/or refinance the existing indebtedness of the Group, and for general corporate purposes.

Details of the 2021 Guaranteed Notes are set out in note 52 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in consolidated statement of changes in equity and note 37 to the financial statements respectively.

DISTRIBUTABLE RESERVE

The reserve of the Company available for distribution to shareholders at 31 December 2020 was HK$2,324,527,000 (2019: HK$2,229,356,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 16 to the financial statements.

MAJOR PROPERTIES

Particulars of the major properties and property interests of the Group as at 31 December 2020 are set out on pages 212 to 234.

DIRECTORS OF THE COMPANY

The directors of the Company during the year and up to date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. Zhuang Yong *(Chairman)*
Mr. Yang Lin *(Chief Executive Officer)*
Mr. Wang Man Kwan, Paul *(Chief Financial Officer)*

NON-EXECUTIVE DIRECTORS

Mr. Yan Jianguo
Mr. Yung Kwok Kee, Billy *(Vice Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Chung Shui Ming, Timpson
Mr. Lam Kin Fung, Jeffrey
Mr. Lo Yiu Ching, Dantes

The dates of appointment of the above Directors are set out in the section headed "Directors and Organization" of this annual report.

In accordance with article 107 of the Company's articles of association, Mr. Yang Lin, Mr. Yung Kwok Kee, Billy and Mr. Lam Kin Fung, Jeffrey shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers the Independent Non-executive Directors to be independent.

Each of the Directors (including Non-executive Directors) is subject to retirement by rotation in accordance with the Company's articles of association.

DIRECTORS OF SUBSIDIARIES

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is available on the Company's website at www.cogogl.com.hk under the "Corporate Governance" section.

DIRECTORS AND ORGANIZATION

Brief biographical details of Directors and senior management as at the date of this report are set out on pages 44 to 47.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

There is no transaction, arrangement or contract of significance in relation to the business of the Group, to which the Company and any of its subsidiaries was a party and in which the Directors or an entity connected with him is or was materially interested, either directly or indirectly, which was entered into during the year or subsisted at any time during the year.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, as at the date of this report, the following Directors have declared interests in the following entities which compete or are likely to compete, either directly or indirectly, with the businesses of the Company:

Mr. Zhuang Yong, the Chairman of the Board and Executive Director of the Company, is also a director of COHL and the vice chairman of the board and non-executive director of COLI. COHL and COLI are principally engaged in investment holding, property development and related businesses.

Mr. Yan Jianguo, Non-executive Director of the Company, is also the chairman and president of COHL, the chairman of the board and executive director of COLI and the chairman of the board and non-executive director of CSC. COHL, COLI and CSC are principally engaged in investment holding, property development, construction and related businesses.

The entities in which the above Directors have declared interests are managed by separate boards of directors and management, which are accountable to their respective shareholders. Further, the Board includes three Independent Non-executive Directors and one Non-executive Director (other than Mr. Yan Jianguo) whose views carry significant weight in the Board's decisions. The Audit Committee of the Company, which consists of three Independent Non-executive Directors, meets regularly to assist the Board in reviewing the financial performance, internal control, risk management and compliance systems of the Group. The Company is, therefore, capable of carrying on its businesses independently of, and at arm's length from, the businesses in which the Directors have declared interests.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company and subject to the provisions of the Companies Ordinance, each Director, former Director, other officer or other former officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, provided that such articles shall only have effect in so far as its provisions are not avoided by the Companies Ordinance. The Company has also maintained appropriate directors and officers liability insurance coverage for the directors and officers of the Group during the year.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES BY DIRECTORS

Save as disclosed above, at no time during the year, the Company or any of its subsidiaries, holding companies, or fellow subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this report, no other equity-linked agreement was entered into by the Group, or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2020, the Directors, the chief executive of the Company and their respective associates had the following interests in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

LONG POSITIONS IN SHARES OF THE COMPANY

Name of Directors	Capacity	Nature of interests	Number of ordinary shares held	Aggregate long position	Percentage of aggregate long position in shares to the total number of shares of the Company in issue *(Note 1)*
Mr. Yang Lin	Beneficial owner	Personal	2,550,000	2,896,125	0.08%
	Interest of spouse	Family	346,125		
Mr. Yung Kwok Kee, Billy	Beneficial owner	Personal	17,849,999	463,045,980	13.53%
	Beneficiary of a trust *(Note 2)*	Other	382,617,689		
	Interest of controlled corporation *(Note 3)*	Interest in controlled corporation	62,578,292		
Dr. Chung Shui Ming, Timpson	Beneficial owner	Personal	544,875	544,875	0.02%

Notes:

(1) The percentage is based on the total number of shares of the Company in issue as at 31 December 2020 (i.e. 3,423,359,841 Shares).

(2) These Shares are held by a trust for the benefit of Mr. Yung Kwok Kee, Billy and his family members.

(3) These Shares are held by Extra-Fund investment Limited, a wholly-owned subsidiary of Shell Electric Holdings Limited, which in turn is owned as to 80.47% by Red Dynasty Investments Limited, a company wholly owned by Mr. Yung Kwok Kee, Billy.

Save as disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Directors or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Save as disclosed above, at no time during the year ended 31 December 2020, none of the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in, or had been granted any rights to subscribe for the shares, options and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2020, the following persons (other than Directors or the chief executive of the Company) had interests in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholders	Capacity	Nature of interests	Number of ordinary shares held	Aggregate long position	Percentage of aggregate long position in shares to the total number of shares of the Company in issue *(Note 1)*
CSCEC	Interest of controlled corporation *(Note 2)*	Interest in controlled corporation	1,311,965,566	1,311,965,566	38.32%
Diamond Key Enterprises Inc. ("Diamond Key")	Beneficial owner *(Note 3)*	Beneficial	200,910,903	200,910,903	5.87%
On Fat Profits Corporation ("On Fat")	Beneficial owner *(Note 3)*	Beneficial	181,706,786	181,706,786	5.31%
UBS TC (Jersey) Ltd. ("UBS TC")	Trustees of trusts *(Note 3)*	Other	382,617,689	382,617,689	11.18%

Notes:

(1) The percentage is based on the total number of shares of the Company in issue as at 31 December 2020 (i.e. 3,423,359,841 Shares).

(2) CSCEC is interested in 1,311,965,566 Shares, of which 1,262,211,316 Shares are held by Star Amuse Limited ("Star Amuse") and 49,754,250 Shares are held by Chung Hoi Finance Limited ("Chung Hoi"). Star Amuse is a wholly-owned subsidiary of Big Crown Limited ("Big Crown"). Big Crown and Chung Hoi are wholly-owned subsidiaries of COLI which in turn is a non-wholly owned subsidiary of COHL. COHL is a subsidiary of CSCECL which in turn is a non-wholly owned subsidiary of CSCEC.

(3) 382,617,689 Shares held by UBS TC (including 200,910,903 Shares and 181,706,786 Shares held by Diamond Key and On Fat respectively) are disclosed in the section headed "Directors' and Chief Executive's Interests in Securities" above as being held under a trust with Mr. Yung Kwok Kee, Billy and his family members as the beneficiaries. None of the Directors are directors or employees of On Fat and Diamond Key.

Save as disclosed above, the Company had not been notified by any other person (other than Directors or the chief executive of the Company) who had an interest in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2020.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP

(A) CONNECTED TRANSACTIONS

(1) Huizhou Cooperation Agreement with 深圳市創應企業管理有限公司 (Shenzhen City Chuangying Enterprise Management Co., Ltd. ("Shenzhen Chuangying")) and 惠州市海平置業有限公司 (Huizhou City Haiping Real Estate Co., Ltd.* (the "Project Company"))*

On 27 February 2020, 中海宏洋(深圳)投資有限公司 (China Overseas Grand Oceans (Shenzhen) Investment Co., Ltd.* ("CGOSIL"), an indirect wholly-owned subsidiary of the Company), Shenzhen Chuangying (a direct wholly-owned subsidiary of 深圳安創投資管理有限公司 (Shenzhen Anchuang Investment Management Co., Ltd.* ("Shenzhen Anchuang")) and the Project Company (a direct wholly-owned subsidiary of Shenzhen Chuangying as at 27 February 2020) entered into a cooperation agreement (the "Huizhou Cooperation Agreement"), pursuant to which, among other things, CGOSIL and Shenzhen Chuangying agreed to form a joint venture through the Project Company which shall be owned as to 60% and 40% by CGOSIL and Shenzhen Chuangying respectively for the joint development of a project on a piece of land located in Huizhou City, PRC (the "Huizhou Land"). The Project Company is accounted for as a subsidiary of the Company.

Pursuant to the Huizhou Cooperation Agreement, the Project Company shall finance the development of project by bank borrowings and shareholders' loans. It is expected that the consideration of the Huizhou Land and related taxes and the funding requirements for the development of project is an aggregate amount up to RMB2,400,000,000, which shall be borne by the shareholders of the Project Company on a pro-rata basis to their respective equity interests in the Project Company. Accordingly, CGOSIL's commitment in the Project Company is an aggregate amount up to RMB1,440,000,000, which shall comprise the contributions to the registered capital of the Project Company and shareholders' loans to be provided to the Project Company by CGOSIL.

As at the date of the Huizhou Cooperation Agreement, Shenzhen Chuangying is a wholly-owned subsidiary of Shenzhen Anchuang, which is owned by Ping An Real Estate Co., Ltd. ("Ping An Real Estate") and 深圳平安創科投資管理有限公司 (Shenzhen Ping An Chuangke Investment Management Co., Ltd.* ("Shenzhen Ping An")) as to 49% and 51% equity interests, respectively. Shenzhen Ping An is in turn held by Ping An Insurance (Group) Company of China, Ltd. ("Ping An Insurance", stock code: 2318.HK) as to 99.79% of its equity interests and 100% controlled by Ping An Insurance. Therefore, Shenzhen Anchuang is ultimately owned by Ping An Insurance, whether held through Ping An Real Estate or other subsidiaries and associates of Ping An Insurance.

As at the date of the Huizhou Cooperation Agreement, Shenzhen Anchuang, a substantial shareholder of Shenzhen Chuangying, is also a substantial shareholder of 深圳市創史企業管理有限公司 (Shenzhen Chuangshi Enterprise Management Co., Ltd.* ("Shenzhen Chuangshi"), a non-wholly owned subsidiary of the Company). Therefore, Shenzhen Anchuang is a connected person of the Company at subsidiary level and each of Shenzhen Chuangying and the Project Company is an associate of Shenzhen Anchuang under Rule 14A.13 of the Listing Rules and a connected person of the Company at the subsidiary level. Accordingly, the formation of joint venture contemplated under the Huizhou Cooperation Agreement constitutes a connected transaction of the Company under the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(A) CONNECTED TRANSACTIONS (CONTINUED)

(2) Yancheng Cooperation Agreement with 深圳市中海投資有限公司 (Shenzhen China Overseas Investment Company Limited* ("SCOI")) and 鹽城市城南房地產開發有限責任公司 (Yancheng Chengnan Real Estate Development Company Limited* ("Yancheng Chengnan"))

On 6 March 2020, SCOI (a wholly-owned subsidiary of CSC), 中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Company Limited* ("COGOP"), a wholly-owned subsidiary of the Company) and Yancheng Chengnan (a Yancheng City municipal government-controlled entity) entered into a cooperation agreement (the "Yancheng Cooperation Agreement"), pursuant to which the parties agreed to (a) form 鹽城海建置業有限公司 (Yancheng Haijian Real Estate Company Limited* (the "Yancheng JV")) for the purpose of investing into and developing the project on a piece of land in Yancheng City, PRC (the "Yancheng Land"); and (b) regulate their respective rights and obligations in the Yancheng JV.

SCOI, COGOP and Yancheng Chengnan shall hold 55%, 35% and 10% equity interests in the Yancheng JV respectively, which is accounted for as subsidiary of CSC and an associate of the Company. The Yancheng JV has a project capital of RMB650,900,000 (equivalent to approximately HK$723,222,222) (inclusive of the registered capital of the Yancheng JV of RMB20,000,000 (equivalent to approximately HK$22,222,222) and the contribution for the purchase price of land use rights of the Yancheng Land with respect to the project in the sum of RMB592,049,000 (equivalent to approximately HK$657,832,222), which shall be contributed by the equity interest holders of the Yancheng JV in proportion to their respective equity interests in the Yancheng JV as follows:

SCOI	RMB357,995,000 (equivalent to approximately HK$397,772,222)
COGOP	RMB227,815,000 (equivalent to approximately HK$253,127,778)
Yancheng Chengnan	RMB65,090,000 (equivalent to approximately HK$72,322,222)

Since SCOI is a wholly-owned subsidiary of CSC and CSCEC is the ultimate controlling shareholder of both the Company and CSC, members of the CSC Group are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Yancheng Cooperation Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(A) CONNECTED TRANSACTIONS (CONTINUED)

(3) Hefei Cooperation Agreement with 深圳市盛鐸企業管理有限公司 (Shengduo (Shenzhen) Enterprise Management Co., Ltd.* ("Shenzhen Shengduo")) and 合肥中海海榮房地產有限責任公司 (Hefei China Overseas Hairong Real Estate Co., Ltd.* (the "Hefei Project Company"))

On 24 July 2020, 中海宏洋地產(合肥)有限公司 (China Overseas Grand Oceans Properties (Hefei) Co., Ltd.* ("Hefei Properties"), an indirect wholly-owned subsidiary of the Company), Shenzhen Shengduo (an indirect non-wholly owned subsidiary of Ping An Insurance) and the Hefei Project Company (an indirect wholly-owned subsidiary of the Company as at 24 July 2020) entered into a cooperation agreement (the "Hefei Cooperation Agreement"), pursuant to which, among other things, Hefei Properties and Shenzhen Shengduo agreed to form a joint venture through the Hefei Project Company to develop a piece of land located in Hefei City, Anhui Province, the PRC (the "Hefei Land"). Upon completion, Hefei Properties and Shenzhen Shengduo shall own 60% and 40% of the registered capital of the Hefei Project Company, respectively and the Hefei Project Company shall continue to be accounted for as a subsidiary of the Company.

Pursuant to the Hefei Cooperation Agreement, the shareholders' commitment to fulfill working capital requirements of the Hefei Project Company for the development of the Hefei Land is expected to be RMB2,181,600,000, which shall be borne by the shareholders of the Hefei Project Company on a pro-rata basis by way of external borrowings and shareholder's loans. Accordingly, the total commitment of each of Hefei Properties and Shenzhen Shengduo to the Hefei Project Company is RMB1,308,960,000 and RMB872,640,000, respectively.

Shenzhen Shengduo is a company established in the PRC with limited liability and whose ultimate controlling shareholder is Ping An Insurance, a substantial shareholder of Shenzhen Chuangshi (a non-wholly owned subsidiary of the Company). Therefore, each of Ping An Insurance and Shenzhen Shengduo is an associate of Shenzhen Chuangshi under Rule 14A.13 of the Listing Rules and a connected person of the Company at the subsidiary level. Accordingly, the transactions contemplated under the Hefei Cooperation Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

(4) Huizhou Cooperation Agreement with 深圳市盛繁企業管理有限公司 (Shengfan (Shenzhen) Enterprise Management Co., Ltd.* ("Shenzhen Shengfan")) and 惠州市海平地產有限公司 (Huizhou Haiping Properties Co., Ltd.* (the "Huizhou Project Company"))

On 24 July 2020, 惠州市中海宏洋地產有限公司 (Huizhou China Overseas Grand Oceans Properties Co., Ltd.* ("Huizhou Properties"), an indirect wholly-owned subsidiary of the Company), Shenzhen Shengfan (an indirect non-wholly owned subsidiary of Ping An Insurance) and the Huizhou Project Company (a direct wholly-owned subsidiary of Huizhou Properties as at 24 July 2020) entered into a cooperation agreement (the "Huizhou Cooperation Agreement"), pursuant to which, among other things, Huizhou Properties and Shenzhen Shengfan agreed to form a joint venture through the Huizhou Project Company to develop a piece of land located in Huizhou City, Guangdong Province, the PRC (the "Huizhou Land"). Upon completion, Huizhou Properties and Shenzhen Shengfan shall own 60% and 40% of the registered capital of the Huizhou Project Company, respectively and the Huizhou Project Company shall continue to be accounted for as a subsidiary of the Company.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(A) CONNECTED TRANSACTIONS (CONTINUED)

(4) Huizhou Cooperation Agreement with 深圳市盛繁企業管理有限公司 (Shengfan (Shenzhen) Enterprise Management Co., Ltd.* ("Shenzhen Shengfan")) and 惠州市海平地產有限公司 (Huizhou Haiping Properties Co., Ltd.* (the "Huizhou Project Company")) (Continued)

Pursuant to the Huizhou Cooperation Agreement, the shareholders' commitment to fulfill working capital requirements of the Huizhou Project Company for the development of the Huizhou Land is expected to be RMB1,600,000,000, which shall be borne by the shareholders of the Huizhou Project Company on a pro-rata basis by way of external borrowings and shareholder's loans. Accordingly, the total commitment of each of Huizhou Properties and Shenzhen Shengfan to the Huizhou Project Company is RMB960,000,000 and RMB640,000,000, respectively.

Shenzhen Shengfan is a company established in the PRC with limited liability and whose ultimate controlling shareholder is Ping An Insurance, a substantial shareholder of Shenzhen Chuangshi. Therefore, each of Ping An Insurance and Shenzhen Shengfan is an associate of Shenzhen Chuangshi under Rule 14A.13 of the Listing Rules and a connected person of the Company at the subsidiary level. Accordingly, the transactions contemplated under the Huizhou Cooperation Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

(5) Cooperation Agreement with COLI and Ocean Continent Investments Limited (the "JV Company")

On 11 August 2020, the Company, COLI and the JV Company (an indirect wholly-owned subsidiary of the Company as at 11 August 2020) entered into a cooperation agreement (the "Cooperation Agreement"), pursuant to which the Company agreed to procure its direct wholly-owned subsidiary, China Overseas Grand Oceans Investments Limited (the "COGO Nominee") and COLI agreed to procure its indirect wholly-owned subsidiary, Ling Feng Limited (the "COLI Nominee") to form a joint venture through the JV Company which shall be owned as to 51% and 49% by the COGO Nominee and the COLI Nominee, respectively.

Upon the formation of joint venture, the JV Company shall continue to be accounted for as a subsidiary of the Company, and together with its subsidiaries (collectively referred to as the "JV Group") shall be principally engaged in the acquisition or sale of any land and properties in the PRC, the acquisition, holding or sale of the holding companies of such land and properties, and the construction, completion and disposal of or dealing with the property developments on such land.

Pursuant to the Cooperation Agreement, the total commitment provided to the JV Group shall not exceed HK$20 billion, which shall be contributed by the COGO Nominee and the COLI Nominee in proportion to the Company's and COLI's respective equity interests in the JV Company.

COLI is the controlling shareholder of the Company and therefore, a connected person of the Company and the Cooperation Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(A) CONNECTED TRANSACTIONS (CONTINUED)

(6) Zibo Cooperation Agreement with 淄博海新建設有限公司 (Zibo Haixin Construction Company Limited* ("Zibo Haixin"))

On 14 October 2020, Zibo Haixin, a wholly-owned subsidiary of CSC, and COGOP, a wholly-owned subsidiary of the Company, entered into a cooperation agreement (the "Zibo Cooperation Agreement"), pursuant to which the parties agreed to (a) form a joint venture through 淄博海創置業有限公司 (Zibo Haichuang Real Estate Company Limited*, the "Zibo JV") for the purpose of investing into and developing a piece of land located in Zibo City, Shandong Province, the PRC (the "Zibo Project"); and (b) regulate their respective rights and obligations in the Zibo JV.

Upon the formation of joint venture through the Zibo JV, Zibo Haixin and COGOP shall hold 51% and 49% equity interests in the Zibo JV respectively, and the Zibo JV shall be accounted for as a subsidiary of CSC and an associate of the Company. The total capital commitment for the Zibo Project is RMB843,660,000 (equivalent to approximately HK$969,724,138) (inclusive of the registered capital of the Zibo JV of RMB35,294,100 (equivalent to approximately HK$40,567,931) and the contribution for the purchase price of land use rights of the land with respect to the Zibo Project in the sum of RMB643,120,000 (equivalent to approximately HK$739,218,391) etc.), which shall be contributed by the equity interest holders of the Zibo JV in proportion to their respective equity interests in Zibo JV as follows:

Zibo Haixin	RMB430,266,600 (equivalent to approximately HK$494,559,310)
COGOP	RMB413,393,400 (equivalent to approximately HK$475,164,828)

COHL is the controlling shareholder of both the Company and CSC; and therefore, Zibo Haixin, as a wholly-owned subsidiary of CSC, is a connected person of the Company and the entering into of the Zibo Cooperation Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

(7) Zhuzhou Cooperation Agreement with 中建國際投資(湖南)有限公司 (China State Construction International Investments (Hunan) Limited* ("CSC Hunan"))

On 19 November 2020, COGOP, a wholly-owned subsidiary of the Company, and CSC Hunan, a wholly-owned subsidiary of CSC, entered into a cooperation agreement (the "Zhuzhou Cooperation Agreement"), pursuant to which the parties agreed to (a) form joint venture through 株洲中海地產有限公司 (Zhuzhou Zhonghai Real Estate Co., Limited* (the "Zhuzhou JV 1")) and 株洲中海商業發展有限公司 (Zhuzhou Zhonghai Commercial Development Co., Limited* (the "Zhuzhou JV 2"), together with the Zhuzhou JV 1, collectively referred to as the "Zhuzhou JVs") for the purpose of investing into and developing six land parcels located in Zhuzhou City, Hunan Province, the PRC (the "Zhuzhou Project"); and (b) regulate their respective rights and obligations in the Zhuzhou JVs.

As at 19 November 2020, the Zhuzhou JVs were wholly-owned subsidiaries of the Company. Upon the formation of joint venture, each of the Zhuzhou JVs shall be owned as to 70% and 30% by COGOP and CSC Hunan, respectively, and accordingly, the Zhuzhou JVs shall continue to be accounted for as subsidiaries of the Company.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(A) CONNECTED TRANSACTIONS (CONTINUED)

(7) Zhuzhou Cooperation Agreement with 中建國際投資(湖南)有限公司 (China State Construction International Investments (Hunan) Limited* ("CSC Hunan")) (Continued)

The total capital commitment for the Zhuzhou Project is RMB3,500 million (inclusive of, among other things, (i) the registered capital of the Zhuzhou JVs; (ii) the purchase price of land use rights of the lands together with the relevant taxes and part of the development costs with respect to the Zhuzhou Project; and (iii) the bank guarantee to be provided by the parties), which shall be contributed by the equity interest holders of the Zhuzhou JVs in proportion to their respective equity interests in the Zhuzhou JVs as follows:

COGOP	RMB2,450 million
CSC Hunan	RMB1,050 million

COHL is the controlling shareholder of both the Company and CSC; and therefore, CSC Hunan, as an indirect wholly-owned subsidiary of CSC, is a connected person of the Company, and the entering into of the Zhuzhou Cooperation Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

(8) SPAs with 中海宏洋海富(合肥)房地產開發有限公司 (China Overseas Grand Oceans Haifu (Hefei) Properties Development Co., Ltd.* (the "Vendor"))

On 8 March 2021, 中海宏洋地產(合肥)有限公司 (China Overseas Grand Oceans Properties (Hefei) Co., Ltd.*, a wholly-owned subsidiary of the Company), and the Vendor (a joint venture indirectly owned as to 45% by each of the Company and CSC, respectively, and as to 10% by SAIF XINGHE Investment Fund L.P.) entered into the sale and purchase agreements (the "SPAs") to formalise a series of acquisitions of 18 office units located in Tower S1, Wanjin Garden, North of Longchuan Road, East of Xidi Road, Baohe District, Hefei, the PRC under a series of provisional agreements between the parties in April 2020 at an aggregate consideration of RMB19,538,726.

COHL is the controlling shareholder of both the Company and CSC; and therefore, the Vendor is a connected person of the Company, and the entering into of the SPAs and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS

(1) *Renewal Trademark Licence Agreement with COLI*

On 31 March 2017, the Company and COLI entered into a renewal trademark licence agreement (the "2017 Renewal Trademark Licence Agreement"), pursuant to which the parties agreed to renew the trademark licence agreement dated 28 March 2014, which would expire on 31 March 2017.

Pursuant to the 2017 Renewal Trademark Licence Agreement, COLI agreed to grant the Company a non-exclusive licence to use the trademark "中海地產" in PRC for a term commenced from 1 April 2017 and ended on 31 March 2020. The royalty payable in arrears by the Company under the 2017 Renewal Trademark Licence Agreement is one per cent of the Company's audited annual consolidated turnover for each financial year ended on 31 December 2017, 2018 and 2019 respectively provided that the royalty payable for each of the 12-month period between 1 April 2017 and 31 March 2020 shall not exceed HK$200 million.

COLI is a controlling shareholder of the Company and therefore a connected person of the Company, and the entering into of the 2017 Renewal Trademark Licence Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 26 March 2020, the Company and COLI renewed the 2017 Renewal Trademark Licence Agreement, details of which are set out in paragraph "B(8) Renewal Trademark Licence Agreement with COLI".

(2) *Renewal Property Lease Agreements with 北京仁和燕都房地產開發有限公司 (Beijing Ren He Yan Du Real Estate Development Co., Ltd.*) and 北京中信新城逸海房地產開發有限公司 (Beijing Zhong Xin Xin Cheng Yi Hai Real Estate Development Co., Ltd.*) (collectively, referred to as the "Tenants")*

On 28 July 2017, 北京中京藝苑置業有限公司 (Beijing Zhong Jing Yi Yuan Zhi Ye Company Limited*, a subsidiary of the Company), as landlord, entered into the property lease agreements with each of the Tenants (the "Renewal Property Lease Agreements") to renew the lease of the premises set out in the table below for a term of three years commenced from 1 August 2017 and ended on 31 July 2020.

Pursuant to the Renewal Property Lease Agreements, the rent payable for each of the 12-month period is RMB15.405 million and the principal terms of the Renewal Property Lease Agreements are set out below:

Address of premises	Area of premises	Use	Annual Rent and Cap	Lease Term
22nd Floor, China Overseas International Center, No. 28 Pinganlixi Avenue, Xicheng District, Beijing	2,355.22 sq.m.	Office	RMB10.260 million or RMB854,945 per month. The rent is payable quarterly.	1 August 2017 to 31 July 2020
Units 01, 02, 03 & 09, 23rd Floor, China Overseas International Center, No. 28 Pinganlixi Avenue, Xicheng District, Beijing	1,181.2 sq.m.	Office	RMB5.145 million or RMB428,776 per month. The rent is payable quarterly.	1 August 2017 to 31 July 2020
			Annual Cap: RMB15.405 million	

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(2) Renewal Property Lease Agreements with 北京仁和燕都房地產開發有限公司 (Beijing Ren He Yan Du Real Estate Development Co., Ltd.*) and 北京中信新城逸海房地產開發有限公司 (Beijing Zhong Xin Xin Cheng Yi Hai Real Estate Development Co., Ltd.*) (collectively, referred to as the "Tenants") (Continued)

COLI is a controlling shareholder of the Company, and therefore each of the Tenants (each being a subsidiary of COLI) are connected persons of the Company, and the entering into of the Renewal Property Lease Agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Renewal Property Lease Agreements have been consolidated into a property lease agreement dated 1 April 2020, details of which are set out in paragraph "(B)(9) Property Lease Agreements with the COLI Group".

(3) (i) Prevailing Projects Framework Agreement with COPH

On 1 June 2015, the Company and COPH entered into a framework agreement with respect to the provision of property management services for the property development projects in PRC, Hong Kong, Macau and other locations by the COPH Group to the Group for the period from 1 June 2015 to 31 May 2018 (the "Framework Agreement").

On 20 October 2017, the Company and COPH entered into a prevailing projects framework agreement for a period commenced from 1 January 2018 to 30 June 2020 to increase the annual caps and expand the scope of services under the Framework Agreement and to renew the transactions contemplated thereunder (the "Prevailing Projects Framework Agreement").

Pursuant to the Prevailing Projects Framework Agreement, the Group will go through its standard and systematic competitive tender process as set out in the Company's announcement dated 20 October 2017 and upon successful tender, engage members of the COPH Group to provide the property management and engineering services to the Group, subject to the following annual caps:

Parties	Commencement Date	Period	Annual Cap
The Company and COPH	1 January 2018	1 January 2018 to 31 December 2018	HK$115,600,000
		1 January 2019 to 31 December 2019	HK$96,500,000
		1 January 2020 to 30 June 2020	HK$57,900,000

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(3) (ii) New Projects Framework Agreement with COPH

On 20 October 2017, the Company and COPH entered into a new projects framework agreement (the "New Projects Framework Agreement") in relation to the provision of property management and engineering services by the COPH Group to the Group for certain property development projects in emerging third tier cities in PRC acquired by the Group from the COLI Group in 2016 and were not managed by any member of the COPH Group at the date of the New Projects Framework Agreement.

Pursuant to the New Projects Framework Agreement, the Group will go through its standard and systematic competitive tender process as set out in the Company's announcement dated 20 October 2017 and upon successful tender, engage members of the COPH Group to provide the property management and engineering services to the Group, subject to the following annual caps:

Parties	Commencement Date	Period	Annual Cap
The Company and COPH	1 January 2018	1 January 2018 to 31 December 2018	HK$47,800,000
		1 January 2019 to 31 December 2019	HK$45,900,000
		1 January 2020 to 30 June 2020	HK$25,800,000

COHL is the controlling shareholder of both the Company and COPH, COPH is hence a connected person of the Company, and the transactions contemplated under each of the Prevailing Projects Framework Agreement and the New Projects Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Group has followed the policies and guidelines set out in the Company's announcement dated 20 October 2017 when determining the prices and terms of the property management and engineering services provided pursuant to the Prevailing Projects Framework Agreement and the New Projects Framework Agreement during the year 2020.

On 28 April 2020, the Company and COPH renewed the Prevailing Projects Framework Agreement and the New Projects Framework Agreement, details of which are set out in the paragraph "(B)(11) Renewal Framework Agreement with COPH".

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(4) Framework Agreement with CSCD

CSCD acquired the entire equity interests in 中海監理有限公司 (China Overseas Supervision Limited*) from a wholly-owned subsidiary of CSC (the "Acquisition"), completion of which took place on 26 June 2018. As mentioned in the announcement of CSCD dated 14 March 2018, prior to the completion of the Acquisition, China Overseas Supervision Limited entered into certain transactions with the Group to provide the construction supervision services in respect of the prevailing projects which would subsist after the completion of the Acquisition (i.e., 26 June 2018). Following the completion of the Acquisition, China Overseas Supervision Limited has become a subsidiary of CSCD and these subsisting transactions have become connected transactions for both the Company and CSCD.

On 26 June 2018, there are 17 subsisting contracts in respect of the prevailing projects with the outstanding aggregate amount of not more than HK$72 million and payable by the Group to China Overseas Supervision Limited. The principal terms of the subsisting contracts in respect of the prevailing projects are set out as follows:

Parties:	(i) China Overseas Supervision Limited (as a service provider); and (ii) Members of the Group (as owner of the relevant property development).
Scope of Services:	Provision of construction supervision services by China Overseas Supervision Limited to members of the Group for the property development projects of the Group in PRC, which include supervision of quality, progress and measurements, contracts management, safety, information management and relationship coordination work.
Payment Term:	All outstanding amount is expected to be settled upon completion of final accounts of the prevailing projects by the Company.

In addition, it is expected that the Group may continue to engage China Overseas Supervision Limited, which is now a member of the CSCD Group, for the provision of construction supervision services for its property development projects in PRC.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(4) Framework Agreement with CSCD (Continued)

On 26 June 2018, the Company and CSCD entered into a framework agreement (the "CSCD Framework Agreement"), pursuant to which the Group may engage the members of the CSCD Group to provide the project management, supervision and consultancy services for the Group's property development projects in PRC from time to time for the period of three years commenced from 1 July 2018. The maximum total contract sum that may be awarded to the CSCD Group for each period or year is subject to the following caps:

For the period from 1 July 2018 to 31 December 2018	For the year ending 31 December 2019	For the year ending 31 December 2020	For the period from 1 January 2021 to 30 June 2021
HK$30 million	HK$60 million	HK$60 million	HK$30 million

The Group will go through a competitive tender process to select and appoint a service provider for the provision of the above services to the Group. Further details of the standard and systematic tender process of the Group are set out in the paragraph headed "Pricing Basis" in the Company's announcement dated 26 June 2018. In the event that the expected contract amount involved is relatively small or no tender is available, and it will not be appropriate for the Group to go through the tendering procedures, the Group will seek quotations from at least three different service providers.

COHL is a controlling shareholder of the Company, CSC and CSCD. CSC is the indirect holding company of CSCD. Hence, CSCD is a connected person of the Company, and the transactions contemplated under the CSCD Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(5) CSCECL Group Engagement Agreement with CSCECL

On 27 June 2019, the Company and CSCECL entered into a CSCECL group engagement agreement (the "CSCECL Group Engagement Agreement") whereby, during the term of three years commenced from 1 July 2019 and ending on 30 June 2022, the Group will go through its standard and systematic tender procedures as set out in the Company's announcement dated 27 June 2019, and upon successful tender, engage the CSCECL Group as construction contractor in PRC. The maximum total contract sum that may be awarded to the CSCECL Group for each period or year is subject to the following caps:

For the period between 1 July 2019 and 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021	For the period from 1 January 2022 to 30 June 2022
HK$300 million	HK$600 million	HK$600 million	HK$300 million

CSCECL is an intermediate holding company of COLI, which is a controlling shareholder of the Company. Accordingly, CSCECL is a connected person of the Company, and the transactions contemplated under the CSCECL Group Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(6) Framework Agreement for Car Parking Spaces with COPH

On 23 October 2019, the Company and COPH entered into a framework agreement (the "Carpark Framework Agreement"), pursuant to which the COPH Group may from time to time enter into transactions with the Group for the acquisition of rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire). Such car parking spaces are those situated in the developments or properties built, developed or owned by the Group and managed by the COPH Group.

The Carpark Framework Agreement has a term of three years commenced from 1 December 2019 and ending on 30 November 2022 (both dates inclusive) and the maximum total agreement sum payable by the COPH Group to the Group for each period or year for the acquisition of rights-of-use of car parking spaces is subject to the following caps:

For the period from 1 December 2019 to 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021	For the period from 1 January 2022 to 30 November 2022
Nil	HK$400 million	HK$300 million	HK$300 million

Pursuant to the Carpark Framework Agreement, the Group will verify the valuation to be obtained from an independent third party property appraiser and will take into account the factors such as development cost, historical maintenance cost, ongoing management cost savings, terms of the acquisitions of right-of-use of car park spaces contemplated under the Carpark Framework Agreement, and the qualifications of the purchaser to determine the sale price for each relevant acquisitions. In any event, the sale price shall be no less favourable to the Group than that available to independent third party purchaser.

COHL is the controlling shareholder of both the Company and COPH, COPH is hence a connected person of the Company, and the transactions contemplated under the Carpark Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(7) Framework Agreement with Hua Yi Design Consultants Limited ("Huayi Design")

On 27 February 2020, the Company and Huayi Design (a wholly-owned subsidiary of COLI) entered into a framework agreement (the "Huayi Framework Agreement") for a term of period commenced from 1 March 2020 and ending on 31 December 2022. Pursuant to the Huayi Framework Agreement, the Group may engage Huayi Design and its subsidiaries (the "Huayi Design Group") to provide scheme design, preliminary design and construction drawing design services in each construction stage to the Group's property development projects in PRC upon successful tender awarded to the Huayi Design Group. The maximum total contract sum that may be awarded to the Huayi Design Group for each period or year is subject to the following caps:

For the period between 1 March 2020 and 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022
RMB30 million	RMB40 million	RMB50 million

Pursuant to the Huayi Framework Agreement, the Group will go through a competitive tender process to select and appoint a service provider for the Group's property development projects in PRC. In the event that the expected contract amount involved is relatively small or no tenderer is available, and it will not be appropriate for the Group to go through the above tendering procedures, the Group will seek quotations from at least three different service providers, among which the lowest quotation will be selected on the condition that the selected service provider also satisfies the selection criteria as set out in the tendering procedures. In any event, the price and terms of the tender awarded by the Group to the Huayi Design Group shall be no more favourable than those awarded to the independent third parties. Further details of the standard and systematic tender procedures of the Group are set out in the paragraph headed "Pricing Basis" in the Company's announcement dated 27 February 2020.

Huayi Design is a wholly-owned subsidiary of COLI, which is a controlling shareholder of the Company. Accordingly, Huayi Design is a connected person of the Company, and the transactions contemplated under the Huayi Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(8) Renewal Trademark Licence Agreement with COLI

On 26 March 2020, the Company and COLI entered into a renewal trademark licence agreement (the "2020 Renewal Trademark Licence Agreement"), pursuant to which the parties agreed to renew the 2017 Renewal Trademark Licence Agreement for a term of three years commenced from 1 April 2020 and ending on 31 March 2023.

Pursuant to the 2020 Renewal Trademark Licence Agreement, the royalty payable in arrears by the Company for the non-exclusive licence to use the trademark "中海地產" is one per cent of the Company's audited annual consolidated turnover for each financial year ending on 31 December 2020, 2021 and 2022 respectively provided that the royalty payable for each of the 12-month period between 1 April 2020 and 31 March 2023 shall not exceed HK$200 million.

COLI is a controlling shareholder of the Company and therefore a connected person of the Company, and the entering into of the 2020 Renewal Trademark Licence Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(9) Property Lease Agreements with the COLI Group

On 1 April 2020, subsidiaries of the Company (as lessors) and subsidiaries of COLI (as lessees) entered into the following property lease agreements (collectively referred to as the "Property Lease Agreements"), details of which are as follows:

(a) 上海金鶴數碼科技發展有限公司 (Shanghai Jinhe Technology Development Company Limited*, an indirect non-wholly owned subsidiary of the Company) as landlord entered into a property lease agreement with 上海堂友里商業管理有限公司 (Shanghai Tang Youli Commercial Management Company Limited*, an indirect wholly-owned subsidiary of COLI) as tenant in relation to the leasing of the a commercial building located at No. 10, 198 Lane, Zhang Heng Road, Pudong New District, Shanghai, the PRC for a term of three years from 1 April 2020 to 31 March 2023 (the "First Property Lease Agreement");

(b) 北京中京藝苑置業有限公司 (Beijing Zhongjing Yiyuan Real Estate Company Limited*, an indirect wholly-owned subsidiary of the Company) as landlord entered into the a property lease agreement with 北京中海廣場商業發展有限公司 (Beijing China Overseas Plaza Commercial Development Company Limited*, an indirect wholly-owned subsidiary of COLI) as tenant in relation to the leasing of a commercial building (including offices) located at No. 28 Ping'anli West Street, Xicheng District, Beijing, the PRC for a term of three years from 1 April 2020 to 31 March 2023 (the "Second Property Lease Agreement").

The Group had leased the whole 22nd Floor and certain units of 23rd Floor of the commercial building to the subsidiaries of COLI for a lease term of three years from 1 August 2017 to 31 July 2020. For details, please refer to the Company's announcement dated 28 July 2017. These leases have been consolidated into the Second Property Lease Agreement accordingly;

(c) 蘭州中海宏洋房地產開發有限公司 (Lanzhou China Overseas Grand Oceans Real Estate Development Limited*, an indirect wholly-owned subsidiary of the Company) as landlord entered into a property lease agreement with 蘭州中海海通商業管理有限公司 (Lanzhou China Overseas Haitong Business Management Limited*, an indirect wholly-owned subsidiary of COLI) as tenant in relation to the leasing of a shopping centre located at 1131-1149 Mogao Street, Anning District, Lanzhou, the PRC for a term of three years from 25 December 2020 to 24 December 2023 (the "Third Property Lease Agreement");

(d) 中海宏洋惠州湯泉開發有限公司 (China Overseas Grand Oceans Huizhou Tangchuan Development Company Limited*, an indirect wholly-owned subsidiary of the Company) as landlord entered into a property lease agreement with 惠州中海湯泉酒店管理有限公司 (Huizhou China Overseas Tangquan Hotel Management Limited*, an indirect wholly-owned subsidiary of COLI) as tenant in relation to the leasing of a hotel resort located at Tangquan Tourism Resort*(湯泉渡假村), No. 298 Huizhou Avenue Tangquan Section, Huicheng District, Huizhou, the PRC for a term of three year from 1 May 2020 to 30 April 2023 (the "Fourth Property Lease Agreement"); and

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(9) Property Lease Agreements with the COLI Group (Continued)

(e) 中海宏洋地產汕頭投資有限公司 (China Overseas Grand Oceans Shantou Investment Company Limited*, an indirect wholly-owned subsidiary of the Company) as landlord entered into a property lease agreement with 汕頭市南濱中海酒店管理有限公司 (Shantou Nanbin China Overseas Hotel Management Limited*, an indirect wholly-owned subsidiary of COLI) as tenant in relation to the leasing of a hotel resort located at Citic Resort Hotel, Haojiang District, Shantou, the PRC for a term of three years from 1 May 2020 to 30 April 2023 (the "Fifth Property Lease Agreement").

The maximum rent for the transactions contemplated under each of the Property Lease Agreements for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 are set out below:

		Financial Year Ending 31 December			
	Lease Term	2020 RMB	2021 RMB	2022 RMB	2023 RMB
First Property Lease Agreement	1 April 2020 to 31 March 2023	5,895,000	8,040,000	8,280,000	2,085,000
Second Property Lease Agreement	1 April 2020 to 31 March 2023	120,150,000	163,800,000	168,712,500	42,487,500
Third Property Lease Agreement	25 December 2020 to 24 December 2023	–	34,000,000	44,000,000	48,000,000
Fourth Property Lease Agreement	1 May 2020 to 30 April 2023	4,800,000	7,333,300	7,533,300	2,533,300
Fifth Property Lease Agreement	1 May 2020 to 30 April 2023	6,113,300	9,356,700	9,636,700	3,243,300
Total		136,958,300	222,530,000	238,162,500	98,349,100

The rent was determined on an arm's length basis after considering, among others, (a) the average aggregate annual rent after taking into account of related operational costs of the properties separately leased to independent third parties in the immediately preceding three financial years; (b) the difference in the business strategy and the competitiveness for leasing the premises collectively as a whole as compared to individual properties in the relevant region; (c) the area and location of the property; (d) the rent generally charged in the Group's property portfolio and the prevailing market conditions, particularly in light of the outbreak of COVID-19; and (e) the estimated growth for the rental market in the region of approximately 3-5%.

COLI is the controlling shareholder of the Company and accordingly, each of the lessees, being a subsidiary of COLI, is a connected person of the Company, and the transactions contemplated under each of the Property Lease Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(10) *Master Engagement Agreement with CSC*

On 24 April 2020, the Company and CSC entered into a master engagement agreement (the "Master Engagement Agreement") whereby (i) the CSC Group may tender for the Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the Group from time to time for a term of one year commenced from 1 July 2020 and ending on 30 June 2021 subject to the caps as set out in the table below; and (ii) the Group may engage the CSC Group as construction contractor for the Group's construction works in the PRC upon the CSC Group's successful tender. The maximum total contract sum that may be awarded to the CSC Group for each period is subject to the following caps:

For the period from 1 July 2020 to 31 December 2020	For the period from 1 January 2021 to 30 June 2021
HK$1,000 million	HK$500 million

Pursuant to the Master Engagement Agreement, the Group will normally invite construction contractors to participate in competitive tenders for the Group's construction works in the PRC in accordance with its standard and systematic tendering procedures. In any event, the price and terms of the tender awarded by the Group to the CSC Group are no more favourable than those awarded to independent third parties. Further details of the tender procedures of the Group are set out in the paragraph headed "Pricing Basis" in the Company's announcement dated 24 April 2020.

All rights and obligations under the Master Engagement Agreement had been replaced and superseded by a new master engagement agreement, details of which are set out in paragraph "(B)(12) New Master Engagement Agreement with CSC".

COHL is the controlling shareholder of both the Company and CSC; and therefore, CSC is a connected person of the Company, and the transactions contemplated under the Master Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(11) *Renewal Framework Agreement with COPH*

The Prevailing Projects Framework Agreement and the New Projects Framework Agreement would expire on 30 June 2020. The Directors expected that the Group will continue to engage the COPH Group to provide property management services and value-added services for the property development projects or properties owned or held by the Group in PRC, Hong Kong, Macau and other locations through the tender process conducted by the Group. In this connection, on 28 April 2020, the Company and COPH entered into a renewal framework agreement for a term of three years commenced from 1 July 2020 and ending on 30 June 2023 (the "Renewal Framework Agreement").

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(11) Renewal Framework Agreement with COPH (Continued)

Pursuant to the Renewal Framework Agreement, the Group will go through its standard and systematic competitive tender process as set out in the Company's announcement dated 28 April 2020. In any event, the price and terms of the tender awarded by the Group to the COPH Group are no more favourable than those awarded to independent third parties. Upon successful tender, the Group may engage the COPH Group to provide the property management and value-added services to the Group, subject to the following caps:

For the period from 1 July 2020 to 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022	For the period from 1 January 2023 to 30 June 2023
HK$166 million	HK$321 million	HK$386 million	HK$224 million

COHL is the controlling shareholder of both the Company and COPH; and therefore, COPH is a connected person of the Company, and the entering into of the Renewal Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(12) New Master Engagement Agreement with CSC

On 19 November 2020, the Company and CSC entered into a new master engagement agreement (the "New Master Engagement Agreement") to replace and supersede all rights and obligations of the parties under the Master Engagement Agreement (together with the caps contemplated thereunder) starting from 1 January 2021 with effect from the date of the satisfaction of the conditions precedent set out in the New Master Engagement Agreement. Pursuant to the New Master Engagement Agreement, (i) the CSC Group may tender for the Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the Group from time to time for a term of three years commenced from 1 January 2021 and ending on 31 December 2023 subject to the caps as set out in the table below; and (ii) the Group may engage the CSC Group as construction contractor for the Group's construction works in the PRC upon the CSC Group's successful tender. The maximum total contract sum that may be awarded to the CSC Group for each year is subject to the following caps:

For the year commencing from 1 January 2021 and ending on 31 December 2021	For the year commencing from 1 January 2022 and ending on 31 December 2022	For the year commencing from 1 January 2023 and ending on 31 December 2023
RMB2,000 million	RMB2,500 million	RMB3,000 million

Pursuant to the New Master Engagement Agreement, the Group will normally invite construction contractors to participate in competitive tenders for the Group's construction works in the PRC in accordance with its standard and systematic tendering procedures. In any event, the price and terms of the tender awarded by the Group to the CSC Group are no more favourable than those awarded to independent third parties. Further details of the tender procedures of the Group are set out in the paragraph headed "Pricing Basis" in the Company's announcement dated 19 November 2020.

COHL is the controlling shareholder of both the Company and CSC; and therefore, CSC is a connected person of the Company, and the transactions contemplated under the New Master Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(13) Supplies Framework Agreement with COLI

On 19 November 2020, the Company and COLI entered into a framework agreement (the "Supplies Framework Agreement") whereby (i) the COLI Group may supply the materials in relation to the works in the categories of civil engineering works, electrical and mechanical works and decoration (the "Materials") for the property development projects owned or developed/to be developed by the Group in the PRC (the "Projects") upon the Group's request in accordance with the standard and systematic tendering procedures of the Group as set out in the Company's announcement dated 19 November 2020 from time to time for a term of three years commenced from 1 January 2021 and ending on 31 December 2023 subject to the caps as set out in the table below; and (ii) the Group may engage the COLI Group as supplier of the Materials for the Projects upon the COLI Group's successful tender. In any event, the price and terms of the tender awarded by the Group to the COLI Group are no more favourable than those awarded to independent third parties.

For the year commencing from 1 January 2021 and ending on 31 December 2021	For the year commencing from 1 January 2022 and ending on 31 December 2022	For the year commencing from 1 January 2023 and ending on 31 December 2023
RMB1,600 million	RMB1,600 million	RMB1,600 million

COLI is the controlling shareholder of the Company and accordingly, COLI is a connected person of the Company, and the transactions contemplated under the Supplies Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

* *English translation is for identification only.*

REVIEW BY AUDIT COMMITTEE MEMBERS AND AUDITOR

The Independent Non-executive Directors have reviewed the continuing connected transactions during the year disclosed by the Group in paragraphs (B)(1) to (B)(11) of the section "Connected Transactions Entered into by the Group" above and confirmed that the transactions were entered into:

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

(2) on normal commercial terms and no less favourable than those available to or from independent third parties; and

(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2020 disclosed by the Group in paragraphs (B)(1) to (B)(11) of the section "Connected Transactions Entered into by the Group" above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

During the year, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

INTEREST IN CONTRACTS OF SIGNIFICANCE

The transactions set out in paragraphs A(2), A(5) to A(7), B(1), B(3), B(5), B(6) and B(8) to B(13) of the section "Connected Transactions Entered into by the Group" above are considered as contracts of significance under paragraph 16 of Appendix 16 of the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The facility agreements/letters, which have been entered into by the Company in the following terms and conditions and continue to subsist at 31 December 2020 are set out below:

(1)	Date:	10 March 2017
	Amount:	Loan facility up to HK$600 million, which can be increased to HK$1 billion in accordance with the facility agreement
	Term:	60 months commencing from the date of the facility agreement
(2)	Date:	14 December 2017
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the date of the facility letter
(3)	Date:	31 December 2018
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the date of the first drawdown
(4)	Date:	30 December 2019
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the first utilisation date
(5)	Date:	11 March 2020
	Amount:	Loan facilities up to (a) HK$935 million and (b) RMB500 million
	Term:	(a) 60 months and (b) 36 months commencing from the date of the facility agreement respectively

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES (CONTINUED)

The above facility agreements/letters stipulated that, if COLI, the controlling shareholder of the Company, ceases to be the single largest shareholder of the Company or ceases to have management control over the Company, the above facilities shall be cancelled and all outstanding amounts shall become immediately due and payable.

As at the date of this report, COLI owns approximately 38.32% of the total number of shares of the Company in issue.

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2020, sales to the Group's five largest customers together represented less than 30% of the Group's total turnover and purchases from the Group's five largest suppliers together represented less than 30% of the Group's total purchases.

DESCRIPTIONS OF MAJOR RISKS AND UNCERTAINTIES FACED BY THE GROUP

OCCUPATIONAL SAFETY

The Group is fully aware of the need for stringent safety management in the construction phases of property development. Work-related accidents or occupational diseases may reduce productivity and stall project timeline. The lack of comprehensive occupational safety protection for employees can affect the development and retaining of human resources. The Group has established the Construction Safety Management Policy to strengthen the safety management of the construction sites, with standardised safety procedures and various safety measures to improve the working environment and ensure work safety of employees.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group acknowledges that the process of property development is intrinsically connected to the environment. Thus, the Group will take into consideration the whole life cycle of a building as its basis of the Group's environmental management. Currently, the Group has formulated the Environmental Policy, stipulating measures regarding the management of emissions, resource utilisation as well as environmental and natural resource. At the same time, the Group closely follows the global climate change trends. It is trying to blend the impact of climate change into its green strategy in property development projects and integrate climate change into the operation of the Group. During the year, the Group developed 43 new projects, all of which have obtained green building design certification – basic level or above.

100% obtained Green Building Design Certification – Basic Level Or above

55.8% above obtained Green Building Design Certification – One Star or above

The Group will amend and update relevant policies in due course in order to align with the national development strategy and industry progress.

COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS THAT HAVE MAJOR IMPACTS ON THE GROUP

The Group is committed to strictly abide by the laws and regulations that may have major impacts on the Group in the regions where it has operations. It is subject to the scrutiny of the government and the public. In addition, the Group has implemented different management measures according to different stages of the projects to ensure compliance with the relevant laws and regulations, including conducting environmental impact assessments and commissioning third parties to supervise the operations.

Project phase	Environmental laws and regulations that have major impacts on the Group	Compliance measures
Planning	• Environmental Impact Assessment Law of the People's Republic of China • Administrative Regulation on Environmental Protection for Construction Projects	Environmental impact assessment was undertaken in all new property development projects of the Group to ensure comprehensive review was carried out before they were constructed to prevent adverse environmental impact of the planning and construction project. The Group compiled environmental impact assessment reports, reporting spreadsheets, or registers according to the degree of environmental impact of the new projects. These documents are submitted to the administrative authorities of environmental protection in the local government for approval before construction commences.
Construction	• Environmental Protection Law of the People's Republic of China • Administrative Regulations on Environmental Protection for Construction Projects • Interim Methods for Endorsement of Environmental Protection for Completed Construction Projects • Technical Guidelines of Environmental Protection Inspections for Completed Construction Projects — Pollution Impacts Category • Water Pollution Prevention and Control Law of the People's Republic of China • Prevention and Control of Noise Pollution Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste	The Group has appointed third-party supervisory units to provide supervision services for its property development projects in PRC. The Group has obtained environmental protection acceptance and inspection approvals for all its completed projects.

In 2020, there was no case of non-compliance with environmental laws and regulations that have major impacts on the Group.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group values the communications with various stakeholders including employees, customers, suppliers, contractors etc. It has established different channels to improve the quality of communications.

EMPLOYEES

As far as the Group is concerned, creating a safe working environment, protecting the legal rights of employees and fostering talents are not only the foundation to achieve business goals, but also essential benchmarks of the corporate sustainability development.

Area	Management ideas
Employment	• Strive to create an equal and anti-discrimination working environment to protect the legal rights of employees; • Encourage communication between employees and their superior through staff seminars, sharing sessions and meetings etc; and • Set up an appeal mechanism where the Intendence and Audit Department receives complaints and passes to relevant departments for further handling.
Occupational Safety	• Implement the 5S[1] management system, reducing safety risks at workplace; and • Compile the Construction Safety Management Reward and Punishment Methods, regulating construction management.
Staff Training	• Establish the 'Endless Ocean Training System' which comprises the four courses of 'Leading', 'Racing', 'Continuance' and 'Setting sail', providing different training programmes for personnel at different levels.

As for this year, the Group has a total number of 2,974 employees, over 99% of whom have participated in training programmes with 1.8 hours of average training time.

CUSTOMERS

As the Group's primary customers, the Group values the opinions and needs of building users. At present, the Group has launched the mobile application 'China Overseas e-Family' to establish a communication channel between customers and the Group. It enables customers to receive service information in time to boost their satisfaction. In addition, the Group has compiled the Guidelines for Customer Review to collect customer feedback and recommendations in time to enhance service quality.

SUPPLIERS & CONTRACTORS

Due to the nature of the industry, the supply chain management capabilities will affect the quality of the buildings to a certain extent. Therefore, the Group has put strong emphasis on maintaining good relationship with various suppliers and contractors.

[1] *"Sort", "Set in order", "Shine", "Standardise" and "Sustain".*

SUPPLIERS

During the year, the Group has partnered with 5,425 suppliers which are located across all project cities. Most of them are construction suppliers that have worked with the Group for one and ten years. The main suppliers have granted credit terms of 28 to 56 days to the Group.

CONTRACTORS

Construction work of the Group's property development projects is outsourced to different contractors. Most contractors have partnered with the Group for one to eight years.

The Group aims to strengthen its ethical supply chain management by partnering with suppliers and contractors which fulfil its environmental and social responsibilities. The Group strives to manage environmental and social risks within the supply chain, thereby ensuring product and service quality.

For details about the environmental, social and governance performance of the Group, please refer to the Environmental, Social and Governance Report to be published by July 2021.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on public information available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, being no less than 25% of the total number of shares of the Company in issue as required under the Listing Rules.

DONATIONS

During the year, the Group did not make any charitable and other donations (2019: nil).

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the 2020 interim report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

- Mr. Lam Kin Fung, Jeffrey was appointed as independent non-executive director of China Strategic Holdings Limited in December 2020.

The updated biography details of Directors are set out in the section headed "Directors and Organization" in this annual report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2020 have been audited by BDO Limited who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Zhuang Yong
Chairman and Executive Director

Hong Kong, 22 March 2021

Independent Auditor's Report

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

To the members of China Overseas Grand Oceans Group Limited
中國海外宏洋集團有限公司
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Overseas Grand Oceans Group Limited (the "Company") and its subsidiaries (together the "Group") set out on page 82 to page 210, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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 are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 (CONTINUED)

Determining net realisable value of inventories of properties

Refer to notes 5.1(b) and 22 to the consolidated financial statements

The carrying value of the Group's inventories of properties as at 31 December 2020 was RMB107,721,167,000.

Inventories of properties are stated at the lower of cost and net realisable value. In assessing net realisable value, management has to determine the selling prices of inventories of properties which is based on management's judgment and expectation of property market in Mainland China. Future selling prices could fluctuate significantly subject to factors including market conditions and government measures on controlling property market and policies such as urbanisation policy and monetary policy. In addition, due to the unique nature of individual properties, estimation of selling prices is highly subjective which requires management's judgment on customer preferences.

We have identified the determination of net realisable value of inventories of properties as key audit matter due to considerable amount of estimation and judgment applied by the management, and difficulty in reliably gauging the impact arising from government's measures and policies which have direct impact on the property market in Mainland China and are prevailing at year end.

Our procedures in relation to management's assessment of the net realisable value of the inventories of properties mainly included:

— Assessing the reasonableness of management's estimates of net realisable value, in particular for those projects of relatively low gross profit margins, based on our knowledge of the business and industry and taking into account recent developments in the property market in Mainland China as supported by recent sales transactions or market information.

— Checking the accuracy and relevance of market data such as market prices of comparable properties provided by management.

— Independently assessing management's judgment in estimating the impact of those government measures and policies on the selling prices of properties.

— Assessing whether there is evidence of management bias on determining net realisable value by considering the consistency of judgment made by the management year on year through discussion with the management to understand their rationale.

— Challenging the estimations and assumptions used by the management by assessing the reliability of management's past estimates.

KEY AUDIT MATTERS (CONTINUED)

Recognition of revenue from sales of properties

Refer to notes 4.15, 5.2(a), 6 and 7 to the consolidated financial statements

Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has enforceable right to payment for performance completed to date; otherwise, revenue from sales of properties is recognised at a point in time when the customer obtains control of the completed property. For the year ended 31 December 2020, the Group recognised revenue from sales of properties amounting to RMB42,701,339,000, of which RMB5,754,388,000 was recognised over time.

The Group is contractually restricted from changing or substituting the property unit or redirecting the property unit for another use based on the terms of the sales contract and therefore the property unit does not have an alternative use to the Group. However, whether the Group has an enforceable right to payment from the customer for performance completed to date depends on the terms of the sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgment. Management uses judgment, with reference to a legal advice, to classify the sales contracts into those with enforceable right to payment and those without the right.

When the properties have no alternative use to the Group and the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue from sales of properties over time using input method, which is determined with reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. The Group estimates the development costs of each project based on the development plan as well as contractor fees and construction material price lists, taking into account market and economic factors.

We have identified the recognition of revenue from sales of properties as key audit matter due to significant judgment applied by the management in assessing whether the Group has the enforceable right to payment in the sales contracts with revenue being recognised over time. In addition, significant judgment and estimations are required in determining the estimated development costs for arriving at the progress towards complete satisfaction of the performance obligation at the end of the reporting period.

Our procedures in relation to management's assessment of whether the Group has an enforceable right to payment in the sales contracts mainly included:

— obtaining an understanding regarding management's assessment in identifying sales contracts with or without the enforceable right to payment and evaluating the appropriateness of management's assessment;

— reviewing the terms of sales contracts, on a sample basis, to assess if the Group has the enforceable right to payment based on the contract terms;

— understanding the legal advice provided by the Group's legal advisor, including the legal advisor's interpretation of the applicable laws and the implication on the assessment of the enforceability of the right to payment; and

— assessing the competency, experience and objectivity of the legal advisor engaged by the Group.

KEY AUDIT MATTERS (CONTINUED)

Recognition of revenue from sales of properties (Continued)

Our procedures in relation to management's estimates of the total development costs of the property projects which revenue being recognised over time mainly included:

— understanding the procedures and relevant controls of the Group in preparing and updating the cost budget for property projects and recording contract costs incurred;

— comparing the budgeted cost to budget approved by management;

— testing the budgeted cost, on a sample basis, to respective contracts and underlying supporting documents;

— testing contract costs incurred to date and estimated total costs, on a sample basis, to underlying supporting documents and the reports from external supervisor, where applicable; and

— assessing the reliability of cost budgets by comparing actual development costs against budgeted costs of completed property.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards 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 directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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. This report is made 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 HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants
Lee Ming Wai
Practising Certificate no. P05682

Hong Kong, 22 March 2021

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue	6	**42,909,060**	28,590,883
Cost of sales and services provided		**(31,267,644)**	(19,063,036)
Gross profit		**11,641,416**	9,527,847
Other income	8	**381,381**	390,937
Distribution and selling expenses		**(1,368,847)**	(1,147,953)
Administrative expenses		**(1,069,885)**	(793,301)
Other operating expenses		**(27,845)**	(31,917)
Other gains or losses			
Fair value gain on reclassification of inventories of properties to investment properties	15(a)	**8,123**	72,179
Gain on disposal of investment properties	15(d)	**–**	2,355
Change in fair value of a derivative financial instrument	21	**–**	(3,927)
Gain on bargain purchase	41	**–**	4
Operating profit		**9,564,343**	8,016,224
Finance costs	10	**(43,125)**	(33,843)
Share of results of associates		**11,955**	22,657
Share of results of joint ventures		**6,662**	290,534
Profit before income tax	9	**9,539,835**	8,295,572
Income tax expense	11	**(4,935,694)**	(4,798,611)
Profit for the year		**4,604,141**	3,496,961
Profit for the year attributable to:			
Owners of the Company		**4,374,765**	3,329,681
Non-controlling interests		**229,376**	167,280
		4,604,141	3,496,961

		RMB Cents	RMB Cents
Earnings per share	13		
Basic		**127.8**	97.3
Diluted		**127.8**	97.3

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 RMB'000	2019 RMB'000
Profit for the year	**4,604,141**	3,496,961
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising from translation into presentation currency	**1,035,288**	(302,751)
Other comprehensive income for the year, net of tax	**1,035,288**	(302,751)
Total comprehensive income for the year	**5,639,429**	3,194,210
Total comprehensive income attributable to:		
Owners of the Company	**5,410,053**	3,026,930
Non-controlling interests	**229,376**	167,280
	5,639,429	3,194,210

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

	Notes	2020 RMB'000	2019 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	15	**3,355,235**	2,744,787
Property, plant and equipment	16	**869,409**	1,090,024
Right-of-use assets	39	**239,150**	348,544
Intangible assets	17	**–**	–
Interests in associates	18	**19,056**	46,299
Interests in joint ventures	19	**701,038**	901,626
Financial assets at fair value through other comprehensive income	20	**1,000**	1,000
A derivative financial instrument	21	**–**	–
Deferred tax assets	35	**1,242,877**	609,534
		6,427,765	5,741,814
Current assets			
Inventories of properties	22	**107,721,167**	86,397,320
Other inventories	23	**16,429**	4,269
Contract assets	24	**94,732**	49,732
Trade and other receivables, prepayments and deposits	25	**19,451,556**	11,867,467
Amounts due from associates	26	**124,838**	60,436
Amounts due from joint ventures	27	**2,091,043**	479
Amounts due from non-controlling interests	28	**871,139**	581,245
Amount due from a related company	29	**–**	171,543
Tax prepaid		**2,545,737**	1,796,235
Restricted cash and deposits	30	**7,525,826**	10,671,299
Cash and bank balances	30	**20,543,265**	16,755,435
		160,985,732	128,355,460
Current liabilities			
Trade and other payables	31	**15,699,347**	11,989,788
Contract liabilities	32	**70,336,424**	54,618,728
Amounts due to associates	26	**13,136**	63,823
Amounts due to joint ventures	27	**584,458**	815,126
Amounts due to non-controlling interests	28	**2,834,726**	5,082,077
Amounts due to related companies	29	**189,482**	379,230
Lease liabilities	39	**11,196**	11,570
Guaranteed notes payable	34	**3,314,214**	–
Taxation liabilities		**6,757,759**	5,940,199
Borrowings	33	**10,448,303**	11,656,478
		110,189,045	90,557,019
Net current assets		**50,796,687**	37,798,441
Total assets less current liabilities		**57,224,452**	43,540,255

AS AT 31 DECEMBER 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current liabilities			
Borrowings	33	**26,701,867**	15,611,683
Lease liabilities	39	**21,819**	24,588
Guaranteed notes payable	34	**–**	3,521,449
Amount due to a related company	29	**75,026**	–
Deferred tax liabilities	35	**3,189,358**	2,869,227
		29,988,070	22,026,947
Net assets		**27,236,382**	21,513,308
CAPITAL AND RESERVES			
Share capital	36	**5,579,100**	5,579,100
Reserves	37	**18,554,125**	13,966,227
Equity attributable to owners of the Company		**24,133,225**	19,545,327
Non-controlling interests	38	**3,103,157**	1,967,981
Total equity		**27,236,382**	21,513,308

On behalf of the directors

Zhuang Yong
Director

Wang Man Kwan, Paul
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company							
	Share capital RMB'000 (note 36)	Translation reserve* RMB'000 (note 37)	Assets revaluation reserve* RMB'000 (note 37)	Statutory reserve* RMB'000 (note 37)	Retained profits* RMB'000 (note 37)	Total RMB'000	Non-controlling interests RMB'000 (note 38)	Total equity RMB'000
At 1 January 2019	5,579,100	(585,283)	30,075	1,064,499	10,951,985	17,040,376	727,591	17,767,967
Profit for the year	–	–	–	–	3,329,681	3,329,681	167,280	3,496,961
Exchange differences arising from translation into presentation currency	–	(302,751)	–	–	–	(302,751)	–	(302,751)
Total comprehensive income for the year	–	(302,751)	–	–	3,329,681	3,026,930	167,280	3,194,210
Transfer to PRC statutory reserve	–	–	–	306,304	(306,304)	–	–	–
2019 interim dividend paid (note 12(a))	–	–	–	–	(184,465)	(184,465)	–	(184,465)
2018 final dividend paid (note 12(b))	–	–	–	–	(337,514)	(337,514)	–	(337,514)
Contributions from non-controlling interests	–	–	–	–	–	–	1,200,610	1,200,610
Dividend attributable to non-controlling interests (note 28)	–	–	–	–	–	–	(127,500)	(127,500)
Transactions with owners	–	–	–	–	(521,979)	(521,979)	1,073,110	551,131
At 31 December 2019	5,579,100	(888,034)	30,075	1,370,803	13,453,383	19,545,327	1,967,981	21,513,308

FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company							
	Share capital RMB'000 (note 36)	Translation reserve* RMB'000 (note 37)	Assets revaluation reserve* RMB'000 (note 37)	Statutory reserve* RMB'000 (note 37)	Retained profits* RMB'000 (note 37)	Total RMB'000	Non-controlling interests RMB'000 (note 38)	Total equity RMB'000
At 1 January 2020	5,579,100	(888,034)	30,075	1,370,803	13,453,383	19,545,327	1,967,981	21,513,308
Profit for the year	–	–	–	–	4,374,765	4,374,765	229,376	4,604,141
Exchange differences arising from translation into presentation currency	–	1,035,288	–	–	–	1,035,288	–	1,035,288
Total comprehensive income for the year	–	1,035,288	–	–	4,374,765	5,410,053	229,376	5,639,429
Transfer to PRC statutory reserve	–	–	–	187,120	(187,120)	–	–	–
2020 interim dividend paid (note 12(a))	–	–	–	–	(214,458)	(214,458)	–	(214,458)
2019 final dividend paid (note 12(b))	–	–	–	–	(607,697)	(607,697)	–	(607,697)
Contributions from non-controlling interests	–	–	–	–	–	–	1,280,300	1,280,300
Return of capital to non-controlling interests	–	–	–	–	–	–	(9,600)	(9,600)
Dividend attributable to non-controlling interests (note 28)	–	–	–	–	–	–	(364,900)	(364,900)
Deemed disposal of interests in subsidiaries (note 42)	–	26,173	–	(5,086)	(21,087)	–	–	–
Transactions with owners	–	26,173	–	(5,086)	(843,242)	(822,155)	905,800	83,645
At 31 December 2020	5,579,100	173,427	30,075	1,552,837	16,797,786	24,133,225	3,103,157	27,236,382

* The total of these equity accounts at the end of the reporting period represents "Reserves" in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 RMB'000	2019 RMB'000
Operating activities			
Profit before income tax		**9,539,835**	8,295,572
Adjustments for:			
Share of results of associates		**(11,955)**	(22,657)
Share of results of joint ventures		**(6,662)**	(290,534)
Gain on disposal of investment properties		**–**	(2,355)
Gain on disposal of property, plant and equipment		**(22,553)**	(391)
Gain on bargain purchase		**–**	(4)
Depreciation and amortization		**94,405**	80,375
Fair value gain on reclassification of inventories of properties to investment properties		**(8,123)**	(72,179)
Change in fair value of a derivative financial instrument		**–**	3,927
Write-off of property, plant and equipment		**750**	32
Interest income		**(270,202)**	(337,187)
Finance costs		**43,125**	33,843
Exchange difference		**54,021**	(57,673)
Operating cash flows before movements in working capital		**9,412,641**	7,630,769
Increase in inventories of properties		**(20,146,214)**	(25,358,768)
Increase in other inventories		**(12,160)**	(2,638)
Increase in trade and other receivables, prepayments and deposits		**(7,585,448)**	(2,930,131)
Increase in contract assets		**(45,000)**	(34,217)
Decrease/(Increase) in restricted cash and deposits		**3,145,473**	(3,721,563)
Increase in trade and other payables		**3,715,435**	2,371,773
Increase in contract liabilities		**15,717,696**	16,000,352
Cash from/(used in) operations		**4,202,423**	(6,044,423)
Income taxes paid		**(5,177,921)**	(3,353,963)
Net cash used in operating activities		**(975,498)**	(9,398,386)
Investing activities			
Additions of investment properties	15	**(214,371)**	–
Purchase of property, plant and equipment	16	**(17,315)**	(95,805)
Purchase of right-of-use assets		**(940)**	–
Acquisition of subsidiaries, net of cash acquired	41	**–**	(178,357)
Capital injection in an associate		**(7,000)**	–
Dividend received from a joint venture		**3,250**	–
Proceeds from disposal of investment properties	15(d)	**–**	15,420
Proceeds from disposal of property, plant and equipment		**25,604**	547
Interest received		**270,191**	386,060
Increase in amounts due from associates		**(64,402)**	(760)
(Increase)/Decrease in amounts due from joint ventures		**(2,090,564)**	254,521
Increase in amounts due from non-controlling interests		**(654,794)**	(172,995)
Decrease/(Increase) in amount due from a related company		**171,543**	(171,543)
Decrease in short-term time deposits with maturity beyond three months but within one year		**–**	3,132,459
Net cash (used in)/from investing activities		**(2,578,798)**	3,169,547

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 RMB'000	2019 RMB'000
Financing activities	43		
New borrowings		**21,941,349**	13,115,462
Repayment of borrowings		**(11,233,419)**	(8,457,218)
Redemption of guaranteed notes		**–**	(2,719,792)
Advances from non-controlling interests		**1,758,357**	5,017,734
Repayments to non-controlling interests		**(4,005,708)**	(2,107,417)
Advances from associates		**255**	41,470
Repayments to associates		**(4,744)**	(981)
Advances from joint ventures		**205,000**	401,991
Repayments to joint ventures		**(231,668)**	(766,109)
Advances from related companies		**186,118**	–
Repayments to related companies		**(300,000)**	–
Payment of principal element of leases		**(12,967)**	(10,962)
Payment of interest element of leases		**(1,021)**	(1,132)
Payment of other interest		**(1,365,310)**	(1,322,298)
Dividends paid	12	**(822,155)**	(521,979)
Contribution from non-controlling interests		**1,280,300**	1,200,610
Return of capital to non-controlling interests		**(9,600)**	–
Net cash from financing activities		**7,384,787**	3,869,379
Net increase/(decrease) in cash and cash equivalents		**3,830,491**	(2,359,460)
Cash and cash equivalents at 1 January		**16,755,435**	19,058,980
Effect of foreign exchange rate changes on cash and cash equivalents		**(42,661)**	55,915
Cash and cash equivalents at 31 December		**20,543,265**	16,755,435
Analysis of balances of cash and cash equivalents			
Cash and bank balances as stated in the consolidated statement of financial position		**20,543,265**	16,755,435

Notes to the Financial Statements

1. GENERAL INFORMATION

China Overseas Grand Oceans Group Limited (the "Company") is a limited liability company incorporated in the Hong Kong Special Administrative Region ("Hong Kong"), the People's Republic of China (the "PRC") and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office and principal place of business is Suites 701–702, 7/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively, the "Group") mainly comprise property investment and development, property leasing and investment holding.

The Group's business activities are principally carried out in certain regions in the PRC such as Hefei, Huizhou, Jilin, Lanzhou, Quanzhou, Yancheng, Yangzhou and Yinchuan.

The Company is an associated company of China Overseas Land & Investment Limited ("COLI"). COLI is a company incorporated in Hong Kong with limited liability and its shares are listed on the Stock Exchange. COLI's ultimate holding company is 中國建築集團有限公司 China State Construction Engineering Corporation* ("CSCEC"), an entity established in the PRC.

The financial statements for the year ended 31 December 2020 were approved and authorized for issue by the directors on 22 March 2021.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

2.1 Adoption of new or revised HKFRS — effective 1 January 2020

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

Other than the amendments to HKFRS 3, none of these new or amended HKFRS has a material impact on the Group's results and financial position for the current or prior period and/or accounting policies. Impact on the application of HKFRS 3 is summarized below.

Amendments to HKFRS 3 Definition of a Business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

The Group elected to apply the amendments prospectively to acquisitions for which the acquisition date is on or after 1 January 2020.

* English translation is for identification only

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

2.2 New or revised HKFRS that have been issued but not yet effective

The following new or revised HKFRS, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[5]
HK-Int 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[5]
Amendments to HKAS 16	Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to HKFRS 16,	COVID-19-Related Rent Concessions[1]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[2]
Annual Improvements to HKFRS 2018–2020	Amendments to HKFRS 9 Financial Instruments and HKFRS 16 Leases[3]

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022
5 Effective for annual periods beginning on or after 1 January 2023
6 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

2.2 New or revised HKFRS that have been issued but not yet effective (Continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and HK-Int 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK-Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK-Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have material impact on the financial statements.

Amendments to HKAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognized in profit or loss.

The directors of the Company do not anticipate that the application of the amendments in the future will have material impact on the financial statements.

Amendments to HKAS 37 Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors of the Company do not anticipate that the application of the amendments in the future will have material impact on the financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

2.2 New or revised HKFRS that have been issued but not yet effective (Continued)

Amendments to HKFRS 3 Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 *Levies*, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The directors of the Company do not anticipate that the application of this standard in the future will have material impact on the financial statements.

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

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

The directors of the Company anticipate that the application of these amendments may have an impact on the financial statements in future periods should such transaction arise.

Amendment to HKFRS 16 COVID-19-Related Rent Concessions

HKFRS 16 *Leases* ("HKFRS 16") was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

2.2 New or revised HKFRS that have been issued but not yet effective (Continued)

Amendment to HKFRS 16 COVID-19-Related Rent Concessions (Continued)

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The directors of the Company do not anticipate that the application of the amendments in the future will have material impact on the financial statements.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognize or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The directors of the Company do not anticipate that the application of the amendments in the future will have material impact on the financial statements.

Annual Improvements to HKFRS 2018–2020

The annual improvements amends a number of standards, including:

— HKFRS 9 *Financial Instruments* ("HKFRS 9"), which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognize a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

— HKFRS 16 which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The directors of the Company do not anticipate that the application of the amendments in the future will have material impact on the financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with HKFRS which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Accounting estimates and assumptions have been used in preparing these financial statements. Although these estimates and assumptions are based on management's best knowledge and judgment of current events and conditions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group's financial statements, are disclosed in note 5.

3.2 Basis of measurement

The financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments which are measured at fair value. The measurement bases are fully described in the accounting policies below.

All values are rounded to the nearest thousand except otherwise indicated.

3.3 Functional and presentation currencies

The functional currency of the Company is Hong Kong dollars ("HK$"), while the Group's consolidated fanatical statements are presented in Renminbi ("RMB").

The Group's business activities are mainly conducted in the PRC and the functional currency of those operating subsidiaries in the PRC is RMB. Having considered that most of the Group's transactions are denominated and settled in RMB and using RMB as the presentation currency could reduce the impact of any fluctuations in the exchange rate of HK$ against RMB on the consolidated financial statements of the Group, which is not due to the operations and beyond the control of the Group, thus enabling the shareholders of the Company to have a more accurate picture of the Group's financial performance, the directors decided to use RMB as the presentation currency for the preparation of the Group's consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Business combination and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (see note 4.2 below) made up to 31 December each year. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intercompany transactions, balances and unrealized gains on transactions within the Group are eliminated on consolidation. Unrealized losses resulting from intercompany transaction are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group in exchange for control of the acquiree. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognized in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by another HKFRS. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments, in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognized at acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration are recognized against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent changes to contingent consideration classified as an asset or a liability are recognized in profit or loss.

Goodwill or bargain purchases arising on business combination is accounted for according to the policies in notes 4.5 and 4.6 respectively.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Business combination and basis of consolidation (Continued)

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests, and also the cumulative translation differences recorded in equity. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present:

— power over the investee;

— exposure, or rights, to variable returns from the investee; and

— the ability to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.3 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognized at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognized unless there is an obligation to make good those losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Associates (Continued)

Profits and losses arising on transactions between the Group and its associates are recognized only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealized losses provide evidence of impairment of the asset transferred they are recognized immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4.4 Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and there is at least one other party to the arrangement. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

— joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

— joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

— the structure of the joint arrangement;

— the legal form of joint arrangements structured through a separate vehicle;

— the contractual terms of the joint arrangement agreement; and

— any other facts and circumstances (including any other contractual arrangements).

Joint ventures are accounted for using the equity method whereby they are initially recognized at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the joint ventures' net assets except that losses in excess of the Group's interest in the joint venture are not recognized unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its joint venture are recognized only to the extent of unrelated investors' interests in the joint venture. The investor's share in the joint venture's profits and losses resulting from these transactions is eliminated against the carrying value of the joint venture. Where unrealized losses provide evidence of impairment of the asset transferred, they are recognized immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Joint arrangements (Continued)

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Joint operations are accounted for by recognizing the Group's share of assets, liabilities, revenue and expenses in accordance with its contractually conferred rights and obligations.

4.5 Goodwill

Goodwill arising from the acquisition of subsidiaries, associates and joint ventures represents the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree, over the Group's interest in the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities as at the date of acquisition.

Goodwill arising on acquisition is initially recognized in the consolidated statement of financial position as an asset at cost and subsequently measured at cost less any accumulated impairment losses. In case of associates and joint ventures, goodwill is included in the carrying amount of the interests in associates and joint ventures rather than recognized as a separate asset in the consolidated statement of financial position.

Goodwill is reviewed for impairment annually at the end of the reporting period or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may be impaired (note 4.11). Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4.6 Bargain purchases in business combinations

Any excess of the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree is recognized immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Investment properties

Investment properties are interest in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purpose. Investment properties also include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment properties.

Investment property is initially stated at cost, including directly attributable costs, and subsequently stated at fair value. Any gain or loss resulting from either a change in the fair value or disposal of an investment property is immediately recognized in profit or loss. Right-of-use assets that meet the definition of investment properties are carried at fair value and presented in the statement of financial position as investment properties (note 4.10). Rental income from investment properties is accounted for as described in note 4.15(iv).

For a transfer from investment property carried at fair value to owner-occupied property, the property's deemed cost for subsequent accounting is its fair value at the date of change in use. For property occupied by the Group as an owner-occupied property which becomes an investment property, the Group accounts for such property in accordance with the policy of property, plant and equipment (note 4.8) up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with in assets revaluation reserve. On disposal of the property, the assets revaluation reserve is transferred to retained profits as a movement in reserves. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

4.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (note 4.11).

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Property, plant and equipment (Continued)

Depreciation is provided to write off the cost of each item of property, plant and equipment less its estimated residual value, if applicable, over its estimated useful lives on a straight-line basis as follows:

Category of property, plant and equipment	*Estimated useful lives*
Buildings situated on leasehold land	Over the shorter of the remaining lease term of the land or estimated useful life of 20 to 50 years
Leasehold improvements	Over the shorter of the remaining lease term or estimated useful life of 5 years
Furniture, fixtures and office equipment	3 to 10 years
Motor vehicles	4 to 5 years

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalized during the periods of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the item and is recognized in profit or loss.

4.9 Intangible assets (Other than goodwill)

Intangible assets are recognized initially at cost. After initial recognition, intangible assets with finite useful life are amortized over their estimated useful lives and assessed for impairment (note 4.11) whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful life are not amortized but reviewed for impairment at least annually (note 4.11) either individually or at the cash-generating unit level. The useful life of an intangible asset with indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Shopping mall operating right

Shopping mall operating right represents the right of operating a shopping mall which is carried at cost less accumulated amortization and any impairment losses. Amortization is provided on a straight-line basis over the period of operation of 30 years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Leasing

The Group as a lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalized in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalize (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognize right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group accounts for land and buildings that are held to earn rentals and/or for capital appreciation under HKAS 40 *Investment Property* ("HKAS 40") and those assets are carried at fair value (note 4.7). Right-of-use assets that meet the definition of investment properties are carried at fair value and presented in the statement of financial position as investment properties. The Group accounts for the building portion of leasehold land and buildings which the Group has ownership interests and are held for own use under HKAS 16 *Property, Plant and Equipment* and those assets are carried at cost less accumulated depreciation and any impairment losses (note 4.8), whereas the land portion of those leasehold land and buildings is classified as right-of-use assets and are stated at cost less accumulated depreciation and any impairment losses. Other than the above, the Group has also leased some properties under tenancy agreements and those leases are also classified as right-of-use assets and are measured according to the policies as set out below. Right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realizable value (note 4.13).

Right-of-use asset

Right-of-use asset is recognized at cost and comprises: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property to which the Group applies revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis at the following rate per annum:

Category of right-of-use assets	*Useful lives*
Land use rights of properties with ownership interests held for own use	Over the lease term
Other properties leased for own use	Over the shorter of the remaining lease term or estimated useful life

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Leasing (Continued)

Lease liability

Lease liability is recognized at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group as a lessor

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense on the straight-line basis over the lease term.

4.11 Impairment of non-financial assets

Goodwill, other intangible assets, property, plant and equipment, right-of-use assets and interests in subsidiaries, associates and joint ventures are subject to impairment testing. Goodwill and other intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

For the amount by which an asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized as an expense immediately unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS. Recoverable amount is the higher of fair value less costs of disposal, reflecting market conditions, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Impairment of non-financial assets (Continued)

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

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

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

A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

4.12 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

Financial assets with embedded derivatives are considered at their entirety when determining whether their cash flows are solely payments of principal and interest on the principal outstanding.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(i) Financial assets (Continued)

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

— Financial assets at amortized cost

— Financial assets at fair value through other comprehensive income; and

— Financial assets at fair value through profit or loss

The classification is generally based on two criteria:

— the business model under which the financial asset is managed; and

— the contractual cash flow characteristics of the financial asset.

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

Debt instruments

There are three measurement categories into which the Group classifies its debt instruments:

— Amortized cost

Financial assets that are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

— Fair value through other comprehensive income

Financial assets that are held within a business model whose objective is to be achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at fair value though other comprehensive income. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are recycled to profit or loss.

— Fair value through profit or loss

Financial assets that do not meet the criteria for amortized cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. Changes in fair value and interest income are recognized in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(i) ***Financial assets (Continued)***

Equity instruments

— Fair value through profit or loss

Equity investments at fair value through profit or loss are subsequently measured at fair value. Changes in fair value, dividend income and interest income are recognized in profit or loss.

— Fair value through other comprehensive income

For equity investment which is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income, they are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Dividend income is recognized in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognized in other comprehensive income and are not reclassified to profit or loss. On disposal of the investment, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. Equity instruments at fair value through other comprehensive income are not subject to impairment assessment.

(ii) ***Impairment loss on financial assets***

The Group recognizes an allowance for expected credit losses ("ECL") on debt instruments carried at amortized cost (including trade and other receivables, amounts due from associates, joint ventures, other related parties and non-controlling interest, restricted cash and deposits and cash and bank balances) and debt instruments measured at fair value through other comprehensive income.

ECL are probability-weighted estimate of credit losses. Credit losses are measured at the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancement that are integral to the contract terms.

The ECL are measured on either of the following bases:

— 12-month ECL: these are the ECL that result from possible default events within 12 months after the reporting date; and

— lifetime ECL: these are the ECL that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

For trade receivables and contract assets, the Group applies the simplified approach in measuring ECL, that is to recognize a loss allowance based on lifetime ECL at each reporting date. The Group estimates the loss allowance using a provision matrix which is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the Group applies the general approach to measure ECL, that is to recognize a loss allowance based on 12-month ECL. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on the lifetime ECL.

The Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. For this purpose, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, such as past due status and credit risk rating, where applicable.

The Group recognizes an impairment loss or reversal in profit or loss for financial instruments carried at amortized cost by adjusting their carrying amount through the use of a loss allowance account. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

For investments in debt instruments that are measured at fair value through other comprehensive income, the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve without reducing the carrying amounts of those debt instruments.

Interest income on credit-impaired financial assets is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial assets. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities as (i) financial liabilities at fair value through profit or loss; or (ii) financial liabilities at amortized cost, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortized cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognized in profit or loss in the period in which they arise, except for the gains and losses arising from the Group’s own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortized cost

Financial liabilities at amortized cost including trade payables, other payables and accruals, amounts due to associates, joint ventures, other related parties and non-controlling interests, lease liabilities, borrowings and guaranteed notes payable are subsequently measured at amortized cost, using the effective interest method. The related interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (note 4.22).

Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 4.12(ii); and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15").

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(vi) Financial guarantee contracts (Continued)

The Group monitors the risk that the specified debtor will default on the contract and recognizes a provision when ECL on the financial guarantees are determined to be higher than the carrying amount of the guarantees. To determine ECL, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(vii) Derecognition

The Group derecognizes a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognized initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognized in profit or loss for the year.

4.13 Inventories of properties

Inventories of properties comprise properties under development and completed properties held for sale. Properties under development are investments in land and buildings on which construction work has not been completed and which, upon completion, management intends to hold for sale purposes. Inventories of properties are stated at the lower of cost and net realizable value. Net realizable value is determined on the basis of anticipated sales proceeds less estimated cost to completion and estimated selling expenses. The costs of inventories of properties consist of interests in leasehold land (note 4.10), development expenditures including construction costs, borrowing costs capitalized (note 4.22) and other direct costs attributable to the development of such properties.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the presentation purpose of the consolidated statement of cash flows, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4.15 Recognition of revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if:

— the customers simultaneous receives and consumes the benefits provided by the Group's performance as the Group performs;

— the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Recognition of revenue and other income (Continued)

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

(i) Sales of properties

The Group determines whether the properties have no alternative use to the Group and whether the Group has an enforceable right to payment from the customer for performance completed to date, taking into account the terms of the contract and the legal and regulatory environment where the Group's property development activities operate.

When the property unit has no alternative use to the Group and the Group has an enforceable right to payment from the customer for performance completed to date, control over the property is regarded as transferred over time. In other cases, control over the property is regarded as transferred at a point in time.

If control of the property is transferred over time, which occurs when the Group enters into pre-sale contract with customer which fulfills the above-stated overtime conditions, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the asset. The progress toward complete satisfaction of the performance obligation is measured using input method, which is determined by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

If control of the property is transferred at a point in time, revenue is recognized when the construction of the property is completed; the significant risks and rewards of ownership of the completed property are passed to the customer, or when customer has taken physical possession or obtained legal title of the completed property; and the Group has present right to payment and the collection of the consideration is probable.

(ii) Hotel operation and other ancillary services

Service fee income in relation to hotel operation and other ancillary services is recognized when the relevant services are provided to the customers.

(iii) Other services income

Service fee income is recognized when the relevant services are provided to the customers.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Recognition of revenue and other income (Continued)

(iv) Other sources of income

— Rental income under operating leases is recognized on a straight-line basis over the term of the relevant lease.

— Interest income is accrued on a time basis using the effective interest method by applying applicable interest rate on (i) the amortized cost (i.e. gross carrying amount less loss allowance for credit-impaired financial assets); or (ii) the gross carrying amount for non credit-impaired financial assets.

4.16 Contract costs, contract assets and contract liabilities

Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalized as inventories or property, plant and equipment.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalized when incurred if the costs relate to revenue which will be recognized in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to subcontractors). Other costs of fulfilling a contract, which are not capitalized as inventories, or property, plant and equipment, are expensed as incurred.

Capitalized contract costs are stated at cost less accumulated amortization and impairment losses. Impairment losses are recognized to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the assets relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

Amortization of capitalized contract costs is charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of goods or services to which the costs relate. The accounting policy for revenue recognition is set out in note 4.15.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Contract costs, contract assets and contract liabilities (Continued)

Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see note 4.15) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 4.12(ii). Loss allowance for contract assets is measured at an amount equal to lifetime ECL. Contract assets are reclassified to receivable when the right to the consideration has become unconditional (note 4.17).

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue (see note 4.15). A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

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

4.17 Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as contract assets (see note 4.16). Receivables are stated as amortized cost using the effective interest method less allowance for credit losses (see note 4.12(ii)).

4.18 Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with note 4.12(vi), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Retention monies represent amounts of progress billings which are payable to contractors/subcontractors and are due for settlement at the time specified in the contracts. They are classified as current liabilities as the Group expects to settle them within its normal operating cycle.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.19 Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized in other comprehensive income, in which case, the exchange differences are also recognized in other comprehensive income.

On consolidation, income and expense items of group entities that have a functional currency different from the Group's presentation currency (i.e. RMB) are translated into the presentation currency at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of those group entities are translated at the rate ruling at the end of the reporting period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity as translation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognized in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognized in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognized in the translation reserve.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognized assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realized or settled and that have been enacted or substantively enacted at the end of the reporting period and reflects any uncertainty related to income taxes.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40. Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the end of the reporting period. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit or tax loss of the periods in which the temporary differences are expected to reverse. The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of taxable income in those years. The estimate of future taxable income includes (i) income or loss excluding reversals of temporary differences; and (ii) reversals of existing temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Income tax (Continued)

Income taxes are recognized in profit or loss except when they relate to items recognized in other comprehensive income in which case the taxes are also recognized in other comprehensive income or when they relate to items recognized directly in equity in which case the taxes are also recognized directly in equity.

4.21 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognized in the period when the employees render the related service.

Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognized as an expense in profit or loss when the services are rendered by the employees.

Termination benefits

Termination benefits are recognized on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

4.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.23 Government grant

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

Grants that compensate the Group for expenses incurred are recognized as income or deducted in the related expenses, as appropriate, in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable and are recognized as other income, rather than reducing the related expense.

4.24 Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within equity, until they have been approved by the shareholders in a general meeting. When these dividends are approved and declared, they are recognized as a liability. Interim dividends are simultaneously proposed and declared and consequently, are recognized immediately as a liability when they are proposed and declared.

4.25 Provisions and contingent liabilities

Provision is recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. When the effect of discounting is material, provision is stated at the present value of the expenditure expected to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss. All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.26 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or the Company's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third party and the other party is an associate of the third party.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.27 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the chief operating decision-maker (i.e. the most senior executive management) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5.1 Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(a) Fair value of investment properties

As disclosed in note 15, the fair values of the investment properties as at 31 December 2020 were estimated by the directors of the Company with reference to the property valuation as at 31 December 2020 conducted by independent professional valuers. The valuation was based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. In making the estimates, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

The carrying amount of investment properties as at 31 December 2020 was RMB3,355,235,000 (2019: RMB2,744,787,000). Further details of the fair value measurement of investment properties are set out in note 15.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

5.1 Key sources of estimation uncertainty (Continued)

(b) Net realizable value of inventories of properties

Include in the consolidated statement of financial position at 31 December 2020 is inventories of properties with an aggregate carrying amount of approximately RMB107,721,167,000 (2019: RMB86,397,320,000), which are stated at lower of cost and net realizable value. Management determines the net realizable value of the underlying properties which involves, inter-alia, considerable estimation based on analysis of current market price of properties of comparable quality and location, and for properties under development, estimations of construction costs to be incurred to complete the development based on existing asset structure, contractor fees and construction material price lists and a forecast of future sales taking into account market and economic factors and government measures. If the actual net realizable values of the underlying properties are less than the previous estimations as a result of change in market condition, government measures and policies and/or significant variation in the budgeted development cost, significant amount of allowance for inventories of properties may result.

(c) Loss allowance for financial assets

The measurement of loss allowance for ECL of financial assets requires judgment, in particular, the assessment of a significant increase in credit risk and credit-impaired financial assets as well as the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

Details of the key assumptions and inputs used for impairment assessment under ECL model are set out in note 51.3.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

5.1 Key sources of estimation uncertainty (Continued)

(d) Estimates of current tax and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxation, particularly for PRC land appreciation tax ("LAT"), and implementation of these taxes varies amongst various PRC cities. The Group has not finalized its LAT calculation and payments with certain local tax authorities in the PRC. Accordingly, significant estimation is required in determining the amount of the land appreciation and its related LAT. The Group recognized income tax and LAT based on management's best estimates according to their 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 tax expense in the period in which the tax calculations are finalized with the local tax authorities.

5.2 Critical judgments in applying accounting policies

(a) Recognition of revenue from sales of properties

Revenue from sales of properties held for sale is recognized over time when the property unit does not have alternative use to the Group and the Group has an enforceable right to payment from the customer for performance completed to date; and in other cases, revenue from sale of properties is recognized at a point in time when the customer obtains control over the 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 the Group has an enforceable right to payment from the customers for performance completed to date depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgment. Management uses judgment, with reference to legal advice, to classify the sales contracts into those with enforceable right to payment and those without the right.

For those properties with control being transferred over time, the Group recognizes revenue over time based on the progress towards complete satisfaction of performance obligation at the end of the reporting period using input method, which is determined with reference to the contract costs incurred to date as a percentage of total estimated costs for each contract. The Group estimates the development cost of each project based on the development plan as well as contractor fees and construction material price lists, taking into account economic factors. The Group allocates the development cost of the property project to each property unit based on types of properties, gross and saleable floor area and other relevant factors.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

5.2 Critical judgments in applying accounting policies (Continued)

(a) Recognition of revenue from sales of properties (Continued)

Significant judgment and estimations are required in determining the estimated development costs and assessing the progress towards complete satisfaction of the performance obligation at the end of the reporting period. Actual development costs may be higher or lower than that estimated at the end of the reporting period, which could significantly affect the amount of revenue to be recognized in future for those properties with control being transferred over time as an adjustment to the amounts recorded to date.

Estimated development costs are supported by cost budgets which were prepared by management on the basis of quotations provided by contractors/subcontractors/suppliers as well as from past experiences. The Group has set up policies and procedures in relation to cost budgeting and progress assessment. Management reviews the estimated development costs, costs incurred to date and costs to be incurred as well as the development progress regularly and when necessary, revises the estimated development cost. Notwithstanding that management regularly reviews and revises cost budgets when the construction progresses, actual development costs and gross profit margin may be higher or lower than the estimates and that will affect the revenue and gross profit recognized in the financial statements.

(b) Joint arrangement

As at 31 December 2020, the Group held certain percentage of the registered capital/paid up capital and voting rights of certain joint arrangements. The contractual arrangements confer joint control over the relevant activities of the joint arrangements to the Group and the other venturers. In addition, the joint arrangements are structured as limited companies and provide the Group and the other venturers to the arrangements with rights to the net assets of the limited companies under the arrangements. Therefore, based on the judgment of the management, these arrangements are classified as joint ventures. Further details of the Group's joint arrangements are set out in note 19.

6. REVENUE

The principal activities of the Group are disclosed in note 1. Revenue derived from the Group's principal activities comprises of the followings:

	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
— Sales of properties	**42,701,339**	28,317,217
— Hotel and other services income	**21,585**	81,108
	42,722,924	28,398,325
Revenue from other sources		
— Property rental income	**186,136**	192,558
Total revenue	**42,909,060**	28,590,883

The aggregate amount of transaction price allocated to the remaining performance obligations under the Group's outstanding contracts as at 31 December 2020 is RMB74,775,091,000 (2019: RMB59,740,539,000). This amount represents revenue expected to be recognized in the future from pre-sale contracts for properties under development entered into by the customers with the Group. The Group will recognize the expected revenue in future in accordance with the accounting policies stated in note 4.15, which is expected to occur over the next 12 to 36 months.

The Group has applied the practical expedient under HKFRS 15 to contracts in relation to hotel operations and other ancillary services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations as in general, the contracts in relation to hotel operation and other ancillary services have an original expected duration of one year or less.

7. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's most senior management for the purposes of resources allocation and assessment of segment performance. The Group has identified two reportable segments and one other segment for its operating segments as follows:

Property investment and development	—	This segment constructs residential and commercial properties in the PRC. Part of the business is carried out through associates and joint ventures.
Property leasing	—	This segment mainly holds office units, commercial units and hotel properties (note 15(b)) located in the PRC for leasing to generate rental income and gain from appreciation in the properties' values in the long-term. Part of the business is carried out through a joint venture.
Other segment	—	This segment mainly engages in hotel operations and generates service fee income in relation to hotel operation and other ancillary services.

Revenue and expenses are allocated to the reportable segments with reference to the sales generated by those segments and the expenses incurred by those segments. Segment revenue represents revenue from external customers and there were no inter-segment sales between different operating segments during the year or in prior year. Segment profit/loss includes the Group's share of profit/loss arising from the activities of the Group's associates and joint ventures. Reportable segment profit/loss excludes corporate income and expenses and finance costs from the Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Segment assets include all assets with the exception of tax assets and corporate assets, including certain cash and bank balances and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities include trade and other payables, accrued liabilities, amounts due to associates, joint ventures and non-controlling interests and other liabilities directly attributable to the business activities of the operating segments and exclude tax liabilities, corporate liabilities and liabilities such as borrowings, amounts due to related companies and guaranteed notes payable that are managed on a group basis.

7. SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue by timing of revenue recognition

Disaggregation of revenue by timing of revenue recognition is set out as follows:

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2020				
Revenue from contracts with customers disaggregated by timing of revenue recognition				
— Goods transferred over time	**5,754,388**	**–**	**–**	**5,754,388**
— Goods transferred at a point in time	**36,946,951**	**–**	**–**	**36,946,951**
— Services transferred over time	**–**	**–**	**21,585**	**21,585**
	42,701,339	**–**	**21,585**	**42,722,924**
Revenue from other sources				
— Rental income	**–**	**186,136**	**–**	**186,136**
	42,701,339	**186,136**	**21,585**	**42,909,060**

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2019				
Revenue from contracts with customers disaggregated by timing of revenue recognition				
— Goods transferred over time	5,857,234	–	–	5,857,234
— Goods transferred at a point in time	22,459,983	–	–	22,459,983
— Services transferred over time	–	–	81,108	81,108
	28,317,217	–	81,108	28,398,325
Revenue from other sources				
— Rental income	–	192,558	–	192,558
	28,317,217	192,558	81,108	28,590,883

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities

Information regarding the Group's reportable segments including the reportable segment revenue, segment profit/loss, segment assets, segment liabilities, reconciliations to revenue, profit before income tax, total consolidated assets, total consolidated liabilities and other segment information are as follows:

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2020				
Reportable segment revenue	42,701,339	186,136	21,585	42,909,060
Reportable segment profit/(loss)	9,564,456	159,379	(65,732)	9,658,103
Corporate income				22,257
Finance costs				(43,125)
Other corporate expenses				(97,400)
Profit before income tax				9,539,835
As at 31 December 2020				
Reportable segment assets	158,720,700	3,550,957	647,765	162,919,422
Tax assets				3,788,614
Corporate assets^				705,461
Total consolidated assets				167,413,497
Reportable segment liabilities	89,279,244	130,520	1,151	89,410,915
Tax liabilities				9,947,117
Borrowings				37,150,170
Amounts due to related companies				264,508
Guaranteed notes payable				3,314,214
Other corporate liabilities				90,191
Total consolidated liabilities				140,177,115

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2019				
Reportable segment revenue	28,317,217	192,558	81,108	28,590,883
Reportable segment profit/(loss)	8,262,218	148,235	(24,357)	8,386,096
Corporate income				16,284
Change in fair value of a derivative financial instrument				(3,927)
Finance costs				(33,843)
Other corporate expenses				(69,038)
Profit before income tax				8,295,572
As at 31 December 2019				
Reportable segment assets	126,820,483	2,945,112	1,086,185	130,851,780
Tax assets				2,405,769
Corporate assets^				839,725
Total consolidated assets				134,097,274
Reportable segment liabilities	72,380,346	89,740	16,788	72,486,874
Tax liabilities				8,809,426
Borrowings				27,268,161
Amounts due to related companies				379,230
Lease liabilities				36,158
Guaranteed notes payable				3,521,449
Other corporate liabilities				82,668
Total consolidated liabilities				112,583,966

^ Corporate assets as at 31 December 2020 mainly included property, plant and equipment, right-of-use assets and cash and bank balances of RMB105,282,000 (2019: RMB114,851,000), RMB99,538,000 (2019: RMB100,137,000) and RMB499,329,000 (2019: RMB471,055,000) respectively which are managed on a group basis.

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Corporate RMB'000	Consolidated RMB'000
Other information					
For the year ended 31 December 2020					
Interest income	259,238	598	56	10,310	270,202
Depreciation and amortization	18,427	2,953	55,425	17,600	94,405
Fair value gain on reclassification of inventories of properties to investment properties	8,123	–	–	–	8,123
Gain on disposal of property, plant and equipment	22,538	–	15	–	22,553
Write-off of property, plant and equipment	101	–	649	–	750
Share of profit of associates	11,955	–	–	–	11,955
Share of profit of joint ventures	2,920	3,742	–	–	6,662
Additions to specified non-current assets#	22,877	214,748	4,233	7,961	249,819
As at 31 December 2020					
Interests in associates	19,056	–	–	–	19,056
Interests in joint ventures	587,403	113,635	–	–	701,038

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Corporate RMB'000	Consolidated RMB'000
Other information					
For the year ended 31 December 2019					
Interest income	328,994	808	152	7,233	337,187
Depreciation and amortization	10,531	5,847	46,604	17,393	80,375
Gain on bargain purchase	4	–	–	–	4
Fair value gain on reclassification of inventories of properties to investment properties	72,179	–	–	–	72,179
Gain on disposal of investment properties	–	2,355	–	–	2,355
Gain/(Loss) on disposal of property, plant and equipment	263	136	(8)	–	391
Write-off of property, plant and equipment	32	–	–	–	32
Fair value loss of a derivative financial instrument	–	–	–	3,927	3,927
Share of profit of associates	22,657	–	–	–	22,657
Share of profit of joint ventures	286,322	4,212	–	–	290,534
Additions to specified non-current assets#	14,266	25	86,311	2,872	103,474
As at 31 December 2019					
Interests in associates	46,299	–	–	–	46,299
Interests in joint ventures	788,484	113,142	–	–	901,626

Including additions to the Group's investment properties, other properties, plant and equipment, right-of-use assets, interests in associates and joint ventures (i.e. "specified non-current assets"), but excluded those additions arising from the Acquisition as set out in note 41 and transfer from investment properties and inventories of properties to owner-occupied properties as well as transfer from owner-occupied properties and inventories of properties to investment properties.

7. SEGMENT INFORMATION (CONTINUED)

Geographical information

All of the Group's revenue is derived from activities conducted in the PRC excluding Hong Kong. Accordingly, no analysis of the Group's revenue by geographical locations is presented.

An analysis of the Group's specified non-current assets by geographical locations, determined based on physical location of the assets or location of operations in case of interests in associates and joint ventures, is as follows:

	2020 RMB'000	2019 RMB'000
Hong Kong (place of domicile)	**8,755**	7,155
Other regions of the PRC	**5,175,133**	5,124,125
	5,183,888	5,131,280

Information about major customer

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2020 and 2019.

8. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Interest income on:		
— Bank deposits	**257,890**	291,313
— Amount due from a joint venture	**–**	8,903
— Amounts due from non-controlling interests	**12,312**	36,971
Total interest income on financial assets measured at amortized cost	**270,202**	337,187
Sundry income	**111,179**	53,750
	381,381	390,937

9. PROFIT BEFORE INCOME TAX

	2020 RMB'000	2019 RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Amortization		
Intangible assets#	–	2,908
Depreciation		
Property, plant and equipment	73,924	58,113
Right-of-use assets		
Land use rights of properties with ownership interests held for own use	6,855	8,021
Other properties leased for own use	13,626	11,333
Total amortization and depreciation	94,405	80,375
Remuneration to auditor for audit services*		
— Current year	2,869	2,734
Cost of sales and services provided comprise		
— Amount of inventories recognized as expense	31,195,662	18,972,428
Net foreign exchange gain	(14,019)	(10,766)
Short-term leases expenses^	8,801	5,160
Outgoings in respect of:		
— investment properties	51,987	46,079
— other properties	7,415	8,943
	59,402	55,022
Net rental income from:		
— investment properties	(115,410)	(119,767)
— other properties	(11,324)	(17,769)
	(126,734)	(137,536)
Staff costs	979,783	765,890
Gain on disposal of property, plant and equipment@	(22,553)	(391)
Write-off of property, plant and equipment	750	32
Other taxes and levies	296,868	257,084

included in "Cost of sales and services provided" in the consolidated income statement

* excluded fees for non-audit services rendered by the auditor which amounted to RMB378,000 (2019: RMB51,000)

@ included in "Other income" in the consolidated income statement

^ Short-term leases expenses for the year ended 31 December 2019 included expenses for leases which lease terms ended within 31 December 2019. On initial adoption of HKFRS 16 in 2019, the Group applied the practical expedient not to recognize right-of-use assets and lease liabilities for leases with term that would end within 12 months of the date of initial recognition, i.e. 1 January 2019 and accounted for those leases as short-term leases.

9. PROFIT BEFORE INCOME TAX (CONTINUED)

Staff costs (including directors' emoluments) comprise:

	2020 RMB'000	2019 RMB'000
Salaries, allowances and other benefits	**945,545**	725,976
Contributions to defined contribution retirement plans (note 44)	**34,238**	39,914
	979,783	765,890

10. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest on bank borrowings, overdrafts and other borrowings	**1,191,146**	1,075,201
Interest on amounts due to non-controlling interests	**–**	5,645
Interest on amount due to a related company	**3,362**	3,362
Imputed interest expense on guaranteed notes payable (note 34)	**176,141**	182,020
Interest on lease liabilities (note 39(a))	**1,021**	1,132
Total interest expense on financial liabilities measured at amortized cost	**1,371,670**	1,267,360
Less: Amount capitalized	**(1,328,545)**	(1,233,517)
	43,125	33,843

Borrowing costs capitalized during the year arose from the general borrowing pool are calculated by applying an average capitalization rate of 3.72% (2019: 4.31%) per annum to expenditure on qualifying assets.

11. INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
Current tax for the year		
Hong Kong profits tax	–	–
Other regions of the PRC		
— Enterprise income tax ("EIT")	**2,223,335**	2,458,164
— LAT	**2,997,195**	3,096,771
	5,220,530	5,554,935
Under provision in prior years		
Other regions of the PRC	**28,376**	30,243
Deferred tax (note 35)	**(313,212)**	(786,567)
	4,935,694	4,798,611

On 21 March 2018, the Hong Kong Legislative Council passed "The Inland Revenue (Amendment) (No. 7) Bill 2017" (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill became law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying entities will be taxed at 8.25% whereas profits above HK$2 million will be taxed at 16.5%. The profits of entities that are subject to Hong Kong profits tax but not qualified for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group for its annual reporting periods beginning on or after 1 January 2018.

No Hong Kong profits tax has been provided in the financial statements as the Group did not derive any estimated assessable profit in Hong Kong for the current year and in prior year.

EIT arising from other regions of the PRC is calculated at 25% (2019: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (2019: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

11. INCOME TAX EXPENSE (CONTINUED)

The income tax expense for the year can be reconciled to profit before income tax in the consolidated income statement at applicable tax rates as follows:

	2020 RMB'000	2019 RMB'000
Profit before income tax	**9,539,835**	8,295,572
Tax on profit at the rates applicable to profits in the jurisdictions concerned	**2,458,131**	2,162,913
Expenses not deductible for tax purpose	**37,079**	198,423
Income not taxable for tax purpose	**(3,514)**	(2,636)
Share of results of associates	**(2,989)**	(5,664)
Share of results of joint ventures	**(1,666)**	(72,633)
LAT deductible for calculation of income tax	**(749,299)**	(774,193)
Utilization of tax losses previously not recognized	**(9,875)**	(11,244)
Tax effect of tax losses not recognized	**90,457**	85,478
Under provision in prior years	**28,376**	30,243
Deferred tax provided for withholding tax on distributable profits of the Group's PRC subsidiaries	**195,657**	251,334
Others	**(44,539)**	27,226
	1,997,818	1,889,247
LAT	**2,937,876**	2,909,364
Income tax expense	**4,935,694**	4,798,611

12. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year

	2020 RMB'000	2019 RMB'000
Interim dividend — HK$0.07 (2019: HK$0.06) per ordinary share	**214,458**	184,465
Proposed final dividend — HK$0.275 (2019: HK$0.195) per ordinary share	**836,227**	586,810
	1,050,685	771,275

The proposed final dividend of HK$0.275 (2019: HK$0.195) per ordinary share, amounting to HK$941,424,000, equivalent to approximately RMB836,227,000 (2019: HK$667,555,000, equivalent to approximately RMB586,810,000), has been proposed by the directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

12. DIVIDENDS (CONTINUED)

(b) Dividends payable to owners of the Company attributable to the previous financial year

	2020 RMB'000	2019 RMB'000
Final dividend in respect of previous financial year, approved and paid during the year of HK$0.195 (2019: HK$0.112) per ordinary share	**607,697**	337,514

13. EARNINGS PER SHARE

The calculations of basic earnings per share attributable to owners of the Company are based on the following data:

	2020 RMB'000	2019 RMB'000
Earnings		
Profit for the year attributable to owners of the Company	**4,374,765**	3,329,681

	2020 '000	2019 '000
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year	**3,423,360**	3,423,360

Diluted earnings per share for the years ended 31 December 2020 and 2019 are same as the basic earnings per share as there have been no dilutive potential ordinary shares in existence during the year or prior year.

14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383 of Hong Kong Companies Ordinance, Cap. 622, and the Companies (Disclosure of Information about Benefits of Directors) Regulation, Cap. 622G, are as follows:

Directors' emoluments

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonus RMB'000	Retirement fund contribution RMB'000	Total RMB'000
For the year ended 31 December 2020					
Executive directors					
Mr. Zhuang Yong (note (a))	–	1,785	8,000	201	9,986
Mr. Zhang Guiqing (note (a))	–	310	2,000	38	2,348
Mr. Yang Lin	–	1,741	7,000	207	8,948
Non-executive director					
Mr. Yan Jianguo	–	–	–	–	–
	–	3,836	17,000	446	21,282

	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive director					
Mr. Wang Man Kwan, Paul (note (b))	–	3,119 (approximately RMB2,771)	2,200 (approximately RMB1,954)	156 (approximately RMB138)	5,475 (approximately RMB4,863)
Non-executive director					
Mr. Yung Kwok Kee, Billy (note (b))	400 (approximately RMB355)	–	–	–	400 (approximately RMB355)
Independent non-executive directors					
Dr. Chung Shui Ming, Timpson (note (b))	400 (approximately RMB355)	–	–	–	400 (approximately RMB355)
Mr. Lam Kin Fung, Jeffrey (note (b))	400 (approximately RMB355)	–	–	–	400 (approximately RMB355)
Mr. Lo Yiu Ching, Dantes (note (b))	400 (approximately RMB355)	–	–	–	400 (approximately RMB355)
	1,600 (approximately RMB1,420)	3,119 (approximately RMB2,771)	2,200 (approximately RMB1,954)	156 (approximately RMB138)	7,075 (approximately RMB6,283)

14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (CONTINUED)

Directors' emoluments (Continued)

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonus RMB'000	Retirement fund contribution RMB'000	Total RMB'000
For the year ended 31 December 2019					
Executive directors					
Mr. Zhang Guiqing	–	2,032	8,982	229	11,243
Mr. Yang Lin	–	1,572	6,156	189	7,917
Non-executive director					
Mr. Yan Jianguo	–	–	–	–	–
	–	3,604	15,138	418	19,160

	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive director					
Mr. Wang Man Kwan, Paul (note (b))	–	3,075 (approximately RMB2,703)	2,200 (approximately RMB1,934)	154 (approximately RMB135)	5,429 (approximately RMB4,772)
Non-executive director					
Mr. Yung Kwok Kee, Billy (note (b))	400 (approximately RMB352)	–	–	–	400 (approximately RMB352)
Independent non-executive directors					
Dr. Chung Shui Ming, Timpson (note (b))	400 (approximately RMB352)	–	–	–	400 (approximately RMB352)
Mr. Lam Kin Fung, Jeffrey (note (b))	400 (approximately RMB352)	–	–	–	400 (approximately RMB352)
Mr. Lo Yiu Ching, Dantes (note (b))	400 (approximately RMB352)	–	–	–	400 (approximately RMB352)
	1,600 (approximately RMB1,408)	3,075 (approximately RMB2,703)	2,200 (approximately RMB1,934)	154 (approximately RMB135)	7,029 (approximately RMB6,180)

14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (CONTINUED)

Directors' emoluments (Continued)

Notes:

(a) With effect from 11 February 2020, Mr. Zhang Guiqing resigned as executive director and Mr. Zhuang Yong was appointed as executive director.

(b) The amounts are paid in HK$. The RMB amounts are disclosed for presentation only.

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2019: nil).

Five highest paid individuals

The five individuals with the highest emoluments in the Group include two (2019: three) directors, whose emoluments are included in the disclosures above. The emoluments of the remaining three (2019: two) highest paid individuals for the years ended 31 December 2020 and 2019 were as follows:

	2020 **RMB'000**	2019 RMB'000
Salaries, allowances and other benefits	**3,524**	2,446
Discretionary bonus	**16,450**	9,739
Retirement fund contributions	**356**	309
	20,330	12,494

Their emoluments were within the following bands:

	Number of individuals	
	2020	2019
HK$6,500,001–HK$7,000,000	**1**	1
HK$7,500,001–HK$8,000,000	**1**	1
HK$8,000,001–HK$8,500,000	**1**	–

No emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2019: nil).

15. INVESTMENT PROPERTIES

	2020 RMB'000	2019 RMB'000
Fair value		
At 1 January	**2,744,787**	2,337,314
Additions	**214,371**	–
Reclassification from inventories of properties (note (a))	**48,738**	429,000
Reclassification from owner-occupied properties (note (b))	**347,339**	–
Reclassification to owner-occupied properties (note (c))	**–**	(8,462)
Disposals (note (d))	**–**	(13,065)
At 31 December	**3,355,235**	2,744,787

Notes:

(a) During the year ended 31 December 2020, the Group leased the commercial units of China Overseas Plaza (Shopping Street) (Universal City) located in Lanzhou to a related company. The Group reclassified the net carrying value of these commercial units of RMB40,615,000 from inventories of properties to investment properties and recognized fair value gain of RMB8,123,000 in the profit or loss on the date of reclassification. Details of the lease arrangement are set out in note 48(j).

During the year ended 31 December 2019, the Group reclassified the commercial units of China Overseas Plaza (Mall) (Universal City) located in Lanzhou with net carrying value of RMB356,821,000 from inventories of properties to investment properties and recognized fair value gain of RMB72,179,000 in the profit or loss on the date of reclassification.

(b) During the year ended 31 December 2020, the Group leased the hotel resort and facilities located in Huizhou and Shantou to the related companies. The Group reclassified the land portion and the building portion of these hotel properties of RMB124,651,000 and RMB222,688,000 respectively from right-of-use assets and buildings within property, plant and equipment to investment properties. Details of the lease arrangements are set out in note 48(j).

(c) During the year ended 31 December 2019, the Group occupied certain office units of China Overseas Building (No. 9 Office Building) at Jilin as office premises and reclassified their land portion and building portion of RMB905,000 and RMB7,557,000 respectively as right-of-use assets and buildings within property, plant and equipment.

(d) During the year ended 31 December 2019, the Group disposed of certain investment properties with aggregate carrying value of RMB13,065,000 at aggregate consideration of RMB15,420,000 and thus recognized gain on disposal of investment properties amounting to RMB2,355,000.

(e) The fair value of the investment properties as at 31 December 2020 and 2019 is a level 3 recurring fair value measurement, which uses significant unobservable inputs (i.e. inputs not derived from market data). For the years ended 31 December 2020 and 2019, no fair value gain or loss arose from remeasurement of the Group's investment properties.

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(e) (Continued)

The fair values of the Group's investment properties as at 31 December 2020 and 2019 were estimated by the directors with reference to the property valuation at that dates conducted by CHFT Advisory and Appraisal Limited.

CHFT Advisory and Appraisal Limited is an independent firm of professionally qualified valuers and has appropriate qualifications and recent experiences in the valuation of similar properties in nearby location.

Below is a summary of the valuation techniques used and the key inputs to the valuation:

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
China Overseas International Center (comprise office units, shops and car parks)	Beijing	Direct comparison approach — For office units, shops and carparks	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	Office units and shops: RMB31,958 to RMB60,529 per square metre ("sq.m.") (2019: RMB29,754 to RMB59,410 per sq.m.) Car parks: RMB211,709 per unit (2019: RMB219,304 per unit)	The higher the selling price per unit, the higher the fair value
		Income approach — For office units and shops	2020 Market yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	6.0% to 7.3%	The higher the market yield, the lower the fair value
			Annual growth rate	2% to 3%	The higher the annual growth rate, the higher the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB183 to RMB309 per sq.m.	The higher the monthly rent, the higher the fair value
			2019 Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	6.3% to 7.3%	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	6.8% to 7.8%	The higher the reversionary yield, the lower the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB247 to RMB469 per sq.m.	The higher the monthly rent, the higher the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(e) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
			Vacancy rate, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	2.8% to 43.9%	The higher the vacancy rate, the lower the fair value
China Overseas Building (No. 9 Office Building) (comprise office units and car parks)	Jilin	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	Office units: RMB7,340 per sq.m. (2019: RMB7,340 per sq.m.) Car parks: RMB66,667 per unit (2019: RMB60,526 per unit)	The higher the selling price, the higher the fair value
CITIC Building (office units)	Shantou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	Office units: RMB6,049 per sq.m. (2019: RMB5,761 per sq.m.)	The higher the selling price per unit, the higher the fair value
Jin Xin Building (office units)	Shantou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	Office units: RMB6,653 per sq.m. (2019: RMB6,336 per sq.m.)	The higher the selling price per unit, the higher the fair value
China Overseas Plaza–Mall (Universal City) (commercial units)	Lanzhou	2020 Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB9,934 per sq.m.	The higher the selling price per unit, the higher the fair value
		2019 Residual approach	Average unit price per sq. m.	RMB13,717 per sq.m.	The higher the average unit price, the higher the fair value
			Estimated costs to completion per sq.m.	RMB4,269 per sq.m.	The higher the estimated costs to completion, the lower the fair value
			Estimated developer's profit	15%	The higher the developer's profit, the lower the fair value
China Overseas Plaza–Shopping Street (Universal City) (commercial units)	Lanzhou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB8,688 per sq.m.	The higher the selling price per unit, the higher the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(e) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Huizhou Tangquan Hotel	Huizhou	Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	6.5%	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	6.7%	The higher the reversionary yield, the lower the fair value
			Annual growth rate	2.65%	The higher the annual growth rate, the higher the fair value
Shantou Nanbin Hotel	Shantou	Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	5.1%	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	5.3%	The higher the reversionary yield, the lower the fair value
			Annual growth rate	2.65%	The higher the annual growth rate, the higher the fair value

Fair value measurements are based on the highest and best use of the investment properties, which does not differ from their actual use.

Under the direct comparison approach, fair value is estimated by reference to the selling prices of comparable properties in close proximity which have been adjusted for differences in key attributes of the properties being valued and the comparable properties such as property age, size, characteristics and facilities.

Under the income approach, fair value is estimated by taking into account the current and future market rents that the property is likely able to fetch in the open market on vacant possession basis and capitalized such rents in the remaining land use right term with appropriate property yield(s).

In arriving at the value for the property interests under development, the Group has adopted the residual approach, by assuming sale of each of these property interests with the benefits of vacant possession and making reference to comparable sales evidence as available in the relevant market to arrive the capital values of the properties as if the properties were completed at the date of valuation and have also taken into consideration the development costs already spent and to be spent to reflect the quality of the completed development. Residual approach involves an estimation the capital value of a development with reference to its development potential by deducting costs and developer's profit from its estimated completed development value.

(f) The investment properties are leased to third parties and related companies under operating leases to earn rental income, further details of which are included in note 39(b).

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2019	444,768	1,064	54,421	26,543	591,009	1,117,805
Translation adjustment	–	76	2	41	–	119
Additions	–	2,757	22,004	3,776	67,268	95,805
Acquisition of subsidiaries (note 41)	–	–	94	–	–	94
Reclassification from investment properties (note 15(c))	7,557	–	–	–	–	7,557
Reclassification from inventories of properties (note)	24,222	–	–	–	–	24,222
Transfer upon completion	658,277	–	–	–	(658,277)	–
Disposals	–	–	(2,945)	(4,490)	–	(7,435)
Write-off	–	–	(1,730)	(576)	–	(2,306)
At 31 December 2019 and 1 January 2020	**1,134,824**	**3,897**	**71,846**	**25,294**	**–**	**1,235,861**
Translation adjustment	**–**	**(236)**	**(6)**	**(109)**	**–**	**(351)**
Additions	**–**	**–**	**12,900**	**4,415**	**–**	**17,315**
Reclassification to investment properties (note 15(b))	**(321,440)**	**–**	**–**	**–**	**–**	**(321,440)**
Reclassification from inventories of properties (note)	**62,655**	**–**	**–**	**–**	**–**	**62,655**
Disposals	**(5,209)**	**–**	**(1,033)**	**(892)**	**–**	**(7,134)**
Write-off	**(1,128)**	**–**	**(9,071)**	**(3,264)**	**–**	**(13,463)**
At 31 December 2020	**869,702**	**3,661**	**74,636**	**25,444**	**–**	**973,443**
DEPRECIATION						
At 1 January 2019	54,435	–	18,049	24,744	–	97,228
Translation adjustment	–	7	2	40	–	49
Depreciation provided	49,361	391	6,950	1,411	–	58,113
Disposals	–	–	(2,931)	(4,348)	–	(7,279)
Write-off	–	–	(1,698)	(576)	–	(2,274)
At 31 December 2019 and 1 January 2020	**103,796**	**398**	**20,372**	**21,271**	**–**	**145,837**
Translation adjustment	**–**	**(65)**	**(5)**	**(109)**	**–**	**(179)**
Depreciation provided	**61,787**	**773**	**9,932**	**1,432**	**–**	**73,924**
Reclassification to investment properties (note 15(b))	**(98,752)**	**–**	**–**	**–**	**–**	**(98,752)**
Disposals	**(2,170)**	**–**	**(1,033)**	**(880)**	**–**	**(4,083)**
Write-off	**(489)**	**–**	**(9,005)**	**(3,219)**	**–**	**(12,713)**
At 31 December 2020	**64,172**	**1,106**	**20,261**	**18,495**	**–**	**104,034**
NET CARRYING AMOUNT						
At 31 December 2020	**805,530**	**2,555**	**54,375**	**6,949**	**–**	**869,409**
At 31 December 2019	1,031,028	3,499	51,474	4,023	–	1,090,024

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Note:

During the year ended 31 December 2020, the Group occupied certain commercial units and office units as office premises. These units were previously held for sale and classified as inventories of properties with carrying value of RMB71,492,000. The Group reclassified the land and the building portion of these commercial and office units amounting to RMB24,979,000 (2019: RMB47,270,000) and RMB62,655,000 (2019: RMB24,222,000) respectively as right-of-use assets and buildings within property, plant and equipment respectively.

17. INTANGIBLE ASSETS

	Shopping mall operating right RMB'000
COST	
At 1 January 2019, 31 December 2019, 1 January 2020	**59,491**
Written-off	**(59,491)**
At 31 December 2020	**–**
AMORTIZATION AND IMPAIRMENT	
At 1 January 2019	56,583
Amortization charged	2,908
At 31 December 2019 and 1 January 2020	**59,491**
Written-off	**(59,491)**
At 31 December 2020	**–**
NET CARRYING AMOUNT	
At 31 December 2020	**–**
At 31 December 2019	–

18. INTERESTS IN ASSOCIATES

	2020 **RMB'000**	2019 RMB'000
Share of net assets	**19,056**	46,299

Details of the Group's associates as at 31 December 2020 are set out in note 54.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020 **RMB'000**	2019 RMB'000
For the year ended 31 December		
Share of the associates' results for the year	**11,955**	22,657
Share of the associates' other comprehensive income for the year	**–**	–
Share of the associates' total comprehensive income	**11,955**	22,657
Dividends received from associates	**46,198**	–
As at 31 December		
Aggregate carrying amount of the Group's interests in associates	**19,056**	46,299

19. INTERESTS IN JOINT VENTURES

	2020 **RMB'000**	2019 RMB'000
Share of net assets	**701,038**	901,626
Less: Impairment	**–**	–
	701,038	901,626

The Group has equity interests in certain joint arrangements, which are separate structured vehicles incorporated in the PRC. The Group has joint control over these arrangements as either unanimous consent is required from all parties to the arrangements for the relevant activities or having regard to the voting power in the shareholders' or directors meeting, as appropriate.

The contractual arrangements provide the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for the liabilities of the joint arrangements resting primarily with the project companies. Accordingly, these joint arrangements are classified as joint ventures and accounted for in the financial statements using the equity method.

Details of the Group's joint ventures as at 31 December 2020 are set out in note 55.

In the opinion of the directors, none of the joint ventures is material to the Group for the year ended 31 December 2020 whereas 汕頭中海凱旋置業有限公司 ("Shantou Kaixuan") was considered as a material joint venture for the year ended 31 December 2019. The following table illustrates the summarized financial information in respect of Shantou Kaixuan adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements for the year ended 31 December 2019.

19. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarized financial information of Shantou Kaixuan:

	2019 RMB'000
As at 31 December 2019	
Cash and cash equivalents	77,150
Other current assets	910,060
Current assets	987,210
Non-current assets	107
Trade and other payables	226,110
Other current financial liabilities	479
Other current liabilities	129,076
Current liabilities	355,665
Net assets	631,652
Reconciliation to the Group's interests in the joint venture:	
Proportion of the Group's ownership	51%
Group's share of net assets of the joint venture	322,142

	2019 RMB'000
For the year ended 31 December 2019	
Revenue	1,595,895
Interest income	1,992
Depreciation and amortization	(136)
Interest expense	(21,492)
Income tax expense	(260,502)
Profit for the year	469,917
Other comprehensive income for the year	–
Total comprehensive income for the year	469,917
Dividend received	–
Group's share of total comprehensive income for the year of the joint venture	239,658

19. INTERESTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2020 RMB'000	2019 RMB'000
For the year ended 31 December		
Share of the joint ventures' results for the year	**6,662**	50,876
Share of the joint ventures' other comprehensive income	**–**	–
Share of the joint ventures' total comprehensive income	**6,662**	50,876
Dividend received from the joint ventures	**207,250**	–
As at 31 December		
Aggregate carrying amount of the Group's interests in the joint ventures	**701,038**	579,484

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 RMB'000	2019 RMB'000
Unlisted equity instruments	**1,000**	1,000

The Group holds certain unlisted equity instruments for long-term strategic purposes and does not intend to dispose of them in near future. These unlisted equity investments were irrevocably designated as financial assets at fair value through other comprehensive income.

21. A DERIVATIVE FINANCIAL INSTRUMENT

In 2017, the Group entered into an interest rate swap contract for a bank loan which is interest-bearing at floating rate. The notional amount of this interest rate swap contract is United States Dollars ("US$") 40,000,000, which swaps interest rate on floating basis at 3-month London InterBank Offered Rate plus 1.515% per annum to fixed rate of 3.2% per annum. The contract period is 3 years commenced on 6 January 2017 and matured on 6 January 2020.

The fair value of the interest rate swap contract as at 31 December 2019 as assessed by the director was nil and the decrease in fair value amounting to RMB3,927,000 was recognized in profit or loss for the year ended 31 December 2019 under "Other gains or losses — Change in fair value of a derivative financial instrument".

During the year ended 31 December 2020, the aforementioned interest rate swap contract matured and the Company did not have any derivative financial instrument as at 31 December 2020.

22. INVENTORIES OF PROPERTIES

	2020 RMB'000	2019 RMB'000
Properties under development, at cost	**100,186,677**	79,184,977
Properties held for sale, at cost	**7,534,490**	7,212,343
	107,721,167	86,397,320

As at 31 December 2020, properties under development amounting to RMB62,498,915,000 (2019: RMB44,942,638,000) are not expected to be recovered within twelve months from the end of the reporting period.

As at 31 December 2020, leasehold interests in land included in inventories of properties amounted to RMB76,055,000,000 (2019: RMB59,251,045,000).

As at 31 December 2020, inventories of properties with aggregate carrying value of RMB10,454,003,000 (2019: RMB1,416,589,000) were pledged as securities for the borrowings and banking facilities of the Group, which will be released upon the Group's settlement of the borrowings and banking facilities (note 45).

23. OTHER INVENTORIES

	2020 RMB'000	2019 RMB'000
Raw materials and consumables	**16,429**	4,269

24. CONTRACT ASSETS

Details of the contract assets recognized by the Group are as follows:

	2020 RMB'000	2019 RMB'000
Contract costs of obtaining contracts	**94,732**	49,732

Contract costs capitalized as at 31 December 2020 and 2019 related to the incremental costs incurred in obtaining the contracts, primarily sale commission and stamp duty paid/payable. Contract costs are recognized in profit or loss in the period in which revenue from the related property sales is recognized. The amount of capitalized contract costs recognized in profit or loss for the year ended 31 December 2020 was RMB160,794,000 (2019: RMB113,703,000). There was no impairment provision in relation to the capitalized contract costs as at 31 December 2020 (2019: nil).

25. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2020 RMB'000	2019 RMB'000
Trade receivables	**24,335**	16,826
Less: Loss allowance for trade receivables	**–**	–
Trade receivables, net	**24,335**	16,826
Other receivables	**2,889,519**	3,153,957
Less: Loss allowance for other receivables	**–**	(6,000)
Prepayments and deposits	**16,537,702**	8,702,684
	19,427,221	11,850,641
	19,451,556	11,867,467

(a) **Trade receivables**

The credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary for different agreements. Rentals receivable from tenants and service income receivable from customers are generally due on presentation of invoices.

The ageing analysis of the Group's trade receivables based on invoice date or when appropriate, date of transfer of property, is as follows:

	2020 RMB'000	2019 RMB'000
30 days or below	**5,270**	10,407
31–60 days	**310**	236
61–90 days	**417**	166
91–180 days	**538**	27
181–360 days	**16,758**	489
Over 360 days	**1,042**	5,501
	24,335	16,826

The Group recognizes loss allowance for trade receivables based on the accounting policies stated in note 4.12(ii). Further details of the Group's credit policy and credit risk arising from trade receivables are set out in note 51.3.

25. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

(b) Other receivables

The balances of other receivables mainly comprise the followings:

— Proceeds received from sales of properties amounting to RMB1,711,411,000 (2019: RMB1,725,053,000) in aggregate paid by the Group to certain government agencies as deposits. In accordance with the relevant regulations implemented in certain PRC cites, certain project companies are required to place the proceeds received from sales of properties with the designated government agencies. The project companies can apply for the release of the proceeds when the construction work of the property projects has reached certain milestones as stipulated in the pre-sale proceeds monitoring agreements.

— Compensation for land resumption receivable from a local government authority as at 31 December 2020 amounting to approximately RMB336 million (2019: RMB577 million) as further detailed in note 47(b).

The movement in the loss allowance for other receivables during the year is as follows:

	2020 **RMB'000**	2019 RMB'000
At beginning of the year	**6,000**	6,000
Amounts written off as uncollectible	**(6,000)**	–
At end of the year	**–**	6,000

The Group recognizes loss allowance for other receivables based on the accounting policies stated in note 4.12(ii). Further details of the Group's credit policy and credit risk arising from other receivables are set out in note 51.3.

(c) Prepayments and deposits

The balance of prepayments and deposits mainly comprise deposits amounting to RMB11,684,082,000 (2019: RMB4,864,193,000) in aggregate paid by the Group for the acquisition of lands in the PRC. At the end of the reporting period, the application of the land certificates of certain land parcels was still in progress, in particular for those land parcels acquired by the Group near the reporting date. As assessed by the directors, the land certificates of those land parcels will be issued to the Group in due course upon completion of the relevant administrative procedures without encountering significant difficulty.

26. AMOUNTS DUE FROM/TO ASSOCIATES

The amounts due from/to associates as at 31 December 2020 and 2019 are unsecured, interest-free and repayable on demand.

During the year ended 31 December 2020, the entire amount of dividend received from an associate of RMB46,198,000 was settled through the current account with the associate and included in "amounts due to associates".

27. AMOUNTS DUE FROM/TO JOINT VENTURES

The amounts due from/to joint ventures as at 31 December 2020 and 2019 are unsecured, interest-free and repayable on demand except for an amount due from a joint venture as at 31 December 2020 amounting to RMB1,031,043,000, which represented loans granted to the joint venture near the end of the year and is unsecured, interest-bearing at fixed rate of 8% per annum and repayable on demand.

During the year ended 31 December 2020, the Group derived dividend income of RMB207,250,000, of which RMB3,250,000 was settled in cash whereas the remaining amount of RMB204,000,000 was settled through the current account with the joint venture and included in "amounts due to joint ventures".

During the year ended 31 December 2019, the Group derived interest income amounting to RMB8,903,000 from an amount due from a joint venture. The amount represented interest charged for a loan of RMB255,000,000 granted to the joint venture in 2017, which was unsecured, interest-bearing at fixed rate of 5.225% per annum and repayable in September 2019. This loan was fully settled by the joint venture during the year ended 31 December 2019.

28. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

The amounts due from/to non-controlling interests as at 31 December 2020 and 2019 are unsecured, interest-free and repayable on demand.

Dividends attributable to the non-controlling interests for the years ended 31 December 2020 and 2019 were settled through the current accounts with the non-controlling interests. The amount for the year ended 31 December 2020 amounting to RMB364,900,000 was included in "amounts due from non-controlling interests" whereas the amount for the year ended 31 December 2019 amounting to RMB127,500,000 was included in "amounts due to non-controlling interests".

29. AMOUNTS DUE FROM/TO RELATED COMPANIES

The amount due from a related company as at 31 December 2019 represented land resumption compensation receivable from a related company as further detailed in note 47(b), which was unsecured, non-interest bearing and expected to be received within one year. The entire amount was fully settled by the related company during the year ended 31 December 2020.

The amounts due to related companies as at 31 December 2020 and 2019 are unsecured, interest-free and payable on demand except for a balance amounting to RMB75,026,000 (2019: RMB75,026,000), which is interest-bearing at 4.75% per annum (2019: People's Bank of China prevailing lending rate) and repayable on 18 October 2023 (2019: 18 October 2020).

30. RESTRICTED CASH AND DEPOSITS/CASH AND BANK BALANCES

	2020 RMB'000	2019 RMB'000
Cash at banks and in hand	**28,069,091**	27,426,734
Less: Restricted cash and deposits	**(7,525,826)**	(10,671,299)
Cash and bank balances	**20,543,265**	16,755,435

Certain bank balances are restricted as follows:

— In accordance with the relevant documents issued by the PRC State-Owned Land and Resources Bureau, certain subsidiaries engaging in property development are required to place in designated bank accounts certain amount of pre-sale proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of construction fees of the relevant property projects when approval from the PRC State-Owned Land and Resources Bureau is obtained. Such guarantee deposits will only be released after the completion of development of the related pre-sale properties or issuance of the real estate ownership certificates, whichever is the earlier.

— In relation to the mortgage agreements entered into by the buyers and the banks, certain subsidiaries are required to place proceeds received from sales of properties as guarantee deposits in designated bank accounts maintained with the banks. These deposits can only be used to settle construction fees of the relevant property projects and for certain other cases, these deposits could be used to settle the project loans arranged with the banks to finance the relevant property projects. Balances deposited in these designated bank accounts are subject to monitoring by the banks.

The amount of cash restricted for the above purposes as at 31 December 2020 was RMB7,525,826,000 (2019: RMB10,671,299,000).

Cash balances denominated in RMB amounted to approximately RMB27,935,439,000 (2019: RMB27,174,700,000) as at 31 December 2020. The RMB is not freely convertible into other currencies.

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short-term time deposits are made for periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

As at 31 December 2020, the Group had short-term time deposits amounting to RMB390,993,000 (2019: RMB454,612,000), which had original maturity of seven days (2019: seven to eight days) and earned interest income at interest rates ranged from 0.40% to 2.60% (2019: 2.10% to 2.77%) per annum. The entire amount of short-term time deposits as of 31 December 2020 and 2019 were included in "cash and bank balances".

31. TRADE AND OTHER PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables	**13,727,103**	10,153,883
Other payables and accruals	**1,783,047**	1,573,573
Deposits received	**189,197**	262,332
	15,699,347	11,989,788

The ageing analysis of the Group's trade payables based on invoice date or contract terms, where appropriate, is as follows:

	2020 RMB'000	2019 RMB'000
30 days or below	**3,524,340**	2,919,207
31–60 days	**1,156,814**	695,632
61–90 days	**554,139**	317,989
91–180 days	**2,679,008**	1,128,954
181–360 days	**1,607,619**	1,350,838
Over 360 days	**4,205,183**	3,741,263
	13,727,103	10,153,883

32. CONTRACT LIABILITIES

	2020 RMB'000	2019 RMB'000
Property development — Sales deposits and instalments received	**70,336,424**	54,618,728

The Group receives payments of the contract sum (value-added tax inclusive) from customers based on the billing schedule as set out in the contracts for sales of properties. Payments are usually received in advance of the performance under the sales contracts.

Revenue recognized for the year ended 31 December 2020 that was included in contract liabilities at the beginning of the year was RMB28,574,044,000 (2019: RMB19,191,601,000).

The amount of sales deposits and instalments received as at 31 December 2020 which is expected to be recognized as revenue after more than one year is RMB23,789,233,000 (2019: RMB17,460,311,000).

33. BORROWINGS

	2020 RMB'000	2019 RMB'000
Current liabilities		
Bank borrowings	**9,628,303**	11,496,478
Other loans	**820,000**	160,000
	10,448,303	11,656,478
Non-current liabilities		
Bank borrowings	**26,231,867**	14,471,683
Other loans	**470,000**	1,140,000
	26,701,867	15,611,683
	37,150,170	27,268,161

	2020 RMB'000	2019 RMB'000
Analysis into:		
Bank borrowings		
Secured	**5,502,900**	129,000
Unsecured	**30,357,270**	25,839,161
	35,860,170	25,968,161
Other loans		
Unsecured	**1,290,000**	1,300,000
	37,150,170	27,268,161

As at 31 December 2020, borrowings amounting to RMB5,502,900,000 (2019: RMB129,000,000) were secured by properties of the Group (note 45).

Bank borrowings were scheduled for repayment as follows:

	2020 RMB'000	2019 RMB'000
On demand or within one year	**9,628,303**	11,496,478
More than one year, but not exceeding two years	**9,616,499**	5,862,148
More than two years, but not exceeding five years	**15,942,081**	8,609,535
Over five years	**673,287**	–
	35,860,170	25,968,161

33. BORROWINGS (CONTINUED)

Other loans were scheduled for repayment as follows:

	2020 RMB'000	2019 RMB'000
On demand or within one year	**820,000**	160,000
More than one year, but not exceeding two years	**470,000**	820,000
More than two years, but not exceeding five years	**–**	320,000
	1,290,000	1,300,000

The above analysis is based on scheduled repayment dates as set out in the loan agreements or the repayment schedules agreed with the banks and other lenders.

The carrying amounts of borrowings are denominated in the following currencies:

	2020 RMB'000	2019 RMB'000
HK$	**13,187,931**	10,960,315
RMB	**23,962,239**	16,026,560
US$	**–**	281,286
	37,150,170	27,268,161

The Group's borrowings have been arranged as follows:

— borrowings denominated in HK$ as at 31 December 2020 are interest-bearing at annual floating rates ranged from 1.89% to 2.84% (2019: 3.72% to 4.96%);

— borrowings denominated in US$ as at 31 December 2019 amounting to RMB281,286,000 were interest-bearing at annual floating rate of 3.45%; and

— borrowings denominated in RMB as at 31 December 2020 amounting to RMB20,819,339,000 (2019: RMB14,726,560,000) are interest-bearing at annual floating rates ranged from 3.90% to 5.23% (2019: of 4.70% to 5.23%) while the remaining balance of RMB3,142,900,000 (2019: RMB1,300,000,000) are interest-bearing at annual fixed rates ranged from 3.80% to 5.23% (2019: 3.80% to 5.23%).

In respect of those borrowings which have been arranged to finance property development projects, the Group is required to place the sales proceeds received from the buyers, and the rental income received and fund raised in relation to those projects into designated bank accounts. These bank accounts are subject to monitoring by the banks and the financial institutions which have priority to claim repayment for the borrowings from these designated accounts.

34. GUARANTEED NOTES PAYABLE

	2020 RMB'000	2019 RMB'000
Current liabilities		
Guaranteed notes payable	**3,314,214**	–
Non-current liabilities		
Guaranteed notes payable	**–**	3,521,449
	3,314,214	3,521,449

(a) **Guaranteed notes issued in 2014**

On 15 January 2014, the Company and China Overseas Grand Oceans Finance II (Cayman) Limited ("COGO Finance II"), a wholly-owned subsidiary of the Company incorporated in the Cayman Islands, entered into a subscription agreement (the "2014 Notes Subscription Agreement") regarding the issue of guaranteed notes in aggregate principal amount of US$400,000,000 (the "2014 Guaranteed Notes"). The completion of the 2014 Notes Subscription Agreement took place and the 2014 Guaranteed Notes were issued on 23 January 2014. The 2014 Guaranteed Notes were issued at 99.037% of the principal amount and were listed on the Stock Exchange.

The 2014 Guaranteed Notes are unsecured and unsubordinated obligations of COGO Finance II, and are unconditional and irrevocably guaranteed by the Company.

Interest on the 2014 Guaranteed Notes is payable semi-annually in arrears on 23 January and 23 July in each year at the rate of 5.125% per annum, commencing on 23 July 2014.

COGO Finance II may at any time upon giving not less than 30 or more than 60 days' notice to the noteholders, redeem the 2014 Guaranteed Notes, in whole but not in part, at the early redemption amount as defined in the 2014 Notes Subscription Agreement. The 2014 Guaranteed Notes are also subject to redemption at the option of the noteholders under certain conditions.

Unless previously redeemed, or purchased and cancelled, the 2014 Guaranteed Notes would mature on 23 January 2019 at their principal amount.

Further details regarding the issue of the 2014 Guaranteed Notes have been set out in the announcement of the Company dated 16 January 2014.

34. GUARANTEED NOTES PAYABLE (CONTINUED)

(a) Guaranteed notes issued in 2014 (Continued)

The net proceeds from the issue of the 2014 Guaranteed Notes at 99.037% of the principal amount after deducting the direct transaction costs of RMB16,527,000 were RMB2,401,766,000. The guaranteed notes payable are initially measured at fair value, net of directly attributable costs incurred and subsequently, measured at amortized cost using the effective interest rate of 5.505% per annum. For the year ended 31 December 2019, imputed interest of RMB8,004,000 was incurred.

The 2014 Guaranteed Notes matured on 23 January 2019 and the Group fully settled the outstanding principal of US$400,000,000 (equivalent to approximately RMB2,719,792,000) together with the interest accrued thereon amounting to US$10,250,000 (equivalent to approximately RMB70,730,000), which amounted to approximately RMB2,790,522,000 in aggregate.

(b) Guaranteed notes issued in 2018

On 24 May 2018, the Company and China Overseas Grand Oceans Finance IV (Cayman) Limited ("COGO Finance IV"), a wholly-owned subsidiary of the Company incorporated in the Cayman Islands, entered into a subscription agreement (the "2018 Notes Subscription Agreement") regarding the issue of guaranteed notes in aggregate principal amount of US$500,000,000 (the "2018 Guaranteed Notes"). The completion of the 2018 Notes Subscription Agreement took place and the 2018 Guaranteed Notes were issued on 1 June 2018. The 2018 Guaranteed Notes were issued at 99.917% of the principal amount and were listed on the Stock Exchange.

The 2018 Guaranteed Notes are unsecured and unsubordinated obligations of COGO Finance IV, and are unconditional and irrevocably guaranteed by the Company.

Interest on the 2018 Guaranteed Notes is payable semi-annually in arrears on 1 June and 1 December in each year at the rate of 4.875% per annum, commencing on 1 December 2018.

COGO Finance IV may at any time upon giving not less than 30 or more than 60 days' notice to the noteholders, redeem the 2018 Guaranteed Notes, in whole but not in part, at the early redemption amount as defined in the 2018 Notes Subscription Agreement. The 2018 Guaranteed Notes are also subject to redemption at the option of the noteholders under certain conditions.

Unless previously redeemed, or purchased and cancelled, the 2018 Guaranteed Notes will mature on 1 June 2021 at their principal amount.

34. GUARANTEED NOTES PAYABLE (CONTINUED)

(b) Guaranteed notes issued in 2018 (Continued)

The net proceeds from the issue of the 2018 Guaranteed Notes at 99.917% of the principal amount after deducting the direct transaction costs of RMB13,906,000 were RMB3,189,059,000. The guaranteed notes payable are initially measured at fair value, net of directly attributable costs incurred and subsequently, measured at amortized cost using the effective interest rate of 5.063% per annum. For the year ended 31 December 2020, imputed interest of RMB176,141,000 was incurred (2019: RMB174,016,000). With reference to the average quotation of the 2018 Guaranteed Notes published by a leading global financial market data provider, the fair value of the 2018 Guaranteed Notes as at 31 December 2020 was RMB3,342,724,000 (2019: RMB3,607,533,000) and it is within Level 1 of the fair value hierarchy.

(c) The movements of the carrying amount of the guaranteed notes payable are set out as below:

	RMB'000
Carrying amount as at 1 January 2019	6,252,285
Imputed interest expense (note 10)	182,020
Finance costs paid	(238,930)
Redemption of 2014 Guaranteed Notes (note (a))	(2,719,792)
Translation adjustment	45,866
Carrying amount as at 31 December 2019 and 1 January 2020	**3,521,449**
Imputed interest expense (note 10)	**176,141**
Finance costs paid	**(169,962)**
Translation adjustment	**(213,414)**
Carrying amount as at 31 December 2020	**3,314,214**

35. DEFERRED TAX

Details of the deferred tax liabilities and assets recognized by the Group and movements during the current and prior years are as follows:

	Inventories of properties RMB'000	Revaluation of properties RMB'000	Provision for LAT RMB'000	Withholding tax RMB'000	Tax losses RMB'000	Recognition of revenue over time RMB'000	Total RMB'000
At 1 January 2019	1,954,278	509,934	(554,038)	535,957	(67,543)	631,209	3,009,797
Acquisition of subsidiaries (note 41)	36,463	–	–	–	–	–	36,463
(Credited)/Charged to profit or loss (note 11)	(349,493)	42,807	(549,879)	209,584	(25,490)	(114,096)	(786,567)
At 31 December 2019 and 1 January 2020	**1,641,248**	**552,741**	**(1,103,917)**	**745,541**	**(93,033)**	**517,113**	**2,259,693**
(Credited)/Charged to profit or loss (note 11)	**(649,347)**	**3,089**	**128,198**	**87,547**	**(51,821)**	**169,122**	**(313,212)**
At 31 December 2020	**991,901**	**555,830**	**(975,719)**	**833,088**	**(144,854)**	**686,235**	**1,946,481**

Represented by:

	2020 RMB'000	2019 RMB'000
Deferred tax liabilities	**3,189,358**	2,869,227
Deferred tax assets	**(1,242,877)**	(609,534)
	1,946,481	2,259,693

The two-tiered profits tax rates regime have no material impact on the deferred tax balances of the Group as at 31 December 2020 and 2019 as the qualifying entity nominated by the Group did not have material temporary differences as at 31 December 2020 and 2019. Deferred tax assets and liabilities of other group entities that are subject to Hong Kong profits tax continue to be measured using a flat rate of 16.5%.

As at 31 December 2020, the Group has unused tax losses of RMB1,019,088,000 (2019: RMB1,112,871,000) available for offset against future profits. A deferred tax asset of RMB144,854,000 (2019: RMB93,033,000) has been recognized in respect of tax losses of approximately RMB579,416,000 (2019: RMB372,130,000). No deferred tax assets have been recognized in respect of the remaining tax losses of RMB439,672,000 (2019: RMB740,741,000) due to unpredictability of future profit streams. The tax losses incurred by the relevant subsidiaries may be carried forward for five years from the financial year when the corresponding loss was incurred.

35. DEFERRED TAX (CONTINUED)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated by the subsidiaries from 1 January 2008 and the applicable tax rates are 5% or 10%.

As at 31 December 2020, deferred tax liabilities of approximately RMB833,088,000 (2019: RMB745,541,000) have been recognized in respect of the undistributed earnings of certain PRC subsidiaries amounting to approximately RMB16,577,166,000 (2019: RMB14,826,234,000). Deferred tax liabilities of approximately RMB264,609,000 as at 31 December 2020 (2019: RMB97,205,000) have not been established for the withholding and other taxation that would be payable on the unremitted earnings of other relevant PRC subsidiaries as at 31 December 2020, as in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. Such unremitted earnings amounted to approximately RMB5,376,767,000 as at 31 December 2020 (2019: RMB2,028,691,000).

36. SHARE CAPITAL

	Number of ordinary shares '000	Carrying amount RMB'000
Issued and fully paid – ordinary shares with no par:		
Balance at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	**3,423,360**	**5,579,100**

37. RESERVES

THE GROUP

Details of the movements in the Group's reserves are set out in the consolidated statement of changes in equity. The nature and purpose of the reserves are as follows:

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities into the presentation currency in accordance with the accounting policy set out in note 4.19.

Asset revaluation reserve

Asset revaluation reserve arises from revaluation of assets such as properties (excluding investment properties).

Statutory reserves

In accordance with the relevant PRC rules and regulations, certain subsidiaries of the Company are required to appropriate certain percentage of their profits after tax to the respective statutory reserves. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserves may be used to make good previous years' losses, if any, or to increase the paid-up capital of the respective subsidiaries, and may be used for capital expenditure on staff welfare facilities, as appropriate.

Retained profits

Retained profits of the Group comprise:

	2020 **RMB'000**	2019 RMB'000
Proposed final dividend for the year (note 12(a))	**836,227**	586,810
Retained profits after proposed final dividend	**15,961,559**	12,866,573
Total retained profits as at 31 December	**16,797,786**	13,453,383

37. RESERVES (CONTINUED)

THE COMPANY

Details of the movements on the Company's reserves are as follows:

	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2019	384,796	2,079,103	2,463,899
Profit for the year	–	343,160	343,160
Other comprehensive income for the year			
Exchange differences arising from translation into presentation currency	181,181	–	181,181
2019 interim dividend paid (note 12(a))	–	(184,465)	(184,465)
2018 final dividend paid (note 12(b))	–	(337,514)	(337,514)
At 31 December 2019 and 1 January 2020	**565,977**	**1,900,284**	**2,466,261**
Profit for the year	**–**	**890,357**	**890,357**
Other comprehensive income for the year			
Exchange differences arising from translation into presentation currency	**(474,943)**	**–**	**(474,943)**
2020 interim dividend paid (note 12(a))	**–**	**(214,458)**	**(214,458)**
2019 final dividend paid (note 12(b))	**–**	**(607,697)**	**(607,697)**
At 31 December 2020	**91,034**	**1,968,486**	**2,059,520**

Retained profits of the Company comprise:

	2020 RMB'000	2019 RMB'000
Final dividend proposed for the year (note 12(a))	**836,227**	586,810
Retained profits after proposed dividend	**1,132,259**	1,313,474
Total retained profits as at 31 December	**1,968,486**	1,900,284

38. NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2020 were RMB3,103,157,000 (2019: RMB1,967,981,000), which are attributed to those subsidiaries not wholly-owned by the Company. In the opinion of the directors, none of the non-controlling interests of these subsidiaries are material to the Group.

39. LEASES

(a) The Group as lessee

Nature of leasing activities

The Group has interests in leasehold land and buildings where the Group is the registered owner of those property interests. In addition, the Group leases various properties including office premises, quarters and shopping mall. For certain leases, the periodic rent is fixed over the lease term whereas for other leases, rental is adjusted periodically at predetermined rate. Leases of these properties are negotiated for periods ranging from twelve months to six years (2019: six months to six years).

Right-of-use assets

The carrying amounts of right-of-use assets recognized and the movements during the current and prior years are as follows:

	Land use rights of properties with ownership interests held for own use RMB'000	Other properties leased for own use RMB'000	Total RMB'000
At 1 January 2019	271,979	39,981	311,960
Translation adjustment	–	94	94
Additions	–	7,669	7,669
Reclassification from investment properties (note 15(c))	905	–	905
Reclassification from inventories of properties (note 16)	47,270	–	47,270
Depreciation provided	(8,021)	(11,333)	(19,354)
At 31 December 2019 and 1 January 2020	**312,133**	**36,411**	**348,544**
Translation adjustment	**–**	**(374)**	**(374)**
Additions	**–**	**11,133**	**11,133**
Reclassification to investment properties (note 15(b))	**(124,651)**	**–**	**(124,651)**
Reclassification from inventories of properties (note 16)	**24,979**	**–**	**24,979**
Depreciation provided	**(6,855)**	**(13,626)**	**(20,481)**
At 31 December 2020	**205,606**	**33,544**	**239,150**

During the year ended 31 December 2020, the Group derived income from subleasing right-of-use assets amounting to RMB12,920,000 (2019: RMB14,868,000).

39. LEASES (CONTINUED)

(a) The Group as lessee (Continued)

Lease liabilities

The movements of lease liabilities during the current and prior years are as follows:

	Other properties leased for own use RMB'000
At 1 January 2019	39,356
Translation adjustment	95
Additions	7,669
Interest expense (note 10)	1,132
Lease payments	(12,094)
At 31 December 2019 and 1 January 2020	**36,158**
Translation adjustment	**(369)**
Additions	**10,193**
Interest expense (note 10)	**1,021**
Lease payments	**(13,988)**
At 31 December 2020	**33,015**

Future lease payments are due as follows:

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2020			
Within one year	**12,029**	**(833)**	**11,196**
In the second to fifth year, inclusive	**15,234**	**(1,678)**	**13,556**
Over five years	**8,750**	**(487)**	**8,263**
	36,013	**(2,998)**	**33,015**

	Minimum Lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2019			
Within one year	12,515	(945)	11,570
In the second to fifth year, inclusive	16,153	(2,025)	14,128
Over five years	11,250	(790)	10,460
	39,918	(3,760)	36,158

39. LEASES (CONTINUED)

(a) The Group as lessee (Continued)

Lease liabilities (Continued)

The present value of future lease payments are analysed as follows:

	2020 **RMB'000**	2019 RMB'000
Current liabilities	**11,196**	11,570
Non-current liabilities	**21,819**	24,588
	33,015	36,158

For the year ended 31 December 2020, the Group had total cash outflows for leases of RMB22,789,000 (2019: RMB17,254,000).

(b) The Group as lessor

The Group leases out its investment properties (note 15), the shopping mall and certain units of inventories of properties under operating lease arrangements with leases negotiated for period ranging from six months to twenty years (2019: six months to twenty years). Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2020 and 2019 are as follows:

	2020 **RMB'000**	2019 RMB'000
Within one year	**339,151**	233,710
After one year but within two years	**345,508**	199,629
After two years but within three years	**174,016**	158,898
After three years but within four years	**58,608**	96,537
After four years but within five years	**41,169**	75,082
Over five years	**153,090**	196,492
	1,111,542	960,348

40. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,560**	3,498
Right-of-use assets		**6,195**	3,629
Interests in subsidiaries	53	**1,636,153**	1,741,537
		1,644,908	1,748,664
Current assets			
Other receivables, prepayments and deposits		**1,312**	1,393
Amounts due from subsidiaries		**22,154,798**	20,107,180
Cash and bank balances		**499,042**	470,792
		22,655,152	20,579,365
Current liabilities			
Other payables and accruals		**77,115**	70,725
Amounts due to subsidiaries		**3,984,380**	4,412,509
Lease liabilities		**4,559**	3,680
Borrowings		**1,641,138**	1,567,679
		5,707,192	6,054,593
Net current assets		**16,947,960**	14,524,772
Non-current liabilities			
Borrowings		**10,952,702**	8,228,075
Lease liabilities		**1,546**	–
		10,954,248	8,228,075
Net assets		**7,638,620**	8,045,361
CAPITAL AND RESERVES			
Share capital	36	**5,579,100**	5,579,100
Reserves	37	**2,059,520**	2,466,261
Total equity		**7,638,620**	8,045,361

On behalf of the directors

Zhuang Yong
Director

Wang Man Kwan, Paul
Director

41. BUSINESS COMBINATION

On 29 May 2019, China Overseas Grand Oceans Property Group Company Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with 深圳中海新城鎮發展有限公司 Shenzhen China Overseas New Town Development Limited* (the "Seller"), an indirect wholly owned subsidiary of China Overseas Holdings Limited ("COHL") in relation to the acquisition of the entire issued share capital of 中海投資渭南有限公司 China Overseas Investment Wei Nan Limited* (the "Target Company") at a consideration of RMB490,000,000 (the "Acquisition"). COHL is an intermediate holding company of COLI.

The Target Company and its subsidiaries ("Weinan Group") are principally engaged in the development, sale, investment and management of properties in the PRC.

The Acquisition was completed on 15 August 2019.

The recognized amounts of identifiable assets and liabilities of Weinan Group on the date of the Acquisition were as follows:

	2019 RMB'000
Cash consideration	490,000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	94
Inventories of properties	916,908
Amount due from a related company	100,000
Trade and other receivables, prepayments and deposits	88,905
Contract assets	1,508
Tax prepaid	11,126
Restricted cash and deposits	25,501
Cash and bank balances	311,643
Trade and other payables	(234,704)
Contract liabilities	(694,514)
Deferred tax liabilities	(36,463)
Total identified net assets acquired at fair value	490,004
Gain on bargain purchase	(4)

* English translation is for identification only

41. BUSINESS COMBINATION (CONTINUED)

An analysis of cash flows arising from the Acquisition was as follows:

	2019 RMB'000
Cash (outflow)/inflow on the Acquisition	
Purchase consideration settled in cash during the year	(490,000)
Cash and bank balances acquired	311,643
Cash outflow included in cash flows from investing activities	(178,357)
Transaction costs included in cash flows from operating activities	(341)
	(178,698)

The fair value of the land and buildings classified as inventories of properties at the date of Acquisition had been determined with reference to the valuation carried out by CHFT Advisory and Appraisal Limited.

The fair value of trade and other receivables including amount due from a related company at the date of Acquisition amounted to RMB188,905,000, which was same as the gross amount of these receivables. None of these receivables had been impaired and it was expected that the full contractual amounts can be collected.

The Group recognized a gain on bargain purchase of RMB4,000 in "Other gains or losses — Gain on bargain purchase" during the year ended 31 December 2019.

Since the date of the Acquisition, Weinan Group had contributed revenue of RMB48,564,000 and loss of RMB5,729,000 to the Group's profit or loss for the year ended 31 December 2019. Had the Acquisition been occurred on 1 January 2019, the Group's revenue and profit for the year ended 31 December 2019 would have been RMB28,659,995,000 and RMB3,489,218,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 January 2019, nor it is intended to be a projection of future performance.

The acquisition-related costs of RMB341,000 had been expenses and were included in administrative expenses for the year ended 31 December 2019.

42. DEEMED DISPOSAL OF INTERESTS IN SUBSIDIARIES

On 11 August 2020, the Company, COLI and Ocean Continent Investments Limited ("Ocean Continent") entered into a shareholder's agreement (the "Agreement"). As at the date of the Agreement, Ocean Continent was a direct wholly-owned subsidiary of China Overseas Grand Oceans Investments Limited ("COGOIL") whereas COGOIL is a direct wholly-owned subsidiary of the Company.

Ocean Continent is an investment holding company and its subsidiaries including Big Leader International Limited and 中海宏洋置地(鹽城)有限公司 are principally engaged in investment holding and property development in the PRC respectively.

Pursuant to the Agreement, the Company agreed to procure COGOIL and COLI agreed to procure its indirect wholly-owned subsidiary namely Ling Feng Limited, to subscribe for 50 additional shares of Ocean Continent ("Ocean Continent Shares") and 49 Ocean Continent Shares, respectively, at subscription price of US$1 per Ocean Continent Share.

The transaction was completed in September 2020 and the Group's equity interest in Ocean Continent was diluted from 100% to 51%.

Ocean Continent remains a subsidiary of the Company and the difference arising from the dilution of equity interest in Ocean Continent as a result of the transaction is accounted for as equity transaction.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Borrowings RMB'000	Guaranteed notes payable RMB'000 (note 34)	Lease liabilities RMB'000 (note 39)	Amounts due to associates RMB'000	Amounts due to joint ventures RMB'000	Amounts due to non-controlling interests RMB'000	Amounts due to related companies RMB'000
As at 1 January 2020	27,268,161	3,521,449	36,158	63,823	815,126	5,082,077	379,230
Changes from cash flows:							
Proceeds from new borrowings	21,941,349	–	–	–	–	–	–
Repayment of borrowings	(11,233,419)	–	–	–	–	–	–
Advances received	–	–	–	255	205,000	1,758,357	186,118
Repayment of advances	–	–	–	(4,744)	(231,668)	(4,005,708)	(300,000)
Capital element of lease payment	–	–	(12,967)	–	–	–	–
Interest element of lease payment	–	–	(1,021)	–	–	–	–
Other interest paid	(1,191,146)	(169,962)	–	–	–	–	(4,202)
	9,516,784	(169,962)	(13,988)	(4,489)	(26,668)	(2,247,351)	(118,084)
Exchange adjustment	(825,921)	(213,414)	(369)	–	–	–	–
Other changes:							
Interest expenses	1,191,146	176,141	1,021	–	–	–	3,362
Increase in lease liabilities from entering into new leases	–	–	10,193	–	–	–	–
Dividend income debited to the current account with an associate (note 26)	–	–	–	(46,198)	–	–	–
Dividend income debited to the current account with joint ventures (note 27)	–	–	–	–	(204,000)	–	–
	1,191,146	176,141	11,214	(46,198)	(204,000)	–	3,362
As at 31 December 2020	37,150,170	3,314,214	33,015	13,136	584,458	2,834,726	264,508

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Borrowings RMB'000	Guaranteed notes payable RMB'000 (note 34)	Lease liabilities RMB'000 (note 39)	Amounts due to associates RMB'000	Amounts due to joint ventures RMB'000	Amounts due to non-controlling interests RMB'000	Amounts due to related companies RMB'000
As at 1 January 2019	22,370,308	6,252,285	39,356	23,334	1,179,244	2,044,260	378,390
Changes from cash flows:							
Proceeds from new borrowings	13,115,462	–	–	–	–	–	–
Repayment of borrowings	(8,457,218)	–	–	–	–	–	–
Advances received	–	–	–	41,470	401,991	5,017,734	–
Repayment of advances	–	–	–	(981)	(766,109)	(2,107,417)	–
Redemption of guaranteed notes	–	(2,719,792)	–	–	–	–	–
Capital element of lease payment	–	–	(10,962)	–	–	–	–
Interest element of lease payment	–	–	(1,132)	–	–	–	–
Other interest paid	(1,075,201)	(238,930)	–	–	–	(5,645)	(2,522)
	3,583,043	(2,958,722)	(12,094)	40,489	(364,118)	2,904,672	(2,522)
Exchange adjustment	239,609	45,866	95	–	–	–	–
Other changes:							
Interest expenses	1,075,201	182,020	1,132	–	–	5,645	3,362
Increase in lease liabilities from entering into new leases	–	–	7,669	–	–	–	–
Dividend credited to the current account with non–controlling interests	–	–	–	–	–	127,500	–
	1,075,201	182,020	8,801	–	–	133,145	3,362
As at 31 December 2019	27,268,161	3,521,449	36,158	63,823	815,126	5,082,077	379,230

44. RETIREMENT BENEFITS SCHEMES

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme is a defined contribution retirement benefits scheme and contributions to the scheme are made based on a percentage of the employees' relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. With effect from 1 January 2018, employer voluntary contributions are made, under specific criteria set in the company policy, as a part of the employee benefits program.

The employees of the subsidiaries of the Company which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The total expenses recognized in profit or loss of RMB34,238,000 (2019: RMB39,914,000) represent contributions paid/payable to these schemes by the Group in the year. As at 31 December 2020, no forfeited contribution under these schemes is available to reduce the contribution payable in future (2019: nil).

45. PLEDGE OF ASSETS

As at 31 December 2020, the carrying amount of the assets pledged by the Group to secure for borrowings and banking facilities granted to the Group are analyzed as follows:

	2020 **RMB'000**	2019 RMB'000
Pledge for borrowings and banking facilities of the Group		
— Inventories of properties (note 22)	**10,454,003**	1,416,589

46. OTHER COMMITMENTS

As at 31 December 2020, the Group had other significant commitments as follows:

	2020 **RMB'000**	2019 RMB'000
Contracted for but not provided for in the financial statements:		
— Investment in equity interests	**1,213,393**	–
— Acquisition of land	**5,091,421**	1,296,490
— Property development	**19,372,194**	14,803,485
	25,677,008	16,099,975
Authorized but not contracted for:		
— Acquisition of land	**444,010**	1,621,172

47. CONTINGENT LIABILITIES

(a) Guarantees

The Group provided guarantees to banks and government agencies for mortgage loans granted to certain purchasers of the Group's properties. The amount of the relevant facilities utilized and outstanding as at 31 December 2020 and 2019 are as follows:

	2020 **RMB'000**	2019 RMB'000
Mortgage loans granted by banks and government agencies to certain purchasers of the Group's properties	**34,685,883**	30,453,627

In the opinion of the directors, if the purchasers default payment of the mortgage loans during the period of guarantee, the net realizable value of the related properties can cover the repayment of the outstanding loans together with the accrued interest thereon. Accordingly, no provision has been made in the financial statements in respect of these guarantees.

(b) The Group, being a property developer in the PRC, is subject to extensive government requirements in many aspects of its property development operations, including but not limited to land acquisition and transfer, planning and construction works, etc. In the ordinary course of business, certain development projects of the Group are behind the development timeline as stipulated in the land transfer agreements or approved by the local authorities. According to the regulation "Measures for Disposal of Unused Land" and other relevant regulations, the government is empowered to levy idle land penalty and in the extreme case, confiscate the undeveloped land depending on circumstances. In addition, the delay in development may constitute default in contract terms of the underlying land transfer agreements, of which the transferor can claim for liquidated damages.

Previously, the Group's exposure to the aforementioned penalties and liquidated damages mainly related to the land parcels of the project companies in Zibo and Jiujiang. The project companies in Zibo have reached agreement with the local government authority on the subject land parcels and the Group's exposure as at 31 December 2020 and 2019 was reduced to mainly related to the subject land parcels in Jiujiang.

Zibo Project Companies

During the year ended 31 December 2019, the project companies in Zibo ("Zibo Project Companies") together with a related company, entered into an agreement with the local government authority for the resumption of the concerned land parcels. The related company is the subsidiary of COHL and it engaged in primary development of the concerned land parcels previously.

Pursuant to the agreement, Zibo Project Companies returned the concerned land parcels to the local government authority in 2019 and the local government authority agreed on the amount of compensation to be RMB852 million. The directors estimated that Zibo Project Companies was entitled to receive a sum of approximately RMB748 million which was receivable as to RMB577 million from the local government authority and RMB171 million from the related company. The balances were included in "trade and other receivables, prepayments and deposits" and "amount due from a related company" respectively as at 31 December 2019.

47. CONTINGENT LIABILITIES (CONTINUED)

(b) (Continued)

Zibo Project Companies (Continued)

In April 2020, the Group received compensation from the local government authority amounting to RMB241 million, and the remaining balance of RMB336 million remained outstanding as at 31 December 2020 and was included in "trade and other receivables, prepayments and deposits". The compensation receivable from the related company of RMB171 million was fully settled during the year.

Jiujiang Project Companies

The directors estimated that the maximum amount of penalty and liquidated damages exposed by the project companies in Jiujiang ("Jiujiang Project Companies") as at 31 December 2020 would not be more than RMB513 million (2019: RMB423 million), which was quantified based on to the relevant regulations and terms included in the land transfer agreements. The carrying amount of the concerned land parcels as of 31 December 2020 was RMB2,039 million (2019: RMB2,039 million).

Having regard to their past experiences in handling similar matter, the latest local development and the latest project status, the legal advice, together with the application for extending the commencement dates of construction works submitted and the recent communications with relevant local government authorities on the updated position of the project, the directors considered that the risk of confiscation of the concerned land parcels as well as penalty and liquidated damages exposed by Jiujiang Project Companies is low.

Having regard to the nature and latest development of the projects concerned, the directors are of the opinion that no non-conformity instance would have material impact on the result and financial position of the Group.

48. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties:

(a) On 31 March 2017, the Company and COLI entered into a trademark licence agreement (the "2017 Trademark Licence Agreement"), pursuant to which COLI grants a non-exclusive right to the Company, its subsidiaries and the member company as defined in the 2017 Trademark Licence Agreement, a licence to use the trademark "中海地產" (the "Trademark") in the PRC for a term commenced from 1 April 2017 and ended on 31 March 2020 (both days inclusive). The Trademark is registered in the PRC and owned by a subsidiary of COLI.

Pursuant to the 2017 Trademark Licence Agreement, the Company agrees to pay 1% of its audited annual consolidated turnover for each financial year ended 31 December 2017, 2018 and 2019 as royalty. The royalty payments are to be made in arrears on or before 31 March each succeeding year until the expiry or earlier termination of the 2017 Trademark Licence Agreement. The total royalty payable under the 2017 Trademark Licence Agreement for each of the twelve-month period between 1 April 2017 and 31 March 2020 shall not exceed HK$200,000,000.

The 2017 Trademark Licence Agreement expired on 31 March 2020. On 26 March 2020, the Company and COLI entered into a new trademark licence agreement (the "2020 Trademark Licence Agreement"), pursuant to which COLI grants the Company, its subsidiaries and the member company as defined in the 2020 Trademark Licence Agreement to use the Trademark in the PRC for a term of three years commenced from 1 April 2020 and ending on 31 March 2023 (both days inclusive).

Pursuant to the 2020 Trademark Licence Agreement, the Company agrees to pay COLI in cash 1% of its audited annual consolidated turnover for each financial year ending 31 December 2020, 2021 and 2022 as royalty. The royalty payments are to be made in arrears on or before 31 March each succeeding year until the expiry or earlier termination of the 2020 Trademark Licence Agreement. The total royalty payable under the 2020 Trademark Licence Agreement for each of the twelve-month period between 1 April 2020 and 31 March 2023 shall not exceed HK$200,000,000.

Royalty incurred by the Group under the aforementioned trademark licence agreements in respect of financial year ended 31 December 2020 amounted to HK$200,000,000, equivalent to RMB177,651,000 (2019: HK$200,000,000, equivalent to RMB175,809,000).

As at 31 December 2020, the royalty payable to COLI amounted to HK$200,000,000, equivalent to RMB168,322,000 (2019: HK$200,000,000, equivalent to RMB179,163,000) which was included in "trade and other payables" in the consolidated statement of financial position. The amount due to COLI is unsecured, interest-free and repayable based on terms stipulated in the relevant trademark licence agreements.

(b) On 28 July 2017, the Group entered into tenancy agreements (the "2017 Tenancy Agreements") with subsidiaries of COLI, 北京仁和燕都房地產開發有限公司 and 北京中信新城逸海房地產開發有限公司, for a term of three years commenced from 1 August 2017 and ended on 31 July 2020. The annual rent payable by 北京仁和燕都房地產開發有限公司 and 北京中信新城逸海房地產開發有限公司 are RMB10,260,000 and RMB5,145,000 respectively. The total rental payable under the 2017 Tenancy Agreements for each of the twelve-month period between 1 August 2017 to 31 July 2020 shall not exceed RMB15,405,000.

The leases of the subject properties under the 2017 Tenancy Agreements were consolidated into the Second Property Lease Agreement which was effective on 1 April 2020 as mentioned in note 48(j).

Total rental income generated under the 2017 Tenancy Agreements for the period from 1 January 2020 to 31 March 2020 amounted to RMB3,668,000 (for the year ended 31 December 2019: RMB14,671,000). As at 31 December 2020, no rental income was received in advance from these leases whereas as at 31 December 2019, rental income received in advance from these leases amounted to RMB1,284,000.

48. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) On 20 October 2017, the Company and China Overseas Property Holdings Limited ("COPH") entered into a framework agreement ("Prevailing Projects Framework Agreement") for the provision of property management services and engineering services by COPH and its subsidiaries ("COPH Group") to the Group for property development projects in the PRC, Hong Kong, Macau and other locations (excluding the New Projects under the New Projects Framework Agreement as defined below). The Prevailing Projects Framework Agreement commenced on 1 January 2018 and ended on 30 June 2020. COPH was a subsidiary of COLI on 1 June 2015 and subsequently becomes a fellow subsidiary of COLI.

According to the Prevailing Projects Framework Agreement, the total service fee payable by the Group for the years ended 31 December 2018 and 2019 and for the period commenced on 1 January 2020 and ended on 30 June 2020 shall not exceed HK$115,600,000, HK$96,500,000 and HK$57,900,000 respectively.

On 20 October 2017, the Company and COPH entered into another framework agreement ("New Projects Framework Agreement") pursuant to which any member of COPH Group may provide property management services and engineering services to the Group for certain property development projects in emerging third-tier cities in the PRC acquired by the Group from COLI Group in December 2016 which were not managed by COPH Group at the date of entering into the New Projects Framework Agreement (the "New Projects"). The New Projects Framework Agreement commenced on 1 January 2018 and ended on 30 June 2020.

According to the New Projects Framework Agreement, the total service fee payable by the Group for the years ended 31 December 2018 and 2019 and for the period commenced on 1 January 2020 and ended on 30 June 2020 shall not exceed HK$47,800,000, HK$45,900,000 and HK$25,800,000 respectively.

For the year ended 31 December 2020, property management services and engineering services fee incurred by the Group under the Prevailing Projects Framework Agreement and the New Projects Framework Agreement amounting to HK$47,579,000, equivalent to RMB42,262,000 (2019: HK$95,618,000, equivalent to RMB84,052,000) and HK$13,643,000, equivalent to RMB12,118,000 (2019: HK$35,410,000, equivalent to RMB31,127,000) respectively.

The Prevailing Projects Framework Agreement and New Projects Framework Agreement expired on 30 June 2020. On 28 April 2020, the Company and COPH entered into a new framework agreement (the "2020 Property Management Services Agreement") for the provision of property management services and value-added services by COPH Group to the Group for the property development projects or properties (including residential communities, commercial properties and other properties) owned or held by the Group in PRC, Macau, Hong Kong and other locations (including the New Projects as defined in New Projects Framework Agreement). The 2020 Property Management Services Agreement is for a term of three years commenced from 1 July 2020 and ending on 30 June 2023.

According to the 2020 Property Management Services Agreement, the Group will go through a standard and systematic tender process to select and appoint a service provider for the provision of property management services and value-added services to the Group. In addition, the total service fee payable by the Group for the period from 1 July 2020 to 31 December 2020, for the years ended 31 December 2021 and 2022 and for the period from 1 January 2023 to 30 June 2023 shall not exceed HK$166,000,000, HK$321,000,000, HK$386,000,000 and HK$224,000,000 respectively. The fees payable by the Group to COPH Group will be settled pursuant to the payment terms prescribed under the provisions of the specific tender or contract.

48. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) (Continued)

For the year ended 31 December 2020, services fee incurred by the Group under the 2020 Projects Framework Agreement amounting to HK$122,737,000, equivalent to RMB109,022,000 (2019: nil).

As at 31 December 2020, services fee payable to COPH Group amounted to RMB7,453,000 (2019: RMB5,233,000) in aggregate, which were included in "trade and other payables" in the consolidated statement of financial position and services fee prepaid to COPH Group amounted to RMB4,198,000 (2019: RMB50,000). The services fee payable by the Group to COPH Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the specific tender or contract.

(d) On 24 March 2016, the Company and China State Construction International Holdings Limited ("CSC") entered into a framework agreement (the "Construction Supervision Service Agreement") pursuant to which the Group may appoint CSC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) ("CSC Group") as construction supervisor to provide supervision and management service for the property development projects of the Group in the PRC. The Construction Supervision Service Agreement has a term of three years commenced from 1 April 2016 and ended on 31 March 2019 (both days inclusive). CSC is a fellow subsidiary of COLI.

The management fee with respect to the construction supervision service will be charged on a "cost plus" basis, which will be determined based on the total staff cost incurred by CSC Group with respect to the provision of the construction supervision service plus a margin of 18%. The management fee payable by the Group to CSC Group for the period from 1 April 2016 to 31 December 2016, each of the two years ended 31 December 2018 and for the period from 1 January 2019 to 31 March 2019 shall not exceed RMB110,000,000, RMB136,000,000, RMB191,000,000 and RMB65,000,000 respectively. The management fee payable by the Group to CSC Group will be settled monthly in cash.

For the year ended 31 December 2019, no management fee was incurred by the Group under the Construction Supervision Service Agreement and as at 31 December 2019 there was no service fee payable by the Group to CSC Group.

(e) During the year ended 31 December 2020, 中海監理有限公司 ("China Overseas Supervision") provided construction supervision services to the Group in respect of the prevailing projects of the Group. Previously, China Overseas Supervision was a wholly-owned subsidiary of CSC. Following the completion of acquisition of the entire equity interests in China Overseas Supervision by China State Construction Development Holdings Limited ("CSCD") on 26 June 2018, China Overseas Supervision becomes a wholly-owned subsidiary of CSCD. CSCD is a fellow subsidiary of COLI.

For the year ended 31 December 2020, total management fee charged by China Overseas Supervision against the Group (excluding those management fee incurred under the Construction Supervision Service Agreement set out in note (d)) above amounted to RMB14,158,000 (2019: RMB17,184,000).

48. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) On 26 June 2018, the Company and CSCD entered into a framework agreement ("COGO Framework Agreement") pursuant to which the Group may appoint CSCD and its subsidiaries ("CSCD Group") to provide project management, supervision and consultancy services for the property development projects of the Group in the PRC. The COGO Framework Agreement covers a period commenced from 1 July 2018 and ending on 30 June 2021.

According to the COGO Framework Agreement, the maximum total contract sum that may be awarded by the Group to CSCD Group for the period from 1 July 2018 to 31 December 2018, each of the two years ended 31 December 2020 and for the period from 1 January 2021 to 30 June 2021 shall not exceed HK$30 million, HK$60 million, HK$60 million and HK$30 million respectively. The management services fee payable by the Group to CSCD Group will be settled pursuant to the payment terms set out in the tender documents or specific contracts.

For the year ended 31 December 2020, contracts with contract sum amounting to HK$44,333,000, equivalent to RMB39,379,000 (2019: HK$13,524,000, equivalent to RMB11,888,000) were awarded by the Group and management service fee of HK$12,603,000, equivalent to RMB11,195,000 (2019: nil) was incurred by the Group under the COGO Framework Agreement.

(g) On 27 June 2019, the Company and China State Construction Engineering Corporation Limited ("CSCECL") entered into an agreement ("CSCECL Group Engagement Agreement") whereby CSCECL and its subsidiaries, excluding COHL, COLI, CSC and COPH and their subsidiaries ("CSCECL Group") may tender for the Group's construction works in the PRC and if tender is awarded, CSCECL Group may act as construction contractor for the Group. CSCECL is an intermediate holding company of COLI.

The CSCECL Group Engagement Agreement has a term of three years from 1 July 2019 and ending on 30 June 2022.

According to the CSCECL Group Engagement Agreement, the maximum total contract sum that may be awarded by the Group to CSCECL Group for the period between 1 July 2019 and 31 December 2019, each of the two years ending 31 December 2021 and for the period from 1 January 2022 to 30 June 2022 shall not exceed HK$300 million, HK$600 million, HK$600 million and HK$300 million respectively. The construction fees payable by the Group to CSCECL Group will be settled pursuant to the payment terms set out in the tender documents for the relevant construction contracts.

For the years ended 31 December 2020 and 2019, no contract was awarded by the Group under the CSCECL Group Engagement Agreement.

48. RELATED PARTY TRANSACTIONS (CONTINUED)

(h) On 23 October 2019, the Company and COPH entered into a framework agreement ("Framework Agreement for Car Parking Spaces") pursuant to which COPH Group may from time to time enter into transactions with the Group for the acquisition of right-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) (the "Transactions"), such car parking spaces being car parking spaces of developments or properties built, developed or owned by the Group and managed by COPH Group as property manager.

The Framework Agreement for Car Parking Spaces has a term of three years commenced from 1 December 2019 and ending on 30 November 2022 (both dates inclusive).

The aggregate amount of the Transactions to be entered into between COPH Group and the Group for the period from 1 December 2019 to 31 December 2019, for the financial years ending 31 December 2020 and 2021 and for the period from 1 January 2022 to 30 November 2022 shall not exceed nil, HK$400 million, HK$300 million and HK$300 million respectively.

For the year ended 31 December 2020, the aggregate amount of the Transactions entered into between COPH Group and the Group amounted to HK$101,462,000, equivalent to RMB90,125,000. For the year ended 31 December 2019, no Transaction took place under the Framework Agreement for Car Parking Spaces.

(i) On 27 February 2020, the Company and Hua Yi Design Consultants Limited ("Huayi Design") entered into a framework agreement ("Design Framework Agreement"), pursuant to which the Group may engage Huayi Design and its subsidiaries ("Huayi Design Group") to provide scheme design, preliminary design and construction drawing design services in each construction stage to the Group's property development projects in the PRC upon successful tender by Huayi Design Group. Huayi Design is a subsidiary of COLI.

The Design Framework Agreement is for a term commencing from 1 March 2020 and ending 31 December 2022.

The maximum total contract sum that may be awarded by the Group to Huayi Design Group for the period between 1 March 2020 and 31 December 2020 and for the years ending 31 December 2021 and 2022 shall not exceed RMB30 million, RMB40 million and RMB50 million respectively. The services fees payable will be settled pursuant to the payment terms set out in the relevant service contracts.

For the year ended 31 December 2020, contracts with contract sum amounting to RMB12,128,000 were awarded by the Group whereas service fee amounting to RMB8,777,000 was incurred by the Group under the Design Framework Agreement.

48. RELATED PARTY TRANSACTIONS (CONTINUED)

(j) On 1 April 2020, certain subsidiaries of the Company, entered into property lease agreements with the certain subsidiaries of COLI, details of which are as follows:

— Shanghai Jinhe, a joint venture of the Group, entered into a lease agreement (the "First Property Lease Agreement") as landlord with 上海堂友里商業管理有限公司 ("Shanghai Tang Youli"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to the leasing of a commercial building located in Shanghai, the PRC for a term of three years from 1 April 2020 to 31 March 2023. The annual rent payable by Shanghai Tang Youli are RMB7,860,000 for the first year, RMB8,100,000 for the second year and RMB8,340,000 for the third year. The rent is payable every two months. The maximum rent that may be received under the First Property Lease Agreement for the financial years ending 31 December 2023 are RMB5,895,000, RMB8,040,000, RMB8,280,000 and RMB2,085,000 respectively.

— 北京中京藝苑置業有限公司 Beijing Zhongjing Yiyuan Real Estate Company Limited*, an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "Second Property Lease Agreement") as landlord with 北京中海廣場商業發展有限公司 Beijing China Overseas Plaza Commercial Development Company Limited* ("Beijing China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of a commercial building (including offices) located in Beijing, the PRC for a term of three years from 1 April 2020 to 31 March 2023. The annual rent payable by Beijing China Overseas are RMB160,200,000 for the first year, RMB165,000,000 for the second year and RMB169,950,000 for the third year. The rent is payable quarterly. The maximum rent that may be received under the Second Property Lease Agreement for the financial years ending 31 December 2023 are RMB120,150,000, RMB163,800,000, RMB168,712,500 and RMB42,487,500 respectively.

— 蘭州中海宏洋房地產開發有限公司 Lanzhou China Overseas Grand Oceans Real Estate Development Limited*, an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "Third Property Lease Agreement") as landlord with 蘭州中海海通商業管理有限公司 Lanzhou China Overseas Business Management Limited* ("Lanzhou China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of Universal City in China Overseas Plaza, which comprises the mall and shopping street located in Lanzhou, the PRC for a term of three years commencing from the date of commencement of business of the subject properties, which is expected to be from 25 December 2020 to 24 December 2023. The annual rent payable by Lanzhou China Overseas are RMB40,800,000 for the first year, RMB44,000,000 for the second year and RMB48,000,000 for the third year. There is rent free period of two months at the beginning of the lease term and the rent is payable quarterly. The maximum rent that may be received under the Third Property Lease Agreement for the financial years ending 31 December 2023 are nil, RMB34,000,000, RMB44,000,000 and RMB48,000,000 respectively.

48. RELATED PARTY TRANSACTIONS (CONTINUED)

(j) (Continued)

— 中海宏洋惠州湯泉開發有限公司 China Overseas Grand Oceans Huizhou Tangchuan Development Company Limited*, an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "Fourth Property Lease Agreement") as landlord with 惠州中海湯泉酒店管理有限公司 Huizhou China Overseas Tangquan Hotel Management Limited* ("Huizhou China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of the hotel resort and facilities located in Huizhou, the PRC for a term of three years commencing from the date of delivery of the subject properties, which is expected to be from 1 May 2020 to 30 April 2023. The annual rent payable by Huizhou China Overseas are RMB7,200,000 for the first year, RMB7,400,000 for the second year and RMB7,600,000 for the third year. The rent is payable quarterly. The maximum rent that may be received under the Fourth Property Lease Agreement for each of the financial years ending 31 December 2023 are RMB4,800,000, RMB7,333,300, RMB7,533,300 and RMB2,533,300 respectively.

— 中海宏洋地產汕頭投資有限公司 China Overseas Grand Oceans Shantou Investment Company Limited*, an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "Fifth Property Lease Agreement") as landlord with 汕頭市南濱中海酒店管理有限公司 Shantou Nanbin China Overseas Hotel Management Limited* ("Shanghou China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of the hotel resort and facilities located in Shantou, the PRC for a term of three years commencing from the date of delivery of the subject properties, which is expected to be from 1 May 2020 to 30 April 2023. The annual rent payable by Shantou China Overseas are RMB9,170,000 for the first year, RMB9,450,000 for the second year and RMB9,730,000 for the third year. The rent is payable quarterly. The maximum rent that may be received under the Fifth Property Lease Agreement for each of the financial years ending 31 December 2023 are RMB6,113,000, RMB9,356,700, RMB9,636,700 and RMB3,243,300 respectively.

For the year ended 31 December 2020, total rental income generated by the Group from the Second Property Lease Agreement, Third Property Lease Agreement, Fourth Property Lease Agreement and Fifth Property Lease Agreement was RMB124,822,000 and the total rental income generated by Shanghai Jinhe from the First Property Lease Agreement was RMB5,614,000.

* English translation is for identification only

48. RELATED PARTY TRANSACTIONS (CONTINUED)

(k) On 24 April 2020, the Company and CSC entered into an agreement ("Master Engagement Agreement") whereby (i) CSC Group may tender for the construction works of the Group in the PRC as construction contractor in accordance with the tendering procedures of the Group; and (ii) the Group may engage CSC Group as construction contractor for the construction works of the Group in the PRC upon successful tender by CSC Group. The Master Engagement Agreement has a term of one year commencing from 1 July 2020 and ending on 30 June 2021.

The total contract sums that may be awarded by the Group to CSC Group under the Master Engagement Agreement for the period from 1 July 2020 to 31 December 2020 and for the period from 1 January 2021 to 30 June 2021 shall not exceed HK$1,000 million and HK$500 million respectively. The fees in respect of the construction works payable by the Group to CSC Group will be settled pursuant to the payment terms set out in the tender documents for the relevant construction contracts.

For the year ended 31 December 2020, contracts with contract sum amounting to HK$969,985,000, equivalent to RMB861,596,000 were awarded by the Group under the Master Engagement Agreement. The Group incurred service fee amounting to HK$101,262,000, equivalent to RMB89,946,000 in the current year.

On 19 November 2020, the Company and CSC entered into new agreement ("New Master Engagement Agreement") in respect of the engagement by the Group of CSC Group as construction contractor for the construction works of the Group in the PRC from time to time for a term of three years commencing from 1 January 2021 and ending on 31 December 2023.

The total contract sums that may be awarded by the Group to CSC Group under the New Master Engagement Agreement for the year commencing from 1 January 2021 and ending on 31 December 2021, for the year commencing from 1 January 2022 and ending on 31 December 2022 and for the year commencing from 1 January 2023 and ending on 31 December 2023 shall not exceed RMB2,000 million, RMB2,500 million and RMB3,000 million respectively.

The New Master Engagement Agreement (together with the new caps) will replace and supersede all rights and obligations of the parties under the Master Engagement Agreement (together with the caps) starting from 1 January 2021 with effect from the date of the satisfaction of the conditions precedent set out in the New Master Engagement Agreement.

For the year ended 31 December 2020, no contract was awarded by the Group to CSC Group under the New Master Engagement Agreement.

48. RELATED PARTY TRANSACTIONS (CONTINUED)

(l) In April 2020, 中海宏洋地產（合肥）有限公司 (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into a series of provisional agreements with 中海宏洋海富（合肥）房地產開發有限公司 ("Hefei Haifu") pursuant to which the Purchaser has agreed to purchase and Hefei Haifu agreed to sell 18 office units in total for an aggregate consideration of RMB19,539,000. Hefei Haifu is a joint venture of the Group which is owned as to 45% by the Group.

The acquisitions of the office units were eventually formalized by entering into and registration of the sales and purchase agreements in March 2021. The consideration was fully settled during the year, which was included in "trade and other receivables, prepayments and deposits" in the consolidated statement of financial position as at 31 December 2020.

(m) For the year ended 31 December 2020, the Group received interest income from non-controlling interests amounting to RMB12,312,000 whereas for the year ended 31 December 2019, the Group received interest income from a joint venture and non-controlling interest amounting to RMB8,903,000 and RMB36,971,000 respectively (note 8).

For the year ended 31 December 2020, the Group incurred interest expense amounting to RMB3,362,000 on amounts due to related companies whereas for the year ended 31 December 2019, the Group incurred interest expense amounting to RMB5,645,000 and RMB3,362,000 on amounts due to non-controlling interests and related companies respectively (note 10).

(n) Key management personnel remunerations include the following expenses:

	2020 RMB'000	2019 RMB'000
Short-term employee benefits	**26,981**	24,786
Post-employment benefits	**584**	554
	27,565	25,340

48. RELATED PARTY TRANSACTIONS (CONTINUED)

(o) Transactions with other state-controlled entities in the PRC

The Group is not controlled by the PRC government. However, the Group is an associated company of COLI while the ultimate holding company of COLI is CSCEC, a company controlled by the PRC government, as such, the PRC government is regarded as a related party of the Group. Apart from the transactions already disclosed above, the Group also conducts business with other state-controlled entities. The directors consider the transactions with those state-controlled entities are conducted on an arms' length basis.

In connection with its property development activities, other than those disclosed in the notes above, the Group awards construction and other works contracts to PRC entities, some of which, to the best knowledge of management, are state-controlled entities. The Group has also entered into various transactions with the PRC government departments or agencies, mainly regarding acquisition of land through tendering to those government departments or agencies. During the year ended 31 December 2020, the Group acquired certain parcels of land from the PRC government departments through public tender at an aggregate consideration of approximately RMB36,181,503,000 (2019: RMB27,860,384,000).

In addition, in the normal course of business, the Group entered into various deposits and lending transactions with banks and financial institutions which are state-controlled entities.

The Group is active in property sale and property leasing in various provinces in the PRC. The directors are of the opinion that it is impracticable to ascertain the identity of all the counterparties and accordingly whether the transactions are with state-controlled entities. However, the directors are of the opinion that the transactions with state-controlled entities are entered into in the normal course of business of the Group.

In addition to the above transactions and balances, details of the Group's other balances with related parties are disclosed in consolidated statement of financial position and notes 26, 27, 28 and 29.

The related party transactions in respect of item (a) to (l) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

49. CAPITAL 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 and to support the Group's financial stability and growth.

The Group monitors its capital structure on the basis of net gearing ratio (i.e. net debt to equity). Net debt includes borrowings and guaranteed notes payable less restricted cash and deposits and cash and cash balances. Equity represents total equity. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The net gearing ratios of the Group as at 31 December 2020 and 2019 were as follows:

	2020 **RMB'000**	2019 RMB'000
Borrowings	**37,150,170**	27,268,161
Guaranteed notes payable	**3,314,214**	3,521,449
Less: restricted cash and deposits	**(7,525,826)**	(10,671,299)
Less: cash and bank balances	**(20,543,265)**	(16,755,435)
Net debt	**12,395,293**	3,362,876
Capital represented by total equity	**27,236,382**	21,513,308
Net gearing ratio	**45.5%**	15.6%

The Group targets to maintain a net gearing ratio to be in line with the expected changes in economic and financial conditions. The Group's overall strategy on capital management remains unchanged throughout the year.

50. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

50.1 Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets		
Financial assets at fair value through profit or loss*	**–**	–
Financial assets at fair value through other comprehensive income@	**1,000**	1,000
Financial assets at amortized cost#	**34,070,238**	31,405,495
Financial liabilities		
Financial liabilities at amortized cost^	**58,724,856**	47,970,729

* a derivative financial instrument

@ unlisted equity investments

\# including trade and other receivables, amounts due from associates, joint ventures, non-controlling interests and a related company and bank balances including restricted cash and deposits.

^ including trade payables, other payables and accruals, amounts due to associates, joint ventures, non-controlling interests and other related companies, lease liabilities, borrowings and guaranteed notes payable.

50.2 Financial results by financial instruments

	2020 RMB'000	2019 RMB'000
Fair value loss on:		
Financial asset at fair value through profit or loss	**–**	(3,927)
Interest income or (expenses) on:		
Financial assets at amortized cost	**270,202**	337,187
Financial liabilities at amortized cost	**(1,371,670)**	(1,267,360)

50. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

50.3 Fair value measurement

(a) *Financial instruments not measured at fair value*

Financial instruments not measured at fair value include trade and other receivables, balances with associates, joint ventures, non-controlling interests and other related companies, bank balances including restricted cash and deposits, trade payables, other payables and accruals, lease liabilities, borrowings and guaranteed notes payable.

Due to their short-term nature, the carrying values of trade and other receivables, amounts due from/to associates, joint ventures, non-controlling interests and other related companies, bank balances including restricted cash and deposits, trade payables, other payables and accruals approximate their fair values.

For disclosure purpose, the fair values of amount due to a related company, lease liabilities, borrowings and guaranteed notes payable are not materially different from their carrying values. Those fair values have been determined by using discounted cash flow model and are classified as level 3 in the fair value hierarchy. Significant inputs include the discount rates used to reflect the credit risks of the Group.

(b) *Financial instruments measured at fair value*

The following table provides an analysis of financial instruments carried at fair value as at 31 December 2020 and 2019 by level of fair value hierarchy.

— Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments

— Level 2: Inputs other than quoted prices included in Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

— Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2020				
Financial assets				
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	–	–	1,000	1,000

50. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

50.3 Fair value measurement (Continued)

(b) Financial instruments measured at fair value (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2019				
Financial assets				
Financial assets at fair value through profit or loss				
— A derivative financial instrument	–	–	–	–
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	–	–	1,000	1,000
	–	–	1,000	1,000

During the years ended 31 December 2020 and 2019, there were no transfers between levels.

The fair value of the unlisted equity investments as at 31 December 2020 and 2019 was estimated by the directors using discounted cash flow method which is a level 3 fair value measurement.

There was no movement in fair value measurement for the unlisted equity investments for the current and prior year.

51. FINANCIAL RISK MANAGEMENT

51.1 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks which comprise market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors and senior management of the Group meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

51.2 Market risk

(a) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong and the PRC. The functional currency of the Company and its subsidiaries are HK$ and RMB. The Group is exposed to currency risk arising from fluctuations on foreign currencies against the functional currencies of the group entities. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group continues to conduct its sales mainly in RMB and make payments in RMB. In addition, the Group's borrowings were mainly denominated in HK$, US$ and RMB. The directors consider that a natural hedge mechanism existed to certain extent and the Group's exposure on foreign currency risk is not significant. The Group would, however, closely monitor the volatility of the RMB exchange rate.

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from lease liabilities, borrowings, guaranteed notes payable and certain balances with associates, joint ventures, non-controlling interests and other related companies. Balances arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. Details of the Group's lease liabilities, borrowings, guaranteed notes payable and balances with associates, joint ventures, non-controlling interests and other related companies at the end of the reporting period are disclosed in notes 39, 33, 34, 26, 27, 28 and 29 respectively.

The Group's bank balances also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on the bank balances. The directors consider the Group's exposure on bank deposits is not significant as interest-bearing deposits are within short maturity periods in general.

The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group entered into an interest rate swap contract for a US$ denominated floating-rate bank loan. Details of this interest rate swap contract are set out in note 21.

51. FINANCIAL RISK MANAGEMENT (CONTINUED)

51.2 Market risk (Continued)

(b) Interest rate risk (Continued)

The following sensitivity demonstrates the Group's exposure to a reasonably possible change in interest rates on its floating rate borrowings (including amounts due to related companies), after excluding the bank loan which was hedged by the interest rate swap contract, with all other variables held constant at the end of the reporting period (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	2020 **RMB'000**	2019 RMB'000
(Decrease)/Increase in profit after tax and retained profits		
+ 50 basis point ("bp") (2019: 50 bp)	**(4,537)**	(2,946)
–10 bp (2019: 10 bp)	**907**	589

The changes in interest rates do not affect the Group's other components of equity. The above sensitivity analysis is prepared based on the assumption that the borrowing period of the balances outstanding at the end of the reporting period resembles that of the corresponding financial year.

51.3 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities. The Group is also exposed to credit risk arising from the provision of financial guarantees.

The carrying amounts of trade and other receivables, amounts due from associates, joint ventures, non-controlling interests and a related company, restricted cash and deposits and cash and bank balances represent the Group's maximum exposure to credit risk in respect of these items. The maximum exposure to credit risk in respect of the financial guarantees provided by the Group at the end of the reporting period is disclosed in note 47(a).

The Group limits its exposure to credit risk by rigorously selecting the counterparties and to deal with creditworthy counterparties. Credit risk on restricted cash and deposits as well as cash and bank balances (note 30) is mitigated as cash is deposited with reputable banks and financial institutions. The credit and investment policies have been consistently applied and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

For the years ended 31 December 2020 and 2019, the Group did not have significant concentration of credit risk as its trade and other receivables consist of a large number of customers and debtors. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in note 25.

51. FINANCIAL RISK MANAGEMENT (CONTINUED)

51.3 Credit risk (Continued)

In respect of trade receivables, the Group closely monitors the payments from customers in accordance with the payment terms and schedules agreed with the customers. The Group also has other monitoring procedures to ensure follow up action is taken to recover overdue debts. In respect of trade receivables arising from sales of properties, they are mainly related to those sales transactions for which the application of mortgage loans was in progress at the end of the reporting period. Management expects that the customers will settle these receivables in due course once the mortgage loans are granted by the banks or the government agencies. In addition, the titles of those properties have been retained by the banks or the government agencies. Accordingly, management considers that recoverability concern over those receivables is remote.

In respect of other receivables, amounts due from associates, joint ventures, non-controlling interests and a related company, the Group considers the background and regularly monitors the financial condition of the counterparties to assess the recoverability of the outstanding balances.

The Group typically provides guarantees to banks or government agencies in connection with the customers' borrowing of mortgage loans to finance their purchase of properties (note 47(a)). If a purchaser defaults on the payment of the mortgage during the period of guarantee, the bank or government agency holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. As the mortgage loans are generally secured by properties with current market price higher than the guaranteed amounts, management considers the Group would recover any loss incurred arising from the guarantee provided by the Group.

Impairment under ECL model

As disclosed in note 4.12(ii), the Group recognizes loss allowance for ECL on debt instruments carried at amortized cost and measured at fair value through other comprehensive income. The Group applies simplified approach to measure ECL on trade receivables; and general approach to measure ECL on other receivables, amounts due from associates, joint ventures, non-controlling interests and a related company, restricted cash and deposits and cash and bank balances. Under the simplified approach, the Group measures loss allowance at an amount equal to lifetime ECL. Under the general approach, the Group applies the "3-stage" impairment model for ECL measurement based on change in credit risk since initial recognition as follows:

— Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

— Stage 2: If the credit risk of the financial instrument has increased significantly since initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

— Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECL for financial instruments in Stage 1 are measured at an amount equal to 12-month ECL whereas the ECL for financial instruments in Stage 2 or Stage 3 are measured at an amount equal to lifetime ECL.

51. FINANCIAL RISK MANAGEMENT (CONTINUED)

51.3 Credit risk (Continued)

Impairment under ECL model (Continued)

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

Having regard to industry practice, relevant regulation and government measures, as well as the background and behavior of the debtors/counterparties, the Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. In addition, the Group considers that a financial asset to be in default when: (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is more than 180 days past due.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is considered credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the debtor;

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

(c) granting a concession to the debtors that the lender would not otherwise consider for economic or contractual reasons relating to the debtor's financial difficulty; or

(d) it is becoming probable that the debtor will enter bankruptcy or other financial reorganization.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure of default. The assessment of the probability of default and loss given default is based on historical data and adjusted for forward-looking information through the use of industry trend and experienced credit judgment to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios.

In respect of trade receivables, they are subject to collective assessment using a provision matrix for which the ECL rate is considered to be minimal.

In respect of other receivables, amounts due from associates, joint ventures, non-controlling interests and a related company, the Group considers the background and regularly monitors the financial condition of the counterparties to assess the recoverability of the outstanding balances. No loss allowance was provided as at 31 December 2020 whereas loss allowance of RMB6,000,000 was provided for other receivables as at 31 December 2019 for which the balance was considered credit-impaired and it was measured at an amount equal to lifetime ECL. Other than that, management does not expect any loss allowance from non-performance by the counterparties and assessed that the ECL in respect of these balances was immaterial.

51. FINANCIAL RISK MANAGEMENT (CONTINUED)

51.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables including amounts due to related companies and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain prudent liquidity risk management which is to maintain sufficient cash and bank balances as well as to make available of fund through adequate amounts of committed credit facilities and the ability to close out market positions. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As disclosed in note 52, in February 2021, the Group seized the opportunity and successfully issued guaranteed notes of US$512 million with a coupon rate of 2.45% due in 2026. The proceeds will mainly be applied for repayment of the 2018 Guaranteed Notes due in June 2021.The liquidity policies have been consistently applied and are considered to have been effective in managing liquidity risk.

The following tables summarize the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on agreed scheduled repayment dates set out in the agreements or the repayment schedules agreed with the banks and other lenders.

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2020						
Non-derivatives						
Bank borrowings	35,860,170	38,330,864	10,854,007	10,402,697	16,396,024	678,136
Other loans	1,290,000	1,355,503	871,732	483,771	–	–
Guaranteed notes payable	3,314,214	3,383,834	3,383,834	–	–	–
Trade payables, other payables and accruals	14,530,629	14,530,629	14,530,629	–	–	–
Amounts due to associates	13,136	13,136	13,136	–	–	–
Amounts due to joint ventures	584,458	584,458	584,458	–	–	–
Amounts due to non-controlling interests	2,834,726	2,834,726	2,834,726	–	–	–
Amounts due to related companies	264,508	274,477	193,046	3,564	77,867	–
Lease liabilities	33,015	36,013	12,029	7,303	7,931	8,750
	58,724,856	61,343,640	33,277,597	10,897,335	16,481,822	686,886
Financial guarantees issued — Maximum amount guaranteed	–	34,685,883	34,685,883	–	–	–

51. FINANCIAL RISK MANAGEMENT (CONTINUED)

51.4 Liquidity risk (Continued)

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2019						
Non-derivatives						
Bank borrowings	25,968,161	27,847,716	12,458,046	6,370,200	9,019,470	–
Other loans	1,300,000	1,404,275	220,526	851,770	331,979	–
Guaranteed notes payable	3,521,449	3,773,193	171,409	3,601,784	–	–
Trade payables, other payables and accruals	10,804,705	10,804,705	10,804,705	–	–	–
Amounts due to associates	63,823	63,823	63,823	–	–	–
Amounts due to joint ventures	815,126	815,126	815,126	–	–	–
Amounts due to non-controlling interests	5,082,077	5,082,077	5,082,077	–	–	–
Amounts due to related companies	379,230	382,082	382,082	–	–	–
Lease liabilities	36,158	39,918	12,515	6,526	9,627	11,250
	47,970,729	50,212,915	30,010,309	10,830,280	9,361,076	11,250
Financial guarantees issued						
— Maximum amount guaranteed	–	30,453,627	30,453,627	–	–	–

As disclosed in note 51.3, it is not probable that guarantees provided would result in significant financial impact to the Group including credit loss and liquidity risk.

52. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 2 February 2021, the Company and COGO Finance IV entered into a subscription agreement (the "2021 Notes Subscription Agreement") regarding the issue of US$512,000,000 2.45% guaranteed notes due 2026 (the "2021 Guaranteed Notes"). The completion of the 2021 Notes Subscription Agreement took place and the 2021 Guaranteed Notes were issued on 9 February 2021. The 2021 Guaranteed Notes were issued at 99.916% of the principal amount and are listed on the Stock Exchange.

The net proceeds from the issue of the 2021 Guaranteed Notes after deducting the direct transaction costs of RMB10,966,000 were RMB3,310,714,000.

Further details regarding the issue of the 2021 Guaranteed Notes are set out in the announcement of the Company dated 9 February 2021 and the circular published on 10 February 2021.

53. PARTICULARS OF SUBSIDIARIES

The particulars of the subsidiaries as at 31 December 2020 are as follows:

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
Be Affluent Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Best Beauty Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Big Leader International Limited	Hong Kong	Ordinary	HK$1	–	51% (2019: 100%)	Investment holding
Bliss China Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Bliss Depot Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Capital Way Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Celestial Wealth Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
China Grand (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
China Overseas Grand Oceans Finance IV (Cayman) Limited	Cayman Islands	Ordinary	1 share of US$1 each	100%	–	Fund-raising
China Overseas Grand Oceans Investments Limited	Hong Kong	Ordinary	HK$1	100%	–	Investment holding
China Overseas Grand Oceans Property Group Company Limited	PRC^	Paid up capital	RMB2,800,000,000 (2019: RMB133,000,000)	–	100%	Investment holding and property development
China Overseas Yin Chuan Investments Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Citirich International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
City Glory Holdings Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
East Pacific (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Elite Way Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Ever United Development Limited	Hong Kong	Ordinary	HK$1	100%	–	Financing and investment
Flourish Ray Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Global East Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grand Marine Investment Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Grand Success Group Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grand Will Asia Pacific Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grandca International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grandwide (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Greatbo (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Great Kind Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Green Fortune Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hai Jian International Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Han Yang Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hero Path Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
High Faith Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hongbo Global Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hong Bao Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Jet Pacific Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Long Capital Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Longwide Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Main Lucky International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Marine Key Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Max Pacific Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Moonstar Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Ocean Continent Investments Limited	British Virgin Islands	Ordinary	100 shares of US$1 each (2019: 1 share of US$1 each)	–	51% (2019: 100%)	Investment holding
Ocean Ease Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Ocean Empire Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Oceanic Roc Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Pacific King Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Pandue Investments Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	100%	–	Investment holding
Precious Joy Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Qiangfa Holdings Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Rainbow Hero Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Sea Coral Enterprises Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
Sino Global Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Sure Shine International Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Talent Race Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Top Wonder International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Unibo Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Wan Chang International Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Well Great (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
World Dynasty Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
World United International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
上海中海宏洋置業有限公司	PRC#	Paid up capital	RMB15,000,000	–	100%	Investment holding
中海宏洋地產(合肥)有限公司	PRC^	Paid up capital	RMB580,000,000	–	100%	Property development
中海宏洋地產(銀川)有限公司	PRC*	Paid up capital	RMB840,000,000	–	85%	Property development
中海宏洋地產(贛州)有限公司	PRC*	Paid up capital	RMB20,000,000 (2019: RMB100,000,000)	–	88%	Property development
中海宏洋地產(揚州)有限公司	PRC^	Paid up capital	RMB1,720,000,000	–	100%	Property development
中海宏洋地產(常州)有限公司	PRC^	Paid up capital	RMB600,000,000	–	100%	Property development
中海宏洋地產(鹽城)有限公司	PRC^	Paid up capital	RMB1,056,339,800 (2019: RMB938,839,800)	–	51% (2019: 100%)	Property development
中海宏洋置地(鹽城)有限公司	PRC^	Paid up capital	RMB350,000,000	–	100%	Property development
中海宏洋置業(合肥)有限公司	PRC^	Paid up capital	RMB1,000,000,000	–	100%	Property development

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
中海宏洋置業(常州)有限公司	PRC^	Paid up capital	RMB1,000,000,000	–	100%	Property development
中海宏洋(南通)投資開發有限公司	PRC^	Paid up capital	RMB600,000,000	–	100%	Property development
北京中海宏洋地產有限公司	PRC#	Paid up capital	RMB28,000,000	–	100%	Investment holding and property development
北京中京藝苑置業有限公司	PRC#	Paid up capital	RMB30,000,000	–	100%	Property investment and property leasing
北京華世柏利房地產開發有限公司	PRC#	Paid up capital	RMB60,000,000	–	90%	Property development
北京快樂城堡購物中心有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property leasing
北京通惠房地產開發有限責任公司	PRC#	Paid up capital	RMB100,000,000	–	100%	Property development
呼和浩特光大環城建設開發有限公司	PRC#	Paid up capital	RMB120,000,000	–	80%	Property development
呼和浩特市中海宏洋地產有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
呼和浩特市榮城房地產開發有限公司	PRC#	Paid up capital	RMB15,000,000	–	100%	Property development
南寧中海宏洋房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
深圳市建地投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Investment holding
廣州中海橡園房地產發展有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
廣州市光大花園房地產開發有限公司	PRC*	Paid up capital	RMB800,000,000	–	100%	Property development
廣州新都房地產發展有限公司	PRC#	Paid up capital	RMB10,000,000	–	90%	Property development

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
蘭州中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB1,000,000,000	–	100%	Property development
吉林市中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市怡恒偉業房地產開發有限公司	PRC#	Paid up capital	RMB200,000,000	–	70%	Property development
吉林市中海海華房地產開發有限公司	PRC#	Paid up capital	RMB50,000,000	–	85%	Property development
合肥中海新華房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	60%	Property development
合肥中海榮祥房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
南寧中海宏洋置業有限公司	PRC^	Paid up capital	RMB1,700,000,000	–	100%	Property development
紹興中海宏洋地產有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
揚州中海宏洋置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
揚州中潤置業有限公司	PRC^	Paid up capital	RMB758,000,000	–	100%	Property development
汕頭市中海宏洋地產有限公司	PRC#	Paid up capital	RMB230,000,000	–	100%	Property development
汕頭市中海宏洋置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
中海宏洋地產(徐州)有限公司	PRC^	Paid up capital	RMB126,150,000	–	100%	Property development
中海宏洋(鹽城)房地產開發有限公司	PRC*	Paid up capital	RMB344,375,000	–	100%	Property development
中海宏洋地產(黃山)有限公司	PRC*	Paid up capital	US$2,500,000	–	55%	Property development
中海潤洋置業(揚州)有限公司	PRC^	Paid up capital	US$60,000,000	–	100%	Property development
中海宏洋(深圳)投資有限公司	PRC^	Paid up capital	RMB600,000,000	–	100%	Property development

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
中海瘦西湖房地產揚州有限公司	PRC#	Paid up capital	RMB240,000,000	–	70%	Property development
揚州市江都區信泰置業有限公司	PRC#	Paid up capital	RMB185,600,000	–	100%	Property development
中海宏洋地產汕頭投資有限公司	PRC#	Paid up capital	RMB370,000,000	–	100%	Property development
汕頭中海宏洋南濱置業發展有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Hotel operation
汕頭中信南烽房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	51%	Property development
汕頭市金平區中信房產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	70%	Property development
中海宏洋惠州控股有限公司	PRC#	Paid up capital	RMB200,000,000	–	100%	Property development
惠州市中海宏洋地產有限公司	PRC#	Paid up capital	RMB200,000,000	–	100%	Property development
中海宏洋惠州城市建設開發有限公司	PRC#	Paid up capital	RMB130,000,000	–	100%	Property development
惠州盈通投資有限公司	PRC#	Paid up capital	RMB60,000,000	–	100%	Property development
中海宏洋惠州湯泉開發有限公司	PRC^	Paid up capital	RMB60,000,000	–	100%	Hotel operation
南昌宏洋地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
中海宏洋廬山西海(九江)投資有限公司	PRC#	Paid up capital	RMB800,000,000	–	100%	Property development
九江市深水灣投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
九江市桃花里投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
九江市溪谷投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
九江市納帕谷投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
淄博中海海頤置業有限公司	PRC^	Paid up capital	RMB338,360,000	–	100%	Property development
中海淄博置業有限公司	PRC^	Paid up capital	HK$770,000,000	–	100%	Property development
濰坊中海興業房地產有限公司	PRC^	Paid up capital	RMB50,000,000	–	100%	Property development
中海宏洋置業(徐州)有限公司	PRC#	Paid up capital	RMB60,000,000	–	34%	Property development
西寧中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
贛州中海地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
中海海華南通地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
合肥中海宏洋海東房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海創房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
揚州海龍置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
揚州海富置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
包頭市中海宏洋地產有限公司	PRC^	Paid up capital	RMB10,000,000	–	60%	Property development
蘭州中海海富房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
包頭市宏洋海富地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
贛州中海海華房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
鹽城潤洋置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
南通市華璽房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	30%	Property development
南通市中海海富房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
吉林市中海海富房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市中海海悦房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海華置業有限公司	PRC#	Paid up capital	RMB10,000,000 (2019: nil)	–	100%	Property development
柳州中海宏洋房地產有限公司	PRC#	Paid up capital	RMB28,571,429	–	70%	Property development
蘭州中海環宇商業運營管理有限公司	PRC#	Paid up capital	–	–	100%	Provision of property management services
濟寧中海宏洋地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
合肥中海宏洋海悦房地產開發有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
呼和浩特市海巍地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海華房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海晟房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	60%	Property development
合肥中海宏洋海宸房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	60%	Property development
南寧中海宏洋海悦房地產有限公司	PRC#	Paid up capital	RMB33,333,333	–	60%	Property development
蘭州中海海通房地產開發有限公司	PRC#	Paid up capital	RMB16,666,667	–	60%	Property development
蘭州中海海創房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000 (2019: nil)	–	100%	Property development

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
揚州市海盛房地產開發有限公司	PRC[#]	Paid up capital	RMB20,000,000	–	100%	Property development
南通市中海海盛房地產開發有限公司	PRC[#]	Paid up capital	RMB700,000,000	–	60%	Property development
南通市中海海通房地產開發有限公司	PRC[#]	Paid up capital	RMB800,000,000	–	60%	Property development
南通市中海海潤房地產開發有限公司	PRC[#]	Paid up capital	RMB650,000,000	–	60%	Property development
常州市海盛房地產開發有限公司	PRC[#]	Paid up capital	RMB20,000,000	–	100%	Property development
中海宏洋恒華置業(常州)有限公司	PRC[*]	Paid up capital	RMB625,000,000	–	100%	Property development
濰坊中海海翔地產有限公司	PRC[#]	Paid up capital	RMB10,000,000	–	100%	Property development
濟寧中海宏洋置業有限公司	PRC[#]	Paid up capital	RMB10,000,000	–	100%	Property development
徐州海創置業有限公司	PRC[#]	Paid up capital	–	–	100%	Property development
中海投資渭南有限公司	PRC[^]	Paid up capital	RMB300,000,000	–	100%	Property development
渭南中海興業置業有限公司	PRC[#]	Paid up capital	RMB400,000,000	–	100%	Property development
渭南中海興華置業有限公司	PRC[#]	Paid up capital	RMB20,000,000	–	100%	Property development
渭南中海親頤物業服務有限公司	PRC[#]	Paid up capital	RMB1,000,000	–	100%	Provision of property management services
清遠市中海宏洋房地產開發有限公司	PRC[#]	Paid up capital	RMB10,000,000	–	100%	Property development
揚州市海創房地產開發有限公司	PRC[#]	Paid up capital	RMB20,000,000	–	100%	Property development
桂林中海宏洋房地產有限公司	PRC[#]	Paid up capital	RMB20,000,000	–	100%	Property development
深圳市創史企業管理有限公司	PRC[#]	Paid up capital	RMB400,000,000	–	51%	Property development

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
南寧市平德房地產開發有限公司	PRC*	Paid up capital	RMB500,000,000	–	41%	Property development
徐州海麗置業有限公司	PRC^	Paid up capital	RMB270,000,000	–	100%	Property development
泉州市中海宏洋海創房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市中海海盛房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
中海宏洋地產(九江)有限公司	PRC^	Paid up capital	RMB360,000,000 (2019: nil)	–	100%	Property development
呼和浩特市宏洋海江地產有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
呼和浩特市宏洋海川地產有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
包頭市宏洋海創地產有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海盛置業有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海悦置業有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市海慧房地產開發有限公司 (note)	PRC#	Paid up capital	RMB20,000,000	–	51%	Property development
吉林市海通房地產開發有限公司 (note)	PRC#	Paid up capital	–	–	100%	Property development
合肥中海海榮房地產有限責任公司 (note)	PRC#	Paid up capital	RMB1,100,000,000	–	60%	Property development

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
合肥中海海瑞房地產開發有限公司 (note)	PRC#	Paid up capital	RMB100,000,000	–	100%	Property development
合肥中海海惠房地產有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
金華中海宏洋地產有限公司 (note)	PRC^	Paid up capital	RMB500,000,000	–	100%	Property development
天水中海宏洋房地產開發有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
中海海富地產(九江)有限公司 (note)	PRC^	Paid up capital	RMB70,000,000	–	100%	Property development
丹陽海盛房地產開發有限公司 (note)	PRC*	Paid up capital	RMB410,000,000	–	100%	Property development
泰州市中海潤泰置業有限公司 (note)	PRC*	Paid up capital	RMB190,000,000	–	85%	Property development
中海海澄置業(南通)有限公司 (note)	PRC^	Paid up capital	–	–	100%	Property development
鹽城匯海置業有限公司 (note)	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
鹽城潤海置業有限公司 (note)	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
汕頭市海學房地產開發有限公司 (note)	PRC#	Paid up capital	RMB510,000,000	–	100%	Property development
惠州市海平地產有限公司 (note)	PRC#	Paid up capital	RMB800,000,000	–	60%	Property development
惠州市海平置業有限公司 (note)	PRC#	Paid up capital	RMB1,2000,000,000	–	60%	Property development
濰坊中海海盛地產有限公司 (note)	PRC^	Paid up capital	–	–	100%	Property development
唐山市中海宏洋房地產開發有限公司 (note)	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development

53. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
唐山市中海海富房地產開發有限公司 (note)	PRC^	Paid up capital	RMB400,000,000	–	100%	Property development
廊坊市宏洋房地產開發有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
遵義海盛置業有限公司 (note)	PRC#	Paid up capital	–	–	70%	Property development
遵義中海海潤置業有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	80%	Property development
株洲中海地產有限公司 (note)	PRC^	Paid up capital	RMB350,000,000	–	70%	Property development
株洲中海商業發展有限公司 (note)	PRC^	Paid up capital	RMB10,000,000	–	70%	Property development
常州市中海潤房地產開發有限公司 (note)	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
惠州市海盛房地產開發有限公司 (note)	PRC^	Paid up capital	–	–	100%	Property development

Note: These subsidiaries were newly established or invested during the year ended 31 December 2020.

^ The companies are incorporated in the PRC as wholly-foreign-owned enterprises.

* The companies are incorporated in the PRC as sino-foreign equity joint ventures.

The companies are incorporated in the PRC as limited liability companies.

None of the subsidiaries had any debt securities in issue as at 31 December 2020 and 2019 except for COGO IV which had issued 2018 Guaranteed Notes as set out in note 34(b). None of these guaranteed notes were held by the Group.

54. PARTICULARS OF ASSOCIATES

The particulars of the associates as at 31 December 2020 are as follows:

Name of associates	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
中信房地產汕頭華鑫有限公司	PRC#	Paid up capital	RMB10,000,000	–	30%	Property development
中信房地產汕頭金城有限公司	PRC#	Paid up capital	RMB10,000,000	–	45%	Property development
汕頭市中信濱河房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	45%	Property development
鹽城海建置業有限公司 (note)	PRC#	Paid up capital	RMB20,000,000	–	35%	Property development

Note: This associate was newly established during the year ended 31 December 2020.

The companies are incorporated in the PRC as limited liability companies.

55. PARTICULARS OF JOINT VENTURES

The particulars of the joint ventures as at 31 December 2020 are as follows:

Name of joint venture	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
上海金鶴數碼科技發展有限公司	PRC*	Paid up capital	US$2,400,000	–	65%	Property investment and property leasing
中海宏洋海富(合肥)房地產開發有限公司	PRC*	Paid up capital	RMB550,000,000	–	45%	Property development
汕頭中海凱旋置業有限公司	PRC#	Paid up capital	RMB102,040,816	–	51%	Property development
南京崇茂置業有限公司 (note)	PRC#	Paid up capital	–	–	49.5%	Investment holding
湛江海創房地產開發有限公司 (note)	PRC#	Paid up capital	–	–	50%	Property development

Note: These joint ventures were newly invested during the year ended 31 December 2020.

* The companies are incorporated in the PRC as sino-foreign equity joint venture.

The company is incorporated in the PRC as a limited liability company.

Five Year Financial Summary

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**42,909,060**	28,590,883	21,524,668	17,509,568	14,622,314
Profit before tax	**9,539,835**	8,295,572	5,338,847	2,747,734	1,808,855
Income tax expense	**(4,935,694)**	(4,798,611)	(3,233,178)	(1,658,248)	(1,009,406)
Profit for the year	**4,604,141**	3,496,961	2,105,669	1,089,486	799,449
Profit/(Loss) for the year attributable to:					
Owners of the Company	**4,374,765**	3,329,681	2,043,204	1,097,831	770,097
Non-controlling Interests	**229,376**	167,280	62,465	(8,345)	29,352
	4,604,141	3,496,961	2,105,669	1,089,486	799,449

CONSOLIDATED ASSETS AND LIABILITIES

	At 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**167,413,497**	134,097,274	103,626,806	79,682,142	72,773,696
Total liabilities	**(140,177,115)**	(112,583,966)	(85,858,839)	(67,592,393)	(62,768,061)
	27,236,382	21,513,308	17,767,967	12,089,749	10,005,635
Equity attributable to owners of the Company	**24,133,225**	19,545,327	17,040,376	11,432,831	9,322,772
Non-controlling interests	**3,103,157**	1,967,981	727,591	656,918	682,863
	27,236,382	21,513,308	17,767,967	12,089,749	10,005,635

Particulars of Major Properties & Property Interests

(A) PROPERTY HELD FOR OWN USE

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Room 05-08, 23F, No. 1 Building, China Overseas International Center No. 28 Pinganlixi Avenue, Xicheng District, Beijing City, the PRC	Office	1,128	100%	Medium
2F, 3F, 3AF and 23F, CITIC City Plaza 1093 Shennan Zhong Road, Futian District, Shenzhen, Guangdong Province, the PRC	Office	6,603	100%	Medium
18F and 19F, CITIC City Plaza 2 Wenming Yi Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Office	3,065	100%	Medium
Commercial Tower, Central Mansion No. 150, Qingnian Zhong Road, Chongchuan District, Nantong City, Jiangsu Province, the PRC	Office	3,234	100%	Medium
Room 2307, 2501-2506 and 2508 China Overseas Building (No. 9 Office Building) No. 139 Jilin Street, Jilin City, Jilin Province, the PRC	Office	1,319	100%	Medium
Room 501, 502, 601 and 602 The Azure-Cai Fu Plaza Annan road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Office	2,081	100%	Medium

(B) PROPERTY HELD FOR INVESTMENT

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Office units, No. 1 Building, China Overseas International Center No. 28 Pinganlixi Avenue, Xicheng District, Beijing City, the PRC	Office	39,795	100%	Medium
China Overseas Building (No. 9 Office Building) No. 139 Jilin Street, Jilin City, Jilin Province, the PRC	Office	123	100%	Medium
CITIC Building (Room 102 and 1502) Jinsha East Road, Longhu District, Shantou, Guangdong Province, the PRC	Office	278	100%	Medium
Jin Xin Building (Room 204, 207 and 208) Jinsha Road, Longhu District, Shantou, Guangdong Province, the PRC	Office	1,326	100%	Medium
China Overseas Plaza - Mall (Universal City) Anning District, Lanzhou, the PRC	Commercial	66,300*	100%	Medium
Chian Overseas Plaza - Shopping Street (Universal City) No. 1131-1149 Mogao Avenue, Anning District, Lanzhou, the PRC	Commercial	10,960	100%	Medium
Huizhou Tangquan Hotel Tangquan Tourism Resort, No. 298 Huizhou Avenue Tangquan Section, Huicheng District, Huizhou City, Guangdong Province, the PRC	Commercial	31,720	100%	Medium
Shantou Nanbin Hotel Citic Resort Hotel, Haojiang District, Shantou City, Guangdong Province, the PRC	Commercial	24,850	100%	Medium

* Restated

(C) PROPERTY HELD AS INVENTORIES

(I) Properties Under Development

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Huizhou Tangquan 298 Huizhou Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	132,100	170,800	100%	Superstructure in progress	2014.05	1st half 2023
Huating West of Chengxi Avenue, Chaoyang District, Shantou, Guangdong Province, the PRC	Residential	12,400	30,300	51%	Superstructure in progress	2015.01	2nd half 2021
Glory Manor North of Pujiang Road, West of Long Chuan Nan Road, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	43,000	141,200	100%	Superstructure in progress	2017.05	1st half 2021
International Community No. 1 Tainshiling Road, Xingning District, Nanning, the PRC	Residential/ Commercial	56,900	204,000	100%	Superstructure in progress	2017.07	2nd half 2021
International Community South of Jinfeng Eighth Street, East of Zhengyuan South Street, Jinfeng District, Yinchuan City Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	70,800	216,000	85%	Superstructure in progress	2017.09	1st half 2021
Coli City Feidong County, Hefei, the PRC	Residential	16,400	45,600	100%	Superstructure in progress	2017.09	1st half 2021
The Paragon East of Daizhuang Road, Chengnan New District, Yancheng City, Jiangsu Province, the PRC	Residential/ Commercial	500	1,500	100%	Superstructure in progress	2018.01	2nd half 2022
City Plaza Huicheng District, Huizhou City Guangdong Province, the PRC	Commercial	36,800	228,300	100%	Superstructure in progress	2018.01	1st half 2023

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
The Cullinan Zhanggong District, Ganzhou, the PRC	Residential/ Commercial	18,600	45,800	100%	Superstructure in progress	2018.02	1st half 2021
Times Metropolis South of Guanchao Road, East of Taiping Road, Nantong City, Jiangsu Province, the PRC	Residential/ Commercial	100	300	30%	Superstructure in progress	2018.03	2nd half 2021
Glorioushire Junction of Menyuan Road and Menhaihu Avenue, Chengbai District, Xining, Qinghai Province, the PRC	Residential	98,900	351,800	100%	Superstructure in progress	2018.04	2nd half 2021
The Riverside Jingkai District, Ganzhou, the PRC	Residential/ Commercial	47,900	133,000	100%	Superstructure in progress	2018.06	1st half 2021
Glorioushire West of Jingjiu Road, North of Qingsha Road, Baotou, Inner Mongolia Antonomous Region, the PRC	Residential/ Commercial	166,100	453,300	60%	Superstructure in progress	2018.07	2nd half 2021
Royal Mansion East of East Xinqu Road, North of Letian Road, Gaoxin District, Weinan City, Shaanxi Province, the PRC	Residential/ Commercial	42,600	131,400	100%	Superstructure in progress	2018.07	1st half 2021
Royal Villa West of Shancha Road, South of Dendian Road, Shushan District, Hefei, the PRC	Residential	63,300	110,900	100%	Superstructure in progress	2018.09	1st half 2021

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Patrimonial Mansion East of Sanhuan West Road, Gulou District, Xuzhou, the PRC	Residential	5,500	11,900	34%	Superstructure in progress	2018.09	1st half 2021
Treasure Mansion East of Sanhuan West Road, Gulou District, Xuzhou, the PRC	Residential	100,000	218,400	34%	Superstructure in progress	2018.09	1st half 2021
Platinum Mansion North of Shiwu Road, East of Shi Road, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	43,800	104,700	85%	Superstructure in progress	2018.10	1st half 2021
Glory Mansion East of Kangju Road, Chengnan New District, Yancheng, Jiangsu Province, the PRC	Residential	102,900	289,800	100%	Superstructure in progress	2018.10	2nd half 2021
ColiCity West of Dianhua Road, Jining, Shandong Province, the PRC	Residential/ Commercial	194,400	416,100	100%	Superstructure in progress	2018.12	2nd half of 2022
Cullinan No. 38, Jinglan Road, Yufeng District, Liuzhou, Guangxi Province, the PRC	Residential/ Commercial	56,800	161,600	70%	Superstructure in progress	2018.12	2nd half 2022
China Overseas Platinum Pleased Mansion No. 8 Mingle Road, Qilihe District, Lanzhou, the PRC	Residential/ Commercial	72,700	324,800	100%	Superstructure in progress	2019.01	2nd half of 2021

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Riverview Mansion Wentou Ning, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	27,100	124,600	100%	Superstructure in progress	2019.01	1st half of 2021
OverLooking River Mansion Leju Road, Changyi District, Jilin City, Jilin Province, the PRC	Residential/ Commercial	121,000	347,600	100%	Superstructure in progress	2019.04	2nd half of 2021
Jardin De Rive Gauche Jingkai District, Ganzhou, the PRC	Residential/ Commercial	71,000	217,300	100%	Superstructure in progress	2019.04	2nd half of 2021
Upper East North of Beicheng Road, West of Wudong Road, Yangzhou, Jiangsu Province, the PRC	Residential	101,600	229,300	100%	Superstructure in progress	2019.04	2nd half of 2021
Upper East North of Yuanxing Road, East of Xinkai North Road, Nantong City, Jiangsu Province, the PRC	Residential	56,900	186,300	100%	Superstructure in progress	2019.04	1st half of 2021
Gorgeous Mansion North of Kaifa Road, West of Hongda Road, Yangzhou, Jiangsu Province, the PRC	Residential	72,800	193,400	100%	Superstructure in progress	2019.04	2nd half of 2021
Lakeville Feixi County, Hefei, the PRC	Residential	83,000	209,700	100%	Superstructure in progress	2019.05	1st half of 2021
Tai Ping Guan Zhi Taiping Lake Town, Huangshan District, Anhui Province, the PRC	Residential/ Commercial	415,300	249,500	55%	Superstructure in progress	2019.05	1st half of 2026

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Mansion Yue East of Mancheng Street, North of Helan Mountain Road, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential	86,200	147,000	100%	Superstructure in progress	2019.05	1st half 2021
Glorious Qiantou Village, Chidian Town, Quanzhou City, Fujian Province, the PRC	Residential/ Commercial	90,400	295,800	100%	Superstructure in progress	2019.06	1st half of 2021
Patrimonial Mansion Jiuhua Road, Guilin, Guangxi, the PRC	Residential/ Commercial	30,700	70,600	100%	Superstructure in progress	2019.06	1st half of 2021
The Premier Mansion South of Erhuan Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	80,400	260,600	100%	Superstructure in progress	2019.08	1st half of 2022
Hai Hua Garden West of West Heng Tang River Road, South of West Dong Fang Road, Changzhou City, the PRC	Residential/ Commercial	99,900	296,600	100%	Superstructure in progress	2019.08	2nd half of 2021
Glorious Qiantou Village, Chidian Town, Quanzhou City, Fujian Province, the PRC	Residential/ Commercial	19,800	60,400	100%	Superstructure in progress	2019.08	1st half of 2021
Golden Coast Hepu Longhutan, Haojiang District, Shantou, Guangdong Province, the PRC	Residential	784,100	1,817,600	100%	Superstructure in progress	2019.08	1st half of 2028

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
PT Hyatt South of Shahe West Street, Baotou, Inner Mongolia Antonomous Region, the PRC	Residential/ Commercial	53,700	125,000	100%	Superstructure in progress	2019.09	2nd half of 2021
Celestial Heights North of Shangzhou Road, East of Xianhu Avenue, Qingxiu District, Nanning, the PRC	Residential	212,500	283,100	60%	Superstructure in progress	2019.09	2nd half of 2023
Da Guan Tian Xia No. 5716, Dongfang Road, Gaoxin District, Weifang, Shandong Province, the PRC	Residential/ Commercial	269,500	1,092,600	100%	Superstructure in progress	2019.09	1st half of 2023
Hohhot Glorioushire West of Tianjiao Road, South of Fengzhou Bei Road, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	69,500	166,600	100%	Superstructure in progress	2019.10	1st half of 2023
Glorioushire North of Wenhu Road, Fengman District, Jilin City, Jilin Province, the PRC	Residential/ Commercial	167,500	521,700	100%	Superstructure in progress	2019.10	2nd half of 2023
Harrow Community East of Lunggang Avenue, South of Sanhe Road, Yining District, Nanning, the PRC	Residential/ Commercial	166,700	464,600	41%	Superstructure in progress	2019.10	2nd half of 2022
Clouds Fairyland East of West Heng Tang River Road, South of West Dong Fang Road, Changzhou City, the PRC	Residential/ Commercial	95,500	284,000	100%	Superstructure in progress	2019.10	1st half of 2023

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Coli city East county West of Shier Street, North of Shiwu Street, JinFeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	69,000	185,100	85%	Superstructure in progress	2019.11	2nd half of 2021
Glorioushire West of Shiyi Street, South of Shiwu Street, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	193,200	492,100	85%	Superstructure in progress	2019.11	2nd half of 2022
China Overseas Platinum Garden 66 Mingle Road, Qilihe District, Lanzhou, the PRC	Residential/ Commercial	107,300	482,800	60%	Superstructure in progress	2019.11	1st half of 2025
Jade Park East of Xiluan Road, North of Guanchang Road, Nantong City, Jiangsu Province, the PRC	Residential	142,500	413,600	60%	Superstructure in progress	2019.11	2nd half of 2021
Central Mansion Yuecheng District, Shaoxing City, Zhejiang Province, the PRC	Residential	40,400	106,600	100%	Superstructure in progress	2019.11	2nd half of 2021
One Lake Vision Feilai Road, Qingxin District, Qingyuan City, Guangdong Province, the PRC	Residential/ Commercial	54,600	180,000	100%	Superstructure in progress	2019.11	2nd half of 2022
Central Mansion South of Chengdu Road, West of Guizhou Road, Binhu District, Hefei City, the PRC	Residential/ Commercial	150,500	418,500	60%	Superstructure in progress	2019.12	1st half of 2023

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
The Platinum Pleased Mansion South of NanShan Ting Yuan, Xuzhou City, the PRC	Residential	46,000	137,200	100%	Superstructure in progress	2019.12	2nd half of 2021
River View Mansion Qiantou Village, Chidian Town, Quanzhou City, Fujian Province, the PRC	Residential/ Commercial	53,200	164,300	100%	Superstructure in progress	2019.12	2nd half of 2021
Phoenix Community (previously named "Fangzi District Project") No. 39 Fenghuang Street, Fangzi District, Weifang, Shandong Province, the PRC	Residential	31,200	64,200	100%	Superstructure in progress	2020.01	2nd half of 2021
Riverview Mansion No. 7 Anchang Road, Maan Town, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	123,300	498,100	60%	Superstructure in progress	2020.01	2nd half of 2022
Zhonghai He Shan Ya Song (previously named "Xincheng District Project #2") South of 40M Kuihua Street, West of Fengzhou Bei Street, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	28,500	73,000	100%	Superstructure in progress	2020.03	1st half of 2022
Royal Villa 66 Xiangshan Road, Fengman District, Jilin City, Jilin Province, the PRC	Residential/ Commercial	41,000	118,400	100%	Superstructure in progress	2020.04	2nd half of 2021
Platinum Mansion (previously named "Haojiang District Project") 02-03-05 Zhongxin Binhaixincheng Nanbinpian District, Haojiang District, Shantou City, Guangdong Province, the PRC	Residential/ Commercial	80,000	347,700	100%	Superstructure in progress	2020.04	2nd half of 2022

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Zhonghai He Shan Yuan Zhu (previously named "Xincheng District Project #1") North of 18M Kuihua Street, East of 24M Kuinua Street, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	44,800	108,300	100%	Superstructure in progress	2020.04	1st half of 2022
La Rive Gauche (previously named "Guangling District Project #1 and #2") Guangling District, Yangzhou City, Jiangsu Province, the PRC	Residential/ Commercial	161,900	380,500	100%	Superstructure in progress	2020.05	2nd half of 2022
Coli Phoenix Community Rencheng District, Jining City, Shandong Province, the PRC	Residential/ Commercial	39,500	112,200	100%	Superstructure in progress	2020.05	1st half of 2022
Central Mansion No 309, Nantong Road, Hailing District Taizhou City, Jiangxi Province, the PRC	Residential/ Commercial	99,000	225,900	85%	Superstructure in progress	2020.06	2nd half of 2022
La Cite (previously named "Chengguan District Project") Jingyuan Road, Chengguan District, Lanzhou City, the PRC	Residential/ Commercial	72,100	244,700	100%	Superstructure in progress	2020.06	2nd half of 2022
The Central Mansion No. 28 Xiwang Road, Gaoxin District, Yancheng City, Jiangsu Province, the PRC	Residential	50,200	171,500	100%	Superstructure in progress	2020.06	1st half of 2023
Central Mansion North of Sanli Street, East of Xunyang Road East, Xunyang District, Jiujiang City, Jiangxi Province, the PRC	Residential/ Commercial	57,800	110,700	100%	Superstructure in progress	2020.07	2nd half of 2021

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Glory Lake The Pu Yue West of Yingbin Road Central, East of Zhengyang Road, Wenchang Lake District, Zibo City, Shandong Province, the PRC	Residential	77,400	161,200	100%	Superstructure in progress	2020.07	2nd half of 2022
Upper East East of Susong Road, North of Fanhua Avenue, Jingkai District, Hefei, the PRC	Residential	106,100	293,600	60%	Superstructure in progress	2020.08	1st half of 2023
The Central Mansion (Previously named "Quanshan District Project #2 and #3") West of Xinweihai Road, Quanshan District, Xuzhou City, the PRC	Residential	55,700	188,000	100%	Superstructure in progress	2020.08	2nd half of 2022
Epochal Mansion South of Zhongnan Jun Yue Fu, West of Huanan Road, Huananxin District, Danyang City, Jiangsu Province, the PRC	Residential/ Commercial	48,800	128,600	100%	Superstructure in progress	2020.09	2nd half of 2022
Wang Jing Mansion East of Minzu Road West, South of Wenhua Road, Kundulun District, Baotou, Inner Mongolia Antonomous Region, the PRC	Residential/ Commercial	79,400	229,900	100%	Superstructure in progress	2020.09	2nd half of 2023
The Platinum Mansion Jianxi Road West, Qilihe District, Lanzhou City, the PRC	Residential/ Commercial	13,100	84,800	100%	Superstructure in progress	2020.09	2nd half of 2022

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Central Mansion East of Dongmenkou Road, Xunyang District, Jiujiang City, Jiangxi Province, the PRC	Residential	9,800	12,200	100%	Superstructure in progress	2020.10	1st half of 2022
The Rivera Xincheng Xinxipian District, East Coast, Longhu District, Shantou City, Guangdong Province, the PRC	Residential	66,200	286,500	100%	Superstructure in progress	2020.10	1st half of 2022
The Central Mansion South of Jiefang Road West, East of Shuanglong Road North, Wucheng District, Jinhua City, Zhejiang Province, the PRC	Residential/ Commercial	76,200	213,700	100%	Superstructure in progress	2020.10	1st half of 2023
The Royal Peninsula South of Guihua Road, West of Lingshui Street, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	120,400	335,200	100%	Superstructure in progress	2020.10	1st half of 2023
Mountain and Lake 74 Ningzhang Road, Chengbei District, Xining City, Qinghai Province, the PRC	Residential/ Commercial	85,600	268,400	100%	Superstructure in progress	2020.10	1st half of 2023

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Zhonghai He Shan Sheng Jing (previously named "Xincheng District Project #4") South of Hong Shan Street, West of 24M Kuihua Street, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	45,200	128,900	100%	Superstructure in progress	2020.10	2nd half of 2022
Glorious Palace Tangcun Huangbeikeng Road, Xiaojinkou Street Office, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	77,700	310,000	60%	Superstructure in progress	2020.11	1st half of 2023
Maple Palace Junction of Zhengtong Road and Xueyuan Road, Lunan District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	157,500	287,700	100%	Superstructure in progress	2020.11	2nd half of 2023
The Halo Xinzhan District, Hefei City, the PRC	Residential	61,200	128,300	100%	Superstructure in progress	2020.12	2nd half of 2022
Chengguan District Project Jingyuan Road, Chengguan District, Lanzhou City, the PRC	Residential/ Commercial	82,000	371,900	100%	Superstructure in progress	2020.12	1st half of 2024

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(II) Land held for Future Development

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Lushan Xihai Jinkou Tourist Town, Jiujiang City, Jiangxi Province, the PRC	Residential/ Commercial	2,086,500	1,887,900	100%	Land under development
Glorioushire North of Wenhu Road, Fengman District, Jilin City, Jilin Province, the PRC	Residential/ Commercial	27,900	110,300	100%	Land under development
La Cité Fengman District Jilin City, Jilin Province, the PRC	Residential/ Commercial	216,000	613,500	100%	Land under development
Fengman District Project #1-2 Fengman District Jilin City, Jilin Province, the PRC	Residential/ Commercial	52,600	132,300	51%	Land under development
One City South East of Xingnong Road, North of Chengnan Avenue, Ganxian District, Ganzhou, the PRC	Residential/ Commercial	49,400	131,800	100%	Land under development
Danyang City Huanan Gaoxin District Project #2 West of Huanan Road, South of Zhenxing Road, Huanan Xin District, Danyang City, Jiangsu Province, the PRC	Residential/ Commercial	70,000	181,400	100%	Land under development
Jintan District Project Jingui Road, Jintan District, Changzhou City, the PRC	Residential/ Commercial	115,200	343,500	100%	Land under development

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(II) Land held for Future Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Zhongkai District Project Raolibei Road, Tongqiao Town, Zhongkai District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	45,000	185,300	100%	Land under development
Luozhuang District Project Luozhuang District, Linyi City, Shandong Province, the PRC	Residential/ Commercial	58,000	189,200	100%	Land under development
The Pogoda Lubei District, Tangshan City, Hebei Province, the PRC	Residential/ Commercial	61,000	191,000	100%	Land under development
The Rivera North City Longhu District, Shantou City, Guangdong Province, the PRC	Residential/ Commercial	105,400	569,000	100%	Land under development
The Riviera South of Baisha River, East of Fengshan Road, Fangzi District, Weifang, Shandong Province, the PRC	Residential/ Commercial	50,700	130,600	100%	Land under development
Royal Villa West of Weixiannan Road, North of FengHuang Street, Fangzi District, Weifang, Shandong Province, the PRC	Residential	91,700	255,700	100%	Land under development
Baohe District Project Qinzhou District, Tianshui City, Gansu Province, the PRC	Residential/ Commercial	62,800	226,600	100%	Land under development
Baohe District Project Baohe District, Hefei City, the PRC	Residential/ Commercial	48,000	154,800	100%	Land under development

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(II) Land held for Future Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Zhonghai Shi Li Qing Chuan South of Erhuannan Road, West of Hada Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	39,000	121,700	100%	Land under development
Zhonghai He Shan Guan Lan North of Erjing Road, East of Xinyuan Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	75,000	187,400	100%	Land under development
River View Mansion South of 40M kuihua Road, East of Hadaxin Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	47,700	120,300	100%	Land under development
Zhonghai Zhen Ru Fu North of Erduosi Road East, West of Manzhouli Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	56,200	135,500	100%	Land under development
COGO City West of Shi Street, South of Liu Pan Shan Street, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	65,600	185,800	85%	Land under development

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(II) Land held for Future Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
COGO City West of Jinfeng Shier Street, North of Jinfeng Shiliu Street, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	99,000	274,000	85%	Land under development
COGO City East of Jinfeng Shiyi Street, North of Jinfeng Shiliu Street, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	15,600	15,700	85%	Land under development
International Community Tianyuan District, Zhuzhou City, Hunan Province, the PRC	Residential/ Commercial	346,100	1,187,200	70%	Land under development
Gorgeous Mansion East of Kaichuang Road, North of Yandu Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential	102,800	354,900	100%	Land under development
Platinum Garden East of Longxiang Road, South of Ludong Road, No. 1 Anci District, Langfang, Hebei Province, the PRC	Residential/ Commercial	74,700	206,200	100%	Land under development
The New Metropolis South of Shenyang Road, West of Ningan Road North, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	23,500	65,800	100%	Land under development

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(II) Land held for Future Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Patrimonial Mansion South of Tuanjie Road, East of Sihao Road, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	94,400	211,600	100%	Land under development
The Central Mansion Renmin Road, Huichuan District, Zunyi City, Guizhou, the PRC	Residential/ Commercial	40,200	117,200	80%	Land under development
New city of China Xinpuxin District, Zunyi City, Guizhou, the PRC	Residential/ Commercial	114,000	336,700	70%	Land under development
Zhonghai Xue Fu Li Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou City, Hunan Province, the PRC	Residential	74,800	298,500	70%	Land under development

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) Completed Properties held for Sale/Occupation

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
The Phoenix West of Fenghuang Road, North of Zhongwu Avenue, Tianning District, Changzhou City, the PRC	Residential/ Commercial	15,000	100%
Royal Villa South of Dengdian Road, West of Shancha Road, Shushan District, Hefei City, the PRC	Residential	13,700	100%
Coli City 600M South of Junction of Dazhong Road and Xin An Jiang Road, Hefei, the PRC	Residential	21,900	100%
The Cullinan No.38 Jinglan Road, Yufeng District, Liuzhou City Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	24,700	70%
The Azure East of Xingan South Road, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	11,800	100%
Left Bank West of Fu Bilie Road, North of Yinhe North Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Commercial	20,400	100%
Harbour City Xuri Yi Road, Huicheng District, Huizhou City, Guangdong Province, the PRC	Residential/ Commercial	29,400	100%
Huizhou Tangquan 298 Huizhou Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential	18,600	100%

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) Completed Properties held for Sale/Occupation (Continued)

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
International Community – Around the World Huizhan Street, Fengman District, Jilin City, Jilin Province, the PRC	Commercial	26,800	100%
International Community Yishan East Road, Fengman District, Jilin City, Jilin Province, the PRC	Residential/ Commercial	10,900	85%
Lushan Xihai Jinkou Tourist Town, Jiujiang City, Jiangxi Province, the PRC	Residential	67,600	100%
International Community South of Jinqiao Road, Xingning District, Nanning City, the PRC	Residential/ Commercial	59,900	100%
La Cite Haojiang District, Shantou City, Guangdong Province, the PRC	Residential/ Commercial	148,400	100%
Da Guan Tian Xia East of Dongfang Road, West of Jinma Road, Gaoxin District, Weifang, Shandong Province, the PRC	Residential/ Commercial	19,000	100%
The Paragon East of Daizhuang Road, Chengnan New District, Yancheng City, Jiangsu Province, the PRC	Residential/ Commercial	15,400	100%
Nolbe Manor **(previously named as "Yangzhou Jinyuan")** No. 88, Hanjiang North Road, Yangzhou City, Jiangsu Province, the PRC	Residential/ Commercial	15,900	100%

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) Completed Properties held for Sale/Occupation (Continued)

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
International Community North of Liu Pan Mountain Road, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	25,700	85%
COGO City East of Jinfeng Shiyi Street, South of Liu Pan Mountain Road, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	26,400	85%
Lakeside Style Town Wenchang Lake Tourist Town, Zibo City, Shandong Province, the PRC	Residential	80,000	100%
The Crown East of Dongyue Road, Huayang District, Weinan City, Shaanxi Province, the PRC	Residential/ Commercial	151,600	100%

(D) PROPERTY HELD UNDER JOINT VENTURE

(I) PROPERTY HELD FOR INVESTMENT

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
China Overseas Jinhe Information Technology Park No. 10, Lane 198, Zhangheng Road, Shanghai Zhangjiang Hi-tech Park, Pudong District, Shanghai City, the PRC	Office	16,381	65%	Medium

(II) Completed Properties held for Sale/Occupation

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
The Arch Xincheng Xinjinpian District, East Coast, Shantou City, Guangdong Province, the PRC	Residential	17,500	51%

(III) Land held for Future Development

Name/Location	Category	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Guangling District Project North of Zhoushanhe Road, East of Hailingnan Road, Gaoxin District, Taizhou City, Jiangsu Province, the PRC	Residential/ Commercial	307,800	689,200	25%	Land under development
Xiashan District Project South of Huguang Fast Track, Xiashan District, Zhanjiang City, Guangdong Province, the PRC	Residential/ Commercial	66,400	271,000	50%	Land under development

(E) PROPERTY HELD UNDER ASSOCIATES

(I) Properties Under Development

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Haifu Garden No. 19 Xiwang Road, Gaoxin District, Yancheng City, Jiangsu Province, the PRC	Residential	33,700	125,300	35%	Superstructure in progress	2020.09	1st half of 2023

Glossary

2021 Guaranteed Notes	the US$512,000,000 2.45 per cent. guaranteed notes due 2026 issued by the Group and guaranteed by the Company
Board	the board of Directors
CG Code	Corporate Governance Code in Appendix 14 to the Listing Rules
COHL	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of COLI
COLI	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688), being a controlling shareholder of the Company
COLI Group	COLI and its subsidiaries from time to time
Companies Ordinance	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
Company	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 81)
Company Secretary	the company secretary of the Company
COPH	China Overseas Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 2669), being a subsidiary of COHL
COPH Group	COPH and its subsidiaries from time to time
CSC	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311), being a subsidiary of COHL
CSC Group	CSC and its subsidiaries (excluding listed subsidiary(ies)) from time to time
CSCD	China State Construction Development Holdings Limited (formerly known as Far East Global Group Limited), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 830), being a subsidiary of CSC
CSCD Group	CSCD and its subsidiaries from time to time
CSCEC	中國建築集團有限公司(China State Construction Engineering Corporation), a state-owned corporation organized and existing under the laws of the PRC, which is the holding company of CSCECL

CSCECL	中國建築股份有限公司(China State Construction Engineering Corporation Limited), a joint stock company incorporated in the PRC which is an intermediate holding company of COLI
CSCECL Group	CSCECL and its subsidiaries (excluding COHL, COLI, CSC, CSCD, COPH and their respective subsidiaries) from time to time
Director(s)	the director(s) of the Company
GDP	gross domestic product
GFA	gross floor area
Group	the Company and its subsidiaries from time to time
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
PRC	the People's Republic of China
Share(s)	the ordinary share(s) of the Company
SFO	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
sq. m.	square meter
Stock Exchange	The Stock Exchange of Hong Kong Limited
%	per cent.

Note: This section is not applicable to the section "Independent Auditor's Report" and the consolidated financial statements of the Group set out on pages 82 to 210 of this annual report.

* English or Chinese translations are for identification only (as the case may be).

China Overseas Grand Oceans Group Ltd.

Suites 701-702, 7/F., Three Pacific Place, 1 Queen's Road East, Hong Kong
Tel: 2988 0600 Fax: 2988 0606

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