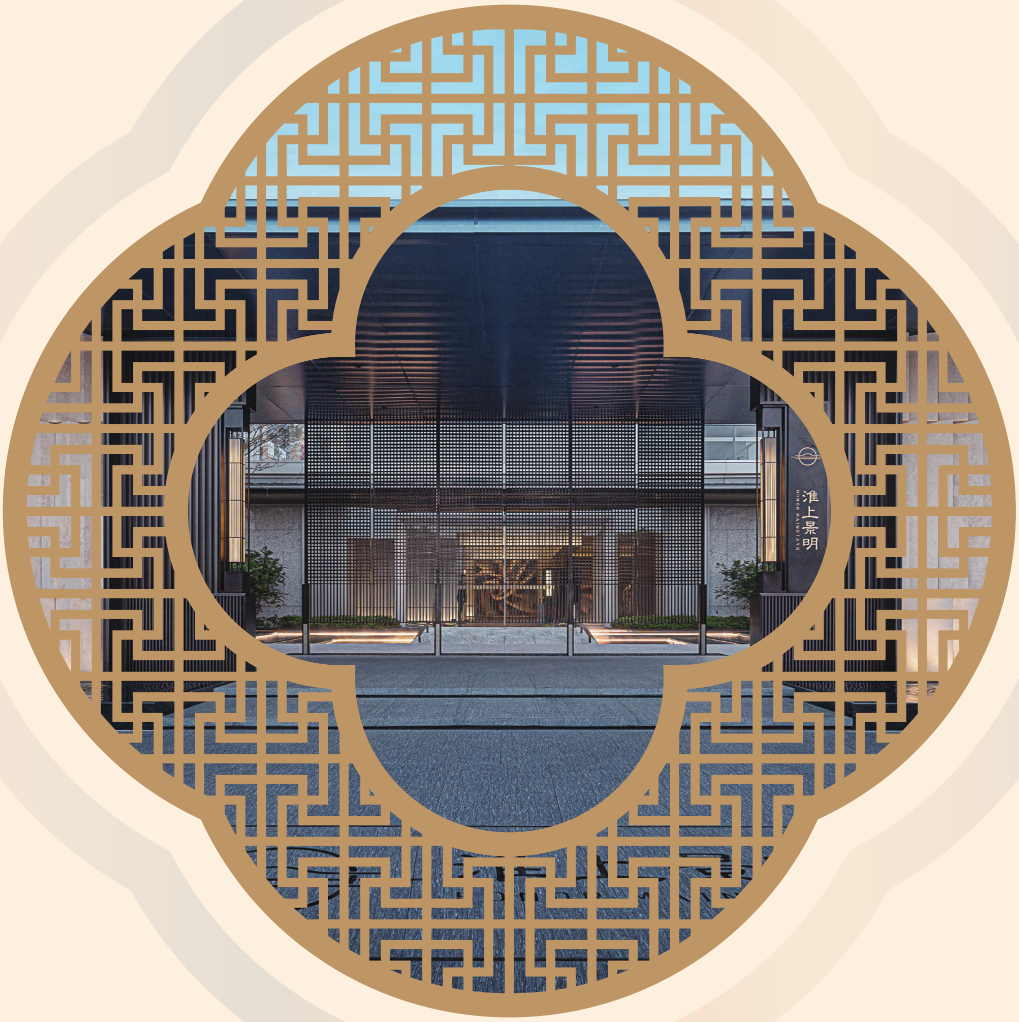
中國海外宏洋集團有限公司
CHINA OVERSEAS GRAND OCEANS GROUP LTD.

Stock Code: 00081



Together We Advance

Annual Report 2022

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淮上景明
HONOR MAINSTAYS


鬥茶味兮輕醍醐，
鬥茶香兮薄蘭芷。

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
17/F., Far East Finance Centre
16 Harcourt Road, Hong Kong

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

AUDITOR

BDO Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

(In Alphabetical Order)
Agriculture Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of China Limited
Bank of Communications Co., Ltd.
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
China Merchants Bank Co., Ltd.
Chong Hing Bank Limited
CMB Wing Lung Bank Limited
DBS Bank Ltd., Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Ltd.
Postal Savings Bank of China Co., Ltd.
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 2022)

Shares outstanding	3,559,374,732 shares

STOCK CODE

SHARES

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

INVESTOR RELATIONS

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

MEDIA ENQUIRY

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

FINANCIAL CALENDAR

2022 annual results announcement	27 March 2023
Book closure period for annual general meeting	21 June 2023 to 26 June 2023 (both days inclusive)
Annual general meeting	26 June 2023
Book closure period for final dividend	30 June 2023
Despatch date of final dividend warrants	On or around 18 July 2023

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

Guo Guanghui	
Yung Kwok Kee, Billy	*Vice Chairman*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Fan Chun Wah, Andrew^
Lo Yiu Ching, Dantes#

AUTHORISED REPRESENTATIVES

Zhuang Yong
Yang Lin

AUDIT COMMITTEE

Chung Shui Ming, Timpson*
Lam Kin Fung, Jeffrey
Fan Chun Wah, Andrew^
Lo Yiu Ching, Dantes#

REMUNERATION COMMITTEE

Lam Kin Fung, Jeffrey*
Yung Kwok Kee, Billy
Chung Shui Ming, Timpson
Fan Chun Wah, Andrew^
Lo Yiu Ching, Dantes#

NOMINATION COMMITTEE

Fan Chun Wah, Andrew*^
Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Zhuang Yong
Lo Yiu Ching, Dantes#

* *Committee Chairman*
^ *Appointed with effect from 27 March 2023*
# *Resigned with effect from 27 March 2023*

Financial Highlights

For the year ended 31 December	2022	2021	Change
Contracted property sales# *(RMB Million)*	**40,316.6**	71,204.4	-43.4%
Key Consolidated Profit and Loss Items *(RMB Million)*			
Revenue	**57,492.0**	53,830.5	6.8%
Gross profit	**8,276.2**	12,399.1	-33.3%
Gross margin[1]	**14.4%**	23.0%	-8.6%^
Profit attributable to owners of the Company	**3,150.4**	5,050.6	-37.6%
Net margin[2]	**5.5%**	9.4%	-3.9%^
As at 31 December	**2022**	2021	Change
Key Consolidated Statement of Financial Position Items *(RMB Million)*			
Inventories of properties	**131,891.4**	136,371.5	-3.3%
Contract liabilities	**61,157.7**	81,803.7	-25.2%
Cash reserves[3]	**29,330.9**	32,492.4	-9.7%
Total borrowings[4]	**47,598.5**	45,222.0	5.3%
Net debts[5]	**18,267.6**	12,729.6	43.5%
Total equity	**37,401.2**	35,756.3	4.6%
Equity attributable to owners of the Company	**29,942.2**	28,727.9	4.2%
Net gearing[6]	**48.8%**	35.6%	13.2%^
Net asset per share[7] *(RMB)*	**8.41**	8.39	0.2%
Land Bank *(Thousand sq.m.)*			
Development land reserves#	**24,532.6**	29,768.9	-17.6%
Financial Year	**2022**	2021	Change
Return to Shareholders			
Return on equity[8]	**10.7%**	19.1%	-8.4%^
Earnings per share *(RMB cents)*	**90.7**	147.5	-38.5%
Dividends per share *(HK cents)*	**21.0**	38.0	-44.7%

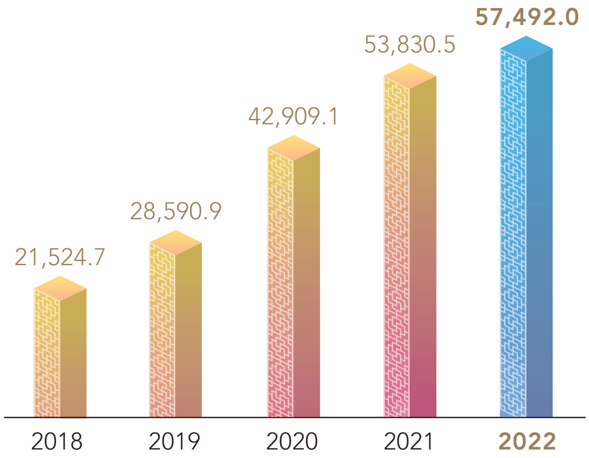
FORMULA OF FINANCIAL INFORMATION

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

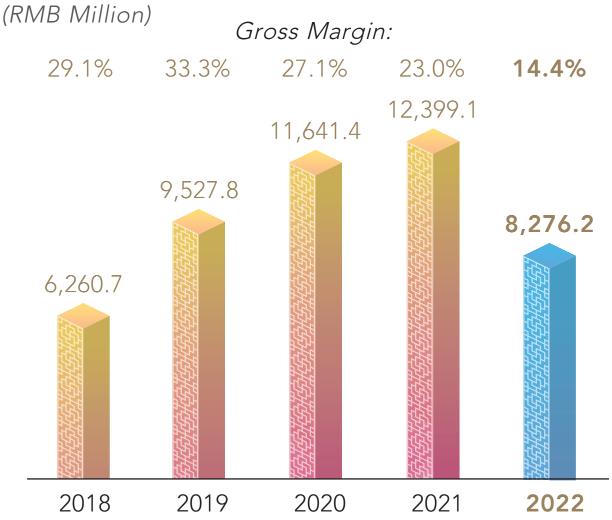
Included associates and joint ventures
^ Change in percentage points

Financial Highlights (continued)

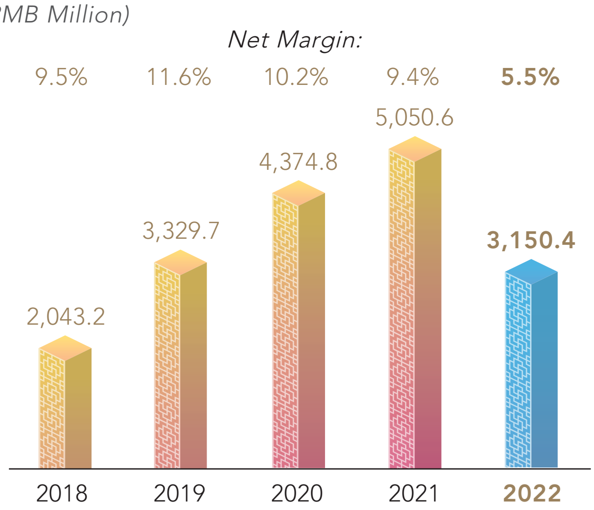
Revenue
(RMB Million)



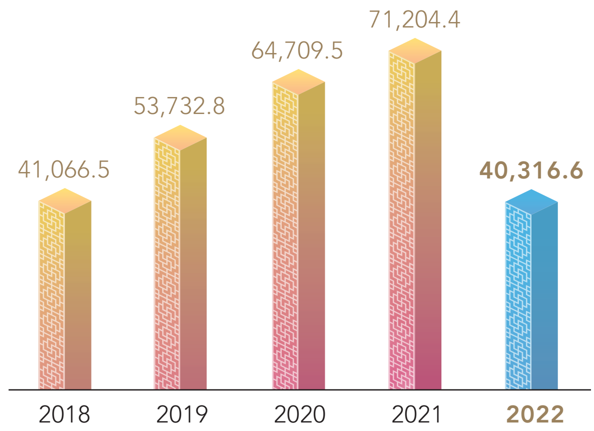
Gross Profit
(RMB Million)



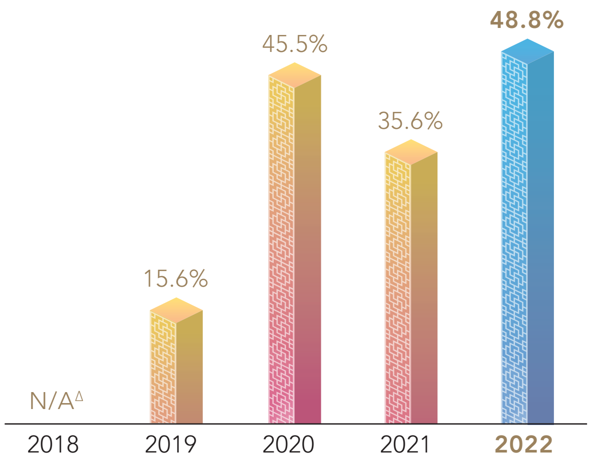
Profit Attributable to Owners of the Company
(RMB Million)



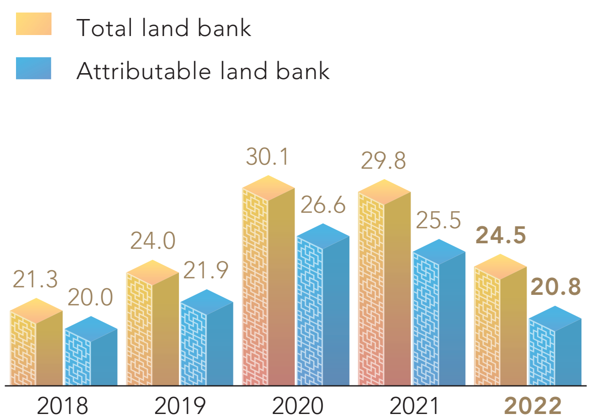
Contracted Property Sales#
(RMB Million)



Net Gearing (Net debts/total equity)



Land Bank#
(Million sq.m.)



Included associates and joint ventures
Δ Net cash

Chairman's Statement

INTRODUCTION

I am pleased to present the review of annual results for the year ended 31 December 2022 and the outlook in 2023 of the Company and its subsidiaries (collectively the "Group").

In 2022, the Group achieved a revenue of RMB57,492.0 million, representing a year-on-year increase of 6.8%. Profit attributable to owners of the Company amounted to RMB3,150.4 million, representing a year-on-year decrease of 37.6%. Basic earnings per share was RMB90.7 cents.

After a prudent review on the overall result performance and working capital requirements for the future operations of its business, the Board of the Company recommended the payment of a final dividend of HK15 cents per share (2021: HK30 cents per share) for the year ended 31 December 2022. Taking into account the interim dividend of HK6 cents per share (2021: HK8 cents per share) paid in October 2022, total dividends for the year will amount to HK21 cents per share (2021: HK38 cents per share). The dividend payout ratio for the year is 21.2%.

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting 2023.

Zhuang Yong
Chairman and Executive Director

MARKET REVIEW

The world in 2022 faced a series of complex challenges. High global inflation, sharp interest rate hikes by the US Federal Reserve, and the Russo-Ukrainian war kept global energy and food prices elevated, and were raising geopolitical and financial stability risks.

The outbreak of COVID-19 pandemic had brought upon unprecedented challenges to economic development of China. According to the National Bureau of Statistics, China's GDP had grown by 3% in 2022. Despite the slowdown, stabilization policies were striking a balance in managing economic risks and growth. The economic growth is stable and keeping its momentum.

During the year, China's real estate market had underwent a deep adjustment. According to the National Bureau of Statistics, China home sales fell 28.3% by value and 26.8% by area respectively in 2022. According to CRIC data, home sales fell 35% by value and 41% by area respectively in the "Top 100 Cities in China".

2022 was a year full of challenges for the real estate industry, and the market was in the process of bottoming out. Regulators have unveiled a raft of measures, including easing curbs on home purchases and sales, making home loans, making provident fund loans, lower down payment ratios, tax reductions, home purchase subsidies, etc. to shore up market sentiment and buoy the real estate sector.

Chairman's Statement (continued)

Despite the market downturn, the real estate industry is still a major contributor to the Chinese economy. Albeit with this backdrop, the market is on its recovering track and the fundamentals of the housing sector remain strong. In 2022, urbanization rate of China was at 65%, lower than those in developed countries, which were generally at about 80%. The unfinished urbanization process laid a solid foundation for the development of real estate market on the demand side. Besides, policymakers are continuing to roll out support measures, which also help the property market set for demand recovery.

BUSINESS REVIEW

It had been a turbulent year for the property market in 2022. Despite ups and downs of the market, the Group's solid financial results have demonstrated the resilience of its business. We adapted to the new market norm and navigated with agility, paving the way for future.

The Group reacted fast to market downturn and focused on promoting sales. In 2022, the Group together with its associates and joint ventures (collectively the "Group Series of Companies") achieved contracted property sales of RMB40,316.6 million, representing a year-on-year decrease of 43.4%. The contracted sales area was 3,725,200 sq.m., representing a year-on-year decrease of 34.5%. The

Quanzhou Elegance Mansion

Group realized average selling price of approximately RMB10,800 per sq.m.. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB797.0 million for an aggregated contracted area of 59,400 sq.m..

Despite facing headwinds in the market, the Group further increased its market share. Among the 40 cities the Group has deployed, the Group's contracted sales ranked in top three in 17 cities. Among them, in 9 cities we ranked first, namely, Yinchuan, Zunyi, Jilin, Anqing, Zhuzhou, Taizhou, Danyang, Yancheng and Tangshan, an increase of 6 cities compared to those of 2021.

Whilst the market remained soft during the year, the Group seized opportunities to replenish its high-quality land bank at reasonable prices to boost future project returns. In 2022, the Group Series of Companies acquired thirteen projects through mergers and acquisitions, as well as public auctions, adding attributable gross floor area of 1,937,300 sq.m., with attributable land cost amounting to RMB8,261.9 million.

As of 31 December 2022, the gross floor area of the total land bank of the Group Series of Companies was 24,532,600 million sq.m., of which 20,754,100 million sq.m. were attributable to the Group.

To ensure housing delivery as scheduled was the Group's top priority in 2022. All projects under construction were on schedule, with construction area of more than 16 million sq.m. Approximately 46,100 units of new homes had been delivered during the year, with no delayed occupancy. Customer satisfaction rating was 90%, leading among industry peers. Our proven track record to ensure timely and high quality delivery of new homes is highly recognized and makes us a top brand in the sector.

Our strong financial position has stood the Group in good stead. During the year, the Group strengthened its operating cash flow management to reduce operational risks. Cash and bank balances plus restricted cash and deposits totalled over RMB29 billion. None of the "three red lines" was breached and the weighted average financing cost remained at an industry low of 4.8%.

PROSPECTS

Looking forward to 2023, the Group is mindful of the ongoing volatility in the operating environment from complex global geopolitical issues and increasing stagflation risks. Slow domestic demand growth, supply chain disruption, and slowdown in expected economic growth put further pressures on the economic outlook. Nevertheless, the Chinese economy enjoys strong resilience, tremendous potential and great vitality. The fundamentals sustaining its long-term growth have remained strong. As China enters new phase of post-COVID-19 era, life is moving forward again, and economic activities are reviving. China's economy will see a robust improvement in 2023.

The real estate industry is a major contributor to the Chinese economy, and is a significant driver in upstream and downstream industries. A healthy real estate sector is pivotal to the overall economic growth.

Although the real estate industry is now undergoing an adjustment, many factors are flavouring the market. In 2022, local authorities across the country have unveiled a raft of policy measures to support the housing market. Mortgage interest rates were lowered; dubbed "three arrows", policy tools providing liquidities to real estate companies via three channels: namely credit, bonds, and equity have been introduced; down payment requirements on home purchase have been relaxed. These policy impacts will be felt and seen in 2023. Having been in a downturn for one and a half

Chairman's Statement (continued)

year, the market is gathering momentum and is more likely to bottom out. We expect the sales volume will rise again with unit price stable in 2023, especially in the second half of the year.

The Group believes that underlying long term fundamentals of the real estate market have not changed. China is still urbanizing. Urbanization rate of China is lower than those in developed countries, offering growth opportunities for the real estate sector. Housing demand will be gradually picking up in 2023, as consumer sentiment is improving with a good progress in housing delivery. Furthermore, easing measures at local level will help boost housing demands, arising from demographic and income conditions.

The real estate market is making adjustments, and we see this both a challenge and an opportunity. Taking into account the volatile market conditions, the Group will continue to closely monitor the land market; whilst abiding by fiscal discipline, the Group will seize opportunities when they arise. Utilising its diversified land acquisition channels, the Group has established a presence in premium cities in urban clusters and metropolitan areas such as Beijing-Tianjin-Hebei area, Yangtze River Delta and the Greater Bay Area. The Group also closely monitors the market for merger and acquisition opportunities with great development potential.

Comparing to past years, the Group had achieved relatively more delivered area in 2022. The Group sorts out and monitors projects that are ready for occupation within the next 12 months in advance by adopting an rolling and inspection mechanism, in order to ensure project delivery on schedule. Upholding the principle of "what you see is what you get", the Group creates quality products based on its "12345" quality product system to provide customers with the best experience. The three-year action plan of "Craftsmanship in COGO" is well implemented as planned, to enhance safety management, to promote the intelligent operation at construction sites, to establish an evaluation system for the whole construction cycle, and to ensure project quality and delivery on time. The Group's customer satisfaction rating remains at the top among industry peers. Our quality homes delivered will help the Group build its reputation and strengthen the influence of the "China Overseas Properties" brand in the cities where it operates.

The Group has been adopting a sound and prudent approach in financial management under the industry's adjustment and volatile financial market. The Group will continue to enhance its cash flow management, cost and risk control capabilities to reduce costs and improve efficiency. By closely monitoring the financial returns and cash collections of property projects, the Group ensures that the progress of development and investment is in line with its business plan. The Group regularly reviews its debt structure and financing costs to ensure that it has sufficient cash on hand to maintain a healthy financial position and does not breach the "three red lines" policy. Being a corporation that values financial efficiency, the Group will keep a close eye on the impacts from the external political and economic environments, inflation, interest rates, and exchange rates to the business.

Talents are vital to the success and sustainable development of an enterprise. The Group is committed to train and develop high-potential employees through its talent development programme, to build talented and productive workforce with leadership and expertise for the Group's future development. Meanwhile, the Group actively seeks talents in open market, offering competitive remunerations and benefits with development opportunities. The Group has established a strong foundation in human resources and talent management, with a focus on improving human resources policies and building a positive work culture. We strive to align employees' personal goals to the Group's long-term

Chairman's Statement (continued)

development, resulting in a transparent and positive working environment. By continuously improving the performance evaluation and compensation systems, as well as enhancing the office environment, the Group has developed and sustained high-performance and dedicated work teams.

Going into 2023, the real estate market, together with the economy, are showing signs of recovery after the COVID-19 pandemic. Leveraging on its solid development, the Group continues to be forward-thinking in preparation for further resurgence and sustainable growth of the market, while as the same time closely monitors the volatility of the market. The Group's solid financial position, together with our sustainable growth strategy, will enable us to navigate well through ups and downs and seize opportunities.

APPRECIATION

We are optimistic about the future and I would like to express my heartfelt gratitude to all directors, the management team and our employees for their efforts and dedication, as well as to our stakeholders, customers, partners and all sectors of the community for their continued trust and support to the Group. We will live up to the expectations and create greater value for all.

Zhuang Yong
Chairman and Executive Director

Yiwu Central Mansion

Management Discussion and Analysis

Xuzhou Upper East

BUSINESS REVIEW

REVENUE AND OPERATING RESULTS

In 2022, China's economic growth had slowed down, weighed down by the COVID-19 pandemic as well as the global economic slowdown. At the same time, the confidence of property buyers waned amid the financial turmoil of certain real estate companies, and buyers were adapting a conservative and wait-and-see attitude towards property purchases. Except for first-tier and certain popular cities in Mainland China, property sales in most cities had been declining. The real estate market was in the process of bottoming out.

BUSINESS REVIEW (CONTINUED)

REVENUE AND OPERATING RESULTS (CONTINUED)

In order to promote the stable and healthy development of the real estate market in Mainland China, local governments continue to introduce policies to support the development of the real estate industry. Throughout the year, many cities have successively lowered the mortgage interest rates and down payment ratios. In the fourth quarter of 2022, the pandemic prevention and control in Mainland China entered a new stage and economic activities began to pick up momentum. At the same time, the central government implemented the "Three Arrows" policies to assist real estate companies to open up refinancing channels and help the real estate market to pick up considerable momentum to bottom out.

The Group had reacted fast to market downturn and focused on promoting sales. The Group Series of Companies achieved contracted property sales of RMB40,316.6 million for the year (2021: RMB71,204.4 million), representing a decrease of 43.4% against last year, in which, an amount of RMB3,478.1 million (2021: RMB2,506.7 million) was contributed by associates and joint ventures. Contracted property sales attributable to the Group for the year amounted to RMB34,187.4 million (2021: RMB63,598.3 million). For the year ended 31 December 2022, the Group recorded revenue of RMB57,492.0 million (2021: RMB53,830.5 million), representing an increase of 6.8% against last year.

Gross profit for the year was RMB8,276.2 million (2021: RMB12,399.1 million), representing a decrease of 33.3% against last year, which was mainly due to the write-down of inventories of properties of RMB2,673.2 million recognized in cost of sales during the year. The overall gross profit margin for the year had also reduced from 19.0% (2021: 23.5%) (before such write-down of inventories of properties) to 14.4% (2021: 23.0%) (after such write-down of inventories of properties).

In terms of expenses, distribution and selling expenses for the year decreased by RMB2.7 million against last year to RMB1,632.2 million (2021: RMB1,634.9 million). The ratio of distribution and selling expenses to the Group's revenue dropped from 3.0% for last year to 2.8% for the year and the ratio of such expenses to the Group's contracted property sales increased a certain proportion when compared with last year. In addition, administrative expenses for the year decreased by RMB170.5 million against the last year to RMB925.9 million (2021: RMB1,096.4 million). The Group continued to maintain stringent cost control throughout the year. As a result, the ratio of the administrative expenses to revenue dropped from 2.0% in last year to 1.6% for the year.

Other operating expenses for the year increased by RMB69.9 million against last year to RMB91.1 million (2021: RMB21.2 million), which was mainly due to the recognition of an exchange loss of approximately RMB56.3 million arising from repatriation of capital of a project invested in RMB in previous years.

BUSINESS REVIEW (CONTINUED)

REVENUE AND OPERATING RESULTS (CONTINUED)

In respect of the investment properties, no fair value adjustment was recognized (2021: gain of RMB20.0 million) for the year. Besides, taking into consideration of market conditions and its business plans, the Group changed its original plan for certain residential and commercial properties in Hefei from inventories of properties held for sale to investment properties for leasing out to generate rental income during the year. No fair value adjustment on such reclassification was recognized (2021: gain of RMB80.7 million) for the year.

Due to a decrease in gross profit, operating profit for the year amounted to RMB6,265.6 million (2021: RMB10,210.7 million), representing a decrease of 38.6% against last year.

The total interest expense for the year increased by RMB299.3 million against last year to RMB2,143.8 million (2021: RMB1,844.5 million), which was mainly due to the increase in borrowing costs for Hong Kong Dollar ("HKD") loans during the year. Finance costs, after capitalization of RMB2,080.4 million (2021: RMB1,790.4 million) to the on-going property development projects, was RMB63.4 million (2021: RMB54.1 million) for the year.

Currently, the majority of the property projects held by the Group through associates and joint ventures are in the development stage and the progress is in line with the expectation. Share of profits of associates for the year amounted to RMB18.8 million (2021: RMB8.1 million), which was mainly driven by the recognition of profit from property sales of the property development project of an associate. The share of losses of joint ventures for the year amounted to RMB242.3 million (2021: RMB15.3 million), which was mainly attributable by the share of losses from write-down of inventories of properties of certain joint ventures with an aggregate amount of RMB196.5 million during the year.

In addition, the Group completed the acquisition of 45% equity interest of a project company located in Hefei from China State Construction International Holdings Limited, a connected person of the Group, at a cash consideration of RMB291.8 million in November 2022. No profit or loss impact had arisen from this acquisition. The above project is located in the core area of Hefei with great potential. The full ownership of the aforesaid profitable project company and its assets brought stable revenue for the Group.

Income tax expense comprised enterprise income tax and land appreciation tax ("LAT"). Income tax expense for the year decreased by RMB1,581.9 million against last year to RMB2,922.6 million (2021: RMB4,504.5 million), mainly due to the decrease in operating profit for the year and the adjustments upon the settlements of LAT for certain projects. The effective tax rate for the year was 48.9% (2021: 44.4%).

Overall, for the year ended 31 December 2022, profit attributable to owners of the Company decreased by 37.6% against last year to RMB3,150.4 million (2021: RMB5,050.6 million). Basic earnings per share were RMB90.7 cents (2021: RMB147.5 cents).

BUSINESS REVIEW (CONTINUED)

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. Whilst the market remained soft during the year, the Group seized opportunities to replenish its high-quality land bank at reasonable prices with prudent valuations to provide quality land resources for future development. For the year ended 31 December 2022, the Group Series of Companies acquired ten parcels of land at an aggregate consideration of RMB10,150.3 million with gross floor area of approximately 2,212,500 sq.m., of which approximately 1,787,200 sq.m. was attributable to the Group (including the interests in associates and joint ventures).

In addition, by further including the acquisitions of additional partial equity interests in respect of three development projects situated in Jinhua and Xuzhou by the Group in January 2022, the total acquired gross floor area attributable to the Group during the year amounted to approximately 1,937,300 sq.m. with a total attributable consideration of RMB8,261.9 million.

As at 31 December 2022, the gross floor area of total land bank of the Group Series of Companies in Mainland China reached 24,532,600 sq.m. (2021: 29,768,900 sq.m.), of which 2,022,800 sq.m. (2021: 2,319,700 sq.m.) was held by associates and joint ventures collectively. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) was 20,754,100 sq.m. (2021: 25,530,700 sq.m.). The Group Series of Companies held a land bank distributed in 39 cities as at 31 December 2022.

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

No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
1	Shantou	Longhu District Project (The Peninsula)	100%	286,800
2	Yinchuan	Jinfeng District Project #1 (Gorgeous Mansion)	100%	133,900
3	Nantong	Chongchuan District Project (Hills Scenery)	60%	200,300
4	Yinchuan	Jinfeng District Project #2 (Glory Mansion)	100%	190,100
5	Nanning	Liangqing District Project (Lake Palace)	100%	123,700
6	Nanning	Qingxiu District Project (One Sino Residences)	100%	79,600
7	Lanzhou	Qilihe District Project (The Platinum Pleased Mansion)	100%	181,900
8	Zibo	Economic Development Zone Project (Genius Garden)	100%	425,700
9	Ganzhou	Zhangjiang New District Project (The Paragon)	100%	67,600
10	Hefei	Economic Development Zone Project (Skyline)	34%	522,900
Total				**2,212,500**

Note: The above table does not include the acquisitions of partial equity interests in respect of the development projects of three plots of land situated in Jinhua and Xuzhou as disclosed in the announcement of the Company dated 28 January 2022.

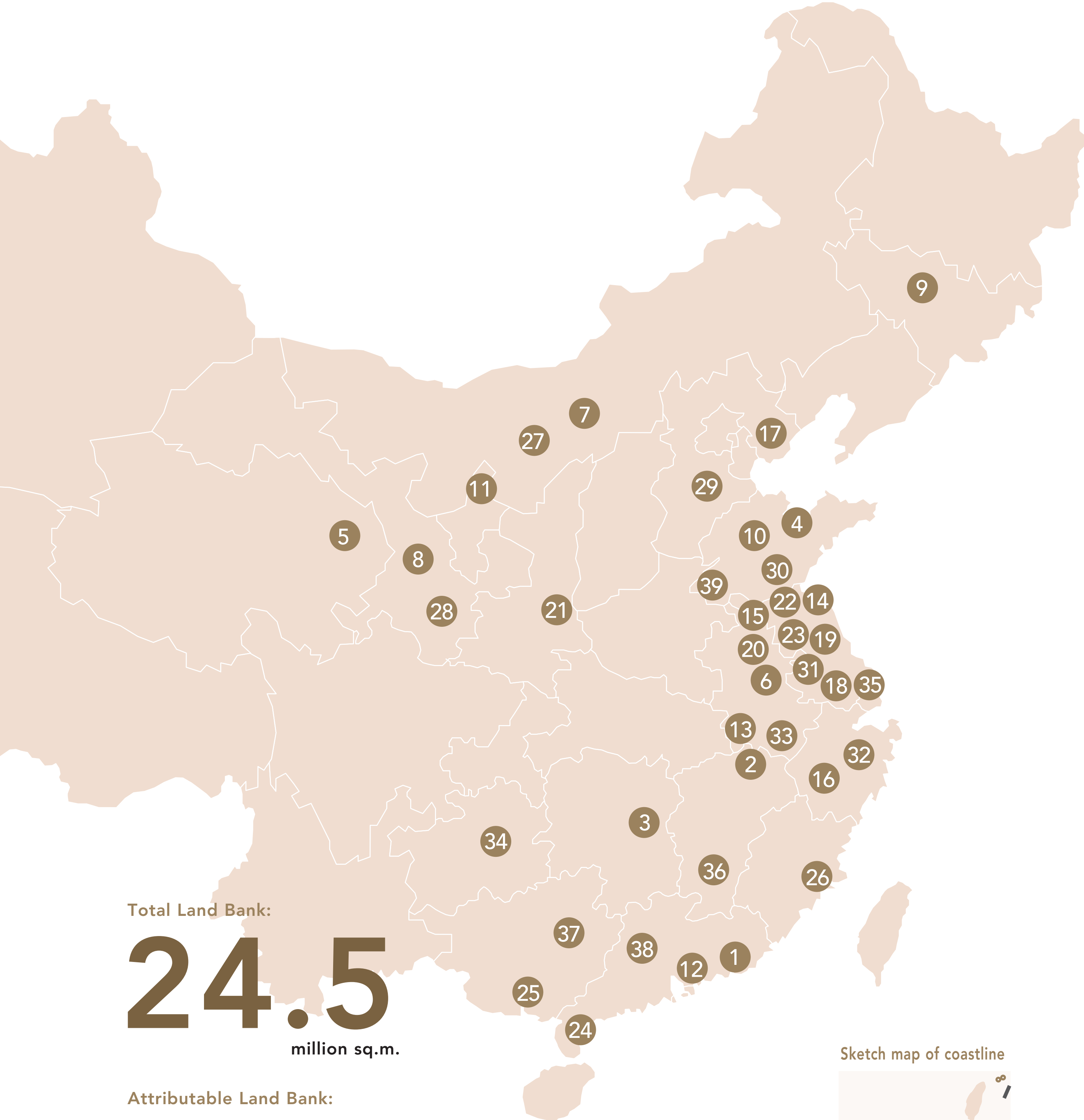
BUSINESS REVIEW (CONTINUED)

LAND BANK (CONTINUED)

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

No.	City	Total GFA ('000 sq.m.)	%	Attributable GFA ('000 sq.m.)	%
1	Shantou	**2,592.4**	**10.6%**	**2,592.4**	**12.5%**
2	Jiujiang	**1,788.3**	**7.3%**	**1,788.3**	**8.6%**
3	Zhuzhou	**1,491.4**	**6.1%**	**1,044.0**	**5.0%**
4	Weifang	**925.8**	**3.8%**	**925.8**	**4.5%**
5	Xining	**925.0**	**3.8%**	**925.0**	**4.5%**
6	Hefei	**1,427.2**	**5.8%**	**913.8**	**4.4%**
7	Hohhot	**859.3**	**3.5%**	**859.3**	**4.1%**
8	Lanzhou	**944.3**	**3.8%**	**821.8**	**4.0%**
9	Jilin	**856.9**	**3.5%**	**792.1**	**3.8%**
10	Zibo	**945.2**	**3.9%**	**764.1**	**3.7%**
11	Yinchuan	**761.9**	**3.1%**	**737.7**	**3.6%**
12	Huizhou	**862.0**	**3.5%**	**697.4**	**3.4%**
13	Anqing	**640.3**	**2.6%**	**640.3**	**3.1%**
14	Yancheng	**887.6**	**3.6%**	**613.0**	**2.9%**
15	Xuzhou	**704.3**	**2.9%**	**584.3**	**2.8%**
16	Jinhua	**776.1**	**3.2%**	**567.8**	**2.7%**
17	Tangshan	**516.2**	**2.1%**	**516.2**	**2.5%**
18	Changzhou	**572.5**	**2.3%**	**461.3**	**2.2%**
19	Taizhou	**1,019.8**	**4.2%**	**418.2**	**2.0%**
20	Chuzhou	**366.9**	**1.5%**	**366.9**	**1.8%**
21	Weinan	**350.4**	**1.4%**	**350.4**	**1.7%**
22	Huai'an	**569.2**	**2.3%**	**346.1**	**1.7%**
23	Yangzhou	**340.8**	**1.4%**	**340.0**	**1.6%**
24	Zhanjiang	**667.1**	**2.7%**	**333.5**	**1.6%**
25	Nanning	**452.6**	**1.8%**	**330.3**	**1.6%**
26	Quanzhou	**310.6**	**1.3%**	**310.6**	**1.5%**
27	Baotou	**229.9**	**0.9%**	**229.9**	**1.1%**
28	Tianshui	**225.6**	**0.9%**	**225.6**	**1.1%**
29	Langfang	**200.4**	**0.8%**	**200.4**	**1.0%**
30	Linyi	**195.3**	**0.8%**	**195.3**	**0.9%**
31	Zhenjiang	**181.4**	**0.7%**	**181.4**	**0.9%**
32	Shaoxing	**144.6**	**0.6%**	**144.6**	**0.7%**
33	Huangshan	**249.5**	**1.0%**	**137.2**	**0.7%**
34	Zunyi	**186.9**	**0.8%**	**134.0**	**0.6%**
35	Nantong	**200.3**	**0.8%**	**120.2**	**0.6%**
36	Ganzhou	**68.2**	**0.3%**	**68.2**	**0.3%**
37	Liuzhou	**65.5**	**0.3%**	**45.8**	**0.2%**
38	Qingyuan	**29.5**	**0.1%**	**29.5**	**0.1%**
39	Jining	**1.4**	**0.0%**	**1.4**	**0.0%**
Total		**24,532.6**	**100.0%**	**20,754.1**	**100.0%**

Management Discussion and Analysis (continued)



Total Land Bank:

24.5

million sq.m.

Attributable Land Bank:

20.8

million sq.m.

Sketch map of coastline

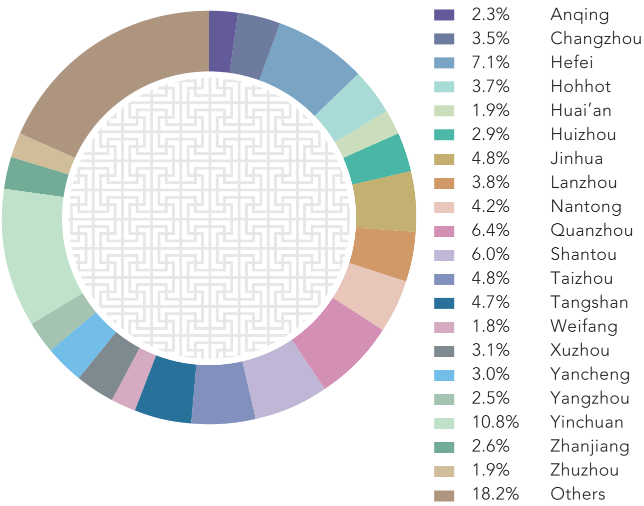
Management Discussion and Analysis (continued)

PROPORTION OF CONTRACTED PROPERTY SALES# BY CITIES

TOTAL PROPERTY SALES:

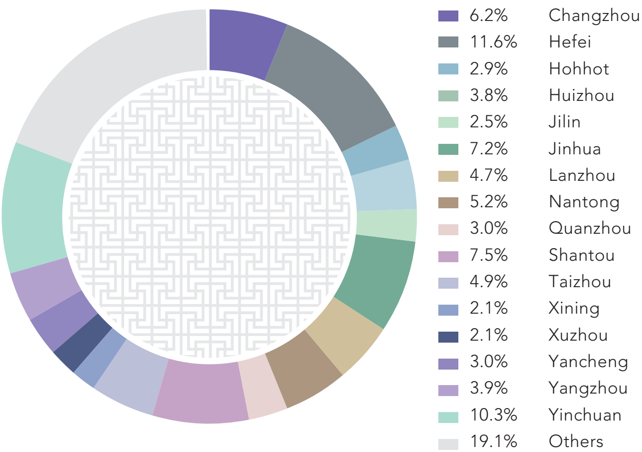
2022

RMB40.3 billion



2021

RMB71.2 billion

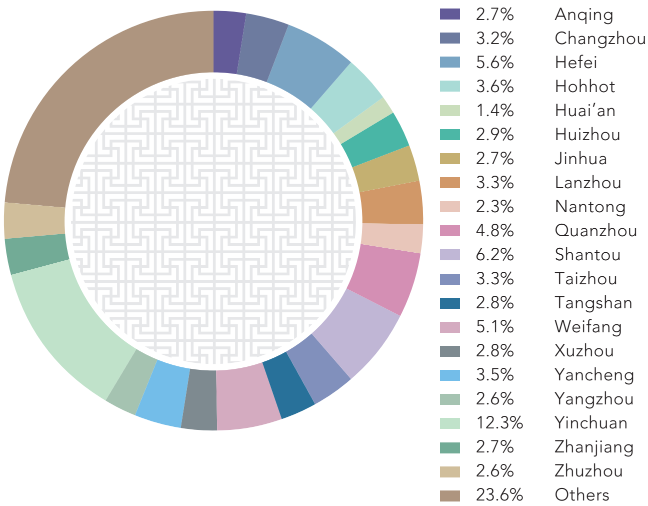


PROPORTION OF CONTRACTED AREA SOLD# BY CITIES

TOTAL CONTRACTED AREA SOLD:

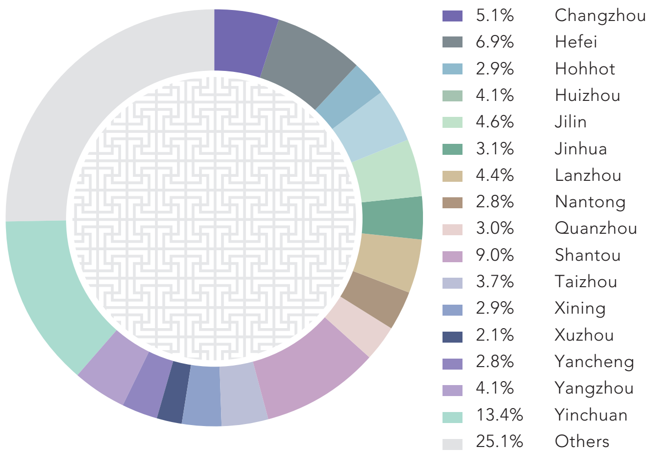
2022

3,725,200 sq.m.



2021

5,683,400 sq.m.



Included associates and joint ventures

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

The Group has been focusing on the developments in relatively large-scale second- and third-tier cities in Mainland China. With thorough understandings on home buyers from different demographic and household income groups, the Group caters to different needs of customers in different cities. Niche products such as renovated flats, as well as green and smart residential buildings, continue to meet the various needs of customers in different markets, whilst bring better returns to the Group at the same time. The Group is set on continuing to differentiate our brand from other developers' by creating fantastic places and continues to play a leading role in the market.

The contracted property sales of the Group Series of Companies for the year ended 31 December 2022 amounted to RMB40,316.6 million (2021: RMB71,204.4 million), for an aggregated contracted area of 3,725,200 sq.m. (2021: 5,683,400 sq.m.), (in which, RMB3,478.1 million <2021: RMB2,506.7 million> for an aggregated contracted area of 259,600 sq.m. <2021: 135,000 sq.m.> was contributed by associates and joint ventures) representing a decrease of 43.4% and 34.5% respectively against last year. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB797.0 million for an aggregated contracted area of 59,400 sq.m..

Contracted property sales from major projects during the year ended 31 December 2022:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Yinchuan	Patrimonial Mansion	74,058	1,024.1
	International Community	116,541	925.6
	Master Mansion	107,420	846.1
	The Royal Peninsula	61,241	538.1
	Gorgeous Mansion	41,367	514.6
	Glory Mansion	50,946	427.6
Hefei	Skyline	40,368	1,002.5
	Central Park	36,303	550.2
	Halo Park	27,013	474.3
	Vitality City	49,750	414.1
	Central Mansion	24,306	247.2
Quanzhou	Elegance Mansion	175,838	2,560.5
Jinhua	Central Mansion	20,173	812.4
	Central Park	39,916	566.0
	The Halo*	39,409	538.3

Management Discussion and Analysis (continued)

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Contracted property sales from major projects during the year ended 31 December 2022: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Tangshan	The Pogoda	51,922	952.4
	Maple Palace	52,541	928.4
Shantou	The Rivera North City	48,341	575.6
	The Peninsula	31,420	410.4
	Platinum Mansion	39,123	360.1
	La Cite	26,201	266.2
	Golden Coast	26,590	230.1
Taizhou	Jinmao Palace*	56,075	996.5
	Graceful Mansion	23,199	358.7
	Royal Mansion	25,273	352.5
Lanzhou	La Cite	73,998	956.0
	China Overseas Platinum Pleased Mansion	27,341	318.8
	China Overseas Platinum Garden	18,750	237.3
Nantong	Jade Park	75,085	1,487.7
Xuzhou	Upper East	49,588	625.7
	Lake City Mansion	31,952	398.3
	Future land	18,773	214.9
Changzhou	South Halcyon	69,067	769.0
	Jiang Nan Mansion	23,098	414.3
Hohhot	Zhonghai Zhen Ru Fu	42,612	540.1
	Zhonghai He Shan Guan Lan	29,911	306.1
	Zhonghai He Shan Sheng Jing	23,636	233.2
Zhanjiang	We Love City*	75,660	831.5
	Glorious City*	23,356	217.6
Yancheng	Gorgeous Mansion	54,926	769.9
	Mansion One	17,290	212.4

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Contracted property sales from major projects during the year ended 31 December 2022: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Anqing	The Metropolis	99,205	919.8
Yangzhou	The Paragon	25,922	516.6
	La Rive Gauche	37,116	329.5
Zhuzhou	Zhonghai Xue Fu Li	73,660	534.1
	International Community	23,289	217.6
Huai'an	Honor Mainstays	51,441	727.6
Weinan	The Crown	84,323	385.2
	Master Mansion	34,690	216.1
Zhenjiang	Epochal Mansion	33,924	376.3
	Zhenru Mansion	14,929	196.9
Zunyi	New City of China	62,196	350.6
	The Central Mansion	18,258	205.2
Xining	Elite Palace	42,941	311.6
	Mountain and Lake	26,241	238.4
Huizhou	Sage Mansion^	19,855	539.1
Qingyuan	One Lake Vision	66,348	492.8
Ganzhou	One City South	48,536	431.1
Weifang	Royal Villa	59,553	417.9
Shaoxing	Marina One	12,115	414.1
Liuzhou	The Cullinan	25,062	357.7
Baotou	Wang Jing Mansion	40,703	355.8
Jiujiang	International Community	51,937	346.2
Linyi	Cozy Land	33,959	318.1
Jilin	La Cite	37,710	245.9

* These projects are held by the joint ventures of the Group

^ The project is held by an associate of the Group

Management Discussion and Analysis (continued)

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

All development projects were progressing well and generally on schedule. During the year, gross floor area of nearly 7,319,100 sq.m. (2021: 7,512,000 sq.m.) of construction sites were completed for occupation and of which, about 85% (2021: 96%) had been sold at year end. The Group continued to focus on promoting sales in this turbulent market, and placed financial strength and resilience at its core to ensure sustainable business growth.

For the year ended 31 December 2022, the recognized revenue of the Group for this segment was RMB57,244.2 million (2021: RMB53,594.0 million), representing an increase of 6.8% against last year. The revenue recognized for the year was mainly from the sales of high-rise residential projects.

For the year ended 31 December 2022, the cost of sales of this segment included a write-down of inventories of properties of RMB2,673.2 million (2021: RMB244.6 million). The Group performed a review based on the market conditions and made such provision for impairment of inventories of properties whose net realisable values were lower than costs. The Group estimated the net realisable value of inventories of properties as at year end mainly based on the prevailing selling prices and market conditions.

Due to higher gross profit margin of projects recognized in previous year and the aforesaid recognition of write-down of inventories of properties, the gross profit margin of this segment for the year narrowed to 14.2% (2021: 22.8%) when compared to that of last year. Excluding the effect of such write-down of inventories of properties, the gross profit margin of this segment for the year was 18.8% (2021: 23.2%).

The Group jointly developed property development projects with reliable business partners under the business model of associates and joint ventures in various cities. The Group's share of net losses from the associates and joint ventures included in the segment result for the year amounted to RMB226.7 million (2021: RMB11.6 million), which was mainly attributable by the share of losses from write-down of inventories of properties of certain joint ventures with an aggregate amount of RMB196.5 million during the year.

Overall, due to the aforesaid recognition of write-down of inventories of properties, the segment profit for the year decreased by 41.2% to RMB5,991.2 million (2021: RMB10,181.4 million).

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Recognized revenue from major projects during the year ended 31 December 2022:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Yinchuan	International Community	520,546	3,988.3
	Patrimonial Mansion	154,443	1,981.9
	The Royal Peninsula	148,395	1,243.2
	The New Metropolis	50,659	560.0
Yangzhou	La Rive Gauche	236,461	3,455.6
	Upper East	151,796	2,005.8
	Gorgeous Mansion	68,654	1,085.1
Hefei	Central Mansion	163,696	3,295.2
	The Halo	83,363	1,323.3
Changzhou	Clouds Fairyland	202,824	4,016.5
Shantou	The Rivera	216,836	2,431.0
	Golden Coast	118,220	1,003.4
	Platinum Mansion	60,544	533.7
Hohhot	The Premier Mansion	180,643	2,367.3
	Zhonghai He Shan Yuan Zhu	72,487	822.9
	Zhonghai He Shan Ya Song	42,327	467.7
Nantong	Jade Park	125,411	3,005.1
Lanzhou	La Cite	151,024	2,048.3
	China Overseas Platinum Garden	72,160	854.4
Jining	ColiCity	158,783	1,565.3
	Coli Phoenix Community	84,939	749.6
Taizhou	Central Mansion	163,926	2,208.8
Huizhou	Riverview Mansion	101,239	1,388.2
	Glorious Palace	45,739	525.9
Shaoxing	Central Mansion	65,840	1,813.1
Jilin	Glorioushire	255,064	1,518.5
Nanning	Celestial Heights	56,643	864.1
	Harrow Community	51,792	521.6
Yancheng	The Central Mansion	53,283	1,211.5
Jiujiang	Central Mansion	82,292	932.5
Zhenjiang	Epochal Mansion	83,899	856.5
Ganzhou	One City South	74,836	681.2
Zunyi	New City of China	121,377	650.5

Management Discussion and Analysis (continued)

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
Xuzhou	Upper East	February
Huizhou	Huizhou Tangquan	March
Yinchuan	Master Mansion	March
Zunyi	New City of China	April
Chuzhou	Royal Mansion	June
Langfang	Platinum Garden	June
Lanzhou	China Overseas Platinum Garden	June
Shantou	Guan Yun Fu	June
Shantou	The Peninsula	June
Yinchuan	Glory Mansion	June
Zibo	Jade Park^	June
Nanning	Lake Palace	August
Nantong	Hills Scenery	August
Yinchuan	Gorgeous Mansion	September
Weifang	Royal Villa	October
Zibo	Genius Garden	October
Hefei	Skyline	November
Nanning	One Sino Residences	November
Anqing	The Metropolis	December
Ganzhou	The Paragon	December
Lanzhou	The Platinum Pleased Mansion	December

^ The project is held by an associate of the Group

Further details of the respective projects are shown in the Particulars of Major Properties & Property Interests on page 252 to page 282 in the annual report.

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

At the year end, the gross floor area of properties under construction and stock of completed properties amounted to 16,080,100 sq.m. (2021: 20,803,600 sq.m.) and 2,114,700 sq.m. (2021: 1,413,400 sq.m.) respectively, totaling 18,194,800 sq.m. (2021: 22,217,000 sq.m.). Properties with gross floor area of 6,991,800 sq.m. (2021: 9,133,700 sq.m.) had been contracted for sales and were pending for handover upon completion.

PROPERTY LEASING

In respect of the property leasing business, the majority of the investment properties of the Group were leased out to China Overseas Land & Investment Limited ("COLI") en bloc. The Group's strategy to maintain a high-quality investment property portfolio generated stable recurring income to the Group. For the year ended 31 December 2022, rental income amounted to RMB233.5 million (2021: RMB217.7 million).

The Group holds 65% of equity interest of a scientific research office building in Zhang Jiang High-tech Zone in Shanghai and it has been leased out en bloc to COLI. The Group's share of profit from the joint venture, which holds the above research office building, was RMB3.3 million (2021: RMB4.4 million) for the year and was included in the segment result for the year.

Overall, the segment profit for the year decreased by RMB28.2 million against that for last year to RMB152.4 million (2021: RMB180.6 million), which was mainly due to the inclusion of a fair value gain on investment properties of RMB20.0 million in the segment result for last year.

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 Mainland China and international market to meet its requirements in working capital, refinancing and project development.

Besides, under the favourable corporate financing environment in Mainland China, the Group has been actively exploring new financing channels during the year. In October 2022, the Group had successfully issued the first tranche of RMB5 billion onshore corporate bond, amounting to RMB1 billion. Such tranche of bond had a maturity of three years with a coupon rate of 3.4% per annum. The net proceeds were intended to be used mainly for mergers and acquisitions.

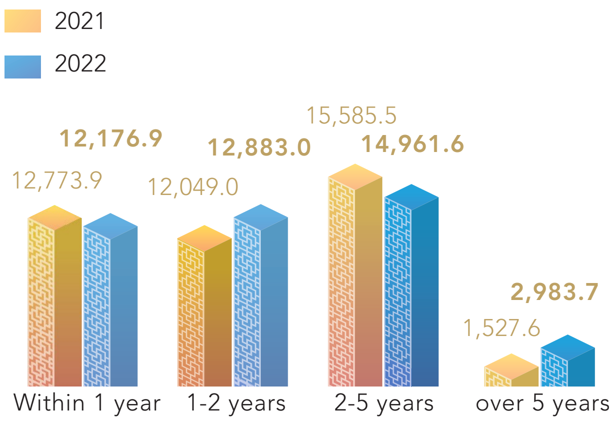
Management Discussion and Analysis (continued)

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

In addition, the Group also completed the issuance of property-final-payments asset-backed securities of aggregate principal amount of RMB737.0 million during the year, with an interest rate of 2.7% per annum. Diversified financing channels help support the Group's sustainable business development and lower its financing costs.

Debt# Maturity Profile

(RMB Million)

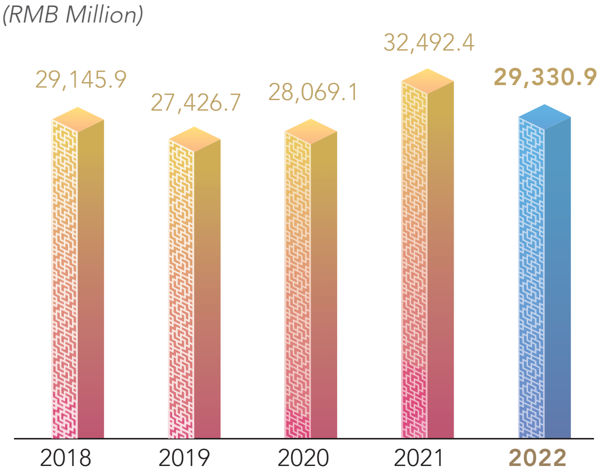


\# excluding guaranteed notes and corporate bonds

Yancheng Gorgeous Mansion

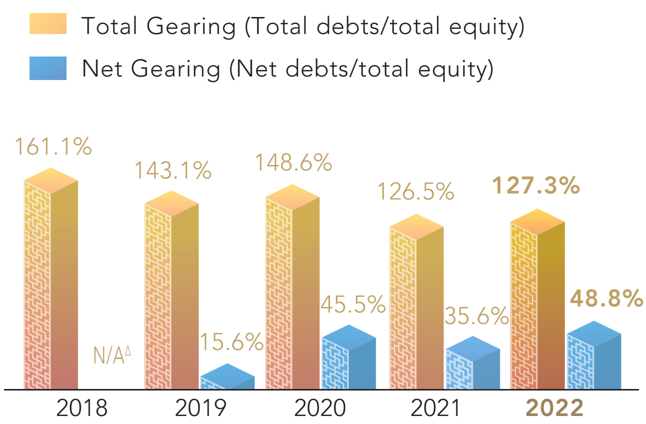
Cash Reserves

(RMB Million)



The Group has unutilized bank credit facilities of RMB10,971.4 million as at 31 December 2022

Gearing Ratio



△ Net cash

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

As at 31 December 2022, net working capital of the Group amounted to RMB67,438.3 million (2021: RMB63,056.2 million), with a current ratio of 1.6 (2021: 1.5).

During the year, the Group secured an aggregate amount of RMB20,696.3 million of new credit facilities from leading financial institutions and fund raised from the aforesaid issuance of asset-backed securities. After taking into account drawdowns of RMB16,320.7 million, repayment of loans of RMB16,539.5 million and increase of RMB1,288.0 million due to translation of HKD loans, total bank and other borrowings (excluding guaranteed notes and corporate bonds) increased by RMB1,069.2 million as compared to that at last year end to RMB43,005.2 million (2021: RMB41,936.0 million).

The total bank and other borrowings included RMB loans of RMB27,630.9 million (2021: RMB28,151.3 million) and HKD loans of HK$17,210.0 million (equivalent to RMB15,374.3 million) (2021: HK$16,860.0 million <equivalent to RMB13,784.7 million>). As at 31 December 2022, bank and other borrowings amounted to RMB5,940.0 million (2021: RMB4,910.0 million) were charged at fixed interest rates ranging from 2.70% to 5.07% (2021: 4.15% to 5.23%) per annum, while the remaining bank and other borrowings of RMB37,065.2 million (2021: RMB37,026.0 million) were charged at floating interest rates with a weighted average of 5.1% (2021: 3.7%) per annum. About 28.3% (2021: 30.5%) of bank and other borrowings is repayable within one year.

Management Discussion and Analysis (continued)

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

As at 31 December 2022, guaranteed notes and corporate bonds amounted to RMB3,593.3 million (2021: RMB3,286.0 million) and RMB1,000.0 million (2021: Nil), respectively, totaling RMB4,593.3 million (2021: RMB3,286.0 million).

As at 31 December 2022, the overall weighted average interest rate for the total borrowing (including guaranteed notes and corporate bonds) of the Group was 4.8% (2021: 3.8%) per annum. The increase in such interest rate was mainly attributable by the increase in Hong Kong Interbank Offered Rate ("HIBOR") during the year, resulting in the increase in weighted average interest rate for HKD loan of the Group at that date from 2.0% per annum as at last year end to 6.3% per annum as at current year end, which offset the effect of the decrease in weighted average interest rate of RMB loan of the Group in Mainland China at that date from 4.8% per annum as at last year end to 4.4% per annum as at current year end. In addition, during the year 2022, the weighted average borrowing cost of the Group for the whole year was 4.2% (2021: 3.8%)

For certain non-wholly-owned investment projects, the Group and its business partners have to finance the projects in proportion to their equity interests, including in form of the interest-bearing amounts due to non-controlling interests. As at 31 December 2022, the interest-bearing amounts due to non-controlling interests was RMB1,837.1 million (2021: RMB2,765.8 million) with fixed interest rate ranging from 4.75% to 8.00% (2021: 4.75% to 8.00%) per annum.

Sales deposits collection from properties sales remained satisfactory during the year. Cash and bank balances plus restricted cash and deposits was RMB29,330.9 million (2021: RMB32,492.4 million) in total as at 31 December 2022, which decreased by RMB3,161.5 million against that as at last year end but remained at a high level. Of which, 98.8% (2021: 99.5%) was denominated in RMB while the remaining were in HKD and United States Dollar ("USD").

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

As at 31 December 2022, the net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including guaranteed notes and corporate bonds, net of cash and bank balances and restricted cash and deposits) to total equity, was 48.8% (2021: 35.6%). The management closely monitors the financial position of the Group to ensure healthy development of the operation scale and business.

Besides, according to the "Three Red Lines" real estate financial supervision policy in Mainland China, as at 31 December 2022, the liabilities-to-assets ratio (excluding receipts in advances) was 68.7% (2021: 69.4%); net gearing ratio was 48.8% (2021: 35.6%) and cash-to-short-term debt ratio was 1.6 times (2021: 1.6 times). Therefore, the Group did not breach any of the red lines and maintained as a "Green Category" enterprise.

Taking into account of the unutilized bank credit facilities available to the Group of RMB10,971.4 million (2021: RMB10,342.6 million), the Group's total available funds (including restricted cash and deposits of RMB9,897.7 million <2021: RMB12,616.3 million>) reached RMB40,302.3 million (2021: RMB42,835.0 million) as at 31 December 2022.

Hohhot Premier Mansion

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

In view of rapidly-changing property and capital market conditions and government policies and regulations, liquidity risk management is essential to support the sustainability of business growth of the Group. 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 status, monitors the financial market and explores opportunities to invest in property development projects in co-operation with reliable business partners through the business models of associates and joint ventures to improve its capital structure continuously.

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 Mainland China, the management considered a natural hedge mechanism existed in that operation. However, as at 31 December 2022, about 60% and 40% (2021: 62% and 38%) of the Group's total borrowings (including guaranteed notes and corporate bonds) were denominated in RMB and HKD/USD respectively. Hence, by taking 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 depreciated by approximately 8.5% (2021: appreciated by 2.9%) during the year and accordingly, the net asset value of the Group decreased by RMB1,642.8 million (2021: increased by RMB555.3 million) which arose from currency translation.

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 2022, the Group had commitments totaling RMB26,489.2 million (2021: RMB28,521.1 million) which mainly related to land premium, property development and construction works. In addition, the Group issued guarantees to banks for facilitating end-user mortgages in connection with its property sales in Mainland China as a usual commercial practice with an amount of RMB32,901.6 million (2021: RMB38,338.5 million) and for a credit facility granted to a joint venture with an amount of RMB455.5 million (2021: RMB384.6 million).

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling RMB25.3 million (2021: RMB67.0 million) during the year, mainly included additions of investment properties, right-of-use assets (land use rights), as well as additions of land and buildings, vehicles and furniture, fixtures and office equipment within property, plant and equipment. Besides, the use of one property was changed from development for sales to owner-occupied properties during the year, and thus, the Group has reclassified inventory of properties of carrying value of RMB1.2 million and RMB0.9 million to property, plant and equipment and right-of-use assets respectively during the year.

Huizhou Sage Mansion

Taizhou Graceful Mansion

CAPITAL EXPENDITURE AND CHARGES ON ASSETS (CONTINUED)

On the other hand, as at 31 December 2022, certain properties in Mainland China with aggregate carrying value of RMB11,783.2 million (2021: RMB7,935.4 million) were pledged to obtain RMB3,764.0 million (2021: RMB2,187.3 million) of secured borrowings from certain banks in Mainland China for the property development projects.

EMPLOYEES

As at 31 December 2022, the Group has 3,061 employees (2021: 3,505). The decrease in the number of employees was mainly due to the streamline of organizational structure and staffing to meet the requirements of different development stages of the Group during the year.

The Group is keen to motivate and nourish 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 2022 was approximately RMB1,013.9 million (2021: RMB1,082.9 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:

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, credit performance of industry peers, regulatory requirement, 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.

KEY RISKS FACTORS AND UNCERTAINTIES (CONTINUED)

DEBT REPAYMENT RISK (CONTINUED)

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 financial covenants and requirements from regulatory authorities. Besides, the Group would also further explore opportunities of different financing accesses to broaden its funding channels.

MARKET RISK

The real estate market of Mainland China 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. At the same time, 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 to further improve the quality of project development. Moreover, the Group would alter the construction program of the projects to match the sales progress so that the potential pressure on inventory obsolescence could be minimized while the supply of properties could still be warranted.

INVESTMENT RISK

The property market in Mainland 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 sustainable 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 operational risks.

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.

PRODUCT QUALITY RISK

Property developer has to manage the risk of work quality of major contractors. Reputation of the developer would be affected 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 progress and quality assurance of the property development projects.

Ganzhou One City South

Corporate Governance Report

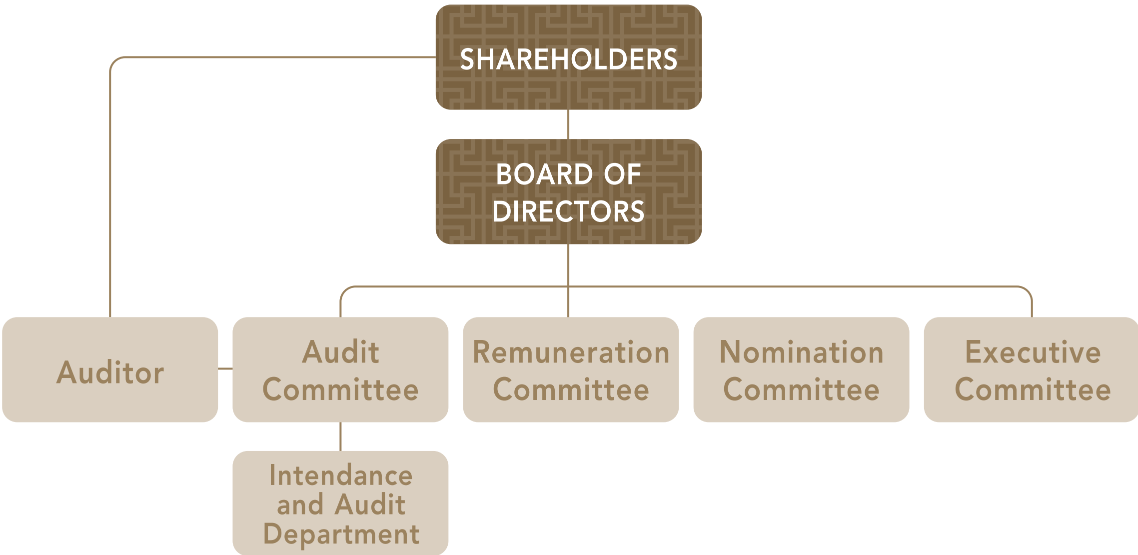
CORPORATE GOVERNANCE PRACTICES

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 the commitment to maintain transparency and accountability to maximise the value of the shareholders of the Company as a whole.

The Company has applied the corporate governance principles and complied with all the code provisions (where applicable, some of the recommended best practices) set out in the Corporate Governance Code in Appendix 14 to the Listing Rules for the year ended 31 December 2022.

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 this 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. 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 and engagement with stakeholders. With respect to the day-to-day operations of the business, the Board has delegated its powers to the Executive Committee and the management.

BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION, SUCCESSION AND EVALUATION

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

Name of Directors	Background*
Executive Directors	
Mr. Zhuang Yong *(Chairman)*	Construction project management, real estate development and corporate management
Mr. Yang Lin *(CEO)*	Property development and general corporate management
Mr. Wang Man Kwan, Paul *(CFO)*	Finance and investment
Non-executive Directors	
Mr. Guo Guanghui	Corporate finance and accounting
Mr. Yung Kwok Kee, Billy *(Vice Chairman)*	Property development and general corporate management
Independent Non-executive Directors	
Dr. Chung Shui Ming, Timpson	Finance and investment
Mr. Lam Kin Fung, Jeffrey	General corporate management
Mr. Fan Chun Wah, Andrew	Accounting and risk management

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

Mr. Lo Yiu Ching, Dantes resigned as Independent Non-executive Director with effect from 27 March 2023 due to his retirement. On 27 March 2023, the Board accepted the recommendation of the Nomination Committee and appointed Mr. Fan Chun Wah, Andrew as Independent Non-executive Director with effect from 27 March 2023.

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.

Pursuant to Code B.2.3 of the CG Code, further appointment of an independent non-executive director serving more than nine years is subject to a separate resolution to be approved by shareholders. Although Dr. Chung Shui Ming, Timpson 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 Dr. Chung in exercising his independent judgement. Based on the aforesaid, the Board, at the recommendation of the Nomination Committee, having taken into account of the nomination policy (the "Nomination Policy") and the board diversity policy (the "Diversity Policy") of the Company, concluded that despite his length of service, Dr. Chung will continue to maintain an independent view of the Company's affairs and bring his relevant experience and knowledge to the Board.

BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION, SUCCESSION AND EVALUATION (CONTINUED)

Board Performance Evaluation

An internal Board performance evaluation was conducted for the year ended 31 December 2022 to solicit Directors' view on the effectiveness and performance of the Board, with focus on, inter alia, the following areas:

- Board composition and function;
- Board's participation and involvement; and
- Independence of the Board.

In overall, the Directors are satisfied with the Board's performance. The Board has also made plans to continuously improve its performance which include enhancing the Board's gender diversity, organising site visit to the projects in PRC for the Non-executive Directors and Independent Non-executive Directors, and inviting Directors to attend seminars.

Mechanisms for Ensuring Board Independence

In 2022, the Board has established mechanisms for ensuring Board independence (the "Board Independence Mechanisms") in order to have independent views and input available to the Board, which allows it to effectively exercise independent judgement to better safeguard the shareholders' interests. The Board Independence Mechanisms cover different aspects of the corporate governance framework to ensure an element of independence on the Board, including the recruitment process of the Independent Non-executive Directors, number of Independent Non-executive Directors on the Board, access to additional information from the management and/or external professional advisers during the decision making process and the annual board independence evaluation. Channels are also make available to the Independent Non-executive Directors to discuss different matters of the Company with the Chairman of the Board without the presence of other Directors so as to maintain the high degree of independence in the Board. The Board should review the implementation and effectiveness of the Board Independence Mechanisms annually.

CHAIRMAN AND CEO

The roles between the Chairman of the Board and the CEO 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 encourages all Directors to make a full and active contribution to the Board's affair and ensures that the Board acts in the best interests of the Company. All Directors are given opportunities and sufficient time to share their views and discuss on the issues in order to make a decision which reflects the Board's consensus.

BOARD OF DIRECTORS (CONTINUED)

CHAIRMAN AND CEO (CONTINUED)

The Chairman promotes a culture of openness and debate in the Board by facilitating the effective contribution of all Directors and ensuring constructive relations between Executive Directors and Non-executive Directors (including Independent Non-executive Directors). 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 CEO, 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 or letters of appointment with the Company. Two out of three 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 but subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

Directors understand that they should devote sufficient time and attention to the Company's affairs, and make contributions to the Company. They have disclosed on an annual basis to the Company the level of time involved in performing their duties as Directors in the Company and other public companies or organisations or other major appointments.

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 enquiry of all Directors, the Company can reasonably confirm that the Directors had complied with the Code of Conduct throughout the year of 2022.

DIRECTORS AND OFFICERS LIABILITIES INSURANCE

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

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 (or other agreed period) 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.

BOARD OF DIRECTORS (CONTINUED)

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

* Resigned as Independent Non-executive Director with effect from 27 March 2023

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

In addition, newly appointed Directors will receive an induction on the first occasion of appointment, so as to ensure that they have a proper understanding of the operations and business of the Company, and their responsibilities under laws, regulations and especially the governance policies of the Company.

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS

BOARD PROCEEDINGS

The Board held six 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.

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

BOARD PROCEEDINGS (CONTINUED)

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.

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 2022, due to a potential conflict of interest, Mr. Zhuang Yong had abstained from voting in three Board meetings and Mr. Guo Guanghui in two 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 31 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.

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

AUDIT COMMITTEE

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

- To make recommendation to the Board on the appointment, re-appointment and removal of external auditor and approve the remuneration and terms of engagement of the external auditor;
- To review the external auditor's independence and objectivity;
- 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 all Independent Non-executive Directors, namely Dr. Chung Shui Ming, Timpson (Chairman), Mr. Lam Kin Fung, Jeffrey and Mr. Fan Chun Wah, Andrew (appointed with effect from 27 March 2023). Mr. Lo Yiu Ching, Dantes has resigned as a member of the Audit Committee due to his retirement with effect from 27 March 2023.

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.

During the year, the Audit Committee held four meetings (amongst other matters):

- To review the Group's financial reports for the year ended 31 December 2021, interim and quarterly results;
- To review the audit plans from the external auditor;
- To review the internal and independent audit results;
- To review the connected transactions entered into by the Group;
- To review risk management, internal control and financial reporting systems;
- To review the re-appointment of the external auditor and their remuneration; and
- To discuss, review and approve the whistleblowing policy and the anti-corruption policy.

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.

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

REMUNERATION COMMITTEE

Major responsibilities and functions 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 Committee comprises all Independent Non-executive Directors and a Non-executive Director, namely Mr. Lam Kin Fung, Jeffrey (Chairman), Mr. Yung Kwok Kee, Billy, Dr. Chung Shui Ming, Timpson and Mr. Fan Chun Wah, Andrew (appointed with effect from 27 March 2023). Mr. Lo Yiu Ching, Dantes has resigned as a member of the Remuneration Committee due to his retirement with effect from 27 March 2023.

During the year, the Remuneration Committee held two meetings (amongst other matters):

- To review the remuneration policy of the Group and Directors' remunerations; and
- To review and make recommendation to the Board on the remuneration package of individual Directors.

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

NOMINATION COMMITTEE

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

- 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;
- 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.

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.

The Nomination Committee comprises all Independent Non-executive Directors and an Executive Director, namely Mr. Fan Chun Wah, Andrew (Chairman) (appointed with effect from 27 March 2023), Dr. Chung Shui Ming, Timpson, Mr. Lam Kin Fung, Jeffrey and Mr. Zhuang Yong. Mr. Lo Yiu Ching, Dantes has resigned as the Chairman of the Nomination Committee due to his retirement with effect from 27 March 2023.

During the year, the Nomination Committee held two meetings (amongst other matters):

- To review the rotation and appointment of Directors; and
- To discuss, review and approve the Diversity Policy and the Nomination Policy. Details of such policies are set out in sections "Board Diversity Policy" and "Nomination Policy" of this report.

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

ATTENDANCE RECORDS

Details of Directors' attendance at the Board meetings, Board committee meetings, annual general meeting and general meeting held in 2022 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 Meeting
Mr. Zhuang Yong	6/6	N/A	N/A	2/2	31/31	1/1	1/1
Mr. Yang Lin	6/6	N/A	N/A	N/A	31/31	1/1	1/1
Mr. Wang Man Kwan, Paul	6/6	N/A	N/A	N/A	31/31	1/1	1/1
Mr. Guo Guanghui	6/6	N/A	N/A	N/A	N/A	1/1	1/1
Mr. Yung Kwok Kee, Billy	5/6	N/A	2/2	N/A	N/A	1/1	1/1
Dr. Chung Shui Ming, Timpson	6/6	4/4	2/2	2/2	N/A	1/1	1/1
Mr. Lam Kin Fung, Jeffrey	6/6	4/4	2/2	2/2	N/A	1/1	1/1
Mr. Lo Yiu Ching, Dantes*	6/6	4/4	2/2	2/2	N/A	1/1	1/1

* Resigned as Independent Non-executive Director with effect from 27 March 2023

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

CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

The Group sorts out and monitors projects that are ready for occupation within the next 12 months in advance by adopting a rolling and inspection mechanism, in order to ensure project delivery on schedule. Upholding the principle of "what you see is what you get", the Group creates quality products based on its "12345" quality product system to provide customers with the best experience. The three-year action plan of "Craftsmanship in COGO" is well implemented as planned, to enhance safety management, to promote the intelligent operation at construction sites, to establish an evaluation system for the whole construction cycle, and to ensure project quality and on-time delivery. The Group's customer satisfaction rating remains at the top among industry peers as they are provided with warm services and high-quality products. On-time and high-quality product delivery will help the Group build its reputation and strengthen the influence of the "China Overseas Properties" brand in the cities where it operates.

Details of the Group's business review and financial review for the year 2022 are set out in the "Chairman's Statement" and "Management Discussion and Analysis" sections on pages 10 to 39 of this annual report.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

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 is presented in annual reports, interim reports, announcements and other disclosures required under the Listing Rules and other statutory requirements.

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 "IA Department") so as to enhance a good internal control environment. The IA Department provides risk management and internal control assessment reports to the management on a regular or ad hoc basis.

During the year, the Company continued to improve its policy system and modified the following management policies to improve its internal control systems:

- Rules of Procedure for Executive Director Committee (Enlarged) Meeting

- Rules of Procedure for CEO Meeting

- Management Measures for Joint Venture Companies

- Management Measures for Project Marketing

- Business Management Policy

According to the annual internal audit schedule, during the year, the IA Department completed six incumbent accountability audits for Hefei Company, Huizhou Company, Changzhou Company, Tangshan Company, Weifang Company and Xuzhou Company. The IA 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.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

In addition to carrying out the routine audit, the IA Department has carried out a special audit on the marketing expense management, cost control management and cooperative project management of the Group in association with the sales and marketing management department, cost management department and investment management department for all district companies, and on-site review inspections for district companies in seven cities, including Huizhou, Shaoxing, Lanzhou, Hefei, Changzhou, Zhanjiang and Jiujiang, and provided advice and recommendations on various issues discovered during the audit process.

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

The Company has established a comprehensive risk management system and implemented a risk management responsibility system. The IA 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, environmental, social and governance (ESG) risk, etc. and any changes in the risks.

The Company endeavours to promote the ESG management from a vantage point and with high standard. Therefore, the Company has established an ESG task force and an ESG working group, and also benchmarks the mainstream ESG management structure of the industry, and forms an ESG management framework, i.e. decision-making level – management level – execution level. The Company has also established a 148 working structure for ESG management to ensure its steady development. The Company has taken into account the requirements and standards of regulatory authority and esteemed rating agencies of the capital market, namely the Stock Exchange, MSCI, Global Real Estate Sustainability Benchmark (GRESB), Sustainalytics, etc., and hence formulates action plans and conducts materiality assessment, and concurrently carries out the development of carbon calculation management system. By embracing digitalisation, the Company gradually establishes and improves the ESG data's collection, statistics and analysis, and thus enhances the quality and management standard of the Group's ESG data.

In addition, the IA Department also regularly reviews and reports to the Audit Committee and the Board on risk management and internal control affairs of the Company on a half-yearly basis. In the report, the IA Department will discuss the principal business risk (including any changes in external environment) faced by the Company and confirm whether the risk management (including ESG risk) and internal control systems are effective and adequate. The Audit Committee will review and evaluate the business risk (including ESG risk) and the measures to manage such risk. The Audit Committee will also review the IA 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 effectiveness and efficiency of risk management (including ESG risk) and internal control systems of the Company and its subsidiaries. Such reviews cover aspects such as financial reporting, operation and regulatory compliance, ESG risk throughout the year of 2022. The Board considers that these systems are effective, efficient and adequate. 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.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

The Board has also considered the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, and those relating to the Company's ESG performance and reporting.

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.

BOARD POLICIES

BOARD DIVERSITY POLICY

The Board has adopted in 2013 and revised in 2022 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 (including but not limited to gender, age, culture and education background, and professional experience). The Nomination Committee is responsible for developing measurable objectives to implement the Diversity Policy and for monitoring progress towards the achievement of these objectives. The Diversity Policy also applies to the employees of the Company and implementation and effectiveness of which shall be reviewed on an annual basis.

The Board currently comprises eight Directors, all of which are male. The Company endeavours to ensure that the Board has an appropriate level of female members by identifying suitably qualified candidate(s) to become member(s) of the Board. The Company targets that, by 31 December 2024, it will appoint at least one female Director to the Board and the number of female Director(s) will reach 10%. The Company will also use its best endeavours to ensure gender diversity when recruiting staff at senior level so that it will have a pipeline of potential female successors to the Board.

As at 31 December 2022, the proportion of female employees of the Group was 39.8%. Since the principal business of the Group is property development, which is one of the industries with the highest proportion of male employees, it is relatively challenging to achieve gender diversity of employees. However, the Board fully supports the initiative of employee gender diversity, therefore it plans to increase the proportion of female employees of the Group to 41.0% by 31 December 2025. In order to achieve this goal, the Company will stand firmly on upholding the core values of equal opportunities and employee diversity. The Company will provide equal opportunities, and consider the capabilities, performance and qualifications, during the recruitment and promotion processes. The Company will not prejudice or treat differently on account of the candidate's gender, and will continuously promote the level of diversity of the Group.

BOARD POLICIES (CONTINUED)

NOMINATION POLICY

The Board has adopted in 2018 and revised in 2022 the Nomination Policy which provides that 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 Nomination Policy.

The Nomination Policy sets out the procedures, process and criteria for nominating a Director. According to the Nomination Policy, the Nomination Committee will identify and evaluate a candidate in consideration of the candidate's age, skills, knowledge, experience, expertise, professional and educational qualifications, background and other qualities, the Board's composition and diversity, and other relevant factors. After evaluation and consideration, the Nomination Committee will make recommendation to the Board on the suitability of the candidate.

DIRECTORS' REMUNERATION POLICY

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. Summary of the policy are as follows:

- Executive Directors' remuneration packages shall comprise fixed and variable components, including salary, discretionary bonus, other benefits linking to individual and the Company's performance.

- Non-executive Directors shall receive fixed remuneration (comprising director's fee) to be set at an appropriate level with reference to their respective duties and responsibilities with the Company, standards for emoluments of the Company and the prevailing market conditions.

- Independent Non-executive Directors shall receive fixed remuneration (comprising director's fee) to be set at an appropriate level with reference to their respective duties and responsibilities with the Company, standards for emoluments of the Company and the prevailing market conditions and shall not receive equity-based remuneration (e.g. share options or grants) with performance-related elements.

ANTI-CORRUPTION POLICY

During the year, the Board had adopted an anti-corruption policy, under which the Company commits to observing and upholding high standards of business integrity, honesty, fairness, impartiality, ethical business practices and transparency in all its business dealings at all times. The Company conducts risk assessment regularly to identify and evaluate corruption risks. Internal control systems are designed and established to maintain effective monitoring and/or elimination of corruption risks. An effective whistleblowing system is in place to enable concerns can be raised without fear.

WHISTLEBLOWING POLICY

During the year, the Board had adopted a whistleblowing policy, under which the Company sets out a procedure for the employees and those who deal with the Company to voice concerns with the Audit Committee about possible improprieties in matters related to the Company to help detect and deter misconduct or malpractice in the Group.

BOARD POLICIES (CONTINUED)

DIVIDEND POLICY

The Board 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.

SHAREHOLDERS' COMMUNICATION POLICY

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.

The Board has adopted in 2012 and revised in 2022 a shareholders' communication policy (the "Shareholders' Communication Policy") which aims at establishing a two-way relationship and communication between the Company and its shareholders. The Company does not only value the views of its shareholders, but also those of its stakeholders. The designated contacts, email addresses and enquiry lines of the Company have been provided in the "Investors" section of the Company's website for the shareholders and stakeholders to make any enquiry in respect of the Company and allow the Company to solicit and understand their views at the same time. Shareholders can also direct their questions about their shareholdings to the Company's Share Registrar.

The Company's general meeting(s) ("GM"), including annual general meeting, remains the principal forum for dialogue with its shareholders. Sufficient notice of GM will be served to all shareholders in accordance with the articles of association of the Company and the Companies Ordinance. Shareholders (or their proxy) are entitled to attend, speak and vote at the GM. At the GM, shareholders will be briefed about the procedures for conducting a poll. They are encouraged to participate and ask any questions about the resolutions being proposed and the operations of the Group before they vote.

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, investors, etc., 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.

During the year, the Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy, and, with the above measures in place, considered that the Shareholders' Communication Policy has been effectively implemented.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A 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 by depositing a written request at the registered office of the Company, 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. The relevant shareholders should deposit such written request at the registered office of the Company.

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 the 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 : comsec81@cohl.com
Tel.no. : (852) 2988 0657
Fax no. : (852) 2988 0606

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.

AUDITOR'S REMUNERATION

For the year ended 31 December 2022, fees for audit services and non-audit services payable to the auditor of the Company amounted to approximately HK$3,980,000 and HK$145,000, respectively. The fee for non-audit services payable was mainly for professional services rendered in connection with the Group's continuing connected transactions in 2022.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 December 2022.

Directors and Organisation

EXECUTIVE DIRECTORS

MR. ZHUANG YONG, *Chairman*

Aged 46, 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 company, general manager of the Nanjing company, general manager of the Suzhou company 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 22 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, *CEO*

Aged 49, 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 CEO 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 also a director of certain subsidiaries of the Company. He has 27 years' experience in property development and corporate management. COHL is the substantial shareholder of the Company within the meaning of the SFO.

MR. WANG MAN KWAN, PAUL, *CFO*

Aged 66, 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 (now known as The Hong Kong Chartered Governance Institute). 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 CFO of the Company in July 2011. Mr. Wang is currently also a director of certain subsidiaries of the Company.

Directors and Organisation (continued)

NON-EXECUTIVE DIRECTORS

MR. GUO GUANGHUI

Aged 50, graduated from Nanjing University of Science & Technology, holder of a master's degree, and is a senior accountant and a non-practising member of The Chinese Institute of Certified Public Accountants. He joined COLI and its subsidiaries (together the "COLI Group") in 2006 and is currently the vice president of COLI and a director of certain subsidiaries of the COLI Group and was appointed executive director of COLI with effect from 12 June 2018. With effect from 22 April 2021, Mr. Guo has been appointed as a Non-executive Director of the Company. Mr. Guo has about 28 years' management experience in corporate finance and accounting. COLI is the substantial shareholder of the Company within the meaning of the SFO.

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

Aged 69, 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, and the chairman of the board and non-executive director of SMC Electric Limited. Mr. Yung was the chairman of the board and non-executive director of PFC Device Inc. (which has been privatised and listing of its shares had been withdrawn on 25 March 2022). Mr. Yung is currently the Permanent Honorary President of Friends of Hong Kong Association Ltd. and the Honorary President of Shun Tak Fraternal Association, 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 71, 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. Besides, Dr. Chung is an independent non-executive director of China Unicom (Hong Kong) 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, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited and Glorious Sun Enterprises 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 a member of the National Committee of the Chinese People's Political Consultative Conference, 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.

Directors and Organisation (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

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

Aged 71, 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. 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 and a director of Heifer International – Hong Kong. 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 CSC Holdings Limited (formerly known as China Strategic Holdings Limited), and an executive director of Hong Kong Aerospace Technology Group Limited. He was also a member of the National Committee of the Chinese People's Political Consultative Conference. 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. FAN CHUN WAH, ANDREW *JP (Appointed w.e.f. 27 March 2023)*

Aged 44, is a practicing certified public accountant in Hong Kong with over 16 years of experience. He holds a Bachelor Degree of Business Administration (Accounting and Finance) from The University of Hong Kong and a Bachelor Degree in Laws from the University of London. Mr. Fan is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is a member of the fourteenth National Committee of the Chinese People's Political Consultative Conference, the Vice Chairman of the tenth and eleventh committee of Zhejiang Province United Young Association, and a member and standing committee member of the eleventh to thirteenth committee of All-China Youth Federation. He was also a member of the tenth to twelfth committee of the Chinese People's Political Consultative Conference of the Zhejiang Province, a member of the fourth and fifth committee of the Chinese People's Political Consultative Conference of Shenzhen, and a member and standing committee member of the tenth committee of the Shanghai United Young Association.

Mr. Fan is currently an independent non-executive director of Chuang's China Investments Limited (stock code: 298), Culturecom Holdings Limited (stock code: 343), Nameson Holdings Limited (stock code: 1982), Sing Tao News Corporation Limited (stock code: 1105) and China Aircraft Leasing Group Holdings Limited (stock code: 1848), shares of which are listed on the Main Board of the Stock Exchange. Mr. Fan had been an independent non-executive director of Fulum Group Holdings Limited from October 2014 to May 2021 (stock code: 1443), Sinomax Group Limited from March 2014 to June 2020 (stock code: 1418), Universal Star (Holdings) Limited from May 2019 to September 2020 (stock code: 2346) and Space Group Holdings Limited from January 2018 to August 2022 (stock code: 2448), shares of which are listed on the Main Board of the Stock Exchange, and CNC Holdings Limited from January 2018 to August 2020 (stock code: 8356) and Omnibridge Holdings Limited from July 2017 to November 2020 (stock code: 8462), shares of which are listed on the GEM of the Stock Exchange. Since March 2023, Mr. Fan has been appointed as an Independent Non-executive Director of the Company, the Chairman of the Nomination Committee, and members of both the Audit Committee and Remuneration Committee of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

MR. LO YIU CHING, DANTES *GBS, JP (Resigned w.e.f. 27 March 2023)*

Aged 77, 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. Mr. Lo has resigned as an Independent Non-executive Director, the Chairman of the Nomination Committee, and members of both the Audit Committee and Remuneration Committee of the Company with effect from 27 March 2023.

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 2022.

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 52 to 54 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 10 to 39 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 2022 are set out in the consolidated income statement on page 98.

The Board has recommended the payment of final dividend of HK15 cents per ordinary share for the year ended 31 December 2022 with a total amount of approximately HK$533,906,000 (2021: HK$1,027,008,000), subject to the approval by the shareholders at the forthcoming annual general meeting.

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 251.

SHARES ISSUED

On 23 March 2022, the Company announced that the Board proposed the payment of the final dividend for the year ended 31 December 2021 to the shareholders of the Company whose names appeared on the register of members of the Company on 24 June 2022, and the eligible shareholders have been given an option to elect to receive the final dividend in cash or an allotment of new and fully paid Shares in lieu of cash in whole or in part under the scrip dividend scheme (the "2022 Scrip Dividend Scheme"). At the annual general meeting of the Company held on 20 June 2022, the declaration of the final dividend was approved by the shareholders. A circular with full details of the 2022 Scrip Dividend Scheme, together with the relevant form of election was sent to the shareholders of the Company on 28 June 2022. The issue price of each scrip dividend Share was HK$3.984, being the average closing price of the Shares for five consecutive trading days from 20 June 2022 to 24 June 2022.

SHARES ISSUED (CONTINUED)

The 2022 Scrip Dividend Scheme gave the shareholders an opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. The 2022 Scrip Dividend Scheme was also to the advantage of the Company because, to the extent that the shareholders elect to receive the scrip dividend Shares in lieu of a cash dividend, such cash which would otherwise have been paid to the shareholders would be retained for use as general working capital by the Company.

On 16 August 2022, the Company allotted 136,014,891 Shares for a total amount of HK$541,883,325.744 to the shareholders of the Company.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 34 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 2022 and up to the date of this report.

On 26 July 2022, 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), established the COGOP Receivable Asset-backed Scheme 2022 Phase I due August 2023 (the "ABS Scheme"), under which senior asset-backed securities in the principal amount of RMB700,000,000 and subordinated asset-backed securities in the principal amount of RMB37,000,000 were issued and guaranteed by the Company. The senior asset-backed securities with the interest rate of 2.7% were subscribed by qualified investors and are listed on the Shanghai Stock Exchange, and the subordinated asset-backed securities were subscribed by COGOP. The net proceeds, after deducting the expenses in connection with the issuance of the asset-backed securities, amounted to approximately RMB736,401,000, are intended for the working capital and business development.

On 21 October 2022, COGOP completed the issuance of the first tranche of 2022 corporate bond due October 2025 (the "2022 Corporate Bond") in the principal amount of RMB1,000,000,000 with the interest rate of 3.4% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the 2022 Corporate Bond, amounted to approximately RMB998,063,000, which are used for mergers and acquisitions of development projects, and exchanging the initial capital invested in development projects.

On 24 February 2023, COGOP completed the issuance of the first tranche of 2023 corporate bond due February 2026 (the "2023 Corporate Bond") in the principal amount of RMB1,000,000,000 with the interest rate of 3.9% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the 2023 Corporate Bond, amounted to approximately RMB998,600,000, which are used for repaying the interest-bearing debts and replenishing working capital.

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 35 to the financial statements respectively.

DISTRIBUTABLE RESERVE

The reserve of the Company available for distribution to shareholders at 31 December 2022 was HK$1,799,078,000 (2021: HK$2,186,721,000).

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 2022 are set out on pages 252 to 282.

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 *(CEO)*
Mr. Wang Man Kwan, Paul *(CFO)*

NON-EXECUTIVE DIRECTORS

Mr. Guo Guanghui
Mr. Yung Kwok Kee, Billy *(Vice Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Chung Shui Ming, Timpson
Mr. Lam Kin Fung, Jeffrey
Mr. Fan Chun Wah, Andrew *(appointed w.e.f. 27 March 2023)*
Mr. Lo Yiu Ching, Dantes *(resigned w.e.f. 27 March 2023)*

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

In accordance with articles 98 and 107 of the Company's articles of association, Mr. Yang Lin, Mr. Yung Kwok Kee, Billy, Dr. Chung Shui Ming, Timpson and Mr. Fan Chun Wah, Andrew 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 ORGANISATION

Brief biographical details of Directors and senior management as at the date of this report are set out on pages 57 to 61.

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 investment, and related businesses.

Mr. Guo Guanghui, Non-executive Director of the Company, is also the executive director and vice president of COLI. COLI is principally engaged in property development and investment, 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. Guo Guanghui) 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.

Directors' Report (continued)

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.

EMOLUMENT POLICY AND BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

Subject to the relevant laws and regulations, the Company implements an emolument and benefit system comprised of basic salary, incentive bonus and employee benefits. The emolument and employee benefits are reviewed at appropriate time with reference to the remuneration level of the industry or the work location and the operating performance of the Company. The emoluments of the Directors are determined with reference to the salaries paid by comparable companies, time commitment, roles and responsibilities of the Directors, and employment conditions. Details of the Directors' Remuneration Policy are set out in the section "Directors' Remuneration Policy" in the Corporate Governance Report.

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. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at rate specified in the rules. With effect from 1 January 2018, employer voluntary contributions are made, under specific criteria set out in the Company's policy, as a part of the employee benefits program. The Group has no further payment obligations once the contributions have been paid.

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 a specified percentage of their payroll costs to the central pension scheme to fund the benefits. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations under these plans are limited to the fixed percentage contribution payable.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2022, the Directors, the CEO 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 required to be kept 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 Shares held	Aggregate long position	Percentage of Shares in issue (1)
Mr. Zhuang Yong	Beneficial owner	Personal	618,825	618,825	0.02%
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	13.01%
	Beneficiary of a trust (2)	Other	372,617,689		
	Interest of controlled corporation (3)	Interest in controlled corporation	62,578,292		
	Interest of spouse (4)	Family	10,000,000		
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 2022 (i.e. 3,559,374,732 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 80.55% by Red Dynasty Investments Limited, a company wholly owned by Mr. Yung Kwok Kee, Billy.

(4) Mr. Yung Kwok Kee, Billy is deemed to be interested in 10,000,000 Shares through the interest of his spouse, Ms. Vivian Hsu.

Save as disclosed above, as at 31 December 2022, no interests and short positions were held or deemed or taken to be held by any Directors or the CEO 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 2022, none of the Directors and the CEO (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.

Directors' Report (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2022, the following persons (other than Directors or the CEO) had interests 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:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of substantial shareholders	Capacity	Nature of interests	Number of Shares held	Aggregate long position	Percentage of Shares in issue [(1)]
CSCEC	Interest of controlled corporation [(2)]	Interest in controlled corporation	1,410,758,152	1,410,758,152	39.63%
Diamond Key Enterprises Inc. ("Diamond Key")	Beneficial owner [(3)]	Beneficial	190,910,903	190,910,903	5.36%
On Fat Profits Corporation ("On Fat")	Beneficial owner [(3)]	Beneficial	181,706,786	181,706,786	5.11%
UBS TC (Jersey) Ltd. ("UBS TC")	Trustees of trusts [(3)]	Other	372,617,689	372,617,689	10.47%
Ms. Vivian Hsu	Beneficial owner Interest of spouse [(4)]	Personal Family	10,000,000 453,045,980	463,045,980	13.01%
Mitsubishi UFJ Financial Group, Inc. ("Mitsubishi Group")	Interest of controlled corporation [(5)]	Interest in controlled corporation	246,805,263	246,805,263	6.93%
FIL Limited ("FIL")	Interest of controlled corporation [(6)]	Interest in controlled corporation	186,449,397	186,449,397	5.24%
Pandanus Partners L.P. ("Pandanus Partners")	Interest of controlled corporation [(6)]	Interest in controlled corporation	186,449,397	186,449,397	5.24%
Pandanus Associates Inc. ("Pandanus Associates")	Interest of controlled corporation [(6)]	Interest in controlled corporation	186,449,397	186,449,397	5.24%
Brown Brothers Harriman & Co.	Approved lending agent	Lending pool	177,977,299	177,977,299	5.00%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (CONTINUED)

LONG POSITIONS IN SHARES OF THE COMPANY (CONTINUED)

Notes:

(1) The percentage is based on the total number of shares of the Company in issue as at 31 December 2022 (i.e. 3,559,374,732 Shares).

(2) CSCEC is interested in 1,410,758,152 Shares, of which 1,357,257,348 Shares are held by Star Amuse Limited ("Star Amuse") and 53,500,804 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) 372,617,689 Shares held by UBS TC (including 190,910,903 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.

(4) Ms. Vivian Hsu is deemed to be interested in 453,045,980 Shares through the interest of her spouse, Mr. Yung Kwok Kee, Billy.

(5) Mitsubishi Group is interested in 246,805,263 Shares, which are held by First Sentier Investors (Hong Kong) Limited ("First Sentier Hong Kong"). First Sentier Hong Kong is a wholly-owned subsidiary of First Sentier Investors Asia Holdings Ltd which in turn is a wholly-owned subsidiary of First Sentier Investors Holdings Pty Limited ("First Sentier Holdings"). First Sentier Holdings is a wholly-owned subsidiary of Mitsubishi UFJ Trust and Banking Corporation which in turn is a wholly-owned subsidiary of Mitsubishi Group.

(6) Pandanus Associates is interested in 186,449,397 Shares, of which 9,806,000 Shares are reported as unlisted derivatives settled in cash. Pandanus Associates acts as general partner of and have 100% control over Pandanus Partners which in turn holds as to 38.71% of the shareholding interest in FIL. FIL is interested in these 186,449,397 Shares through a series of subsidiaries.

Save as disclosed above, the Company had not been notified by any other person (other than Directors or the CEO) who had interests or short positions 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 2022.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP

(A) CONNECTED TRANSACTIONS

(1) Cooperation Agreement I with 桐鄉市安豪投資管理有限公司 (Tongxiang Anhao Investment Management Co., Ltd.* ("Anhao Investment"))

On 25 March 2022, 南寧中海宏洋房地產有限公司 (Nanning China Overseas Grand Oceans Real Estate Co., Ltd.* ("COGO Nanning"), an indirect wholly-owned subsidiary of the Company) and Citirich International Limited ("Citirich", an indirect wholly-owned subsidiary of the Company, and together with COGO Nanning, collectively referred to as the "Original Shareholders"), Anhao Investment (a non-wholly owned subsidiary of 平安不動產有限公司 (Ping An Real Estate Co., Ltd.* ("Ping An Real Estate"))) and 常州市中海海澄房地產開發有限公司 (Changzhou China Overseas Haicheng Real Estate Co., Ltd.* (the "Changzhou Project Company I")) entered into a cooperation agreement to form a joint venture to invest in and construct a piece of land with the lot no. JZX20210905 located on the east side of 灣城北路 (Wancheng North Road*) and north side of 規劃道路 (Guihua Road*), Jingkai District, Changzhou City, Jiangsu Province, the PRC (the "Cooperation Agreement I").

Pursuant to the Cooperation Agreement I, the Original Shareholders and Anhao Investment shall own 51% and 49% of the registered capital of the Changzhou Project Company I, respectively. The total commitment of each of the Original Shareholders and Anhao Investment to the Changzhou Project Company I is RMB673,200,000 and RMB646,800,000, respectively. As at the date of the Cooperation Agreement I, the Changzhou Project Company I was owned by COGO Nanning and Citirich as to 9.3% and 90.7%, respectively. Upon completion, the Changzhou Project Company I shall continue to be accounted for as a subsidiary of the Company and its financial results shall continue to be consolidated into the Group's consolidated financial statements.

As at the date of the Cooperation Agreement I, Ping An Real Estate (its ultimate controlling shareholder's H shares are listed on the Main Board of the Stock Exchange (stock code: 2318) and A shares are listed on the Shanghai Stock Exchange (stock code: 601318)) is the holding company of Anhao Investment and an indirect substantial shareholder of other subsidiaries of the Company. Therefore, each of Ping An Real Estate and Anhao Investment, a non wholly-owned subsidiary and as an associate of Ping An Real Estate under Rule 14A.13 of the Listing Rules, is a connected person of the Company at the subsidiary level. Accordingly, the transaction contemplated under the Cooperation Agreement I constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(A) CONNECTED TRANSACTIONS (CONTINUED)

(2) Cooperation Agreement II with Anhao Investment

On 25 March 2022, 中海宏洋地產汕頭投資有限公司 (China Overseas Grand Oceans Properties (Shantou) Investment Co., Ltd.* ("COGO Shantou"), an indirect wholly-owned subsidiary of the Company), Anhao Investment and 常州市中海海泓房地產有限公司 (Changzhou China Overseas Hairong Real Estate Co., Ltd.* (the "Changzhou Project Company II")) into a cooperation agreement to form a joint venture to invest in and construct a piece of land with lot no. JZX20210903 located on the east side of 橫塘河東路 (Heng Tang He East Road*) and the south side of 長榮路 (Changrong Road*), Tianning District, Changzhou City, Jiangsu Province, the PRC (the "Cooperation Agreement II").

Pursuant to the Cooperation Agreement II, COGO Shantou and Anhao Investment shall own 51% and 49% of the registered capital of the Changzhou Project Company II, respectively. The total commitment of COGO Shantou and Anhao Investment to the Changzhou Project Company II is RMB612,000,000 and RMB588,000,000, respectively. As at the date of the Cooperation Agreement II, the Changzhou Project Company II was wholly-owned by the Company. Upon completion, the Changzhou Project Company II shall continue to be accounted for as a subsidiary of the Company and its financial results shall continue to be consolidated into the Group's consolidated financial statements.

As at the date of the Cooperation Agreement II, Ping An Real Estate (its ultimate controlling shareholder's H shares are listed on the Main Board of the Stock Exchange (stock code: 2318) and A shares are listed on the Shanghai Stock Exchange (stock code: 601318)) is the holding company of Anhao Investment and an indirect substantial shareholder of other subsidiaries of the Company. Therefore, each of Ping An Real Estate and Anhao Investment, a non-wholly-owned subsidiary and as an associate of Ping An Real Estate under Rule 14A.13 of the Listing Rules, is a connected person of the Company at the subsidiary level. Accordingly, the transaction contemplated under the Cooperation Agreement II constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(A) CONNECTED TRANSACTIONS (CONTINUED)

(3) Licence Agreement with COHL

On 28 April 2022, the Company entered into a licence agreement with COHL (the "Licence Agreement"), pursuant to which COHL agreed to license to the Group the right to use and occupy the gross floor area (inclusive of common areas and facilities) of approximately three-tenths (3:10) of the gross floor area of the premises located at Level 7, Three Pacific Place, 1 Queen's Road East, Hong Kong (the "Licensed Premises") for a term of five years from 1 May 2022 to 30 April 2027 (both days inclusive). The Licensed Premises comprise approximately 4,483.8 square feet and the Group will primarily use the Licensed Premises as its main office in Hong Kong.

Pursuant to the Licence Agreement, the licence fee is HK$363,180 per month (exclusive of rates), which is payable by the Company to COHL on the first day of each month. No licence fee shall be payable from 1 May 2022 to 15 June 2022. The Company shall pay COHL the air-conditioning and management charges relating to the Licensed Premises as follows:

(i) HK$50,220 per month for the period from 1 May 2022 to 31 December 2022;

(ii) HK$51,720 per month for the period from 1 January 2023 to 31 December 2023;

(iii) HK$53,280 per month for the period from 1 January 2024 to 31 December 2024;

(iv) HK$54,870 per month for the period from 1 January 2025 to 31 December 2025;

(v) HK$56,520 per month for the period from 1 January 2026 to 31 December 2026; and

(vi) HK$58,230 per month for the period from 1 January 2027 to 30 April 2027.

The payments to be made by the Company under the Licence Agreement mainly consist of the licence fees and air-conditioning and management charges components and hence different accounting treatments will be applied. In accordance with HKFRS 16 "Leases", the Licensed Premises are recognised as right-to-use assets and the value recognised by the Group under the Licence Agreement was estimated to be HK$20,165,899, which was the estimated present value of the licence fees.

Accordingly, the entering into of the Licence Agreement will be regarded as an acquisition of assets by the Group for the purpose of the Listing Rules. The payment of the air-conditioning and management charges to be made by the Company under the Licence Agreement will be recognised as expenses of the Group over the term of the Licence Agreement.

COHL is the holding company of COLI, which held approximately 38.32% of the issued share capital of the Company as at the date of the Licence Agreement. COHL is therefore a connected person of the Company. As such, pursuant to Chapter 14A of the Listing Rules, the payment of the licence fees under the Licence Agreement constitutes a one-off connected transaction of the Company, and the payment of air-conditioning and management charges under the Licence Agreement constitutes a de minimis continuing connected transaction of the Company.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(A) CONNECTED TRANSACTIONS (CONTINUED)

(4) Provisional SPAs with 中建五局第二建設有限公司 (The Second Construction Limited Company of China Construction Fifth Engineering Division* (the "Purchaser"))

On 18 May 2022, 合肥中海海瑞房地產開發有限公司 (Hefei China Overseas Hairui Real Estate Development Co., Ltd.* ("Hefei Hairui"), an indirect wholly-owned subsidiary of the Company) and the Purchaser, an indirect wholly-owned subsidiary of CSCECL, entered into certain provisional sale and purchase agreements (the "Provisional SPAs"), pursuant to which Hefei Hairui agreed to sell, and the Purchaser agreed to purchase, 21 office units located in Tower S8, 觀園 (Central Park*), East of 包河大道 (Baohe Avenue*), North of 延安路 (Yanan Road*), Baohe District, Hefei, the PRC at an aggregate consideration of RMB43,575,332.

CSCECL is an intermediate holding company of COLI, which held approximately 38.32% of the issued share capital of the Company as at the date of the Provisional SPAs. Accordingly, the Purchaser is a connected person of the Company, and the disposal contemplated under the Provisional SPAs constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

(5) SPA with China State Construction International Investments Limited (the "Vendor")

On 1 November 2022, Grand Will Asia Pacific Limited ("GWAP", an indirect wholly-owned subsidiary of the Company) and the Vendor (a direct wholly-owned subsidiary of CSC) entered into a sale and purchase agreement (the "SPA") following a public tender process in the China Beijing Equity Exchange. Pursuant to the SPA, GWAP agreed to purchase and the Vendor agreed to sell 45% of the equity interest in 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 "Target Company") at the consideration of RMB291,843,810. As at the date of the SPA, the equity interest of the Target Company was owned as to 55% by GWAP and 45% by the Vendor. Upon completion, the Target Company became an indirect wholly-owned subsidiary of the Company. The principal business activities of the Target Company are real estate development and management, and property leasing and management. The Target Company has developed the property development project known as "中海央墅" (Central Mansion*) located at Baohe District, Hefei City, Anhui Province of the PRC, and owns the remaining commercial units of the property development project which comprise office units and retail shops.

CSCEC is the ultimate holding company of COHL, which is the controlling shareholder of CSC and held approximately 39.63% of the issued share capital of the Company as at the date of the SPA, and therefore, the Vendor is a connected person of the Company, and the transaction contemplated under the SPA constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS

(1) CSCECL Group Engagement Agreement and Renewal 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 from 1 July 2019 to 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 the 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 from 1 July 2019 to 31 December 2019	For the year ended 31 December 2020	For the year ended 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

As the CSCECL Group Engagement Agreement was due to expire on 30 June 2022, on 18 May 2022, the Company and CSCECL entered into a new CSCECL group engagement agreement (the "Renewal CSCECL Group Engagement Agreement") to renew the CSCECL Group Engagement Agreement, pursuant to which, for a term of three years from 1 July 2022 to 30 June 2025, the Group will go through its standard and systematic tender procedures as set out in the Company's announcement dated 18 May 2022 and may engage the CSCECL Group as contractor for the Group's construction related services in the PRC upon successful tender awarded to the CSCECL Group subject to the terms and conditions thereunder (including the new caps as set out in the table below). The services include building design, construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators.

For the period from 1 July 2022 to 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024	For the period from 1 January 2025 to 30 June 2025
RMB280 million	RMB520 million	RMB520 million	RMB280 million

CSCECL is an intermediate holding company of COLI, which held approximately 38.32% of the issued share capital of the Company as at the date of the CSCECL Group Engagement Agreement and as at the date of the Renewal CSCECL Group Engagement Agreement. Accordingly, CSCECL is a connected person of the Company, and the transactions contemplated under each of the CSCECL Group Engagement Agreement and the Renewal 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)

(2) Carpark Framework Agreement and New Carpark Framework Agreement 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 from 1 December 2019 to 30 November 2022 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 ended 31 December 2020	For the year ended 31 December 2021	For the period from 1 January 2022 to 30 November 2022
Nil	HK$400 million	HK$300 million	HK$300 million

As the Carpark Framework Agreement was due to expire on 30 November 2022, on 5 September 2022, the Company and COPH entered into a framework agreement (the "New Carpark Framework Agreement") to renew the Carpark Framework Agreement for a term of 3 years from 1 January 2023 to 31 December 2025.

Pursuant to the New Carpark Framework Agreement, 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) by the COPH Group as its inventory, such car parking spaces being car parking spaces of developments or properties built, developed or owned by the Group and managed by the COPH Group as property manager. The maximum total agreement sums payable by the COPH Group to the Group for the transactions contemplated under the New Carpark Framework Agreement shall not exceed the following annual caps:

For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
HK$300 million	HK$300 million	HK$300 million

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(2) Carpark Framework Agreement and New Carpark Framework Agreement with COPH (continued)

Pursuant to the Carpark Framework Agreement and the New 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 rights-of-use of car park spaces contemplated under the agreements, and the qualifications of the purchaser to determine the sale price for each relevant acquisition. In any event, the sale price shall be no less favourable to the Group than that available to an independent third party purchaser.

COHL is the controlling shareholder of COPH, and held approximately 38.32% and approximately 39.63% of the issued share capital of the Company as at the date of the Carpark Framework Agreement and as at the date of the New Carpark Framework Agreement, respectively. COPH is hence a connected person of the Company, and the transactions contemplated under each of the Carpark Framework Agreement and the New Carpark Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(3) Huayi Framework Agreement and New Huayi 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 from 1 March 2020 to 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 from 1 March 2020 to 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
RMB30 million	RMB40 million	RMB50 million

As the Huayi Framework Agreement was due to expire on 31 December 2022, on 16 December 2022, the Company and Huayi Design entered into a new framework agreement (the "New Huayi Framework Agreement") to renew the Huayi Framework Agreement for a term of 3 years from 1 January 2023 to 31 December 2025.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(3) Huayi Framework Agreement and New Huayi Framework Agreement with Hua Yi Design Consultants Limited ("Huayi Design") (continued)

Pursuant to the New Huayi Framework Agreement, the Group may engage 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 by the Group to the Huayi Design Group shall not exceed the following caps:

For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
RMB30 million	RMB30 million	RMB30 million

Pursuant to the Huayi Framework Agreement and the New 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 announcements dated 27 February 2020 and 16 December 2022.

Huayi Design is a wholly-owned subsidiary of COLI, which held approximately 38.32% and approximately 39.63% of the issued share capital of the Company as at the date of the Huayi Framework Agreement and as at the date of the New Huayi Framework Agreement, respectively. Accordingly, Huayi Design is a connected person of the Company, and the transactions contemplated under each of the Huayi Framework Agreement and the New Huayi Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(4) 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") to renew the trademark licence agreement dated 31 March 2017 for a term of three years from 1 April 2020 to 31 March 2023.

Pursuant to the 2020 Renewal Trademark Licence Agreement, COLI agreed to grant the Company a non-exclusive licence to use the trademark "中海地產" owned by a wholly-owned subsidiary of COLI in the PRC and the royalty payable in arrears by the Company is one per cent of the Company's audited annual consolidated turnover for each financial year ended on 31 December 2020, 2021 and 2022 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 held approximately 38.32% of the issued share capital of the Company as at the date of the 2020 Renewal Trademark Licence Agreement 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)

(5) 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 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 which was expected to be from 25 December 2020 to 24 December 2023 (the "Third Property Lease Agreement"). On 27 March 2023, the parties entered into a surrender agreement, pursuant to which the Third Property Lease Agreement would be early terminated on 30 April 2023;

(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 years which was expected to be 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)

(5) 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 which was expected to be 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 ending 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 are set out below:

	Lease Term/ Expected Lease Term	Financial Year Ending 31 December			
		2020 RMB	2021 RMB	2022 RMB	2023 RMB
First Property Lease Agreement (1)	1 April 2020 to 31 March 2023	5,895,000	8,040,000	8,280,000	2,085,000
Second Property Lease Agreement (2)	1 April 2020 to 31 March 2023	120,150,000	163,800,000	168,712,500	42,487,500
Third Property Lease Agreement (3)	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

Notes:

(1) On 10 November 2022, the parties entered into a supplemental agreement to the First Property Lease Agreement, pursuant to which the parties agreed to reduce the maximum rent by the maximum of RMB3,078,815.56 for the year ended 31 December 2022.

(2) On 20 November 2020, the parties entered into a supplemental agreement to the Second Property Lease Agreement, pursuant to which the parties agreed to reduce the maximum rent to RMB163,216,414.80 for the year ended 31 December 2021.

(3) On 20 December 2021, the parties entered into a supplemental agreement to the Third Property Lease Agreement, pursuant to which the parties agreed to reduce the maximum rent to RMB23,310,000 for the period from 31 December 2020 to 30 December 2021 (after taking into account the rent-free period), RMB37,410,000 for the period from 31 December 2021 to 30 December 2022 and RMB41,960,000 for the period from 31 December 2022 to 30 December 2023.

Directors' Report (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(5) *Property Lease Agreements with the COLI Group (continued)*

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 held approximately 38.32% of the issued share capital of the Company as at the date of the Property Lease Agreements 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.

(6) *Renewal Framework Agreement with COPH*

On 28 April 2020, the Company and COPH entered into a renewal framework agreement (the "Renewal Framework Agreement") to renew the framework agreement entered into between the Company and COPH and dated 20 October 2017.

Pursuant to the Renewal Framework Agreement, the Group may 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 the PRC, Hong Kong, Macau and other locations through the tender process conducted by the Group from time to time for a term of three years from 1 July 2020 to 30 June 2023.

The Group's standard and systematic competitive tender process is 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 ended 31 December 2021	For the year ended 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 COPH, and held approximately 38.32% of the issued share capital of the Company as at the date of the Renewal Framework Agreement. 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.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(7) 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 entered into between the Company and CSC and dated 24 April 2020 (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 from 1 January 2021 to 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 ended 31 December 2021	For the year ended 31 December 2022	For the year ending 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 CSC, and held approximately 38.32% of the issued share capital of the Company as at the date of the New Master Engagement Agreement. 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)

(8) Supplies Framework Agreement and New 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 disclosed in the Company's announcement dated 19 November 2020 from time to time for a term of three years from 1 January 2021 to 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 ended 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023
RMB1,600 million	RMB1,600 million	RMB1,600 million

As the Group expected to incur more costs for acquisition of Materials for the Projects, on 27 April 2022, the Company and COLI entered into a new framework agreement (the "New Supplies Framework Agreement") to replace and supersede all rights and obligations of the parties under the Supplies Framework Agreement (together with the caps as set out thereunder) starting from 1 January 2022.

Pursuant to the New Supplies Framework Agreement, (i) the COLI Group may supply Materials for 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 27 April 2022 from time to time for a term of three years from 1 January 2022 to 31 December 2024 subject to the new 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 ended 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
RMB3,000 million	RMB3,000 million	RMB3,000 million

COLI held approximately 38.32% of the issued share capital of the Company as at the date of the Supplies Framework Agreement and as at the date of the New Supplies Framework Agreement. Accordingly, COLI is a connected person of the Company, and the transactions contemplated under each of the Supplies Framework Agreement and the New Supplies 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)

(9) New Framework Agreement with CSCD

On 24 March 2021, the Company and CSCD entered into the new CSCD framework agreement to renew the framework agreement entered into between the Company and CSCD and dated 26 June 2018 which expired on 30 June 2021 for a term of three years from 1 July 2021 to 30 June 2024 (the "New CSCD Framework Agreement").

Pursuant to the New CSCD Framework Agreement, the Group will go through its standard and systematic competitive tender process as disclosed in the Company's announcement dated 24 March 2021. In any event, the price and terms of the tender awarded by the Group to the CSCD Group are no more favourable than those awarded to independent third parties. Upon successful tender, the Group may engage the CSCD Group to provide the project management, supervision and consultancy services for the Group's property development projects in the PRC from time to time, subject to the following caps:

For the period from 1 July 2021 to 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023	For the period from 1 January 2024 to 30 June 2024
HK$30 million	HK$60 million	HK$60 million	HK$30 million

COHL is a controlling shareholder of CSC and CSCD, and held approximately 38.32% of the issued share capital of the Company as at the date of the New CSCD Framework Agreement. CSC is the indirect holding company of CSCD. Hence, CSCD is a connected person of the Company, and the transactions contemplated under the New CSCD 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)

(10) Framework Agreement with Shenzhen Haizhichuang Technology Limited*

On 24 August 2021, the Company and 深圳海智創科技有限公司 (Shenzhen Haizhichuang Technology Limited* ("Haizhichuang"), a wholly-owned subsidiary of COLI) entered into a framework agreement (the "Haizhichuang Framework Agreement") for a term of period from 1 September 2021 to 31 December 2023, whereby the Group may engage Haizhichuang to provide information technology services (the "Services"), which include but not limited to software licensing, software development, information system integration services, intelligent engineering services, software platform technology services, and relevant consultancy services, to the Group's property development projects in the PRC but subject to the following caps:

For the period from 1 September 2021 to 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023
RMB19 million	RMB32 million	RMB36 million

In assessing the service fees for the Services, member(s) of the Group will take into account of (i) the number of the property projects of the relevant member of the Group in the PRC under development which will require the Services; (ii) the unit price for the Services to be required by the target property projects of the relevant member of the Group, which is determined based on the types, quality and standards of the information technology services; and (iii) the prevailing market price of the same or substantially similar services.

In order to ascertain the prevailing market price as mentioned above, the Group will obtain quotations for the same or substantially similar services with comparable scope, quantity and quality from time to time from at least two independent third parties and then compare, evaluate and assess those quotations against the service fees quoted by Haizhichuang for individual contracts to ensure that the service fees payable by the relevant member of the Group to Haizhichuang will be no more favourable than those payable to the independent third party service providers.

COLI held approximately 38.32% of the issued share capital of the Company as at the date of the Haizhichuang Framework Agreement. Accordingly, Haizhichuang, being a wholly-owned subsidiary of COLI, is a connected person of the Company. The transactions contemplated under the Haizhichuang Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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)(10) 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 (Revised) "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 2022 disclosed by the Group in paragraphs (B)(1) to (B)(6) and (B)(8) to (B)(10) 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)(5), (B)(1), (B)(2), and (B)(4) to (B)(8) of the section "Connected Transactions Entered into by the Group" above are considered as contracts of significance under paragraph 16 of Appendix 16 to 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 2022 are set out below:

(1)	Date:	14 December 2017
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the date of the facility letter
(2)	Date:	31 December 2018
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the date of the first drawdown
(3)	Date:	30 December 2019
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the first utilisation date
(4)	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

The above facility agreements/letters stipulated that, if COLI 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.

Other than the above, on 18 June 2021, 汕頭市中海宏洋置業有限公司 (Shantou China Overseas Grand Oceans Property Limited*, a wholly-owned subsidiary of the Company), entered into a financing programme (the "Financing Programme") as borrower, under which the funds of no more than RMB1.5 billion to be borrowed will be held by a licensed financial institution acting as trustee (the "Trustee"). The funds shall be repaid in full within 5 years, commencing from the date of each drawdown. Pursuant to the terms under the Financing Programme, if (i) COLI ceases to be the single largest shareholder of the Company individually or together with persons acting in concert with it; and (ii) less than two-thirds of the Executive Directors and Non-executive Directors of the Company in total being nominated by COLI, the Trustee shall have the right to, among others, declare all or part of the outstanding amounts under the Financing Programme to become immediately due and payable.

As at the date of this report, COLI owns approximately 39.63% of the total number of shares of the Company in issue.

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2022, 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

As a leading real estate developer in the PRC, the Group has long been committed to the zero-carbon technology research and development and zero-carbon project implementation, as well as developing high-quality property projects that promote green, healthy, smart and comfortable living, in order to take the lead in the green and sustainable development of property construction and development industries. Building on the foundation of the successful implementation of the ultra-low energy consumption cluster demonstration project, the Group gradually formulates the implementation capabilities of the complete production chain, including the ultra-low energy and zero energy consumption construction development, "dual carbon" planning and consulting, research, development and production of green building materials, digital twins and smart technology operation. The Group has actively participated in academic research, applied innovative technology and explored the future of green building development with stakeholders in order to contribute in the realisation of carbon neutrality in the PRC. The Group has formulated the "Environmental Policy" which details the management rules for different environmental aspects such as combating climate change, energy management, water resources management, waste management, biodiversity management, sustainable construction, green procurement, etc. The Group will review and revise the "Environmental Policy" in accordance with national development strategies and industry standards at least once every three years.

To mitigate the risks of climate change, the Group strives to combine its strategy in response to climate change with the green building development strategy. According to the national unified plans and relevant requirements, the Group formulates "dual carbon" goals in line with its own characteristics, and actively carries out research on the identification of risks and opportunities related to climate change and the path towards carbon peak and carbon neutrality. The Group promises that, by 2029, the carbon emissions within the Group's operation boundary will peak, and it will be fully electrified and thus fossil fuels will no longer be used by the Group. By 2049, the Group will be solely using renewable energy and achieve carbon neutrality within the operation boundary. The proportion of implementation of the ultra-low energy consumption buildings, near-zero energy consumption buildings, zero energy consumption buildings will increase tremendously. Intensity of carbon emission will gradually decrease as compared to that of the base year. And there will be a prominent decrease in carbon emission throughout the whole life cycle of the buildings. The Group will also examine the reporting requirements and assessment methods for climate scenario analysis, in preparation of future assessment on any extreme and chronic risks under different climate scenarios, and also to improve the governance performance of the Group in the climate-related issues.

ENVIRONMENTAL POLICY AND PERFORMANCE (CONTINUED)

Among the projects in the construction period, the ultra-low energy building project of Zhonghai He Shan Da Guan in Hohhot, Inner Mongolia and the project of Upper East in Hefei, Anhui Province are the most emblematic. Zhonghai He Shan Da Guan project is the first large-scale ultra-low energy commercial housing demonstration project built in the cold area, with a heating and energy saving rate of 92%. It has been awarded the "Ultra-low Energy Building" certificate ("超低能耗建築"認證證書) by the China Association of Building Energy Efficiency (中國建築節能協會). As the only residential zero-carbon building which has been successfully admitted as the 2022 technology demonstration project of the Ministry of Housing and Urban-Rural Development, it will be submitted for applying for the "3-star green buildings" rating. Hefei Upper East project, in response to the national call for energy conservation and carbon reduction, has applied the national advanced construction technology (prefabricated technology) to implement the relevant national requirements in relation to green power and energy conservation, and hence formed a set of effective, reproducible and propagable energy conservation and carbon reduction measures. The project has passed the "3-star green buildings" review.

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

The Group is committed to strictly abide by the environmental laws and regulations that may have major impacts on the Group's operations. It is subject to the scrutiny of the government, social organisations 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. All projects are under the unified management of the Project Development Department, with the legal affairs management system being adopted to all affiliated project companies.

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

The following table lists out the environmental laws and regulations which may have significant impacts on the Group's operations and management measures to help the Group comply with such laws and regulations. In 2022, there was no case of non-compliance with such environmental laws and regulations.

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 the 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	During the construction process, the Group comprehensively considered the environment and the needs of the surrounding communities, focusing on four major aspects which are dust control, noise control, drainage management and waste management. 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.

Directors' Report (continued)

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group operates in a sustainable manner and values the interests of employees, shareholders and investors, customers, suppliers, business partners, industry associations, governmental departments and various stakeholders in the community, different channels have been established to foster the exchange and communications with stakeholders.

Employees	The Group is committed to establishing a workplace environment with high level of safety, fairness, trust and development capacity for all employees. The Group believes that all employees should be treated with respect regardless of age, gender, family status, disability, race, ethnic background and nationality, and have equal opportunities to develop their potentials. The Group regularly conducts satisfaction surveys, employee seminars, sharing sessions and other activities to receive employees' opinions and suggestions on the Group's operation and management. Through information technology and interactive learning platforms, online training courses are actively provided with more newly developed functions such as live broadcasts, Q&A and discussion to meet the progress and needs of employees.
Shareholders and Investors	The Group regularly holds results briefings and roadshows and general meetings of shareholders to inform the shareholders and investors about the Group's operating performance, financial status and strategic developments. Also, investor questionnaire is conducted at the end of every year to understand the capital market's suggestions and opinions on stakeholder communication, and to formulate an annual improvement plan. We has also set up an investor relations email to receive daily inquiries from investors and respond them in a timely manner.
Customers	The Group plays an active role in building long-term and close relationships with customers. In order to meet the increasing public expectations for the products and services, the Group has proactively assumed its responsibilities as a property developer at different stages such as planning, construction, acceptance, sales and after-sales service, in order to gain the trust of customers and maintain a good reputation. In addition to the formulation of the "Guidelines for Customer Review" and "Customer Complaint and Claims Management Methods", the Group solicits customers' feedback through various channels in order to continuously enhance service quality.

RELATIONSHIPS WITH KEY STAKEHOLDERS (CONTINUED)

Suppliers and Contractors	When dealing with suppliers and partners, the Group adheres to the principle of fairness and impartiality, and maintain the most rigorous ethical and professional conduct. The Group also encourages the suppliers to sign the "Integrity Agreement", and provides them with the business ethics training, to ensure that the projects are in compliance, ethical and orderly carried out. At present, the Group is partnered with 8,792 suppliers and contractors which are located across all project cities. The Group conducts questionnaires with the suppliers and partners from time to time so as to understand their satisfactory level of their cooperation with us and also to solicit recommendations on improving the cooperation effectiveness.
Government and Regulatory Bodies	The Group works closely with local governments and timely reports project preparation progress and construction progress to relevant departments to ensure that operations comply with relevant laws and regulations. We will also receive on-site inspections by governmental departments at all levels to understand their opinions on project planning, construction and operation processes.
Industry Associations	The Group actively joins the industry association alliance, participates in industry meetings, explores the possibility of improvement and upgrading of building technology with outstanding peers, and promotes the green transformation of the property construction industry.
Media	The Group holds media conferences, participates in media interviews, answers questions raised by the media, and proactively announces the progress of the Company's operations through the media at appropriate times.
Community	The Group has always maintained a good relationship with the local community with a sincere and open attitude. Before the construction of the project, the Group invites the local residents to participate in the project survey to widely collect their opinions on the project. The Group provides rental subsidies to shops that are beneficial to people's livelihood such as convenience stores or restaurants, thereby reducing the cost of living for residents. "China Overseas Club" also organises regular customer care activities such as door-to-door inspections for electrical safety, maintenance of air-conditioning facilities and other professional services. In addition, the Group wholeheartedly supports the local customs and education, and encourages employees to actively participate in community services, such as sponsoring local custom activities and assisting the community in epidemic prevention, etc., and is committed to maintaining a good relationship with the local community with a sincere and open attitude.

The Group has started to formulate sustainable development strategies since the end of 2022, and will set the scope of sustainability development work based on business development, including green buildings. For the progress of the strategy planning, please refer to the "Environmental, Social and Governance Report" published by the Group on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cogogl.com.hk under the "Investors" section.

Directors' Report (continued)

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 (2021: HK$3,612,300).

CHANGE IN DIRECTORS' INFORMATION

Change in Directors' information since the date of the 2022 interim report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

- Dr. Chung Shui Ming, Timpson ceased to be a member of the National Committee of the Chinese People's Political Consultative Conference since March 2023.

- Mr. Lam Kin Fung, Jeffrey ceased to be a member of the National Committee of the Chinese People's Political Consultative Conference since March 2023.

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

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2022 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, 27 March 2023

Independent Auditor's Report

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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 98 to page 250, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, 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.

Independent Auditor's Report (continued)

KEY AUDIT MATTERS (CONTINUED)

Determining net realisable value of inventories of properties

Refer to notes 5.1(b) and 20 to the consolidated financial statements

The carrying value of the Group's inventories of properties as at 31 December 2022 was RMB131,891,355,000.

Inventories of properties are stated at the lower of cost and net realisable value. In assessing net realisable value, management has to determine the expected selling prices of inventories of properties which is based on analysis of current market price of properties of comparable quality and condition, taking into account the market and economic factors, the government's measures and their impact on the property market of the Mainland China. Future selling prices could fluctuate significantly subject to factors including recovery of economy and market sentiment, the government's measures taken to stabilise the property market and their impact to real estate developers and long-term policies such as urbanisation policy.

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 the 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 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 accuracy and relevance of the 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 and considering whether consistent basis is applied by management in assessing net realisable value of various properties.

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

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.

Independent Auditor's Report (continued)

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, 27 March 2023

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	6	**57,492,018**	53,830,471
Cost of sales and services provided		**(49,215,834)**	(41,431,335)
Gross profit		**8,276,184**	12,399,136
Other income	8	**638,570**	463,279
Distribution and selling expenses		**(1,632,182)**	(1,634,858)
Administrative expenses		**(925,921)**	(1,096,364)
Other operating expenses		**(91,079)**	(21,222)
Other gains			
Fair value gain on reclassification of inventories of properties to investment properties	15(a)	**–**	80,683
Fair value gain on investment properties	15(b)	**–**	20,000
Operating profit		**6,265,572**	10,210,654
Finance costs	10	**(63,400)**	(54,100)
Share of results of associates		**18,853**	8,110
Share of results of joint ventures		**(242,314)**	(15,278)
Profit before income tax	9	**5,978,711**	10,149,386
Income tax expense	11	**(2,922,587)**	(4,504,484)
Profit for the year		**3,056,124**	5,644,902
Profit/(Loss) for the year attributable to:			
Owners of the Company		**3,150,440**	5,050,575
Non-controlling interests		**(94,316)**	594,327
		3,056,124	5,644,902

	Notes	RMB Cents	RMB Cents
Earnings per share	13		
Basic		**90.7**	147.5
Diluted		**90.7**	147.5

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 RMB'000	2021 RMB'000
Profit for the year	**3,056,124**	5,644,902
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of equity instruments at fair value through other comprehensive income	**310**	–
Items that may be reclassified to profit or loss		
Exchange differences arising from translation into presentation currency	**(1,642,825)**	555,319
Other comprehensive income for the year, net of tax	**(1,642,515)**	555,319
Total comprehensive income for the year	**1,413,609**	6,200,221
Total comprehensive income attributable to:		
Owners of the Company	**1,507,925**	5,605,894
Non-controlling interests	**(94,316)**	594,327
	1,413,609	6,200,221

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	15	**4,279,204**	3,978,235
Property, plant and equipment	16	**773,627**	839,080
Right-of-use assets	37(a)	**257,133**	256,478
Interests in associates	17	**182,635**	277,416
Interests in joint ventures	18	**686,896**	908,170
Financial assets at fair value through other comprehensive income	19	**–**	1,000
Deferred tax assets	33	**1,876,676**	1,883,460
		8,056,171	8,143,839
Current assets			
Inventories of properties	20	**131,891,355**	136,371,481
Other inventories	21	**4,165**	11,309
Contract costs	22	**128,524**	153,582
Trade and other receivables, prepayments and deposits	23	**5,695,458**	15,076,202
Amounts due from associates	24	**853,767**	994,964
Amounts due from joint ventures	25	**439,499**	752,391
Amounts due from non-controlling interests	26	**1,991,575**	2,215,461
Tax prepaid		**2,390,421**	2,574,823
Restricted cash and deposits	28	**9,897,715**	12,616,346
Cash and bank balances	28	**19,433,181**	19,876,023
		172,725,660	190,642,582
Current liabilities			
Trade and other payables	29	**20,830,621**	19,928,604
Contract liabilities	30	**61,157,740**	81,803,731
Amounts due to associates	24	**10,516**	2,069
Amounts due to joint ventures	25	**287,318**	84,928
Amounts due to non-controlling interests	26	**6,199,342**	5,510,332
Amounts due to related companies	27	**261,145**	186,119
Lease liabilities	37(a)	**14,852**	14,534
Taxation liabilities		**4,348,917**	7,282,145
Bank and other borrowings	31	**12,176,911**	12,773,873
		105,287,362	127,586,335
Net current assets		**67,438,298**	63,056,247
Total assets less current liabilities		**75,494,469**	71,200,086

Consolidated Statement of Financial Position (continued)

AS AT 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Bank and other borrowings	31	**30,828,251**	29,162,103
Lease liabilities	37(a)	**35,945**	28,199
Guaranteed notes and corporate bonds	32	**4,593,302**	3,286,018
Amount due to a related company	27	**–**	75,026
Deferred tax liabilities	33	**2,635,819**	2,892,481
		38,093,317	35,443,827
Net assets		**37,401,152**	35,756,259
CAPITAL AND RESERVES			
Share capital	34	**6,047,372**	5,579,100
Reserves	35	**23,894,824**	23,148,789
Equity attributable to owners of the Company		**29,942,196**	28,727,889
Non-controlling interests	36	**7,458,956**	7,028,370
Total equity		**37,401,152**	35,756,259

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 2022

	Attributable to owners of the Company								
	Share capital RMB'000 (note 34)	Translation reserve* RMB'000 (note 35)	Assets revaluation reserve* RMB'000 (note 35)	Financial assets at fair value through other comprehensive income reserve* RMB'000 (note 35)	Statutory reserve* RMB'000 (note 35)	Retained profits* RMB'000 (note 35)	Total RMB'000	Non-controlling interests RMB'000 (note 36)	Total equity RMB'000
At 1 January 2021	5,579,100	173,427	30,075	–	1,552,837	16,797,786	24,133,225	3,103,157	27,236,382
Profit for the year	–	–	–	–	–	5,050,575	5,050,575	594,327	5,644,902
Exchange differences arising from translation into presentation currency	–	555,319	–	–	–	–	555,319	–	555,319
Total comprehensive income for the year	–	555,319	–	–	–	5,050,575	5,605,894	594,327	6,200,221
Transfer to PRC statutory reserve	–	–	–	–	561,526	(561,526)	–	–	–
2021 interim dividend paid (note 12(a))	–	–	–	–	–	(228,472)	(228,472)	–	(228,472)
2020 final dividend paid (note 12(b))	–	–	–	–	–	(782,758)	(782,758)	–	(782,758)
Contributions from non-controlling interests	–	–	–	–	–	–	–	3,059,013	3,059,013
Return of capital to non-controlling interests	–	–	–	–	–	–	–	(8,000)	(8,000)
Dividend attributable to non-controlling interests	–	–	–	–	–	–	–	(10,323)	(10,323)
Acquisition of a subsidiary (note 39(b))	–	–	–	–	–	–	–	290,196	290,196
Transactions with owners	–	–	–	–	–	(1,011,230)	(1,011,230)	3,330,886	2,319,656
At 31 December 2021	5,579,100	728,746	30,075	–	2,114,363	20,275,605	28,727,889	7,028,370	35,756,259

Consolidated Statement of Changes in Equity (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company								
	Share capital RMB'000 (note 34)	Translation reserve* RMB'000 (note 35)	Assets revaluation reserve* RMB'000 (note 35)	Financial assets at fair value through other comprehensive income reserve* RMB'000 (note 35)	Statutory reserve* RMB'000 (note 35)	Retained profits* RMB'000 (note 35)	Total RMB'000	Non-controlling interests RMB'000 (note 36)	Total equity RMB'000
At 1 January 2022	5,579,100	728,746	30,075	–	2,114,363	20,275,605	28,727,889	7,028,370	35,756,259
Profit/(Loss) for the year	–	–	–	–	–	3,150,440	3,150,440	(94,316)	3,056,124
Exchange differences arising from translation into presentation currency	–	(1,642,825)	–	–	–	–	(1,642,825)	–	(1,642,825)
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	–	310	–	–	310	–	310
Total comprehensive income for the year	–	(1,642,825)	–	310	–	3,150,440	1,507,925	(94,316)	1,413,609
Transfer to PRC statutory reserve	–	–	–	–	472,588	(472,588)	–	–	–
2022 interim dividend paid (note 12(a))	–	–	–	–	–	(184,871)	(184,871)	–	(184,871)
2021 final dividend paid (note 12(b))	468,272	–	–	–	–	(878,160)	(409,888)	–	(409,888)
Reclassification of financial assets at fair value through other comprehensive income reserve to retained profits upon disposal (note 19)	–	–	–	(310)	–	310	–	–	–
Contributions from non-controlling interests	–	–	–	–	–	–	–	1,388,641	1,388,641
Return of capital to non-controlling interests	–	–	–	–	–	–	–	(660,000)	(660,000)
Dividend attributable to non-controlling interests	–	–	–	–	–	–	–	(410,807)	(410,807)
Acquisition of a subsidiary (note 39(a))	–	–	–	–	–	–	–	128,207	128,207
Acquisitions of additional equity interests in subsidiaries while retaining control (note 40)	–	–	–	–	–	299,427	299,427	(654,425)	(354,998)
Deemed disposal of equity interests in subsidiaries while retaining control (note 41)	–	–	–	–	–	1,714	1,714	733,286	735,000
Transactions with owners	468,272	–	–	(310)	–	(761,580)	(293,618)	524,902	231,284
At 31 December 2022	6,047,372	(914,079)	30,075	–	2,586,951	22,191,877	29,942,196	7,458,956	37,401,152

* 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 2022

	Notes	2022 RMB'000	2021 RMB'000
Operating activities			
Profit before income tax		5,978,711	10,149,386
Adjustments for:			
Share of results of associates		(18,853)	(8,110)
Share of results of joint ventures		242,314	15,278
Gain on disposal of property, plant and equipment		(179)	(272)
Depreciation		94,703	90,578
Fair value gain on reclassification of inventories of properties to investment properties		–	(80,683)
Fair value gain on investment properties		–	(20,000)
Write-off of property, plant and equipment		31	936
Write-down of inventories of properties	9(b)	2,673,218	244,600
Write-back of trade and other payables		(31,582)	–
Interest income		(358,202)	(353,695)
Finance costs		63,400	54,100
Exchange difference		(77,401)	27,085
Operating cash flows before movements in working capital		8,566,160	10,119,203
Decrease/(Increase) in inventories of properties		5,476,670	(26,951,922)
Decrease in other inventories		7,144	5,120
Decrease in trade and other receivables, prepayments and deposits		9,369,643	4,390,991
Decrease/(Increase) in contract costs		25,058	(58,850)
Decrease/(Increase) in restricted cash and deposits		2,718,631	(5,089,530)
Increase in trade and other payables		897,236	4,201,314
(Decrease)/Increase in contract liabilities		(20,645,991)	11,458,598
Cash from/(used in) operations		6,414,551	(1,925,076)
Income taxes paid		(5,928,130)	(4,937,381)
Net cash from/(used in) operating activities		486,421	(6,862,457)
Investing activities			
Additions of investment properties	15	(23,000)	(30,000)
Purchase of property, plant and equipment	16	(2,338)	(25,621)
Purchase of right-of-use assets		–	(11,411)
Capital injections in associates		–	(257,000)
Capital injections in joint ventures		(22,275)	(695,250)
Dividends received from joint ventures		1,235	181,242
Proceeds from disposal of property, plant and equipment		179	276
Proceeds from disposal of financial assets at fair value through other comprehensive income	19	1,310	–
Proceeds from disposal of an associate		–	6,750
Acquisitions of subsidiaries, net of cash acquired	39	(151,304)	105,674
Settlements of shareholders' loans in acquisitions of subsidiaries	39(a)&(c)	(1,129,826)	–
Interest received		359,484	340,097
Advances to associates		(336,141)	(1,103,376)
Repayments from associates		305,265	233,250
Advances to joint ventures		(55,790)	(1,807,979)
Repayments from joint ventures		381,009	3,146,631
Advances to non-controlling interests		(1,149,193)	(1,406,451)
Repayments from non-controlling interests		367,458	206,129
Net cash used in investing activities		(1,453,927)	(1,117,039)

Consolidated Statement of Cash Flows (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
Financing activities	42(a)		
New bank and other borrowings		**16,320,745**	24,234,005
Repayments of bank and other borrowings		**(16,539,549)**	(19,056,624)
Net proceeds from issue of guaranteed notes	32(a)	**–**	3,310,714
Redemption of guaranteed notes	32(a)	**–**	(3,215,085)
Proceeds from issue of corporate bonds	32(b)	**1,000,000**	–
Advances from associates		**8,447**	–
Repayments to associates		**–**	(11,067)
Advances from joint ventures		**287,790**	10,925
Repayments to joint ventures		**(85,400)**	(366,455)
Advances from non-controlling interests		**4,314,963**	5,998,816
Repayments to non-controlling interests		**(3,255,617)**	(3,330,210)
Repayments to related companies		**–**	(3,363)
Payment of capital element of leases		**(17,218)**	(16,266)
Payment of interest element of leases		**(1,396)**	(1,393)
Payment of other interest		**(1,989,145)**	(1,811,941)
Dividends paid		**(594,759)**	(1,011,230)
Dividends paid to non-controlling interests	42(b)	**(30,233)**	(10,323)
Contributions from non-controlling interests	42(c)	**1,388,641**	2,606,913
Return of capital to non-controlling interests	42(b)	**(34,953)**	(8,000)
Acquisitions of additional equity interests in subsidiaries while retaining control	40	**(1,020,443)**	–
Contributions from non-controlling interests in deemed disposal of equity interests in subsidiaries while retaining control	41	**735,000**	–
Net cash from financing activities		**486,873**	7,319,416
Net decrease in cash and cash equivalents		**(480,633)**	(660,080)
Cash and cash equivalents at 1 January		**19,876,023**	20,543,265
Effect of foreign exchange rate changes on cash and cash equivalents		**37,791**	(7,162)
Cash and cash equivalents at 31 December		**19,433,181**	19,876,023
Analysis of balances of cash and cash equivalents			
Cash and bank balances as stated in the consolidated statement of financial position		**19,433,181**	19,876,023

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, in which Hefei, Jinhua, Nantong, Quanzhou, Shantou, Taizhou, Tangshan and Yinchuan had significant contribution to the contracted property sales for the year.

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 2022 were approved and authorized for issue by the directors on 27 March 2023.

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

2.1 Adoption of new or revised HKFRS – effective 1 January 2022

In the current year, the Group has applied for the first time the following new amendments 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 2022:

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions Beyond 30 June 2021
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Leases

The adoption of these new amendments to HKFRS did not have material impact on the Group's results and financial position and accounting policies.

* English translation is for identification only

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

2.2 New and amendments to HKFRS that have been issued but not yet effective

The following new and amendments to 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[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
HK-Int 5 (2022)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 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.

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

2.2 New and amendments to HKFRS that have been issued but not yet effective (Continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

Amendments to HKAS 1 require material accounting policy information to be disclosed in financial statements rather than significant accounting policies and provide additional guidance in deciding which accounting policies should be disclosed. Amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

Amendments to HKAS 12 require entity to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.

The directors 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. The directors are currently assessing the possible effect of these new and amendments to standards on the Group's results and financial position in the first year of application. Except for the above amendments which may result in changes in disclosures for accounting policies in the financial statements, those new and amendments to HKFRS that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, are disclosed in note 5.

3.2 Basis of measurement

The consolidated 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 basis 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 financial 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.

Notes to the Financial Statements (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Business combination and basis of consolidation (Continued)

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.

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.

For acquisition of an asset or a group of assets that does not constitute a business, the acquirer shall identify and recognize the individual identifiable assets acquired and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill.

Notes to the Financial Statements (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

– the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;

– substantive potential voting rights held by the Company and other parties who hold voting rights;

– other contractual arrangements; and

– historic patterns in voting attendance.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 and liabilities 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 at least one other party. 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).

Notes to the Financial Statements (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Joint arrangements (Continued)

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.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets and liabilities 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 appropriate, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

4.7 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 consolidated 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.

Notes to the Financial Statements (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Property, plant and equipment (Continued)

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit or loss.

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 life on a straight-line basis as follows:

Category of property, plant and equipment	*Estimated useful life*
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 life 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 life 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 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.

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 consolidated 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 consolidated 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 fair value 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 life*
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

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Leasing (Continued)

The Group as a lessee (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 of an option 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 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.

Notes to the Financial Statements *(continued)*

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, bank and other borrowings and guaranteed notes and corporate bonds 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 Instruments*.

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. Cost is determined on a specific identification basis and 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. Net realizable value is determined on the basis of anticipated sales proceeds less estimated cost to completion and estimated costs necessary to make the sale.

Inventories of properties are classified under current assets as they are expected to be realized within the Group's normal operating cycle.

Notes to the Financial Statements (continued)

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 ("VAT") 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 case if the Group does not have an enforceable right to payment from the customer for performance completed to date, 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. 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 following conditions are fulfilled: (i) the construction of the property is completed; (ii) 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 (iii) 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 notes 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.

Notes to the Financial Statements (continued)

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. Deferred tax assets also arisen from unused tax losses and unused tax credits. Except for temporary differences arising on (i) the initial recognition of goodwill; (ii) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and (iii) investments in subsidiaries and associates and interests in joint arrangements where the Group is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future, 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Income tax (Continued)

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.

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 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 life 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.

Notes to the Financial Statements (continued)

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 Company;

(ii) has significant influence over the Company; 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 consolidated 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 consolidated 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 2022 were estimated by the directors of the Company with reference to the property valuation as at 31 December 2022 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 2022 was RMB4,279,204,000 (2021: RMB3,978,235,000). Further details of the fair value measurement of investment properties are set out in note 15.

Notes to the Financial Statements (continued)

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 2022 is inventories of properties with an aggregate carrying amount of RMB131,891,355,000 (2021: RMB136,371,481,000), 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 in determining the expected selling prices of the inventories of properties, which is based on analysis of current market price of properties of comparable quality and location, taking into account the market and economic factors, the government's measures taken to stabilize the property market and their impact to real estate developers and long-term government policies such as urbanization policy. In addition, for properties under development, determining the net realizable value also involves estimations of construction costs to be incurred to complete the development based on existing asset structure, contractor fees and construction material price lists. Determining net realizable value for the current year is subject to more estimation uncertainty as the real estate market in the PRC is facing uncertainties on recovery of economy and market sentiment. If the actual net realizable values of the underlying properties are less than the current 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 additional provision for write-down of inventories of properties may result.

During the year ended 31 December 2022, a write-down of inventories of properties amounting to RMB2,673,218,000 (2021: RMB244,600,000) has been made in the consolidated financial statements (note 9(b)). Further details of the Group's inventories of properties are set out in note 20.

(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 50.3.

(d) Estimates of current tax and deferred tax

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

5.2 Critical judgments in applying accounting policies

(a) Control over certain subsidiaries

Certain investees have been accounted for as subsidiaries by the Group (note 52) although the Group holds less than 50% equity interests in them. The directors assessed whether or not the Group has control over those investees considering whether the Group has the practical ability to direct the relevant activities of those investees unilaterally. In making the judgment, the directors considered the Group's voting power in making decision over the relevant activities of those investees and the contractual arrangement with other shareholders, as appropriate. Based on the management's assessment, the directors concluded that the Group has sufficiently dominant voting interests to direct the relevant activities of those investees and therefore the Group has control over them.

(b) Joint arrangements

As at 31 December 2022, 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 and accounted for as joint ventures. Further details of the Group's joint arrangements are set out in note 18.

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:

	2022 **RMB'000**	2021 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of properties	**57,244,150**	53,594,028
– Hotel and other services income	**14,340**	18,770
	57,258,490	53,612,798
Revenue from other sources		
– Property rental income	**233,528**	217,673
Total revenue	**57,492,018**	53,830,471

The aggregate amount of transaction price allocated to the remaining performance obligations under the Group's outstanding contracts as at 31 December 2022 is RMB60,022,183,000 (2021: RMB83,711,444,000). This amount represents revenue expected to be recognized in future from the sales contracts for properties 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.

Notes to the Financial Statements (continued)

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 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, non-controlling interests and related companies and other liabilities directly attributable to the business activities of the operating segments and exclude tax liabilities, corporate liabilities and liabilities such as bank and other borrowings, certain amounts due to related companies, guaranteed notes and corporate bonds 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 2022				
Revenue from contracts with customers disaggregated by timing of revenue recognition				
– Goods transferred over time	**322,624**	**–**	**–**	**322,624**
– Goods transferred at a point in time	**56,921,526**	**–**	**–**	**56,921,526**
– Services transferred over time	**–**	**–**	**14,340**	**14,340**
	57,244,150	**–**	**14,340**	**57,258,490**
Revenue from other sources				
– Rental income	**–**	**233,528**	**–**	**233,528**
	57,244,150	**233,528**	**14,340**	**57,492,018**

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2021				
Revenue from contracts with customers disaggregated by timing of revenue recognition				
– Goods transferred over time	1,799,709	–	–	1,799,709
– Goods transferred at a point in time	51,794,319	–	–	51,794,319
– Services transferred over time	–	–	18,770	18,770
	53,594,028	–	18,770	53,612,798
Revenue from other sources				
– Rental income	–	217,673	–	217,673
	53,594,028	217,673	18,770	53,830,471

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 2022				
Reportable segment revenue	57,244,150	233,528	14,340	57,492,018
Reportable segment profit/(loss)	5,991,235	152,404	(56,796)	6,086,843
Corporate income				54,804
Finance costs				(63,400)
Other corporate expenses				(99,536)
Profit before income tax				5,978,711
As at 31 December 2022				
Reportable segment assets	170,887,294	4,509,552	564,006	175,960,852
Tax assets				4,267,097
Corporate assets^				553,882
Total consolidated assets				180,781,831
Reportable segment liabilities	88,619,360	56,164	450	88,675,974
Tax liabilities				6,984,736
Bank and other borrowings				43,005,162
Guaranteed notes and corporate bonds				4,593,302
Amount due to a related company				75,026
Other corporate liabilities				46,479
Total consolidated liabilities				143,380,679

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 2021				
Reportable segment revenue	53,594,028	217,673	18,770	53,830,471
Reportable segment profit/(loss)	10,181,426	180,569	(48,912)	10,313,083
Corporate income				7,527
Finance costs				(54,100)
Other corporate expenses				(117,124)
Profit before income tax				10,149,386
As at 31 December 2021				
Reportable segment assets	189,185,833	4,182,650	611,595	193,980,078
Tax assets				4,458,283
Corporate assets^				348,060
Total consolidated assets				198,786,421
Reportable segment liabilities	107,479,679	58,992	933	107,539,604
Tax liabilities				10,174,626
Bank and other borrowings				41,935,976
Guaranteed notes and corporate bonds				3,286,018
Amount due to a related company				75,026
Other corporate liabilities				18,912
Total consolidated liabilities				163,030,162

^ Corporate assets as at 31 December 2022 mainly included property, plant and equipment of RMB86,352,000 (2021: RMB95,910,000), right-of-use assets of RMB102,619,000 (2021: RMB92,185,000) and cash and bank balances of RMB363,761,000 (2021: RMB158,688,000) respectively which are managed on a group basis.

Notes to the Financial Statements *(continued)*

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 2022					
Interest income	355,963	548	16	1,675	358,202
Depreciation	30,531	2,766	44,045	17,361	94,703
Gain on disposal of property, plant and equipment	173	–	6	–	179
Write-off of property, plant and equipment	10	–	21	–	31
Write-down of inventories of properties	2,673,218	–	–	–	2,673,218
Write-back of trade and other payables	31,582	–	–	–	31,582
Share of profit of associates	18,853	–	–	–	18,853
Share of (loss)/profit of joint ventures	(245,575)	3,261	–	–	(242,314)
Additions to specified non-current assets#	49,711	23,000	116	16,932	89,759
As at 31 December 2022					
Interests in associates	182,635	–	–	–	182,635
Interests in joint ventures	568,051	118,845	–	–	686,896

Notes to the Financial Statements (continued)

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 2021					
Interest income	346,499	504	17	6,675	353,695
Depreciation	28,860	3,118	41,683	16,917	90,578
Fair value gain on reclassification of inventories of properties to investment properties	80,683	–	–	–	80,683
Fair value gain on investment properties	–	20,000	–	–	20,000
Gain on disposal of property, plant and equipment	268	–	4	–	272
Write-off of property, plant and equipment	2	–	934	–	936
Write-down of inventories of properties	244,600	–	–	–	244,600
Share of profit of associates	8,110	–	–	–	8,110
Share of (loss)/profit of joint ventures	(19,704)	4,426	–	–	(15,278)
Additions to specified non-current assets#	1,010,792	30,564	3,651	376	1,045,383
As at 31 December 2021					
Interests in associates	277,416	–	–	–	277,416
Interests in joint ventures	791,351	116,819	–	–	908,170

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 transfer from inventories of properties to owner-occupied properties as well as transfer from inventories of properties to investment properties.

Notes to the Financial Statements (continued)

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:

	2022 RMB'000	2021 RMB'000
Hong Kong (place of domicile)	**16,840**	3,786
Other regions of the PRC	**6,162,655**	6,255,593
	6,179,495	6,259,379

Information about major customer

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2022 and 2021.

8. OTHER INCOME

	2022 RMB'000	2021 RMB'000
Interest income on:		
– Bank deposits	**338,414**	275,160
– Amounts due from joint ventures	**19,788**	72,015
– Amounts due from non-controlling interests	**–**	6,520
Total interest income on financial assets measured at amortized cost	**358,202**	353,695
Government grants (note (a))	**51,247**	–
Sundry income (note (b))	**229,121**	109,584
	638,570	463,279

Notes:

(a) Government grants mainly included subsidies received from local government to support the Group's business development amounting to RMB51,082,000 (2021: nil). There were no unfulfilled conditions attaching to the subsidies recognized.

(b) For the year ended 31 December 2022, sundry income included a write-back of long outstanding payables amounting to RMB31,582,000 (2021: nil) and compensation received from local government in relation to the return of a land parcel amounting to RMB72,823,000 (2021: nil).

9. PROFIT BEFORE INCOME TAX

	2022 RMB'000	2021 RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation		
Property, plant and equipment	**69,155**	66,722
Right-of-use assets		
Land use rights of properties with ownership interests held for own use	**7,914**	6,600
Other properties leased for own use	**17,634**	17,256
Total depreciation	**94,703**	90,578
Remuneration to auditor for audit services*		
– Current year	**3,430**	3,156
Cost of sales and services provided comprise		
– Amount of inventories recognized as expense	**46,433,429**	41,139,011
– Write-down of inventories of properties (note (b))	**2,673,218**	244,600
Net foreign exchange loss (note (c))	**3,563**	18,408
Short-term leases expenses	**4,284**	8,228
Outgoings in respect of:		
– investment properties	**80,798**	70,088
– other properties	**4,196**	6,891
	84,994	76,979
Net rental income from:		
– investment properties	**(138,932)**	(128,783)
– other properties	**(9,602)**	(11,911)
	(148,534)	(140,694)
Staff costs (note (a))	**1,013,853**	1,082,864
Gain on disposal of property, plant and equipment^	**(179)**	(272)
Write-off of property, plant and equipment	**31**	936
Other taxes and levies	**337,295**	384,834

* excluded fees for non-audit services rendered by the auditor which amounted to RMB125,000 (2021: RMB353,000)

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

Notes to the Financial Statements (continued)

9. PROFIT BEFORE INCOME TAX (CONTINUED)

Notes:

(a) Staff costs (including directors' emoluments) comprise:

	2022 **RMB'000**	2021 RMB'000
Salaries, allowances and other benefits	**948,687**	1,028,950
Contributions to defined contribution retirement plans (note 43)	**65,166**	53,914
	1,013,853	1,082,864

(b) For the year ended 31 December 2022, management assessed the net realizable value of the Group's inventories of properties based on the latest market conditions, the government's measures on property market in the PRC as well as the Group's development and sales plans. Based on the management assessment, the net realizable values of certain property projects were lower than their carrying values and thus, a write-down of inventories of properties amounting to RMB2,673,218,000 was recorded in profit or loss under "Cost of sales and services provided" for the year ended 31 December 2022.

For the year ended 31 December 2021, a project company in Jiujiang received a notice from the Jiujiang Bureau of Natural Resources dated 18 September 2021 regarding accelerating the planning and design of the development project located at Lushan Xihai (the "Jiujiang Project"), which has been officially designated as a national 5A-level tourist attraction, and strict adherence to the requirements of higher-level planning. The notice reaffirmed the applicability of the law and regulations governing 5A-level tourist attraction and the ecological and environmental protection policies. As a result, the management considered that the development plan of the Jiujiang Project had to be revised so as to align with the requirements referred to in the notice. Such revision was mainly on the gross floor area available for development, which was adjusted from approximately 1,887,900 sq.m. to approximately 656,300 sq.m.. There was no change in the land area of the Jiujiang Project. Supported by an independent professional valuer, the management determined the net realizable value of the Jiujiang Project based on its revised development plan. The net realizable value of the Jiujiang Project was lower than its carrying value by RMB244,600,000 and thus a write-down by the same amount was recorded in profit or loss under "Cost of sales and services provided" for the year ended 31 December 2021. Based on the updated development plan of the Jiujiang Project as at 31 December 2022, no further write-down to the Jiujiang Project was considered necessary.

(c) For the year ended 31 December 2022, net foreign exchange loss included exchange loss of RMB56,302,000 arising from the reduction of registered capital of a project company established in the PRC during the year, which was included in "Other operating expenses" in the consolidated income statement as it was non-operating in nature.

10. FINANCE COSTS

	2022 RMB'000	2021 RMB'000
Interest on bank and other borrowings	**1,891,341**	1,526,423
Interest on amounts due to non-controlling interests	**153,882**	169,072
Interest on amount due to a related company	**3,362**	3,362
Imputed interest expense on guaranteed notes (note 32 (a)(iii))	**87,103**	144,258
Interest on corporate bonds	**6,706**	–
Interest on lease liabilities (note 37(a))	**1,396**	1,393
Total interest expenses on financial liabilities measured at amortized cost	**2,143,790**	1,844,508
Less: Amount capitalized	**(2,080,390)**	(1,790,408)
	63,400	54,100

Borrowing costs capitalized during the year arose from the general borrowing pool are calculated by applying an average capitalization rate of 3.81% (2021: 3.49%) per annum to expenditure on qualifying assets.

Notes to the Financial Statements (continued)

11. INCOME TAX EXPENSE

	2022 RMB'000	2021 RMB'000
Current tax for the year		
Hong Kong profits tax	–	–
Other regions of the PRC		
– Enterprise income tax ("EIT")	2,447,618	3,486,296
– LAT	725,857	1,911,083
	3,173,475	5,397,379
Over-provision in prior years		
Other regions of the PRC	(3,943)	(17,036)
Deferred tax (note 33)	(246,945)	(875,859)
	2,922,587	4,504,484

The Group is subject to Hong Kong profits tax, which is calculated at tax rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

No Hong Kong profits tax has been provided in the consolidated 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% (2021: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (2021: 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:

	2022 RMB'000	2021 RMB'000
Profit before income tax	**5,978,711**	10,149,386
Tax on profit at the rates applicable to profits in the jurisdictions concerned	**1,560,527**	2,585,947
Expenses not deductible for tax purpose	**124,548**	108,519
Income not taxable for tax purpose	**(27,247)**	(1,116)
Share of results of associates	**(4,713)**	(2,028)
Share of results of joint ventures	**60,579**	3,819
LAT deductible for calculation of income tax	**(180,900)**	(395,504)
Utilization of tax losses previously not recognized	**(16,695)**	(3,245)
Tax effect of tax losses not recognized	**45,461**	36,608
Other temporary differences not recognized	**668,303**	–
Over-provision in prior years	**(3,943)**	(17,036)
Deferred tax provided for withholding tax on distributable profits of the Group's PRC subsidiaries	**(55,975)**	656,282
Others	**55,794**	31,624
	2,225,739	3,003,870
LAT	**696,848**	1,500,614
Income tax expense	**2,922,587**	4,504,484

12. DIVIDENDS

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

	2022 RMB'000	2021 RMB'000
Interim dividend – HK$0.06 (2021: HK$0.08) per ordinary share	**184,871**	228,472
Proposed final dividend – HK$0.15 (2021: HK$0.30) per ordinary share	**476,957**	839,676
	661,828	1,068,148

The final dividend in respect of 2022 of HK$0.15 (2021: HK$0.30) per ordinary share, amounting to HK$533,906,000, equivalent to approximately RMB476,957,000 (2021: HK$1,027,008,000, equivalent to approximately RMB839,676,000), has been proposed by the directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

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

	2022 RMB'000	2021 RMB'000
Final dividend in respect of previous financial year, approved and paid during the year of HK$0.30 (2021: HK$0.275) per ordinary share	**878,160**	782,758

In respect of the 2021 proposed final dividend, shareholders of the Company were given an option to elect to receive the proposed final dividend in cash or an allotment of new and fully paid shares in lieu of cash in whole or in part under the scrip dividend scheme. The scrip dividend scheme was conditional upon the passing of the resolution relating to the payment of the final dividend at the annual general meeting and the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued under the scrip dividend scheme.

The proposed final dividend in respect of 2021 of HK$0.30 per ordinary share was approved in the annual general meeting of the Company on 20 June 2022. The approved 2021 final dividend totalling HK$1,027,008,000, equivalent to RMB878,160,000 at the date of the annual general meeting, has been settled partly by new shares of the Company and partly in cash in August 2022. The number of ordinary shares issued as scrip dividends was 136,014,891 and the total amount paid as scrip dividend was HK$541,883,000, equivalent to approximately RMB468,272,000, while cash dividend amounted to HK$485,125,000, equivalent to approximately RMB409,888,000.

13. EARNINGS PER SHARE

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

	2022 RMB'000	2021 RMB'000
Earnings		
Profit for the year attributable to owners of the Company	**3,150,440**	5,050,575

	2022 '000	2021 '000
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year	**3,474,785**	3,423,360

Diluted earnings per share for the years ended 31 December 2022 and 2021 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.

Notes to the Financial Statements (continued)

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 '000	Salaries, allowances and other benefits '000	Discretionary bonus '000	Retirement fund contribution '000	Total '000
For the year ended 31 December 2022					
Executive directors					
Mr. Zhuang Yong	–	RMB2,094	RMB3,087	RMB93	RMB5,274
Mr. Yang Lin	–	RMB1,777	RMB3,031	RMB93	RMB4,901
Non-executive director					
Mr. Guo Guanghui	–	–	–	–	–
	–	RMB3,871	RMB6,118	RMB186	RMB10,175

	'000	'000	'000	'000	'000
Executive director					
Mr. Wang Man Kwan, Paul (note (b))	–	HK$3,467 (approximately RMB2,988)	HK$1,200 (approximately RMB1,034)	HK$156 (approximately RMB135)	HK$4,823 (approximately RMB4,157)
Non-executive director					
Mr. Yung Kwok Kee, Billy (note (b))	HK$400 (approximately RMB345)	–	–	–	HK$400 (approximately RMB345)
Independent non-executive directors					
Dr. Chung Shui Ming, Timpson (note (b))	HK$400 (approximately RMB345)	–	–	–	HK$400 (approximately RMB345)
Mr. Lam Kin Fung, Jeffrey (note (b))	HK$400 (approximately RMB345)	–	–	–	HK$400 (approximately RMB345)
Mr. Lo Yiu Ching, Dantes (note (b))	HK$400 (approximately RMB345)	–	–	–	HK$400 (approximately RMB345)
	HK$1,600 (approximately RMB1,380)	HK$3,467 (approximately RMB2,988)	HK$1,200 (approximately RMB1,034)	HK$156 (approximately RMB135)	HK$6,423 (approximately RMB5,537)

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

Directors' emoluments (Continued)

	Fees '000	Salaries, allowances and other benefits '000	Discretionary bonus '000	Retirement fund contribution '000	Total '000
For the year ended 31 December 2021					
Executive directors					
Mr. Zhuang Yong	–	RMB2,094	RMB6,600	RMB197	RMB8,891
Mr. Yang Lin	–	RMB1,777	RMB5,200	RMB174	RMB7,151
Non-executive directors					
Mr. Guo Guanghui (note (a))	–	–	–	–	–
Mr. Yan Jianguo (note (a))	–	–	–	–	–
	–	RMB3,871	RMB11,800	RMB371	RMB16,042

	'000	'000	'000	'000	'000
Executive director					
Mr. Wang Man Kwan, Paul (note (b))	–	HK$3,121 (approximately RMB2,592)	HK$2,150 (approximately RMB1,786)	HK$156 (approximately RMB130)	HK$5,427 (approximately RMB4,508)
Non-executive director					
Mr. Yung Kwok Kee, Billy (note (b))	HK$400 (approximately RMB332)	–	–	–	HK$400 (approximately RMB332)
Independent non-executive directors					
Dr. Chung Shui Ming, Timpson (note (b))	HK$400 (approximately RMB332)	–	–	–	HK$400 (approximately RMB332)
Mr. Lam Kin Fung, Jeffrey (note (b))	HK$400 (approximately RMB332)	–	–	–	HK$400 (approximately RMB332)
Mr. Lo Yiu Ching, Dantes (note (b))	HK$400 (approximately RMB332)	–	–	–	HK$400 (approximately RMB332)
	HK$1,600 (approximately RMB1,328)	HK$3,121 (approximately RMB2,592)	HK$2,150 (approximately RMB1,786)	HK$156 (approximately RMB130)	HK$7,027 (approximately RMB5,836)

Notes to the Financial Statements (continued)

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

Directors' emoluments (Continued)

Notes:

(a) With effect from 22 April 2021, Mr. Yan Jianguo resigned as non-executive director and Mr. Guo Guanghui was appointed as non-executive director.

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

For the year ended 31 December 2022, there was no arrangement under which a director waived or agreed to waive any emoluments. For the year ended 31 December 2021, Mr. Guo Guanghui, being non-executive director of the Company, had waived his director's fee amounting to HK$278,000, equivalent to approximately RMB231,000.

Five highest paid individuals

The five individuals with the highest emoluments in the Group include three (2021: two) directors, whose emoluments are included in the disclosures above. The emoluments of the remaining two (2021: three) highest paid individuals for the years ended 31 December 2022 and 2021 were as follows:

	2022 **RMB'000**	2021 RMB'000
Salaries, allowances and other benefits	**2,321**	3,703
Discretionary bonus	**5,654**	13,200
Retirement fund contributions	**187**	328
	8,162	17,231

Their emoluments were within the following bands:

	Number of individuals **2022**	2021
HK$4,000,001 – HK$4,500,000	**1**	–
HK$5,000,001 – HK$5,500,000	**1**	–
HK$6,500,001 – HK$7,000,000	**–**	2
HK$7,000,001 – HK$7,500,000	**–**	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 (2021: nil).

15.INVESTMENT PROPERTIES

	2022 RMB'000	2021 RMB'000
Fair value		
At 1 January	**3,978,235**	3,355,235
Additions	**23,000**	30,000
Reclassification from inventories of properties (note (a))	**277,969**	573,000
Change in fair value (note (b))	**–**	20,000
At 31 December	**4,279,204**	3,978,235

Notes:

(a) During the year ended 31 December 2022, the Group reclassified certain residential and commercial units of certain property projects in Hefei of aggregate amount of RMB277,969,000 from inventories of properties to investment properties. No fair value gain or loss was recognized on the date of reclassification.

During the year ended 31 December 2021, the Group leased office units of China Overseas Plaza (Office Building) located in Lanzhou and certain commercial units of City Plaza located in Huizhou. The Group reclassified the net carrying value of these properties of aggregate amount of RMB492,317,000 from inventories of properties to investment properties and recognized fair value gain of aggregate amount of RMB80,683,000 in profit of loss on the date of reclassification.

(b) The fair value of the investment properties as at 31 December 2022 and 2021 is a Level 3 recurring fair value measurement, which uses significant unobservable inputs (i.e. inputs not derived from market data).

For the year ended 31 December 2022, no fair value gain or loss arose from remeasurement of the Group's investment properties. For the year ended 31 December 2021, the fair value gain arising from remeasurement of the Group's investment properties, amounting to RMB20,000,000 represented an unrealized gain relating those investment properties at the end of the last reporting period.

The fair values of the Group's investment properties as at 31 December 2022 and 2021 were estimated by the directors with reference to the property valuation at that dates conducted by CHFT Advisory and Appraisal Limited ("CHFT").

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

Notes to the Financial Statements *(continued)*

15.INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(b) (Continued)

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: RMB34,471 per square metre ("sq.m.") to RMB61,279 per sq.m. (2021: RMB34,096 per sq.m. to RMB60,972 per sq.m.)	The higher the selling price per unit, the higher the fair value
				Car parks: RMB223,070 per unit (2021: RMB222,310 per unit)	
		Income approach: – For office units and shops	Market yield, taking into account of yield generated from comparable properties and adjustment to reflect differences in property characteristics	6.0% to 7.3% (2021: 6.0% to 7.3%)	The higher the market yield, the lower the fair value
			Annual growth rate	2% to 3% (2021: 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	RMB184 per sq.m. to RMB317 per sq.m. (2021: RMB184 per sq.m. to RMB316 per sq.m.)	The higher the monthly rent, the higher the fair value

15.INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(b) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
CITIC Building and 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	RMB6,049 per sq.m. to RMB6,653 per sq.m. (2021: RMB6,049 per sq.m. to RMB6,653 per sq.m.)	The higher the selling price per unit, the higher the fair value
China Overseas Plaza - Mall (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	RMB9,934 per sq.m. (2021: RMB9,934 per sq. m.)	The higher the selling price per unit, the higher 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	RMB8,678 per sq.m. (2021: RMB8,688 per sq.m)	The higher the selling price per unit, the higher the fair value
China Overseas Plaza – Office Building (office 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	RMB8,301 per sq.m. (2021: RMB8,301 per sq.m)	The higher the selling price per unit, the higher the fair value

Notes to the Financial Statements *(continued)*

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(b) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
China Overseas Plaza – Office Building (office units)	Lanzhou	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% (2021: 6%)	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	6.25% (2021: 6.25%)	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	RMB51.2 per sq.m. (2021: RMB50 per sq. m.)	The higher the monthly rent, the higher the 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% (2021: 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% (2021: 6.7%)	The higher the reversionary yield, the lower the fair value
			Annual growth rate	2.65% (2021: 2.65%)	The higher the annual growth rate, the higher the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(b) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to 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	5.2% (2021: 5.2%)	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	5.4% (2021: 5.4%)	The higher the reversionary yield, the lower the fair value
			Annual growth rate	2.65% (2021: 2.65%)	The higher the annual growth rate, the higher the fair value
City Plaza (commercial units)	Huizhou	Residual approach	Average unit price	RMB20,416 per sq.m. (2021: RMB20,231 per sq.m.)	The higher the average unit price, the higher the fair value
			Estimated costs to completion (including development cost and professional fees)	RMB5,208 per sq.m. (2021: RMB6,064 per sq.m.)	The higher the estimated costs to completion, the lower the fair value
			Estimated developer's profit	15% (2021: 15%)	The higher the estimated developer's profit, the lower the fair value

Notes to the Financial Statements (continued)

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(b) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Central Mansion (Commercial units)	Hefei	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	RMB7,426 per sq.m. to RMB22,100 per sq.m.	The higher the selling price per unit, the higher the fair value
		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	5.75%	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	6.0%	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	RMB96.5 per sq.m.	The higher the monthly rent, the higher the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(b) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Royal Villa (Residential)	Hefei	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	RMB6,404 per sq.m. to RMB6,428 per sq.m.	The higher the selling price per unit, the higher the fair value
		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	2.75%	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	3.0%	The higher the reversionary yield, the lower 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.

During the years ended 31 December 2022 and 2021, there were no transfers into or out of Level 3 or any other level.

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, which essentially involves determination of gross development value ("GDV") based on a hypothetical development scheme as at the date of valuation by direct comparison method of valuation. The estimated development cost for the proposed development including construction costs and professional fees together with allowances on interest payment and developer's profit are deducted from the established GDV. The resultant figure is being the existing state of the property.

(c) 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 37(b).

Notes to the Financial Statements (continued)

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST					
At 1 January 2021	869,702	3,661	74,636	25,444	973,443
Translation adjustment	–	(104)	(3)	(48)	(155)
Additions	8,057	–	10,032	7,532	25,621
Acquisition of a subsidiary (note 39(b))	–	–	13	–	13
Reclassification from inventories of properties (note)	11,761	–	–	–	11,761
Disposals	–	–	(9)	(1,445)	(1,454)
Write-off	–	–	(1,613)	(2,440)	(4,053)
At 31 December 2021 and 1 January 2022	**889,520**	**3,557**	**83,056**	**29,043**	**1,005,176**
Translation adjustment	**–**	**330**	**11**	**153**	**494**
Additions	**–**	**–**	**1,890**	**448**	**2,338**
Acquisition of a subsidiary (note 39(a))	**–**	**–**	**71**	**–**	**71**
Reclassification from inventories of properties (note)	**1,184**	**–**	**–**	**–**	**1,184**
Disposals	**–**	**–**	**(40)**	**(1,009)**	**(1,049)**
Write-off	**–**	**–**	**(1,134)**	**(737)**	**(1,871)**
At 31 December 2022	**890,704**	**3,887**	**83,854**	**27,898**	**1,006,343**
DEPRECIATION					
At 1 January 2021	64,172	1,106	20,261	18,495	104,034
Translation adjustment	–	(43)	(2)	(48)	(93)
Depreciation provided	50,466	723	12,190	3,343	66,722
Disposals	–	–	(5)	(1,445)	(1,450)
Write-off	–	–	(1,611)	(1,506)	(3,117)
At 31 December 2021 and 1 January 2022	**114,638**	**1,786**	**30,833**	**18,839**	**166,096**
Translation adjustment	**–**	**193**	**8**	**153**	**354**
Depreciation provided	**52,458**	**750**	**12,356**	**3,591**	**69,155**
Disposals	**–**	**–**	**(40)**	**(1,009)**	**(1,049)**
Write-off	**–**	**–**	**(1,103)**	**(737)**	**(1,840)**
At 31 December 2022	**167,096**	**2,729**	**42,054**	**20,837**	**232,716**
NET CARRYING AMOUNT					
At 31 December 2022	**723,608**	**1,158**	**41,800**	**7,061**	**773,627**
At 31 December 2021	774,882	1,771	52,223	10,204	839,080

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Note:

During the year ended 31 December 2022, the Group occupied certain office ancillary units for administrative purpose. These units were previously held for sale and classified as inventories of properties with carrying value of RMB2,095,000. Upon the change of use of the properties, the Group reclassified the respective land and building portion of these units amounting to RMB911,000 and RMB1,184,000 as right-of-use assets and building within property, plant and equipment respectively.

During the year ended 31 December 2021, 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 RMB15,559,000. The Group reclassified the respective land and the building portion of these commercial and office units amounting to RMB3,798,000 and RMB11,761,000 as right-of-use assets and buildings within property, plant and equipment respectively.

17. INTERESTS IN ASSOCIATES

	2022 **RMB'000**	2021 RMB'000
Share of net assets	**182,635**	277,416

Details of the Group's associates as at 31 December 2022 are set out in note 53.

During the year ended 31 December 2022, the Company acquired additional equity interest in 徐州威拓房地產開發有限公司 Xuzhou Weituo Property Development Co. Ltd.* ("Xuzhou Weituo"). Xuzhou Weituo is a limited liability company established in the PRC and is principally engaged in property development in Xuzhou. Prior to the acquisition, Xuzhou Weituo was an associate of the Company. Upon completion of the acquisition, the Company had obtained control over Xuzhou Weituo and Xuzhou Weituo became an indirect non-wholly-owned subsidiary of the Company. Further details about the acquisition are set out in note 39(a).

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2022 **RMB'000**	2021 RMB'000
For the year ended 31 December		
Share of the associates' net profit for the year	**18,853**	8,110
Share of the associates' other comprehensive income for the year	**–**	–
Share of the associates' total comprehensive income for the year	**18,853**	8,110
Dividends received from associates	**–**	–
As at 31 December		
Aggregate carrying amount of the Group's interests in associates	**182,635**	277,416

* English translation is for identification only

Notes to the Financial Statements (continued)

18. INTERESTS IN JOINT VENTURES

	2022 RMB'000	2021 RMB'000
Share of net assets	**686,896**	908,170

The Group has equity interests in certain joint arrangements, which are separate structured vehicles established 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 consolidated financial statements using the equity method.

During the year ended 31 December 2021, the Company acquired additional equity interest in 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* ("Hefei Haifu"). Hefei Haifu is a limited liability company established in the PRC and is principally engaged in property development in Hefei. Prior to the acquisition, Hefei Haifu was a joint venture of the Company. Upon completion of the acquisition, the Company obtained control over Hefei Haifu and Hefei Haifu became an indirect non-wholly-owned subsidiary of the Company. Further details about the acquisition are set out in note 39(b).

Details of the Company's joint ventures as at 31 December 2022 are set out in note 54.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2022 RMB'000	2021 RMB'000
For the year ended 31 December		
Share of the joint ventures' net losses for the year	**(242,314)**	(15,278)
Share of the joint ventures' other comprehensive income for the year	**–**	–
Share of the joint ventures' total comprehensive income for the year	**(242,314)**	(15,278)
Dividends received from joint ventures	**1,235**	181,242
As at 31 December		
Aggregate carrying amount of the Group's interests in joint ventures	**686,896**	908,170

* English translation is for identification only

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 **RMB'000**	2021 RMB'000
Unlisted equity instruments	–	1,000

The Group holds certain unlisted equity instruments for long-term strategic purposes and does not intend to dispose them in near future. These unlisted equity investments were irrevocably designated as financial assets at fair value through other comprehensive income.

During the year ended 31 December 2022, the Group disposed of the unlisted equity instruments with carrying amount of RMB1,000,000 at a cash consideration amounting to RMB1,310,000. The Group recognized the resultant fair value gain in other comprehensive income during the current year and the cumulative gain on the equity instruments amounting to RMB310,000 has been transferred to retained profits upon disposal.

20. INVENTORIES OF PROPERTIES

	2022 **RMB'000**	2021 RMB'000
Properties under development	**116,053,145**	127,191,024
Properties held for sale	**15,838,210**	9,180,457
	131,891,355	136,371,481

The Group's inventories of properties are carried at the lower of cost and net realizable value. As at 31 December 2022, provision of write-down of inventories of properties to net realizable value amounted to RMB2,917,818,000 (2021: RMB244,600,000).

Properties under development amounting to RMB83,084,374,000 as at 31 December 2022 (2021: RMB74,852,064,000) are not expected to be recovered within twelve months from the end of the reporting period.

Leasehold interests in land included in inventories of properties amounted to RMB92,256,882,000 as at 31 December 2022 (2021: RMB100,449,079,000).

As at 31 December 2022, inventories of properties with aggregate carrying value of RMB11,783,229,000 (2021: RMB7,935,375,000) 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 44).

Notes to the Financial Statements (continued)

21. OTHER INVENTORIES

	2022 RMB'000	2021 RMB'000
Raw materials and consumables	**4,165**	11,309

22. CONTRACT COSTS

Details of the contract costs recognized by the Group are as follows:

	2022 RMB'000	2021 RMB'000
Contract costs of obtaining contracts	**128,524**	153,582

Contract costs capitalized as at 31 December 2022 and 2021 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 2022 was RMB199,960,000 (2021: RMB183,917,000). There was no impairment provision in relation to the capitalized contract costs as at 31 December 2022 (2021: nil).

23. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2022 RMB'000	2021 RMB'000
Trade receivables	**45,138**	69,505
Less: Loss allowance for trade receivables	**–**	–
Trade receivables, net	**45,138**	69,505
Other receivables	**658,407**	1,170,491
Prepayments and deposits	**4,991,913**	13,836,206
	5,650,320	15,006,697
	5,695,458	15,076,202

23. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

(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:

	2022 RMB'000	2021 RMB'000
30 days or below	**15,343**	61,660
31 – 60 days	**548**	393
61 – 90 days	**297**	192
91 – 180 days	**6,552**	2,567
181 – 360 days	**291**	2,162
Over 360 days	**22,107**	2,531
	45,138	69,505

The Group recognizes loss allowance for trade and 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 trade and other receivables are set out in note 50.3.

(b) Prepayments and deposits

The balance of prepayments and deposits mainly comprise deposits amounting to RMB570,000,000 (2021: RMB8,531,483,000) 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. 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 procedures.

Notes to the Financial Statements (continued)

24. AMOUNTS DUE FROM/TO ASSOCIATES

The amounts due as at 31 December 2022 and 2021 are unsecured, interest-free and repayable on demand.

25. AMOUNTS DUE FROM/TO JOINT VENTURES

The amounts due from joint ventures as at 31 December 2022 and 2021 are unsecured, repayable on demand and interest-bearing at fixed rates ranging from 6% to 8% (2021: 6% to 8%) per annum, except for a sum amounting to RMB15,116,000 (2021: nil) which is interest-free.

The amounts due to joint ventures as at 31 December 2022 and 2021 are unsecured, interest-free and repayable on demand.

26. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

The amounts due as at 31 December 2022 and 2021 are unsecured and repayable on demand.

The amounts due from non-controlling interests as at 31 December 2022 are interest-free. Among the amounts due to non-controlling interests as at 31 December 2022, RMB1,837,088,000 are interest-bearing at fixed rates ranging from 4.75% to 8% per annum and the remaining balance of RMB4,362,254,000 are interest-free.

Among the respective amounts due from non-controlling interests and amounts due to non-controlling interests as at 31 December 2021, RMB144,000,000 and RMB2,765,759,000 were interest-bearing at fixed rates of 6% per annum and ranging from 4.75% to 8% per annum, respectively; and the remaining balances of RMB2,071,461,000 and RMB2,744,573,000 were interest-free.

As at 31 December 2022, balances of RMB51,390,000 (2021: RMB195,390,000) and RMB534,000,000 (2021: RMB538,738,000) respectively were due from and due to related companies of the Group.

27. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies as at 31 December 2022 and 2021 are unsecured, interest-free and repayable on demand except for a sum amounting to RMB75,026,000 (2021: RMB75,026,000) which is interest-bearing at 4.75% (2021: 4.75%) per annum and repayable on 18 October 2023.

28.RESTRICTED CASH AND DEPOSITS/CASH AND BANK BALANCES

	2022 **RMB'000**	2021 RMB'000
Cash at banks and in hand	**29,330,896**	32,492,369
Less: Restricted cash and deposits	**(9,897,715)**	(12,616,346)
Cash and bank balances	**19,433,181**	19,876,023

Certain bank balances are restricted as follows:

– In accordance with the relevant rules and regulations governing the monitoring of presale proceeds from sales of properties in the PRC, the Group is required to place in designated bank accounts a portion of the presale proceeds which are subject to supervision as to their usage. Under those rules and regulations, presale proceeds can only be used for the construction of specific property projects including purchases of construction materials and payments of construction fees. To utilize the presale proceeds in the designated bank accounts, the Group is required to apply to and obtain approval from the banks or, in some locations, the municipal governments. Approval for such fund application is subject to the construction progress of the property projects and proper submission of the requested documents. Such supervision over the presale proceeds will only be released after completion of development of the property projects or issuance of the real estate ownership certificates.

– In relation to the mortgage agreements entered into by the buyers and the banks, certain subsidiaries are required to place a portion of proceeds received from sales of properties as 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.

Cash restricted for the above purposes as at 31 December 2022 amounted to RMB9,897,715,000 (2021: RMB12,616,346,000). Such amount of cash can only be withdrawn from the designated bank accounts with approval and used for specific purposes, which are mainly related to property development of the relevant property projects. In addition, it cannot be used for meeting the short-term cash commitments including operational purposes and debt repayment at the discretion of the Group. Accordingly, it is not considered as cash and cash equivalents.

Cash balances denominated in RMB amounted to approximately RMB28,980,840,000 (2021: RMB32,341,613,000) as at 31 December 2022. 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 2022, the Group had short-term time deposits amounting to RMB294,801,000, which had original maturities ranging from eight to nine days and earned interest income at interest rates ranging from 3.90% to 3.98% per annum. The entire amount of short-term time deposits as of 31 December 2022 were included in "Cash and bank balances". As at 31 December 2021, the Group did not have short-term time deposits.

Notes to the Financial Statements (continued)

29. TRADE AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables	**18,748,443**	16,766,887
Other payables and accruals	**1,723,560**	2,659,299
Deposits received	**358,618**	502,418
	20,830,621	19,928,604

Other payables and accruals as at 31 December 2022 mainly included other taxes payable of RMB1,014,041,000 (2021: RMB853,981,000) and royalty fee payable to COLI of RMB178,667,000 (2021: RMB163,519,000) (note 47(a)).

The ageing analysis of the Group's trade payables based on invoice date or contract terms, where appropriate, is as follows:

	2022 RMB'000	2021 RMB'000
30 days or below	**7,190,923**	4,963,403
31 – 60 days	**591,383**	980,182
61 – 90 days	**755,721**	332,051
91 – 180 days	**2,375,782**	2,414,362
181 – 360 days	**3,110,061**	3,493,279
Over 360 days	**4,724,573**	4,583,610
	18,748,443	16,766,887

30. CONTRACT LIABILITIES

	2022 RMB'000	2021 RMB'000
Property development – Sales deposits and instalments received	**61,157,740**	81,803,731

The Group receives payments of the contract sum (VAT inclusive) from customers based on 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 2022 that was included in contract liabilities at the beginning of the year was RMB44,189,977,000 (2021: RMB41,060,171,000).

The amount of sales deposits and instalments received as at 31 December 2022 which is expected to be recognized as revenue after more than one year is RMB10,505,743,000 (2021: RMB23,153,498,000).

31. BANK AND OTHER BORROWINGS

	2022 RMB'000	2021 RMB'000
Current liabilities		
Bank borrowings	**11,476,911**	12,053,873
Other borrowings	**700,000**	720,000
	12,176,911	12,773,873
Non-current liabilities		
Bank borrowings	**26,728,251**	26,162,103
Other borrowings	**4,100,000**	3,000,000
	30,828,251	29,162,103
	43,005,162	41,935,976

	2022 RMB'000	2021 RMB'000
Analysis into:		
Bank borrowings		
Secured	**3,064,000**	2,187,300
Unsecured	**35,141,162**	36,028,676
	38,205,162	38,215,976
Other borrowings		
Secured (note (a))	**700,000**	–
Unsecured (note (b))	**4,100,000**	3,720,000
	4,800,000	3,720,000
	43,005,162	41,935,976

The Group entered into the following financing arrangements, the outstanding balances of which are included in "Other borrowings":

(a) Asset-backed securities

During the years ended 31 December 2022 and 2021, 中海宏洋地產集團有限公司 China Overseas Grand Oceans Property Group Company Limited* ("COGOP"), an indirect wholly-owned subsidiary of the Company, issued the following properties asset-backed securities ("ABS") for the purpose of raising funds for the operation and development of the business of the Group.

31.BANK AND OTHER BORROWINGS (CONTINUED)

(a) Asset-backed securities (Continued)

(i) The 2021 ABS

In January 2021, COGOP issued ABS with an aggregate nominal value of RMB525,000,000 (the "2021 ABS"), which included: (i) preferred securities which together constitute a senior debt in the aggregate principal amount of RMB500,000,000 bearing interest at a fixed coupon rate of 3.9% per annum, and were tradeable on the trading platform of the Shenzhen Stock Exchange; and (ii) subordinated securities in the aggregate principal amount of RMB25,000,000 with no fixed coupon rate. The expected maturity date of the 2021 ABS was 16 February 2022.

Redemption of the 2021 ABS were secured by the sales proceeds expected to be collected from the unit sales of certain property projects as specified in the agreements of the 2021 ABS in the estimated aggregate sum of RMB703,000,000 (the "2021 ABS Sales Proceeds"). Upon maturity, the holders of the preferred securities were entitled to be redeemed at full face value whereas the holders of the subordinated securities were entitled to the residual amount of the 2021 ABS Sales Proceeds after paying off the entitlements of the preferred securities and the related costs and taxes including remuneration of the manager for the issue of the 2021 ABS.

The 2021 ABS were guaranteed by the Company and COGOP undertook to pay up for any shortfall in case the 2021 ABS Sales Proceeds fall short of the entitlements of the preferred securities and the related costs and taxes upon redemption.

All of the subordinated securities and part of the preferred securities (such part in the principal amount of RMB10,000,000) were subscribed by COGOP as the original equity holder, and the remaining sum of RMB490,000,000 were subscribed by third-party investors.

The 2021 ABS were fully settled in November 2021.

(ii) The 2022 ABS

In July 2022, COGOP issued ABS with an aggregate nominal value of RMB737,000,000 (the "2022 ABS"), which included (i) preferred securities which together constitute a senior debt in the aggregate principal amount of RMB700,000,000 bearing interest at fixed coupon rate of 2.7% per annum, and were tradeable on the trading platform of the Shanghai Stock Exchange; and (ii) subordinated securities in the aggregate principal amount of RMB37,000,000 with no fixed coupon rate. The expected maturity date of the 2022 ABS was 25 July 2023.

31.BANK AND OTHER BORROWINGS (CONTINUED)

(a) Asset-backed securities (Continued)

(ii) The 2022 ABS (Continued)

Redemption of the 2022 ABS were secured by the sales proceeds expected to be collected from the unit sales of certain property projects as specified in the agreements of the 2022 ABS in the estimated aggregate sum of RMB1,065,000,000 (the "2022 ABS Sales Proceeds"). Upon maturity, the holders of the preferred securities were entitled to be redeemed at full face value whereas the holders of the subordinated securities were entitled to the residual amount of the 2022 ABS Sales Proceeds after paying off the entitlements of the preferred securities and the related costs and taxes including remuneration of the manager for the issue of the 2022 ABS.

The 2022 ABS were guaranteed by the Company and COGOP undertook to pay up for any shortfall in case the 2022 ABS Sales Proceeds fall short of the entitlements of the preferred securities and the related costs and taxes upon redemption.

All of the subordinated securities were subscribed by COGOP as the original equity holder and all of the preferred securities were subscribed by third-party investors.

As at 31 December 2022, the outstanding amount of the 2022 ABS recorded in the consolidated statement of financial position was RMB700,000,000.

Apart from the above, in June 2021, COGOP entered into another asset-backed financing arrangement to raise fund to finance certain property projects of the Group. Under the arrangement, rights to receive the outstanding sales proceeds in respect of the sales agreements of the property projects were transferred to the counterparty. Total amount of funding raised was RMB500,000,000, which was interest-bearing at fixed interest rate of 6.6% per annum. The total amount of the sales proceeds expected to be collected from the property sales agreements was RMB605,263,000. Upon full payment of the funding raised plus accrued interest by the Group, the counterparty's entitlement in respect of the rights to the outstanding sales proceeds shall cease. COGOP undertook to pay up for any shortfall in case the sales proceeds fall short of the funding raised plus the accrued interest thereon. The funds raised and accrued interest were fully settled in September 2021.

(b) Real estate debt investment schemes

During the years ended 31 December 2022 and 2021, the Group established real estate debt investment schemes for the purpose of raising investment funds to finance the development of its property projects. These schemes involved respective trust whereby trust units were sold to raise fund which had been placed under the management of independent asset management companies as trustee of the respective schemes. Further details of these schemes are set out below.

Notes to the Financial Statements *(continued)*

31.BANK AND OTHER BORROWINGS (CONTINUED)

(b) Real estate debt investment schemes (Continued)

(i) Shantou Zhiye Real Estate Debt Investment Scheme

In June 2021, 汕頭市中海宏洋置業有限公司 Shantou China Overseas Grand Oceans Property Limited* ("Shantou Zhiye"), an indirect wholly-owned subsidiary of the Company, as borrower, established a real estate debt investment scheme (the "Shantou Zhiye Real Estate Debt Investment Scheme"). The amount of investment funds raised under the Shantou Zhiye Real Estate Debt Investment Scheme totalled RMB1,500,000,000, which bore interest at fixed coupon rate of 4.98% per annum. The funds raised had a maturity of five years on which date the amount drawdown plus interest accrued thereon would be repayable, subject to (i) recall at the option of the trustee; or (ii) early repayment at the option of Shantou Zhiye, both of which right could be exercised, on the date falling 36 months after the drawdown date. Shantou Zhiye's obligations to pay the principal and interest under the Shantou Zhiye Real Estate Debt Investment Scheme were guaranteed by the Company and COGOP.

As at 31 December 2022, the amortized cost of the outstanding debt under the Shantou Zhiye Real Estate Debt Investment Scheme was RMB1,500,000,000 (2021: RMB1,500,000,000), which was due for repayment by the year ending 31 December 2026 subject to the recall option and the early repayment option as mentioned above.

(ii) China Overseas (Shenzhen) Real Estate Debt Investment Scheme

In July 2021, 中海宏洋(深圳)投資有限公司 China Overseas Grand Oceans (Shenzhen) Investment Company Limited* ("China Overseas (Shenzhen)"), an indirect wholly-owned subsidiary of the Company, as borrower, established a real estate debt investment scheme (the "China Overseas (Shenzhen) Real Estate Debt Investment Scheme"). The amount of investment funds raised under the China Overseas (Shenzhen) Real Estate Debt Investment Scheme totalled RMB1,500,000,000, which bore interest at fixed coupon rate of 4.98% per annum. The funds raised had a maturity of nine years on which date the amount drawdown plus interest accrued thereon would be repayable, subject to (i) recall at the option of the trustee; or (ii) early repayment at the option of China Overseas (Shenzhen), both of which right could be exercised on the date of the third or the sixth anniversary of the drawdown date. China Overseas (Shenzhen)'s obligations to pay the principal and interest under the China Overseas (Shenzhen) Real Estate Debt Investment Scheme were guaranteed by the Company and COGOP.

As at 31 December 2022, the amortized cost of the outstanding debt under the China Overseas (Shenzhen) Real Estate Debt Investment Scheme was RMB1,600,000,000 (2021: RMB1,500,000,000), which was due for repayment by the year ending 31 December 2030 subject to the recall option and the early repayment option as mentioned above.

31. BANK AND OTHER BORROWINGS (CONTINUED)

(b) Real estate debt investment schemes (Continued)

(iii) Hefei Hairui Real Estate Debt Investment Scheme

In April 2022, 合肥中海海瑞房地產開發有限公司 Hefei China Overseas Hairui Real Estate Development Co., Ltd* ("Hefei Hairui"), an indirect wholly-owned subsidiary of the Company, as borrower, established a real estate debt investment scheme (the "Hefei Hairui Real Estate Debt Investment Scheme"). The amount of investment funds raised under the Hefei Hairui Real Estate Debt Investment Scheme totalled RMB1,000,000,000, which bore interest at fixed coupon rate of 4.65% per annum. The funds raised had maturity of nine years on which date the amount drawdown plus interest accrued thereon would be repayable, subject to (i) recall at option of the trustee; or (ii) early repayment at the option of Hefei Hairui, both of which right could be exercised on the date of the second, third or the sixth anniversary of the drawdown date. Hefei Hairui's obligations to pay the principal and interest under the Hefei Hairui Real Estate Debt Investment Scheme were guaranteed by the Company and COGOP.

As at 31 December 2022, the amortized cost of the outstanding debt under the Hefei Hairui Real Estate Debt Investment Scheme was RMB1,000,000,000 (2021: nil), which was due for repayment by the year ending 31 December 2031 subject to the recall option and the early repayment option as mentioned above.

* English translation is for identification only

31. BANK AND OTHER BORROWINGS (CONTINUED)

As at 31 December 2022, bank and other borrowings amounting to RMB3,764,000,000 (2021: RMB2,187,300,000) were secured by certain properties of the Group (note 44) and the sales proceeds expected to be collected from the unit sales of the property projects as specified in the agreement of the 2022 ABS.

As at 31 December 2022, bank and other borrowings amounting to RMB2,076,200,000 (2021: RMB1,435,167,000) were guaranteed by non-controlling interests of certain non-wholly-owned subsidiaries. The non-controlling interests in relation to part of such borrowings in the total sum of RMB242,700,000 (2021: RMB300,000,000) are related companies of the Group as they are fellow subsidiaries of COLI.

Bank borrowings were scheduled for repayment as follows:

	2022 **RMB'000**	2021 RMB'000
On demand or within one year	**11,476,911**	12,053,873
More than one year, but not exceeding two years	**12,883,010**	12,048,971
More than two years, but not exceeding five years	**13,461,595**	14,085,526
Over five years	**383,646**	27,606
	38,205,162	38,215,976

Other borrowings were scheduled for repayment as follows:

	2022 **RMB'000**	2021 RMB'000
On demand or within one year	**700,000**	720,000
More than two years, but not exceeding five years	**1,500,000**	1,500,000
Over five years	**2,600,000**	1,500,000
	4,800,000	3,720,000

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.

31. BANK AND OTHER BORROWINGS (CONTINUED)

The carrying amounts of bank and other borrowings are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
HK$	**15,374,308**	13,784,646
RMB	**27,630,854**	28,151,330
	43,005,162	41,935,976

The Group's bank and other borrowings have been arranged as follows:

– borrowings denominated in HK$ are interest-bearing at floating rates ranging from 5.15% to 6.89% as at 31 December 2022 (2021: 1.52% to 2.26%) per annum; and

– borrowings denominated in RMB amounting to RMB21,690,854,000 (2021: RMB23,241,330,000) are interest-bearing at floating rates ranging from 3.00% to 4.93% as at 31 December 2022 (2021: 3.90% to 5.13%) per annum while the remaining balance of RMB5,940,000,000 (2021: RMB4,910,000,000) are interest-bearing at fixed rates ranging from 2.70% to 5.07% as at 31 December 2022 (2021: 4.15% to 5.23%) per annum.

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.

32. GUARANTEED NOTES AND CORPORATE BONDS

	2022 RMB'000	2021 RMB'000
Non-current liabilities		
Guaranteed notes (note (a))	**3,593,302**	3,286,018
Corporate bonds (note (b))	**1,000,000**	–
	4,593,302	3,286,018

Notes to the Financial Statements (continued)

32. GUARANTEED NOTES AND CORPORATE BONDS (CONTINUED)

(a) Guaranteed notes

(i) The 2018 Guaranteed Notes

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 were unsecured and unsubordinated obligations of COGO Finance IV, and were unconditional and irrevocably guaranteed by the Company.

Interest on the 2018 Guaranteed Notes was payable semi-annually in arrears on 1 June and 1 December in each year at the rate of 4.875% per annum, commenced on 1 December 2018.

COGO Finance IV might 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 were also subject to redemption at the option of the noteholders under certain conditions.

Unless previously redeemed, or purchased and cancelled, the 2018 Guaranteed Notes would mature on 1 June 2021 at their principal amount.

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 were 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 2021, imputed interest of RMB68,701,000 was incurred.

The 2018 Guaranteed Notes matured on 1 June 2021 and the Group fully settled the outstanding principal of US$500,000,000 (equivalent to approximately RMB3,215,085,000) together with the interest accrued thereon amounting to US$12,188,000 (equivalent to approximately RMB79,455,000), which amounted to approximately RMB3,294,540,000 in aggregate.

32. GUARANTEED NOTES AND CORPORATE BONDS (CONTINUED)

(a) Guaranteed notes (Continued)

(ii) The 2021 Guaranteed Notes

On 9 February 2021, the Company and COGO Finance IV entered into a subscription agreement (the "2021 Notes Subscription Agreement") regarding the issue of guaranteed notes in aggregate principal amount of US$512,000,000 (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 were listed on the Stock Exchange.

The 2021 Guaranteed Notes are unsecured and unsubordinated obligations of COGO Finance IV, and are unconditional and irrevocably guaranteed by the Company.

Interest on the 2021 Guaranteed Notes is payable semi-annually in arrears on 9 February and 9 August in each year at the rate of 2.45% per annum, commenced on 9 August 2021.

COGO Finance IV may at any time upon giving not less than 30 or more than 60 days' notice to the noteholders, redeem the 2021 Guaranteed Notes, in whole but not in part, at the early redemption amount as defined in the 2021 Notes Subscription Agreement. The 2021 Guaranteed Notes are also subject to redemption at the option of the noteholders under certain conditions.

Unless previously redeemed, or purchased and cancelled, the 2021 Guaranteed Notes will mature on 9 February 2026 at their principal amount.

The net proceeds from the issue of the 2021 Guaranteed Notes at 99.916% of the principal amount after deducting the direct transaction costs of RMB10,966,000 were RMB3,310,714,000. The guaranteed notes were initially measured at fair value, net of directly attributable costs incurred and subsequently, measured at amortized cost using the effective interest rate of 2.5387% per annum. For the year ended 31 December 2022, imputed interest of RMB87,103,000 (2021: RMB75,557,000) was incurred.

Notes to the Financial Statements (continued)

32. GUARANTEED NOTES AND CORPORATE BONDS (CONTINUED)

(a) Guaranteed notes (Continued)

(iii) The movements of the carrying amount of the guaranteed notes are set out as below:

	RMB'000
Carrying amount as at 1 January 2021	3,314,214
Redemption of 2018 Guaranteed Notes (note (a)(i))	(3,215,085)
Fair value on initial recognition of 2021 Guaranteed Notes (note (a)(ii))	3,321,680
Direct transaction costs of issuing 2021 Guaranteed Notes (note (a)(ii))	(10,966)
Imputed interest expense (note 10)	144,258
Finance costs paid	(120,084)
Translation adjustment	(147,999)
Carrying amount as at 31 December 2021 and 1 January 2022	**3,286,018**
Imputed interest expense (note 10)	**87,103**
Finance costs paid	**(84,333)**
Translation adjustment	**304,514**
Carrying amount as at 31 December 2022	**3,593,302**

(b) Corporate bonds

In October 2022, COGOP issued corporate bonds with an aggregate principal amount of RMB1,000,000,000, which bore interest at a fixed coupon rate of 3.40% per annum and was repayable on 24 October 2025 (the "2022 Corporate Bonds"). The 2022 Corporate Bonds were irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange.

As at 31 December 2022, the outstanding amount of the 2022 Corporate Bonds was RMB1,000,000,000.

33. 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 2021	991,901	555,830	(975,719)	833,088	(144,854)	686,235	1,946,481
Acquisition of a subsidiary (note 39(b))	(10,522)	–	(51,079)	–	–	–	(61,601)
(Credited)/Charged to profit or loss (note 11)	(368,819)	4,689	(149,060)	572,430	(248,864)	(686,235)	(875,859)
Reclassification upon change in use of the properties	(69,800)	69,800	–	–	–	–	–
At 31 December 2021 and 1 January 2022	**542,760**	**630,319**	**(1,175,858)**	**1,405,518**	**(393,718)**	**–**	**1,009,021**
Acquisition of a subsidiary (note 39(a))	**(2,933)**	**–**	**–**	**–**	**–**	**–**	**(2,933)**
(Credited)/Charged to profit or loss (note 11)	**(473,468)**	**(311)**	**321,603**	**(107,855)**	**13,086**	**–**	**(246,945)**
Reclassification upon change in use of the properties	**719**	**(719)**	**–**	**–**	**–**	**–**	**–**
At 31 December 2022	**67,078**	**629,289**	**(854,255)**	**1,297,663**	**(380,632)**	**–**	**759,143**

Notes to the Financial Statements (continued)

33. DEFERRED TAX (CONTINUED)

Represented by:

	2022 RMB'000	2021 RMB'000
Deferred tax liabilities	**2,635,819**	2,892,481
Deferred tax assets	**(1,876,676)**	(1,883,460)
	759,143	1,009,021

The two-tiered profits tax rates regime have no material impact on the deferred tax balances of the Group as at 31 December 2022 and 2021 as the qualifying entity nominated by the Group did not have material temporary differences as at 31 December 2022 and 2021. 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 2022, the Group has unused tax losses of RMB1,869,509,000 (2021: RMB1,721,310,000) available for offset against future profits. Deferred tax assets of RMB380,632,000 (2021: RMB393,718,000) have been recognized in respect of tax losses of approximately RMB1,522,526,000 (2021: RMB1,574,872,000). No deferred tax assets have been recognized in respect of the remaining tax losses of RMB346,983,000 (2021: RMB146,438,000) 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.

In addition, as at 31 December 2022, the Group has deductible temporary differences arising from provision for write-down of inventories of properties accounting to RMB2,673,218,000. No deferred tax assets have been recognized for these temporary differences due to uncertainty of future taxable profit of the relevant project companies.

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 2022, deferred tax liabilities of approximately RMB1,297,663,000 (2021: RMB1,405,518,000) have been recognized in respect of the undistributed earnings of certain PRC subsidiaries amounting to approximately RMB25,953,257,000 (2021: RMB28,110,367,000). Deferred tax liabilities of approximately RMB8,869,000 as at 31 December 2022 (2021: RMB2,258,000) 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 2022, 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 RMB177,393,000 as at 31 December 2022 (2021: RMB45,164,000).

34.SHARE CAPITAL

	Number of ordinary shares	Carrying amount RMB'000
Issued and fully paid – ordinary shares with no par:		
At 1 January 2021, 31 December 2021 and 1 January 2022	**3,423,359,841**	**5,579,100**
Issue of shares in respect of scrip dividend of 2021 final dividend (note 12(b))	**136,014,891**	**468,272**
At 31 December 2022	**3,559,374,732**	**6,047,372**

35.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).

Financial assets at fair value through other comprehensive income reserve

Financial assets at fair value through other comprehensive income reserve comprises the cumulative net changes in fair value of equity instruments designated at financial assets at fair value through other comprehensive income under HKFRS 9 that are held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 4.12(i).

Notes to the Financial Statements (continued)

35. RESERVES (CONTINUED)

THE GROUP (Continued)

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:

	2022 **RMB'000**	2021 RMB'000
Proposed final dividend for the year (note 12(a))	**476,957**	839,676
Retained profits after proposed dividend	**21,714,920**	19,435,929
Total retained profits as at 31 December	**22,191,877**	20,275,605

35. 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 2021	91,034	1,968,486	2,059,520
Profit for the year	–	894,848	894,848
Other comprehensive income for the year			
Exchange differences arising from translation into presentation currency	(214,248)	–	(214,248)
2021 interim dividend paid (note 12(a))	–	(228,472)	(228,472)
2020 final dividend paid (note 12(b))	–	(782,758)	(782,758)
At 31 December 2022 and 1 January 2022	**(123,214)**	**1,852,104**	**1,728,890**
Profit for the year	**–**	**735,156**	**735,156**
Other comprehensive income for the year			
Exchange differences arising from translation into presentation currency	**674,396**	**–**	**674,396**
2022 interim dividend paid (note 12(a))	**–**	**(184,871)**	**(184,871)**
2021 final dividend paid (note 12(b))	**–**	**(878,160)**	**(878,160)**
At 31 December 2022	**551,182**	**1,524,229**	**2,075,411**

Retained profits of the Company comprise:

	2022 RMB'000	2021 RMB'000
Final dividend proposed for the year (note 12(a))	**476,957**	839,676
Retained profits after proposed dividend	**1,047,272**	1,012,428
Total retained profits as at 31 December	**1,524,229**	1,852,104

Notes to the Financial Statements (continued)

36. NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2022 were RMB7,458,956,000 (2021: RMB7,028,370,000), which are attributed to those non-wholly-owned subsidiaries of the Company.

The following tables list out the information relating to certain non-wholly-owned subsidiaries, which are considered to have material non-controlling interests as at 31 December 2022. These non-wholly-owned subsidiaries are principally engaged in property development in the PRC. The non-controlling interests of other non-wholly-owned subsidiaries are considered not material to the Group.

(a) 合肥啟盛房地產開發有限公司 Hefei Qisheng Properties Development Co., Ltd* ("Hefei Qisheng")

	2022 RMB'000
Percentage held by non-controlling interests	
– Equity interests	66%
– Voting rights	49%
Loss for the year allocated to non-controlling interests	(3,660)
Dividend paid to non-controlling interests	–
Carrying amount of non-controlling interests at end of the reporting period	1,318,482
Summarized financial information of Hefei Qisheng	
As at 31 December	
Current assets	4,299,649
Non-current assets	23,822
Current liabilities	1,709,419
Non-current liabilities	616,319
For the year ended 31 December	
Revenue	–
Loss for the year	(5,545)
Total comprehensive loss for the year	(5,545)
Net cash flows used in operating activities	(3,348,363)
Net cash flows from investing activities	223
Net cash flows from financing activities	3,555,498

36. NON-CONTROLLING INTERESTS (CONTINUED)

(b) 淮安淮潤地產有限公司 Huaian Huairun Property Co., Ltd.* ("Huaian Huairun")

	2022 RMB'000
Percentage held by non-controlling interests	
– Equity interests	49%
– Voting rights	49%
Loss for the year allocated to non-controlling interests	(10,284)
Dividend paid to non-controlling interests	–
Carrying amount of non-controlling interests at end of the reporting period	773,210
Summarized financial information of Huaian Huairun	
As at 31 December	
Current assets	3,706,897
Non-current assets	12,593
Current liabilities	1,880,396
Non-current liabilities	261,114
For the year ended 31 December	
Revenue	–
Loss for the year	(20,987)
Total comprehensive loss for the year	(20,987)
Net cash flows used in operating activities	(201,502)
Net cash flows used in investing activities	(1,023)
Net cash flows from financing activities	138,911

(c) 蘭州中海海通房地產開發有限公司 Lanzhou China Overseas Haitong Property Development Co., Ltd* ("Lanzhou Haitong")

	2022 RMB'000
Percentage held by non-controlling interests	
– Equity interests	40%
– Voting rights	40%
Loss for the year allocated to non-controlling interests	(187,462)
Dividend paid to non-controlling interests	–
Carrying amount of non-controlling interests at end of the reporting period (deficit)	(200,022)
Summarized financial information of Lanzhou Haitong	
As at 31 December	
Current assets	2,462,107
Non-current assets	22,129
Current liabilities	2,980,606
Non-current liabilities	3,685
For the year ended 31 December	
Revenue	854,408
Loss for the year	(468,654)
Total comprehensive loss for the year	(468,654)
Net cash flows from operating activities	332,033
Net cash flows from investing activities	2,970
Net cash flows used in financing activities	(459,263)

36. NON-CONTROLLING INTERESTS (CONTINUED)

(d) 鹽城海洲置業有限公司 Yancheng Haizhou Property Limited* ("Yancheng Haizhou")

	2022 RMB'000
Percentage held by non-controlling interests	
– Equity interests	55%
– Voting rights	55%
Loss for the year allocated to non-controlling interests	(159,784)
Dividend paid to non-controlling interests	–
Carrying amount of non-controlling interests at end of the reporting period	224,849
Summarized financial information of Yancheng Haizhou	
As at 31 December	
Current assets	1,345,577
Non-current assets	91
Current liabilities	885,151
Non-current liabilities	51,737
For the year ended 31 December	
Revenue	–
Loss for the year	(290,516)
Total comprehensive loss for the year	(290,516)
Net cash flows used in operating activities	(52,494)
Net cash flows from investing activities	261
Net cash flows from financing activities	103,502

* English translation is for identification only

37.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 for own use. 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, rent is adjusted periodically at predetermined rate. Leases of these properties are negotiated for periods ranging from two to six years (2021: nineteen months to six years).

Right-of-use assets

The carrying amounts of right-of-use assets recognized for the above leases 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 2021	205,606	33,544	239,150
Translation adjustment	–	(113)	(113)
Additions	11,411	26,088	37,499
Reclassification from inventories of properties (note 16)	3,798	–	3,798
Depreciation provided	(6,600)	(17,256)	(23,856)
At 31 December 2021 and 1 January 2022	**214,215**	**42,263**	**256,478**
Translation adjustment	**–**	**1,172**	**1,172**
Additions	**–**	**24,120**	**24,120**
Reclassification from inventories of properties (note 16)	**911**	**–**	**911**
Depreciation provided	**(7,914)**	**(17,634)**	**(25,548)**
At 31 December 2022	**207,212**	**49,921**	**257,133**

During the year ended 31 December 2022, the Group derived income from subleasing right-of-use assets amounting to RMB12,999,000 (2021: RMB14,789,000).

Notes to the Financial Statements (continued)

37. LEASES (CONTINUED)

(a) The Group as lessee (Continued)

Lease liabilities

The movements of lease liabilities recognized for the above leases during the current and prior years are as follows:

	Other properties leased for own use RMB'000
At 1 January 2021	33,015
Translation adjustment	(104)
Additions	26,088
Interest expense (note 10)	1,393
Lease payments	(17,659)
At 31 December 2021 and 1 January 2022	**42,733**
Translation adjustment	**1,162**
Additions	**24,120**
Interest expense (note 10)	**1,396**
Lease payments	**(18,614)**
At 31 December 2022	**50,797**

Future lease payments are due as follows:

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2022			
Not later than one year	**16,013**	**(1,161)**	**14,852**
Later than one year and not later than two years	**12,231**	**(808)**	**11,423**
Later than two years and not later than five years	**21,906**	**(1,036)**	**20,870**
Later than five years	**3,750**	**(98)**	**3,652**
	53,900	**(3,103)**	**50,797**

37. LEASES (CONTINUED)

(a) The Group as lessee (Continued)

Lease liabilities (Continued)

	Minimum Lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2021			
Not later than one year	15,582	(1,048)	14,534
Later than one year and not later than two years	10,680	(711)	9,969
Later than two years and not later than five years	13,253	(1,017)	12,236
Later than five years	6,250	(256)	5,994
	45,765	(3,032)	42,733

The present value of future lease payments are analysed as follows:

	2022 RMB'000	2021 RMB'000
Current liabilities	**14,852**	14,534
Non-current liabilities	**35,945**	28,199
	50,797	42,733

For the year ended 31 December 2022, the Group had total cash outflows for leases including short-term leases of RMB22,898,000 (2021: RMB25,887,000).

(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 seventeen months to twenty years (2021: eleven months to twenty years). For certain leases, the periodic rent is fixed over the lease term whereas for other leases, rent is adjusted periodically at predetermined rate. Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2022 and 2021 are as follows:

	2022 RMB'000	2021 RMB'000
Within one year	**234,878**	385,119
After one year but within two years	**116,315**	208,805
After two years but within three years	**87,011**	84,729
After three years but within four years	**64,899**	61,667
After four years but within five years	**43,279**	48,149
Over five years	**83,457**	117,472
	629,839	905,941

Notes to the Financial Statements (continued)

38. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	**2022 RMB'000**	2021 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,236**	1,780
Right-of-use assets		**15,604**	2,006
Interests in subsidiaries	52	**1,736,714**	1,589,467
		1,753,554	1,593,253
Current assets			
Other receivables, prepayments and deposits		**1,148**	1,275
Amounts due from subsidiaries		**25,348,871**	23,174,317
Cash and bank balances		**363,468**	158,414
		25,713,487	23,334,006
Current liabilities			
Other payables and accruals		**25,412**	12,954
Amounts due to subsidiaries		**4,589,766**	4,383,040
Lease liabilities		**3,588**	1,502
Bank and other borrowings		**3,626,675**	3,229,499
		8,245,441	7,626,995
Net current assets		**17,468,046**	15,707,011
Non-current liabilities			
Bank and other borrowings		**11,086,296**	9,992,274
Lease liabilities		**12,521**	–
		11,098,817	9,992,274
Net assets		**8,122,783**	7,307,990
CAPITAL AND RESERVES			
Share capital	34	**6,047,372**	5,579,100
Reserves	35	**2,075,411**	1,728,890
Total equity		**8,122,783**	7,307,990

On behalf of the directors

Zhuang Yong
Director

Wang Man Kwan, Paul
Director

39. ACQUISITION OF SUBSIDIARIES

(a) Xuzhou Weituo Acquisition

On 28 January 2022, COGOP entered into a sale and purchase agreement (the "Xuzhou Weituo Agreement") with 徐州雅建企業管理有限公司 Xuzhou Yajian Enterprise Management Co., Ltd.* ("Xuzhou Yajian") for the acquisition of 33% equity interest in Xuzhou Weituo and the loan due by Xuzhou Weituo to Xuzhou Yajian at a total consideration of approximately RMB271,401,000 (the "Xuzhou Weituo Acquisition"). Before the Xuzhou Weituo Acquisition, the Group held 33% equity interest in Xuzhou Weituo and Xuzhou Weituo was accounted for as an associate. Upon the completion of the Xuzhou Weituo Acquisition, the Group's equity interest in Xuzhou Weituo increased from 33% to 66% and the Group obtained control over Xuzhou Weituo, which became an indirect non-wholly-owned subsidiary of the Company. The Xuzhou Weituo Acquisition was completed in January 2022 and has been accounted for as an acquisition of business using the acquisition method.

The following table summarizes the consideration paid for Xuzhou Weituo, the fair value of assets acquired, liabilities assumed at the acquisition date and gain on the Xuzhou Weituo Acquisition.

	2022 RMB'000
Aggregate of consideration transferred and fair value of previously held equity interest:	
Purchase price pursuant to the Xuzhou Weituo Agreement	271,401
Less: Amount for settlement of the shareholder's loan due to Xuzhou Yajian, the former shareholder	(154,118)
	117,283
Fair value of previously held 33% equity interest of Xuzhou Weituo (note (i))	99,549
	216,832

	2022 RMB'000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	71
Deferred tax assets	2,933
Inventories of properties (note (ii))	831,193
Other receivables (note (iii))	334
Cash and bank balances	13,922
Trade and other payables	(4,350)
Amount due to non-controlling interests	(158,788)
Amounts due to other related companies	(308,236)
Total identified net assets at fair value of Xuzhou Weituo	377,079
Non-controlling interests (34%) (note (iv))	(128,207)
Total identified net assets acquired of Xuzhou Weituo	248,872
Gain on bargain purchase	(32,040)
Aggregate of consideration transferred and fair value of previously held equity interest	216,832

Notes to the Financial Statements (continued)

39.ACQUISITION OF SUBSIDIARIES (CONTINUED)

(a) Xuzhou Weituo Acquisition (Continued)

Notes:

(i) The fair value of the Group's 33% equity interest in Xuzhou Weituo before the Xuzhou Weituo Acquisition amounted to RMB99,549,000. The Group recognized a loss of RMB32,040,000 as a result of re-measuring the previously held 33% equity interest in Xuzhou Weituo at fair value on the acquisition date.

(ii) The fair value of land and buildings classified as inventories of properties at the acquisition date had been determined with reference to the valuation carried out by CHFT.

(iii) The fair value of other receivables at the acquisition date amounted to RMB334,000, which was same as the gross amount of these receivables. None of these receivables had been impaired and it was expected that full contractual amounts could be collected.

(iv) The Group elected to measure the non-controlling interests in Xuzhou Weituo at the non-controlling interests' proportionate share of Xuzhou Weituo's identifiable net assets. The amount of the non-controlling interests at the acquisition date amounted to RMB128,207,000.

An analysis of the cash flows in respect of the Xuzhou Weituo Acquisition:

	2022 RMB'000
Cash paid for the acquisition of 33% equity interest of Xuzhou Weituo	(117,283)
Cash and bank balances acquired	13,922
Net outflow of cash and cash equivalents included in cash flows from investing activities	(103,361)
Cash paid for the settlement of the shareholder's loan included in cash flows from investing activities	(154,118)
Transaction costs of the Xuzhou Weituo Acquisition included in cash flows from operating activities	(118)
	(257,597)

For the year ended 31 December 2022, Xuzhou Weituo did not contribute any revenue but contributed loss of RMB19,216,000 to the Group since the acquisition date. Had the Xuzhou Weituo Acquisition been occurred on 1 January 2022, the Group's revenue and profit for the year ended 31 December 2022 would have been RMB57,492,018,000 and RMB3,055,169,000 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 Xuzhou Weituo Acquisition been completed on 1 January 2022, nor is it intended to be a projection of future performance.

The acquisition-related transaction costs of RMB118,000 arising from the Xuzhou Weituo Acquisition had been expensed and included in "Administrative expenses" for the year ended 31 December 2022.

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(b) 2021 Hefei Haifu Acquisition

On 24 December 2021, the Group entered into a share transfer agreement (the "Hefei Haifu Agreement") for the acquisition of 10% equity interest in Hefei Haifu at purchase price of RMB63,085,000 (the "2021 Hefei Haifu Acquisition"). Before the 2021 Hefei Haifu Acquisition, the Group held 45% equity interest in Hefei Haifu and Hefei Haifu was accounted for as a joint venture. Upon completion of the 2021 Hefei Haifu Acquisition, the Group's equity interest in Hefei Haifu increased from 45% to 55% and the Group had obtained control of Hefei Haifu. The 2021 Hefei Haifu Acquisition was completed in December 2021 and had been accounted for as an acquisition of business using the acquisition method.

The following table summarizes the consideration paid for Hefei Haifu, the fair value of assets acquired, liabilities assumed at the acquisition date and gain on the 2021 Hefei Haifu Acquisition.

	2021 RMB'000
Aggregate of consideration transferred and fair value of previously held equity interest:	
Purchase price pursuant to the Hefei Haifu Agreement	63,085
Fair value of previously held 45% equity interest of Hefei Haifu (note (i))	283,884
	346,969

	2021 RMB'000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	13
Deferred tax assets	61,601
Inventories of properties (note (ii))	216,606
Other receivables and prepayments (note (iii))	2,575
Amounts due from related companies (note (iii))	288,000
Restricted cash and deposits	990
Cash and bank balances	168,759
Trade and other payables	(29,756)
Contract liabilities	(9,036)
Taxation liabilities	(54,873)
Total identified net assets at fair value of Hefei Haifu	644,879
Non-controlling interests (45%) (note (iv))	(290,196)
Total identified net assets acquired of Hefei Haifu	354,683
Gain on bargain purchase	(7,714)
Aggregate of consideration transferred and fair value of previously held equity interest	346,969

Notes to the Financial Statements (continued)

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(b) 2021 Hefei Haifu Acquisition (Continued)

Notes:

(i) The fair value of the Group's 45% equity interest in Hefei Haifu before the 2021 Hefei Haifu Acquisition amounted to RMB283,884,000. The Group recognized a loss of RMB7,714,000 as a result of re-measuring the previously held 45% equity interest in Hefei Haifu at fair value on the acquisition date.

(ii) The fair value of land and buildings classified as inventories of properties at the acquisition date had been determined with reference to the valuation carried out by CHFT.

(iii) The fair value of other receivables including amounts due from related companies at the acquisition date amounted to RMB290,575,000, which was same as the gross amount of these receivables. None of these receivables had been impaired and it was expected that full contractual amounts could be collected.

(iv) The Group elected to measure the non-controlling interests in Hefei Haifu at the non-controlling interests' proportionate share of Hefei Haifu's identifiable net assets. The amount of the non-controlling interests at the acquisition date amounted to RMB290,196,000.

An analysis of the cash flows in respect of the 2021 Hefei Haifu Acquisition:

	2021 RMB'000
Cash paid for the acquisition of 10% equity interest of Hefei Haifu	(63,085)
Cash and bank balances acquired	168,759
Net inflow of cash and cash equivalents included in cash flows from investing activities	105,674

For the year ended 31 December 2021, Hefei Haifu did not contribute any revenue or profit or loss to the Group since the acquisition date. Had the 2021 Hefei Haifu Acquisition been occurred on 1 January 2021, the Group's revenue and profit for the year ended 31 December 2021 would have been RMB53,870,724,000 and RMB5,655,641,000 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 2021 Hefei Haifu Acquisition been completed on 1 January 2021, nor is it intended to be a projection of future performance.

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(c) Shantou Haifu Acquisition

On 8 March 2022, COGOP entered into a sale and purchase agreement (the "Shantou Haifu Agreement") with 汕頭市龍光博皓投資諮詢有限公司 Shantou Longguang Bohao Investment Consultant Co., Ltd.,* ("Longguang Bohao"), an independent third party, for the acquisition of 100% equity interest in 汕頭市龍光景耀房地產有限公司 Shantou Longguang Jingyao Real Estate Co., Ltd.* ("Longguang Jingyao") and the loan due by Longguang Jingyao to Longguang Baohao at a total consideration of approximately RMB1,024,038,000. The company name of Longguang Jingyao was changed to 汕頭市海富房地產有限公司 Shantou Haifu Real Estate Co., Ltd.* ("Shantou Haifu") with effect from 9 March 2022. This transaction was referred to as the "Shantou Haifu Acquisition".

Shantou Haifu is a limited liability company established in the PRC and is principally engaged in property development in Shantou. The Shantou Haifu Acquisition was completed in March 2022 and since then, Shantou Haifu became an indirect wholly-owned subsidiary of the Company.

The Group accounted for the Shantou Haifu Acquisition as an asset acquisition as the Group in substance acquired the land parcel situated in Shantou held by Shantou Haifu through acquisition of 100% equity interest of Shantou Haifu. In the opinion of the directors, the assets acquired and liabilities assumed in the Shantou Haifu Acquisition did not meet the definition of a business. The cost of acquisition was allocated to individual identifiable assets and liabilities of Shantou Haifu on the basis of their relative fair values at the acquisition date. Details are summarized as below:

	2022 RMB'000
Aggregate of consideration transferred	
Purchase price pursuant to the Shantou Haifu Agreement	1,024,038
Less: Amount for settlement of the shareholder's loan due to Longguang Bohao, the former shareholder	(975,708)
	48,330

	2022 RMB'000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Inventories of properties	1,021,593
Other receivables	2,065
Cash and bank balances	387
Taxation liabilities	(7)
Amounts due to related companies	(975,708)
Total identified net assets at fair value	48,330

* English translation is for identification only

Notes to the Financial Statements (continued)

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(c) Shantou Haifu Acquisition (Continued)

An analysis of the cash flows in respect of the Shantou Haifu Acquisition:

	2022 RMB'000
Cash paid for the acquisition of 100% equity interest of Shantou Haifu	(48,330)
Cash and bank balances acquired	387
Net outflow of cash and cash equivalents included in cash flows from investing activities	(47,943)
Cash paid for the settlement of the shareholder's loan included in cash flows from investing activities	(975,708)
	(1,023,651)

40. ACQUISITION OF ADDITIONAL EQUITY INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL

During the year ended 31 December 2022, the Group entered into sale and purchase agreements in relation to the acquisitions of additional equity interests in three subsidiaries as follows:

(a) Yiwu Haichuang

On 28 January 2022, COGOP entered into a sale and purchase agreement with 上海濱湖旅遊發展有限公司 Shanghai Binhu Tourism Development Co., Ltd.* ("Shanghai Binhu") in respect of the acquisition of 24% equity interest in 義烏海創房地產開發有限公司 Yiwu Haichuang Property Development Co., Ltd.* ("Yiwu Haichuang") and the loan due by Yiwu Haichuang to Shanghai Binhu at a total cash consideration of approximately RMB423,386,000 (the "Yiwu Haichuang Acquisition"). The Yiwu Haichuang Acquisition was completed in January 2022.

Yiwu Haichuang is a limited liability company established in the PRC and is principally engaged in property development in Yiwu. Before the Yiwu Haichuang Acquisition, Yiwu Haichuang was owned as to 76% by the Group and 24% by Shanghai Binhu, and Yiwu Haichuang was an indirect non-wholly-owned subsidiary of the Company. Upon completion of the Yiwu Haichuang Acquisition, the Group's equity interest in Yiwu Haichuang increased from 76% to 100% and Yiwu Haichuang became an indirect wholly-owned subsidiary of the Company.

40. ACQUISITION OF ADDITIONAL EQUITY INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL (CONTINUED)

(b) Xuzhou Runyao

On 28 January 2022, COGOP entered into a sale and purchase agreement with Xuzhou Yajian in respect of the acquisition of 33% equity interest in 徐州潤耀地產有限公司 Xuzhou Runyao Property Co., Ltd.* ("Xuzhou Runyao") and the loan due by Xuzhou Runyao to Xuzhou Yajian at a total cash consideration of approximately RMB305,213,000 (the "Xuzhou Runyao Acquisition"). The Xuzhou Runyao Acquisition was completed in January 2022.

Xuzhou Runyao is a limited liability company established in the PRC and is principally engaged in property development in Xuzhou. Before the Xuzhou Runyao Acquisition, Xuzhou Runyao was owned as to 34% by the Group, 33% by Xuzhou Yajian and 33% by an independent third party, and Xuzhou Runyao was an indirect non-wholly-owned subsidiary of the Company. Upon completion of the Xuzhou Runyao Acquisition, the Group's equity interest in Xuzhou Runyao increased from 34% to 67% and Xuzhou Runyao remained as an indirect non-wholly-owned subsidiary of the Company.

(c) Hefei Haifu

On 1 November 2022, Grand Will Asia Pacific Limited ("GWAP"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with 中建國際投資集團有限公司 China State Construction International Investments Limited ("CSCII") in respect of the acquisition of 45% equity interest in Hefei Haifu at a cash consideration of approximately RMB291,844,000 (the "2022 Hefei Haifu Acquisition"). CSCII is a direct wholly-owned subsidiary of 中國建築國際集團有限公司 China State Construction International Holdings Limited ("CSC"), and CSC is a fellow subsidiary of COLI.

Prior to the 2022 Hefei Haifu Acquisition, Hefei Haifu was owned as to 55% by the Group and 45% by CSCII, and Hefei Haifu was an indirect non-wholly-owned subsidiary of the Company. The 2022 Hefei Haifu Acquisition was completed in November 2022. Upon completion, the Group's equity interest in Hefei Haifu increased from 55% to 100% and Hefei Haifu became an indirect wholly-owned subsidiary of the Company.

40. ACQUISITION OF ADDITIONAL EQUITY INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL (CONTINUED)

Yiwu Haichuang, Xuzhou Runyao and Hefei Haifu remained as subsidiaries of the Company after the aforesaid acquisitions. The acquisitions of the additional equity interests in Yiwu Haichuang, Xuzhou Runyao and Hefei Haifu were accounted for as equity transactions as follows:

	2022 RMB'000
Yiwu Haichuang	
Consideration pursuant to sale and purchase agreement	(423,386)
Settlement of the shareholder's loan due to Shanghai Binhu	492,237
Net assets attributable to the additional 24% equity interest of Yiwu Haichuang	214,491
Increase in equity attributable to owners of the Company	283,342
Xuzhou Runyao	
Consideration pursuant to sale and purchase agreement	(305,213)
Settlement of the shareholder's loan due to Xuzhou Yajian	173,208
Net assets attributable to the additional 33% equity interest of Xuzhou Runyao	148,090
Increase in equity attributable to owners of the Company	16,085
Hefei Haifu	
Consideration pursuant to sale and purchase agreement	(291,844)
Net assets attributable to the additional 45% equity interest of Hefei Haifu	291,844
Increase in equity attributable to owners of the Company	–
Aggregate increase in equity attributable to owners of the Company – included in retained profits	299,427

* English translation is for identification only

41. DEEMED DISPOSAL OF EQUITY INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL

On 25 March 2022, the Group entered into the following cooperation agreements in relation to the investment and development of two property projects in Changzhou.

(a) Changzhou Haicheng

南寧中海宏洋房地產有限公司 China Overseas Grand Oceans Properties (Nanning) Investment Co., Ltd.* ("COGO Nanning"), Citirich International Limited ("Citirich"), 桐鄉市安豪投資管理有限公司 Tongxiang Anhao Investment Management Co., Ltd.* ("Anhao Investment") and 常州市中海海澄房地產開發有限公司 Changzhou China Overseas Haicheng Real Estate Co., Ltd.* ("Changzhou Haicheng") entered into a cooperation agreement (the "Cooperation Agreement I"). At the date of the Cooperation Agreement I, Changzhou Haicheng was owned as to 9.3% by COGO Nanning and 90.7% by Citirich, whereas COGO Nanning and Citirich were indirect wholly-owned subsidiaries of the Company.

Changzhou Haicheng is a limited liability company established in the PRC and is principally engaged in property development in Changzhou.

Pursuant to the Cooperation Agreement I, the registered capital of Changzhou Haicheng increased from RMB215,000,000 to RMB800,000,000, and COGO Nanning and Anhao Investment injected capital of RMB193,000,000 and RMB392,000,000 respectively in Changzhou Haicheng.

The transaction was completed in March 2022. Upon completion of the capital injection, the enlarged capital of Changzhou Haicheng were owned as to 51% by the Group and 49% by Anhao Investment, and Changzhou Haicheng became an indirect non-wholly-owned subsidiary of the Company.

41. DEEMED DISPOSAL OF EQUITY INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL (CONTINUED)

(b) Changzhou Haihong

中海宏洋地產汕頭投資有限公司 China Overseas Grand Oceans Properties (Shantou) Investment Co., Ltd.* ("COGO Shantou"), Anhao Investment and 常州市中海海泓房地產開發有限公司 Changzhou China Overseas Haihong Real Estate Co., Ltd.* ("Changzhou Haihong") entered into a cooperation agreement (the "Cooperation Agreement II"). At the date of the Cooperation Agreement II, Changzhou Haihong was 100% owned by COGO Shantou, whereas COGO Shantou was an indirect wholly-owned subsidiary of the Company.

Changzhou Haihong is a limited liability company established in the PRC and is principally engaged in property development in Changzhou.

Pursuant to the Cooperation Agreement II, the registered capital of Changzhou Haihong increased from RMB20,000,000 to RMB700,000,000, and COGO Shantou and Anhao Investment injected capital of RMB337,000,000 and RMB343,000,000 respectively in Changzhou Haihong.

The transaction was completed in April 2022. Upon completion of the capital injection, the enlarged capital of Changzhou Haihong were owned as to 51% by COGO Shantou and 49% by Anhao Investment, and Changzhou Haihong became an indirect non-wholly-owned subsidiary of the Company.

Changzhou Haicheng and Changzhou Haihong remained as subsidiaries of the Company after the aforesaid capital injections as there was no change in control. These transactions were accounted for as equity transactions as follows:

	2022 RMB'000
Changzhou Haicheng	
Capital injected by Anhao Investment	392,000
Net assets attributable to 49% equity interest in Changzhou Haicheng	(391,000)
Difference on deemed disposal of partial equity interest in Changzhou Haicheng	1,000
Changzhou Haihong	
Capital injected by Anhao Investment	343,000
Net assets attributable to 49% equity interest in Changzhou Haihong	(342,286)
Difference on deemed disposal of partial equity interest in Changzhou Haihong	714
Aggregate increase in equity attributable to owners of the Company – included in retained profits	1,714

* English translation is for identification only

42.NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities:

	Bank and other borrowings RMB'000	Guaranteed notes and corporate bonds RMB'000 (note 32)	Lease liabilities RMB'000 (note 37(a))	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 2022	41,935,976	3,286,018	42,733	2,069	84,928	5,510,332	261,145
Changes from cash flows:							
Proceeds from new borrowings	16,320,745	–	–	–	–	–	–
Repayment of borrowings	(16,539,549)	–	–	–	–	–	–
Proceeds from issue of corporate bonds	–	1,000,000	–	–	–	–	–
Advances received	–	–	–	8,447	287,790	4,314,963	–
Repayment of advances	–	–	–	–	(85,400)	(3,255,617)	–
Capital element of lease payment	–	–	(17,218)	–	–	–	–
Interest element of lease payment	–	–	(1,396)	–	–	–	–
Other interest paid	(1,883,889)	(84,333)	–	–	–	(17,561)	(3,362)
	(2,102,693)	915,667	(18,614)	8,447	202,390	1,041,785	(3,362)
Exchange adjustment	1,287,990	304,514	1,162	–	–	–	–
Other changes:							
Interest expenses	1,891,341	93,809	1,396	–	–	153,882	3,362
Increase in lease liabilities from entering into new leases	–	–	24,120	–	–	–	–
Acquisition of a subsidiary (note 39(a))	–	–	–	–	–	158,788	–
Acquisition of additional equity interests in subsidiaries while retaining control (note 40)	–	–	–	–	–	(665,445)	–
Interest accruals	(7,452)	(6,706)	–	–	–	–	–
	1,883,889	87,103	25,516	–	–	(352,775)	3,362
As at 31 December 2022	43,005,162	4,593,302	50,797	10,516	287,318	6,199,342	261,145

Notes to the Financial Statements (continued)

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank and other borrowings RMB'000	Guaranteed notes and corporate bonds RMB'000 (note 32)	Lease liabilities RMB'000 (note 37(a))	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 2021	37,150,170	3,314,214	33,015	13,136	584,458	2,834,726	264,508
Changes from cash flows:							
Proceeds from new borrowings	24,234,005	–	–	–	–	–	–
Repayment of borrowings	(19,056,624)	–	–	–	–	–	–
Net proceeds from issue of guaranteed notes	–	3,310,714	–	–	–	–	–
Redemption of guaranteed notes	–	(3,215,085)	–	–	–	–	–
Advances received	–	–	–	–	10,925	5,998,816	–
Repayment of advances	–	–	–	(11,067)	(366,455)	(3,330,210)	(3,363)
Capital element of lease payment	–	–	(16,266)	–	–	–	–
Interest element of lease payment	–	–	(1,393)	–	–	–	–
Other interest paid	(1,526,423)	(120,084)	–	–	–	(162,072)	(3,362)
	3,650,958	(24,455)	(17,659)	(11,067)	(355,530)	2,506,534	(6,725)
Exchange adjustment	(391,575)	(147,999)	(104)	–	–	–	–
Other changes:							
Interest expenses	1,526,423	144,258	1,393	–	–	169,072	3,362
Increase in lease liabilities from entering into new leases	–	–	26,088	–	–	–	–
Acquisition of a subsidiary (note 39(b))	–	–	–	–	(144,000)	–	–
	1,526,423	144,258	27,481	–	(144,000)	169,072	3,362
As at 31 December 2021	41,935,976	3,286,018	42,733	2,069	84,928	5,510,332	261,145

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) During the year ended 31 December 2022, return of capital to non-controlling interests amounting to RMB625,047,000 (2021: nil) and dividends attributable to non-controlling interests amounting to RMB380,574,000 (2021: nil) were settled through the current accounts with the non-controlling interests and the respective amounts were included in "Amounts due from non-controlling interests".

(c) During the year ended 31 December 2021, certain capital contributions from non-controlling interests amounting to RMB452,100,000 were satisfied by injection of interests in land parcels to the project company.

43. 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. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. With effect from 1 January 2018, employer voluntary contributions are made, under specific criteria set out in the Company's policy, as a part of the employee benefits program. The Group has no further payment obligations once the contributions have been paid. Contributions to the MPF Scheme are recognized as an expense in profit or loss when the services are rendered by the employees.

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 a specified percentage of their payroll costs to the central pension scheme to fund the benefits. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations under these plans are limited to the fixed percentage contribution payable.

The total expenses recognized in profit or loss of RMB65,166,000 (2021: RMB53,914,000) represent contributions paid/payable to these schemes by the Group in the year.

Under the MPF Scheme, the Group's existing level of contributions can be reduced by contributions forfeited by the Group on behalf of those employees who leave the scheme prior to vesting fully in such contributions. During the year ended 31 December 2022, no forfeited contributions were utilized by the Group to reduce the contribution paid/payable to the MPF scheme (2021: RMB92,000).

As at 31 December 2022, no forfeited contribution under these schemes is available to reduce the contribution payable in future (2021: nil).

44. PLEDGE OF ASSETS

As at 31 December 2022, 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:

	2022 RMB'000	2021 RMB'000
Pledge for borrowings and banking facilities of the Group		
– Inventories of properties (note 20)	**11,783,229**	7,935,375

45. OTHER COMMITMENTS

As at 31 December 2022, the Group had other significant commitments as follows:

	2022 RMB'000	2021 RMB'000
Contracted for but not provided for in the financial statements:		
– Investment in equity interests	**204,600**	509,850
– Acquisition of land	**–**	198,415
– Property development	**26,284,621**	27,368,859
	26,489,221	28,077,124
Authorized but not contracted for:		
– Acquisition of land	**–**	444,010

46. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE CONTRACTS

(a) Guarantees

As at 31 December 2022, the Group provided guarantees to banks and government agencies for mortgage loans granted to certain purchasers of the Group's properties and for banking facilities granted to a joint venture. The amount of the relevant facilities utilized and outstanding are as follows:

	2022 RMB'000	2021 RMB'000
Mortgage loans granted by banks and government agencies to certain purchasers of the Group's properties	**32,901,601**	38,338,464
Bank loans granted by a bank to a joint venture guaranteed by the Group	**455,474**	384,615
	33,357,075	38,723,079

In the opinion of the directors, if the purchasers default payment of the mortgage loans during the period of guarantee, the Group is entitled to take over the legal title and possession of the related properties and the value of the related properties can cover the repayment of the outstanding loans together with the accrued interests thereon. In addition, as assessed by the directors, the risk of default of payment of the outstanding bank loans together with the accrued interests thereon by the joint venture is low. Accordingly, the directors considered that the fair values of theses guarantee contracts at initial recognition and the ECLs arising from these guarantee contracts at the end of the reporting period were insignificant.

(b) Other contingent liabilities

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, several 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 extreme cases, 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.

Having regard to their past experiences in handling similar matters, the latest local development, the latest project status, and the recent communications with the relevant local government authorities on the matters, the directors are of the opinion that no non-conformity instance would have a material impact on the result and financial position of the Group.

47. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties:

(a) On 26 March 2020, the Company and COLI entered into a trademark licence agreement (the "2020 Renewal Trademark Licence Agreement") to renew the trademark licence agreement dated 31 March 2017, pursuant to which COLI grants a non-exclusive right to the Company, its subsidiaries and the member company as defined in the 2020 Renewal 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 2020 and ending on 31 March 2023 (both days inclusive). The Trademark is registered in the PRC and owned by a subsidiary of COLI.

Pursuant to the 2020 Renewal Trademark Licence Agreement, the Company agrees to pay COLI in cash 1% of its audited annual consolidated turnover for each of the three years ended 31 December 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 Renewal Trademark Licence Agreement. The total royalty payable under the 2020 Renewal Trademark Licence Agreement for each of the twelve-month period between 1 April 2020 and 31 March 2023 shall not exceed HK$200 million.

For the year ended 31 December 2022, royalty incurred by the Group under the 2020 Renewal Trademark Licence Agreement amounted to HK$200,000,000, equivalent to RMB172,384,000 (2021: HK$200,000,000, equivalent to RMB166,820,000).

As at 31 December 2022, the royalty payable to COLI amounted to HK$200,000,000, equivalent to RMB178,667,000 (2021: HK$200,000,000, equivalent to RMB163,519,000) which was included in "Trade and other payables". The royalty payable to COLI is unsecured, interest-free and repayable based on terms stipulated in the 2020 Renewal Trademark Licence Agreement.

Notes to the Financial Statements *(continued)*

47.RELATED PARTY TRANSACTIONS (CONTINUED)

(b) On 28 April 2020, the Company and China Overseas Property Holdings Limited ("COPH") entered into a framework agreement (the "Renewal Framework Agreement") to renew the framework agreement entered into between the Company and COPH and dated 20 October 2017 for the provision of property management services and value-added services by COPH and its subsidiaries ("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 certain property development projects in emerging third-tier cities in the PRC acquired by the Group from COLI in December 2016 which were not managed by COPH Group at the date of entering into the new projects framework agreement by the Group and COPH, which was on 20 October 2017). COPH is a fellow subsidiary of COLI.

The Renewal Framework Agreement is for a term of three years commenced from 1 July 2020 and ending on 30 June 2023.

According to the Renewal Framework 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 fees payable by the Group for the period from 1 July 2020 to 31 December 2020, for the two years ended 31 December 2022 and for the period from 1 January 2023 to 30 June 2023 shall not exceed HK$166 million, HK$321 million, HK$386 million and HK$224 million respectively.

For the year ended 31 December 2022, service fee incurred by the Group under the Renewal Framework Agreement amounting to HK$370,319,000, equivalent to RMB319,186,000 (2021: HK$245,672,000, equivalent to RMB204,029,000).

As at 31 December 2022, service fees payable to COPH Group amounted to RMB21,537,000 (2021: RMB11,108,000) in aggregate, which were included in "Trade and other payables" and prepaid service fee to COPH Group amounted to RMB1,098,000 (2021: RMB728,000) in aggregate, which were included in "Trade and other receivables, prepayments and deposits". The service fees payable to COPH Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the specific tender or contract.

47.RELATED PARTY TRANSACTIONS (CONTINUED)

(c) 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. CSC and CSCD are fellow subsidiaries of COLI.

For the year ended 31 December 2022, total management fee charged by China Overseas Supervision against the Group amounted to RMB268,000 (2021: RMB3,041,000).

(d) On 26 June 2018, the Company and CSCD entered into a framework agreement (the "CSCD 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 CSCD Framework Agreement covers a period commenced from 1 July 2018 and ended on 30 June 2021 (both days inclusive).

According to the CSCD 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, for 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.

On 24 March 2021, the Company and CSCD entered into a new framework agreement (the "New CSCD Framework Agreement") pursuant to which the Group may appoint CSCD Group to provide project management, supervision and consultancy services for the property development projects of the Group in the PRC. The New CSCD Framework Agreement has a term of three years commenced from 1 July 2021 and ending on 30 June 2024 (both days inclusive).

According to the New CSCD Framework Agreement, the maximum total contract sum that may be awarded by the Group to CSCD Group for the period from 1 July 2021 to December 2021, for the year ended 31 December 2022, for the year ending 31 December 2023 and for the period from 1 January 2024 to 30 June 2024 shall not exceed HK$30 million, HK$60 million, HK$60 million and HK$30 million respectively.

For the year ended 31 December 2022, contracts with contract sum amounting to HK$13,396,000, equivalent to RMB11,546,000 were awarded by the Group to CSCD Group under the New CSCD Framework Agreement. For the year ended 31 December 2021, contracts with contract sum amounting to HK$41,484,000, equivalent to RMB34,452,000 were awarded by the Group under the CSCD Framework Agreement and the New CSCD Framework Agreement. Management service fee of HK$35,413,000, equivalent to RMB30,524,000 (2021: HK$29,325,000, equivalent to RMB24,355,000) was incurred by the Group under the aforementioned framework agreements.

As at 31 December 2022, management service fees payable to CSCD Group under the aforementioned framework agreements amounted to RMB12,185,000 (2021: RMB9,024,000) in aggregate, which were included in "Trade and other payables" and prepaid management service fee to CSCD Group amounted to RMB1,052,000 (2021: RMB1,630,000) in aggregate, which were included in "Trade and other receivables, prepayments and deposits". The management service fees payable to CSCD Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the specific contracts.

Notes to the Financial Statements (continued)

47.RELATED PARTY TRANSACTIONS (CONTINUED)

(e) On 27 June 2019, the Company and China State Construction Engineering Corporation Limited ("CSCECL") entered into an agreement (the "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 ended 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, for the two years ended 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 CSCECL Group Engagement Agreement expired on 30 June 2022. On 18 May 2022, the Company and CSCECL entered into a new framework agreement (the"Renewal CSCECL Group Engagement Agreement") to renew the CSCECL Group Engagement Agreement, pursuant to which the CSCECL Group may tender for the Group's construction related services, including building design, construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators, in the PRC upon successful tender awarded to CSCECL Group. The Renewal CSCECL Group Engagement Agreement has a term of three years commenced from 1 July 2022 and ending on 30 June 2025 (both dates inclusive).

According to the Renewal 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 2022 and 31 December 2022, for the two years ending 31 December 2024 and for the period from 1 January 2025 to 30 June 2025 shall not exceed RMB280 million, RMB520 million, RMB520 million and RMB280 million respectively.

For the year ended 31 December 2022, contracts with contract sum amounting to HK$104,481,000, equivalent to RMB90,055,000 (2021: HK$572,048,000, equivalent to RMB475,083,000) were awarded by the Group to CSCECL Group under the CSCECL Group Engagement Agreement and no contract was awarded under the Renewal CSCECL Group Engagement Agreement. Construction fee of HK$317,462,000, equivalent to RMB273,627,000 (2021: HK$219,876,000, equivalent to RMB182,606,000) was incurred by the Group under the aforementioned framework agreements.

As at 31 December 2022, construction fees payable to CSCECL Group under the aforementioned framework agreements was RMB93,539,000 (2021: RMB10,945,000) in aggregate, which were included in "Trade and other payables" and prepaid construction fee was RMB743,000 (2021: RMB263,000) in aggregate, which were included in "Trade and other receivables, prepayments and deposits". The construction fees payable to CSCECL Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the tender documents for the relevant construction contracts.

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) On 23 October 2019, the Company and COPH entered into a framework agreement (the "Carpark Framework Agreement") 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 Carpark Framework Agreement has a term of three years commenced from 1 December 2019 and ended 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 two years ended 31 December 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.

The Carpark Framework Agreement expired on 30 November 2022. On 5 September 2022, the Company and COPH entered into a new framework agreement (the "New Carpark Framework Agreement") to renew the Carpark Framework Agreement pursuant to which the Group and COPH Group may from time to time enter into the Transactions. The New Carpark Framework Agreement has a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive).

The aggregate amount of the Transactions to be entered into between COPH Group and the Group for each of three years ending 31 December 2025 shall not exceed HK$300 million.

For the year ended 31 December 2022, the aggregate amount of the Transactions entered into between COPH Group and the Group under the Carpark Framework Agreement amounted to HK$58,186,000, equivalent to RMB50,152,000 (2021: HK$100,910,000, equivalent to RMB83,805,000).

Notes to the Financial Statements (continued)

47.RELATED PARTY TRANSACTIONS (CONTINUED)

(g) On 27 February 2020, the Company and Huayi Design Consultants Limited ("Huayi Design") entered into a framework agreement (the "Huayi 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 Huayi Framework Agreement is for a term commenced from 1 March 2020 and ended 31 December 2022.

The maximum total contract sum that may be awarded by the Group to Huayi Design Group under the Huayi Framework Agreement for the period between 1 March 2020 and 31 December 2020 and for the two years ended 31 December 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.

On 16 December 2022, the Company and Huayi Design entered into a new framework agreement (the "New Huayi Framework Agreement") to renew the Huayi Framework Agreement, pursuant to which Huayi Design Group may participate in competitive tenders for the provision of scheme design, preliminary design and construction drawing design services in each construction stage to the Group's property development projects in the PRC. The New Huayi Framework Agreement is for a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive).

The maximum total contract sum that may be awarded by the Group to Huayi Design Group under the New Huayi Framework Agreement for each of the three years ending 31 December 2025 shall not exceed RMB30 million.

For the year ended 31 December 2022, contracts with contract sum amounting to RMB50,000 (2021: RMB2,984,000) were awarded by the Group to Huayi Design Group and service fee amounting to RMB2,240,000 (2021: RMB5,497,000) was incurred by the Group under the Huayi Framework Agreement.

47.RELATED PARTY TRANSACTIONS (CONTINUED)

(h) On 1 April 2020, certain subsidiaries and a joint venture of the Company, entered into property lease agreements with the certain subsidiaries of COLI, details of which are as follows:

- 上海金鶴數碼科技發展有限公司 Shanghai Jinhe Technology Development Company Limited* ("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 Commercial Management Company Limited* ("Shanghai Tang Youli"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to 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 three years ended 31 December 2022 and year ending 31 December 2023 are RMB5,895,000, RMB8,040,000, RMB8,280,000 and RMB2,085,000 respectively.

  On 10 November 2022, Shanghai Jinhe and Shanghai Tang Youli entered in a supplementary agreement (the "First Property Lease Supplementary Agreement"). Pursuant to the First Property Lease Supplementary Agreement, Shanghai Jinhe and Shanghai Tang Youli agreed to reduce the rent of the lease by a maximum amount of approximately RMB3,078,816 and the rent reduction recorded for the year ended 31 December 2022 amounted to approximately RMB2,077,041.

- 北京中京藝苑置業有限公司 Beijing Zhongjing Yiyuan Real Estate Company Limited* ("Beijing Zhongjing Yiyuan"), 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 three years ended 31 December 2022 and year ending 31 December 2023 are RMB120,150,000, RMB163,800,000, RMB168,712,500 and RMB42,487,500 respectively.

  On 20 November 2020, Beijing China Overseas and Beijing Zhongjing Yiyuan entered into a supplementary agreement (the "Second Property Lease Supplementary Agreement"). Pursuant to the Second Property Lease Supplementary Agreement, Beijing Zhongjing Yiyuan agreed to reduce the rent of the lease by RMB583,585 and the reduced rent was deducted from the rent for the period from 1 January 2021 to 31 March 2021.

- 蘭州中海宏洋房地產開發有限公司 Lanzhou China Overseas Grand Oceans Real Estate Development Limited* ("Lanzhou COGO"), 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 was 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 three years ended 31 December 2022 and year ending 31 December 2023 are nil, RMB34,000,000, RMB44,000,000 and RMB48,000,000 respectively.

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(h) (Continued)

On 20 December 2021, Lanzhou China Overseas and Lanzhou COGO entered into a supplementary agreement (the "Third Property Lease Supplementary Agreement"). Pursuant to the Third Property Lease Supplementary Agreement, Lanzhou China Overseas and Lanzhou COGO agreed to revise the annual rent and payment term as follows:

Annual rent payable is revised as follows: (i) for the period from 31 December 2020 to 30 December 2021, RMB23,310,000 (or RMB21,385,321 excluding VAT) (after deduction of rent during the rent-free period); (ii) for the period from 31 December 2021 to 30 December 2022: RMB37,410,000 (or RMB34,321,101 excluding VAT); and (iii) for the period from 31 December 2022 to 30 December 2023: RMB41,960,000 (or RMB38,495,413 excluding VAT).

In respect of the annual rent for the period from 31 December 2020 to 30 December 2021 amounting to RMB23,310,000, Lanzhou China Overseas had paid Lanzhou COGO RMB20,400,000 and, pursuant to the Third Property Lease Supplementary Agreement, the remaining rent of RMB2,910,000 is payable within 30 days upon the issuance of VAT invoice by Lanzhou COGO to Lanzhou China Overseas. Other rent was payable on monthly basis before 20th of each month.

– 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 was 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 the three years ended 31 December 2022 and year 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* ("Shantou 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 was 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 the three years ended 31 December 2022 and year ending 31 December 2023 are RMB6,113,000, RMB9,356,700, RMB9,636,700 and RMB3,243,300 respectively.

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(h) (Continued)

For the year ended 31 December 2022, total rental income generated by the Group from the Second Property Lease Agreement, the Third Property Lease Agreement as modified, the Fourth Property Lease Agreement and the Fifth Property Lease Agreement (excluded VAT) was RMB211,352,000 (2021: RMB192,725,000) and the total rental income generated by the joint venture, Shanghai Jinhe, from the First Property Lease Agreement as modified (excluded VAT) was RMB5,908,000 (2021: RMB7,657,000).

As at 31 December 2022, rental receivables from these leases amounted to RMB8,430,000 (2021: RMB4,760,000). As at 31 December 2021, rental income received in advance from these leases amounted to RMB675,000.

(i) On 24 April 2020, the Company and CSC entered into an agreement (the "Master Engagement Agreement") whereby (i) CSC and its subsidiaries (excluding any subsidiary(ies) listed on any stock exchange) ("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 commenced from 1 July 2020 and ended 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.

On 19 November 2020, the Company and CSC entered into a new agreement (the "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 commenced 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 two years ended 31 December 2022 and the year ending 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) replaced and superseded 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.

47.RELATED PARTY TRANSACTIONS (CONTINUED)

(i) (Continued)

For the year ended 31 December 2022, no contract was awarded by the Group to CSC Group under the New Master Engagement Agreement (2021: RMB1,847,286,000). Construction fee amounting to RMB943,196,000 (2021: RMB871,795,000) was incurred by the Group under the aforementioned agreements.

As at 31 December 2022, construction fees payable to CSC Group under the aforementioned agreements amounted to RMB409,754,000 (2021: RMB238,970,000) in aggregate, which were included in "Trade and other payables". The construction fees payable to CSC Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the tender documents for the relevant construction contracts.

(j) On 19 November 2020, the Company and COLI entered into a framework agreement (the "Supplies Framework Agreement") whereby (i) COLI Group may supply the materials in relation to the works in the categories of civil engineering works, electrical and mechanical works and decoration including doors and other construction materials (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 tendering procedures of the Group from time to time; and (ii) the Group may engage COLI Group as the supplier of the Materials for the Projects upon COLI Group's successful tender. The Supplies Framework Agreement has a term of three years commenced from 1 January 2021 and ending on 31 December 2023.

According to the Supplies Framework Agreement, the maximum total contract sums in respect of the supply of the Materials for the Projects may be awarded by the Group to COLI Group for each of the two years ended 31 December 2022 and year ending on 31 December 2023 shall not exceed RMB1,600 million.

On 27 April 2022, the Company and COLI entered into a new framework agreement (the "New Supplies Framework Agreement") pursuant to which (i) COLI Group may supply Materials for the Projects upon the Group's request in accordance with the tendering procedures of the Group from time to time; and (ii) the Group may engage COLI Group as supplier of Materials for the Projects upon COLI Group's successful tender. The New Supplies Framework Agreement has a term of three years commenced from 1 January 2022 and ending on 31 December 2024.

According to the New Supplies Framework Agreement, the maximum total contract sums in respect of the supply of the Materials for the Projects may be awarded by the Group to COLI Group for each of the year ended 31 December 2022 and the two years ending on 31 December 2024 shall not exceed RMB3,000 million.

47.RELATED PARTY TRANSACTIONS (CONTINUED)

(j) (Continued)

The New Supplies Framework Agreement (together with the new caps) replaced and superseded all rights and obligations of the parties under the Supplies Framework Agreement (together with the caps) starting from 1 January 2022 with effect from the date of satisfaction of the conditions precedent set out in the New Supplies Framework Agreement.

For the years ended 31 December 2022 and 2021, contracts with contract sum amounting to RMB1,747,843,000 under the New Supplies Framework Agreement and RMB1,585,135,000 under the Supplies Framework Agreement were awarded by the Group to COLI Group respectively. The Materials purchased by the Group amounted to RMB1,162,121,000 (2021: RMB173,179,000) under the aforementioned framework agreements.

As at 31 December 2022, the amounts payable to COLI Group in respect of the supply of Materials for the Projects amounted to RMB305,513,000 (2021: RMB13,087,000) in aggregate, which were included in "Trade and other payables". The amounts payable to COLI Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the tender documents for the relevant contracts for the supply of the Materials.

(k) On 24 August 2021, the Company and 深圳海智創科技有限公司 Shenzhen Haizhichuang Technology Limited* ("Haizhichuang"), a wholly-owned subsidiary of COLI entered into a framework agreement (the "Haizhichuang Framework Agreement") whereby the Group may engage Haizhichuang to provide information technology services including but not limited to software licensing, software development, information system, integration services, intelligent engineering services, software platform technology services, and relevant consultancy services to the Group's property development projects in the PRC. The Haizhichuang Framework Agreement has a term for the period commenced from 1 September 2021 and ending on 31 December 2023 (both days inclusive).

According to the Haizhichuang Framework Agreement, the maximum service fee payable under the Haizhichuang Framework Agreement for the period between 1 September 2021 and ended 31 December 2021, for the year ended 31 December 2022 and for the year ending 31 December 2023 shall not exceed RMB19 million, RMB32 million and RMB36 million respectively. The service fee payables for the services to Haizhichuang by the Group will be settled pursuant to the payment terms set out in the individual contracts.

For the year ended 31 December 2022, service fee incurred by the Group under the Haizhichuang Framework Agreement amounting to RMB14,906,000 (2021: RMB18,250,000).

* English translation is for identification only

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(l) On 28 April 2022, the Company and COHL entered into an agreement (the "Licence Agreement"), pursuant to which COHL granted a licence to the Company to use and occupy the premises (the "Licensed Premises") for a term of five years commenced from 1 May 2022 and ending on 30 April 2027 (both days inclusive). The Group primarily uses the Licensed Premises as its main office in Hong Kong.

According to the License Agreement, the licence fee is HK$363,180 per month (exclusive of rates), which is payable by the Company to COHL on the first day of each month. No licence fee shall be payable from 1 May 2022 to 15 June 2022 (both days inclusive).

The Company will pay to COHL the air-conditioning and management charges relating to the Licensed Premises as follows: HK$50,220 per month for the period from 1 May 2022 to 31 December 2022 (both days inclusive); HK$51,720 per month for the period from 1 January 2023 to 31 December 2023 (both days inclusive); HK$53,280 per month for the period from 1 January 2024 to 31 December 2024 (both days inclusive); HK$54,870 per month for the period from 1 January 2025 to 31 December 2025 (both days inclusive); HK$56,520 per month for the period from 1 January 2026 to 31 December 2026 (both days inclusive); and HK$58,230 per month for the period from 1 January 2027 to 30 April 2027 (both days inclusive).

For the year ended 31 December 2022, licensed fee amounting to RMB2,035,000 was paid by the Company to COHL whereas the air-conditioning and management charges relating to the Licensed Premises amounting to RMB346,000 was incurred.

(m) On 18 May 2022, Hefei Hairui, an indirect wholly-owned subsidiary of the Company, entered into a series of provisional sale and purchase agreements with 中建五局第二建設有限公司 The Second Construction Limited Company of China Construction Fifth Engineering Division* (the "Purchaser"), an indirect wholly-owned subsidiary of CSCECL, pursuant to which Hefei Hairui agreed to sell, and the Purchaser agreed to purchase certain properties of a property project namely Central Park in Hefei (the "Properties") at an aggregate consideration of RMB43,575,332.

In June 2022, Hefei Hairui and the Purchaser entered into the respective final sale and purchase agreements. As of 31 December 2022, the construction of Central Park was still in progress and the Properties have not yet been handover to the Purchaser. The Group received an aggregate consideration of RMB26,150,000, which was included in "Contract liabilities" as at 31 December 2022.

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(n) In April 2020, 中海宏洋地產(合肥)有限公司 ("COGO Hefei"), an indirect wholly-owned subsidiary of the Company, entered into a series of provisional agreements with Hefei Haifu pursuant to which COGO Hefei agreed to purchase and Hefei Haifu agreed to sell 18 office units in total for an aggregate consideration of RMB19,539,000. Hefei Haifu was a joint venture of the Group which was owned as to 45% by the Group at the date of the transaction. The consideration was fully settled by COGO Hefei in 2020.

The acquisitions of the office units were formalized by entering into and registration of the sales and purchase agreements in March 2021 and the acquisition was completed during the year ended 31 December 2021.

(o) For the year ended 31 December 2022, the Group received interest income from joint ventures amounting to RMB19,788,000 (2021: RMB72,015,000) (note 8) and the Group did not receive interest income from non-controlling interests (2021: RMB6,520,000) (note 8).

(p) (1) For the year ended 31 December 2022, the Group incurred interest expense on amount due to a related company amounting to RMB3,362,000 (2021: RMB3,362,000) (note 10).

(2) For the year ended 31 December 2022, the Group incurred interest expense on amounts due to non-controlling interests amounting to RMB153,882,000 (2021: RMB169,072,000) (note 10). The non-controlling interests in relation to part of such interest expense in the total sum of RMB97,960,000 (2021: RMB161,635,000) are also connected persons of the Group as defined in Chapter 14A of the Listing Rules.

(q) Key management personnel remunerations include the following expenses:

	2022 **RMB'000**	2021 RMB'000
Short-term employee benefits	**15,391**	21,377
Post-employment benefits	**321**	501
	15,712	21,878

* English translation is for identification only.

Notes to the Financial Statements (continued)

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(r) 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 2022, the Group acquired certain parcels of land from the PRC government departments through public tender at an aggregate consideration of approximately RMB5,723,360,000 (2021: RMB35,531,456,000).

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 24, 25, 26 and 27.

The related party transactions in respect of item (a) to (n) and (p)(2) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

48. 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 bank and other borrowings, guaranteed notes and corporate bonds less restricted cash and deposits and cash and bank 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 2022 and 2021 were as follows:

	2022 **RMB'000**	2021 RMB'000
Bank and other borrowings	**43,005,162**	41,935,976
Guaranteed notes and corporate bonds	**4,593,302**	3,286,018
Less: restricted cash and deposits	**(9,897,715)**	(12,616,346)
Less: cash and bank balances	**(19,433,181)**	(19,876,023)
Net debt	**18,267,568**	12,729,625
Capital represented by total equity	**37,401,152**	35,756,259
Net gearing ratio	**48.8%**	35.6%

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.

49. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

49.1 Categories of financial instruments

	2022 RMB'000	2021 RMB'000
Financial assets		
Financial assets at fair value through other comprehensive income@	–	1,000
Financial assets at amortized cost#	33,319,282	37,695,181
Financial liabilities		
Financial liabilities at amortized cost^	73,747,701	69,577,387
Other financial liabilities*	50,797	42,733

@ representing unlisted equity investments

including trade and other receivables, amounts due from associates, joint ventures and non-controlling interests and cash 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, bank and other borrowings, guaranteed notes and corporate bonds.

* representing lease liabilities

49.2 Financial results by financial instruments

	2022 RMB'000	2021 RMB'000
Interest income or (expenses) on:		
Financial assets at amortized cost	358,202	353,695
Financial liabilities at amortized cost	(2,142,394)	(1,843,115)
Other financial liabilities	(1,396)	(1,393)
Fair value gain on:		
Financial assets at fair value through other comprehensive income	310	–

49. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

49.3 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, cash and bank balances including restricted cash and deposits, trade payables, other payables and accruals, bank and other borrowings, guaranteed notes and corporate bonds.

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, cash and bank balances including restricted cash and deposits, trade payables, other payables and accruals approximate their fair values.

For disclosure purpose, the fair values of bank and other borrowings (other than the 2022 ABS) as at 31 December 2022 (2021: bank and other borrowings and amount due to a related company) 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.

The fair values of the 2021 Guaranteed Notes, the 2022 Corporate Bonds and the 2022 ABS as at 31 December 2022 and 2021 are determined with reference to quotation published by leading financial market data providers or quoted market prices available on the relevant stock exchanges, as appropriate. The fair value measurement of these financial instruments is within Level 1 of the fair value hierarchy and are summarized below:

	2022 **RMB'000**	2021 RMB'000
The 2021 Guaranteed Notes	**3,458,884**	3,165,624
The 2022 Corporate Bonds	**978,201**	N/A
The 2022 ABS	**698,040**	N/A

49. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

49.3 Fair value measurement (Continued)

(b) Financial instruments measured at fair value

The following table provides an analysis of financial instruments carried at fair value as at 31 December 2021 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 2021				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Unlisted equity investments	–	–	1,000	1,000

During the years ended 31 December 2022 and 2021, there were no transfers between levels.

The fair value of the unlisted equity investments as at 31 December 2021 was estimated by the directors using discounted cash flow method which was a Level 3 fair value measurement.

The movements of Level 3 fair value measurement for the unlisted equity instruments for the year ended 31 December 2022 are as follows:

	RMB'000
At 1 January 2022	**1,000**
Changes in fair value recognized in other comprehensive income	**310**
Disposal	**(1,310)**
At 31 December 2022	**–**

There was no movement in fair value measurement for the unlisted equity investments for the year ended 31 December 2021.

50. FINANCIAL RISK MANAGEMENT

50.1 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.

50.2 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 are 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, bank and other borrowings, guaranteed notes and corporate bonds 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, bank and other borrowings, guaranteed notes and corporate bonds and balances with associates, joint ventures, non-controlling interests and other related companies at the end of the reporting period are disclosed in notes 37(a), 31, 32, 24, 25, 26 and 27 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 bank balances. The directors consider the Group's exposure to interest rate 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.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.2 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 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):

	2022 RMB'000	2021 RMB'000
(Decrease)/Increase in profit after tax and retained profits		
+ 50 basis point ("bp") (2021: 50 bp)	**(4,679)**	(4,578)
– 10 bp (2021: 10 bp)	**936**	916

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 and that the capitalization of borrowing costs resembles that of the corresponding financial year.

50.3 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, 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 46(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 28) 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 2022 and 2021, 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 23.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.3 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. Accordingly, management considers that recoverability concern over those receivables is remote.

In respect of other receivables, amounts due from associates, joint ventures and non-controlling interests, the Group considers the background and regularly monitors the financial condition of the counterparties to assess the recoverability of the outstanding balances.

In respect of the guarantees provided for bank loans granted to a joint venture (note 46(a)), the Group closely monitors the financial condition of the joint venture and the directors assessed that the risk of default of payment of the outstanding bank loans together with the accrued interest thereon by the joint venture is remote.

The Group typically provides guarantees to banks or government agencies in connection with the customers' borrowing of mortgage loans to finance their purchases of properties (note 46(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. Under such circumstances, the Group is able to forfeit the sales deposits received from the purchaser and resell the repossessed property. As the mortgage loans are generally secured by properties with value higher than the guaranteed amounts, the directors consider the Group would likely recover any loss incurred arising from the guarantees provided by the Group. In this regard, the directors consider that the Group's credit risk on providing guarantees to the purchasers of the Group's properties is significantly reduced and the ECL is insignificant.

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 and non-controlling interests, 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.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.3 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.

The Group has rebutted the presumptions that credit risk has increased significantly since initial recognition when financial assets are more than 30 days past due and that financial assets are in default when they are more than 90 days past due based on the past settlement records of the Group and the industry's practice.

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 Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Subsequent recoveries of a financial 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.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.3 Credit risk (Continued)

Impairment under ECL model (Continued)

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 and non-controlling interests, the Group considers the background and regularly monitors the financial condition of the counterparties to assess the recoverability of the outstanding balances. 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. Accordingly, no loss allowance was provided for these balances as at 31 December 2022 and 2021.

50.4 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. The Group has gained multiple accesses to funds from both investors and financial institutions in Mainland China and international market to meet its requirements in working capital, refinancing and project development. As disclosed in note 32(a), in February 2021, the Group seized the opportunity and successfully issued guaranteed notes with aggregate principal amount of US$512 million with a coupon rate of 2.45% due in 2026. The proceeds were mainly applied for repayment of the 2018 Guaranteed Notes due in June 2021. In addition, during the years ended 31 December 2022 and 2021, the Group explored new sources of fundings, including asset-backed securities and corporate bonds, details of which are disclosed in notes 31 and 32(b). The liquidity policies have been consistently applied and are considered to have been effective in managing liquidity risk.

Notes to the Financial Statements (continued)

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.4 Liquidity risk (Continued)

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 2022						
Non-derivatives						
Bank borrowings	38,205,162	41,725,236	13,148,403	13,967,752	14,205,968	403,113
Other borrowings	4,800,000	6,069,189	911,599	200,880	1,993,699	2,963,011
Guaranteed notes and corporate bonds	4,593,302	4,968,844	114,701	121,407	4,732,736	–
Trade payables, other payables and accruals	19,390,916	19,390,916	19,390,916	–	–	–
Amounts due to associates	10,516	10,516	10,516	–	–	–
Amounts due to joint ventures	287,318	287,318	287,318	–	–	–
Amounts due to non-controlling interests	6,199,342	6,199,342	6,199,342	–	–	–
Amounts due to related companies	261,145	263,986	263,986	–	–	–
	73,747,701	78,915,347	40,326,781	14,290,039	20,932,403	3,366,124
Lease liabilities	50,797	53,900	16,013	12,231	21,906	3,750
	73,798,498	78,969,247	40,342,794	14,302,270	20,954,309	3,369,874
Financial guarantees issued – Maximum amount guaranteed	–	33,357,075	33,357,075	–	–	–

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.4 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 2021						
Non-derivatives						
Bank borrowings	38,215,976	40,649,367	13,341,086	12,785,355	14,486,175	36,751
Other borrowings	3,720,000	4,570,021	886,260	149,400	1,764,213	1,770,148
Guaranteed notes and corporate bonds	3,286,018	3,625,128	79,996	79,996	3,465,136	–
Trade payables, other payables and accruals	18,496,919	18,496,919	18,496,919	–	–	–
Amounts due to associates	2,069	2,069	2,069	–	–	–
Amounts due to joint ventures	84,928	84,928	84,928	–	–	–
Amounts due to non-controlling interests	5,510,332	5,510,332	5,510,332	–	–	–
Amounts due to related companies	261,145	267,550	189,683	77,867	–	–
	69,577,387	73,206,314	38,591,273	13,092,618	19,715,524	1,806,899
Lease liabilities	42,733	45,765	15,582	10,680	13,253	6,250
	69,620,120	73,252,079	38,606,855	13,103,298	19,728,777	1,813,149
Financial guarantees issued						
– Maximum amount guaranteed	–	38,723,079	38,723,079	–	–	–

As disclosed in note 50.3, it is not probable that guarantees provided would result in significant financial impact to the Group including credit loss and liquidity risk.

51. EVENT AFTER THE END OF THE REPORTING PERIOD

On 24 February 2023, COGOP completed the issuance of the first tranche of 2023 corporate bond due February 2026 (the "2023 Corporate Bond") in the principal amount of RMB1,000,000,000 with the interest rate of 3.9% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the 2023 Corporate Bond, amounted to approximately RMB998,600,000, which are used for repaying the interest-bearing debts and replenishing working capital.

Notes to the Financial Statements (continued)

52. PARTICULARS OF SUBSIDIARIES

The particulars of the subsidiaries as at 31 December 2022 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		Principal activities
				Directly	Indirectly	
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%	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 (COGOP)	PRC^	Paid up capital	RMB4,850,000,000 (2021: RMB4,100,000,000)	–	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

52. 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	
East Pacific (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
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 (GWAP)	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

Notes to the Financial Statements (continued)

52. 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	
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
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	–	51%	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

52.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
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
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 (COGO Hefei)	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	–	88%	Property development
中海宏洋地產(揚州)有限公司	PRC^	Paid up capital	RMB1,000,000,000 (2021: RMB1,720,000,000)	–	100%	Property development

Notes to the Financial Statements (continued)

52.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	
中海宏洋地產(鹽城)有限公司	PRC^	Paid up capital	RMB1,056,339,800	–	100%	Property development
中海宏洋置地(鹽城)有限公司	PRC^	Paid up capital	RMB350,000,000	–	51%	Property development
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 (Beijing Zhongjing Yiyuan)	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 (COGO Nanning)	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
廣州市光大花園房地產開發有限公司	PRC*	Paid up capital	RMB800,000,000	–	100%	Property development

52. 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
蘭州中海宏洋房地產開發有限公司 (Lanzhou COGO)	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	RMB50,000,000 (2021: RMB10,000,000)	–	100%	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
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 (Shantou Zhiye)	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)投資集團有限公司 (Formerly known as 中海宏洋(深圳)投資有限公司)	PRC^	Paid up capital	RMB600,000,000	–	100%	Property development
中海瘦西湖房地產揚州有限公司	PRC#	Paid up capital	RMB240,000,000	–	70%	Property development

Notes to the Financial Statements (continued)

52.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
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 (COGO Shantou)	PRC#	Paid up capital	RMB370,000,000	–	100%	Property development
汕頭中海宏洋南濱大酒店有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Hotel operation
汕頭市潮琿房地產有限公司 (Formerly known as 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%	Property development and 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
淄博中海海頤置業有限公司	PRC^	Paid up capital	RMB338,360,000	–	100%	Property development

52.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
贛州中海海創地產有限公司 (Formerly known as 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

Notes to the Financial Statements (continued)

52.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	
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
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	–	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	RMB1,000,000	–	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 (Lanzhou Haitong)	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	RMB50,000,000	–	100%	Property development

52.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
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	RMB370,000,000 (2021: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	RMB220,000,000 (2021: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	RMB60,000,000 (2021: 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	RMB10,000,000	–	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
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

Notes to the Financial Statements (continued)

52.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	
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	–	100%	Property development
呼和浩特市宏洋海江地產有限公司	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	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
包頭市宏洋海創地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海盛置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海悦置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市海慧房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	51%	Property development
吉林市海通房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000 (2021:nil)	–	100%	Property development
合肥中海海榮房地產有限責任公司	PRC#	Paid up capital	RMB1,100,000,000	–	60%	Property development
合肥中海海瑞房地產開發有限公司 (Hefei Hairui)	PRC#	Paid up capital	RMB100,000,000	–	100%	Property development
合肥中海海惠房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
金華中海宏洋地產有限公司	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	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development

52. 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	
中海海富地產(九江)有限公司	PRC^	Paid up capital	RMB573,000,000	–	100%	Property development
丹陽海盛房地產開發有限公司	PRC*	Paid up capital	RMB410,000,000	–	100%	Property development
泰州市中海潤泰置業有限公司	PRC*	Paid up capital	RMB517,000,000 (2021: RMB433,666,667)	–	85%	Property development
鹽城匯海置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
鹽城潤海置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
汕頭市海學房地產開發有限公司	PRC#	Paid up capital	RMB510,000,000	–	100%	Property development
惠州市海平地產有限公司	PRC#	Paid up capital	RMB800,000,000	–	60%	Property development
惠州市海平置業有限公司	PRC#	Paid up capital	RMB1,200,000,000	–	60%	Property development
濰坊中海海盛地產有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
唐山市中海宏洋房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
唐山市中海海富房地產開發有限公司	PRC^	Paid up capital	RMB400,000,000	–	100%	Property development
廊坊市宏洋房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
遵義海盛置業有限公司	PRC#	Paid up capital	RMB16,666,700 (2021: nil)	–	70%	Property development
遵義中海海潤置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	80%	Property development
株洲中海宏洋地產有限公司	PRC^	Paid up capital	RMB500,000,000	–	70%	Property development

Notes to the Financial Statements (continued)

52.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
株洲中海宏洋商業發展有限公司	PRC^	Paid up capital	RMB14,285,715	–	70%	Property development
常州市中海海潤房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
惠州市海盛房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
中海宏洋海富(合肥)房地產開發有限公司 (Hefei Haifu)	PRC*	Paid up capital	RMB550,000,000	–	100% (2021: 55%)	Property development
合肥中海海飛房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海海駿房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
安慶中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
滁州中海宏洋房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
蘭州中海海潤房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000 (2021: nil)	–	100%	Property development
西寧中海海潤房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
贛州中海海富房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
揚州海發地產置業有限公司	PRC#	Paid up capital	RMB200,000,000	–	99.5%	Property development
泰州潤通房地產開發有限公司	PRC#	Paid up capital	RMB1,573,656,263	–	70%	Property development
鹽城海洲置業有限公司 (Yancheng Haizhou)	PRC#	Paid up capital	RMB700,000,000	–	45%	Property development
鹽城旭邦置業有限公司	PRC#	Paid up capital	RMB200,000,000	–	46%	Property development
泉州市中海海悦房地產開發有限公司	PRC#	Paid up capital	RMB210,000,000	–	100%	Property development
惠州市海嘉房地產開發有限公司	PRC#	Paid up capital	RMB310,000,000	–	50%	Property development

52. 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
湛江市海通房地產開發有限公司	PRC#	Paid up capital	RMB300,000,000	–	50%	Property development
濰坊海慧地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
臨沂海晟地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
徐州海鑫置業有限公司	PRC#	Paid up capital	–	–	100%	Property development
徐州潤耀地產有限公司 (Xuzhou Runyao)	PRC#	Paid up capital	RMB450,000,000	–	67% (2021: 34%)	Property development
淮安潤欣置業有限公司	PRC#	Paid up capital	–	–	100%	Property development
淮安淮潤地產有限公司 (Huaian Huairun)	PRC*	Paid up capital	RMB1,600,000,000	–	51%	Property development
紹興中海海富置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
金華海盛置業有限公司	PRC#	Paid up capital	RMB600,000,000	–	50%	Property development
義烏海創房地產開發有限公司 (Yiwu Haichuang)	PRC#	Paid up capital	RMB900,000,000	–	100% (2021: 76%)	Property development
常州市中海海澄房地產開發有限公司 (Changzhou Haicheng)	PRC#	Paid up capital	RMB800,000,000 (2021: RMB215,000,000)	–	51% (2021: 100%)	Property development
常州市中海海泓房地產有限公司 (Changzhou Haihong)	PRC#	Paid up capital	RMB700,000,000 (2021: RMB20,000,000)	–	51% (2021:100%)	Property development
徐州威拓房地產開發有限公司 (Xuzhou Weituo) (note (a))	PRC#	Paid up capital	RMB400,000,000	–	66% (2021: 33%)	Property development
深圳市中宏低碳建築科技有限公司 (note (b))	PRC^	Paid up capital	–	–	100%	Property development

52.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	
南通市海洲房地產開發有限公司 (note (b))	PRC#	Paid up capital	RMB122,500,000	–	60%	Property development
汕頭市海富房地產有限公司 (Shantou Haifu) (note (b))	PRC#	Paid up capital	RMB600,000,000	–	100%	Property development
淄博中海宏洋房地產開發有限公司 (note (b))	PRC#	Paid up capital	–	–	100%	Property development
南寧中海宏洋海怡房地產有限公司 (note (b))	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
南寧中海宏洋海璟房地產有限公司 (note (b))	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
合肥啟盛房地產開發有限公司 (Hefei Qisheng) (note (b))	PRC#	Paid up capital	RMB2,000,000,000	–	34%	Property development

Notes:

(a) As disclosed in note 39(a), during the year ended 31 December 2022, the Company acquired additional 33% equity interest in Xuzhou Weituo, a former associate of the Company. Upon completion of the transaction, the Company's equity interest in Xuzhou Weituo increased from 33% to 66% and Xuzhou Weituo became an indirect non-wholly-owned subsidiary of the Company.

(b) These subsidiaries were newly established or invested during the year ended 31 December 2022.

^ The companies are established in the PRC as wholly-foreign-owned enterprises.

* The companies are established in the PRC as sino-foreign equity joint ventures.

The companies are established in the PRC as limited liability companies.

None of the subsidiaries had any debt securities in issue as at 31 December 2022 and 2021 except for (i) COGO Finance IV which had issued the 2021 Guaranteed Notes as set out in note 32(a); (ii) COGOP which has issued the 2022 ABS and the 2022 Corporate Bonds as set out in notes 31(a) and 32(b) respectively; and (iii) Shantou Zhiye, China Overseas (Shenzhen) and Hefei Hairui which had issued instruments as set out in note 31(b).

None of these notes and instruments were held by the Group except for COGOP which held the subordinated securities under the 2022 ABS as at 31 December 2022 as set out in note 31(a).

53. PARTICULARS OF ASSOCIATES

The particulars of the associates as at 31 December 2022 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		Principal activities
				Directly	Indirectly	
中信房地產汕頭華鑫有限公司	PRC#	Paid up capital	RMB10,000,000	–	30%	Property development
汕頭市金城花園房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	45%	Property development
鹽城海建置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	35%	Property development
鹽城悦宸房地產開發有限公司	PRC#	Paid up capital	–	–	33% (2021: 24.5%)	Property development
惠州市海瓏房地產開發有限公司	PRC#	Paid up capital	RMB250,000,000	–	50%	Property development
淄博海創置業有限公司	PRC#	Paid up capital	RMB35,294,100	–	49%	Property development

The companies are established in the PRC as limited liability companies.

54. PARTICULARS OF JOINT VENTURES

The particulars of the joint ventures as at 31 December 2022 are as follows:

Name of joint ventures	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	
上海金鶴數碼科技發展有限公司 (Shanghai Jinhe)	PRC*	Paid up capital	US$2,400,000	–	65%	Property investment and property leasing
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	PRC#	Paid up capital	RMB45,000,000 (2021: nil)	–	49.5%	Investment holding
湛江市海創房地產開發有限公司	PRC#	Paid up capital	RMB600,000,000	–	50%	Property development
湛江市金順房地產開發有限公司	PRC#	Paid up capital	RMB370,000,000	–	50%	Property development
泰州城茂房地產開發有限公司	PRC#	Paid up capital	RMB300,000,000 (2021: RMB225,000,000)	–	24.75%	Property development
金華市萬赫建築裝飾有限公司	PRC#	Paid up capital	RMB500,000	–	50%	Property development
金華市金築房地產開發有限公司	PRC#	Paid up capital	RMB420,000,000	–	50%	Property development

* The company is established in the PRC as sino-foreign equity joint venture.

The companies are established in the PRC as a limited liability companies.

Five Year Financial Summary

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	**57,492,018**	53,830,471	42,909,060	28,590,883	21,524,668
Profit before income tax	**5,978,711**	10,149,386	9,539,835	8,295,572	5,338,847
Income tax expense	**(2,922,587)**	(4,504,484)	(4,935,694)	(4,798,611)	(3,233,178)
Profit for the year	**3,056,124**	5,644,902	4,604,141	3,496,961	2,105,669
Profit/(Loss) for the year attributable to:					
Owners of the Company	**3,150,440**	5,050,575	4,374,765	3,329,681	2,043,204
Non-controlling interests	**(94,316)**	594,327	229,376	167,280	62,465
	3,056,124	5,644,902	4,604,141	3,496,961	2,105,669

CONSOLIDATED ASSETS AND LIABILITIES

	At 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Total assets	**180,781,831**	198,786,421	167,413,497	134,097,274	103,626,806
Total liabilities	**(143,380,679)**	(163,030,162)	(140,177,115)	(112,583,966)	(85,858,839)
	37,401,152	35,756,259	27,236,382	21,513,308	17,767,967
Equity attributable to owners of the Company	**29,942,196**	28,727,889	24,133,225	19,545,327	17,040,376
Non-controlling interests	**7,458,956**	7,028,370	3,103,157	1,967,981	727,591
	37,401,152	35,756,259	27,236,382	21,513,308	17,767,967

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, 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, 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, Jilin Province, the PRC	Office	1,319	100%	Medium

Particulars of Major Properties & Property Interests (continued)

(A) PROPERTY HELD FOR OWN USE (CONTINUED)

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
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
The Arch East of Fengzhou Road, North of Binhe Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Office	608	100%	Medium
China Overseas Plaza (Office Building) Floor 33, No. 1129 Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Office	2,277	100%	Medium
Zhonghai Longcheng Garden Building 19, Junction of Longcheng Avenue and Songshan Road, Xinbei District, Changzhou, Jiangsu Province, the PRC	Office	1,478	100%	Medium
Wanjin Garden Building S1, Wanjin Garden, Northeast Corner of Junction of Longchuan Road and Xidi Road, Baohe District, Hefei, Anhui Province, the PRC	Office	1,889	100%	Medium

Particulars of Major Properties & Property Interests (continued)

(A) PROPERTY HELD FOR OWN USE (CONTINUED)

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
COGO City Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Office	513	100%	Medium
Da Guan Tian Xia No. 5716, Dongfang Road, Gaoxin District, Weifang, Shandong Province, the PRC	Office	3,960	100%	Medium
Hairong Court Building 6, Hairong Court, Mengshui Town, Zhoucun District, Zibo, Shandong Province, the PRC	Office	2,393	100%	Medium
Room 101, Building 8, **China Overseas Kaixuan Garden** No.1, Kaifang Avenue South Road, Chengnan New District, Yancheng, Jiangsu Province, the PRC	Office	1,265	100%	Medium
Floor 2, Business Center **International Community** Junction of Wudu Avenue and Xingguo Road, Zhanggong District, Ganzhou, Jiangxi Province, the PRC	Office	2,382	100%	Medium
Room 305-308, Building S1, **Central Mansion** Baohe District, Hefei, Anhui Province, the PRC	Office	151	100%	Medium
Lushan Xihai Hotel Lushan Xihai Scenic Area, Jiujiang, Jiangxi Province, the PRC	Hotel	32,016	100%	Medium

Particulars of Major Properties & Property Interests *(continued)*

(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, the PRC	Office	39,795	100%	Medium
China Overseas Building (No. 9 Office Building) No. 139 Jilin Street, Jilin, 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 Office No.1129, Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Office	55,129	100%	Medium
China Overseas Plaza – Mall (Universal City) Anning District, Lanzhou, Gansu Province, the PRC	Commercial	66,300	100%	Medium
China Overseas Plaza – Shopping Street (Universal City) No. 1131-1149 Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Commercial	10,960	100%	Medium

Particulars of Major Properties & Property Interests (continued)

(B) PROPERTY HELD FOR INVESTMENT (CONTINUED)

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Huizhou Tangquan Hotel No. 298 Huizhou Avenue Tangquan Section, Huicheng District, Huizhou, Guangdong Province, the PRC	Commercial	31,720	100%	Medium
Shantou Nanbin Hotel Haojiang District, Shantou, Guangdong Province, the PRC	Commercial	24,850	100%	Medium
China Overseas Plaza No. 7 Community, Jiangbei, Jiangbei Street, Huicheng District, Huizhou, Guangdong Province, the PRC	Commercial	21,838	100%	Medium
Central Mansion Baohe District, Hefei, Anhui Province, the PRC	Commercial	11,992	100%	Medium
Royal Villa South of Dengdian Road, West of Shancha Road, Shushan District, Hefei, Anhui Province, the PRC	Residential	18,255	100%	Medium

Particulars of Major Properties & Property Interests *(continued)*

(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
City Plaza Huicheng District, Huizhou, Guangdong Province, the PRC	Commercial	36,800	228,300	100%	Superstructure in progress	2018.01	1st half of 2024
Cullinan No.38 Jinglan Road, Yufeng District, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	22,700	65,500	70%	Superstructure in progress	2018.12	2nd half of 2023
ColiCity West of Dianhua Road, Jining, Shandong Province, the PRC	Residential/ Commercial	600	1,400	100%	Superstructure in progress	2019.03	2nd half of 2023
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 2025
Celestial Heights North of Shangzhou Road, East of Xianhu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential	85,000	131,800	60%	Superstructure in progress	2019.09	1st half of 2024
He Shan Da Guan 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	2nd half of 2023

Particulars of Major Properties & Property Interests (continued)

(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
Harrow Community East of Lunggang Avenue, South of Sanhe Road, Yining District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	41,500	117,500	41%	Superstructure in progress	2019.10	2nd half of 2024
One Lake Vision Feilai Road, Qingxin District, Qingyuan, Guangdong Province, the PRC	Residential/ Commercial	9,000	29,500	100%	Superstructure in progress	2019.11	1st half of 2023
La Rive Gauche Guangling District, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	600	1,300	100%	Superstructure in progress	2020.05	1st half of 2023
The Central Mansion No. 28 Xiwang Road, Gaoxin District, Yancheng, Jiangsu Province, the PRC	Residential	20,000	68,200	100%	Superstructure in progress	2020.06	1st half of 2023
Golden Coast Hepu Longhutan, Haojiang District, Shantou, Guangdong Province, the PRC	Residential	573,100	1,355,700	100%	Superstructure in progress	2020.06	2nd half of 2029
Glory Lake The Pu Yue West of Yingbin Road Central, East of Zhengyang Road, Wenchang Lake District, Zibo, Shandong Province, the PRC	Residential	77,400	162,200	100%	Superstructure in progress	2020.07	2nd half of 2025

Particulars of Major Properties & Property Interests (continued)

(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
Upper East East of Susong Road, North of Fanhua Avenue, Economic and Technological Development Zone, Hefei, Anhui Province, the PRC	Residential	106,100	293,600	60%	Superstructure in progress	2020.08	1st half of 2023
The Central Mansion West of Xinweihai Road, Quanshan District, Xuzhou, Jiangsu Province, the PRC	Residential	55,700	188,000	100%	Superstructure in progress	2020.08	1st half of 2023
Da Guan Tian Xia No. 5716, Dongfang Road, Gaoxin District, Weifang, Shandong Province, the PRC	Residential/ Commercial	123,500	313,200	100%	Superstructure in progress	2020.08	1st half of 2026
Central Mansion South of Chengdu Road, West of Guizhou Road, Binhu District, Hefei, Anhui Province, the PRC	Residential/ Commercial	45,800	127,200	60%	Superstructure in progress	2020.09	1st half of 2023
Wang Jing Mansion East of Minzu Road West, South of Wenhua Road, Kundulun District, Baotou, Inner Mongolia Autonomous 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, Gansu Province, the PRC	Residential/ Commercial	13,100	84,400	100%	Superstructure in progress	2020.09	1st half of 2023

Particulars of Major Properties & Property Interests (continued)

(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 Central Mansion South of Jiefang Road West, East of Shuanglong Road North, Wucheng District, Jinhua, Zhejiang Province, the PRC	Residential/ Commercial	76,200	221,000	100%	Superstructure in progress	2020.10	1st half of 2023
The Royal Peninsula South of Guihua Road, West of Lingshui Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	48,600	133,000	100%	Superstructure in progress	2020.10	1st half of 2023
Mountain and Lake 74 Ningzhang Road, Chengbei District, Xining, Qinghai Province, the PRC	Residential/ Commercial	85,600	273,500	100%	Superstructure in progress	2020.10	1st half of 2023
Zhonghai He Shan Sheng Jing South of Hong Shan Street, West of 24M Kuihau Street, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	45,200	128,900	100%	Superstructure in progress	2020.10	1st half of 2023
Glorious Palace Tangcun Huangbeikeng Road, Xiaojinkou Street Office, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	50,700	202,200	60%	Superstructure in progress	2020.11	2nd half of 2024
Maple Palace Junction of Zhengtong Road and Xueyuan Road, Lunan District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	157,600	322,200	100%	Superstructure in progress	2020.11	2nd half of 2025

Particulars of Major Properties & Property Interests *(continued)*

(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 Central Mansion Renmin Road, Huichuan District, Zunyi, Guizhou, the PRC	Residential/ Commercial	10,400	31,200	80%	Superstructure in progress	2020.12	2nd half of 2023
The Halo Xinzhan District, Hefei, Anhui Province, the PRC	Residential	14,100	30,600	100%	Superstructure in progress	2020.12	1st half of 2023
La Cite Jingyuan Road, Chengguan District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	82,000	371,900	100%	Superstructure in progress	2020.12	2nd half of 2024
Zhonghai Xue Fu Li Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential/ Commercial	74,800	286,800	70%	Superstructure in progress	2020.12	1st half of 2023
Gorgeous Mansion East of Kaichuang Road, North of Yandu Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential	102,800	357,500	100%	Superstructure in progress	2021.03	2nd half of 2024
Zhenru Mansion West of Huanan Road, South of Zhenxing Road, Huanan Xin District, Danyang, Jiangsu Province, the PRC	Residential/ Commercial	70,000	181,400	100%	Superstructure in progress	2021.03	2nd half of 2023
South Halcyon Jingui Road, Jintan District, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	115,200	345,600	100%	Superstructure in progress	2021.04	2nd half of 2023

Particulars of Major Properties & Property Interests (continued)

(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 Park Baohe District, Hefei, Anhui Province, the PRC	Residential/ Commercial	48,000	154,800	100%	Superstructure in progress	2021.04	2nd half of 2023
Zhonghai Shi Li Qing Chuan West of Hada Road, South of Erhuannan Road, Saihai District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	39,000	120,700	100%	Superstructure in progress	2021.04	2nd half of 2023
Zhonghai He Shan Guan Lan North of Erjing Road, East of Xinyuan Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	74,900	187,300	100%	Superstructure in progress	2021.04	2nd half of 2023
Megacity Times Raolibei Road, Tongqiao Town, Zhongkai District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	45,000	167,200	100%	Superstructure in progress	2021.04	2nd half of 2024
La Cite Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	106,200	312,000	100%	Superstructure in progress	2021.04	1st half of 2023
The Pogoda Lubei District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	61,000	194,000	100%	Superstructure in progress	2021.04	2nd half of 2023
The Platinum Pleased Mansion Qinzhou District, Tianshui, Gansu Province, the PRC	Residential/ Commercial	62,800	225,600	100%	Superstructure in progress	2021.04	1st half of 2025

Particulars of Major Properties & Property Interests *(continued)*

(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 Riviera South of Baisha River, East of Fengshan Road, Fangzi District, Weifang, Shandong Province, the PRC	Residential/ Commercial	50,700	136,300	100%	Superstructure in progress	2021.04	2nd half of 2025
International Community West of Guihua Second Road, North of Lianxi Avenue, Lianxi District, Jiujiang, Jiangxi Province, the PRC	Residential/ Commercial	147,600	364,300	100%	Superstructure in progress	2021.05	2nd half of 2023
Cozy Land Luozhuang District, Linyi, Shandong Province, the PRC	Residential/ Commercial	58,000	195,300	100%	Superstructure in progress	2021.05	2nd half of 2023
Elegance Mansion Jinfeng Village, Dongyuan Town, Taiwanese Investment Zone, Quanzhou, Fujian Province, the PRC	Residential/ Commercial	90,100	310,600	100%	Superstructure in progress	2021.05	2nd half of 2023
Zhonghai Zhen Ru Fu North of Eerduosi Road East, West of Manzhouli Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	56,200	135,500	100%	Superstructure in progress	2021.06	2nd half of 2023
The Rivera North City Longhu District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	105,400	569,000	100%	Superstructure in progress	2021.06	2nd half of 2025

Particulars of Major Properties & Property Interests (continued)

(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
Marina One Yuecheng District, Shaoxing, Zhejiang Province, the PRC	Residential/ Commercial	40,100	144,600	100%	Superstructure in progress	2021.06	1st half of 2024
Halo Park West of Xinghaiyuan (Phase 3), Huainan Road, Yaohai District, Hefei, Anhui Province, the PRC	Residential	59,600	155,900	100%	Superstructure in progress	2021.07	1st half of 2023
Dong Shan Fu Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	52,600	132,300	51%	Superstructure in progress	2021.07	2nd half of 2023
Mansion East of Yiyuan Road, North of Yuqing West Street, Weicheng District, Weifang, Shandong Province, the PRC	Residential	19,000	63,500	100%	Superstructure in progress	2021.07	2nd half of 2023
Elite Palace No.94, Shidai Avenue, Chengzhong District, Xining, Qinghai Province, the PRC	Residential/ Commercial	204,100	651,500	100%	Superstructure in progress	2021.07	2nd half of 2025
COGO City West of Shi Street, South of Liu Pan Shan Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	65,600	145,800	85%	Superstructure in progress	2021.07	2nd half of 2023

Particulars of Major Properties & Property Interests (continued)

(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 Rivera East City Xincheng Xinxipian District, East Coast, Shantou, Guangdong Province, the PRC	Residential/ Commercial	21,000	98,600	100%	Superstructure in progress	2021.08	2nd half of 2023
International Community Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential/ Commercial	90,200	264,100	70%	Superstructure in progress	2021.08	2nd half of 2024
Central Mansion No.57, Fuqian Road, Huai'an District, Huai'an, Jiangsu Province, the PRC	Residential/ Commercial	34,300	114,000	100%	Superstructure in progress	2021.09	2nd half of 2024
Central Park East of Longhua South Street, North of Linjiang East Road, Wucheng Xincheng District, Jinhua, Zhejiang Province, the PRC	Residential/ Commercial	93,500	245,300	50%	Superstructure in progress	2021.09	2nd half of 2024
Guan Lan Fu Xincheng Xinxipian District, East Coast, Shantou, Guangdong Province, the PRC	Residential/ Commercial	25,700	119,600	100%	Superstructure in progress	2021.09	2nd half of 2023
Master Mansion East of Chongye Second Road, South of Gaoxin North Street, Hi-and-New Tech Park, Weinan, Shaanxi Province, the PRC	Residential/ Commercial	87,400	350,400	100%	Superstructure in progress	2021.09	2nd half of 2025

Particulars of Major Properties & Property Interests (continued)

(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
Future land Gulou District, Xuzhou, Jiangsu Province, the PRC	Residential/ Commercial	49,600	157,900	100%	Superstructure in progress	2021.09	2nd half of 2025
Royal Mansion South of Fenghuang West Road, West of Jiangzhou South Road, Taizhou Economic and Technological Development Zone, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	72,700	222,500	70%	Superstructure in progress	2021.10	2nd half of 2024
The Paragon South of Jiangyang Middle Road, West of Zongsan Road, Yangzhou Economic and Technological Development Zone, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	71,800	169,300	100%	Superstructure in progress	2021.10	2nd half of 2023
Central Mansion Plot C, Central District, Yiwu City Economic and Technological Development Zone, Zhejiang Province, the PRC	Residential/ Commercial	43,800	138,400	100%	Superstructure in progress	2021.10	1st half of 2024
Vitality City Southwest Corner of Junction of Huang Li Shu Lu and Xinshijie Road, Feidong County, Hefei, Anhui Province, the PRC	Residential	50,500	142,200	100%	Superstructure in progress	2021.11	2nd half of 2023

Particulars of Major Properties & Property Interests (continued)

(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
Graceful Mansion East of Gulou Road, North of Haiyang East Road, Hailing District, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	42,000	108,100	85%	Superstructure in progress	2021.11	1st half of 2024
Jiang Nan Mansion North of Planning Road, East of Wancheng North Road, Changzhou Economic Development Zone, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	48,300	131,200	100%	Superstructure in progress	2021.12	1st half of 2024
World Masterpiece South of Changrong Road, East of Hengtanghe East Road, Qinglong Street, Tianning District, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	35,000	95,700	100%	Superstructure in progress	2021.12	1st half of 2024
Honor Mainstays No.219, Chengde North Road, Qingjiangpu District, Huai'an, Jiangsu Province, the PRC	Residential/ Commercial	142,100	455,200	51%	Superstructure in progress	2021.12	1st half of 2025
Unique Palace Jinshanhu Area, Henan'an Street, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	21,700	91,900	50%	Superstructure in progress	2021.12	2nd half of 2025

Particulars of Major Properties & Property Interests (continued)

(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
Lake City Mansion New Huaihai Road, Quanshan District, Xuzhou, Jiangsu Province, the PRC	Residential	61,000	180,500	67%	Superstructure in progress	2021.12	1st half of 2025
Mansion One South of Longwei Road, West of Baoxing Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	63,700	194,300	45%	Superstructure in progress	2021.12	2nd half of 2026
Jiangnan Countryard South of Binhe Road, West of Shu'an Road, Guangling District, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	76,500	170,200	100%	Superstructure in progress	2021.12	1st half of 2025
Upper East East of Chengdong Avenue, South of Kunpeng Road, Xuzhou, Jiangsu Province, the PRC	Residential/ Commercial	54,000	177,900	66%	Superstructure in progress	2022.02	2nd half of 2025
Huizhou Tangquan 298 Huizhou Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	75,000	97,000	100%	Superstructure in progress	2022.03	2nd half of 2025
Master Mansion North of Shuangqukou Road, East of Fuzhou South Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	57,600	143,400	100%	Superstructure in progress	2022.03	1st half of 2024

Particulars of Major Properties & Property Interests *(continued)*

(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
New City of China Xinpuxin District, Zunyi, Guizhou Province, the PRC	Residential/ Commercial	52,800	155,700	70%	Superstructure in progress	2022.04	1st half of 2024
Royal Mansion Southwest of Junction of Ba Zhong Nan Lu and Daoxiang Road, Nanqiao District, Chuzhou, Anhui Province, the PRC	Residential/ Commercial	134,000	366,900	100%	Superstructure in progress	2022.06	2nd half of 2026
China Overseas Platinum Garden 66 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	68,100	306,100	60%	Superstructure in progress	2022.06	1st half of 2025
Guan Yun Fu Xinxipian District, East Coast, Shantou, Guangdong Province, the PRC	Residential/ Commercial	34,700	162,700	100%	Superstructure in progress	2022.06	2nd half of 2024
The Peninsula Alishan Road, Longhu District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	53,100	286,800	100%	Superstructure in progress	2022.06	2nd half of 2024
Glory Mansion North of Wei'er Road, East of Fuzhou South Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	48,900	133,900	100%	Superstructure in progress	2022.06	2nd half of 2024

Particulars of Major Properties & Property Interests (continued)

(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
Platinum Garden East of Longxiang Road, South of Ludong Road, No. 1 Anci District, Langfang, Hebei Province, the PRC	Residential/ Commercial	74,700	200,400	100%	Superstructure in progress	2022.06	1st half of 2026
Lake Palace North of Sanding Road, West of Yuxiang Road, Liangqing District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	37,400	123,700	100%	Superstructure in progress	2022.08	2nd half of 2024
Hills Scenery East of Shilun Road, North of Bayi Road, Chongchuan District, Nantong, Jiangsu Province, the PRC	Residential	75,700	200,300	60%	Superstructure in progress	2022.08	1st half of 2026
Gorgeous Mansion East of Fenghuang Street, South of Houhai Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	85,400	190,100	100%	Superstructure in progress	2022.09	2nd half of 2024
Genius Garden South of Wangshe Road, East of Beijing Road, Zibo Economic and Technological Development Zone, Shandong Province, the PRC	Residential/ Commercial	111,700	428,000	100%	Superstructure in progress	2022.10	2nd half of 2024

Particulars of Major Properties & Property Interests *(continued)*

(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
Royal Villa West of Weixiannan Road, North of FengHuang Street, Fangzi District, Weifang, Shandong Province, the PRC	Residential	91,700	276,200	100%	Superstructure in progress	2022.10	2nd half of 2024
Skyline No. 221, Furong Road, Economic and Technological Development Zone, Hefei, Anhui Province, the PRC	Residential/ Commercial	170,900	522,900	34%	Superstructure in progress	2022.11	2nd half of 2024
One Sino Residences North of Minzu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential	30,700	79,600	100%	Superstructure in progress	2022.11	1st half of 2024
The Metropolis Junction of Huazhong East Road and Duxiu Avenue, Yingjiang District, Anqing, Anhui Province, the PRC	Residential/ Commercial	198,600	640,300	100%	Superstructure in progress	2022.12	2nd half of 2027
The Paragon East of Wudu Avenue, South of Xinfeng Road, Zhanggong District, Ganzhou, Jiangxi Province, the PRC	Residential	20,700	68,200	100%	Superstructure in progress	2022.12	2nd half of 2024
The Platinum Pleased Mansion 8 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential	38,000	181,900	100%	Superstructure in progress	2022.12	2nd half of 2026

Particulars of Major Properties & Property Interests (continued)

(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, Jiangxi Province, the PRC	Residential/ Commercial	1,432,100	656,300	100%	Land under development
Glorioushire North of Wenhu Road, Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	27,900	110,300	100%	Land under development
Fengman District Project #1-2 Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	109,800	302,300	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
COGO City East of Jinfeng Shiyi Street, North of Jinfeng Shiliu Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	15,600	15,700	85%	Land under development
Zhonghai Xue Fu Li Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential	256,600	940,500	70%	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
International Community West of Guihua Second Road, North of Lianxi Avenue, Lianxi District, Jiujiang, Jiangxi Province, the PRC	Residential/ Commercial	337,500	767,700	100%	Land under development
Around the World North of Baotong Street, West of Jinma Road, Gaoxin District, Weifang, Shandong Province, the PRC	Commercial	39,000	136,600	100%	Land under development
Chen Yang Fu West of Yingbin Road, South of Yulong Road, Tinghu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	23,300	88,800	46%	Land under development
Zhonghai Jindi Duhui Garden South of Huguang Fast Track, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	26,800	114,100	50%	Land under development

Particulars of Major Properties & Property Interests (continued)

(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, the PRC	Residential/ Commercial	15,000	100%
One City South East of Xingnong Road, North of Chengnan Avenue, Ganxuan District, Ganzhou, Jiangxi Province, the PRC	Residential/ Commercial	17,400	100%
Glorioushire Junction of Menyuan Road and Haihu Avenue, Chengbai District, Xining, Qinghai Province, the PRC	Residential/ Commercial	11,000	100%
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, Guangdong Province, the PRC	Residential/ Commercial	29,000	100%

Particulars of Major Properties & Property Interests (continued)

(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
Huizhou Tangquan 298 Huizhou Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential	15,000	100%
International Community – Around the World Huizhan Street, Fengman District, Jilin, Jilin Province, the PRC	Commercial	24,800	100%
Lushan Xihai Jinkou Tourist Town, Jiujiang, Jiangxi Province, the PRC	Residential	65,500	100%
International Community South of Jinqiao Road, Xingning District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	50,500	100%
La Cite Haojiang District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	76,100	100%
International Community North of Liu Pan Mountain Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	23,300	85%
COGO City East of Jinfeng Shiyi Street, South of Liu Pan Mountain Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	27,900	85%

Particulars of Major Properties & Property Interests (continued)

(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
Lakeside Style Town Wenchang Lake Tourist Town, Zibo, Shandong Province, the PRC	Residential	45,900	100%
The Crown East of Dongyue Road, Huayang District, Weinan, Shaanxi Province, the PRC	Residential/ Commercial	13,800	100%
ColiCity West of Dianhua Road, Jining, Shandong Province, the PRC	Residential/ Commercial	11,200	100%
Cullinan No. 38 Jinglan Road, Yufeng District, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	58,200	70%
China Overseas Platinum Pleased Mansion No. 8 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	48,500	100%
Lakeville Feixi County, Hefei, Anhui Province, the PRC	Residential	10,700	100%
Hai Hua Garden West of West Heng Tang River Road, South of West Dong Fang Road, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	14,800	100%
Platinum Mansion (previously named "PT Hyatt") South of Shahe West Street, Baotou, Inner Mongolia Antonomous Region, PRC	Residential/ Commercial	14,600	100%

Particulars of Major Properties & Property Interests (continued)

(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
Glorioushire West of Jingjiu Road, North of Qingshan Road, Baotou, Inner Mongolia Antonomous Region, the PRC	Residential/ Commercial	11,300	60%
Platinum Mansion 02-03-05 Zhongxin, Binhaixincheng Nanbinpian District, Haojiang District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	118,400	100%
Golden Coast Hepu Longhutan, Haojiang District, Shantou, Guangdong Province, the PRC	Residential	129,600	100%
Harrow Community East of Lunggang Avenue, South of Sanhe Road, Yining District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	67,300	41%
Zhonghai He Shan Yuan Zhu East of 24M Kuihau Street, North of 18M Kuihau Street, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	10,300	100%
Patrimonial Mansion East of Sihao Road, South of Tuanjie Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	14,400	100%

Particulars of Major Properties & Property Interests (continued)

(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
New City of China Xinpuxin District, Zunyi, Guizhou Province, the PRC	Residential/ Commercial	21,100	70%
The Central Mansion Renmin Road, Huichuan District, Zunyi, Guizhou Province, the PRC	Residential/ Commercial	26,800	80%
Glorioushire North of Wenhu Road, Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	154,600	100%
Celestial Heights North of Shangzhou Road, East of Xianhu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential	88,300	60%
China Overseas Platinum Garden 66 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	63,700	60%
La Cite Jingyuan Road, Chengguan District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	36,600	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
Epochal Mansion South of Zhongnan Jun Fu, West of Huanan Road, Huananxin District, Danyang, Jiangsu Province, the PRC	Residential/ Commercial	19,100	100%
The Rivera Xincheng Xinxipian District, East Coast, Longhu District, Shantou, Guangdong Province, the PRC	Residential	12,700	100%
Glorious Palace Tangcun Huangbeikeng Road, Xiaojinkou Street Office, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	32,200	60%
One Lake Vision Feilai Road, Qingxin District, Qingyuan, Guangdong Province, the PRC	Residential/ Commercial	14,000	100%

Particulars of Major Properties & Property Interests (continued)

(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, the PRC	Office	16,381	65%	Medium

(II) Properties Under Development

Name/Location	Category	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Jinmao Palace North of Zhoushanhe Road, East of Hailingnan Road, Gaoxin District, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	252,900	506,100	24.75%	Superstructure in progress	2021.03	2nd half of 2023
Gorgeous Mansion North of Zhoushanhe Road, East of Hailingnan Road, Gaoxin District, Taizhou, Jiangsu Province, the PRC	Residential	54,800	183,100	24.75%	Superstructure in progress	2021.04	1st half of 2023
We Love City No. 1, Zhongjin, Haitou Street, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	66,400	281,000	50%	Superstructure in progress	2021.05	2nd half of 2023

(D) PROPERTY HELD UNDER JOINT VENTURE (CONTINUED)

(II) Properties Under Development (Continued)

Name/Location	Category	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
The Halo East of Jinjiang South Street, North of Binhong West Road, Wucheng Xincheng District, Jinhua, Zhejiang Province, the PRC	Residential	69,200	171,400	50%	Superstructure in progress	2021.11	1st half of 2024
Glorious City (previously named "Jindi Zhonghai Jincheng Garden") No.7, Jichang Road, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	76,300	272,000	50%	Superstructure in progress	2021.11	2nd half of 2025

(III) 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, Guangdong Province, the PRC	Residential/ Commercial	10,300	51%

Particulars of Major Properties & Property Interests (continued)

(E) PROPERTY HELD UNDER ASSOCIATE

(I) Properties Under Development

Name/Location	Category	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Sage Mansion No.11, Kanhu Third Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	17,600	75,400	50%	Superstructure in progress	2021.11	2nd half of 2023
Jade Park East of Binhe Road, Zichuan District, Zibo, Shandong Province, the PRC	Residential/ Commercial	112,100	355,000	49%	Superstructure in progress	2022.06	1st half of 2024

(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
He Guang Chen Yue (previously named "Yandu District Project #2") South of Yandu Road, West of Kaichuang Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	45,000	178,800	33%	Land under development

Glossary

Board	the board of Directors
CEO	the chief executive officer of the Company
CFO	the chief financial officer of the Company
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), which holds approximately 39.63% of the issued share capital of the Company as at the date of this annual report
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

Glossary (continued)

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 organised 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
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
SFO	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
Share(s)	the ordinary share(s) of the Company
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 98 to 250 of this annual report.

* English or Chinese translations are for identification only (as the case may be).

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