



中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

(Incorporated in Hong Kong with limited liability)

Stock Code: 00688

Accumulating Momentum for Long-term Success

2022
Annual Report





Lakes Mansion, Foshan

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Board of Directors and Committees

EXECUTIVE DIRECTORS

Yan Jianguo	<i>Chairman</i>
Luo Liang	<i>Vice Chairman</i>
Zhang Zhichao	<i>Chief Executive Officer</i>
Guo Guanghui	<i>Vice President</i>

NON-EXECUTIVE DIRECTORS

Zhuang Yong	<i>Vice Chairman</i>
Zhao Wenhui	

INDEPENDENT NON-EXECUTIVE DIRECTORS

Fan Hsu Lai Tai, Rita
Li Man Bun, Brian David
Chan Ka Keung, Ceajer

AUTHORISED REPRESENTATIVES

Yan Jianguo
Luo Liang

AUDIT AND RISK MANAGEMENT COMMITTEE

Li Man Bun, Brian David*
Fan Hsu Lai Tai, Rita
Chan Ka Keung, Ceajer

CORPORATE GOVERNANCE COMMITTEE

Chan Ka Keung, Ceajer*
Fan Hsu Lai Tai, Rita
Li Man Bun, Brian David
Luo Liang

NOMINATION COMMITTEE

Fan Hsu Lai Tai, Rita*
Li Man Bun, Brian David
Chan Ka Keung, Ceajer

REMUNERATION COMMITTEE

Chan Ka Keung, Ceajer*
Fan Hsu Lai Tai, Rita
Li Man Bun, Brian David

* *Committee Chairman*

Corporate Information

REGISTERED OFFICE

10/F., Three Pacific Place
1 Queen's Road East, Hong Kong
Telephone : (852) 2988 0666
Facsimile : (852) 2865 7517
Website : www.coli.com.hk

COMPANY SECRETARY

Edmond Chong

REGISTRAR AND TRANSFER OFFICE

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

INVESTOR RELATIONS

Corporate Communications Department
Telephone : (852) 2988 0666
Facsimile : (852) 2865 7517
E-mail : coli.ir@cohl.com

PUBLIC RELATIONS

Corporate Communications Department
Telephone : (852) 2988 0666
Facsimile : (852) 2865 7517
E-mail : coli.pr@cohl.com

INDEPENDENT AUDITOR

Ernst & Young
*Certified Public Accountants and
Registered Public Interest Entity Auditor*

PRINCIPAL BANKERS (In Alphabetical Order)

Agricultural Bank of China
Bank of China
Bank of Communications Co., Ltd.
Bank of Shanghai Co., Ltd.
China Construction Bank Corporation
China Merchants Bank
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of China
Industrial Bank Co., Ltd.
Mizuho Bank, Ltd.
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Postal Savings Bank of China
Shanghai Pudong Development Bank Co., Ltd.
Sumitomo Mitsui Banking Corporation
The Hongkong and Shanghai Banking Corporation Limited



Shareholders' Information and Financial Calendar

LISTING

The Company's shares (the "Shares") are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and certain notes and corporate bonds issued by the Company's subsidiaries are listed on the Stock Exchange and/or other stock exchange.

STOCK CODE

Shares

Stock Exchange	:	00688
Bloomberg	:	688:HK
Reuters	:	0688.HK

FINANCIAL CALENDAR

Interim results announcement	:	24 August 2022
Closure of Register of Members for interim dividend	:	20 September 2022
Interim dividend paid	:	5 October 2022
Final results announcement	:	31 March 2023
Closure of Register of Members for annual general meeting	:	23 June 2023 to 28 June 2023 (both dates inclusive)
Annual General Meeting	:	28 June 2023
Closure of Register of Members for final dividend	:	4 July 2023
Final dividend to be paid	:	19 July 2023

Corporate Structure



PROPERTY DEVELOPMENT*

- Mainland China
- Hong Kong
- Macau

COMMERCIAL PROPERTIES

- Mainland China
- Hong Kong
- Macau
- London



OTHER PROPERTY – RELATED OPERATIONS

- Mainland China
- Hong Kong

* Property development in 87 major cities in mainland China, including Beijing, Shanghai, Guangzhou, Shenzhen, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Ezhou, Foshan, Fuzhou, Guiyang, Haikou, Hangzhou, Harbin, Jiangmen, Jiaxing, Jinan, Kunming, Nanchang, Nanjing, Ningbo, Qingdao, Sanya, Shenyang, Shijiazhuang, Suzhou, Taiyuan, Taizhou (台州), Tianjin, Urumqi, Wanning, Weihai, Wenzhou, Wuhan, Wuxi, Xiamen, Xi'an, Yantai, Zhangzhou, Zhaoqing, Zhengzhou, Zhenjiang, Zhongshan, Zhuhai, Anqing, Baotou, Changzhou, Chuzhou, Danyang, Ganzhou, Guilin, Hefei, Hohhot, Huai'an, Huangshan, Huizhou, Jilin, Jinhua, Jining, Jiujiang, Langfang, Lanzhou, Linyi, Liuzhou, Nanning, Nantong, Qingyuan, Quanzhou, Shantou, Shaoxing, Taizhou (泰州), Tangshan, Tianshui, Weifang, Weinan, Xining, Xuzhou, Yancheng, Yangzhou, Yinchuan, Zhanjiang, Zhuzhou, Zibo, Zunyi as well as in Hong Kong and Macau

^ The city where both China Overseas Land & Investment Limited (the "Company") and its subsidiaries (collectively known as the "Group") and China Overseas Grand Oceans Group Limited ("COGO") have operations

The cities where COGO has operations

Financial Highlights

For the year ended 31 December	2022	2021	Change
Financial Highlights (RMB billion)			
Revenue	180.32	242.24	−25.6%
Profit attributable to the shareholders of the Company	23.26	40.16	−42.1%
Core net profit attributable to shareholders ¹	24.42	33.92	−28.0%
Contracted property sales ²	294.76	369.50	−20.2%
Financial Ratios			
Net gearing (%)	45.2	32.3	+12.9 ³
Interest coverage ratio (times)	3.3	7.2	−3.9 ⁴
Return on equity (%) ⁵	6.7	12.2	−5.5 ³
Weighted average borrowing cost (%)	3.57	3.55	+0.02 ³
Financial Information per Share (RMB)			
Basic earnings	2.13	3.67	−42.1%
Dividends (HK\$)	0.80	1.21	−33.9%
– Interim dividend (HK\$)	0.40	0.45	−11.1%
– Final dividend (HK\$)	0.40	0.76	−47.4%
Net assets	32.39	31.39	+3.2%
Land Reserve (million sq m)			
Development land bank ⁶	43.89	51.00	−13.9%

Notes: ¹ Representing profit attributable to the shareholders of the Company excluding elements such as net gains after tax arising from changes in fair value of investment properties and net foreign exchange gains or losses

² Representing the Group together with its associates and joint ventures (collectively the “Group Series of Companies”)

³ Change in percentage points

⁴ Change in number of times

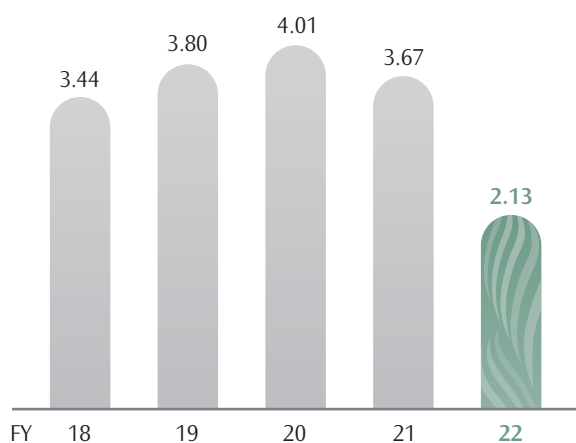
⁵ Calculated based on the profit attributable to the shareholders of the Company divided by the average of the equity attributable to shareholders of the Company

⁶ Representing year end figures of the Group Series of Companies (excluding COGO)

Financial Highlights (continued)

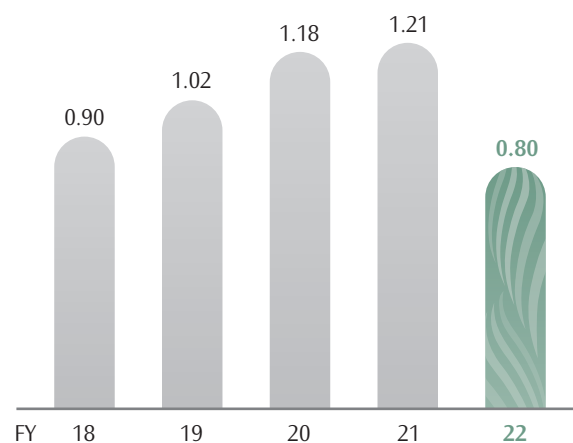
BASIC EARNINGS PER SHARE

RMB



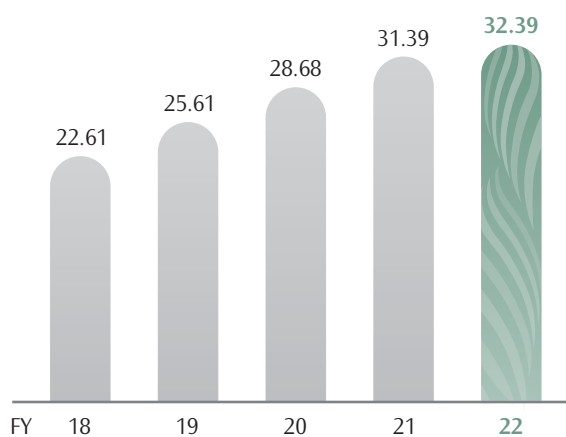
DIVIDENDS PER SHARE

HK\$



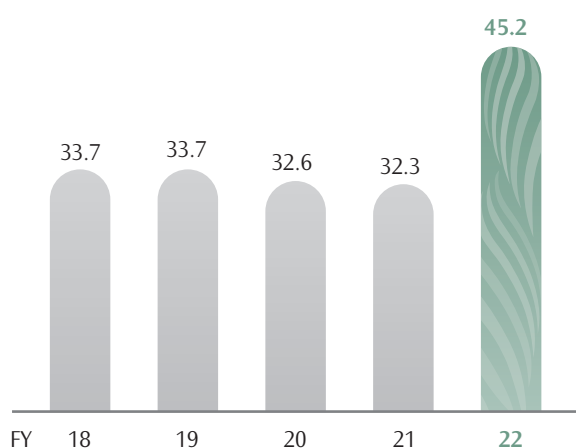
NET ASSETS PER SHARE

RMB



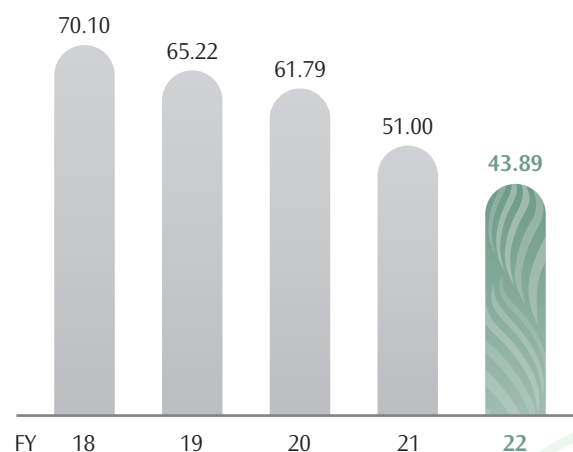
NET GEARING

%



LAND RESERVE*

million sq m



* Representing the Group Series of Companies (excluding COGO)

Financial Highlights (continued)

KEY FINANCIAL INFORMATION AND RATIOS

Financial Year	2018	2019	2020	2021	2022
	RMB	RMB	RMB	RMB	RMB
Basic earnings per share	3.44	3.80	4.01	3.67	2.13
Dividends per share (HK\$)	0.90	1.02	1.18	1.21	0.80
– Interim Dividend (HK\$)	0.40	0.45	0.45	0.45	0.40
– Final Dividend (HK\$)	0.50	0.57	0.73	0.76	0.40
Net assets per share	22.61	25.61	28.68	31.39	32.39
Net gearing (%)	33.7	33.7	32.6	32.3	45.2
Net debt					
Equity attributable to the shareholders of the Company					
Interest coverage ratio (times)	7.8	7.4	7.8	7.2	3.3
Operating profit – Total interest income					
Interest expenses ¹					

KEY PROFIT AND LOSS ITEMS

For the year ended 31 December	2018	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	144,027,289	163,650,953	185,789,528	242,240,783	180,321,569
Operating profit	59,414,910	62,344,200	65,231,389	60,309,732	34,882,261
Profit attributable to the shareholders of the Company	37,716,257	41,618,313	43,903,954	40,155,361	23,264,747

KEY STATEMENT OF FINANCIAL POSITION ITEMS

At 31 December	2018	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fixed assets²	100,720,347	118,040,070	145,889,892	171,728,568	197,312,061
Long-term investments³	23,320,828	36,306,418	33,313,889	40,570,834	43,410,294
Other non-current assets	14,320,460	8,917,738	8,200,412	8,650,492	8,132,098
Net current assets	277,841,093	302,383,346	332,290,978	355,056,219	383,248,214
Non-current liabilities	(159,590,874)	(176,502,947)	(191,345,851)	(218,899,759)	(259,004,842)
Net assets	256,611,854	289,144,625	328,349,320	357,106,354	373,097,825

¹ Before capitalisation and excluding interest on amounts due to fellow subsidiaries and a related company, associates, joint ventures and non-controlling shareholders

² Representing property, plant and equipment and investment properties

³ Representing interests in associates and interests in joint ventures

2022 Business Milestones

27 January

The Group acquired the equity interests of Guangzhou Asian Games City project held by Agile Group Holdings Limited (“Agile Group”) and Shimao Group Holdings Limited (“Shimao Group”), at a total consideration of RMB3.67 billion, becoming the project’s largest shareholder. The Group focused on selecting the highest-quality assets in higher-tier cities and acquired equity interests in several projects in Guangzhou, Shanghai and Chengdu, with a total investment of RMB10.66 billion during the year.



25 March

The Group’s Jade Lane project in Beijing launched, achieving strong sales of RMB5.00 billion on the first day of sales; on 27 August, Grand Mansion project in Shenzhen went onto the market, showing sales of RMB4.00 billion on that first day; on 18 September, Time Villa project in Beijing was launched, selling well for RMB4.05 billion on the first day, demonstrating the Group’s broad product strength.

29 March

The Group issued RMB5.00 billion of green carbon neutral commercial mortgage-backed securities (CMBS), winning the “Best CMBS of the Year” award in mainland China.



50. 亿

全国发行规模最大的
碳中和CMBS成功发行

中信证券·上海中海国际中心绿色资产支持专项计划

发行期限：18年 (3+3+3+3+3+3年)
优先评级：AAA
发行利率：3.35%

The Group successfully issued the green carbon neutral CMBS of RMB5.00 billion

2022 Business Milestones (continued)

12 April

For its outstanding financial and operational advantages, the Group was ranked first in the “Top 30 Listed China Real Estate Companies of Excellence 2022” (Property G30) and topped the “Listed Real Estate Companies of Excellent Profitability 2022”, issued by Guandian Index Academy.

28 June

The Low Carbon Healthy Real Estate Professional Committee of the China Association of Building Energy Efficiency (the “Committee”) was established, with the Group as its Chair. The Committee will promote the establishment of a complete ecological chain of low-carbon, healthy real estate including low-carbon real estate and health of residential developments, helping to improve the environmental quality of human residences and effectively promoting low-carbon transformation by the real estate industry and residential construction sector.

20 July

The Group showed its support for poverty alleviation through education, industry and collaboration and other initiatives, launching a new product of highland barley & grain porridge under the “Vale of Clouds” brand, to facilitate rural revitalisation in Zhuoni County in Gansu Province, and conducted more than 60 product promotion activities across the country to drive sales, promote the brand, and then help promote the development of featured local agricultural industries.



20 August

The Group marked 30 years of being listed in Hong Kong. In these three decades, from 1992 to 2022, the Group distributed total cash dividends of HK\$100.07 billion.



2022 Business Milestones (continued)

27 August

The Group's Kimpton Bamboo Grove Suzhou hotel commenced operation. On 30 October, the Group's Hainan Grand Hyatt Shenzhou Peninsula hotel opened, dedicated to providing high-quality sojourns.



Kimpton Bamboo Grove Suzhou hotel

8 September

The Group was selected as a constituent of the “Hang Seng Corporate Sustainability Index” for 13 consecutive years, ranking in the top 30 among 2,200 Hong Kong listed companies and demonstrating the Group's overall excellence in the ESG field.



Hang Seng Corporate
Sustainability Index
Series Member 2022-2023

A constituent of the “Hang Seng
Corporate Sustainability Index”

15 September

In the “2022 Brand Value Research Report of China Real Estate Companies” sponsored by China Enterprise Evaluation Association, the Institute Real Estate Studies of Tsinghua University and Beijing China Index Academy, the Group was named “2022 Leading Brand of China Real Estate Companies” for the 19th time, and was further honoured with “Excellent Brand of 2022 China Real Estate Product Quality” and the “Leading Brand of 2022 China Real Estate Customer Satisfaction”.

16 September

The Group was recognised as among the BCI Asia Top 10 Developers (Hong Kong), attesting to the Group's achievements in promoting high-quality properties and sustainable development.



The Group was awarded as BCI Asia Top 10
Developers (Hong Kong) for the first time

2022 Business Milestones (continued)

23 September

The Group acquired three land parcels in Beijing at a total cost of RMB14.75 billion. The Group adhered to the three mainstream strategies, deepened its efforts in major cities, and acquired RMB45.88 billion of land parcels in the first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen during the year.



The Group acquired three land parcels in Beijing at a total cost of RMB14.75 billion

30 September

The Group's Jinan Huashan Unipark and Beijing Yinghai Unifun shopping malls held their grand openings, presaging a new pattern of commerce in these areas. During the year, the number of commercial properties into operation newly added by the Group reached a peak, with 15 new commercial properties in operation, including an office building, shopping malls, long-term leased apartments and hotels, achieving quality growth in the commercial portfolio.



Beijing Yinghai Unifun

1 October

The Group, China Overseas Charity Fund, and the China Overseas "Caring for the Society" Volunteer Association jointly held the first "China Overseas Cup" Charity Dragon Boat Race. More than 40 Hong Kong teenagers and over 100 corporate volunteers participated in a series of activities including an onshore dragon boat experience, dragon boat training, and dragon boat competitions.



"China Overseas Cup" Charity Dragon Boat Race

2022 Business Milestones (continued)

14 October

The Group signed a five-year syndicated loan of HK\$12.11 billion with 12 banks in Hong Kong, being the largest bank financing among China property developers during the year, with borrowing costs the lowest among the industry.

15 November

The Group took the lead in co-sponsoring the first Low-carbon and Healthy Real Estate Summit Forum, which aims to facilitate upgrading the decarbonisation of the real estate industry, achieving “3060” goals of carbon peak and carbon neutrality; and a Healthy China by 2030.



31 December

The contracted sales of the Group Series of Companies in Beijing, Guangzhou, Shenzhen, Hangzhou, Xiamen, Tianjin and Hong Kong each exceeded RMB10 billion.





Chairman's Statement



Mirrors of The Sky, Tianjin



Chairman's Statement



Yan Jianguo

Chairman and Executive Director

Chairman's Statement (continued)

Accumulating Momentum for Long-term Success

In 2022, the global economy was impacted by factors including the COVID-19 pandemic, the Russo-Ukrainian War, and US dollar interest rate rises. Mainland China's economy faced the triple pressures of shrinking demand, disrupted supply and weakening expectations. With the weakening of growth expectations for the domestic economy and national income, the domestic real estate market continued to decline, entering a slump. In 2022, according to statistics from CRIC (克而瑞), total sales of the top 100 property developers decreased by 42.3% compared to last year and their attributable sales amount decreased by 42.2% compared to last year, which was the largest decline since the 1998 housing reform in mainland China.

The audited revenue of the Group for the year ended 31 December 2022 was RMB180.32 billion, profit attributable to equity shareholders of the Company was RMB23.26 billion. Profit attributable to the shareholders of the Company excluding elements such as net gains after tax arising from changes in fair value of investment properties and net foreign exchange gains or losses, amounted to RMB24.42 billion (2021: RMB33.92 billion). The equity attributable to the shareholders of the Company was RMB354.48 billion, and the net assets per share was RMB32.39.

The Group's performance was affected by significant market downturn. In response to the challenges in the market, the Group made targeted and lean investments, executed precise management, maintained industry-leading profitability, and continued to create value for the shareholders. The Board of Directors proposed a final dividend of HK40 cents per share for the year 2022, making total dividends of HK\$8.76 billion for the year.

The downward adjustment in the overall property market in the second half of 2021 signalled the end of the property market's rapid-growth phase, and that it was gradually entering the next phase. The property market is currently in a transitional period characterised by a significant drop in market volume, while gradually gathering momentum to bottom out. The Group maintains confidence in the development potential of the real estate industry in the next phase and believes that with policy and market in place, the property market is turning the bend and about to begin a new virtuous cycle, progressing into stable and healthy development in the next phase. Throughout the transitional period, the Group leveraged its strengths of financial soundness and abundant capital, pursued investment opportunities offering stability, strengthened its competitive advantages and proactively accumulated resources for sustainable and high-quality development in the future.



Pearl Palace, Guangzhou



Chairman's Statement (continued)

Firstly, the Group intensified the advantages of its investment presence and strived to increase market share.

The Group has leveraged its long-term focus on its investment presence in major cities and mainstream locations, helping to boost market share, even amid a declining market. In 2022, the Group Series of Companies achieved contracted sales of RMB294.76 billion, accounting for 2.21% of national sales of residential properties, an increase from 2.03% in 2021. In 2022, according to statistics from CRIC (克而瑞), the attributable sales of the Group Series of Companies rose to third place in the industry, against market headwinds.

Secondly, the Group enhanced its strong portfolio of premium properties and maintained a stable selling price in a market of falling supply and price.

In 2022, the average selling price of the Group Series of Companies was RMB21,251 per sq m, an increase of 8.7% compared to last year. In particular, the Group's average selling price was RMB25,548 per sq m, an increase of 12.5% compared to last year.

Thirdly, the Group led the industry in the acquisition of new land parcels, and retained strong momentum for future quality development.

In 2022, the Group Series of Companies acquired 50 land parcels with a total land premium of RMB120.87 billion and corresponding newly added saleable resources of RMB240.34 billion. Among these, the Group acquired 40 land parcels with a total land premium of RMB110.72 billion and corresponding newly added saleable resources of RMB213.94 billion. In line with the trend of increasing market segmentation, the Group further focused on selecting the highest-quality assets in higher-tier cities. Newly added saleable resources in the four first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen accounted for 48.1% of the total newly added saleable resources of the Group. Seizing the opportunity of a realignment in the industry, the Group is actively seeking acquisition opportunities, and thus acquired equity interests in several projects in Guangzhou, Shanghai and Chengdu, with a total investment of RMB10.66 billion during the year. Going forward, the Group will continue to search out further acquisition opportunities.

Fourthly, the Group put increasing numbers of commercial projects into operation, which are expected to accelerate rental income growth.

In 2022, coming through the pandemic, the Group's commercial properties operated steadily, with revenue reaching RMB5.26 billion, an increase of 1.8% compared to last year. The number of commercial properties in operation newly added by the Group reached a peak, with 15 new commercial properties in operation, including five shopping malls, one office building, six star-rated hotels, and three long-term leased apartments, for a total added GFA of 880,000 sq m, driving significant revenue growth from commercial properties.

Fifthly, the Group benefitted from dual onshore and offshore financing channels, together with low finance costs and abundant funds, and leveraged its financial soundness to manoeuvre flexibly in a volatile market.

Amid a constrained offshore financing environment, the Group issued an offshore syndicated loan of HK\$12.11 billion. The Group's annual weighted average borrowing cost was 3.57%, which was among the lowest in the industry. At the end of 2022, the Group's liability-to-asset ratio was 59.1%, and the net gearing was 45.2%, and remained a "green category" enterprise. Cash on hand was RMB110.31 billion. The Group has the abundant financial resources to weather market fluctuations and seize opportunities that arise from market adjustments.

The Group sustains its strong cost advantages. In 2022, the Group's selling and distribution expenses and administrative expenses in total accounted for 3.6% of annual revenue, an industry-leading cost efficiency ratio. As more digital platforms and tools are applied by the management, the Group will enhance its control efficiency and digital management, and further strengthen its cost advantage and overall competitive advantage.

Chairman's Statement (continued)

In 2022, the Group's main business of property development and operation was stable and it further intensified the competitive advantages of its main businesses, while its other businesses including senior living and elderly care, supply chain management, construction design and build-to-order services all achieved steady growth. Among them, Lingchao Supply Chain Management Company, founded two years ago, achieved annual revenue of RMB9.79 billion from external and internal customers.

Looking ahead, the domestic property market will continue to show "three major segmentations of market segmentation, industry segmentation and enterprise segmentation". The market is expected to bottom out as the Central Government re-emphasises the property sector as a pillar industry of the national economy and introduces a series of policies to support housing demand from first-time home buyers and upgraders. The Group confidently expects to achieve high-quality development and generate still further improved operating results in 2023.

In 2022, the impact of the global economic slowdown, the pandemic outbreak in Hong Kong and US dollar interest rate hikes drove an unbalanced decline in the Hong Kong property market, with prices and sales volumes falling in tandem. The Group Series of Companies coped effectively with these multiple challenges, and sales in Hong Kong reached HK\$13.59 billion. In 2023, Hong Kong relaxed its pandemic control measures and smoothly resumed cross-border exchanges with foreign countries. Although market sentiment was affected by economic uncertainty and interest rate hikes, and the property and land markets in Hong Kong show short-term fluctuation, the Group remains confident in Hong Kong's future development and will continue to seize opportunities to increase investment when appropriate.

The Group has been established for more than 40 years and listed in Hong Kong for 30 years. Through various economic cycles and fluctuations in the property market, the Group has maintained its leading position in the industry as it steadfastly pursues the long-term goal of becoming a centennial enterprise. Facing the pain and challenges of the industry's transition, the Group will continue to uphold the concept of quality development, being people-oriented and driving innovation and change. The Group will collaborate closely with its peers to facilitate the smooth transition of the real estate industry to a new development model and will lead the industry with quality development in the next phase.

Finally, I would like to take this opportunity to express my sincere gratitude to our domestic and overseas customers, the shareholders and the whole community for their support and trust. I would also like to express my heartfelt gratitude to my fellow directors and all employees for their dedication and determination to pursue excellence.

China Overseas Land & Investment Limited

Yan Jianguo

Chairman and Executive Director

Management Discussion and Analysis

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OVERALL PERFORMANCE

During the year, the revenue of the Group was RMB180.32 billion. The operating profit was RMB34.88 billion. The gross profit margin was 21.3% and the net profit margin attributable to shareholders was 12.9%. The ratio of selling, distribution and administrative expenses to revenue was 3.6%. Profit attributable to the shareholders of the Company amounted to RMB23.26 billion. Profit attributable to the shareholders of the Company excluding elements such as net gains after tax arising from changes in fair value of investment properties and net foreign exchange gains or losses, amounted to RMB24.42 billion (2021: RMB33.92 billion). Basic earnings per share was RMB2.13.

During the year, the Group recorded net foreign exchange losses of RMB4.28 billion (2021: net foreign exchange gains of RMB2.46 billion) due to fluctuations in market exchange rates.

Huashan Unipark



PROPERTY DEVELOPMENT

Annual summary

- In 2022, the contracted property sales of the Group Series of Companies was RMB294.76 billion and the corresponding GFA sold was 13.87 million sq m.
- The Group's revenue from property development was RMB174.51 billion.
- The area of completed projects of the Group Series of Companies (excluding COGO) was 14.45 million sq m.

Unione, Ningbo



品江府
-UNIONE-

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

In 2022, the Group Series of Companies' contracted property sales and the corresponding GFA sold by region are as follows:

	Contracted property sales (RMB billion)	Proportion (%)	GFA sold ('000 sq m)	Proportion (%)
Southern Region	55.99	19.0%	1,962	14.1%
Eastern Region	49.49	16.8%	2,204	15.9%
Central and Western Region	24.91	8.5%	1,613	11.6%
Northern Region	77.34	26.2%	2,739	19.7%
Hong Kong, Macau and Overseas Region	11.57	3.9%	66	0.5%
Sub-total for the Company and its subsidiaries	219.30	74.4%	8,584	61.8%
Joint ventures and associates of the Company (excluding COGO)	35.14	11.9%	1,561	11.3%
China Overseas Grand Oceans Group Limited ("COGO")	40.32	13.7%	3,725	26.9%
Total	294.76	100%	13,870	100%

The Group adheres to cash flow management as its core policy, seeking to boost sales proceeds collection, including in Beijing, Guangzhou, Shenzhen, Hangzhou, Xiamen and Tianjin, where sales proceeds collection is satisfactory, at more than RMB10 billion in each city.

During the year, the Group's revenue from property development was RMB174.51 billion.

During the year, the net profit contribution from associates and joint ventures amounted to RMB2.18 billion.

The major associate, COGO, recorded contracted property sales of RMB40.32 billion, revenue of RMB57.49 billion, and profit attributable to the shareholders of RMB3.15 billion.

During the year, the Group Series of Companies (excluding COGO) completed projects with a total area of 14.45 million sq m in 33 cities in mainland China and in Hong Kong.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

The area of projects completed by region in 2022 is as below:

City	Total Area ('000 sq m)
Southern Region	
Guangzhou	879
Foshan	641
Dongguan	604
Changsha	406
Xiamen	351
Zhuhai	193
Shenzhen	110
Hainan	54
Nanchang	23
Sub-total	3,261
Eastern Region	
Qingdao	1,084
Jinan	992
Yantai	567
Ningbo	478
Nanjing	409
Suzhou	334
Shanghai	162
Wuxi	64
Sub-total	4,090
Central and Western Region	
Taiyuan	747
Zhengzhou	404
Xi'an	365
Wuhan	285
Guiyang	235
Chongqing	120
Kunming	114
Urumqi	106
Chengdu	82
Sub-total	2,458
Northern Region	
Beijing	2,029
Tianjin	612
Harbin	551
Shijiazhuang	406
Dalian	374
Shenyang	343
Changchun	266
Sub-total	4,581
Hong Kong, Macau and Overseas Region	
Hong Kong	55
Sub-total	55
Total	14,445

Management Discussion and Analysis (continued)

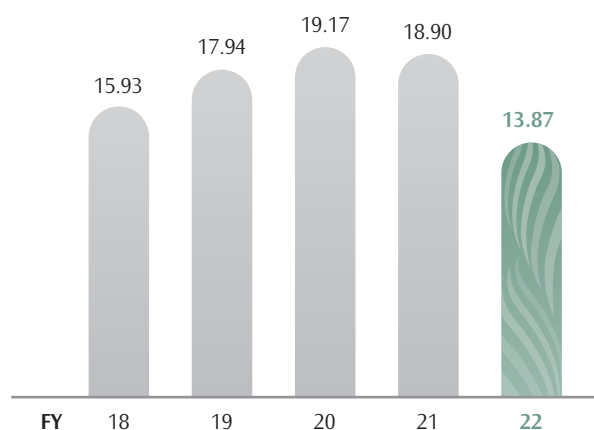
PROPERTY DEVELOPMENT *(continued)*

The Group adheres to the long-term principle of “customers-oriented, quality assurance, value creation”, and is committed to steady and sustainable high-quality development. Focusing on customers, the Group is accelerating support for product innovation, and keenly captured the growing trends of customer interest in “smart health” and “green and low-carbon”, which help differentiate the competitiveness of its products and deliver outstanding products to every family and every customer, so as to truly “pay attention to architecture, pay more attention to you”, reaffirming its industry-wide reputation for outstanding products.

Following mainland China’s “dual carbon” strategy, the Group actively promoted green building technologies such as ultra-low energy consumption and nearly zero-energy consumption. In Houhai, Shenzhen, the Group built the China Overseas Building, centred on healthy zero-carbon smart buildings, serving as an exemplar and the only commercial project among all zero-carbon building technology demonstration projects of the Ministry of Housing and Urban-Rural Development of the PRC in 2022.

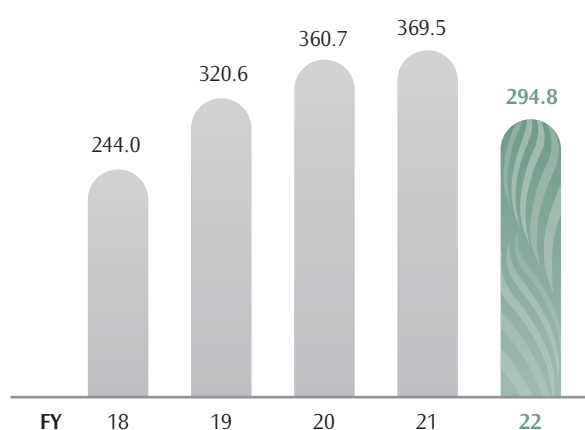
CONTRACTED PROPERTY SALES AREA*

million sq m



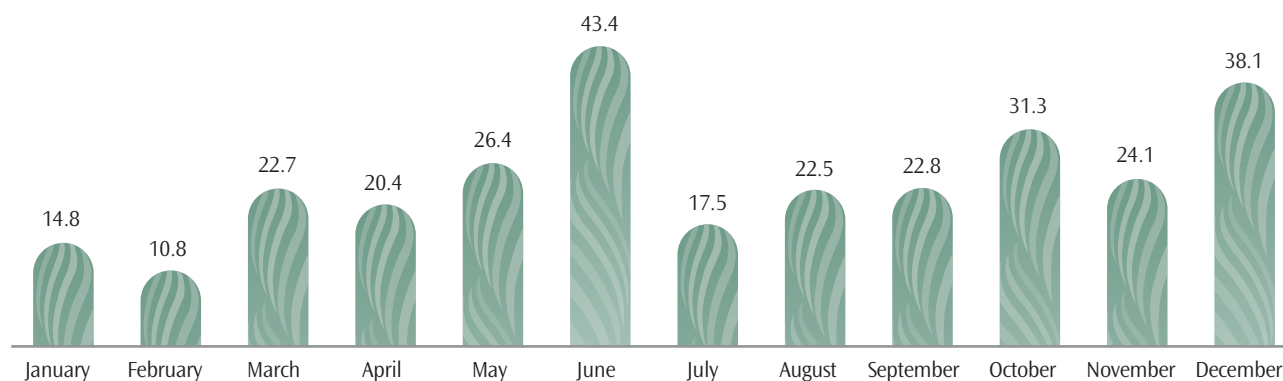
CONTRACTED PROPERTY SALES AMOUNT*

RMB billion



2022 CONTRACTED PROPERTY SALES AMOUNT BY MONTH*

RMB billion



* Representing the Group Series of Companies

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Property development projects of the Group Series of Companies (excluding COGO) are mainly located in first-tier and second-tier cities in mainland China and Hong Kong that are worth noticing in terms of scale of current or future sales in their respective regions will be introduced below. Details are as follows:

Project Introduction

Southern Region



Location

Guangming District, Shenzhen

Project site area

32,344 sq m

Project total GFA

257,712 sq m

Intended use

Residential/Commercial

Grand Mansion, Shenzhen (100%-owned)

Grand Mansion is situated at Fenghuang Town, Guangming District of Shenzhen, connecting Shenzhen Nanshan Science and Technology Park in the south, Songshan Lake, Dongguan in the north and Binhaiwan Bay Area, Dongguan in the west. It serves as an important strategic node of the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") and Guangzhou-Shenzhen-Hong Kong-Macao sci-tech innovation corridor. The project is located in Guanming Science City, which is planned to be the international innovation and technology hub and comprehensive national science center in the GBA. The project is approximately 500 metres away from Guangmingcheng High-speed Railway Station, which is one station away from Shenzhen North Railway Station/Humen Railway Station, two stations away from Futian Railway Station/Guangzhou South Railway Station and three stations away from Hong Kong West Kowloon Station through high-speed railway transportation hubs, forming a half-hour living circle with Hong Kong and Guangzhou. Taking advantage of Guangmingcheng High-speed Railway Station and Baihua Park, the project has the most comprehensive living facilities and superior ecological environment. The project started construction in January 2022 and was launched for sales in August 2022, with accumulated contracted sales of RMB5.71 billion at the end of 2022. The project is expected to be completed in 2023.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Southern Region *(continued)*



Location

Longhua District, Shenzhen

Project site area

16,652 sq m

Project total GFA

106,077 sq m

Intended use

Residential/Commercial

Private Mansion, Shenzhen (100%-owned)

Private Mansion is located in Longhua District, Shenzhen. It is close to Shenzhen North Railway Station, 850 metres from Hongshan Station of Metro Lines 4/6 and 500 metres from Shenzhen North Station, with convenient rail transit. Situated in the central business district of the Shenzhen North Railway Station, surrounded by a strong business atmosphere and abundant educational resources including Shenzhen Senior High School North Campus as well as large shopping malls like Hongshan 6979 and Rainbow Shopping Mall, also well-equipped with complementary facilities such as Shenzhen Art Museum New Venue, Jianshang Sport Complex and Shenzhen Xinhua Hospital (under construction), etc. The project started construction in December 2021 and was launched for sales in June 2022, with accumulated contracted sales of RMB3.92 billion at the end of 2022. The project is expected to be completed in 2023.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Southern Region *(continued)*



Location

Panyu District, Guangzhou

Project site area

2,521,021 sq m

Project total GFA

5,850,073 sq m

Intended use

Residential/Commercial

Asian Games City, Guangzhou (73.3%-owned)

Asian Games City is located to the east of the Guangzhou-Macau Expressway and Guangzhou Metro Line 4, to the south of Yayun Avenue, to the west of Lianhuashan Waterway and to the north of Yayun South Road. The project is conveniently situated at the intersection of Metro Lines 3/4/8 (under planning), within a few stations to Guangzhou Higher Education Mega Center, Pazhou and Guangzhou International Financial City, and a direct line from first station of Metro Line 3 to Zhujiang New Town. It is surrounded by a dense network of eight expressways and two stations away from Qingsheng High-speed Railway Station, seamlessly connecting cities in the GBA such as Dongguan, Shenzhen, Foshan, Zhuhai, Hong Kong and Macau. The project is well-equipped with rich educational resources and developed facilities, including two Grade A Tertiary Hospitals, two community health service stations, a sports park with approximately 13,000 sq m and an established commercial area with approximately 400,000 sq m, making it one of the most eye-catching projects in Guangzhou. The entire project is divided into eight sub-divisions for development, four of which have been completed and delivered, three of which are currently under construction and the remaining one is still under planning. The project is expected to be completed in 2026. Contracted sales of the project amounted to RMB6.47 billion in 2022.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Southern Region *(continued)*



Location

Haizhu District, Guangzhou

Project site area

32,954 sq m

Project total GFA

67,673 sq m

Intended use

Residential

Infinite Mansion, Guangzhou (100%-owned)

Infinite Mansion is situated in Haizhu Innovation Bay, Haizhu District, Guangzhou, a traditional old town with a nostalgic residential atmosphere in Haizhu District. Haizhu Innovation Bay is positioned as a waterfront ecological and technological innovation cluster in the new urban axis (southern section), aiming to create a modern urban ecological, cultural and industrial circle with the integration of “business, culture, tourism, sports, exhibition and innovation”. The project is adjacent to Shixi Village renovation region, enjoying the advantage of upgrading and renovation of the contiguous old town areas. The project started construction in April 2021. The project has been launched for sale in January 2022. At the end of 2022, the accumulated contracted sales amounted to RMB1.09 billion. The project is expected to be completed in 2023.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Southern Region *(continued)*



Location

Tianxin District, Changsha

Project site area

219,985 sq m

Project total GFA

688,486 sq m

Intended use

Residential/Commercial

The U World, Changsha (100%-owned)

The U World is sited in the prime area of Changsha-Zhuzhou-Xiangtan City Cluster, Tianxin District, Changsha, near the provincial government, with well-developed commercial, medical and educational facilities, and surrounded by large shopping malls such as Outlet, Unipark, Metro, Red Star Macalline, etc. To the north, it is adjacent to a Grade A tertiary hospital and is also equipped with primary and secondary schools. It is conveniently located near the Zhongxin Square Station and Shangshuangtang Station of Metro Line 1, the planned southern extension of Metro Line 5, the Changsha-Zhuzhou-Xiangtan Intercity Railway and trunk road like Furong Road and Huanbao Avenue. The project started construction in November 2022 and is expected to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Eastern Region



Location

Shangcheng District, Hangzhou

Project site area

67,913 sq m

Project total GFA

211,122 sq m

Intended use

Residential/Commercial

The Times Oasis, Hangzhou (80%-owned)

The Times Oasis is located in Genbei New Town of Shangcheng District, Hangzhou, adjacent to Qianjiang New Town Phase II and Chengdong New Town area, and 900 metres away from Qiantang River. Driven by Hangzhou's government strategy of "Development along the River", the Genbei New Town has taken advantage of its location and accelerated launching of plans and upgrading of facilities, resulting in an appreciation of the land value. The project is located 880 metres walking distance away from Qibao Station of Metro Line 1 and 940 metres walking distance away from Liubao Station of Metro Line 9. It is close to Desheng Elevated Expressway, Qiantang Expressway and Donghu Elevated Expressway, which provide strong accessibility and convenient traffic access. The project is surrounded by comprehensive facilities, such as Huigang City, Li Ning Sports Park, Caihe Experimental Middle School (private junior high school), etc. The project started construction in February 2022 and was launched for sale in June 2022. At the end of 2022, the accumulated contracted sales amounted to RMB6.28 billion. The project is expected to be completed in 2023.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Eastern Region *(continued)*



Location

Gongshu District, Hangzhou

Project site area

84,052 sq m

Project total GFA

338,228 sq m

Intended use

Residential/Commercial

Canal, Hangzhou (100%-owned)

Canal locates in the Grand Canal New Town area in Gongshu District, Hangzhou. Centred on the canal culture, this area is the prime development area of Northern Hangzhou city and is a model area for the construction of the national Grand Canal Cultural Belt. The project is 1.4 kilometres away from Ping'an Bridge Station of Metro Line 4, about 500 metres away from planned Metro Station 15, close to Shangtang Elevated Road and Liushi Elevated Road, with strong accessibility and convenient transport network. The project is surrounded by comprehensive facilities, close to the Wenrun Campus of Hangzhou Maiyueqiao Elementary School, the Canal Bay International Tourism and Leisure Complex (under construction) which covering an area of 520,000 sq m, and the Affiliated Hospital of Hangzhou Normal University (a grade A tertiary hospital). The project started construction in December 2021 and launched for sale in May 2022. At the end of 2022, the accumulated contracted sales amounted to RMB7.76 billion. The project is expected to be completed in 2023.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Eastern Region *(continued)*



Location

Yuhuatai District, Nanjing

Project site area

41,495 sq m

Project total GFA

163,127 sq m

Intended use

Residential

The Noble Mountain, Nanjing (100%-owned)

The Noble Mountain is located in the Yuhemengzhigu in Yuhuatai District, Nanjing, which is a key development area in the 14th Five-Year Plan of Yuhuatai District. Currently, this area is home to a large number of high-tech software development enterprises and eighteen Fortune 500 enterprises, reaping the benefits of not only well-developed facilities of Yuhe, but also the industry development in software valley. The project connects three major commercial districts of Hexi, Chengnan and South Station, enjoying a rich life in the city; and enjoys convenient transportation brought by the Digital Avenue and Airport Highway No.2. It is one block away from the Software Valley Second Primary School and Software Valley Middle School, and is surrounded by community hospitals, together with Grade A Tertiary Hospitals, including Jiangsu Woman and Child Health Hospital (under construction), Grade A BenQ Medical Center and Nanjing Children's Hospital, providing all-round and high-quality education and health care. The project started construction in July 2021 and was launched in December of the same year. At the end of 2022, the accumulated contracted sales amounted was RMB3.28 billion. The project is expected to be completed in 2023.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Eastern Region *(continued)*



Location

Huangpu District, Shanghai

Project site area

89,259 sq m

Project total GFA

438,706 sq m

Intended use

Residential/Commercial

No. 69-70, East Jianguo Road, Shanghai (98%-owned)

No. 69-70 of East Jianguo Road are located in the Xintiandi, the core area of Huangpu District, Shanghai, adjacent to Xujiahui Road, the trunk road in the south, and about 700 metres away from the entrance and exit of Xujiahui Road on North-South Elevated Road. The project also enjoys a convenient public transportation network with Metro Line 8/9/10/13 nearby, about 500 metres away from Xintiandi Interchange Station, about 500 metres away from Madang Road Interchange Station, about 700 metres away from Laoximen Interchange Station, and about 700 metres away from Lujiabang Road Interchange Station. The project is close to the top commercial complex, Xintiandi commercial area in Huaihai Road, with a superior location, rich educational and medical resources, and well-equipped facilities. The project started construction in October 2022. The project is expected to be launched for sale in 2023 and to be completed in 2025.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Eastern Region *(continued)*



Location

Yangpu District, Shanghai

Project site area

33,940 sq m

Project total GFA

169,844 sq m

Intended use

Residential/Commercial

The Gathering, Shanghai (80%-owned)

Located in the inner ring of Yangpu District, The Gathering has the optimal geographic location with well-equipped facilities in the surrounding area, which can enjoy the benefit from the southern section of Yangpu Riverside and Ruihong business district. The project is close to the two major urban expressways – Inner Ring Road and Beiheng Passageway, as well as one bridge and four tunnels (i.e., Yangpu Bridge, Zhoujiazui Road Tunnel, Jiangpu Road Tunnel, Xinjian Road Tunnel, Dalian Road Tunnel), which can seamlessly access to Pudong and Puxi, and also adjacent to five metro lines and Metro Exit 6 of Jiangpu Road Station. The project is well-equipped with commercial facilities, including Bauhinia Square, CIFI MALL, Ruihong Tiandi business district, Sinar Mas Plaza, Raffles City The Bund, etc. There are also abundant neighboring medical and natural resources, including four Grade A tertiary hospitals, Peace Park to the west, and Jiangpu Park to the east, immersing in the boisterous city and green nature. The project started construction in August 2022. The project is expected to be launched for sale in March 2023 and to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Central and western Region



Location

High-tech Zone, Xi'an

Project site area

51,238 sq m

Project total GFA

205,351 sq m

Intended use

Residential/Commercial

The Era, Xi'an (100%-owned)

The Era is situated the south of Tiangu 1st Road and north of Tiangu 2nd Road, High-tech Zone, Xi'an, which is part of the core residential area of Xi'an. The project enjoys convenient transportation surrounded by Skyshuttle under construction, the city ring lines and three entrances of highways can be reached within 3 kilometres. It only takes 10 minutes to the central business district of Jinye Road and 30 minutes to the airport and the core area of the main city. The project is surrounded by well-established facilities with Xi'an Gaoxin No.19 Primary School and Xi'an Gaoxin No. 4 Middle School (Xi'an Gaoxin No.1 High School First Branch) to the south, offering high-quality educational resources. The project started construction in December 2022 and is expected to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Central and western Region *(continued)*



Location

Weiyang District, Xi'an

Project site area

85,940 sq m (Phase 3, 4)

Project total GFA

312,643 sq m

Intended use

Residential/Commercial

The New Times, Xi'an (100%-owned)

The New Times is located in Weiyang District, Xi'an, which is the prime residential area of Xi'an. The project enjoys convenient transportation where it is near Daminggong Station of Metro Line 4, about 700 metres away from the Second Ring Expressway Road in the north, connecting Beichen Expressway and elevated expressway, proving convenient access to the whole city. The project is surrounded by well-established facilities, which is one block next to Daming Palace National Heritage Park, and there are Wanda Plaza, Tangcheng Hospital Xi'an, primary and secondary schools (under planning) within 1 kilometre. The project started construction in September 2022 and is expected to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Central and western Region *(continued)*



Location

High-tech Zone, Chengdu

Project site area

93,608 sq m

Project total GFA

333,987 sq m

Intended use

Residential

Sinchuan Mansion, Chengdu (100%-owned)

Sinchuan Mansion is located in the Xinchuan area of Chengdu High-tech Zone, which is jointly developed by the Singapore Government and the Sichuan Provincial Government. There are three metro lines and seven stations in the vicinity of the project, with excellent traffic accessibility. Four kindergartens, including the Experimental Kindergarten affiliated to Sichuan Institute of Education Science with the Provincial Academy of Education and Sciences, and four primary and secondary schools, such as Xinchuan No. 2 Middle School (under planning) close to the project. The total project site area is approximately 94,000 sq m, all of which are residentials, covering high-rise buildings, mid-rise buildings and villas, with high residential comfort. The landscape design of the project takes the theme of “Slow Life in the Park”, providing the property owner a brand-new living experience at anytime in whole scenery for all-aged. The project started construction in September 2022 and is expected to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Northern Region



Location

Haidian District, Beijing

Project site area

59,060 sq m

Project total GFA

146,170 sq m

Intended use

Residential

Jade Lane, Beijing (51%-owned)

Jade Lane is located in the Xibeiwang Area of Haidian District, with a strong atmosphere favourable for high-tech industry development. The project is approximately 3 kilometres away from Aerospace Town and approximately 7 kilometres away from Zhongguancun Software Park, enjoys convenient transportation and is close to Beijing-Urumqi Expressway and Yongfeng Metro Station. The project is surrounded by well-established facilities with rich educational and medical resources. It is adjacent to high-quality institutions such as the Chinese Academy of Sciences No. 3 Kindergarten, the Zhongguancun No. 3 Primary School (Science and Technology Park Campus), Tsinghua University High School-Yongfeng, and the Peking University International Hospital. The project started construction in January 2022 and is expected to be completed in 2023. At the end of 2022, the accumulated contracted sales amounted to RMB6.33 billion.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Northern Region *(continued)*



Location

Changping District, Beijing

Project site area

59,604 sq m

Project total GFA

198,361 sq m

Intended use

Residential

Wise Lane, Beijing (100%-owned)

Wise Lane is situated at the Innovation Base area in Shahe Town, Changping District. It is adjacent to Zhongguancun Software Park to the south, Nine-year Integrated Curriculum School to the east and seven high schools in the University Park, integrating the science and innovation industry with scientific and education. The project is at a convenient transportation hub, providing connectivity in multiple directions. It is in proximity to both Beijing-Urumqi and Beijing-Lhasa Expressways, as well as five roads including Northern Sixth Ring Road, Cyber Port South Street, Maman Road, Beiqing Road and Northern Fifth Ring Road. The residential area of the project is approximately 130,000 sq m, all of which are mid-rise residential buildings. The project started construction in March 2022, and won the championship in the number of units sold and sales amount in Changping District for two consecutive months from May to June 2022. The project is expected to be completed in 2023. At the end of 2022, the accumulated contracted sales amounted to RMB2.87 billion.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Northern Region *(continued)*



Location

Shunyi District, Beijing

Project site area

157,752 sq m

Project total GFA

310,891 sq m

Intended use

Residential

Time Villa, Beijing (70%-owned)

Time Villa is located in the central villa area in Houshayu Region, which balances both ecological and commercial values. Sitting with various livable resources such as Luoma Lake and Shine Hills, and adjacent to the National Airport Economic Demonstration Zone, the area not only has great development potential, but also is a desirable place that combines affordability and value. The project is equipped of well and international-level facilities in the Central Villa District, only one block away from the 330-hectare Luoma Lake, and Shine Hills with 200,000 sq m is within walking distance. The project features seven major architectural aesthetics, including 1.2 times plot ratio low-density and picturesque, high lighting design and red brick aesthetics, providing more high-quality choices to buyers. The project was launched for sale in September 2022 and reported a hot sale with thousands of buyers on the first days of sales in the Beijing market. It achieved a record sales of RMB4.05 billion on the first day of its launch, topping the sales in Shunyi District in October 2022. The project is expected to be completed in 2023.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Northern Region *(continued)*



Location

Heping District, Tianjin

Project site area

18,705 sq m

Project total GFA

161,772 sq m

Intended use

Residential/Commercial

Gate of Peace, Tianjin (100%-owned)

Gate of Peace is located on the northeast side of the intersection of Heping Road and Duolun Road, Heping District, Tianjin, an area close to the Haihe with numerous commercial centres right outside the door. The project is surrounded by abundant educational resources with key schools located near by. It is close to Metro Lines 1, 2, 3 and 4, as well as six metro stations, providing convenient public transportation. The project, consisting of residential, commercial and office building, started construction in December 2021 and was launched for sale in March 2022. At the end of 2022, the residential properties have been nearly sold out, with sales amounting to RMB3.31 billion. The project is expected to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

Project Introduction *(continued)*

Hong Kong and Macau and Overseas Region



Location

Kam Tin South, Hong Kong

Project site area

41,687 sq m

Project total GFA

114,896 sq m

Intended use

Residential

Grand Mayfair (33.3%-owned)

Situated in 29 Kam Ho Road, Kam Tin South, Hong Kong, the Grand Mayfair Project is located right on top of the Kam Sheung Road MTR Station, benefiting from well-developed transportation as well as the development opportunities of the Northern Metropolis. The whole project consists of 13 blocks, providing a total of 2,200 units, of which, Grand Mayfair I and Grand Mayfair II launched during the year consist of 9 blocks with 1,520 units with saleable GFA ranging from 339 sq ft to 977 sq ft, which are expected to be completed in 2024. Grand Mayfair I and Grand Mayfair II were launched for sale in April 2022, and the accumulated contracted sales amounted to approximately HK\$12.5 billion at the end of 2022.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

MAJOR PROJECTS UNDER DEVELOPMENT

City	Project	Location	Group's interest %	Intended Use	Site Area (sq m)	Total GFA (sq m)	Progress
Shenzhen	Grand Mansion	Guangming District	100%	Residential/ Commercial	32,344	257,712	Under construction
Shenzhen	Private Mansion	Longhua District	100%	Residential/ Commercial	16,652	106,077	Under construction
Shenzhen	Lumiere Lane	Longhua District	100%	Residential/ Commercial	23,558	161,268	Under construction
Shenzhen	Mandarin Lane	Longhua District	100%	Residential/ Commercial	23,705	176,016	Under construction
Shenzhen	New Metropolis	Longgang District	100%	Residential/ Commercial	46,038	343,968	Under construction
Guangzhou	Asian Games City	Panyu District	73.3%	Residential/ Commercial	2,521,021	5,850,073	Under construction
Guangzhou	Infinite Mansion	Haizhu District	100%	Residential	32,954	67,673	Under construction
Guangzhou	Long View	Liwan District	50%	Residential/ Commercial	63,336	315,034	Under construction
Guangzhou	Cloud View	Haizhu District	100%	Residential/ Commercial	34,018	159,273	Under construction
Guangzhou	Glamorous Mansion	Haizhu District	100%	Residential/ Commercial	19,794	84,847	Under construction
Dongguan	Central Park	Dalang Town	100%	Residential/ Commercial	77,683	238,898	Under construction
Dongguan	The Phoenix	Daojiao Town	100%	Residential/ Commercial	67,118	270,475	Under construction
Dongguan	Songshan Lake Garden	Songshan Lake High-tech Zone	100%	Residential/ Commercial	43,321	187,571	Under construction
Changsha	The U World	Tianxin District	100%	Residential/ Commercial	219,985	688,486	Under construction
Foshan	Jade Lane	Shunde District	100%	Residential/ Commercial	98,085	427,626	Under construction
Foshan	The Paragon	Nanhai District	100%	Residential/ Commercial	47,917	242,433	Under construction
Zhuhai	La Cite	Xiangzhou District	80%	Residential/ Commercial	192,250	689,980	Under construction

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

MAJOR PROJECTS UNDER DEVELOPMENT *(continued)*

City	Project	Location	Group's interest %	Intended Use	Site Area (sq m)	Total GFA (sq m)	Progress
Xiamen	The Blossom Bay	Tongan District	100%	Residential/ Commercial	90,576	364,520	Under construction
Xiamen	The Era of East	Tongan District	100%	Residential/ Commercial	36,010	125,757	Under construction
Xiamen	Top Mansion	Siming District	50%	Residential/ Commercial	53,813	279,090	Under construction
Fuzhou	Lakeview Metropolis	Jin'an District	100%	Residential/ Commercial	62,422	167,456	Under construction
Hangzhou	The Times Oasis	Shangcheng District	80%	Residential/ Commercial	67,913	211,122	Under construction
Hangzhou	Canal	Gongshu District	100%	Residential/ Commercial	84,052	338,228	Under construction
Nanjing	The Noble Mountain	Yuhuatai District	100%	Residential	41,495	163,127	Under construction
Nanjing	The Noble Nature	Jiangbei New District	100%	Residential/ Commercial	71,124	235,897	Under construction
Nanjing	The Noble Lake	Qixia District	100%	Residential	50,083	153,875	Under construction
Nanjing	Hills Scenery	Jiangning District	100%	Residential/ Commercial	63,976	202,353	Under construction
Shanghai	No. 69-70, East Jianguo Road	Huangpu District	98%	Residential/ Commercial	89,259	438,706	Under construction
Shanghai	The Gathering	Yangpu District	80%	Residential/ Commercial	33,940	169,844	Under construction
Shanghai	Mansion Hills (Phase 2, 3)	Songjiang District	100%	Residential	82,948	180,204	Under construction
Jiaxing	Jade Lane	Nanhu District	100%	Residential/ Commercial	34,972	93,803	Under construction
Jiaxing	Gem Lane	Nanhu District	100%	Residential	35,907	108,601	Under construction
Nanchang	The Top Mansion	High-tech Zone	100%	Residential/ Commercial	66,284	194,443	Under construction
Jinan	Paramount Jade	Licheng District	100%	Residential/ Commercial	2,516,028	7,211,536	Under construction

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

MAJOR PROJECTS UNDER DEVELOPMENT *(continued)*

City	Project	Location	Group's interest %	Intended Use	Site Area (sq m)	Total GFA (sq m)	Progress
Jinan	Metropolis Times	Shizhong District	100%	Residential/ Commercial	158,332	515,033	Under construction
Taiyuan	The Paragon	Wanbolin District	100%	Residential/ Commercial	75,509	369,850	Under construction
Taiyuan	Metropolis Times	Comprehensive Reform District	100%	Residential/ Commercial	350,364	1,082,206	Under construction
Xi'an	The Era	High-tech Zone	100%	Residential/ Commercial	51,238	205,351	Under construction
Xi'an	The New Times (Phase 3, 4)	Weiyang District	100%	Residential/ Commercial	85,940	312,643	Under construction
Chengdu	Sinchuan Mansion	High-tech Zone	100%	Residential	93,608	333,987	Under construction
Chengdu	Tianfu One	Tianfu New District	100%	Residential/ Commercial	199,596	1,762,144	Under construction
Chengdu	Huayune	Chenghua District	100%	Residential	60,842	198,380	Under construction
Kunming	The Jade Lane	Panlong District	100%	Residential/ Commercial	54,890	269,107	Under construction
Wuhan	La•Cite	Hanyang District	100%	Residential/ Commercial	176,968	1,447,866	Under construction
Guiyang	The Impressive Lake	Guanshan Lake District	100%	Residential/ Commercial	185,121	649,676	Under construction
Zhengzhou	Yunzhu Landscape	Zhengdong New District	100%	Residential/ Commercial	79,579	226,096	Under construction
Beijing	La Cité Genius	Shijingshan District	100%	Residential/ Commercial	87,566	444,659	Under construction
Beijing	Jade Lane	Haidian District	51%	Residential	59,060	146,170	Under construction
Beijing	Wise Lane	Changping District	100%	Residential	59,604	198,361	Under construction
Beijing	Time Villa	Shunyi District	70%	Residential	157,752	310,891	Under construction
Beijing	One Sino Residences	Economic-technological Development Area	100%	Residential	78,454	262,705	Under construction
Beijing	Metropolis Vision	Fangshan District	100%	Residential	47,054	176,841	Under construction

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

MAJOR PROJECTS UNDER DEVELOPMENT *(continued)*

City	Project	Location	Group's interest %	Intended Use	Site Area (sq m)	Total GFA (sq m)	Progress
Beijing	One Sino Residences	Economic-technological Development Area	100%	Residential	23,520	84,722	Under construction
Beijing	Private Mansion	Shijingshan District	99%	Residential/ Commercial	29,035	117,811	Under construction
Dalian	Harbour City	Zhongshan District	80%	Commercial	229,050	1,558,144	Under construction
Tianjin	Mirrors of The Sky	Hexi District	100%	Residential	89,799	233,041	Under construction
Tianjin	Gate of Peace	Heping District	100%	Residential/ Commercial	18,705	161,772	Under construction
Tianjin	International Community	Jinnan District	100%	Residential/ Commercial	2,476,886	3,274,001	Under construction
Tianjin	Glory Source	Hexi District	100%	Residential/ Commercial	67,969	204,032	Under construction
Tianjin	River Mansion	Hebei District	60%	Residential/ Commercial	86,023	249,637	Under construction
Tianjin	City Plaza	Hedong District	51%	Residential/ Commercial	151,416	1,176,221	Under construction
Shijiazhuang	Brilliant Prospect	Chang'an District	100%	Residential/ Commercial	76,476	272,394	Under construction
Changchun	Lake Mansion	West Town Development Zone (Green Park)	100%	Residential	199,114	520,072	Under construction
Shenyang	No.1 Urban Resort	Heping District	100%	Residential/ Commercial	108,608	301,866	Under construction
Shenyang	Central Now	Dadong District	100%	Residential/ Commercial	160,300	392,380	Under construction
Shenyang	Origin Mansion	Huanggu District	100%	Residential/ Commercial	98,405	277,323	Under construction
Harbin	Cloudy Bay	Nangang District	100%	Residential/ Commercial	147,477	485,327	Under construction
Hong Kong	Grand Mayfair	Kam Tin South	33.3%	Residential	41,687	114,896	Under construction
Hong Kong	One Victoria	Kai Tak District	80%	Residential	9,048	55,192	Under construction

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

MAJOR PROJECTS UNDER DEVELOPMENT *(continued)*

City	Project	Location	Group's interest %	Intended Use	Site Area (sq m)	Total GFA (sq m)	Progress
Hong Kong	New Kowloon Inland Lot No. 6576	Kai Tak District	30%	Residential	9,583	67,081	Under construction
Hong Kong	New Kowloon Inland Lot No. 6554	Kai Tak District	30%	Residential	18,353	111,953	Under construction
Hong Kong	Twin Victoria	Kai Tak District	50%	Residential	5,548	30,514	Under construction

COMMERCIAL PROPERTIES





Annual Summary

- The Group's revenue from commercial properties for the year was RMB5.26 billion, an increase of 1.8% compared to last year (if excluding rental relief impact, an increase of 6.9% compared to last year), among which the rental income from the investment properties for the year, including Grade A office buildings, shopping malls and long-term leased apartments, was RMB4.74 billion, which accounted for more than 90.1% of the total revenue from commercial properties, an increase of 1.6% compared to last year (if excluding rental relief impact, an increase of 7.2% compared to last year). Income from hotel and other commercial properties was RMB520 million, an increase of 3.8% compared to last year.
- The gain arising from changes in fair value of investment properties amounted to RMB4.80 billion, a decrease of 13.4% compared to last year. The net gains after tax attributable to the shareholders of the Company amounted to RMB3.12 billion, a decrease of 17.2% compared to last year.

Kimpton Bamboo Grove Suzhou Hotel



Management Discussion and Analysis (continued)

COMMERCIAL PROPERTIES *(continued)*

The Group maintains a long-term approach, continues to cultivate the integrated urban ecosystem, and has established a diverse array of high-quality assets, well-known brands, and operating platforms from office buildings, shopping malls and long-term leased apartments to hotels, industrial parks, senior living and elderly care, and more, it has generated strong prospects for revenue growth.

The Group upholds its high-quality development strategy, and actively manages its investment portfolio of commercial properties to respond to market changes. During the year, the Group added 15 commercial properties in operation, with an additional GFA of 880,000 sq m, achieving quality growth in the commercial properties portfolio. Among these were five shopping malls, with total GFA 420,000 sq m, which accounted for approximately 50% of the area of newly added commercial properties in operation during the year, and the Group continued to optimise its asset combination. At 31 December 2022, the total GFA of commercial properties held by the Group Series of Companies has reached 10.55 million sq m. Among this, the total GFA of the commercial property in operation was 6.65 million sq m, including 56 office buildings, 23 shopping malls, 18 star-rated hotels, and 17 long-term leased apartments. The commercial properties under development and to be developed comprise a total of GFA of 3.90 million sq m, which will be launched into the market progressively during the period of 14th Five-Year Plan, laying the foundation for the long-term growth of the Group Series of Companies' rental income.

The Group has continuously enhanced its asset management service capacity and realised its value on asset management, and further expanded its diversification of revenue. At 31 December 2022, the Group's commercial asset-light management business covered 940,000 sq m, including office buildings, shopping malls and long-term leased apartments. During the year, the Group obtained four high-quality asset-light projects, with a total area of 450,000 sq m, located in the core areas of higher-tier cities including Shanghai and Shenzhen, encompassing large-scale commercial complexes and Grade A office buildings. The Group's competence in asset management was once again acknowledged by the industry and partners.

The Group's commercial property business was recognised as a leader in the industry. During the year, the Group's commercial operations achieved great success through professional asset management capabilities, winning various industry awards including "Annual Influential Operator of Commercial Real Estate 2022", "The Performance Award of Commercial Operators 2022", and "The Performance Award of Commercial Real Estate Enterprises 2022".

Looking ahead, the Group will continue to support the sustainable development of the commercial property business, boost the resilience of its investment portfolio through active asset management, bring long-term stable income to the Group, balance risks and seize investment opportunity, and strengthen the Group's all-round competitiveness.

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTIES *(continued)*

At 31 December 2022, the total GFA of the Group Series of Companies' commercial properties in operation and commercial properties under development or to be developed was 6.65 million sq m and 3.90 million sq m respectively, composing of the followings:

Type	Commercial properties in operation		Commercial properties under development/to be developed		Total	
	Number	Total GFA (<i>'000 sq m</i>)	Number	Total GFA (<i>'000 sq m</i>)	Number	Total GFA (<i>'000 sq m</i>)
Office Buildings	56	3,540	19	1,920	75	5,460
Shopping Malls	23	2,120	16	1,420	39	3,540
Hotels	18	690	9	260	27	950
Long-term Leased Apartments	17	300	14	300	31	600
Total	114	6,650	58	3,900	172	10,550

The newly added commercial properties in operations by the Group in 2022 are listed below:

Name of property	Type	City	Total GFA (<i>'000 sq m</i>)
China Overseas Fortune Center Tower B	Office Building	Beijing	71
Asian Games City Plaza Phase 1	Shopping Mall	Guangzhou	49
Jin'an Unielite	Shopping Mall	Beijing	31
Yinghai Unifun	Shopping Mall	Beijing	94
Unielite	Shopping Mall	Suzhou	35
Huashan Unipark	Shopping Mall	Jinan	211
Unilive Apartment (Hongqiao International)	Long-term Leased Apartment	Shanghai	6
Unilive Apartment (Huashan International)	Long-term Leased Apartment	Jinan	12
Unilive Apartment (Tianfu International)	Long-term Leased Apartment	Chengdu	47
Renaissance Zhuhai Hotel	Hotel	Zhuhai	82
The COLI Hotel	Hotel	Fuzhou	60
Ascott Qinghuang Chengdu	Hotel	Chengdu	44
Grand Hyatt Shenzhou Peninsula	Hotel	Hainan	79
The COLI Hotel	Hotel	Jinan	37
Kimpton Bamboo Grove Suzhou	Hotel	Suzhou	25
Total			883

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTIES *(continued)*

Office Buildings

The scale and operational standards of the Group's office buildings business continue to lead the industry, the Group continues to focus investment on core assets in higher-tier cities, to sustain a strong and stable rental income.

At 31 December, 2022, the Group Series of Companies operated 56 office buildings, with a total GFA of 3.54 million sq m. All are located in first- and second-tier cities. During the year, rental income from office buildings was RMB3.42 billion, of which 51% was in first-tier cities. The group's business strategy of commercial buildings focuses on prime locations in major cities, and solid and steady operations performance has ensured stable rental income under cyclical fluctuations.

The Group's office buildings business has actively expanded to include asset-light business under the competitive advantages of sound management and scale efficiency. During the year, under the development strategy of focusing on its core assets in higher-tier cities, the Group worked with several partners to get three asset management service contracts for Grade A office buildings in higher-tier cities, with a total managed area of 350,000 sq m. Among them, the Group worked with partners to operate a benchmark Expo Shanghai China CK project in the prime area of Pudong. The Group has co-operated with a Shenzhen state-owned enterprise to operate Shenzhen Satellite Communication

Operations Building, entering into core area of Bao'an Centre in Shenzhen. At 31 December, 2022, the Group was operating 11 asset-light projects, with a total managed area of 760,000 sq m.

During the year, the market was weakened under the impact of the pandemic, the Group Series of Companies, through industry-leading operational efficiency and strong customer base, leased out 850,000 sq m of office space, a year-on-year increase of 14%. At the same time, the Group continued to expand the proportion of premium customers and optimise the tenant structure. At 31 December 2022, cornerstone tenants occupied 45% of the leased area, and 115 Fortune 500 enterprises were newly brought in as tenants. The Group continued to accumulate high-quality tenants to further enhance its competitive advantage in office buildings business.

Shopping Malls

During the year, the Group newly added five shopping malls into operation: Guangzhou Asian Games City Plaza Phase I, Beijing Jin'an Unielite, Beijing Yinghai Unifun, Suzhou Unielite and Jinan Huashan Unipark, with an additional GFA of 420,000 sq m, accounting for approximately 50% of the total GFA of newly added commercial properties in operation during the year, supporting the expansion of the business.



Beijing China Overseas Fortune Centre Tower B



Suzhou Unielite

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTIES *(continued)*

Shopping Malls *(continued)*

Based on the rapid expansion of management scale and continuous improvement of operational capabilities, the Group's shopping malls business focused on high-consumption potential in core areas, and accelerating the expansion of its asset-light business. During the year, the Group successfully obtained the large-scale shopping mall project of Guangzhou Haiyu Xi'an Phoenix Plaza and worked with partners to build a flagship for commercial properties in Nansha. The Group's competence in asset management was once again recognised by the partners. In addition, the first shopping mall of the asset-light project in Tiexiang Temple Water Street, Chengdu held its grand opening during the year.

At 31 December 2022, the Group's shopping malls business managed an area 29.2% greater than last year. During the year, under the effects of frequent pandemic outbreaks, rental income from shopping malls increased to RMB1.20 billion, helping to achieve to the annual performance.

Long-term Leased Apartments

The Group long-term leased apartments business progressed steadily and continued to expand in higher-tier cities. At 31 December 2022, the Group Series of Companies operated in 14 cities around the four core urban agglomerations of Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta and Chengdu-Chongqing. During the year, three new projects came to market in Shanghai, Chengdu and Jinan, providing an enhanced living experience with comprehensive facilities for new citizens and young people, through standardised service systems and professional operating and service abilities, creating a core residential area within the integrated urban ecosystem. At the same time, the Group actively cooperated with the government on an apartment project for talented workers, namely the G60 talent apartment in Songjiang District, Shanghai, to effectively address housing needs and enrich the housing supply.



Chengdu Unilive Apartment (Tianfu International)

Hotels

The hotel business hews to the concept of “Enjoy a relaxing space and wonderful experience”, dedicated to providing high-quality sojourns. During the year, six hotels were opened, including Kimpton Bamboo Grove Suzhou and Hainan Grand Hyatt Shenzhou Peninsula. At 31 December 2022, the Group Series of Companies operated 18 hotels.



Hainan Grand Hyatt Shenzhou Peninsula Hotel

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTIES *(continued)*

MAJOR COMPLETED COMMERCIAL PROPERTIES

	Name of property and location	Type	Group's interest (%)	City	Year of expiry of lease term	Total area (sq m)
(a)	China Overseas Building Mid-Town Bai Shi Road, Xiangzhou District, Zhuhai	Office Building and Shopping Mall	100	Zhuhai	2060 2050	204,335
(b)	China Overseas International Center Unipark Qianhe North Road, Xiangzhou District, Zhuhai	Office Building and Shopping Mall	90	Zhuhai	2058 2048	293,234
(c)	China Overseas Building Unipark No. 111 Zhongyi Two Road, Tianxin District, Changsha	Office Building and Shopping Mall	100	Changsha	2046	203,758
(d)	China Overseas Building No. 76 Yanji Road, Shibei District, Qingdao	Office Building	100	Qingdao	2047	61,319
(e)	China Overseas Plaza Jiu Qu Zhuang Road, Shizhong District, Jinan	Office Building	100	Jinan	2049	103,588
(f)	China Fortune Tower No. 1568–1588, Century Avenue, Pudong New District, Shanghai	Office Building	51	Shanghai	2054	95,622
(g)	China Overseas International Center Unielite Intersection of East Jianguo Road and Huangpi South Road, Huangpu District, Shanghai	Office Building and Shopping Mall	100	Shanghai	2056 2046	149,907
(h)	China Overseas Fortune Center No. 9 Suzhou Avenue West, Suzhou Industrial Park, Suzhou	Office Building	100	Suzhou	2050	171,671
(i)	China Overseas Plaza Tower A Meijiatang, Rehenan Road, Gulou District, Nanjing	Office Building	100	Nanjing	2057	97,867
(j)	China Overseas Plaza Tower B Meijiatang, Rehenan Road, Gulou District, Nanjing	Office Building	100	Nanjing	2057	58,213
(k)	China Overseas International Center Phase One to Three No. 199 Jincheng Road, Gaoxin District, Chengdu	Office Building	100	Chengdu	2047	360,828
(l)	China Overseas International Center Blocks F & G Jiaozi Road, Gaoxin District, Chengdu	Office Building	100	Chengdu	2051	138,810
(m)	China Overseas International Center Block J Jiaozi Road, Gaoxin District, Chengdu	Office Building	100	Chengdu	2052	92,727

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTIES (continued)

MAJOR COMPLETED COMMERCIAL PROPERTIES (continued)

	Name of property and location	Type	Group's interest (%)	City	Year of expiry of lease term	Total area (sq m)
(n)	China Overseas Building No. 3, Furong South Road, Yanta District, Xi'an	Office Building	100	Xi'an	2080	34,932
(o)	China Overseas Building No. 257 Zhiyin Avenue, Hanyang District, Wuhan	Office Building	100	Wuhan	2053	61,279
(p)	China Overseas International Center The south junction of Yingze Bridge West and Jinci Road, Wanbailin District, Taiyuan	Office Building	100	Taiyuan	2053	269,885
(q)	China Overseas International Center Wujiaba Area, Guandu District, Kunming	Office Building	100	Kunming	2058	112,629
(r)	China Overseas Plaza Jianguomenwai Avenue, Chaoyang District, Beijing	Office Building	100	Beijing	2053	145,332
(s)	China Overseas Property Plaza Yong Ding Men West Bin He Road, Dongcheng District, Beijing	Office Building	100	Beijing	2043	87,699
(t)	China Overseas International Center of Aonan Community Unielite No. 4 Parcel at intersection of Anding Road and Beitucheng East Road, Beijing	Office Building and Shopping Mall	100	Beijing	2060 2050	127,824
(u)	China Overseas Building Lao Gu Cheng Village JB Parcel, Shijingshan District, Beijing	Office Building	100	Beijing	2053	50,162
(v)	China Overseas Property Building No. 96 Taipingqiao Avenue, Xicheng District, Beijing	Office Building	100	Beijing	2051	24,668
(w)	Beijing (H Parcel) Lao Gu Cheng Village H Parcel, Shijingshan District, Beijing	Office Building	100	Beijing	2054	28,946
(x)	China Overseas Building Blocks C & D Lao Gu Cheng Village JA Parcel, Shijingshan District, Beijing	Office Building	100	Beijing	2055	69,770
(y)	Jin'an China Overseas Fortune Center Towers A, B & C Jin'an Unielite Areas B and C of Renovation of North Xin'an Shanty Town, Shijingshan District, Beijing	Office Building and Shopping Mall	100	Beijing	2067	232,435

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTIES (continued)

MAJOR COMPLETED COMMERCIAL PROPERTIES (continued)

	Name of property and location	Type	Group's interest (%)	City	Year of expiry of lease term	Total area (sq m)
(z)	China Overseas International Center Blocks A & B, No. 905A, Nandi West Road, Heping District, Shenyang	Office Building	100	Shenyang	2050	114,590
(aa)	China Overseas Building Intersection of Dongting Road and Heiniucheng Road, Hexi District, Tianjin	Office Building	100	Tianjin	2055	95,477
(ab)	China Overseas Plaza No. 57 Wujiayao Street, Hexi District, Tianjin	Office Building	100	Tianjin	2053	95,300
(ac)	China Overseas Fortune Center Dongting Road, Hexi District, Tianjin	Office Building	100	Tianjin	2055	74,608
(ad)	One Finsbury Circus One Finsbury Circus, London, U.K.	Office Building	100	London	Freehold	19,260
(ae)	61 Aldwych 61 Aldwych, London, U.K.	Office Building	100	London	Freehold	16,482
(af)	Carmelite House Carmelite House, 50 Victoria Embankment, London, U.K.	Office Building	100	London	Freehold	12,447
(ag)	One South Place (The Helicon) 1 South Place, London, U.K.	Office Building	100	London	Freehold	21,150
(ah)	Qiandeng Lake Unipark No. 18 Guilanzhong Road, Nanhai District, Foshan	Shopping Mall	100	Foshan	2052	130,895
(ai)	Yingyue Lake Unipark No. 6 Shilong South Road, Nanhai District, Foshan	Shopping Mall	100	Foshan	2048	126,637
(aj)	Guangzhou Asian Games City Plaza Phase 1 No. 43, Kangti Road, Yanyuncheng Community, Shilou Town, Panyu District, Guangzhou	Shopping Mall	73.3	Guangzhou	2050	48,702
(ak)	Huashan Unipark No. 1688 Jiangjun Road, Licheng District, Jinan	Shopping Mall	100	Jinan	2056	210,923
(al)	Unielite No. 168 Zhuhui Road, Gusu District, Suzhou	Shopping Mall	100	Suzhou	2045	35,095
(am)	Unipark No. 39 Qingliangmen Street, Gulou District, Nanjing	Shopping Mall	100	Nanjing	2048	131,875

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTIES (continued)

MAJOR COMPLETED COMMERCIAL PROPERTIES (continued)

	Name of property and location	Type	Group's interest (%)	City	Year of expiry of lease term	Total area (sq m)
(an)	Tianfu Unifun Xianghe Fourth Street, Tianfu New District, Chengdu	Shopping Mall	100	Chengdu	2055	70,749
(ao)	Yinghai Unifun Southwest of the intersection of Jingfu Road and Yingnan Street, Daxing District, Beijing	Shopping Mall	100	Beijing	2059	93,585
(ap)	Heping Unipark No. 368 Nanjing South Street, Heping District, Shenyang	Shopping Mall	100	Shenyang	2054	190,491
(aq)	Unipark Intersection of Jiefang South Road and Lushui Road, Hexi District, Tianjin	Shopping Mall	100	Tianjin	2060	154,520
(ar)	China Overseas COLI Hotel No. 168 Dayun Road, Longgang District, Shenzhen	Hotel	100	Shenzhen	2057	85,659
(as)	Sheraton Hotel Shenzhou Peninsula Tourism Resort, Dongao Town, Wanning	Hotel	80	Wanning	2057	56,192
(at)	Fupeng Hotel Shenzhou Peninsula Tourism Resort, Dongao Town, Wanning	Hotel	80	Wanning	2057	46,345
(au)	Grand Hyatt Shenzhou Peninsula Shenzhou Peninsula Tourism Resort, Dongao Town, Wanning	Hotel	80	Wanning	2059	79,350
(av)	China Overseas Pullman Hotel No. 2029 Jiuzhou Avenue West, Xiangzhou District, Zhuhai	Hotel	100	Zhuhai	2060	23,423
(aw)	Renaissance Zhuhai Hotel Qianhe North Road, Xiangzhou District, Zhuhai	Hotel	90	Zhuhai	2058	82,156
(ax)	The COLI Hotel Building 56, Zhonghai Uniworld, No.1 Gaoxin Avenue, Minhou Country, Fuzhou	Hotel	100	Fuzhou	2055	60,299
(ay)	The COLI Hotel No. 1710 Jiangjun Road, Licheng District, Jinan	Hotel	100	Jinan	2056	37,258

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTIES *(continued)*

MAJOR COMPLETED COMMERCIAL PROPERTIES *(continued)*

	Name of property and location	Type	Group's interest (%)	City	Year of expiry of lease term	Total area (sq m)
(az)	Kimpton Bamboo Grove Suzhou No. 168 Zhuhui Road, Gusu District, Suzhou	Hotel	100	Suzhou	2045	25,177
(ba)	Ascott Qinghuang Chengdu Qinhuangsi Business District, Tianfu New District, Chengdu	Hotel	100	Chengdu	2058	44,528
(bb)	Guotai Hotel No. 12 Yong'anxili, Jianguomenwai Street, Chaoyang District, Beijing	Hotel	100	Beijing	2053	11,286
(bc)	Ascott Macau R. Cidade de Braga, Nape, Macau	Hotel	100	Macau	2049	15,886
(bd)	Unilive Apartment (Huashan International) No. 96-10 Jiangjun Road, Licheng District, Jinan	Long-term Leased Apartment	100	Jinan	2056	12,119
(be)	Unilive Apartment (Shanghai Xiaokunshan Store) No. 150-154, Lane 368, Wennan Road, Songjiang District, Shanghai	Long-term Leased Apartment	100	Shanghai	2087	9,808
(bf)	Unilive Apartment (Shanghai Lin-Gang Free Trade Zone Store) 1088 Lane, Lanbo Road, Fengcheng Town, Fengxian District, Shanghai	Long-term Leased Apartment	100	Shanghai	2087	17,151
(bg)	Unilive Apartment (Hongqiao International) No. 1247 Xiehe Road, Changning District, Shanghai	Long-term Leased Apartment	100	Shanghai	2089	6,214
(bh)	Unilive Apartment (Hangzhou Binjiang Store) No. 387 Binkang Road, Binjiang District, Hanzhou	Long-term Leased Apartment	100	Hangzhou	2088	8,348
(bi)	Unilive Apartment (Tianfu International) Qinhuangsi Business District, Tianfu New District, Chengdu	Long-term Leased Apartment	100	Chengdu	2058	46,605
(bj)	Unilive Apartment (Beijing Fangshan Store) About 90 meters away from the northeast of Xicheng International, Changhong West Road, Fangsgan District, Beijing	Long-term Leased Apartment	100	Beijing	2057	33,891

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTIES *(continued)*

MAJOR COMMERCIAL PROPERTIES UNDER CONSTRUCTION

	Name of property and location	Type	Group's interest (%)	City	Estimated year of completion	Year of expiry of lease term	Total area (sq m)
(a)	China Overseas International Center No. 2 Longkunbei Road, Haikou	Office Building	100	Haikou	2023	2058	121,111
(b)	Hongqi Village Project Block 106, Shiquan Road Street, Putuo District, Shanghai	Office Building, Shopping Mall and Long-term Lease Apartment	100	Shanghai	2023 2023 2023	2060 2060 2070	440,927
(c)	Si'an Street Project Si'an Street East, Suzhou Avenue North, Suzhou Industrial Park, Suzhou	Office Building	100	Suzhou	2023	2059	75,309
(d)	Qinhuangsi No. 1 Site Project Xinglong Street, Tianfu New District, Chengdu	Office Building, Shopping Mall and Hotel	100	Chengdu	2027	2058	555,500
(e)	Gate of Peace Project Intersection of Nanjing South Street and Changhbai South Road, Heping District, Shenyang	Office Building, and Long-term Lease Apartment	100	Shenyang	2023	2054 2084	123,867
(f)	City Plaza East Haihe Road, Hedong District, Tianjin	Office Building	51	Tianjin	2026	2066	238,654



Management Discussion and Analysis (continued)

OTHER PROPERTY-RELATED OPERATIONS

PLANNING AND CONSTRUCTION DESIGN

Hua Yi, a wholly owned subsidiary of the Group, has established a solid reputation in the industry with its professional, high-quality design services, and has actively expanded the design market of the Guangdong-Hong Kong-Macao Greater Bay Area, contributing to the integrated development of Shenzhen and Hong Kong. During the year, Hua Yi was engaged in more than 300 design projects. Among them, the Shenzhen Nanshan Zhizao Honghualing project, won by tender by Hua Yi, is set to be China's first "High-rise Industry" demonstration project; The China Overseas Building in Houhai, Shenzhen, designed by Hua Yi, is the first ever 5A zero-carbon smart high-rise office building in China, marking a breakthrough in Hua Yi's design of green and low-carbon developments. Notably, the project has obtained LEED Gold, WELL Gold and Three-star Pre-certification of Healthy Building Design. The Bao'an People's Hospital Overall Reconstruction Project (Phase II) in Shenzhen, designed by Hua Yi, was shortlisted for an award, in the "Future project – Health" category, at the 2022 World Architecture Festival (WAF), known as the "Oscars of the architecture industry".

During the year, Hua Yi was recognised as an "Advanced Unit of Shenzhen Green Building Association", "Advanced Collective of Shenzhen Construction Industrialisation Industry", and was further awarded titles including "Advanced Enterprise in Civil Engineering and Construction Science and Technology Innovation in Guangdong Province" and "Outstanding National Foreign-invested Enterprise – Doubly Excellent".

SENIOR LIVING AND ELDERLY CARE BUSINESS

The Group's senior living and elderly care business has maintained high-quality services and strong operational capacity, actively supporting a varied and happy life for the elderly. At 31 December 2022, two five-star senior apartment complexes, Jinan and Qingdao China Overseas Jinnian, as well as Tianjin China Overseas Jinnian four-star senior apartment complex and Wuxi China Overseas Jinnian Fangting senior apartment complex, have entered operation.

During the year, the Group and the China Real Estate Association jointly organised the "9th Senior Living and Health Project Exchange Conference and Lake Taihu Forum" in Wuxi to conduct policy explanation, market analysis, experience sharing, industry introduction, and project coordination to promote communication and cooperation among enterprises.

LOGISTICS PROPERTIES AND INDUSTRIAL PARKS

The Group will continue to explore new economic fields, to further develop industrial parks and logistics properties, and build environmentally friendly, green low-carbon parks. At 31 December 2022, the industrial and logistics businesses of the Group Series of Companies were established in Tianjin and Hefei, covering industries such as life sciences and modern logistics. During the year, the park's standing was further enhanced through a collaboration with the local government and scientific research institutions to build a featured industrial service platform.

Management Discussion and Analysis (continued)



China Overseas Building

LAND RESERVE

The Metropolis, Anqing



Annual summary

- During the year, the Group acquired 40 land parcels in 16 cities in mainland China, adding a total GFA of 7.39 million sq m to the land reserve and the total land premium was RMB110.72 billion.
- During the year, the major associate COGO increased its land reserve by 2.21 million sq m.
- At 31 December 2022, the total land reserve of the Group Series of Companies reached 68.42 million sq m.



Management Discussion and Analysis (continued)

LAND RESERVE *(continued)*

With the long-term strategy of steady development, the Group pursued the investment strategy of “major cities, mainstream areas and mainstream products”, focused on higher-tier cities, and cleaving to high-quality development and steady progress; the Group increased land investment in the non-public market, and adhered to access high-quality land parcels through diversified, multiple channels, implemented business concepts, and actively collaborated with partners. At the same time, the Group continues to reinforce its standardisation process, enhance the professionalism of various business systems, and improve the efficiency of investment decision-making and the accuracy of investment research and assessment.

During the year, the “two centralised” land supply policy remained effective. The situation across the country was uneven, especially in terms of urban and regional differentiation. The Group continued to increase investment in major cities. During the year, the Group acquired 14 high-quality land parcels in the first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen with a total attributable land premium of RMB45.88 billion, accounting for 53.1% of the annual increase in total attributable land premium. The Group has grown its investment scale in first-tier cities, while effectively managing its land costs. The overall investment presence is being continuously optimised.

The Group actively expanded in the non-public market, and obtained high-quality land through multiple channels. During the year, the Group secured two premium land parcels on the southern and northern parts of the west side of Taihangshan Road on the west coast of Qingdao, and seized the opportunity to acquire the equity interests of Guangzhou Asian Games City project held by Agile Group and Shimao Group, at a total consideration of RMB3.67 billion, becoming the project's largest shareholder. The Group focused on selecting the highest-quality assets in higher-tier cities and acquired equity interests in several projects in Guangzhou, Shanghai and Chengdu, with a total investment of RMB10.66 billion during the year. The Group will continue to search out further acquisition opportunities.

During the year, the Group acquired 40 land parcels in 16 cities in mainland China, adding a total GFA of 7.39 million sq m to the land reserve (attributable interest of 6.09 million sq m). The total land premium was RMB110.72 billion (attributable interest of RMB86.38 billion).

Management Discussion and Analysis (continued)

LAND RESERVE *(continued)*

The table below shows the details of land parcels added in 2022:

City	Name of Development Project	Attributable Interest	Land Area (<i>'000 sq m</i>)	Total GFA (<i>'000 sq m</i>)
Beijing	Changping District Project	100%	60	216
Beijing	Daxing District Project	100%	23	85
Shanghai	Yangpu District Project	80%	34	170
Xiamen	Jimei District Project	100%	9	39
Chongqing	Yubei District Project #1	100%	59	162
Chengdu	Tianfu New Area Project #1	100%	38	110
Chengdu	High-tech Industrial Development Zone Project	100%	94	338
Chengdu	Tianfu New Area Project #2	100%	21	60
Changsha	Tianxin District Project #1	100%	131	339
Ningbo	Haishu District Project	100%	30	90
Nanjing	Jiangning District Project	100%	68	127
Guangzhou	Baiyun District Project	100%	25	116
Nanchang	High-tech Industrial Development Zone Project	100%	66	194
Beijing	Shijingshan District Project #1	99%	29	116
Xi'an	High-tech Industrial Development Zone Project #1	100%	51	207
Beijing	Shunyi District Project	70%	158	311
Dalian	High-tech Industrial Development Zone Project	100%	21	73
Qingdao	Huangdao District Project #1	51%	35	144
Qingdao	Huangdao District Project #2	51%	53	222
Ningbo	Jiangbei District Project	100%	80	291
Chengdu	Tianfu New Area Project #3	50%	47	170
Chongqing	Yubei District Project #2	100%	134	275
Beijing	Fengtai District Project #1	20%	44	163
Changsha	Tianxin District Project #2	100%	220	658

Management Discussion and Analysis (continued)

LAND RESERVE *(continued)*

The table below shows the details of land parcels added in 2022: *(continued)*

City	Name of Development Project	Attributable Interest	Land Area (‘000 sq m)	Total GFA (‘000 sq m)
Shenzhen	Longhua District Project	70%	12	97
Xiamen	Siming District Project #1	40%	26	139
Dongguan	Nancheng Subdistrict Project	100%	16	78
Beijing	Haidian District Project #1	100%	48	125
Beijing	Haidian District Project #2	100%	46	161
Beijing	Fengtai District Project #2	100%	39	140
Ningbo	Yinzhou District Project	100%	31	115
Tianjin	Hexi District Project #1	100%	74	203
Tianjin	Hexi District Project #2	100%	15	43
Xi’an	High-tech Industrial Development Zone Project #2	100%	68	267
Xiamen	Siming District Project #2	48.5%	69	361
Shenzhen	Guangming District Project	100%	29	240
Beijing	Shijingshan District Project #2	100%	30	106
Shenzhen	Qianhai Cooperation Zone Project	30%	24	165
Dongguan	Songshan Lake Science and Technology Industrial Park Project	20%	60	309
Xiamen	Huli District Project	30%	40	168
Total			2,157	7,393

At 31 December 2022, the Group Series of Companies (excluding COGO) had a total land reserve of 43.89 million sq m (attributable interest of 37.58 million sq m).

During the year, the major associate COGO increased its land reserve by 2.21 million sq m. At 31 December 2022, COGO’s total land reserve was 24.53 million sq m (attributable interest of 20.75 million sq m).

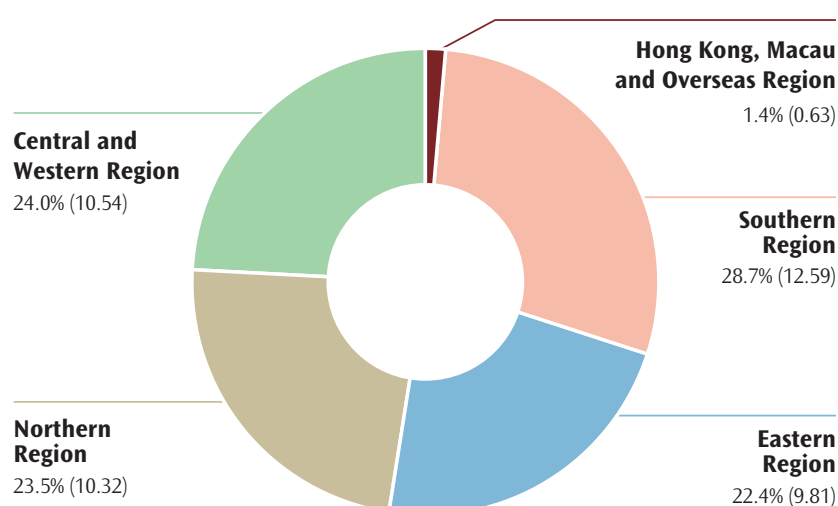
The total land reserve of the Group Series of Companies reached 68.42 million sq m. So far, the Group Series of Companies have penetrated into the real estate market in a total of 90 onshore and offshore cities, forming a better presence across the cities.

Management Discussion and Analysis (continued)

LAND RESERVE *(continued)*

BREAKDOWN OF LAND RESERVE BY REGION*

million sq m



Southern Region:	Shenzhen, Dongguan, Haikou, Wanning, Sanya, Foshan, Zhaoqing, Guangzhou, Changsha, Xiamen, Fuzhou, Zhuhai, Jiangmen, Zhongshan, Nanchang, Zhangzhou
Eastern Region:	Shanghai, Jiaxing, Suzhou, Wuxi, Nanjing, Zhenjiang, Ningbo, Wenzhou, Taizhou (台州), Hangzhou, Jinan, Qingdao, Yantai, Weihai
Central and Western Region:	Chengdu, Xi'an, Kunming, Chongqing, Urumqi, Guiyang, Zhengzhou, Taiyuan, Wuhan, Ezhou
Northern Region:	Beijing, Tianjin, Shijiazhuang, Changchun, Shenyang, Harbin, Dalian

* Representing the Group Series of Companies (excluding COGO)

Management Discussion and Analysis (continued)

LAND RESERVE *(continued)*

LAND RESERVE DISTRIBUTION*

Total Land Reserve

	City	Total Area ('000 sq m)
Southern Region	Guangzhou	2,690
	Shenzhen, Dongguan	2,510
	Changsha	1,810
	Foshan, Zhaoqing	1,760
	Xiamen, Zhangzhou	1,310
	Haikou, Wanning, Sanya	1,020
	Zhuhai, Jiangmen, Zhongshan	780
	Nanchang	450
	Fuzhou	260
	Sub-total	12,590
Eastern Region	Jinan	2,760
	Shanghai, Jiaxing	2,040
	Suzhou, Wuxi	1,640
	Qingdao	1,210
	Nanjing, Zhenjiang	880
	Ningbo, Wenzhou, Taizhou (台州)	660
	Hangzhou	550
	Yantai, Weihai	70
	Sub-total	9,810
Central and Western Region	Chongqing	3,100
	Taiyuan	1,850
	Chengdu	1,840
	Wuhan, Ezhou	1,630
	Xi'an	650
	Guiyang	590
	Zhengzhou	390
	Kunming	270
	Urumqi	220
	Sub-total	10,540
Northern Region	Tianjin	3,230
	Beijing	2,440
	Shenyang	1,790
	Changchun	1,180
	Dalian	870
	Harbin	620
	Shijiazhuang	190
	Sub-total	10,320
Hong Kong, Macau and Overseas Region	Hong Kong	630
	Sub-total	630
Total		43,890

* Representing the Group Series of Companies (excluding COGO)



Sketch map of coastline





● Cities with land reserve

● Cities with land parcels added in 2022

■ Southern Region

■ Eastern Region

■ Central and Western Region

■ Northern Region

■ Hong Kong, Macau and Overseas Region

Management Discussion and Analysis (continued)

GROUP FINANCE

FINANCIAL AND TREASURY MANAGEMENT PRINCIPLES

The Group continues to adhere to the principle of prudent financial fund management, adhere to cash flow management as the core policy, adhere to the “centralised management; unified arrangement” of funds, accelerate turnover, operate steadily, and continue to consolidate cost control advantages. The Group will conduct financing activities through multiple channels according to its business needs, actively optimise debt structure, and work to manage healthy and reasonable gearing levels and borrowing costs.

The Group continues to maintain a prudent financial strategy. The net debt to equity ratio and other related indicators are lower than the “three red lines” metrics. It is a “green category” enterprise, and the net debt to equity ratio was in the lowest bracket in the industry. At 31 December 2022, the net current assets were RMB383.25 billion, the current ratio was 2.4 times, net gearing was 45.2%; and the cash on hand was RMB110.31 billion. During the year, the Group’s weighted average borrowing cost was 3.57%, among the lowest in the industry. The three major international credit rating agencies have given the Group industry-leading and stable credit ratings: Fitch A-/Stable; Moody’s Baa1/Stable; and Standard & Poor’s BBB+/Stable.

The Group’s interest coverage ratio was 3.3 times and was calculated as follows:

	2022 (RMB billion)	2021 (RMB billion)
Operating profit	34.88	60.31
Deducting: Total interest income	2.32	1.96
	32.56	58.35
Interest expenses*	9.79	8.13
Interest coverage ratio (times)	3.3	7.2

* Before capitalisation and excluding interest on amounts due to fellow subsidiaries and a related company, associates, joint ventures and non-controlling shareholders.

FINANCING AND TREASURY MANAGEMENT

The Group continues to leverage the advantages of onshore and offshore dual financing platforms, flexibly use multiple tools, optimally apply various financing combinations, and proactively carry out innovative financing, with funds of RMB94.32 billion raised during the year. In 2022, the Group arranged a total of RMB20.04 billion of offshore loans, including a five-year syndicated loan of HK\$12.11 billion with 12 banks in Hong Kong, being the largest bank financing among China property developers during the year, and a sustainability-related club loan of GBP100 million which is the Group’s first green offshore bank financing. The Group issued a total of RMB28.50 billion of onshore bonds, of which RMB10.50 billion was corporate bonds; RMB13.00 billion was medium-term notes; and RMB5.00 billion was green carbon neutral commercial mortgage-backed securities products.

Management Discussion and Analysis (continued)

GROUP FINANCE *(continued)*

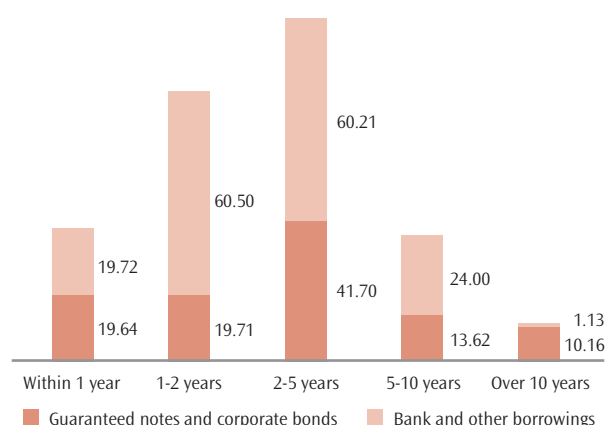
FINANCIAL RESOURCES AND DEBT STRUCTURE

During the year, the Group raised funds from onshore and offshore debt financing amounting to RMB94.32 billion. Total repayment of debts amounted to RMB76.96 billion. Sales proceeds collection was RMB190.77 billion and other operating cash collection was RMB11.12 billion. Total operating cash collection amounted to RMB201.89 billion. Total capital expenditure payments for the Group were RMB183.52 billion (of which RMB105.48 billion was for land costs and RMB78.04 billion was for construction expenditure). At 31 December 2022, the Group had unpaid land premiums of RMB11.36 billion, while bank and other borrowings, and guaranteed notes and corporate bonds due to mature in the first half of 2023, amounted to RMB16.13 billion.

At 31 December 2022, the Group had bank and other borrowings amounting RMB165.56 billion while guaranteed notes and corporate bonds amounted to RMB104.83 billion. Total debt amounted to RMB270.39 billion, of which RMB39.36 billion will mature within a year, accounting for 14.6% of total debt. Among the total debt, 62.6% was denominated in renminbi, 22.6% was denominated in HK dollars, 14.5% was denominated in US dollars and 0.3% was denominated in pounds sterling. The fixed-rate debt accounted for 49.4% of total debt while the remaining was floating-rate debt.

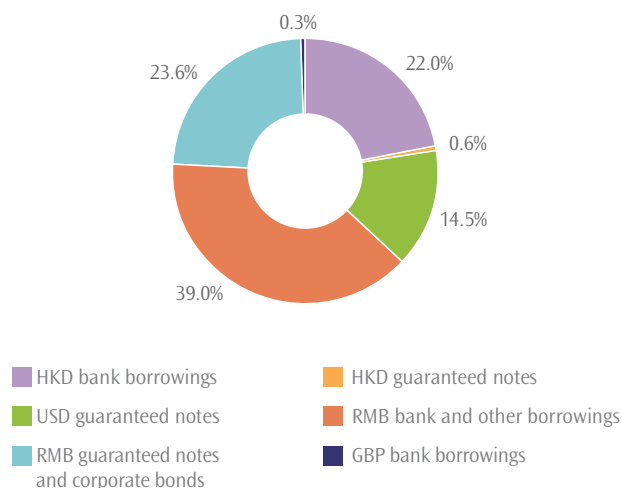
INTEREST-BEARING DEBT MATURITY PROFILE AT 31 DECEMBER 2022

RMB billion



INTEREST-BEARING DEBT BY CURRENCY

AT 31 DECEMBER 2022



Management Discussion and Analysis (continued)

GROUP FINANCE *(continued)*

Repayment schedule	2022 (RMB billion)	2021 (RMB billion)
Bank and other borrowings		
Within one year	19.72	38.22
More than one year, but not exceeding two years	60.50	38.63
More than two years, but not exceeding five years	60.21	74.65
More than five years	25.13	10.81
Total bank and other borrowings	165.56	162.31
Guaranteed notes and corporate bonds		
10-year (US\$700 million, due November 2022)	—	4.40
30-year (US\$300 million, due November 2042)	2.03	1.87
10-year (US\$500 million, due October 2023)	3.41	3.14
30-year (US\$500 million, due October 2043)	3.38	3.12
10-year (US\$450 million, due May 2024)	3.06	2.82
10-year (US\$250 million, due May 2024)	1.71	1.59
20-year (US\$500 million, due June 2034)	3.38	3.12
10-year (RMB6.0 billion, due August 2026) (iii)	1.90	1.90
5-year (US\$750 million, due April 2023)	5.15	4.75
10-year (US\$750 million, due April 2028)	5.13	4.73
6-year (RMB2.0 billion, due January 2025) (ii)	—	2.00
7-year (RMB1.5 billion, due January 2026) (iii)	1.50	1.50
5.5-year (HK\$2.0 billion, due January 2025)	1.76	1.62
10-year (US\$450 million, due July 2029)	3.09	2.85
10-year (US\$294 million, due November 2029)	2.01	1.85
5-year (US\$300 million, due March 2025)	2.05	1.89
10-year (US\$500 million, due March 2030)	3.40	3.13
15-year (US\$200 million, due March 2035)	1.36	1.26
18-year (RMB3.701 billion, due April 2038) (ii)	3.68	3.69
6-year (RMB2.0 billion, due August 2026) (ii)	2.00	2.00
18-year (RMB3.001 billion due August 2038) (iii)	3.00	3.00
3-year (RMB2.4 billion due November 2023)	2.40	2.40
3-year (RMB1.5 billion due December 2023)	1.50	1.50
3-year (RMB1.5 billion due January 2024)	1.50	1.50
18-year (RMB1.001 billion due March 2039) (ii)	1.00	1.00
3-year (RMB2.0 billion due June 2024)	2.00	2.00
5-year (RMB1.0 billion due June 2026)	1.00	1.00
18-year (RMB2.101 billion due June 2039) (ii)	2.04	2.08
4-year (RMB1.0 billion due July 2025) (i)	1.00	1.00
4-year (RMB2.0 billion due July 2025) (ii)	2.00	2.00
4-year (RMB0.5 billion due August 2025) (i)	0.50	0.50
7-year (RMB1.5 billion due August 2028) (iii)	1.50	1.50
18-year (RMB1.901 billion due November 2039) (ii)	1.89	1.90

Management Discussion and Analysis (continued)

GROUP FINANCE *(continued)*

Repayment schedule	2022 (RMB billion)	2021 (RMB billion)
3-year (RMB1.7 billion due November 2024)	1.70	1.70
5-year (RMB1.2 billion due November 2026)	1.20	1.20
3-year (RMB1.3 billion due December 2024)	1.30	1.30
5-year (RMB0.8 billion due December 2026)	0.80	0.80
3-year (RMB1.8 billion due January 2025)	1.80	—
5-year (RMB1.2 billion due January 2027)	1.20	—
5-year (RMB1.0 billion due February 2027)	1.00	—
18-year (RMB5.001 billion due March 2040) (ii)	5.00	—
3-year (RMB2.0 billion due April 2025)	2.00	—
5-year (RMB1.0 billion due April 2027)	1.00	—
3-year (RMB1.5 billion due May 2025)	1.50	—
5-year (RMB1.5 billion due May 2027)	1.50	—
3-year (RMB2.0 billion due May 2025)	2.00	—
5-year (RMB1.0 billion due May 2027)	1.00	—
5-year (RMB2.0 billion due July 2027)	2.00	—
3-year (RMB1.0 billion due September 2025)	1.00	—
5-year (RMB500 million due September 2027)	0.50	—
5-year (RMB1.0 billion due October 2027)	1.00	—
5-year (RMB2.0 billion due December 2027)	2.00	—
5-year (RMB1.0 billion due December 2027)	1.00	—
3-year (RMB1.5 billion due December 2025)	1.50	—
5-year (RMB1.5 billion due December 2027)	1.50	—
Total guaranteed notes and corporate bonds	104.83	79.61
Total debt	270.39	241.92
Deducting:		
Bank balances and cash	110.31	130.96
Net debt	160.08	110.96
Equity attributable to owners of the Company	354.48	343.56
Net gearing (%)	45.2%	32.3%

- (i) The guaranteed notes and corporate bonds with terms for interest rate adjustment and sell back option at the end of second year from interest commencement date
- (ii) The guaranteed notes and corporate bonds with terms for interest rate adjustment and sell back option at the end of third year from interest commencement date
- (iii) The guaranteed notes and corporate bonds with terms for interest rate adjustment and sell back option at the end of fifth year from interest commencement date



Management Discussion and Analysis (continued)

GROUP FINANCE *(continued)*

At 31 December 2022, the Group's available funds amounted to RMB167.99 billion comprising bank balances and cash of RMB110.31 billion and unutilised banking facilities of RMB57.68 billion. Among the bank balances and cash, 94.1% was denominated in renminbi, 4.9% was denominated in HK dollars, 0.7% was denominated in US dollars, 0.1% was denominated in pounds sterling and a small amount was denominated in other currencies, while the above bank balances and cash also included the regulated pre-sales proceeds of properties of RMB25.17 billion.

RISKS OF EXCHANGE RATE AND INTEREST RATE VOLATILITY

In 2022, the global economy became increasingly uncertain in the face of risks related to the Russo-Ukrainian War, soaring global energy prices, and financial market volatility. Mainland China's economy is generally stable, but still faces downward pressure related to the pandemic situation and the international environment. The People's Bank of China cut interest rates three times, while the United States intensified and accelerated interest rate hikes to combat inflation, and the interest rate gap between mainland China and the United States widened. Despite a strengthened US dollar index and overall lower RMB exchange rate against the US dollar, the RMB exchange rate stabilised at the end of the year, and the RMB exchange rate index has been relatively stable against a basket of currencies. The Group offsets exchange rate and interest rate risks mainly through natural hedging and has not participated in any speculative trading of derivative financial instruments, but will carefully consider whether to conduct currency and interest rate swaps at an appropriate time to hedge against corresponding risks. The Board of Directors believes that the Group's exchange rate and interest rate risks are relatively controllable.

Management Discussion and Analysis (continued)

OTHERS

CONTINGENT LIABILITIES

At 31 December 2022, the Group provided guarantees amounting to RMB80.89 billion for the repayment of the mortgage bank loans granted to purchasers of the Group's properties. The Group had counter indemnities amounting to RMB1.36 billion for guarantees issued in respect of certain construction contracts undertaken by the Group.

In addition, as at 31 December 2022, the Group had provided guarantees to banks amounting to RMB0.66 billion, RMB8.15 billion and RMB0.19 billion in respect of credit facilities granted to and utilised by its associates, joint ventures and other entity respectively.

The Group has never incurred any losses in the past as a result of granting such guarantees.

CHARGE OF ASSETS

At 31 December 2022, certain of the Group's assets with carrying values of RMB58.01 billion have been pledged to secure its bank and other borrowings and guaranteed notes and corporate bonds.

MAJOR RISKS AND UNCERTAINTIES

The business and prospects of the Group mainly depend on the performance of the property market in mainland China, Hong Kong and Macau and are therefore affected by the risks associated with the property markets in mainland China, Hong Kong and Macau, including economic situation, policy changes, exchange rate fluctuations, interest rate changes, adjustments of tax rules, and imbalances in supply and demand. In addition, the operation of the Group is also unavoidably affected by various industry-specific risk factors in property development, property investment and related businesses. Also, misconduct from buyers, tenants, and strategic business partners or other related factors may, to various extents, adversely impact its operation. The Group has formulated accident prevention systems and policies and endeavours to avoid the occurrence of any unexpected financial loss, litigation or reputational damage. In future, the Group will closely monitor changes in these risks and the environment. It will also pay attention to interest rate risk and foreign exchange risk and take timely measures to reduce any impacts on its businesses. For more details of the principal risks faced by, and key control measures taken by the Group during the year, please refer to the "Risk Management and Internal Controls Report" in this annual report.

Directors and Senior Management

From left to right: **Mr. ZHANG Zhichao**, **Mr. YAN Jianguo**, **Mr. LUO Liang**, **Mr. GUO Guanghui**



Directors and Senior Management (continued)

BOARD OF DIRECTORS

Executive Directors

Mr. YAN Jianguo

JP

Chairman and Executive Director

Aged 56, graduated from Chongqing Institute of Architectural and Engineering (now known as Chongqing University) majoring in Industrial and Civil Construction in 1989, and obtained an MBA degree from Guanghua School of Management in Peking University in 2000 and a PhD degree in Marketing from Wuhan University in 2017. Mr. Yan joined 中國建築集團有限公司 (China State Construction Engineering Corporation*) in 1989 and had been seconded to the Company twice. During the years 1990 to 1992, he had been working for the Shenzhen company of China Overseas Development Group Co., Ltd.* (the “Property Group”, a wholly-owned subsidiary of the Company) and had held a number of positions, including site engineer and department head. He was assigned to the Company again from 2001 to 2011 and had been Assistant General Manager of Guangzhou company, Deputy General Manager of Shanghai company, General Manager of Suzhou company, General Manager of Shanghai company, Vice Managing Director of the Property Group and President of Northern China regional companies. Mr. Yan had worked in 中國建築集團有限公司 (China State Construction Engineering Corporation*) from 2011 to June 2014 and had been Director of the General Office, General Manager of Information Management Department, Chief Information Officer and Assistant General Manager.

Mr. Yan joined Longfor Properties Co. Ltd. (listed in Hong Kong) in June 2014 and resigned on 5 December 2016. During the period, he had held a number of positions including Executive Director and Senior Vice President. Mr. Yan was appointed as Executive Director and Chief Executive Officer of the Company from 1 January 2017, has become Chairman of the Company and continued to serve as Chief Executive Officer of the Company from 13 June 2017, and ceased to act concurrently as Chief Executive Officer of the Company on 11 February 2020. Mr. Yan was the Chairman and Non-executive Director of China Overseas Property Holdings Limited (listed in Hong Kong) and the Chairman of China Overseas Grand Oceans Group Limited (“COGO”) (listed in Hong Kong) from 13 June 2017 to 11 February 2020, and Non-executive Director of COGO until 22 April 2021. Mr. Yan was appointed as the Chairman and Non-executive Director of China State Construction International Holdings Limited (“CSC”) (listed in Hong Kong) on 22 March 2019 and resigned as the Chairman of CSC and continued to act as Non-executive Director of CSC on 24 February 2023.

Besides acting as the Chairman and Executive Director of the Company and a director of certain subsidiaries of the Company, Mr. Yan is currently the Chairman and President of China Overseas Holdings Limited (“COHL”) and a director of certain of its subsidiaries and a member of the 14th National Committee of the Chinese People’s Political Consultative Conference. COHL is the substantial shareholder of the Company within the meaning of the Securities and Futures Ordinance. He has about 33 years’ experience in construction business, real estate investment and management.

* English translation for identification purpose only



Directors and Senior Management (continued)

Mr. LUO Liang

Vice Chairman, Executive Director, Chief Architect, Member of the Corporate Governance Committee

Aged 58, graduated from Huazhong University of Science and Technology, holder of a master's degree, and a professor-level senior architect. Mr. Luo joined the Group in 1999 and has been appointed as the Chief Architect of the Group and one of its subsidiaries as from October 2002 and February 2018 respectively, the Executive Director of the Company as from March 2007, the Vice Chairman of the Company as from February 2020. He was the Vice President, the Executive Vice President and the Chief Operating Officer of the Company from August 2009 to May 2022. Mr. Luo is currently also a Member of the Corporate Governance Committee of the Company and a director of certain subsidiaries of the Group. Mr. Luo has about 34 years' architectural experience.

Mr. ZHANG Zhichao

Executive Director and Chief Executive Officer

Aged 43, graduated from the Southeast University majoring in Construction Engineering in 2001. Upon graduation, he joined the Shanghai company of the Property Group, and since then, he worked in various business units within the Property Group, such as engineering department, investment planning department, and acted as Deputy General Manager of Suzhou company, General Manager of Hefei company, General Manager of Wuxi company, and General Manager of Suzhou company. Mr. Zhang has been serving as Assistant President of the Company and General Manager of Northern China regional companies since May 2017, and in January 2019, he was appointed as Vice President of the Company. With effect from 11 February 2020, Mr. Zhang has also been appointed as the Executive Director and Chief Executive Officer of the Company. Mr. Zhang is currently the director of COHL which is the substantial shareholder of the Company within the meaning of the Securities and Futures Ordinance, and a director of certain subsidiaries of the Group. He has about 21 years' experience in property development and corporate management.

Mr. GUO Guanghui

Executive Director and Vice President

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 the Company and its subsidiaries in 2006 and is currently the Vice President of the Company and a director of certain subsidiaries of the Group and was appointed Executive Director of the Company with effect from 12 June 2018. Mr. Guo is currently a Non-executive Director of COGO (listed in Hong Kong). Mr. Guo has about 28 years' management experience in corporate finance and accounting.

Directors and Senior Management (continued)

Non-executive Directors



Mr. ZHUANG Yong
Vice Chairman and Non-executive Director

Aged 46, graduated from the 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 the Property Group in 2000 and since then, he worked in various business units within the Property Group, such as human resources department, sales and marketing management department, and acted as Deputy General Manager of Shanghai company, General Manager of Nanjing company, General Manager of Suzhou company and Assistant General Manager of Western China regional companies. From 2015 to 2017, Mr. Zhuang served as the Assistant President of the Company, General Manager of Northern China regional companies and Vice President of the Company, and since October 2018, as General Manager of South China regional companies. With effect from 11 February 2020, Mr. Zhuang has also been appointed as the Non-executive Director and Vice Chairman of the Board of the Company, and the Chairman and Executive Director of COGO (listed in Hong Kong). Mr. Zhuang is currently the director of COHL which is the substantial shareholder of the Company within the meaning of the Securities and Futures Ordinance. He has about 22 years' experience in corporate management.



Mr. ZHAO Wenhai
Non-executive Director

Aged 55, graduated from Tsinghua University, obtained a Bachelor of Science in Engineering and a Master of Science in Engineering. Mr. Zhao has served as general manager of Department of Strategic Development of CITIC Group Corporation ("CITIC Group") since June 2022. Mr. Zhao had been director assistant of Strategic and Planning Department, deputy general manager of Department of Risk Management, deputy general manager of Legal and Compliance Department of CITIC Group, deputy general manager of Department of Strategic Development of CITIC Group, general manager of CITIC Mining Technology Development Co., Ltd.. Mr. Zhao has been appointed as Non-executive Director of the Company with effect from 20 October 2021.

Directors and Senior Management (continued)

Independent Non-executive Directors



Dr. FAN HSU Lai Tai, Rita

GBM, GBS, JP

**Independent Non-executive Director,
Chairman of the Nomination Committee,
Member of the Audit and Risk Management Committee,
Member of the Remuneration Committee,
Member of the Corporate Governance Committee**

Aged 77, joined the Board as an Independent Non-executive Director of the Company on 2 February 2009 and has served the Company for about 14 years. Dr. Fan is a Member of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee of the Company and has been appointed as Chairman of the Nomination Committee of the Company on 2 February 2009. Dr. Fan has been appointed Member of the Corporate Governance Committee of the Company on 29 March 2021. She is one of Hong Kong's best-known public figures and has an outstanding track record of service to the community. Dr. Fan was appointed to the Legislative Council from 1983 to 1992 and was a Member of the Executive Council from 1989 to 1992. She became the President of the Provisional Legislative Council in 1997, and has since been re-elected as the President of the First, Second and Third Legislative Council. Her term of office ended on 30 September 2008. Dr. Fan has served as President of the legislature of the Hong Kong Special Administrative Region ("HKSAR") for 11 years.

In the lead-up to Hong Kong's reunification with China, Dr. Fan played a valuable role as a Member of the Preliminary Working Committee for the Preparatory Committee for the HKSAR from 1993 to 1995 and of the Preparatory Committee for the HKSAR from 1995 to 1997. She was elected as a Hong Kong Deputy for the Ninth to Twelfth sessions of the National People's Congress ("NPC") during 1998 to 2018, and served as a Member of the Eleventh and Twelfth sessions of the Standing Committee of the NPC from 2008 to 2018. Dr. Fan is a Non-official Member of the Candidate Eligibility Review Committee of the HKSAR. She is now serving as the Chairman of Board of Management of Endeavour Education Centre Limited and the Endeavour Education Trust and a member of Hong Kong Laureate Forum Council.

After graduating from St. Stephen's Girls' College, Dr. Fan studied at the University of Hong Kong, and was awarded a bachelor's degree in Science, and later on, received a master's degree in Social Science. She also received the Honorary Doctorate in Social Science from the University of Hong Kong, the City University of Hong Kong, the Hong Kong Polytechnic University, and the Education University of Hong Kong respectively, and an Honorary Doctorate in Law from the China University of Political Science and Law of the People's Republic of China. Her record of public service has been acknowledged by the HKSAR Government through the award of the Gold Bauhinia Star in 1998 and Hong Kong's top award, the Grand Bauhinia Medal, in 2007.

Dr. Fan is also an Independent Non-executive Director, a Member of the Audit Committee, the Nomination Committee and the Chairman of the Remuneration Committee of COSCO SHIPPING Ports Limited (formerly known as COSCO Pacific Limited) (listed in Hong Kong); and an Independent Non-executive Director, the Chairman of the Remuneration Committee and a Member of the Nomination Committee of The Bank of East Asia, Limited (listed in Hong Kong).

She served as an Independent Non-executive Director, a Member of the Nomination Committee, the Audit Committee and the Chairman of the Remuneration Committee of China Shenhua Energy Company Limited; and an Independent Non-executive Director, a Member of the Nomination Committee and the Chairman of the Remuneration Committee of COSCO SHIPPING Holdings Co., Ltd.* (formerly known as China COSCO Holdings Company Limited).

* English translation for identification purpose only

Directors and Senior Management (continued)



Mr. LI Man Bun, Brian David

JP, MA (Cantab), MBA, FCA

***Independent Non-executive Director,
Chairman of the Audit and Risk Management Committee,
Member of the Nomination Committee,
Member of the Remuneration Committee,
Member of the Corporate Governance Committee***

Aged 48, joined the Board as an Independent Non-executive Director of the Company on 19 March 2013 and was appointed Chairman and Member of the Audit and Risk Management Committee, Member of the Nomination Committee and Member of the Remuneration Committee on the same day. He was appointed Member of the Corporate Governance Committee on 29 March 2021. Mr. Li is Co-Chief Executive of The Bank of East Asia, Limited ("BEA") (listed in Hong Kong), responsible for the overall management and control of BEA with a particular focus on its China and international businesses. Mr. Li joined BEA in 2002 and served as General Manager & Head of Wealth Management Division from July 2004 to March 2009. Mr. Li was subsequently appointed Deputy Chief Executive in April 2009, Executive Director in August 2014, and Co-Chief Executive of BEA in July 2019.

Mr. Li is currently an Independent Non-executive Director and Chairman of the Board Audit and Risk Committee of Towngas Smart Energy Company Limited (listed in Hong Kong), an Independent Non-executive Director and Chairman of the Remuneration Committee of Shenzhen Investment Holdings Bay Area Development Company Limited (listed in Hong Kong), and an Independent Non-executive Director and Chairman of the Audit Committee of Guangdong Investment Limited (listed in Hong Kong).

Mr. Li holds a number of public and honorary positions, including being a member of the National Committee of the Chinese People's Political Consultative Conference and a Vice Chairman of its Committee on Social and Legal Affairs, a Member of the Chief Executive's Council of Advisers of the Government of Hong Kong Special Administrative Region, a Council Member of the Hong Kong Trade Development Council, a Director of the Financial Services Development Council; a Member of the Process Review Panel for the Securities and Futures Commission; a Member of the Disaster Relief Fund Advisory Committee, and a Vice Chairman of the Asian Financial Cooperation Association.

Mr. Li is a Fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is also a Member of the Hong Kong Academy of Finance; an Honorary Certified Banker of The Hong Kong Institute of Bankers and a Full Member of the Treasury Markets Association. Mr. Li holds an MBA degree from Stanford University and a BA degree from the University of Cambridge.

Directors and Senior Management (continued)



Professor CHAN Ka Keung, Ceajer

GBS, JP

***Independent Non-executive Director,
Chairman of the Remuneration Committee,
Chairman of the Corporate Governance Committee,
Member of the Audit and Risk Management Committee,
Member of the Nomination Committee***

Aged 66, joined the Board as an Independent Non-executive Director of the Company on 27 June 2020 and was appointed Chairman and Member of the Remuneration Committee, Member of the Audit and Risk Management Committee and Member of the Nomination Committee on the same day. He was appointed Chairman of the Corporate Governance Committee on 29 March 2021. Professor Chan is the chairman of WeLab Bank Limited and senior advisor of WeLab Holdings Limited, a leading fintech company in Asia with one of the first virtual banks established in Hong Kong. He was appointed as Secretary for Financial Services and the Treasury of the Government of the Hong Kong Special Administrative Region from July 2007 to June 2017. Prior to that, he was Dean of Business and Management in the Hong Kong University of Science and Technology ("HKUST"). He is currently Adjunct Professor at HKUST Business School and received the Honorary Doctorate from HKUST in July 2020.

Professor Chan received his bachelor's degree in economics from Wesleyan University and his M.B.A. and Ph.D. in finance from the University of Chicago. Professor Chan specialised in assets pricing, evaluation of trading strategies and market efficiency and has published numerous articles on these topics.

Professor Chan is currently a member of Competition Commission. In the past, he held a number of public service positions including chairman of the Consumer Council, director of the Hong Kong Futures Exchange, and member of the Commission on Strategic Development, Commission on Poverty, the Exchange Fund Advisory Committee, the Hang Seng Index Advisory Committee, the Hong Kong Council for Academic Accreditation and Non-executive Director of The Hong Kong Mortgage Corporation Limited.

In addition, Professor Chan is also an Independent Non-executive Director of Guotai Junan International Holdings Limited, Langham Hospitality Investments and Langham Hospitality Investments Limited, NWS Holdings Limited and Hong Kong Aerospace Technology Group Limited, all of which are listed in Hong Kong. He is also an Independent Non-executive Director of CMB International Capital Corporation Limited and Greater Bay Area Homeland Investments Limited. Professor Chan was a Non-executive Director of Trivium Holdings Limited and MTR Corporation Limited.

Directors and Senior Management (continued)

Senior Management

Mr. XU Feng
Vice President

Aged 47, graduated from Zhejiang University, senior engineer. Mr. Xu joined China State Construction Engineering Corporation in 1999, joined the Group in 2004. He has about 25 years' management experience in human resources management and corporate management.

Mr. LUI Sai Kit, Eddie
Chief Financial Officer

Aged 59, graduated from York University in Canada, holder of a master's degree in Business Administration from University of Ottawa in Canada. Mr. Lui is a member of the Hong Kong Institute of Certified Public Accountants, the American Institute of Certified Public Accountants, the Chartered Institute of Management Accountants of United Kingdom and the Chartered Professional Accountants of Canada. Mr. Lui joined the Group in 2018. He has about 36 years' experience in financial management and corporate financing.

Mr. XU Wendong
Vice President

Aged 56, graduated from Harbin Institute of Civil Engineering and Architecture (now known as Harbin Institute of Technology), senior engineer, architect. Mr. Xu joined the Group in 2001. He has about 35 years' experience in architectural design and corporate management.

Mr. LIU Xianrong
Vice President

Aged 51, graduated from Harbin University of Architecture and Engineering (now known as Harbin Institute of Technology), senior economist. Mr. Liu joined the Group in 1995. He has about 28 years' experience in sales and marketing planning and corporate management.

Mr. LIU Huiming
Vice President

Aged 45, graduated from Tsinghua University, holder of a master's degree in Engineering, senior engineer. Mr. Liu joined the Group in 2003. He has about 20 years' management experience in construction and corporate management.

Mr. WANG Linlin
Vice President

Aged 45, graduated from Shenyang Institute of Civil Engineering and Architecture, and holds a master's degree in management from Harbin Institute of Technology. He is a senior engineer. Mr. Wang joined China State Construction Engineering Corporation in 2000 and joined the Group in 2007. He has about 23 years' experience in human resources, commercial operations and corporate management.

Mr. LI Yingjun
Vice President

Aged 44, graduated from Southeast University and holds a master's degree in management from Southeast University. Mr. Li joined the Group in 2003. He has about 20 years' experience in investment planning, sales and marketing planning and corporate management.

Mr. GUO Lei
Vice President

Aged 51, graduated from Shenyang Institute of Civil Engineering and Architecture, and holds a master's degree in management from Harbin University of Architecture and Engineering (now known as Harbin Institute of Technology) and a doctorate degree in management from Harbin Institute of Technology. He is a professor-level senior engineer. Mr. Guo joined the Group in 2003. He has about 30 years' experience in engineering, contract and corporate management.

Mr. LIU Changsheng
Vice President

Aged 45, graduated from Hunan Normal University and holds a master's degree in management from Nanjing University. Mr. Liu joined the Group in 2004. He has about 19 years' experience in sales and marketing planning and corporate management.

Mr. CHENG Xin
Assistant President

Aged 47, graduated from Southeast University and holds a master's degree in Business Administration from China Europe International Business School. Mr. Cheng joined the Group in 2017. He has about 27 years' experience in investment planning and corporate management.

Mr. FU Xiwei
Assistant President

Aged 44, graduated from Southeast University and holds a master's degree in management from Southeast University. Mr. Fu joined the Group in 2004. He has about 19 years' experience in investment planning and corporate management.

Sustainable Development

Changning One, Shanghai



Metropolis Time, Beijing



Sustainable Development

Pursuing the strategic objective of “becoming an exceptional global property development corporation”, the Group firmly adheres to its sustainability strategy of “Four Excellences” and provides its customers with “Good products and services”, encourages our professional team to improve efficiency, pursues innovation and change, fulfills its corporate social responsibility of being a “Good Citizen” and achieves long-term and persistent “Good Effectiveness”.

SUSTAINABILITY REPORT

During the year, the Group continued to strengthen disclosure transparency and credibility of the Environmental, Social and Governance (ESG) report in compliance with the Guidance under Appendix 27 of the Hong Kong Stock Exchange, and the Global Reporting Initiative (GRI) Standards and with reference to Standards of Sustainability Accounting Standards Board (SASB) and the United Nations’ Guide for Business Action on the Sustainable Development Goals (SDGs). The Group invited a third-party verification organisation to conduct independent assurance for the Group’s ESG Report, responding to the expectations of the capital market. With growing concern for climate change issues, the Group gradually refined the climate-related disclosures of the “Proposals on Task Force on Climate-related Financial Disclosures” (TCFD) during the year, completed climate change scenario analysis on physical and transition risks to understand the impacts of climate change on the Group’s business in selected areas in terms of exposure and sensitivity under different scenarios, and identified the high-risk areas for the formulation of appropriate climate change response policies.

The Board of Directors of the Group in 2020 delegated the Executive Committee to be responsible for the Group’s ESG matters. To strengthen the Board’s involvement in all ESG-related matters, a Board-level Corporate Governance Committee, where the majority of its members is Independent Non-executive Directors of the Group, has been established in March 2021 so as to take its corporate responsibility and sustainable development to the next level. The Corporate Governance Committee provided long term direction and strategies on sustainability-related matters, identify ESG risks, and review and monitor management’s execution of sustainability projects. To support the Corporate Governance Committee, we also have an established organisation structure of an ESG Working

Leadership, and had established the ESG strategic framework under the framework of being “a Company of Four Excellences”, for planning and achieving qualitative and quantitative sustainability targets.

The Group’s ESG initiatives and management achievements have been highly recognised by the capital market. The Group was admitted into index constituents of the “Hang Seng Corporate Sustainability Index” (HSSUS) for thirteen consecutive years (Top 30 Hong Kong-listed companies with the best ESG performance), was enlisted in the “Hang Seng ESG 50 Index” for three consecutive years, and was included in the newly launched “Hang Seng Climate Change 1.5° C Target Index” in May 2022. The Group was also granted the “2022 Influential Companies for ESG Development Top 10” by Guandian New Media, “China Property of Supreme Excellence Award 2022”, “BCI Asia Top 10 Developers (Hong Kong)”, and the Platinum Award at “The Asset ESG Corporate Awards 2022”, and other authoritative honors.



**Hang Seng Corporate
Sustainability Index
Series Member 2022-2023**

The Group was admitted into index constituents
of the “Hang Seng Corporate Sustainability Index”
(HSSUS) for thirteen consecutive years

RELATIONSHIP WITH KEY STAKEHOLDERS

Inter-departmental communication and cooperation are essential to sustainability management. During the year, the ESG Working Leadership held meetings, so as to review the implementation progress of the “2023 Sustainability Targets” and the gap compared to corresponding regulatory and capital market requirements in 2022; conducted internal analysis; meanwhile systematically sort out the sustainable development goals, further integrate the Group’s business development with sustainable development strategies, and set the Group-level medium and long-term (2025 and 2030) sustainable development goals; as well as reviewed major sustainability issues and strategic framework for the Group.

Sustainable Development (continued)

DECARBONISATION PLAN

In active response to mainland China's "14th Five-Year Plan" and "3060" goals of achieving carbon peak and carbon neutrality, the Group established Carbon Peak and Carbon Neutrality Working Leadership to guide and organise decarbonisation work of the Group, under the Group's sustainable development strategic framework of "a Company of Four Excellences". The Group completed the related background research and analysis, as well as comprehensive carbon audit. The Group also has set medium-to-long-term decarbonisation targets of reducing at least 30% Scope 1 and 2 carbon emissions intensity per unit area by 2030, and striving to achieve carbon neutrality by 2060.

SUSTAINABLE BUILDINGS

The Group established and disclosed on the website "Sustainable Development Policy" and "Environmental Policy", which define its management directions for improving environmental sustainability in its business strategies. By implementation of various management system and programs, the Group is committed to incorporate environmental considerations into architectural design, construction and operation, which include but are not limited to adopting sustainable building design and operating standards, procuring products that have lower environmental impact, improving energy efficiency and fulfilling targets on reducing carbon emission.

In order to comply with and strives to go beyond requirements of environment-related laws, the Group continues to optimise and implement the internal construction standards of "Technical Guidance for Green Building", and other green building standards such as "Technical Manual for Green Building", which are compiled based on mainland China's "Evaluation Standard of Green Building" and the American LEED and WELL evaluation criteria, along with active promotion of the management system certification work, as well as continuous practice of the environmental protection concept "smart technology, green and healthy". The Group has completed 24 management system certifications including certification of ISO9001 quality management system, ISO14001 environmental management system and ISO45001 occupational health and safety management system certification and others.

As of the end of 2022, the Group had newly added 79 green building standard projects, and had accumulated 569 green building certifications, including National Green Building Star Certifications, US LEED certification, US BOMA certification, US WELL certification and UK BREEAM certification, corresponding to an accumulative green GFA reaching 98.69 million sq m. In particular, the new project of China Overseas Building is the role model of the Group's zero-carbon building. Aiming to build the first-ever 5A-level high-rise office building with nearly zero-energy building and zero-carbon building (operation stage) in China, China Overseas Building has obtained the National Three-star Green Building Label, Three-star Healthy Building Label, Nearly Zero-Energy Building, WELL Platinum Certification, LEED Platinum Certification and a variety of pre-certifications. The building was also the only commercial project among all zero-carbon building technology demonstration projects of the Ministry of Housing and Urban-Rural Development in 2022.



Sustainable Development (continued)

SUSTAINABLE PROCUREMENT

The Group placed great emphasis on sustainable supply chain management, constantly improved the “Supplier Code of Conduct”, and developed a new “Sustainable Procurement Policy” to encourage suppliers to abide by the code of conduct in ten aspects including environmental protection, corporate ethics, and health and safety. In 2022, the Group earnestly carried out the standardisation of green and healthy material procurement, completed the formulation of green procurement category standards, and was acknowledged with the “Green Supply Chain Enterprise” by the Elite Award organised by Ministry of Science and Technology of the People’s Republic of China. During the year, the proportion of the Group’s centralised procurement suppliers that have obtained green building material and green product certification reached 62%, and it is planned to achieve no less than 65% by December 2023. In the future, the Group will strengthen the training for suppliers on topics such as environmental protection, anti-corruption, safety and product quality, and will conduct ethical audits on suppliers to achieve sustainable cooperation.



The Group was acknowledged with the “Green Supply Chain Enterprise” by the Elite Award organised by Ministry of Science and Technology of the People’s Republic of China

SUSTAINABLE PROJECT OPERATION

The Group continues to promote low-carbon and environmentally-friendly operations for owned commercial properties, as well as to introduce low-carbon intelligent technology and use renewable energy equipment, to strengthen energy consumption management, waste management and separation and recycling. All operating commercial projects replaced high-energy luminaires with LED luminaires in 2022. In addition, ten shopping malls of the Group implemented waste sorting and recycling services, and a total of about 32,830 tons of waste have been successfully sorted. In order to improve the accuracy of garbage collection and encourage engagement of merchants, the commercial project held 26 training sessions about garbage classification during the year in which nearly 3,000 people get trained.

CUSTOMER SERVICE

The Group regards its customers as the driving force behind the Group’s efforts in sustainable development and product innovation. The Group upholds the philosophy of providing full-cycle customer service from project positioning, design, construction, sales to post-property occupation service; it continues to include customer satisfaction review in its performance appraisal, so as to constantly improve its products and services.

During the year, the Group continued to optimize the customer service platform “COLI Homes with Happiness (中海·幸福家)” with the functions of apartment inspection, selection, purchase, contract signing, in-take and residence, so as to improve the customer lifecycle experience in one stop. In 2022, the overall customer satisfaction rate scored 90 points, ranking the top three among leading enterprises in the industry.

In 2022, The Group was selected into the white list of the first eight stable delivery real estate companies, and achieved 100% high-quality delivery. The Group was also regarded as “Top 10 Enterprises with Delivery Capabilities in 2022” and “Top 10 Chinese Real Estate Enterprises with Product Capabilities in 2022” by the evaluation giant CRIC.

Sustainable Development (continued)

STAFF DEVELOPMENT

A stable and efficient staff team is the key to a company's success. By taking employees' "talent" and "satisfaction" as two main focuses, the Group continuously refines its performance appraisal and remuneration system, the working environment and networking activities to enhance employees' satisfaction and sense of belonging. As of the end of December, the Group employed 4,351 full-time employees with male to female employees ratio of 2.65:1

Adhering to the human resources strategy of "Diversified and Inclusive Recruitment and Talent Retention" and the talent concept of "Gathering Hard-workers and Inspiring Talents", the Group has implemented a comprehensive performance management system, and measures the efforts and value creations of each employee in an open, fair and equitable manner. The Group continued to expand recruitment channels to select talents through three major recruitment brands, namely "Sons of the Sea", "Sea's Recruits" and "Stars of the Sea". During the year, the Group was awarded the "2022 China Excellent Talent Management Award".



The Group's training mainly centred on "improving systems, empowering business development and strengthening synergy". By the end of December, the Group conducted more than 2,300 training sessions (2021: about 600 training sessions) covering over 70,000 staff participants. Annual training hours per employee were 93 hours (2021: 86 hours), which included project team business knowledge and capabilities, strong business team building, occupational safety, and business ethics.

The Group values employees' health and work-life balance. During the year, the Group provided all employees with annual routine medical examinations and supplementary medical insurance to enhance medical protection. We also established

an employee care programme to provide support and assistance to those who suffer from illness or difficulties. With outstanding performance in talent development and corporate governance, the Group won a number of employer recognition awards in 2022, including but not limited to 51 Job's "2022 Top Human Resources Management Awards", Zhaopin Limited's "Best Employer Award 2022", as well as "2022 Best Employer Brand Ranking Top 3" by Enchanting.

CARING FOR THE COMMUNITY AND MAKING CONTRIBUTIONS

The Group participated in construction of affordable housing and renovation of shantytowns and took the initiative to involve in livelihood protection projects. During the year, a construction area equivalent to 734,000 sq m of the Group's affordable housing was added in 19 cities, including Beijing, Shanghai, Guangzhou, Shenzhen, Fuzhou, Harbin, Hangzhou, Jinan, Nanjing, Ningbo, Qingdao, Shijiazhuang, Taiyuan, Wuhan, Xi'an, Xiamen, Urumqi in Xinjiang, Yantai and Zhuhai, with an accumulated GFA of 4.458 million sq m to address housing difficulties for low-income families.

In 2022, the Group continued to facilitate rural revitalisation in three counties of Gansu Province with a focus on Zhuoni County, assisting in selection of native agriculture product and creating a special new product named "Highland barley & grain porridge" under the quinoa brand "Vale of Clouds" in collaboration with local government. More than 60 promotional activities of "Sea of Hope, Rural Revitalisation" were carried out across the country. Besides, the Group held a week-long Greater Bay Area teacher training programme "Spring Bud Action" at Dongguan Nankai Experimental School to enhance the effectiveness of educational assistance.





Sustainable Development (continued)

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group mainly engages in property investment and development in the PRC, which is under strict regulation. The laws and regulations relating to the Group's operations cover these aspects:

- Establishment of a real estate development enterprise
- Qualification of a real estate developer
- Land for property development
- Sale of commodity properties
- Transfer of real estate
- Mortgages of real estate
- Real estate management
- Measures on stabilising property prices
- PRC taxation
- Foreign currency exchange
- Labour protection

Major laws or regulations	Issues of Concern	Compliance measures
<ul style="list-style-type: none"> • Environmental Impact Assessment Law of the People's Republic of China • Administrative Regulations on Environmental Protection for Construction Projects 	Construction work commencement permit	Environmental impact assessment has been undertaken to ensure that all new projects of the Group undergo a comprehensive review before they are constructed.
<ul style="list-style-type: none"> • Environmental Protection Law of the People's Republic of China • Administrative Regulations on Environmental Protection for Construction Projects • Administrative Regulations on Environmental Protection for Acceptance Examination upon Completion of Buildings • Technical Guidelines of Environmental Protection Inspections for Completed Construction Projects – Pollution Impacts Category • Prevention and Control of Noise Pollution Law of the People's Republic of China • Water Pollution Prevention and Control 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 • Law of the People's Republic of China on the Prevention and Control of Air Pollution 	Protection of the environment and preservation of antiquities and monuments	<p>The Group has established a quality assessment system to regulate the construction work process.</p> <p>The Group has appointed a third-party supervision unit to provide construction supervision services for its property development projects in mainland China.</p> <p>The Group obtained environmental protection acceptance and inspection approvals for all projects.</p>

Sustainable Development (continued)

RELATIONSHIP WITH KEY CORPORATE STAKEHOLDERS

Employee

The Group's employees are located across a number of cities and offices across the PRC. The Group's human resources management policy focuses on two areas:

- Personal development
- Equal Opportunity

The Group maintains and strengthens its core competencies through continuous investment in training and development and maintaining workforce diversity. The annual training hours per employee were 93 hours in 2022. Property development is one of the industries with the highest ratio of male employees. In terms of gender distribution, the ratio of male to female employees is approximately 2.65:1. The Group will continue to monitor diversity indicators and encourage female participation in the industry.

Customers

The Group builds its brand by offering customer-oriented products and services to customers. With business focused on mainland China, the Group develops a wide variety of medium-to-high-end properties in each region to satisfy the needs of different types of customers. To better understand our customers, the Group has been conducting customer satisfaction surveys on a regular basis. The Group has also established an owners' corporation to serve as a critical communication channel between the Group and its customers and a driving force for the Group's community volunteering efforts. The Group will continue to broaden the range of property products, optimise the project development cycle, enhance property quality and improve customer services, in response to and even exceed the rising expectations of our customers.

Suppliers

The Group's suppliers, most of which are engineering suppliers providing major materials, equipment and services for the Group's property development projects, are located across mainland China. As a quality-based national brand, the Group has been working closely with its suppliers. Through supplier screening, evaluation, annual assessment, other management systems and regular communication, the Group makes every effort to ensure that the suppliers share its belief in upholding high product quality and integrity-based corporate culture.

Contractors

The Group outsources the construction process of its property development projects to the contractors. The Group maintains a long-term cooperation relationship with the contractors to ensure strong execution capabilities with standardised and scalable property development procedures. The Group has placed and will continue to place significant emphasis on quality control, environmental protection, health and safety over its project development. Through the implementation of integrated assessments, the Group cooperates with contractors to ensure quality control, environmental protection as well as health and safety of property development projects. Details of the above will be disclosed in the Group's Environmental, Social and Governance Report to be published in April 2023.

Accolades & Awards 2022



Award

The Asset ESG Corporate Awards 2022 – Platinum Award

China Property of Supreme Excellence Award 2022

BCI Asia Top 10 Developer (Hong Kong)

Junzi Corporation Award

The 7th Hong Kong Business Sustainability Index – Performer

Influence Index · 2022 Performance of Outstanding Real Estate Companies

- 2022 Influential Property Developers
- 2022 Property Developers Worth Investment
- 2022 Influential Companies for ESG Development
- 2022 Influential Companies in Capital Market

The 6th China IR Annual Awards

- Best Capital Market Communications Award
- Best ESG Award

Organiser

The Asset

Award Committee on China Property Awards of Supreme Excellence and Property Management Awards of Supreme Excellence

BCI Asia

Hang Seng University of Hong Kong

The Chinese University of Hong Kong, The Center for Business Sustainability of CUHK Business School

Guandian Index Academy

Roadshow China, Excellence IR

Accolades & Awards 2022 (continued)



Award

Organiser

Sustainable Development Excellence Award 2022

The 11th China Finance Summit

No.1 in Listed Real Estate Companies of Excellent Profitability 2022

Guandian Index Academy

2022 Top 30 China Green and Low-carbon Real Estate Index Report

China Investment, The Investment Consulting Special Committee
of IAC, Green Ranking

20221H ESG Competitiveness Ranking

Wind Finance News, MioTech, QuantData, SusallWave,
Shanghai Hundsun Juyuan, Centre Testing International

No.1 in 2022 Leading Brand of China Real Estate Companies &
Brand Value (19 years consecutively)

China Enterprise Evaluation Association, Institute of Real Estate
Studies of Tsinghua University, Beijing China Index Academy

The 19th (2022) Blue Chips Annual Dinner-Valued Sustainable Blue Chip

The Economic Observer

No.1 in Top 30 Listed China Real Estate Companies of Excellence 2022

Guandian Index Academy

No.1 in 2022 Best 10 of China Real Estate Developers Brand Value

Shanghai E-House Real Estate Research Institute

Investor Relations

The management and Corporate Communications Department of the Group update investors (including shareholders, bond investors and analysts) on the Group's performance and business operations through various channels. Following the release of interim and annual results, analyst meetings and post results road shows are held to meet with investors, collect opinions and answer queries directly. The Group voluntarily discloses certain unaudited operating and financial data on a quarterly basis, and announces property sales results and new land acquisitions on a monthly basis to improve the transparency of information disclosure.

The Group communicates and connects closely with investors and interacts with them through conferences arranged by investment banks, company visits, conference call and site visits to property projects. During the year, the Group participated in 41 investment conferences, communicated with more than 2,000 investors, organised 16 deal/non-deal roadshows.

With a gradual interconnection between the Hong Kong and mainland China stock market and bond market, the Group maintains regular communications with mainland investors, and further expands into mainland capital market. Investors from all sectors can obtain more information about the Group by clicking on the page "Investor Relations" at the Group's website.



中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

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2022 Annual Results Announcement





Investor Relations (continued)

MAJOR INVESTOR RELATIONS ACTIVITIES IN 2022

During the year, the Group participated in 41 investment conferences and communicated with more than 2,000 investors, and organised 16 deal/non-deal roadshows.

Months	Activities
January to March	<p>J.P. Morgan's China & Hong Kong Property Day</p> <p>UBS Greater China Conference 2022</p> <p>Morgan Stanley Virtual China Cyclical Corporate Day 2022</p> <p>BNP Paribas Asia Property Forum</p> <p>Barclays China Credit Virtual Corporate Day 2022</p> <p>Announcement of 2021 annual results</p> <p>– Analyst briefing</p> <p>– Post results road shows</p>
May to June	<p>BofA 2022 APAC Financial, Real Estate Equity and Credit Conference</p> <p>Goldman Sachs China Property Corporate Day</p> <p>J.P. Morgan Global China Summit – Property Forum</p> <p>HSBC 9th Annual China Conference – Virtual</p> <p>Daiwa China Conference</p> <p>Morgan Stanley Virtual China Summit</p> <p>Huatai Securities 2022 Midyear Investment Summit</p> <p>Zheshang Securities 1H2022 Conference</p> <p>J.P. Morgan Asia Credit Conference 2022</p> <p>Nomura Investment Forum Asia 2022</p> <p>Shenwan Hongyuan Property and Infrastructure Conference</p> <p>CICC Investment Strategy Conference 2H2022</p> <p>J.P. Morgan Reverse Roadshow</p> <p>China Securities 1H2022 Capital Market Conference</p> <p>CGS-CIMB 7th Annual HK China Property and Property Management Virtual Conference</p> <p>Credit Suisse 2022 HK/China Property Corporate Day</p> <p>Citi Asia Pacific Property Conference 2022</p> <p>HTI China Developers & Property Management Corporate Day 2022</p> <p>Haitong Securities 1H2022 Investment Conference</p> <p>HSBC 6th Annual Asia Credit Conference</p> <p>DBS Vickers 2022 Pulse of Asia: Positioning for Recovery Corporate Day</p> <p>CITIC Securities 1H2022 Conference</p> <p>UBS APAC Property Conference 2022</p> <p>China Industrial Securities 2H2022 Conference</p> <p>Jefferies China Property & Finance Access Days</p>

Investor Relations (continued)

MAJOR INVESTOR RELATIONS ACTIVITIES IN 2022 *(continued)*

Months	Activities
August to September	Announcement of 2022 interim results – Analyst briefing – Post results road shows Nomura Virtual China Investor Forum 2022 29th Annual CITIC CLSA Flagship Investors' Forum 2022 HSBC Global Emerging Markets Forum
October to December	BofA 2022 Asian Credit Conference CICC Virtual Property Investor Conference Goldman Sachs China Conference 2022 Citi's China Investor Conference 2022 BofA 2022 China Conference 2022 CICC Investment Forum CMS Annual Conference Haitong Investment Forum

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

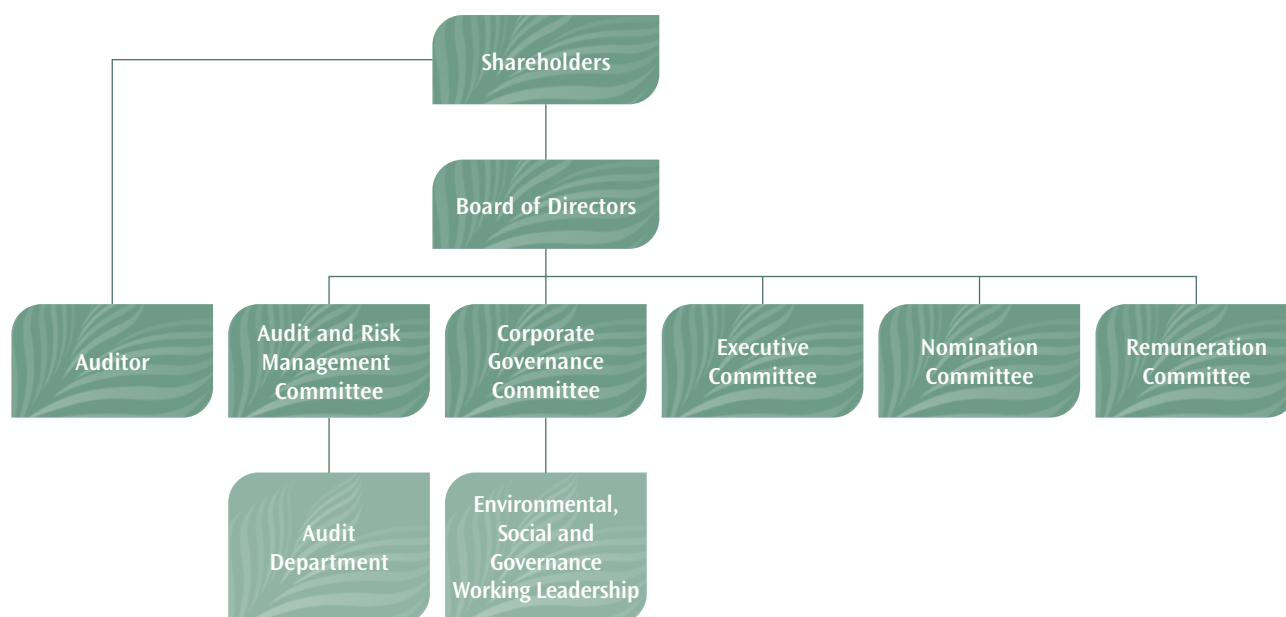
The board (the “Board”) of directors of the Company (the “Directors”) believes that good corporate governance practices are the keys to attain long-term and sustainable growth of the business and safeguard the interests of its shareholders. The Company strives to strengthen its corporate governance practices appropriate to the conduct and growth of the Group’s business, the cornerstone of which is to have an experienced, committed Board and an effective internal control to enhance its transparency and accountability to the shareholders of the Company.

The Company has applied the code provisions set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) from time to time.

The Board is of the view that the Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 December 2022. Key corporate governance principles and practices of the Company as well as the status of the Company’s compliance with the CG Code are summarised below.

CORPORATE GOVERNANCE STRUCTURE

The following persons are contributing to the Company’s corporate governance:



Corporate Governance Report (continued)

BOARD OF DIRECTORS

Management Functions

The Board is responsible for the overall strategic leadership and management of the Group with the objectives of enhancing shareholder value and presenting a balanced, clear and understandable assessment of the Company's performance, position and prospects in the annual and interim reports, announcements and other financial disclosures as required under the Listing Rules, and reports to regulators any information required to be disclosed pursuant to statutory requirements.

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 Board supervises and controls the implementation of strategies of the Company and its operation and financial performance of the Company, formulates appropriate risk control policies and procedures in pursuit of the business strategies of the Group, performs and maintains a high standard of corporate governance of the Company and promotes the communication with its shareholders.

The day-to-day management, administration and operation of the Company are delegated to the Executive Committee of the Company and the management team. The Board gives clear directions to the management as to their powers and authorities, and circumstances in which the management should report back to the Board and obtain approval from the Board prior to entering into any commitment by the management.

The Board also delegates certain specific responsibilities to five Board committees of the Company, namely the Executive Committee, the Audit and Risk Management Committee, the Corporate Governance Committee, the Nomination Committee and the Remuneration Committee, to implement internal supervision and control on each relevant aspect of the Company. Responsibilities and functions of each Board committee are described below. All the Board committees will report to the Board on their decisions or recommendations made.

Board Composition

The Board currently consists of four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors.

Executive Directors

Mr. Yan Jianguo (*Chairman*)

Mr. Luo Liang (*Vice Chairman and Chief Architect*)

Mr. Zhang Zhichao (*Chief Executive Officer*)

Mr. Guo Guanghui (*Vice President*)

Non-executive Directors

Mr. Zhuang Yong (*Vice Chairman*)

Mr. Zhao Wenhui

Independent Non-executive Directors

Dr. Fan Hsu Lai Tai, Rita

Mr. Li Man Bun, Brian David

Professor Chan Ka Keung, Ceajer

The biographical details of the Directors and the relationships among the Directors (if any) are set out in the section headed "Directors and Senior Management" on pages 78 to 85 of this annual report.

Corporate Governance Report (continued)

BOARD OF DIRECTORS *(continued)*

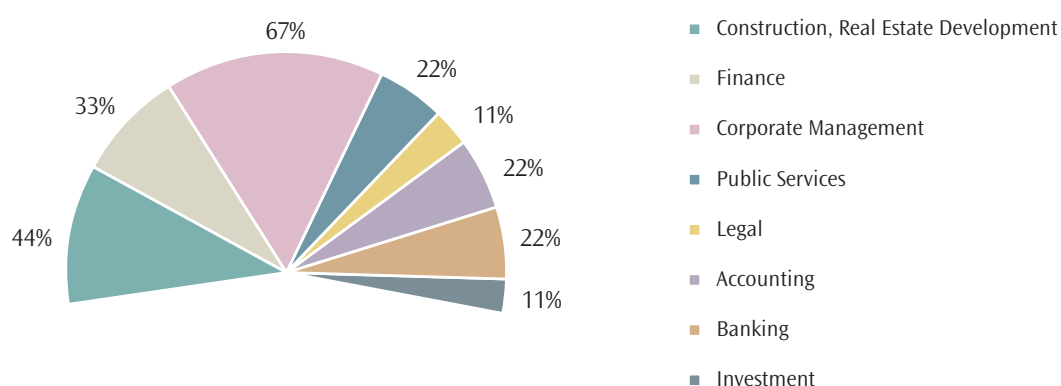
Board Composition *(continued)*

The current composition of the Board reflects an appropriate mix of skills, experience and diversity of perspectives among its members that are relevant to the Company's strategy, governance and business and contribute to the Board's effectiveness.

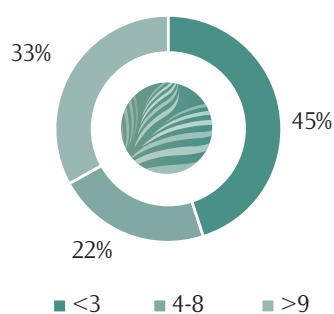
Board composition and diversity are as follows as at 31 December 2022:



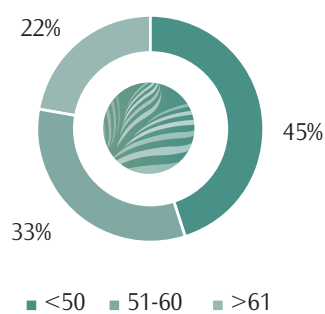
Background and Experience



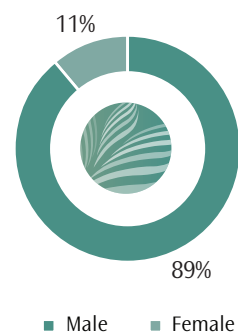
Length of Service (years)



Age Group



Gender



Corporate Governance Report (continued)

BOARD OF DIRECTORS *(continued)*

Board Diversity

The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. Since 6 August 2013, the Board has adopted a board diversity policy (the “Board Diversity Policy”) in order to achieve a sustainable and balanced development of the Company. In designing the Board’s composition, Board diversity takes into account various factors, including but not limited to gender, age, educational background, professional experience, knowledge, culture and length of service. All Board appointments will be based on meritocracy and selection of candidates will be based on a range of diversity factors. The Nomination Committee is responsible for reviewing the Board Diversity Policy annually, making recommendation to the Board of the amendment of this policy and developing measurable objectives for implementing this policy and monitoring progress towards the achievement of these objectives.

The Board currently has one female Director out of nine Directors. The Company closely monitors the diversity indicators for the Board and will continue to maintain at least one Director of a different gender on the Board to achieve gender diversity. The management team led by the Chairman of the Board has identified appropriate candidates through multiple channels and established a list of potential successors to the Board. Such list will be reviewed and updated from time to time.

According to the quantitative target for gender diversity of employees set in 2019, the Company will maintain an employee male-to-female ratio at not higher than 2.8:1 from 2019 to 2023, while seeking to improve the new employee male-to-female ratio towards 2:1. During 2022, the employee male-to-female ratio was 2.65:1 and that of new employees was 2.12:1. For details of our hiring practices and diversity at workforce levels (including senior management), please refer to the Company’s 2022 Environmental, Social and Governance Report.

During the year, the Nomination Committee reviewed the implementation and effectiveness of the Board Diversity Policy and confirmed that the Board has an appropriate mix of skills and experience to deliver the Company’s strategy, and that the Board Diversity Policy is effective.

Board Independence

The Company recognises that Board independence is critical to good corporate governance and is a key to an effective Board. Mechanisms have been put in place and regularly reviewed to ensure independent views are available to the Board, including:

- sufficient number of Independent Non-executive Directors representing one-third of the Board;
- regular disclosure of time commitment of Directors to the Company;
- established a clear process and criteria under the Nomination Policy and the Board Diversity Policy for nomination of a candidate for directorship in the Company;
- maximum tenure of 12 consecutive years for Independent Non-executive Directors;
- full disclosure of conflict of interests, if any, in proposals or transactions to be considered by the Board at Board meetings;



Corporate Governance Report (continued)

BOARD OF DIRECTORS *(continued)*

Board Independence *(continued)*

- free access to senior management or external independent professional advice at the Company's expenses to assist the Independent Non-executive Directors to perform their duties;
- separate discussions amongst the Independent Non-executive Directors and the Chairman of the Board without the presence of the Executive Directors;
- annual written confirmation of independence by the Independent Non-executive Directors and annual assessment by the Nomination Committee on the Directors' independence; and
- regular evaluation of independence of the Independent Non-executive Directors by the full Board.

During the year, the Company has at all times met the requirements of the Listing Rules relating to 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.

All Independent Non-executive Directors are financially independent from the Group bringing an independent view and judgement and a wide range of business and financial expertise, knowledge and experience to the Group's affairs. The Board considers that there is a reasonable balance between the composition of the Executive Directors and the Non-executive Directors which has provided adequate checks and balances for safeguarding the interests of the shareholders of the Company.

Among the Independent Non-executive Directors of the Company, Dr. Fan Hsu Lai Tai, Rita ("Dr. Fan") has held cross-directorship with Mr. Li Man Bun, Brian David ("Mr. Li") by serving on the board of the Company and The Bank of East Asia, Limited. Given that Dr. Fan plays an independent non-executive role and does not hold any shares in the two companies, the Board considers that such cross-directorship would not undermine their independence with respect to their directorships in the Company.

Mr. Li have been serving as an Independent Non-executive Director for more than nine years. The Directors opine that he has consistently demonstrated the required character, integrity, independence and experience to discharge the duties of an independent non-executive director. Furthermore, the Directors consider that there is no evidence that length of tenure has an adverse impact on independence of the Independent Non-executive Director and the Directors are not aware of any circumstances that might influence Mr. Li in exercising his independent judgement. Based on the aforesaid, the Directors conclude that despite his length of service, Mr. Li will continue to maintain an independent view of the Company's affairs and bring his relevant experience and knowledge to the Board.

The Board has received annual written confirmation of independence from each of the Independent Non-executive Directors and considers that all Independent Non-executive Directors are independent of the Company in accordance with the relevant requirements of the Listing Rules. Dr. Fan, having served on the Board for over 14 years, will step down as Independent Non-executive Director at the conclusion of the annual general meeting to be held on 28 June 2023.

Corporate Governance Report (continued)

BOARD OF DIRECTORS *(continued)*

Chairman and Chief Executive Officer

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

Mr. Yan Jianguo is the Chairman of the Board to lead and manage the Board. He is responsible for ensuring that before any meeting is held, all Directors receive complete and reliable information in a timely manner and the Directors are properly briefed on issues arising at the meetings. He also promotes culture of openness and debate and encourages Directors with different views to voice their concerns in order to ensure that the Board works effectively and discharges its responsibilities as well as the Board decisions fairly reflect Board consensus. The Chairman is responsible for establishing good corporate governance practices and procedures, 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 other Directors present.

Mr. Zhang Zhichao (“Mr. Zhang”) is the Chief Executive Officer of the Company. Mr. Zhang is a member of the Executive Committee of the Company which is responsible for the implementation of strategies and objectives set by the Board and for day-to-day management of the Company’s businesses.

Appointment, 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 and every Director is subject to retirement by rotation at least once every three years. In addition, any new appointment to the Board is subject to re-appointment by shareholders at the next following general meeting.

The Non-executive Directors of the Company (as well as all other Directors) are not appointed for a specific term according to their service of contract and/or letter of appointment but they are subject to retirement by rotation and re-election once every three years in accordance with the articles of association of the Company.

In addition, the Nomination Committee will generally oversee the appointment or re-appointment of Directors and the succession planning of the Board, having due regard to the Board Diversity Policy and the Nomination Policy of the Company as summarised in the sections headed “Board Diversity” and “Nomination Committee” respectively in this Corporate Governance Report. The Board will also consider each retiring Director recommended by the Nomination Committee and recommend the retiring Director to stand for re-appointment at the annual general meeting in accordance with the articles of association of the Company.

Directors’ Securities Transactions

The Company has adopted a set of code of conduct for securities transactions by Directors (“Code of Conduct”) on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers. Having made specific inquiries to all Directors, they confirmed that they have complied with the Code of Conduct throughout the year of 2022.



Corporate Governance Report (continued)

BOARD OF DIRECTORS *(continued)*

Directors' and Officers' Liabilities Insurance

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

Supply of and Access to Information

For regular Board meetings and Board committee meetings, the agenda and accompanying Board papers are sent in full to all Directors or Board committee members at least three days before the intended date of a Board meeting or 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 committee meetings where appropriate.

All 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 of the Company.

Directors' Training

All Directors have a fiduciary duty and statutory responsibilities towards the Company and the Group. Every newly appointed Director will receive an induction on the first occasion of his/her appointment, so as to ensure that he/she has a proper understanding of the operations and business of the Company, and his/her responsibilities under laws, regulations and particularly the governance policies of the Company.

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

Corporate Governance Report (continued)

BOARD OF DIRECTORS *(continued)*

Directors' Training *(continued)*

According to the training records provided by the Directors to the Company, they participated in continuous professional development in 2022 which comprised attending seminars and talks, giving talks at seminars and reading reference materials relevant to the directors' duties and responsibilities. Details of the type of training they received during the year are summarised as follows:

Type of Training (see remarks)	
Directors	
Mr. Yan Jianguo	A, B, C
Mr. Luo Liang	A, B, C
Mr. Zhang Zhichao	C
Mr. Guo Guanghui	C
Mr. Zhuang Yong	A, B, C
Mr. Zhao Wenhui	C
Dr. Fan Hsu Lai Tai, Rita	C
Mr. Li Man Bun, Brian David	A, C
Professor Chan Ka Keung, Ceajer	A, B, C

Remarks:

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

CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

The Board takes a leading role in developing the Company's culture, which aligns with the purpose, values and strategy of the Company. The Group embraces the corporate culture of "leading", which means constantly surpassing limits, leading industry trends, and dauntlessly breaking new ground and strives to achieve its strategic goal of "to be an exceptional global property development corporation", expanding and creating better livings around its principal business of property development and operation, continually strengthening its three major businesses – Property Development, Urban Services and Design Services.

Built on more than 40 years of development experience and having braved the challenges of numerous economic and real estate cycles, the Group cleaves to a long-term market perspective in planning the development of the enterprise. Steady and sustained long-term growth has been the Group's strategy and action guide for the past years and will remain so for the years ahead.



Corporate Governance Report (continued)

CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE *(continued)*

The Group firmly believes the measure of a good business is whether it qualifies as “a Company of Four Excellences”, offering “good products and good services”, and demonstrating “good effectiveness and good citizenship”. The Group will maintain its strategies and stay committed to its vision “to be an exceptional global property development corporation”, firmly adhere to its operating philosophy of “good products, good services, good effectiveness and good citizenship”, maintain its positioning in major cities, mainstream areas and mainstream products, and maintain the strategic structural balance of “today, tomorrow, and the day after tomorrow”, where residential development, commercial assets management, together with new businesses including senior living, education and logistics, are the Group’s main businesses of today, the growth drivers of tomorrow, and will spur growth the day after tomorrow.

The Board is responsible for establishing the purpose, values and strategy for the Group, ensuring our culture is aligned and overseeing our ethics issues, conduct and affairs for promoting the success of the Group for the benefit of our shareholders and stakeholders. The Company has a set of clear Corporate Code of Conduct to ensure the Company operates to the highest standards of ethical conduct with integrity and professionalism and all staff are required to strictly follow the Corporate and Employee Code of Conduct. For details on the Corporate Code of Conduct and Employee Code of Conduct, please refer to the Company’s 2022 Environmental, Social and Governance Report.

During the year, the Board reviewed and satisfied that the Company’s culture aligns with the purpose, values and strategy of the Company.

Details of the Group’s strategy, business and financial review in the year 2022 are set out in the sections headed “Chairman’s Statement” and “Management Discussion and Analysis” of this annual report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for preparing the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Company’s financial statements are prepared in accordance with the relevant laws and standards. Appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable. The Directors endeavour to ensure that a balanced, clear and understandable assessment of the Company’s position and prospects are 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 the overall responsibility for maintaining an appropriate and effective risk management and internal control systems and for evaluating and determining the nature and extent of the risks that the Company is willing to take when achieving the Company’s business objectives. The Board delegates to the management the design, implementation and ongoing assessment of the risk management and internal control systems, and through the Audit and Risk Management Committee oversees and reviews the adequacy and effectiveness of the risk management and internal control systems.

Details of the main feature of the risk management and internal control system including the organisational structure, the risk management process and the management of principal risks are set out in the “Risk Management and Internal Controls Report” of this annual report.

Corporate Governance Report (continued)

DELEGATION BY THE BOARD

Board Proceedings

The Board meets regularly, and at least four times each year with meeting dates scheduled in advance to facilitate the attendance by the Directors. The Board held five 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. Also, the Board discussed the corporate governance duties performed by it including, without limitation, to review the Company's policies and practices on corporate governance, and compliance with legal and regulatory requirements. The attendance of each Director at meetings of the Board and its committees is set out in the table on page 117 of this annual report.

Notice of at least fourteen days is served for regular Board meetings and reasonable notice is given for all other Board meetings. The Chairman of the Board, assisted by the Company Secretary, is responsible for drawing up and approving the agenda for each Board meeting. Agendas and accompanying Board papers are circulated at least three days before the intended date of meetings so as to allow the Directors have sufficient time to prepare before meetings. Directors are also invited to inform the Chairman or the Company Secretary if they intend to include discussion items in the agenda for Board meetings.

Within a reasonable time after meetings, draft and final versions of all minutes 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.

The proceedings of the Board meetings apply to the meetings of each Board committee.

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, Directors can seek separate independent professional advice at the Company's expenses so as to discharge their duties to the Company.

To safeguard independence of the Directors, 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 if a Director has a conflict of interest in any matter to be considered by the Board. In addition, physical board meetings (with the attendance of Independent Non-executive Directors who have no material interest in the transactions) will be held to consider all material connected transactions or any transactions involving substantial shareholder's or Director's material interest. If considered appropriate, Independent Non-executive Directors will take the lead in such meeting.

Currently, the Board has set up five committees, namely the Executive Committee, the Audit and Risk Management Committee, the Corporate Governance Committee, the Nomination Committee and the Remuneration Committee in compliance with the Listing Rules. Each committee has its own defined scope of duties and terms of reference. The terms of reference of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee are available on the websites of the Company and the Stock Exchange. The Company Secretary shall also make available the terms of reference of all the committees to any shareholder upon request. Sufficient resources are provided to each committee to discharge its duties. Where necessary, the committees can seek independent professional advice at the Company's expenses to perform their responsibilities.



Corporate Governance Report (continued)

DELEGATION BY THE BOARD *(continued)*

Executive Committee

The Executive Committee comprises all Executive Directors of the Company, namely Mr. Yan Jianguo, Mr. Luo Liang, Mr. Zhang Zhichao and Mr. Guo Guanghui. The Executive Committee is chaired by Mr. Yan Jianguo.

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

- To review and approve loans or banking facilities to be granted to the Company, its subsidiaries, jointly controlled entities and associated companies and the opening of bank or securities related accounts matters;
- To review and approve financial instruments to be issued by the Company, its subsidiaries, jointly controlled entities and associated companies;
- To review and approve grant of loan or other financial assistance to the Company's jointly controlled entities and/or associated companies;
- To review and approve provision of corporate guarantees, indemnity and/or letter of comfort by the Company for its subsidiaries, jointly controlled entities and/or associated companies;
- To review and approve land auctions or tenders, and contracts in the ordinary and usual course of business of the Company; and
- To deal with any other specific business delegated by the Board.

The Executive Committee will report to the Board on a regular basis and the resolutions passed by the Executive Committee from time to time shall be tabled for the information of all Directors at the Board meetings.

During the year, the Executive Committee held two meetings and passed resolutions by way of written resolution to (amongst other matters) review and approve:

- various bank loans and facilities;
- provision of corporate guarantee for the subsidiaries, joint controlled entities and/or associated companies of the Company;
- land auctions and contracts in the ordinary and usual course of business of the Company; and
- listed securities and corporate bonds issued by the subsidiaries of the Company.

Corporate Governance Report (continued)

DELEGATION BY THE BOARD *(continued)*

Audit and Risk Management Committee

The Audit and Risk Management Committee currently comprises three members, namely Mr. Li Man Bun, Brian David, Dr. Fan Hsu Lai Tai, Rita and Professor Chan Ka Keung, Ceajer, all of whom are Independent Non-executive Directors. The Audit and Risk Management Committee is chaired by Mr. Li Man Bun, Brian David.

The principal duties of the Audit and Risk Management Committee are as follows:

- To review and monitor the integrity of the financial information of the Group;
- To review the financial control, internal control and risk management systems of the Company; and
- To oversee the matters relating to the external auditor.

The Audit and Risk Management Committee held four meetings during 2022 and reviewed:

- the Group's annual financial reports for the year ended 31 December 2021, and interim and quarterly results for the year ended 31 December 2022;
- the audit plans from the internal auditor and the external auditor;
- the internal and independent audit results;
- the risk management, internal control and financial reporting systems;
- the continuing connected transactions and their annual caps; and
- the re-appointment of the external auditor and their remuneration.

The Audit and Risk Management Committee also met with the external auditor twice a year in the absence of management to discuss matters relating to any issue arising from audit and any other matters the auditor may wish to raise.



Corporate Governance Report (continued)

DELEGATION BY THE BOARD *(continued)*

Remuneration Committee

The Remuneration Committee currently comprises three members, namely Professor Chan Ka Keung, Ceajer, Dr. Fan Hsu Lai Tai, Rita and Mr. Li Man Bun, Brian David, all of whom are Independent Non-executive Directors. The Remuneration Committee is chaired by Professor Chan Ka Keung, Ceajer.

The principal duties of the Remuneration Committee are as follows:

- To make recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management;
- To make recommendations to the Board on the remuneration packages of the Directors of the Company and senior management;
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- To review and approve matters relating to share schemes under the Listing Rules.

The Remuneration Committee held two meetings and passed resolutions by way of written resolution during 2022 and reviewed:

- the remuneration policy and structure of the Group;
- the remuneration package of all Directors of the Company and the senior management and employees of the Group;
- the discretionary management bonus of the Executive Directors of the Company and the employees of the Group; and
- the vesting and lapse of Share Options under the Share Option Scheme (as defined in the section headed "Share Option Scheme" in this annual report with details set out thereto).

The primary goal of the Company's Director and Employee Remuneration Policy is to provide a fair and competitive remuneration package to attract, retain and motivate the Directors and employees of the Company in line with the long-term business strategy of the Company and the interests of the shareholders of the Company.

Corporate Governance Report (continued)

DELEGATION BY THE BOARD *(continued)*

Remuneration Committee *(continued)*

Subject to the compliance with relevant laws and regulations and with reference to market research and conditions, Executive Directors' and employees' remuneration package comprises the following fixed and variable components:

Fixed Basic Salary

The basic salary of Executive Directors and employees is determined by the Board with reference to factors such as salaries paid by comparable companies, Executive Directors' and employees' performance and contribution, time commitment, responsibilities, employment conditions and the Company's operating performance.

Variable Remuneration

Bonus

Discretionary bonus may be paid to the Executive Directors and employees. The bonus is based on the Company's operating performance and profitability and the respective performance and contribution of the Executive Directors and employees.

Share Options

On and subject to the relevant share option scheme and the requirements of the Listing Rules, the Board may grant share options to any qualifying Directors and employees, and determine the exercise conditions.

The remuneration of Non-executive Directors (including the Independent Non-executive Directors), comprising the Directors' fees, is determined by reference to their respective duties and responsibilities with the Company, the Company's standard for emoluments and the prevailing market conditions and remuneration paid by comparable companies.

The Company will seek shareholders' approval in its annual general meeting to authorise the Board to fix the remuneration of Directors. No Director was involved in determining his/her remuneration.

The remuneration of the senior management by band for the year ended 31 December 2022 is set out below:

Remuneration bands (RMB)	Number of individuals (Note)
5,000,000 or below	5
5,000,001 to 7,500,000	9

Note: Inclusive of four senior management who ceased as the senior management of the Company due to job reassignment during the year 2022.



Corporate Governance Report (continued)

DELEGATION BY THE BOARD *(continued)*

Nomination Committee

The Nomination Committee currently comprises three members, namely Dr. Fan Hsu Lai Tai, Rita, Mr. Li Man Bun, Brian David and Professor Chan Ka Keung, Ceajer, all of whom are Independent Non-executive Directors. The Nomination Committee is chaired by Dr. Fan Hsu Lai Tai, Rita.

The principal duties 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.

The Nomination Committee held one meeting during 2022 and reviewed:

- the structure, size and composition of the Board;
- the implementation and effectiveness of the Board Diversity Policy;
- the re-election of the retiring Directors at the annual general meeting; and
- the independence of the Independent Non-executive Directors of the Company.

In respect of selecting individual to be nominated or re-elected as Director, the Nomination Committee will have regard to the Board Diversity Policy and the Procedure Regarding Appointment, Election and Removal of Directors of the Company (equivalent to the nomination policy of the Company and hereafter referred to as “Nomination Policy”). The nominee shall satisfy the requirements as set out in the Listing Rules including that the nominee should have the character, experience and integrity and be able to demonstrate a standard of competence commensurate with his or her position as a Director. In addition, the Nomination Policy also stipulates that the independence of any Independent Non-executive Director serving more than 12 years may be impaired and may not be suitable for re-election effective from 31 March 2023.

Based on the formalised process and procedure of nominating a director regulated under the Nomination Policy of the Company, the management team led by the Chairman of the Board will identify a wide and diverse range of candidates from various backgrounds that would be attributable to the business needs and carry out a due diligence on the shortlisted candidates. A comprehensive review will be presented to the Nomination Committee who will further discuss and assess the suitability of the candidates against a range of criteria from an independent perspective in accordance with the Board Diversity Policy, and make recommendation to the Board.

Corporate Governance Report (continued)

DELEGATION BY THE BOARD *(continued)*

Nomination Committee *(continued)*

During the year, the Nomination Committee reviewed the qualifications, experience, background and the core competencies in the field of relevant industry knowledge of the Directors in accordance with the Nomination Policy and the Board Diversity Policy. The Nomination Committee and the Board are satisfied that the Board has the appropriate mix of diverse, experience and skills, and recommended the shareholders to re-elect Mr. Guo Guanghui, Mr. Zhuang Yong, Mr. Zhao Wenhai and Mr. Li Man Bun, Brian David as Directors at the annual general meeting held on 21 June 2022.

Diversity of the composition of the Board are illustrated in the section headed “Board Composition” in this Corporate Governance Report.

Corporate Governance Committee

The Corporate Governance Committee was currently comprises four members, namely Professor Chan Ka Keung, Ceajer, Dr. Fan Hsu Lai Tai, Rita, Mr. Li Man Bun, Brian David and Mr. Luo Liang, the majority of whom are Independent Non-executive Directors. The Corporate Governance Committee is chaired by Professor Chan Ka Keung, Ceajer.

The principal duties of the Corporate Governance Committee are as follows:

- To develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board;
- To review and monitor the training and continuous professional development of the Directors and senior management;
- To review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- To review the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report of the Company; and
- To perform the duties in respect of environmental, social, and governance (“ESG”) related issues of the Group under the Listing Rules.



Corporate Governance Report (continued)

DELEGATION BY THE BOARD *(continued)*

Corporate Governance Committee *(continued)*

The Corporate Governance Committee held two meetings and passed resolutions by way of written resolution during 2022 and reviewed:

- the Company's policies and practices on corporate governance, and compliance with the CG Code;
- the consultation paper from the Stock Exchange on the review of the CG Code and related Listing Rules;
- the implementation and effectiveness of the Shareholders' Communication Policy;
- the ESG Report for the year 2021; and
- the report in respect of the ESG related issues for the first half of the year 2022 and the work plan for the year 2022.

The Board has the overall responsibility for effective corporate governance and oversight of ESG matters. To ensure the effectiveness of sustainability management and implement sustainability management policies and measures systematically, the Company has formulated the Measures for Environmental, Social and Governance Management to clearly define the role and responsibilities and reporting mechanism for sustainability affairs.

The Corporate Governance Committee is responsible for providing long-term direction and strategies on sustainability-related matters, identify ESG risks, and review and monitor management's execution of sustainability projects. To support the Corporate Governance Committee, the Company has established an ESG Working Leadership, and the ESG strategic framework under the framework of being "a Company of Four Excellences", for planning and achieving qualitative and quantitative sustainability targets, which covered from green building area, air quality testing, customer satisfaction, employee satisfaction, employee training, carbon emissions to energy consumption density.

For detailed discussions on the Group's ESG policies and performance, please refer to the Company's 2022 ESG Report.

Corporate Governance Report (continued)

ATTENDANCE RECORDS

To ensure that the Directors have spent sufficient time on the affairs of the Company, the Directors are required to disclose to the Company once a year the number and nature of their other offices held in Hong Kong or overseas listed public companies and other significant commitments, as well as an indication of the time involved in those positions. In addition, the Directors usually inform the Company promptly whenever there are changes regarding their other positions. During the year, no Director held more than five listed company directorship (including the Company).

The Board was satisfied that the Directors had positively contributed to the Board through active participation in the Company's affairs as reflected in their high attendance record on the Board meetings, meetings of Board committees and annual general meeting held in 2022 as set out in the following table:

Name of Directors	Board Meetings	Actual Attendance/Number of Meetings a Director was entitled to attend					Annual General Meeting
		Executive Committee Meetings	Audit and Risk Management Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Corporate Governance Committee Meetings	
Mr. Yan Janguo	5/5	2/2	N/A	N/A	N/A	N/A	1/1
Mr. Luo Liang	5/5	2/2	N/A	N/A	N/A	2/2	1/1
Mr. Zhang Zhichao	5/5	2/2	N/A	N/A	N/A	N/A	1/1
Mr. Guo Guanghui	5/5	2/2	N/A	N/A	N/A	N/A	1/1
Mr. Zhuang Yong	5/5	N/A	N/A	N/A	N/A	N/A	1/1
Mr. Zhao Wenhai	5/5	N/A	N/A	N/A	N/A	N/A	1/1
Dr. Fan Hsu Lai Tai, Rita	5/5	N/A	4/4	2/2	1/1	2/2	1/1
Mr. Li Man Bun, Brian David	5/5	N/A	4/4	2/2	1/1	2/2	1/1
Professor Chan Ka Keung, Ceajer	5/5	N/A	4/4	2/2	1/1	2/2	1/1

BOARD EVALUATION

The Board recognises the importance and benefit of conducting regular evaluations of its performance to ensure effectiveness. During the year, the Board has adopted a structured process to evaluate the performance of the Board and each of the Board committees regularly.

In June 2022, a review of the performance of the Board and each of the Board committees was conducted internally. The review was conducted through an anonymous self-evaluation questionnaire to each Director, seeking views on the overall performance of the Board and its committees, its role, responsibilities, skills and composition, conduct of Board and committee meetings, provision of information, culture and boardroom behaviours and areas for improvement. All Directors were encouraged to express their own views and feedbacks to the Company, the Board and each of the Board committees anonymously. The responses and comments from all Directors were analysed and discussed by the Corporate Governance Committee and the Board. An action plan has been developed in light of the evaluation process and the constructive insights from the Directors in order to further enhance corporate governance.

The results of the 2022 Board evaluation indicated that the Board and its committees continue to function effectively, and the committees fulfilled their duties as set out in their terms of reference. The overall rating ranged from effective to very effective. In view of the ongoing macro challenges and market downturns, the Directors agreed that the Board should devote additional discussion time to the setting and implementation of the strategy, risk management, capital plan, climate agenda and culture of the Company, and continue to review the succession planning of the Board and senior management. Management will also be invited to join the Board or committee meetings as and when appropriate.



Corporate Governance Report (continued)

DIVIDEND POLICY

The Company aims at providing a stable and sustainable return to the shareholders and a dividend policy was adopted by the Company in 2019. Under the dividend policy, the Board shall take into account future operating and profit, cash flows, capital and other reserve requirements of the Group, overall financial position, contractual restrictions, articles of association of the Company, all applicable laws (including the Inland Revenue Ordinance) and other factors when the Board recommends the declaration of dividends and determines the dividend amounts.

The Company will continue to review the dividend policy and retain its sole and absolute discretion to update, revise and/or modify the dividend policy at any time.

COMPANY SECRETARY

The Company Secretary of the Company is a full time employee of the Company and reports to the Chairman of the Board. The Company Secretary supports the Board by ensuring good information flow and that the Board policies and procedures are strictly followed. The Company Secretary is also responsible for advising the Board on corporate governance matters and facilitating the induction and professional development of Directors.

During the year, Mr. Edmond Chong, the Company Secretary of the Company, has taken no less than 15 hours of relevant professional training.

COMMUNICATION WITH SHAREHOLDERS

The Board is committed to maintain an on-going and open dialogue with current and prospective, and both individual and institutional shareholders of the Company. A Shareholders' Communication Policy was adopted throughout the year pursuant to the CG Code which aims at establishing a two-way relationship and communication between the Company and its shareholders.

Apart from reporting to the shareholders and investors on its operation and financial conditions semi-annually and annually, the Company also discloses relevant operational data monthly and quarterly so that the investors can have a better understanding about the Company's operations and allow for a fair and balanced outlook of the Company and industry to the market.

The Company views general meetings as an essential mean of conducting a dialogue with individual shareholders. Shareholders of the Company are encouraged to attend the general meetings of the Company which provide a useful forum for exchanging views with management of the Company. A separate resolution would be proposed by the Chairman in respect of each substantial issue at the general meetings. All Directors (including the Non-executive Directors) are invited to the general meetings. The Chairman of the Board and the chairpersons of the Audit and Risk Management Committee, the Corporate Governance Committee, the Nomination Committee and the Remuneration Committee, or in their absence, other members of the relevant committees, are available at the general meetings to answer questions from shareholders on the business of the Group. The Company's management ensures the external auditors attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditors' independence.

Corporate Governance Report (continued)

COMMUNICATION WITH SHAREHOLDERS *(continued)*

To further enhance minority shareholders' rights, we have conducted all voting at the general meetings of the Company by poll. Detailed procedures for conducting the poll are explained clearly at the beginning of the general meeting. The share registrar of the Company will also be appointed as scrutineer for the poll at the general meetings. Poll results will be posted on the Company's website and the Stock Exchange's website after each general meeting.

Apart from participating in the Company's general meetings, the Company has adopted an Inside Information Disclosure Policy which provides guidance on the disclosure of material information to all shareholders. Shareholders may also send their specific enquiries requiring the Board's attention to our Company Secretary. Other general enquiries can be directed through the Company's investor and public relations' designated contacts, email addresses and enquiry lines as set out in the "Corporate Information" section on page 3 of this annual report.

Effective engagement with investors and timely disclosure are key components of good corporate governance. The Company also holds regular meetings with financial analysts and investors, organises various roadshows (both domestic and international), media interviews and marketing activities, during which the Company's management will provide relevant information and data to the analysts, fund managers and investors, as well as answer their enquiries in a prompt, complete and accurate manner while at all times respecting the relevant regulations restricting the disclosure of inside information. The Company's website is updated continuously, providing up-to-date information regarding latest development of the Company.

During the year, the Corporate Governance Committee reviewed the Shareholders' Communication Policy through the analysis of the recent capital market situation, the shareholders' structure of the Company and the above communication carried out with the shareholders and the investors. Based on the aforesaid, the Board concurred with the view of the Corporate Governance Committee, and concluded that the Shareholders' Communication Policy is effective.



Corporate Governance Report (continued)

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene a General Meeting

Shareholder(s) of the Company can request the Directors to convene a general meeting pursuant to section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") by fulfilling the conditions below:

- (i) One or more shareholder(s) in aggregate holding not less than 5% of the total voting rights of the Company carrying the right to vote at general meetings may send request(s) to the Company in hard copy form or in electronic form.
- (ii) Such request(s):
 - (1) Must state the general nature of the business to be dealt with at the meeting;
 - (2) May include the text of a resolution that may properly be moved and is intended to be moved at the meeting;
 - (3) May consist of several documents in like form; and
 - (4) Must be authenticated by the person or persons making it.

Procedures for Shareholders to Put Forward Proposals at General Meetings

- (i) The procedures for proposing candidate(s) for election as Director(s) at a shareholders' meeting are set out in the Corporate Governance section of the Company's website.
- (ii) Shareholder(s) can request the Company to circulate a statement (or notice of a resolution that may properly be moved and is intended to be moved at the annual general meeting) to members of the Company entitled to receive notice of a general meeting (or annual general meeting, where applicable), in pursuance of section 580 (or section 615, in the case of annual general meeting) of the Companies Ordinance subject to the following:
 - (1) The statement should be of not more than 1,000 words and with respect to:
 - (a) A matter mentioned in a proposed resolution to be dealt with at that meeting; or
 - (b) Other business to be dealt with at that meeting.
 - (2) Each shareholder may only request the Company to circulate:
 - (a) One such statement with respect to the resolution mentioned in (1)(a) above; and
 - (b) One such statement with respect to the other business mentioned in (1)(b) above.

Corporate Governance Report (continued)

SHAREHOLDERS' RIGHTS *(continued)*

Procedures for Shareholders to Put Forward Proposals at General Meetings *(continued)*

(ii) *(continued)*

(3) Such request(s) has to be sent by the shareholders who have a relevant right to vote and fulfill the conditions below:

- (a) Shareholders representing at least 2.5% of the total voting rights of all the shareholders who have a relevant right to vote; or
- (b) At least 50 shareholders.

Relevant right to vote means:

- (a) In relation to a statement with respect to a matter mentioned in a proposed resolution, a right to vote on that resolution at the meeting to which the requests relate;
- (b) In relation to any other statement, a right to vote at the meeting to which the requests relate; and
- (c) In relation to notice of a resolution, a right to vote on the resolution at the annual general meeting to which the requests relate.

(4) Such request(s):

- (a) May be sent to the Company in hard copy form or in electronic form;
- (b) Must identify the statement (or notice, in the case of annual general meeting) to be circulated;
- (c) Must be authenticated by the person or persons making it; and
- (d) Must be received by the Company:
 - (aa) at least 7 days before the general meeting to which it relates; and
 - (bb) not later than 6 weeks before the annual general meeting to which the requests relate; or if later, not later than the time at which notice of that meeting is given.

Enquiries to the Board

The “Corporate Information” of this annual report provides the registered address of the Company and the email address, fax number and telephone number of the Investor Relations team to facilitate the shareholders of the Company to address their concerns or enquiries to the Board at any time. Please mark for the attention of the Company Secretary in the incoming letters or e-mails.



Corporate Governance Report (continued)

AUDITOR'S REMUNERATION

For the year ended 31 December 2022, fees for audit services and non-audit services payable to the external auditor of the Company amounted to approximately RMB10,085,000 and RMB921,000 respectively. Fee payable for the non-audit services included but not limited to the professional services rendered in connection with results announcement, continuing connected transactions and ESG report consultation etc.

CONSTITUTIONAL DOCUMENTS

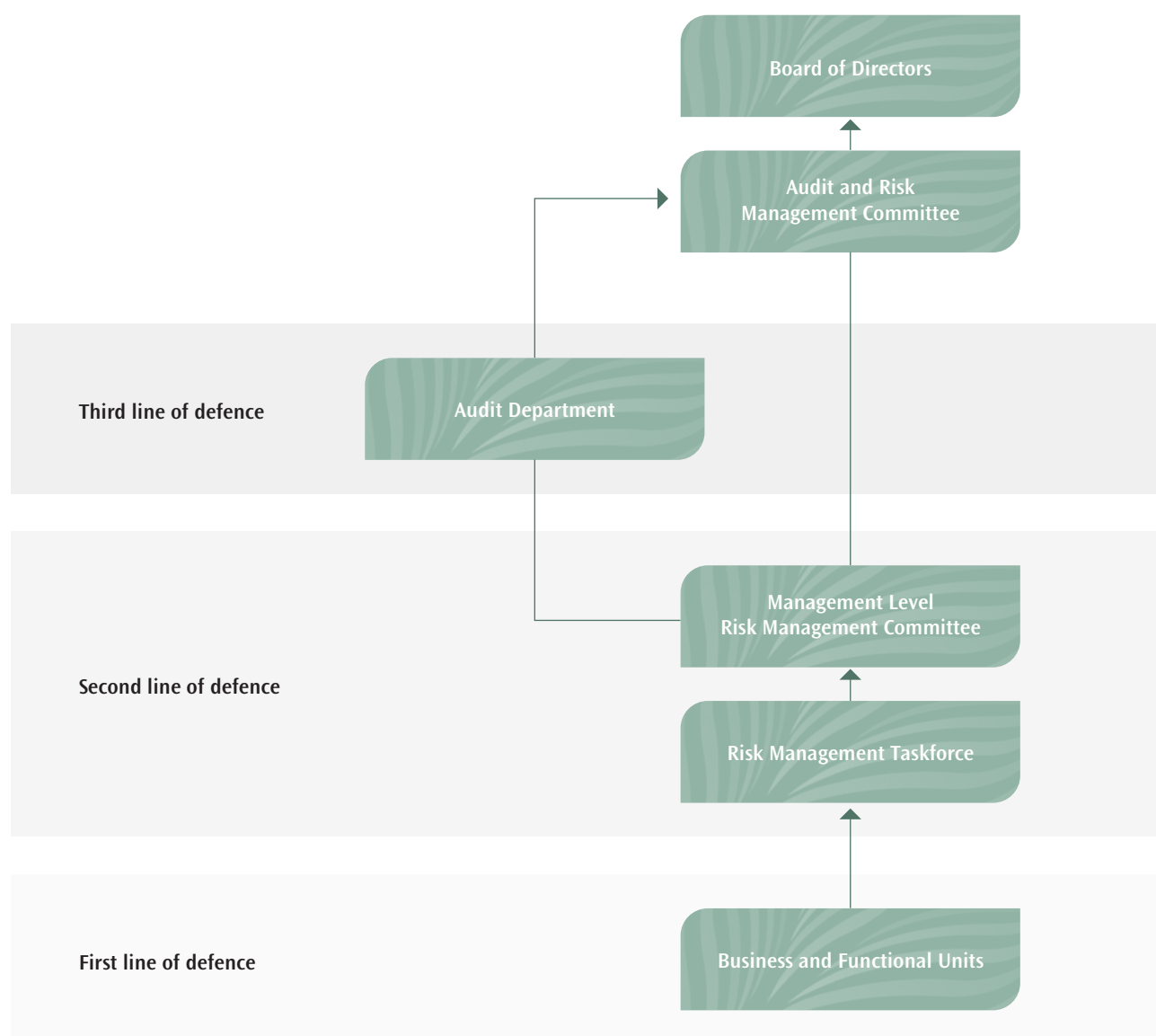
There was no change in the Company's articles of association during the year ended 31 December 2022, and a consolidated version is available on the websites of the Company and the Stock Exchange.

Risk Management and Internal Controls Report

The Board acknowledges that risk is inherent in our business and the markets in which we operate, and we undertake and monitor risk in pursuit of our strategic and business objectives. We aim to establish an effective risk management system and culture to safeguard the Company's assets and the interests of shareholders for the long-term development of the Company, to ensure that reliable financial information will be provided to management and to ensure that risks affecting significant investments and business of the Company can be identified and properly managed so they can be minimised, transferred or avoided. However, risk management and internal control systems are designed to manage, rather than eliminate, the risk of failing to achieve business objectives, and it can only provide reasonable, but not absolute, assurance against material misrepresentation or loss.

RISK MANAGEMENT STRUCTURE

The Company's risk management structure is guided by the principle of "three lines of defence" which aims at carrying out risk assessment and risk monitoring for various sectors, embedding risk management into business processes, monitoring and making timely adjustment to risk management procedures:





Risk Management and Internal Controls Report (continued)

RISK MANAGEMENT STRUCTURE *(continued)*

Board of Directors

The Board has the overall responsibility for establishing and maintaining appropriate and effective risk management and internal controls systems. Its principal duties include:

- evaluate and determine the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives
- oversee and review the adequacy and effectiveness of the risk management and internal control systems on an ongoing basis

Audit and Risk Management Committee

The Audit and Risk Management Committee is delegated with the authority from the Board to oversee the risk management and internal control systems. Its principal duties include:

- oversee the design, implementation and monitoring of the risk management and internal control systems
- consider major investigation findings on risk management and internal control matters
- discuss with management on the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function
- review the adequacy and effectiveness of the risk management and internal control systems twice a year and report to the Board
- provide market insights and advices to the Board in relation to the Group's risks and internal control

Third Line of Defence – Audit Department

The Audit Department assists the Audit and Risk Management Committee in assessing the risk management and internal control systems. Its principal duties include:

- draw up the audit plan and perform regular independent review of the risk management and internal control systems
- review key risk areas and put forward any risk action plans for implementation by the relevant business units concerned
- report to the Audit and Risk Management Committee and the Board on the Group's overall risk position and key exposures, the actions planned or taken by the management, and major emerging risks that require specific attention
- provide independent assurance to the Audit and Risk Management Committee and the Board as to the adequacy and effectiveness of the Company's risk management and internal control systems

Risk Management and Internal Controls Report (continued)

RISK MANAGEMENT STRUCTURE *(continued)*

Second Line of Defence

– Management Level Risk

Management Committee

– Risk Management Taskforce

The Risk Management Taskforce and the Management Level Risk Management Committee established a coordination mechanism to oversee, advise and support the first line of defence in assessing and managing any risk issues.

The Management Level Risk Management Committee is made up of members from the senior management. Its principal duties include:

- determine, categorise and prioritise the Company's annual risk management issues
- review the risk management reports from the Risk Management Taskforce and monitor the implementation of reasonable risk mitigation measures and monitor how the material risks are changing over time

The Risk Management Taskforce supports the Management Level Risk Management Committee and its principal duties include:

- collect and collate risk information from the first line, and review the risk assessment results from the first line
- conduct analysis on the Company's risk events in the year and update the risk profile of the Company
- formulate risk mitigation measures, risk management procedures and designated departments in charge
- coordinate with the first line and follow up on changes in major risks and implementation of countermeasures
- prepare regular reports to the Management Level Risk Management Committee

First Line of Defence

– Business and Functional Units

Business and functional units act as the risk owners. Its principal duties include:

- identify, evaluate and monitor risk areas in the day-to-day operations
- formulate risk mitigation measures and escalate the risk issues
- execute all proper risk management, mitigation measures and actions as required to protect the Group's interest and efficacy of business performance
- ensure the effectiveness of risk management system and mitigation strategies

RISK MANAGEMENT PROCESS

The risk management process is embedded in our day-to-day operations. This includes risk appetite, identification, assessment, treatment and monitoring. This is an ongoing process with regular monitoring, review and reporting to the Audit and Risk Management Committee and the Board.

Risk appetite

Taking into account the internal and external environment, the Company's strategic objective, business planning, risk management principles and culture, an appropriate risk management approach is adopted after identifying the potential internal and external risks that may arise in relation to the Company's business, in which a risk-averse, risk-seeking, risk-control and risk-transfer strategies might be adopted.



Risk Management and Internal Controls Report (continued)

RISK MANAGEMENT PROCESS *(continued)*

Risk identification

Risk identification is the cornerstone to risk assessment and treatment. Our risk management framework with both “top-down” and “bottom-up” approaches allows the Company to identify the inherent and emerging risks at both strategic and operational levels based on the internal and external environment, the Company’s development objectives, significant business operation procedures and the history of the Company’s major risks and issues.

Our potential risks in critical business areas are categorised into five main areas: external market, strategic, operational, financial and regulatory. A comprehensive list of risks and opportunities at both operational level and group level can be developed.

Risk assessment

Identified risks and opportunities are assessed and analysed in two dimensions: impact to the Group’s finances, operations, regulatory compliance, reputation and relationships with customers and suppliers and likelihood of occurrence, based on the predefined risk assessment standard which covers both qualitative and quantitative elements.

The risks and opportunities will be analysed and plotted into a matrix in the form of a heat map such that each business and functional units can consider and prioritise the risks according to the risk ratings. For other risks that might have more significant impact, such risks will be escalated to the Risk Management Taskforce and the Management Level Risk Management Committee for re-assessment.

Risk treatment

Based on the analysis results and the heat map, risk treatment plans and mitigation measures will be explored and developed to mitigate risks to acceptable levels taking into account all relevant costs and benefits, and presented to the Risk Management Taskforce and the Management Level Risk Management Committee for review and approval.

Risk review and monitoring

The Risk Management Taskforce and the Management Level Risk Management Committee review the risk register and risk treatment plans submitted by each business and functional unit, and monitor the implementation of reasonable risk mitigation measures and monitor how the material risks are changing over time. Adequate risk-related information will be reported to the Board and the Audit and Risk Management Committee through the Audit Department on a regular basis.

RISK CULTURE

The Board recognises the importance of an effective risk management system and is committed to promote a risk-aware culture throughout the Company that integrates risk management into the course of business operation of the Company and entrenches risk management in the organisational operation and the process of achieving the business goal. In the meantime, through regular training, risk management has been integrated into our business routine. The Group strives to continually enhance its risk management framework in order to keep pace with the dynamic business environment.

Risk Management and Internal Controls Report (continued)

PRINCIPAL RISKS OF THE GROUP

Principal risks faced by, and key control measures taken by the Group during the year are summarised below:

Risk	Risk description	Key risk control measures
1	Macroeconomic risk Affected by certain factors including COVID-19, the rising of the US dollar interest rate, soaring global energy and food prices caused by the Russo – Ukrainian War, mainland China's economy is thus facing the triple pressure of reduced demand, tightening supply and weakening expectations.	<ul style="list-style-type: none"> continuously monitor the global and mainland China economic situations and respond with appropriate strategies in a timely manner conduct regular performance review and perform stress test based on exposure and sensitivity in different scenarios look shrewdly at the market and operate prudently and steadily maintain relative financial strength and secured more of the best investment opportunities, and maintain its industry-leading sustainability
2	Policy risk Systematic risk such as government policies and regulations, economic growth, social environment, customer demands, etc. on the business development of the Group.	<ul style="list-style-type: none"> closely follow up with mainland China and overseas government policies review cautiously mainland China and overseas operations to minimise political and regulatory risks and its impact
3	Operational risks The Group's operation is subject to a number of risk factors, including but not limited to rising construction cost and operating costs, declined profitability in property development sector, quality control on construction, project delay, cyber security etc.	<ul style="list-style-type: none"> actively seize opportunity of realignment in the industry and explore new investment opportunities continue to strengthen risk management to create safe, reliable and quality projects through setting up checklists for each project development cycle to assess key risk factors develop control measures and action plans specific to each item in the checklist so as to manage the Company's as well as the customers' expectations enhance and implement the standard safety responsibility checklists set by respective functional units for projects under construction aimed at safe and disciplined construction practices develop standard policy and procedures in information security management coupled with regular security training for employees to enhance protection of awareness of information and cyber security

Risk Management and Internal Controls Report (continued)

PRINCIPAL RISKS OF THE GROUP *(continued)*

Risk	Risk description	Key risk control measures
4 Exchange rate risk	Renminbi exchange rate fluctuation.	<ul style="list-style-type: none"> maintain the Group's exchange rate management risk through natural hedging carefully consider whether to conduct currency and interest rate swaps at an appropriate time to hedge against corresponding risks
5 Compliance risk	The Group operates in different markets and is subject to a variety of legal, tax and regulatory requirements.	<ul style="list-style-type: none"> monitor and respond to legal and regulatory requirements by qualified internal personnel and external counsel establish comprehensive policies, guidelines, and manuals with proper training courses provided to its employees
6 ESG and climate risks	Risks arising from climate change, environmental protection and sustainable development, transition to net-zero are gaining increasing traction.	<ul style="list-style-type: none"> maintain "a Company of Four Excellences" as its sustainable development strategic framework "climate change risk" and "ESG risk" were included into its risk database and they were incorporated into the risk management framework carry out scenario analysis on climate change regarding physical and transition risks, and identify high-risk areas, thereby formulating appropriate plans for climate change gradually refine the climate-related disclosures

Risk Management and Internal Controls Report (continued)

INTERNAL CONTROLS

In order to improve the efficiency of the business operation, and to achieve the objectives, the Company has established an internal monitoring system to ensure the compliance with the laws and regulations and safeguard the assets, and the accuracy and completeness of financial report and related information of the Company. Key control measures that form the foundation of the internal monitoring system are set out below:

- (i) Appropriate corporate governance structure and rules of procedures have been established to define responsibilities and authorities of decision making, executing, and supervising, and therefore, to form scientific division of duties and check and balance mechanism. Each of shareholders meeting, Board, Committees and management is in charge of deciding on certain scope of matters, and such mechanism will be strictly followed.
- (ii) A diverse range of internal control policies and procedures have been deployed to help ensure efficient and effective operations in our growing business units and functions. Each functional department of the Company has its business management code, operation guidelines and post manual based on business needs. They also use necessary control mechanisms to ensure that employees are clear about and exercise authority properly.
- (iii) A comprehensive budget management has been established to allow the Company to ascertain responsibility and authority for each business unit in budget management and regulates the preparation, review and execution program of budget. The budget will be re-assessed semi-annually with reference to the business performance, business needs and strategy and significant risk and opportunities.
- (iv) A standardised accounting procedures and a specific business audit system have been maintained to guarantee the authenticity and integrity of accounting data and information for disclosure and reporting purposes. There are regular management reports on the Group's cash, liquidity and borrowings so that cash flow position of the Company is closely monitored.
- (v) Information technology has been applied to enhance the Company's internal monitoring capability, and establish a compatible information system on operation and management, thus, leveraged on effective combination with internal monitoring process, to achieve the purpose of reducing or eliminating the artificial control factors.

The Audit Department has been established to conduct internal audit of the Company and its subsidiaries, joint ventures and associated companies. The Audit Department will assist the Audit and Risk Management Committee and the Board to provide an independent review of the risk management and internal control systems. It monitors the effectiveness and adequacy of internal control, makes remediation suggestions to the management of the Company on identified deficiencies in the design and implementation, and supervise the management to make and implement remediation plans.



Risk Management and Internal Controls Report (continued)

WHISTLEBLOWING POLICY

The Group has put in place the Whistleblowing Policy which sets out the principles and procedures for all the employees of the Group and those who deal with the Group (including but not limited to customers, suppliers and business partners) to raise concerns in confidence and anonymity to the Audit and Risk Management Committee about possible improprieties in any matter related to the Group. Proper arrangements are established for fair and independent investigation of these matters and for appropriate follow-up actions.

During the year, there were no whistleblowing cases reported to the Audit and Risk Management Committee.

ANTI-CORRUPTION POLICIES

The Company is committed to high standards of ethics, honesty and integrity. We have a zero-tolerance approach to any form of bribery and corruption. Various anti-corruption policies have been set up to strengthen anti-corruption awareness within the Company and among our business partners through codes, agreements, policies, systems and regular training.

The anti-corruption policies outlines the Company's principles, code of conducts, requirements relating to anti-corruption, conflict of interest, confidentiality of information, anti-competitive practices, anti-discrimination and other irregularities as well as the reporting channel for any suspected or actual cases. All employees are required to sign and commit the Work Integrity Responsibility Statement every year. Training related to anti-corruption was also regularly provided to the employees so as to deepen employees' understanding of anti-fraud and corruption.

During the year, the Company did not have any corruption-related violations and lawsuits.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Company has established the Inside Information Disclosure Policy to:

- ensure that any potential inside information is promptly identified and reported to the Executive Committee of the Company who will make timely decisions on disclosure of inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the Listing Rules;
- conduct its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission;
- establish preventive controls and reporting mechanism as well as external communication guidelines applicable to confidential or unpublished inside information in relation to the Group and its securities;
- set out restrictions in securities dealing by senior managers, and other nominated managers and staff who, because of their respective positions in the Company, are likely to be in possession of inside information regarding the Company and its securities in compliance with the Model Code for Securities Transactions by Directors set out in Appendix 10 to the Listing Rules; and
- provide regular training to all employees to help understand the Company's Inside Information Disclosure Policy as well as their duties and obligations in relation to the inside information.

Risk Management and Internal Controls Report (continued)

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Audit Department regularly reviews the operation of the risk management and internal control systems of the Company and submits review report to the Audit and Risk Management Committee and the Board on a half-yearly basis.

In the 2022's report, the Audit Department discussed the major risks of the business of the Company and confirmed the effectiveness of risk management and internal control systems. The Audit and Risk Management Committee is responsible for considering and assessing the risks of the Company and the control measures to be taken and reviewing the effectiveness of the risk management and internal control systems. It will also carry out research on important findings regarding risk management and internal control matters and the response from management to the findings, and report any deficiency of the control systems and corresponding suggestions for improvement to the Board. In addition, the external auditors host regular discussion with the Audit and Risk Management Committee on any internal control problem identified in the course of the audit.

In 2022, the Board reviewed the effectiveness and adequacy of the risk management and internal control systems of the Company and its subsidiaries, including financial report, operation and regulation compliance. Upon reviewing the Audit Department's reports of the year, the Board considered that the systems are effective and efficient. During the year, no material deficiency of the systems was found, and the Company has rectified any deficiency in its control (if any) which might exist. The Board believes that the systems are operating effectively and various risks that may affect the Company's achievement of goals are under control.

The Board also reviewed and considered that the resources, professional qualification and experience of the staff of the accounting, internal audit and financial reporting functions of the Company as well as training programs and budget in 2022 were sufficient.



Report of Directors

The directors of the Company (the “Directors”) present the annual report and the audited financial statements of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATION

The Group is principally engaged in property development and investment, and other operations. The activities of the Company’s principal subsidiaries, associates and joint ventures are set out in notes 44, 18 and 19 respectively to the financial statements.

An analysis of the Group’s performance by segment is set out in note 8 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 (Chapter 622 of the Laws of Hong Kong), 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 sections headed “Chairman’s Statement” and “Management Discussion and Analysis” as set out on pages 14 to 77 of this annual report.

In addition, discussions on the Group’s environmental policies and performance and compliance with the relevant laws and regulations and an account of the Group’s key relationships with its employees, customers, suppliers and stakeholders, that have a significant impact on the Group can be found in the section headed “Sustainable Development” as set out on pages 86 to 93 of this annual report and in the Company’s 2022 Environmental, Social and Governance Report published in accordance with the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 165 and 166 of this annual report respectively.

An interim dividend of HK40 cents per share (2021: HK45 cents per share) was paid on 5 October 2022. The board of Directors (the “Board”) recommends the payment of a final dividend of HK40 cents per share (2021: HK76 cents per share) to shareholders whose names appear on the Register of Members of the Company on 4 July 2023. Together with the interim dividend of HK40 cents per share, dividends for the year will amount to a total of HK80 cents per share (2021: HK121 cents per share). Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable on 19 July 2023.

Report of Directors (continued)

SHARE CAPITAL

The total number of shares of the Company in issue (the “Shares”) as at 31 December 2022 was 10,944,883,535 ordinary Shares.

Details of movements in the share capital of the Company during the year are set out in note 30 to the financial statements.

RESERVES

Movements during the year in the reserves of the Group and of the Company (including but not limited to distributable reserves) are set out in the consolidated statement of changes in equity on pages 169 and 170 of this annual report and note 43 to the financial statements respectively.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five years is set out on pages 267 and 268 of this annual report.

MAJOR PROPERTIES

Details of the major property development and commercial properties of the Group at 31 December 2022 are set out on pages 45 to 49, 56 to 61 of this annual report.

TANGIBLE FIXED ASSETS

The Group’s investment properties were revalued at the reporting date. The revaluation resulted in a net increase in fair value of RMB4,795,561,000 which has been credited directly to the consolidated income statement.

Details of the movement in investment properties and movements in property, plant and equipment of the Group during the year are set out in notes 17 and 16 respectively to the financial statements.

EQUITY-LINKED AGREEMENTS

For the year under review, save for the Share Option Scheme (as defined in the section headed “Share Option Scheme” in this report with details set out thereto) adopted by the Company on 11 June 2018, the Company did not enter into any equity-linked agreement.

Report of Directors (continued)

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.

Issue of Listed Securities

China Overseas Development Group Co., Ltd.* ("China Overseas Development"), a wholly-owned subsidiary of the Company, issued the following securities during the year. The net proceeds are used to repay the existing indebtedness of the Group, finance general working capital and project development.

Securities	Issue Date	Due Date	Issue Scale (RMB'000)	Coupon Rate	Name of stock exchange/ market on which the securities are listed/issued
2022 medium term notes					National interbank bond market
(i) First tranche (Type I)	12 January 2022	14 January 2025	1,800,000	2.88%	
(ii) First tranche (Type II)	12 January 2022	14 January 2027	1,200,000	3.25%	
(iii) Second tranche (Green)	21 February 2022	23 February 2027	1,000,000	3.22%	
(iv) Third tranche (Type I)	25 May 2022	27 May 2025	2,000,000	2.63%	
(v) Third tranche (Type II)	25 May 2022	27 May 2027	1,000,000	3.10%	
(vi) Fourth tranche	21 July 2022	25 July 2027	2,000,000	3.26%	
(vii) Fifth tranche	25 October 2022	27 October 2027	1,000,000	2.85%	
(viii) Sixth tranche (Green)	12 December 2022	14 December 2027	2,000,000	2.70%	
(ix) Seventh tranche (Green)	12 December 2022	14 December 2027	1,000,000	2.70%	
2022 corporate bonds					Shenzhen Stock Exchange
(i) First tranche (Type I)	6 April 2022	7 April 2025	2,000,000	3.05%	
(ii) First tranche (Type II)	6 April 2022	7 April 2027	1,000,000	3.50%	
(iii) Second tranche (Type I)	9 May 2022	10 May 2025	1,500,000	2.75%	
(iv) Second tranche (Type II)	9 May 2022	10 May 2027	1,500,000	3.48%	
(v) Third tranche (Type I)	19 September 2022	20 September 2025	1,000,000	2.40%	
(vi) Third tranche (Type II)	19 September 2022	20 September 2027	500,000	3.15%	
(vii) Fourth tranche (Type I)	19 December 2022	20 December 2025	1,500,000	2.25%	
(viii) Fourth tranche (Type II)	19 December 2022	20 December 2027	1,500,000	2.70%	

* English translation for identification purpose only

Report of Directors (continued)

PURCHASE, SALE OR REDEMPTION OF THE GROUP'S LISTED SECURITIES *(continued)*

Issue of Listed Securities *(continued)*

Beijing China Overseas Plaza Commercial Development Ltd.* ("Beijing China Overseas Plaza"), a wholly-owned subsidiary of the Company, issued the following securities during the year. The net proceeds are used in the Group's business development in the field of green industry. All the commercial mortgage-backed securities are listed on the Shenzhen Stock Exchange.

Name of Securities	Issue Date	Due Date	Issue Scale
Green carbon neutral commercial mortgage-backed securities	29 March 2022	29 March 2040	Preferred class securities of RMB5,000 million at a coupon rate of 3.35% and equity class securities of RMB1 million (Beijing China Overseas Plaza subscribed for all equity class securities)

Redemption of Listed Securities

The following securities were redeemed by the wholly-owned subsidiaries of the Company during the year:

Name of Subsidiary	Securities	Issue Date	Redemption Date	Redemption Value (RMB'000)	Remaining Value (RMB'000)
China Overseas Development	RMB2,000 million at a coupon rate of 3.47% corporate bonds which were listed on the Shenzhen Stock Exchange	23 January 2019	24 January 2022	2,000,000	Nil
Beijing China Overseas Plaza	(i) RMB3,701 million at a coupon rate of 2.50% (ii) RMB3,001 million at a coupon rate of 3.90% (iii) RMB1,001 million at a coupon rate of 3.85% (iv) RMB2,101 million at a coupon rate of 3.60% (v) RMB1,901 million at a coupon rate of 3.50% (vi) RMB5,001 million at a coupon rate of 3.35% Commercial mortgage-backed securities listed on the Shenzhen Stock Exchange	(i) 28 April 2020 (ii) 17 August 2020 (iii) 23 March 2021 (iv) 23 June 2021 (v) 10 November 2021 (vi) 29 March 2022	(i)-(iv) Principal amount with interest payable will be repaid in instalments in May and November each year (v)-(vi) Principal amount with interest payable will be repaid in instalments in February and August each year	(i) 6,920 (ii) 2,800 (iii) 1,600 (iv) 38,000 (v) 7,850 (vi) 5,000	(i) 3,686,200 (ii) 2,996,500 (iii) 999,800 (iv) 2,045,100 (v) 1,894,150 (vi) 4,996,000
China Overseas Finance (Cayman) V Limited	US\$700 million at a coupon rate of 3.95% guaranteed notes which were listed on the Stock Exchange	15 November 2012	15 November 2022	4,866,225	Nil

Details of the above securities (including the carrying amount) are set out in the relevant announcements of the Company and note 32 to the financial statements.

* English translation for identification purpose only



Report of Directors (continued)

BORROWINGS AND INTEREST CAPITALISED

Analysis of bank and other borrowings, guaranteed notes and corporate bonds and interest capitalised (including capitalisation of exchange losses) are set out in notes 31, 32 and 10 respectively to the financial statements.

DIRECTORS

(a) Directors of the Company

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

Executive Directors

Mr. Yan Jianguo
Mr. Luo Liang
Mr. Zhang Zhichao
Mr. Guo Guanghui

Non-executive Directors

Mr. Zhuang Yong
Mr. Zhao Wenhai

Independent Non-executive Directors

Dr. Fan Hsu Lai Tai, Rita
Mr. Li Man Bun, Brian David
Professor Chan Ka Keung, Ceajer

In accordance with articles 96 and 105(1) of the Company's articles of association, Mr. Luo Liang, Mr. Zhang Zhichao and Dr. Fan Hsu Lai Tai, Rita will retire from the Board by rotation at the forthcoming annual general meeting. The retiring Directors, Mr. Luo Liang and Mr. Zhang Zhichao, being eligible, offer themselves for re-election. Dr. Fan Hsu Lai Tai, Rita has decided not to stand for re-election and will retire as an Independent Non-executive Director with effect from the conclusion of the annual general meeting to be held on 28 June 2023. Dr. Fan confirmed that she has no disagreement with the Board and there is no other matter relating to her retirement that needs to be brought to the attention of the shareholders of the Company.

The term of office for each Independent Non-executive Director is the period up to his/her retirement by rotation in accordance with the Company's articles of association.

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

No Director proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

Report of Directors (continued)

DIRECTORS *(continued)*

(b) Directors of the subsidiaries of the Company

The list of directors 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 <http://www.coli.com.hk> under the "Corporate Governance" section.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

Information regarding Directors' emoluments and senior management's emoluments are set out in notes 13 and 42(b) to the financial statements respectively, and the section headed "Remuneration Committee" on page 113 of the Corporate Governance Report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 78 to 85 of this annual report.

SHARE OPTION SCHEME

The share option scheme was approved and adopted by the shareholders of the Company on 11 June 2018 (the "Share Option Scheme") to enable the qualifying grantees to acquire ordinary Shares of the Company and unless otherwise cancelled or amended, it will remain in force for 10 years from 11 June 2018. The purpose of the Share Option Scheme is to attract and retain the best quality personnel for the development of the Group's businesses, to provide additional incentives to the qualifying grantees (being, among others, any employee of the Group or such other persons that have contributed to the Group as specified in the Share Option Scheme) that have contributed to the Group; and to promote the long term financial success of the Group by aligning the interests of share option holders with shareholders of the Company.

The limit on the number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time. No share options may be granted under any scheme of the Company if this will result in the limit being exceeded.

The number of Shares in respect of the share options that may be granted according to the Share Option Scheme (the "Share Options") shall not exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme (i.e. 11 June 2018). On the basis of 10,956,201,535 Shares in issue as at 11 June 2018, this would be 1,095,620,153 Shares.



Report of Directors (continued)

SHARE OPTION SCHEME *(continued)*

The number of Share Options available for grant under the Share Option Scheme at the beginning and the end of the financial year 2022 was 725,340,153 and 740,179,153 respectively. No Share Options were granted during the year 2022. As at the date of this Annual Report, the total number of Shares in the capital of the Company available for issue under the Share Option Scheme is 744,264,153 Shares which represented approximately 6.8% of the total issued share capital of the Company at that date.

Unless otherwise approved by the shareholders of the Company in a general meeting, the number of Shares issued and to be issued upon exercise of the Share Options (whether exercised or outstanding) granted to each of the eligible persons in any 12-month period shall not exceed 1% of the Shares in issue.

Unless otherwise approved by the shareholders of the Company in a general meeting, no Share Options may be granted to any substantial shareholder of the Company, Independent Non-executive Directors or their respective associates, that would result in the Shares issued or to be issued to such person in the 12-month period up to and including the date of Board meeting proposing for the grant (i) in aggregate exceeding 0.1% of the Shares in issue from time to time; and (ii) in aggregate exceeding HK\$5 million based on the closing price of the Shares at the date of the Board meeting proposing for such grant.

The exercise price in respect of any particular Share Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Share Option, but shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange daily quotation sheet on the date of grant, which must be a business day; and (ii) the average closing price of the Shares as stated in the Stock Exchange daily quotation sheets for the five business days immediately preceding the date of grant.

The period within which the Shares must be taken up under a Share Option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 6 years from the date of grant of the relevant Share Option.

The minimum period, if any, for which a Share Option must be held before it can be exercised shall be determined by the Board as its absolute discretion. The Share Option Scheme itself does not specify any minimum holding period.

HK\$1.00 is payable by each of the Share Option holders to the Company on the acceptance of the offer of the Share Option. The period within which payments or calls must or may be made should be 28 days after the offer date of a Share Option or such period as the Directors may determine.

The life of the Share Option Scheme is 10 years commencing on 11 June 2018 and expiring on 10 June 2028.

Other details of the Share Option Scheme are set out in Appendix III to the circular published by the Company on 16 April 2018.

Report of Directors (continued)

SHARE OPTION SCHEME (continued)

During the year, save as disclosed in the section headed “Directors’ and Chief Executive’s Interests in Securities” of this annual report, details of the movements of the Share Options under the Share Option Scheme are as follows:

Participants	Date of grant	Subscription price HK\$ (per Share)	Exercise period (Note a)	Number of Share Options					Balance as at 31 December 2022
				Balance as at 1 January 2022	Granted	Exercised	Cancelled	Lapsed	
Employee and related entity participants	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	86,470,000	–	(68,500) (Note e)	(28,208,000) (Note f)	(3,539,000)	54,654,500
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	267,230,000	–	–	–	(11,180,000)	256,050,000 (Note g)
	11.11.2021	18.70	11.11.2023 to 10.11.2027 (Note d)	5,530,000	–	–	–	(120,000)	5,410,000
				359,230,000	–	(68,500)	(28,208,000)	(14,839,000)	316,114,500 (Note g)

Notes:

- Exercise of the Share Options is conditional upon the achievement of certain individual performance targets of each eligible person and certain financial performance targets of the Company as determined by the Board.
- One-third of the Share Options granted were vested on each of 29 June 2020, 29 June 2021 and 29 June 2022.
- One-third of the Share Options granted will be vested on each of 24 November 2022, 24 November 2023 and 24 November 2024.
- One-third of the Share Options granted will be vested on each of 11 November 2023, 11 November 2024 and 11 November 2025.
- The weighted average closing price of the Shares immediately before the dates on which the Share Options were exercised was HK\$26.27.
- The third tranche of the Share Options granted on 29 June 2018 have been cancelled in accordance with the exercise conditions under the terms of the Share Option Scheme.
- On 12 January 2023, the first tranche of the Share Options granted on 24 November 2020 (i.e. 87,213,000 Share Options) have been subsequently cancelled in accordance with the exercise conditions under the terms of the Share Option Scheme.



Report of Directors (continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 31 December 2022, the Directors, the chief executive of the Company and their respective associates had the following interests in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

(a) Long Positions in Shares and Underlying Shares of the Company

(i) Long Positions in Ordinary Shares (all being personal interest and being held in the capacity of beneficial owner)

Name of Director	Number of Shares held	% of Shares in issue (Note 1)
Mr. Li Man Bun, Brian David	5,660,000	0.0517%

Note:

1. The percentage represents the number of ordinary Shares interested divided by the number of Shares of the Company in issue as at 31 December 2022.

Report of Directors (continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES (continued)

(a) Long Positions in Shares and Underlying Shares of the Company (continued)

(ii) Long Positions in Share Options relating to Ordinary Shares (all being personal interest and being held in the capacity of beneficial owner)

Name of Director	Date of grant	Subscription price HK\$ (per Share)	Exercise Period (Note a)	Number of Share Options				Balance as at 31 December 2022
				Balance as at 1 January 2022	Granted	Exercised	Cancelled/ Lapsed (Note e)	
Mr. Yan Jianguo	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	700,000	—	—	(234,000)	466,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,800,000	—	—	—	1,800,000 (Note f)
Mr. Luo Liang	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	700,000	—	—	(234,000)	466,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,600,000	—	—	—	1,600,000 (Note f)
Mr. Zhang Zhichao	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	550,000	—	—	(184,000)	366,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,600,000	—	—	—	1,600,000 (Note f)
Mr. Guo Guanghui	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	600,000	—	—	(200,000)	400,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,300,000	—	—	—	1,300,000 (Note f)
Mr. Zhuang Yong	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	600,000	—	—	(200,000)	400,000
	11.11.2021	18.70	11.11.2023 to 10.11.2027 (Note d)	1,600,000	—	—	—	1,600,000



Report of Directors (continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES *(continued)*

(a) Long Positions in Shares and Underlying Shares of the Company *(continued)*

(ii) Long Positions in Share Options relating to Ordinary Shares (all being personal interest and being held in the capacity of beneficial owner) *(continued)*

Notes:

- (a) Exercise of the Share Options is conditional upon the achievement of certain individual performance targets of each eligible person and certain financial performance targets of the Company as determined by the Board.
- (b) One-third of the Share Options granted were vested on each of 29 June 2020, 29 June 2021 and 29 June 2022.
- (c) One-third of the Share Options granted will be vested on each of 24 November 2022, 24 November 2023 and 24 November 2024.
- (d) One-third of the Share Options granted will be vested on each of 11 November 2023, 11 November 2024 and 11 November 2025.
- (e) The third tranche of the Share Options granted on 29 June 2018 have been cancelled in accordance with the exercise conditions under the terms of the Share Option Scheme.
- (f) On 12 January 2023, the first tranche of the Share Options granted on 24 November 2020 (i.e. 87,213,000 Share Options) have been subsequently cancelled in accordance with the exercise conditions under the terms of the Share Option Scheme. Accordingly, 600,000 Share Options of Mr. Yan Jianguo, 533,000 Share Options of Mr. Luo Liang, 533,000 Share Options of Mr. Zhang Zhichao and 433,000 Share Options of Mr. Guo Guanghui have been subsequently cancelled on 12 January 2023.

Report of Directors (continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES *(continued)*

(b) Long Positions in Shares and Underlying Shares of the Associated Corporations

(all being personal interest and being held in the capacity of beneficial owner)

Name of associated corporation	Name of Director	Number of shares held	% of shares in issue (Note 1)
China State Construction Engineering Corporation Limited ("CSCECL") (Note 2)	Mr. Luo Liang	294,000	0.001%
	Mr. Zhang Zhichao	70,000	0.000%
	Mr. Guo Guanghui	210,000	0.001%
China State Construction International Holdings Limited ("CSC")	Mr. Luo Liang	3,531,469	0.070%
China Overseas Property Holdings Limited	Mr. Li Man Bun, Brian David	1,820,000	0.055%
China Overseas Grand Oceans Group Limited ("COGO")	Mr. Luo Liang	112,906	0.003%
	Mr. Zhuang Yong	618,825	0.017%
China State Construction Development Holdings Limited	Mr. Zhang Zhichao	2,984,000	0.138%

Notes:

1. The percentage represents the number of shares interested divided by the number of shares of the related associated corporation in issue (as the case may be) as at 31 December 2022.
2. The number of shares of CSCECL held by each of Mr. Luo Liang, Mr. Zhang Zhichao and Mr. Guo Guanghui represented the "A" shares in CSCECL under the A-shares Restricted Stock Incentive Plan (Phase II) of CSCECL together with bonus shares on the basis of four bonus "A" shares for every ten existing "A" shares.

Save as disclosed above, as at 31 December 2022, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein. None of the Directors and the chief executive of the Company (including their spouses and children under the age of 18) had, as at 31 December 2022, any interest in, or had been granted any right 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.



Report of Directors (continued)

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above and in note 30 to the financial statements, 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

Mr. Yan Jianguo, the Chairman and Executive Director of the Company, is also the Chairman and President of China Overseas Holdings Limited ("COHL") and the Non-executive Director of CSC. Mr. Zhang Zhichao, the Executive Director and the Chief Executive Officer of the Company, is also a director of COHL. Mr. Zhuang Yong, the Vice Chairman and Non-executive Director of the Company, is also a director of COHL and the Chairman and Executive Director of COGO. Mr. Guo Guanghui, the Executive Director of the Company, is also a Non-executive Director of COGO. COHL, COGO and CSC are engaged in construction, property development and related businesses.

The entities in which the above Directors had declared interests are managed by separate boards of directors and management, which are accountable to their respective shareholders. In addition, the Board includes three Independent Non-executive Directors and one Non-executive Director (other than Mr. Zhuang Yong) whose views carry significant weight in the Board's decisions. The Audit and Risk Management 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 Company and its subsidiaries. The Company is, therefore, capable of carrying on its businesses independently of, and at arm's length from, the businesses in which the Directors had declared interests.

Report of Directors (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

At 31 December 2022, the following parties (other than the Directors or the chief executive of the Company) were the substantial shareholders (as defined in the Listing Rules) of the Company and had interests in the Shares and underlying Shares of the Company as recorded in the register maintained by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Number of Shares and underlying Shares held			% of Shares in issue (Note 1)			Capacity
	(Long Position)	(Short Position)	(Lending Pool)	(Long Position)	(Short Position)	(Lending Pool)	
Silver Lot Development Limited ("Silver Lot")	521,264,928	–	–	4.76%	–	–	Beneficial owner
COHL (Note 2)	5,617,894,255	111,564,090 (Note 4)	–	51.33%	1.02%	–	Beneficial owner
	521,264,928	–	–	4.76%	–	–	Interest of controlled corporation
CSCECL (Note 3)	6,139,159,183	111,564,090 (Note 4)	–	56.09%	1.02%	–	Interest of controlled corporation
China State Construction Engineering Corporation ("CSCEC") (Note 3)	6,139,159,183	111,564,090 (Note 4)	–	56.09%	1.02%	–	Interest of controlled corporation
Complete Noble Investments Limited ("Complete Noble") (Notes 5 and 6)	1,095,620,154	–	–	10.01%	–	–	Beneficial owner
Affluent East Investments Limited ("Affluent East") (Notes 5 and 6)	1,095,620,154	–	–	10.01%	–	–	Interest of controlled corporation
CITIC Limited ("CITIC") (Notes 5 and 6)	1,095,620,154	–	–	10.01%	–	–	Interest of controlled corporation
CITIC Glory Limited ("CITIC Glory") (Note 6)	1,095,620,154	–	–	10.01%	–	–	Interest of controlled corporation
CITIC Polaris Limited ("CITIC Polaris") (Note 6)	1,095,620,154	–	–	10.01%	–	–	Interest of controlled corporation
CITIC Group Corporation ("CITIC Group") (Note 6)	1,095,620,154	–	–	10.01%	–	–	Interest of controlled corporation



Report of Directors (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES *(continued)*

Notes:

1. The percentage represents the number of ordinary Shares interested divided by the number of Shares of the Company in issue as at 31 December 2022.
2. Silver Lot is a direct wholly-owned subsidiary of COHL, thus COHL is deemed by the SFO to be interested in Shares of the Company (including long position, short position and lending pool (if any)) in which Silver Lot is or is taken to be interested.
3. COHL is a direct wholly-owned subsidiary of CSCECL, which in turn is a direct non-wholly owned subsidiary of CSCEC, thus CSCECL and CSCEC are deemed by the SFO to be interested in Shares of the Company (including long position, short position and lending pool (if any)) in which COHL is or is taken to be interested.
4. On 5 January 2016, a subsidiary of COHL (the "Issuer") issued exchangeable bonds (the "Bonds") with the aggregate principal amount of US\$1,500,000,000 which are exchangeable into 280,124,096 Shares of the Company. On 5 January 2020, the Issuer redeemed US\$902,600,000 in aggregate principal amount of the Bonds at an aggregate redemption price of US\$1,006,760,040. The redeemed Bonds have been cancelled pursuant to the terms and conditions of the Bonds. After that the remaining Bonds can be exchangeable into 111,564,090 Shares of the Company. On 5 January 2023, the Issuer has fully redeemed all remaining Bonds with an aggregate principal amount of US\$597,400,000 at a due redemption amount of US\$723,272,180. The redeemed Bonds have been cancelled in accordance with the terms and conditions of the Bonds and have been delisted from the list of the Stock Exchange.
5. Complete Noble is a direct wholly-owned subsidiary of Affluent East, which in turn is a direct wholly-owned subsidiary of CITIC.
6. More than 50% of CITIC is held by CITIC Glory and CITIC Polaris, both of which are direct wholly-owned subsidiaries of CITIC Group, in aggregate. Accordingly, CITIC is an indirect non-wholly owned subsidiary of CITIC Group and Affluent East, CITIC, CITIC Glory, CITIC Polaris and CITIC Group are all deemed by the SFO to be interested in Shares of the Company (including long position, short position and lending pool (if any)) in which Complete Noble is or is taken to be interested.

Save as disclosed above, the Company had not been notified by any other person (other than the Directors or the chief executive of the Company) who had an interest in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 31 December 2022.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2022, the five largest customers of the Group accounted for less than 30% of the Group's revenue. The five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

Report of Directors (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP

Definitions

In this section, the following expressions have the following meanings unless the context requires otherwise:

“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, being a controlling shareholder of the Company, COPL, CSC and CSCD
“Company”	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 688)
“COPL”	China Overseas Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2669)
“COPL Group”	COPL and its subsidiaries from time to time
“CSC”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311)
“CSC Group”	CSC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time
“CSC Minority Controlled Group”	companies held as to 30% to 50% by the CSC Group, and their respective subsidiaries from time to time (excluding members of the Group and members of the CSC Group, respectively)
“CSCD”	China State Construction Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 830)
“CSCD Group”	CSCD and its subsidiaries from time to time
“CSCECL”	China State Construction Engineering Corporation Limited, a joint stock company incorporated in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 601668). CSCECL is a controlling shareholder of COHL, the Company, COPL, CSC and CSCD
“CSCECL Connected Persons”	the associates of CSCECL, 30%-controlled companies held directly or indirectly by CSCECL and connected subsidiaries between CSCECL and the Company, and their respective subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiary(ies)) from time to time
“CSCECL Group”	CSCECL and its subsidiaries (excluding COHL, the Company, COPL, CSC, CSCD and their respective subsidiaries) from time to time
“Group”	the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Macau”	the Macao Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this Annual Report excludes Hong Kong, Macau and Taiwan



Report of Directors (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

CSCECL and COHL are controlling shareholders of the Company, COPL, CSC and CSCD. Thus, members of CSCECL Group, COHL, COPL Group, CSC Group and CSCD Group are connected persons of the Company, and that the transactions contemplated under various agreements in this section between members of the Group and members of each of CSCECL Group, COHL, COPL Group, CSC Group and CSCD Group constitute connected or continuing connected transactions of the Company under the Listing Rules.

During the year under review, the Group entered into the following connected transactions or continuing connected transactions which are exempted from independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules or which have been approved by independent shareholders in pursuance of Rule 14A.36 of the Listing Rules:

(1) CSCD Master Engagement Agreement

On 29 March 2021, the Company and CSCD entered into a master engagement agreement (the "CSCD Master Engagement Agreement"), pursuant to which the Group may invite the CSCD Group to participate in competitive tender for provision of contracting and engineering works, project management, supervision and consultancy services for the construction works of the Group (the "Construction Works") as a contractor or service provider (as the case may be) from time to time for a term of three years commencing from 1 July 2021 and ending on 30 June 2024 (both dates inclusive) provided that the total contract sum that may be awarded to the CSCD Group does not exceed the corresponding cap as set out below.

Period	Cap
1 July 2021 to 31 December 2021	HK\$300 million
1 January 2022 to 31 December 2022	HK\$300 million
1 January 2023 to 31 December 2023	HK\$500 million
1 January 2024 to 30 June 2024	HK\$150 million

The prices and terms of the tenders awarded by the Group are subject to the standard and systematic tender procedures maintained by the Group, details of which are set out in the announcement of the Company dated 29 March 2021.

Report of Directors (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(2) CSC Master Engagement Agreement

On 8 April 2020, the Company and CSC entered into a master engagement agreement ("CSC Master Engagement Agreement") to replace and supersede the previous CSC master engagement agreement dated 6 October 2017. Pursuant to the CSC Master Engagement Agreement (as amended), the Group may invite the CSC Group to participate in competitive tender for the Group's construction works in the PRC, Hong Kong and Macau as construction contractor from time to time for a term of three years commencing from 1 January 2020 and ending on 31 December 2022 (both dates inclusive) provided that the total contract sum that may be awarded to the CSC Group does not exceed the corresponding cap as set out below.

Period	Cap
1 January 2020 to 31 December 2020	HK\$9,000 million
1 January 2021 to 31 December 2021	HK\$9,000 million
1 January 2022 to 31 December 2022	HK\$9,000 million

Upon the expiry of the CSC Master Engagement Agreement, the Company and CSC entered into a new master engagement agreement on 25 October 2022 (the "Renewal CSC Master Engagement Agreement") for a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive) provided that the total contract sum that may be awarded to the CSC Group does not exceed the corresponding cap as set out below.

Period	Cap
1 January 2023 to 31 December 2023	HK\$9,000 million
1 January 2024 to 31 December 2024	HK\$9,000 million
1 January 2025 to 31 December 2025	HK\$9,000 million

The prices and terms of the tenders awarded by the Group are subject to the standard and systematic tender procedures maintained by the Group, details of which are set out in the announcement of the Company dated 8 April 2020 and 25 October 2022.

Report of Directors (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(3) CSCECL Master Engagement Agreement

On 1 April 2019, the Company and CSCECL entered into a master engagement agreement (the “CSCECL Master Engagement Agreement”), pursuant to which the Group may invite the CSCECL Group to participate in competitive tender as construction contractor for construction related services such as building design, construction piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators (the “Construction Related Services”) in the PRC for a term of three years commencing from 1 July 2019 and ending on 30 June 2022 (both dates inclusive) provided that the total contract sum that may be awarded to the CSCECL Group does not exceed the corresponding cap as set out below.

Period	Cap
1 July 2019 to 31 December 2019	RMB6,206 million
1 January 2020 to 31 December 2020	RMB19,768 million
1 January 2021 to 31 December 2021	RMB16,121 million
1 January 2022 to 30 June 2022	RMB8,473 million

Upon the expiry of the CSCECL Master Engagement Agreement, the Company and CSCECL entered into a new master engagement agreement on 31 March 2022 (the “Renewal CSCECL Master Engagement Agreement”) for a term of three years commencing from 1 July 2022 and ending on 30 June 2025 (both dates inclusive) provided that the total contract sum that may be awarded to the CSCECL Group does not exceed the corresponding cap as set out below.

Period	Cap
1 July 2022 to 31 December 2022	RMB12,000 million
1 January 2023 to 31 December 2023	RMB16,500 million
1 January 2024 to 31 December 2024	RMB9,500 million
1 January 2025 to 30 June 2025	RMB5,000 million

The prices and terms of the tenders awarded by the Group are subject to the standard and systematic tender procedures maintained by the Group, details of which are set out in the announcement of the Company dated 1 April 2019 and 31 March 2022.

Report of Directors (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(4) COPL Services Framework Agreement

On 28 April 2020, the Company and COPL entered into a framework agreement (“COPL Services Framework Agreement”), pursuant to which the Group may invite the COPL Group to participate in competitive tenders to provide the property management services and other services (the “Services”) to the Group in respect of the property development projects or properties owned or held by the Group for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both dates inclusive) provided that the total contract sum that may be awarded to the COPL Group does not exceed the corresponding cap as set out below.

Period	Cap
1 July 2020 to 31 December 2020	HK\$1,076 million
1 January 2021 to 31 December 2021	HK\$2,093 million
1 January 2022 to 31 December 2022	HK\$2,616 million
1 January 2023 to 30 June 2023	HK\$1,633 million

The prices and terms of the tenders awarded by the Group are subject to the standard and systematic tender procedures maintained by the Group, details of which are set out in the announcement of the Company dated 28 April 2020.

Report of Directors (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(5) COPL Car Parking Spaces Framework Agreement

On 23 October 2019, the Company and COPL entered into a framework agreement (the “COPL Car Parking Spaces Framework Agreement”), pursuant to which the COPL Group may from time to time enter into transactions with the Group for the acquisition of rights-of-use of car parking spaces (the “Transactions”), situated in the developments or properties built, developed or owned by the Group and managed by the COPL Group as property manager for a term of three years commencing from 1 December 2019 and ending on 30 November 2022 (both dates inclusive) provided that the maximum total contract sums payable by the COPL Group to the Group does not exceed the corresponding cap as set out below.

Period	Cap
1 December 2019 to 31 December 2019	HK\$300 million
1 January 2020 to 31 December 2020	HK\$500 million
1 January 2021 to 31 December 2021	HK\$600 million
1 January 2022 to 30 November 2022	HK\$600 million

Upon the expiry of the COPL Car Parking Spaces Framework Agreement, the Company and COPL entered into a new framework agreement on 5 September 2022 (the “New COPL Car Parking Spaces Framework Agreement”) for a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive) provided that the total contract sum that may be awarded to the COPL Group does not exceed the corresponding cap as set out below.

Period	Cap
1 January 2023 to 31 December 2023	HK\$600 million
1 January 2024 to 31 December 2024	HK\$600 million
1 January 2025 to 31 December 2025	HK\$600 million

To determine the sale price for each Transaction, the Group will obtain the valuation 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 Transactions and the qualifications of the purchaser. In any event, the sale price shall be no less favourable to the Group than that available to independent third party purchaser. For details of the New COPL Car Parking Spaces Framework Agreement, please refer to the announcement of the Company dated 5 September 2022.

Report of Directors (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(6) Financial Services Master Agreement

On 1 November 2019, the Company and 中建財務有限公司 (China State Construction Finance Limited*, “CSCF”) (a subsidiary of CSCECL) entered into a master agreement (the “Financial Services Master Agreement”), pursuant to which CSCF agreed to provide the Group with deposit services, loan services, bill acceptance and discount services, and other financial services (the “Financial Services”) on a non-exclusive basis for a term of three years commencing from 1 November 2019 and ending on 31 October 2022 (both dates inclusive) subject to the maximum daily deposit balance (including interests accrued thereon) of the aggregated deposits placed by the Group with CSCF shall not exceed RMB7,000 million for each of the three years ending 31 October 2022, and the aggregated transaction amount of bill acceptance and discount services handled by CSCF for the Group shall not exceed RMB5,000 million for each of the three years ending 31 October 2022.

Details of the prices and terms of the Financial Services Master Agreement are set out in the announcement of the Company dated 1 November 2019.

Upon the expiry of the Financial Services Master Agreement, the Company and CSCF entered into a new master agreement on 31 October 2022 (the “Renewal Financial Services Master Agreement”) for a term of three years commencing from 1 November 2022 and ending on 31 October 2025 (both dates inclusive) subject to the maximum daily deposit balance (including interests accrued thereon) of the aggregated deposits placed by the Group with CSCF shall not exceed RMB7,000 million for each day of the three years ending 31 October 2025. The aggregated factoring amounts to be granted by CSCF to the Group shall not exceed the corresponding cap as set out below:

Financial Services	Period	Cap
Factoring service for the account receivables handled by CSCF for the Group	1 November 2022 to 31 December 2022	RMB300 million
	1 January 2023 to 31 December 2023	RMB2,000 million
	1 January 2024 to 31 December 2024	RMB2,000 million
	1 January 2025 to 31 October 2025	RMB1,700 million

Details of the prices and terms of the Renewal Financial Services Master Agreement are set out in the announcement of the Company dated 31 October 2022.

* English translation for identification purpose only

Report of Directors (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(7) CSC Framework Agreement in relation to Supply of Materials

On 28 April 2021 and 3 May 2022, the Company and CSC entered into a framework agreement (the “CSC Framework Agreement”) and a supplemental agreement (the “Supplemental Agreement”) respectively, pursuant to which the CSC Group and the CSC Minority Controlled Group may invite the Group to participate in competitive tender as supplier for civil-works, electromechanical and renovation items, goods or materials (the “Materials”) for construction project(s) of the CSC Group or the CSC Minority Controlled Group in Mainland China for a term of three years commencing from 1 July 2021 and ending on 30 June 2024 (both dates inclusive) provided that the total contract sum that may be awarded to the Group does not exceed the corresponding cap as set out below.

Period	Cap
1 July 2021 to 31 December 2021	RMB150 million
1 January 2022 to 31 December 2022	RMB1,000 million
1 January 2023 to 31 December 2023	RMB1,000 million
1 January 2024 to 30 June 2024	RMB500 million

The prices and terms of the tenders awarded to the Group are subject to the standard and systematic tender procedures maintained by the CSC Group or the CSC Minority Controlled Group (as the case may be), details of which are set out in the announcement of the Company dated 28 April 2021 and 3 May 2022.

(8) CSCECL Supply Chain Management Framework Agreement

On 9 July 2021, the Company and CSCECL entered into a framework agreement (the “CSCECL Supply Chain Management Framework Agreement”), pursuant to which 深圳領潮供應鏈管理有限公司 (Shenzhen Lingchao Supply Chain Management Co., Ltd.*) (“Shenzhen Lingchao”, being a wholly-owned subsidiary of the Company) will provide, and CSCECL Group and CSCECL Connected Persons may engage Shenzhen Lingchao to provide, (i) supply chain management services including procurement of the Materials which can be provided by Shenzhen Lingchao; and/or (ii) supply chain consultation services (collectively the “Supply Chain Management Services”), from time to time for the period commencing from 9 July 2021 and ending on 31 December 2023 (both dates inclusive) subject to the following caps as set out below:

Period	Cap
9 July 2021 to 31 December 2021	RMB7,700 million
1 January 2022 to 31 December 2022	RMB7,700 million
1 January 2023 to 31 December 2023	RMB7,700 million

Details of the prices and terms of the CSCECL Supply Chain Management Framework Agreement are set out in the announcement of the Company dated 9 July 2021.

* English translation for identification purposes only

Report of Directors (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(9) COPL Material Procurement and Supply Chain Management Services Agreement

On 28 April 2021, Shenzhen Lingchao and 中海物業管理有限公司 (China Overseas Property Management Limited*) (“COPML”) (a wholly-owned subsidiary of COPL) entered into a framework agreement (the “Material Procurement and Supply Chain Management Services Agreement”) for a term of 14 months, commencing on 1 May 2021 and ending on 30 June 2022 (both dates inclusive), pursuant to which Shenzhen Lingchao will provide, and COPML Group may engage Shenzhen Lingchao to provide, supply chain management services including procurement of civil-works, electromechanical and renovation items, goods or materials which can be provided by Shenzhen Lingchao to COPML Group pursuant to each specific agreement (the “Material Procurement and Supply Chain Management Services”) subject to the following original caps as set out below:

Period	Cap
1 May 2021 to 31 December 2021	HK\$133 million
1 January 2022 to 30 June 2022	HK\$67 million

Since the applicable percentage ratios of the highest original cap did not exceed 0.1%, the transactions contemplated under the Material Procurement and Supply Chain Management Services Agreement were fully exempt from annual review, reporting, announcement and the independent shareholders’ approval requirements pursuant to Chapter 14A of the Listing Rules.

On 1 April 2022, Shenzhen Lingchao entered into a supplemental agreement (the “COPML Supplemental Agreement”) with COPML to revise the original cap. The Board revised the original cap of HK\$67 million to the revised cap of HK\$300 million for the period from 1 January 2022 to 30 June 2022.

Details of the prices and terms of the Material Procurement and Supply Chain Management Services Agreement and the COPML Supplemental Agreement are set out in the announcement of the Company dated 1 April 2022.

* English translation for identification purpose only



Report of Directors (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

Annual review and confirmation regarding continuing connected transaction in accordance with Rule 14A.55 and 14A.56 of the Listing Rules

The Independent Non-executive Directors conducted annual review on the continuing connected transactions mentioned in this section and confirmed that those transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company also engaged auditor to report on the Group's continuing connected transactions mentioned in this section in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor issued an unqualified letter and confirmed that nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions mentioned in this section:

- a. have not been approved by the Board;
- b. were not, in all material respects, in accordance with the relevant agreements governing such transactions;
- c. were not, in all material aspects, in accordance with the pricing policies of the Group; and
- d. have exceeded the annual cap set by the Company.

The continuing connected transactions mentioned in this section also constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions made during the year were disclosed in note 42 to the financial statements. Transactions under "Fellow subsidiaries" section of item (a) therein also constitute connected/continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The Board confirms that the Company has complied with the disclosure requirements as required by the Listing Rules in relation to the aforementioned connected transactions or continuing connected transactions.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

There is no transaction, arrangement or contract of significance subsisting during or at the end of the financial year 2022 in which the Directors or an entity connected with him/her is or was materially interested, either directly or indirectly.

Report of Directors (continued)

INTEREST IN CONTRACTS OF SIGNIFICANCE

The transactions set out in paragraphs (2), (3), (4), (6) and (8) of the section headed “Connected Transactions Entered Into By The Group” above are considered contracts of significance under paragraph 16 of Appendix 16 of the Listing Rules.

EMOLUMENT POLICY, BASIS OF DETERMINING EMOLUMENT TO DIRECTORS AND RETIREMENT BENEFIT SCHEME

Subject to the compliance with relevant rules 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 both the annual survey on the industry’s remuneration level and the Company’s operating performance. The emoluments of the Directors are determined by reference to the industry’s remuneration level, the Company’s operating performance and the respective responsibilities and performances of the Directors. Under the arrangement of the Company’s ultimate controlling shareholder, certain Directors and core employees are holding A-shares Restricted Stock Incentive Plan (Phase II) of CSCECL. The purpose of the arrangement is to motivate the core talents. In addition, the Company set up a “688 share option incentive scheme” in 2018. The information of the scheme is set out separately in note 30 to the financial statement and the Report of Directors.

With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme (the “MPF Scheme”) for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. With effect from 1 January 2018, Employer Voluntary Contributions are made, under specific criteria set in the company policy, as a part of the employee benefits program. The employees of the Company’s subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to these schemes is to make the required contributions under the scheme. Details of these schemes are set out in notes 3 and 12 to the financial statements.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

DONATIONS

During the year, the Group made charitable and other donations amounted to approximately RMB419,000.



Report of Directors (continued)

AUDIT AND RISK MANAGEMENT COMMITTEE

One of the principal duties of the Audit and Risk Management Committee is to review the Group's financial reporting requirements and system, and risk management and internal control systems. The members of the Audit and Risk Management Committee have been satisfied with the Company's financial reporting disclosures and system, and risk management and internal control procedures.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 100 to 122 of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company and subject to the provisions of the Companies Ordinance, every 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/she may sustain or incur in or about the execution of the duties of his/her 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 maintained appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year under review.

AUDITOR

Ernst & Young ("EY") has been appointed as auditor of the Company following the retirement of PricewaterhouseCoopers at the annual general meeting of the Company held on 26 June 2020. Save as disclosed above, there were no other changes in auditor of the Company during the past three years. The accompanying financial statements have been audited by EY.

A resolution will be proposed at the forthcoming annual general meeting to re-appoint EY as auditor of the Company.

On behalf of the Board

Yan Jianguo

Chairman and Executive Director

Hong Kong, 31 March 2023

Independent Auditor's Report



To the members of China Overseas Land & Investment Limited

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Overseas Land & Investment Limited (the "Company") and its subsidiaries (the "Group") set out on pages 165 to 266, 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 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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report (continued)

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
<p>The Group's investment properties amounted to RMB190,227 million as at 31 December 2022 and a fair value gain of RMB4,796 million was accounted for under "gain arising from changes in fair value of investment properties" in the consolidated income statement.</p>	<p>Our procedures in relation to the valuation of investment properties included:</p> <ul style="list-style-type: none">Assessing the competence, independence and objectivity of the valuers and discussing the scope of their work; and
<p>Management engaged independent valuers to determine the valuation of the Group's investment properties. There are significant judgements and estimates involved in the valuation which mainly include:</p> <ul style="list-style-type: none">Completed investment properties: The valuation was arrived at using the investment approach by considering the capitalised income derived from the existing tenancies and the reversionary potential, including reversionary yields and prevailing market rents, of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.Investment properties under construction: The valuation was arrived at using the residual method by making reference to estimated selling prices as available in the relevant market. The estimated cost to complete the development and estimated developer's profit as at the date of valuation were also taken into account.	<ul style="list-style-type: none">Assessing, with the assistance of our internal valuation specialists, the methodologies used by the valuers and, on a sample basis, the appropriateness of the key assumptions, based on our knowledge of the property industry, research evidence of reversionary yields, prevailing market rents and estimated selling prices with reference to comparable market transactions for similar properties, comparing the estimated developer's profit to historical records, and testing, on a sample basis, the data used in the valuation of properties, including the rental rates from existing tenancies and estimated cost to complete, by comparing to the underlying agreements with the tenants and contractors respectively.
<p>The significance of the carrying amounts of the investment properties to the consolidated financial statements and the existence of significant judgements and estimates of the assumptions involved in the property valuations warrant specific audit focus and attention on this area.</p>	
<p>Related disclosures are included in notes 3(b), 4(a) and 17 to the consolidated financial statements.</p>	

Independent Auditor's Report (continued)

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
<i>Recoverability of property portfolio held by the Group</i>	
<p>As at 31 December 2022, the carrying value of the Group's stock of properties was RMB488,649 million.</p> <p>Management assesses the recoverability of property portfolio held by the Group's subsidiaries based on estimates of the net realisable values of the stock of properties. This involves estimation of, inter-alia, construction costs to be incurred to complete the properties under development based on existing plans, and a forecast of future sales based on the current market price of properties of comparable locations and conditions. Based on management's assessment, a provision of RMB1,520 million for the Group's stock of properties was made for the year ended 31 December 2022.</p> <p>If the estimated net realisable values of the stock of properties are significantly different from their carrying values as a result of changes in market conditions and/or significant variation in the budgeted development costs, material provision for impairment losses may result. Accordingly, the existence of significant estimation uncertainty and the significance of the carrying amounts of the stock of properties to the consolidated financial statements warrant specific audit focus and attention on this area.</p> <p>Related disclosures are included in notes 3(b), 4(c), 9 and 21 to the consolidated financial statements.</p>	<p>Our procedures in relation to management's recoverability assessment included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of, evaluating and testing, on a sample basis, the key internal controls around the property development cycle with particular focus on controls over cost budgeting and periodic reviews, sources of impairment assessment data and calculation of impairment provisions; • Understanding management's assessment, with reference to the appropriate supporting evidence, on the impairment of the stock of properties which had relatively low forecasted or actual gross profit margins, within the general property development and sales cycle; and • For significant stock of properties which had relatively low forecasted or actual gross profit margins, assessing the reasonableness of key assumptions adopted by management. For the forecast of future sales, we checked, on a sample basis, the contracted sales price of the underlying properties and recent market transaction prices of properties with comparable locations and conditions, where applicable. For construction costs to be incurred for properties under development, we assessed the reasonableness of the latest budgets of total construction costs and tested, on a sample basis, the incurred construction costs to supporting documentations, e.g., construction contracts and other documentations.



Independent Auditor's Report (continued)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit and Risk Management Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our 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.

Independent Auditor's Report (continued)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Management 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 and Risk Management 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.



Independent Auditor's Report (continued)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chow Chi Chung.

Ernst & Young

Certified Public Accountants

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

31 March 2023

Consolidated Income Statement

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	7	180,321,569	242,240,783
Direct operating costs		(141,928,019)	(185,214,985)
		38,393,550	57,025,798
Other income and (losses)/gains, net	9	(1,785,094)	4,712,403
Gain arising from changes in fair value of investment properties	17	4,795,561	5,540,183
Selling and distribution expenses		(3,919,149)	(3,778,148)
Administrative expenses		(2,602,607)	(3,190,504)
Operating profit		34,882,261	60,309,732
Share of profits and losses of			
Associates		1,776,078	2,781,412
Joint ventures		405,315	904,445
Finance costs	10	(1,056,725)	(865,928)
Profit before tax		36,006,929	63,129,661
Income tax expenses	11	(11,450,757)	(20,068,125)
Profit for the year	12	24,556,172	43,061,536
Attributable to:			
Owners of the Company		23,264,747	40,155,361
Non-controlling interests		1,291,425	2,906,175
		24,556,172	43,061,536
		RMB	RMB
Earnings Per Share	14		
Basic and diluted		2.13	3.67

The notes on pages 173 to 266 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
Profit for the year	24,556,172	43,061,536
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translation of subsidiaries of the Company	(817,840)	(197,468)
Exchange differences on translation of associates	(654,875)	210,003
	(1,472,715)	12,535
Other comprehensive income for the year	(1,472,715)	12,535
Total comprehensive income for the year	23,083,457	43,074,071
Total comprehensive income attributable to:		
Owners of the Company	21,810,367	40,176,585
Non-controlling interests	1,273,090	2,897,486
	23,083,457	43,074,071

The notes on pages 173 to 266 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current Assets			
Property, plant and equipment	16	7,085,545	5,524,471
Investment properties	17	190,226,516	166,204,097
Goodwill	34	56,395	56,395
Interests in associates	18	21,241,893	17,862,412
Interests in joint ventures	19	22,168,401	22,708,422
Financial assets at fair value through profit or loss	20	218,173	120,228
Other receivables		298,254	366,255
Deferred tax assets	33	7,559,276	8,107,614
		248,854,453	220,949,894
Current Assets			
Stock of properties and other inventories	21	488,812,985	450,620,363
Land development expenditure	22	11,469,316	12,388,697
Trade and other receivables	23	7,042,079	8,244,489
Contract assets	27	1,278,436	926,912
Deposits and prepayments		11,929,654	11,393,943
Deposits for land use rights for property development		–	1,020,286
Amount due from a fellow subsidiary	24	–	62,490
Amounts due from associates	24	4,459,576	6,036,539
Amounts due from joint ventures	24	8,788,592	11,428,036
Amounts due from non-controlling shareholders	24	4,367,921	3,739,048
Tax prepaid		15,945,005	12,139,810
Bank balances and cash	25	110,306,115	130,956,191
		664,399,679	648,956,804
Current Liabilities			
Trade and other payables	26	78,650,740	90,054,871
Pre-sales proceeds	27	107,675,933	100,455,190
Amounts due to fellow subsidiaries and a related company	28	3,625,206	3,967,806
Amounts due to associates	28	1,635,770	1,872,114
Amounts due to joint ventures	28	4,408,323	5,962,081
Amounts due to non-controlling shareholders	29	13,712,388	7,534,562
Lease liabilities – due within one year	35	132,897	260,902
Tax liabilities		31,952,821	39,172,639
Bank and other borrowings – due within one year	31	19,717,640	38,220,634
Guaranteed notes and corporate bonds – due within one year	32	19,639,747	6,399,786
		281,151,465	293,900,585
Net Current Assets		383,248,214	355,056,219
Total Assets Less Current Liabilities		632,102,667	576,006,113

Consolidated Statement of Financial Position (continued)

At 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Capital and Reserves			
Share capital	30	74,035,443	74,033,624
Reserves		280,444,265	269,526,551
Equity attributable to owners of the Company		354,479,708	343,560,175
Non-controlling interests		18,618,117	13,546,179
Total Equity		373,097,825	357,106,354
Non-current Liabilities			
Lease liabilities – due after one year	35	1,024,636	371,424
Bank and other borrowings – due after one year	31	145,834,990	124,091,050
Guaranteed notes and corporate bonds – due after one year	32	85,192,869	73,210,824
Deferred tax liabilities	33	26,952,347	21,226,461
		259,004,842	218,899,759
Total of Equity and Non-Current Liabilities		632,102,667	576,006,113

The financial statements on pages 165 to 266 were approved by the Board of Directors on 31 March 2023 and were signed on its behalf by:

Yan Jianguo
Executive Director

Zhang Zhichao
Executive Director

The notes on pages 173 to 266 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Property revaluation reserve	Translation reserve	Merger and other reserves	PRC statutory reserve	Retained profits	Total		
	RMB'000	RMB'000 (Note (a))	RMB'000	RMB'000 (Note (b))	RMB'000 (Note (c))	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	74,033,624	285,446	396,398	(11,909,043)	10,364,711	240,975,395	314,146,531	14,202,789	328,349,320
Profit for the year	–	–	–	–	–	40,155,361	40,155,361	2,906,175	43,061,536
Exchange differences on translation of subsidiaries of the Company	–	–	(188,779)	–	–	–	(188,779)	(8,689)	(197,468)
Exchange differences on translation of associates	–	–	210,003	–	–	–	210,003	–	210,003
Total comprehensive income for the year	–	–	21,224	–	–	40,155,361	40,176,585	2,897,486	43,074,071
2020 final dividend	–	–	–	–	–	(6,664,221)	(6,664,221)	–	(6,664,221)
2021 interim dividend	–	–	–	–	–	(4,067,942)	(4,067,942)	–	(4,067,942)
Transfer from property revaluation reserve to retained profits upon disposal of properties	–	(985)	–	–	–	985	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	617,071	617,071
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	(2,233,675)	(2,233,675)
Equity-settled share-based transactions (Note 30)	–	–	–	114,517	–	–	114,517	–	114,517
Capital contribution relating to share-based payments borne by an intermediate holding company (Note 30)	–	–	–	1,492	–	–	1,492	–	1,492
Return of capital to non-controlling shareholders	–	–	–	–	–	–	–	(1,809,087)	(1,809,087)
Shares repurchased (Note 30)	–	–	–	–	–	(108,413)	(108,413)	–	(108,413)
Transfer to PRC statutory reserve	–	–	–	–	469,393	(469,393)	–	–	–
Acquisition of additional interest of subsidiaries	–	–	–	–	–	(38,374)	(38,374)	(128,405)	(166,779)
At 31 December 2021	74,033,624	284,461	417,622	(11,793,034)	10,834,104	269,783,398	343,560,175	13,546,179	357,106,354

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2022

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Property revaluation reserve	Translation reserve	Merger and other reserves	PRC statutory reserve	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note (a))		(Note (b))	(Note (c))					
At 1 January 2022	74,033,624	284,461	417,622	(11,793,034)	10,834,104	269,783,398	343,560,175	13,546,179	357,106,354	
Profit for the year	-	-	-	-	-	23,264,747	23,264,747	1,291,425	24,556,172	
Exchange differences on translation of subsidiaries of the Company	-	-	(799,505)	-	-	-	(799,505)	(18,335)	(817,840)	
Exchange differences on translation of associates	-	-	(654,875)	-	-	-	(654,875)	-	(654,875)	
Total comprehensive income for the year	-	-	(1,454,380)	-	-	23,264,747	21,810,367	1,273,090	23,083,457	
2021 final dividend	-	-	-	-	-	(7,018,822)	(7,018,822)	-	(7,018,822)	
2022 interim dividend	-	-	-	-	-	(3,860,042)	(3,860,042)	-	(3,860,042)	
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	3,016,347	3,016,347	
Return of capital to non-controlling shareholders	-	-	-	-	-	-	-	(794,256)	(794,256)	
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	(973,499)	(973,499)	
Equity-settled share-based transactions (Note 30)	-	-	-	(128,840)	-	-	(128,840)	-	(128,840)	
Transfer to PRC statutory reserve	-	-	-	-	299,870	(299,870)	-	-	-	
Acquisition of subsidiaries (Note 37)	-	-	-	-	-	-	-	2,550,256	2,550,256	
Exercise of share option under share option scheme (Note 30)	1,819	-	-	(358)	-	-	1,461	-	1,461	
Others	-	-	-	-	-	115,409	115,409	-	115,409	
At 31 December 2022	74,035,443	284,461	(1,036,758)	(11,922,232)	11,133,974	281,984,820	354,479,708	18,618,117	373,097,825	

Notes:

- (a) The property revaluation reserve mainly represents the surplus on revaluation of properties transferred from owner-occupied properties to investment properties, net of tax.
- (b) The reserves mainly represent the merger reserve arising from the acquisition of subsidiaries in 2015 by the Group from China State Construction Engineering Corporation Limited ("CSCECL") and in 2016 from CITIC Limited, which are all state-owned entities and are under common control of the State Council of the People's Republic of China ("PRC"). Other reserves include share option reserve which represents the fair value of share options granted that are yet to be exercised. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited/lapsed.
- (c) The PRC statutory reserve of the Group represents the general and development fund reserve applicable to subsidiaries which were established in accordance with the relevant PRC regulations.

The notes on pages 173 to 266 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
OPERATING ACTIVITIES		
Profit before tax	36,006,929	63,129,661
Adjustments for:		
Share of profits and losses of associates	(1,776,078)	(2,781,412)
Share of profits and losses of joint ventures	(405,315)	(904,445)
Finance costs	1,056,725	865,928
Depreciation	667,214	407,935
Interest income	(2,315,487)	(1,957,062)
Gain arising from changes in fair value of investment properties	(4,795,561)	(5,540,183)
Losses on disposals of investment properties	94,556	—
Gain on disposals of property, plant and equipment	—	(23,125)
Re-measurement gain on pre-existing interest in an associate upon acquisition	(1,251,160)	—
Gains on bargain purchase of subsidiaries	(1,236,618)	—
Impairment losses on stock of properties	1,520,022	—
Impairment losses on amounts due from joint ventures	1,327,122	—
Equity-settled share-based payment (credit)/charge	(128,840)	116,009
Gain on disposal of subsidiaries	—	(9,245)
Effect of foreign exchange rate changes	4,283,299	(2,457,232)
	33,046,808	50,846,829
Interest received	1,950,710	1,772,113
Increase in stock of properties and other inventories	(8,542,572)	(2,025,085)
Decrease in land development expenditure	919,382	1,014,581
Decrease in trade and other receivables, deposits and prepayments	1,334,078	2,738,522
(Increase)/decrease in contract assets	(351,524)	2,175,059
Decrease in deposits for land use rights for property development	1,020,286	3,178,348
Decrease in restricted bank deposits	497,694	1,709,995
Decrease in trade and other payables and pre-sales proceeds	(17,810,401)	(17,336,867)
	12,064,461	44,073,495
Income taxes paid	(22,582,866)	(21,508,760)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(10,518,405)	22,564,735
INVESTING ACTIVITIES		
Dividends received from associates	79,274	1,161,252
Dividends received from joint ventures	32,500	160,902
Purchase of property, plant and equipment	(649,192)	(226,129)
Acquisition of financial assets at fair value through profit or loss	(97,945)	(120,228)
Acquisition of subsidiaries	(3,757,260)	—
Additions of investment properties	(6,751,737)	(9,693,481)
Decrease in amounts due from fellow subsidiaries	62,490	249,675
Advances to associates	(1,783,807)	(3,009,169)
Repayment from associates	3,594,211	1,144,143
Advances to joint ventures	(1,302,852)	(4,176,061)
Repayment from joint ventures	3,583,773	1,421,121
Advances to non-controlling shareholders	(724,386)	(1,665,660)
Repayment from non-controlling shareholders	663,602	626,336
Return of capital from associates	448,836	—
Capital contributions to associates	(3,286,314)	(2,166,855)
Return of capital from joint ventures	1,001,678	—
Capital contributions to joint ventures	(478,875)	(29,216)
Net proceeds on disposals of property, plant and equipment	40,316	92,394
Net proceeds on disposals of investment properties	1,185,869	901,841
Net proceeds on disposals of subsidiaries	—	863,741
NET CASH USED IN INVESTING ACTIVITIES	(8,139,819)	(14,465,394)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
FINANCING ACTIVITIES			
Interest paid		(9,192,936)	(7,958,608)
Other finance costs paid		(211,769)	(139,064)
Dividends paid to owners of the Company		(10,878,864)	(10,732,163)
Dividends paid to non-controlling shareholders		(718,643)	(2,280,246)
New bank and other borrowings raised		65,826,004	68,994,324
Repayment of bank and other borrowings		(70,029,359)	(41,439,035)
Issue of guaranteed notes and corporate bonds		28,495,000	19,503,000
Redemption of guaranteed notes and corporate bonds		(6,928,395)	(14,430,936)
Acquisition of additional interest in subsidiaries		—	(166,779)
Advances from fellow subsidiaries and a related company		100,092	2,331,657
Repayment to fellow subsidiaries		(595,859)	(171,830)
Contributions from non-controlling shareholders		1,404,348	617,071
Return of capital to non-controlling shareholders		(794,256)	(1,809,087)
Advances from associates		374,816	830,187
Repayment to associates		(297,259)	(146,224)
Advances from joint ventures		671,708	2,224,428
Repayment to joint ventures		(1,537,636)	(276,532)
Advances from non-controlling shareholders		5,523,426	1,398,599
Repayment to non-controlling shareholders		(2,949,966)	(4,697,300)
Principal element of lease payments		(334,441)	(315,648)
Net proceeds from exercise of share option under share option scheme		1,461	—
Deposits received for partial disposal of subsidiaries' interests		—	3,198,213
Share repurchase		—	(108,413)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(2,072,528)	14,425,614
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(20,730,752)	22,524,955
CASH AND CASH EQUIVALENTS AT 1 JANUARY		129,861,401	107,664,125
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		578,370	(327,679)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		109,709,019	129,861,401
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash as per consolidated statement of financial position		110,306,115	130,956,191
Less: restricted bank deposits	25	(597,096)	(1,094,790)
		109,709,019	129,861,401

The notes on pages 173 to 266 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The Company’s immediate parent company is China Overseas Holdings Limited (“COHL”), a company incorporated in Hong Kong, and its 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 and the PRC government is a substantial shareholder of CSCEC. The registered office and principal place of business of the Company are situated at 10/F, Three Pacific Place, 1 Queen’s Road East, Hong Kong. The Group’s business activities are principally carried out in Hong Kong, Macau, Beijing, Guangzhou, Shenzhen, Shanghai, Xiamen, Changsha, Jinan, Nanjing, Hangzhou, Suzhou, Chengdu, Tianjin and other regions in mainland China.

The Group, comprising the Company and its subsidiaries, is principally engaged in property development and investment, and other operations.

The Company’s functional currency is Renminbi (“RMB”) and the consolidated financial statements are presented in RMB as the directors of the Company consider that RMB is the appropriate presentation currency for the users of the Group’s consolidated financial statements.

2. APPLICATION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are relevant to the Group:

Amendments to HKFRS 3	<i>Reference to Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018-2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

The application of the above amendments to HKFRSs has had no material impact on the Group’s results and financial position.

* English translation for identification purpose only.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

2. APPLICATION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

The Group has not early adopted the following amendments to existing standards that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies¹</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates¹</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current^{2, 4, 5}</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants^{2, 5}</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback²</i>

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 No mandatory effective date yet determined but available for early adoption

⁴ As a consequence of the amendments to HKAS 1 issued in August 2020 and December 2022, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

⁵ As a consequence of the amendments to HKAS 1 Non-current Liabilities with Covenants issued by the HKICPA in 2022, the effective date of the amendments to HKAS 1 Classification of Liabilities as Current or Non-current was deferred to annual periods beginning on or after 1 January 2024. In addition, consequential amendments were made to HKFRS Practice Statement 2 Making Materiality Judgement

The Group has already commenced an assessment of the impact of the above amendments to HKFRSs. So far it has assessed that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (“Listing Rules”) on the Hong Kong Stock Exchange and the Hong Kong Companies Ordinance (Cap. 622).

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss, which are measured at fair values as explained in the accounting policies set out below.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Except for business combination under common control, subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income of a subsidiary is attributed to owners of the Company and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the carrying amount of the net assets attributable to the change in interests and the fair value of the consideration paid or received is recognised directly in retained profits and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained profits as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Basis of Consolidation *(continued)*

Business combinations – common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interests.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the previous year end date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as expenses in the period in which it is incurred.

Business combinations – acquisition method

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant Accounting Policies (continued)

Basis of Consolidation (continued)

Business combinations – acquisition method (continued)

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

1. deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits*, respectively;
2. liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
3. assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or when applicable, on the basis specified in another standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant Accounting Policies (continued)

Basis of Consolidation (continued)

Business combinations – acquisition method (continued)

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKFRS 9 *Financial Instruments* or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Fair Value Measurement

The Group measures its investment properties and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Fair Value Measurement *(continued)*

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Separate Financial Statements

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss. Cost includes direct attributable costs of investments.

The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

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



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant Accounting Policies (continued)

Interests in Associates and Joint Ventures

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates or joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate or a joint venture that results in the Group losing significant influence or joint control over that associate or joint venture, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9 *Financial Instruments*. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate or joint venture.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Interests in Associates and Joint Ventures *(continued)*

If an interest in an associate becomes an interest in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

When a group entity transacts with its associate or joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group. When the Group disposes of a business to its associate or joint venture, the entire gain or loss on disposal is recognised in profit or loss as a loss of control of a business.

Accounting policies of associates and joint ventures are changed where necessary to ensure consistency with the policies adopted by the Group.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's management. The Group's management, who is responsible for resource allocation and assessment of performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including investment properties under construction and right-of-use assets for such purposes). Investment properties include land use rights held for undetermined future use, which are regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

For a transfer from stock of properties to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Related Parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person;
 - (i) has control or joint control over the Group; or
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Property, Plant and Equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets in the course of construction in progress are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation, on the same basis as other assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss in the period in which the item is derecognised.

Impairment Losses on Tangible and Intangible Assets other than Goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Impairment Losses on Tangible and Intangible Assets other than Goodwill *(continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial Assets

Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

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

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Financial Assets *(continued)*

Measurement

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

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

Debt instruments

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

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



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Financial Assets *(continued)*

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Impairment

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment of financial assets measured at amortised cost other than trade receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

When there is a significant increase in credit risk or the proceeds receivable are not settled in accordance with the terms stipulated in the agreements, management considers these receivables as underperforming or non-performing and impairment is measured as lifetime expected credit losses.

When management considers that there is no reasonable expectation of recovery, the financial assets measured at amortised cost will be written off.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Financial Liabilities and Equity Instruments

Financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities (including trade and other payables, amounts due to associates, joint ventures, non-controlling shareholders, fellow subsidiaries and a related company, lease liabilities, bank and other borrowings and guaranteed notes and corporate bonds) are measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Financial Liabilities and Equity Instruments *(continued)*

Debt instruments

Derecognition

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged or cancelled, or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group or the Company and not designated as at fair value through profit or loss is recognised 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 or the Company measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with the expected credit loss model under HKFRS 9 *Financial Instruments*; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the revenue recognition policy in profit or loss.

Inventories

Inventories, representing raw materials and consumables, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Stock of Properties

Completed properties and properties under development are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other directly attributable expenses. Net realisable value is determined by management based on prevailing market conditions.

Cash and Cash Equivalents

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Trade Payables

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

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

Borrowings

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

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

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

Borrowing Costs

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

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

Borrowing costs include interest expense, interest in respect of lease liabilities and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the Group's subsidiaries had borrowed funds in their functional currencies, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Borrowing Costs *(continued)*

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

Foreign Currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Foreign Currencies *(continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

Leasing

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Leases are initially measured on a present value basis at the date at which the leased asset is available for use by the Group. These are presented within "Property, plant and equipment" in the consolidated statement of financial position.

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

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

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

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



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Leasing *(continued)*

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

To determine the incremental borrowing rate, the Group:

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

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Leasing *(continued)*

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

Lease income from operating leases (presented as rental income within “Revenue” in the consolidated income statement) where the Group is a lessor is recognised as income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Employee Benefits

(i) Retirement benefits

The Group participates in mandatory provident fund schemes in Hong Kong which are the defined contribution plan generally funded through payments to trustee-administered funds. The assets of the scheme are held separately from those of the Group in independently administered funds.

Pursuant to the relevant regulations of the government in mainland China, the subsidiaries in mainland China participate in the municipal government contribution scheme whereby the subsidiaries are required to contribute to the scheme for the retirement benefit of eligible employees. The municipal government of mainland China is responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the scheme is to pay the ongoing contributions required by the scheme. The Group’s contributions to the scheme are expensed as incurred.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Employee Benefits *(continued)*

(ii) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Share-based payments

Incentive shares granted by the Group's holding entities

Incentive shares granted by an intermediate holding company to the employees of the Group are treated as capital contribution. The fair value of employee services received, measured by reference to the fair value of incentive shares on the date of grant, is recognised as an expense over the vesting period, with a corresponding credit to equity.

At the end of each reporting period, the Group revises its estimates of the number of incentive shares that are expected to be vested. The impact of the revision of the original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

Share options granted by the Company

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible employees (including directors), under which the Group receives services from employees as consideration for share options of the Company. The fair value of the employee services received in exchange for the grant of the share options is recognised as an employee benefit expense with a corresponding increase in equity over the period in which the performance and/or service conditions are fulfilled. The total amount to be expensed is determined by reference to the fair value of the options granted:

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Employee Benefits *(continued)*

(iii) **Share-based payments** *(continued)*

Share options granted by the Company (continued)

Non-market performance and service conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

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

At the end of each reporting period, the Company revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve. When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital. When the share options are forfeited after the vesting date or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Taxation *(continued)*

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

Share Capital

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

Own equity instruments which are reacquired by the Company or the Group are recognised directly in equity at cost. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Revenue Recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group entitles in exchange for those goods or services.

Property development

The Group determines whether the properties have alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date.

- For properties which have no alternative use to the Group and the Group has no enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied at a point in time when the customer obtains control of the property and the Group satisfies the performance obligations.
- For properties which have no alternative use to the Group and the Group has an enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied over time in accordance with the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Upon entering into a contract with a buyer, the Group obtains rights to receive consideration from the buyer and assumes performance obligations to transfer goods or provide services to the buyer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Revenue is measured at the fair value if the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business, net of discount.

Proceeds received from buyers prior to meeting the revenue recognition criteria are included in "Pre-sales proceeds" in the consolidated statement of financial position.

Accounting for costs incurred for obtaining a contract

Costs such as stamp duty and sales commission incurred directly attributable for obtaining a pre-sale property contract, if recoverable, are capitalised and recorded in contract assets.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Revenue Recognition *(continued)*

Property development *(continued)*

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

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

The capitalised contract costs are amortised and charged to the profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Accounting for significant financing component

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

Construction services

When the outcome of a construction service contract can be estimated reliably, revenue and costs are recognised when or as the construction projects are transferred to the customer. Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Hotel operation and building design consultancy services

Revenue from hotel operation and building design consultancy services is recognised when services are provided.

Property rentals

Rental income from operating leases where the Group is a lessor is recognised as revenue on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Significant Accounting Policies *(continued)*

Revenue Recognition *(continued)*

Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets, that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Provisions

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

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

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

Dividend Distribution

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

For distribution of non-cash assets as a dividend to the Company's shareholders, the Group measures the dividend payable at the fair value of the assets being distributed. When the Group settles the dividend payable, the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognised in profit or loss.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

4. KEY SOURCES OF JUDGEMENT AND ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, 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 recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

The key assumptions concerning the future, and other key sources of judgement and estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Fair Value of Investment Properties

Investment properties at 31 December 2022 are carried at their fair values of RMB190,226,516,000 (2021: RMB166,204,097,000). The fair values were based on a valuation on these properties conducted by independent firms of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss recognised in profit or loss.

(b) Impairment of Property Portfolio Held by the Group's Associates and Joint Ventures

The carrying amounts of the Group's net investments in a listed associate, unlisted associates and joint ventures (representing interests in and amounts due from these companies) undertaking property development projects in the PRC and Hong Kong included in the consolidated statement of financial position at 31 December 2022 were RMB12,578,745,000 (2021: RMB11,514,920,000), RMB13,122,724,000 (2021: RMB12,384,031,000) and RMB30,956,993,000 (2021: RMB34,136,458,000), respectively.

Management assessed the recoverability of property portfolio held by the Group's unlisted associates and joint ventures based on the judgement and estimation of the net realisable value of the stock of properties of the associates and joint ventures which involve, inter-alia, considerable analysis of the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on the existing asset structure and a forecast of future sales based on a zero growth rate of the property price. If the actual net realisable values of the stock of properties are more or less than expected as a result of change in the market condition and/or significant variation in the budgeted development costs, a material reversal of or provision for impairment losses may result.

The recoverable amount of the investment in the listed associate is evaluated based on the value in use, the performance and financial position of the associate, and return on investments including the listed associate's share price performance and dividend yield.

Judgement is required in assessing the ultimate recoverability of the property portfolio held by the Group's associates and joint ventures.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

4. KEY SOURCES OF JUDGEMENT AND ESTIMATION UNCERTAINTY *(continued)*

(c) Impairment of Stock of Properties

At 31 December 2022, the carrying value of the Group's stock of properties was RMB488,649,399,000 (2021: RMB450,455,839,000). Management assessed the recoverability of the amount based on the judgement and estimation of the net realisable value of the underlying properties which involves, inter-alia, considerable analysis of the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on the existing asset structure and a forecast of future sales based on a zero growth rate of the property price. If the actual net realisable values of the underlying stock of properties are more or less than expected as a result of change in the market condition and/or significant variation in the budgeted development costs, a material reversal of or provision for impairment losses may result.

(d) Land Appreciation Tax ("LAT")

LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including land costs, borrowing costs and other property development expenditure.

The subsidiaries engaging in the property development business in the PRC are subject to LAT, which have been included in the tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these tax liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax expense and provisions for LAT in the period in which such determination is made.

(e) Revenue Recognition

Revenue from property development activities is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The properties contracted for pre-sale to customers have generally no alternative use for the Group due to contractual restrictions. However, whether there is an enforceable right to payment and hence the related contract revenue should be recognised over time depends on the terms of each contract and the relevant laws that apply to that contract. Judgement is required in such determination.

For property development revenue that is recognised over time, the Group recognises such property development revenue by reference to the progress of satisfying the performance obligation at the reporting date. This is measured based on the Group's costs incurred up to the reporting date and budgeted costs which depict the Group's performance towards satisfying the performance obligation. Judgements are required in the determination in these estimates, such as the accuracy of the budgets, the extent of the costs incurred and the allocation of costs to each property unit.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt, which mainly includes bank and other borrowings and guaranteed notes and corporate bonds disclosed in notes 31 and 32, respectively, bank balances and cash and equity attributable to owners of the Company, comprising share capital, retained profits and other reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company assess budgets of major projects, taking into account the provision of funding. Based on the operating budgets, the directors of the Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group monitors its capital structure on a basis of the Group's net gearing. The net gearing is calculated as net debt divided by equity attributable to owners of the Company. For this purpose, the Group defines net debt as total debt less bank balances and cash. Equity attributable to owners of the Company comprise share capital and reserves attributable to owners of the Company as shown in the consolidated statement of financial position.

The net gearing at the end of the reporting period was as follows:

	2022 RMB'000	2021 RMB'000
Bank and other borrowings	165,552,630	162,311,684
Guaranteed notes and corporate bonds	104,832,616	79,610,610
Total debt	270,385,246	241,922,294
Less: Bank balances and cash	(110,306,115)	(130,956,191)
Net debt	160,079,131	110,966,103
Equity attributable to owners of the Company	354,479,708	343,560,175
Net gearing	45.2%	32.3%

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

6. FINANCIAL INSTRUMENTS

Details of significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets, financial liabilities and equity instruments are disclosed in note 3.

a. Categories of financial instruments

	2022 RMB'000	2021 RMB'000
Financial assets		
Loans and receivables at amortised cost (including bank balances and cash)	145,603,431	170,849,771
Financial assets at fair value through profit or loss	218,173	120,228
Financial liabilities		
Liabilities at amortised cost	372,571,632	348,447,915

b. Financial risk management objectives and policies

The Group's major financial instruments include bank and other borrowings, guaranteed notes and corporate bonds, trade and other receivables, trade and other payables, amounts due from/to affiliated companies, financial assets at fair value through profit or loss, bank balances and cash, and lease liabilities. Details of the financial instruments are disclosed in the respective notes.

Management monitors and manages the financial risks relating to the Group through internal risk assessment which analyses exposures by the degree and magnitude of risks. These risks include market risk (including interest rate risk and currency risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

The Group does not enter into or trade any financial instruments, including derivative financial instruments, for hedging or speculative purpose.

There has been no change to the Group's exposure to these kinds of risks or the manner in which it manages and measures these risks.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(i) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and changes in foreign exchange rates.

Interest rate risk

The Group's main interest rate risk arising from its variable-rate bank and other borrowings, amounts due to non-controlling shareholders, amounts due from joint ventures, and other receivables amounting to RMB136,709,927,000 (2021: RMB143,298,109,000), nil (2021: RMB476,888,000), RMB7,370,675,000 (2021: RMB6,655,172,000), and RMB298,254,000 (2021: RMB366,255,000), respectively, which expose the Group to cash flow interest rate risk. The variable-rate bank and other borrowings with original maturities from one to more than ten years are for financing development of property projects. An increase in interest rates would increase interest expenses. Management monitors interest rate exposure on a dynamic basis and will consider hedging significant interest rate exposure should the need arise. Management considers that the exposure to interest rate risk in relation to bank deposits is insignificant due to the low level of the bank interest rate.

The Group's fair value interest rate risk relates primarily to its corresponding fixed-rate bank and other borrowings, guaranteed notes and corporate bonds, amounts due to associates, joint ventures, non-controlling shareholders, fellow subsidiaries and a related company, and amounts due from associates and joint ventures amounting to RMB28,842,703,000 (2021: RMB19,013,576,000), RMB104,832,616,000 (2021: RMB79,610,610,000), RMB10,840,379,000 (2021: RMB9,153,503,000) and RMB5,036,614,000 (2021: RMB8,056,237,000), respectively. Management will also consider hedging significant interest rate exposure should the need arise.

Interest rate risk sensitivity analysis

The analysis is prepared assuming that the amount of assets/liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used as it represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2021: 100) basis points higher/lower and all other variables were held constant, the Group's profit after tax and total equity for the year would decrease/increase by RMB110,416,000 (2021: RMB117,193,000) after capitalising finance costs in properties under development and investment properties under construction of RMB971,205,000 (2021: RMB1,027,394,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank and other borrowings, amounts due to non-controlling shareholders, amounts due from associates and joint ventures and other receivables.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

(i) Market risk (continued)

Currency risk

The Group undertakes certain transactions denominated in foreign currencies. The currencies giving rise to this exchange rate fluctuation risk are primarily Hong Kong dollars ("HK\$")-denominated bank and other borrowings and guaranteed notes and corporate bonds, and United States dollars ("US\$")-denominated guaranteed notes and corporate bonds, in aggregate accounting for 37.1% of the Group's interest-bearing debt. Management manages its foreign currency risk by closely reviewing the movement of the foreign currency rates and considers hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, mainly attributable to amounts due from associates and joint ventures, bank balances and cash, bank and other borrowings and guaranteed notes and corporate bonds, are as follows:

	2022 RMB'000	2021 RMB'000
Assets		
HK\$	5,443,354	6,092,548
US\$	1,958,086	3,048,774
Liabilities		
HK\$	61,075,641	54,276,375
US\$	39,163,547	40,516,322

Currency risk sensitivity analysis

The Group mainly exposes to the currency risk of US\$ and HK\$. The following details the Group's sensitivity to a 5% (2021: 5%) increase and decrease in the functional currencies of group entities against US\$ and HK\$, respectively. 5% (2021: 5%) is the sensitivity rate used as it represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2021: 5%) change in foreign currency rates. The sensitivity analysis includes amounts due from associates and joint ventures, bank balances and cash, bank and other borrowings and guaranteed notes and corporate bonds in currencies other than the functional currencies of the group entities.



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(i) Market risk *(continued)*

Currency risk *(continued)*

Currency risk sensitivity analysis (continued)

For a 5% (2021: 5%) decrease of functional currencies of group entities against US\$ and HK\$, all other variables were held constant, the Group's profit after tax and total equity for the year would decrease by RMB3,045,121,000 (2021: RMB2,457,232,000) after an increase in capitalising of exchange losses in properties under development of nil (2021: RMB299,370,000).

For a 5% (2021: 5%) increase of functional currencies of group entities against US\$ and HK\$, all other variables were held constant, the Group's profit after tax and total equity for the year would increase by RMB3,045,121,000 (2021: RMB2,756,602,000).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Credit risk

At 31 December 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties and financial guarantees provided by the Group were arising from:

- the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amounts of financial guarantees issued by the Group as disclosed in note 40.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amounts of each individual trade and other receivable at the end of the reporting period to ensure that adequate impairment provisions are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank deposits is limited because the counterparties are banks and other financial institutions with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(ii) Credit risk *(continued)*

For the trade receivables and contract assets arising from sales of properties, the Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loan financing procedures before delivery of properties. The Group closely monitors the collection of progress payments from customers in accordance with the payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

For other receivables, amounts due from fellow subsidiaries, associates, joint ventures and non-controlling shareholders, the Group does not have any other significant concentration of credit risk. The Group would closely monitor the financial positions including the net assets backing of the fellow subsidiaries, associates, joint ventures and non-controlling shareholders, which are mainly engaged in property development business in Hong Kong and the PRC and their property development projects are profitable. Based on the above assessment, management considered that the expected credit loss is minimal and the directors of the Company are of the opinion that the risk of default by counterparties is low, except for the impairment losses made on the amounts due from joint ventures of RMB1,327,122,000 during the year ended 31 December 2022 (2021: Nil).

Except for trade receivables and contract assets for which the loss allowances are measured at an amount equal to lifetime expected credit losses under simplified approach, the loss allowances of other financial assets are measured at an amount equal to 12-month expected credit losses.

(iii) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings and guaranteed notes and corporate bonds as a significant source of liquidity. At 31 December 2022, the Group maintains substantial undrawn committed revolving banking facilities to allow for flexibility in meeting its funding requirements.

The following table analyses the contractual undiscounted cash flows of the Group's financial liabilities by relevant maturity groupings based on the remaining period from the end of reporting period to the earliest date the Group is required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from flat rate at the end of the reporting period. The undiscounted amounts are subject to changes if changes in variable rates differ to those estimates of interest rates determined at the end of the reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2022						
Trade and other payables	74,080,266	2,089,564	1,535,081	107,174	77,812,085	77,647,166
Amounts due to fellow subsidiaries and a related company	3,625,206	–	–	–	3,625,206	3,625,206
Amounts due to associates	1,652,408	–	–	–	1,652,408	1,635,770
Amounts due to joint ventures	4,424,076	–	–	–	4,424,076	4,408,323
Amounts due to non-controlling shareholders	14,184,445	–	–	–	14,184,445	13,712,388
Lease liabilities	177,588	107,100	331,849	923,655	1,540,192	1,157,533
Bank and other borrowings	26,678,354	64,895,136	66,977,629	27,807,218	186,358,337	165,552,630
Guaranteed notes and corporate bonds	16,491,709	14,423,462	46,056,655	56,013,209	132,985,035	104,832,616
Financial guarantee contracts	82,017,739	6,540,444	6,386,625	707,000	95,651,808	–
	223,331,791	88,055,706	121,287,839	85,558,256	518,233,592	372,571,632
At 31 December 2021						
Trade and other payables	84,184,707	1,273,987	1,135,047	113,920	86,707,661	86,556,732
Amounts due to fellow subsidiaries and a related company	4,061,525	–	–	–	4,061,525	3,967,806
Amounts due to associates	1,887,970	–	–	–	1,887,970	1,872,114
Amounts due to joint ventures	5,981,422	–	–	–	5,981,422	5,962,081
Amounts due to non-controlling shareholders	7,923,794	–	–	–	7,923,794	7,534,562
Lease liabilities	297,493	146,940	107,032	148,080	699,545	632,326
Bank and other borrowings	42,697,805	41,765,196	78,157,048	12,847,050	175,467,099	162,311,684
Guaranteed notes and corporate bonds	7,666,901	14,627,339	35,216,045	46,346,190	103,856,475	79,610,610
Financial guarantee contracts	67,633,825	510,695	9,008,622	–	77,153,142	–
	222,335,442	58,324,157	123,623,794	59,455,240	463,738,633	348,447,915

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amounts if those amounts are claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee that the guaranteed financial receivables held by the counterparty suffer credit losses.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

6. FINANCIAL INSTRUMENTS (continued)

c. Fair value

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

During the year, there were no transfers between different levels with the fair value hierarchy.

	2022 Level 3 RMB'000	2021 Level 3 RMB'000
Financial assets at fair value through profit or loss	218,173	120,228

The fair value of unlisted equity investment designated at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation technique and the inputs, including significant unobservable inputs, used in the fair value measurement of unlisted equity investment are not disclosed as such disclosures, in the opinion of the directors, would result in particulars of excessive length and provide no additional useful information to the users of the financial statements.

(ii) Financial assets and liabilities carried at other than fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values, except for the guaranteed notes and corporate bonds as disclosed in note 32. The fair values of guaranteed notes and corporate bonds is measured at quoted market price and are within level 1 of the three-level fair value hierarchy.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

7. REVENUE

Revenue comprises sales from property development activities, property rentals and income from other operations. An analysis of the Group's revenue for the year is as follows:

	2022 RMB'000	2021 RMB'000
Sales from property development activities	174,510,638	236,355,530
Property rentals	4,740,607	4,667,337
Others (Note)	1,070,324	1,217,916
Revenue	180,321,569	242,240,783

Note: Others mainly comprise revenue from hotel operations, provision of construction and building design consultancy services and others.

8. SEGMENT INFORMATION

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

The Group managed its business units based on their products and services, based on which information is prepared and reported to the Group's management for the purposes of resources allocation and performance assessment. The Group's operating and reportable segments under HKFRS 8 and the types of revenue are as follows:

Property development	—	property development and sales
Property investment	—	property rentals
Other operations	—	hotel operations, provision of construction and building design consultancy services and others

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

8. SEGMENT INFORMATION *(continued)*

Segment Revenue and Results

The following is an analysis of the Group's revenue and results (including share of results of associates and joint ventures) by reportable segments:

For the year ended 31 December 2022

	Property development RMB'000	Property investment RMB'000	Other operations RMB'000	Segment total RMB'000
Revenue from contracts with customers				
– Recognised at a point in time	156,604,249	–	–	156,604,249
– Recognised over time	17,906,389	–	1,070,324	18,976,713
	174,510,638	–	1,070,324	175,580,962
Revenue from other sources				
– Rental income	–	4,740,607	–	4,740,607
Segment revenue – External	174,510,638	4,740,607	1,070,324	180,321,569
Segment profit (including share of profits and losses of associates and joint ventures)	32,273,653	7,264,477	55,558	39,593,688

For the year ended 31 December 2021

	Property development RMB'000	Property investment RMB'000	Other operations RMB'000	Segment total RMB'000
Revenue from contracts with customers				
– Recognised at a point in time	209,426,587	–	–	209,426,587
– Recognised over time	26,928,943	–	1,217,916	28,146,859
	236,355,530	–	1,217,916	237,573,446
Revenue from other sources				
– Rental income	–	4,667,337	–	4,667,337
Segment revenue – External	236,355,530	4,667,337	1,217,916	242,240,783
Segment profit (including share of profits and losses of associates and joint ventures)	51,936,108	8,089,348	128,884	60,154,340

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

8. SEGMENT INFORMATION (continued)

Reconciliation of reportable segment profit to the consolidated profit before tax

Segment profit include profits from subsidiaries and share of profits and losses of associates and joint ventures. These represent the profit earned by each segment without allocation of interest income on bank deposits, corporate expenses, finance costs and net foreign exchange (losses)/gains recognised in the consolidated income statement.

	2022 RMB'000	2021 RMB'000
Reportable segment profit	39,593,688	60,154,340
Unallocated items:		
Interest income on bank deposits	1,821,626	1,616,669
Corporate expenses	(68,361)	(232,652)
Finance costs	(1,056,725)	(865,928)
Net foreign exchange (losses)/gains recognised in the consolidated income statement	(4,283,299)	2,457,232
Consolidated profit before tax	36,006,929	63,129,661

Segment Assets and Liabilities

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

At 31 December 2022

	Property development RMB'000	Property investment RMB'000	Other operations RMB'000	Segment total RMB'000
Segment assets (including interests in and amounts due from associates and joint ventures) (Note a)	606,460,818	191,046,082	5,441,117	802,948,017
Segment liabilities (including amounts due to associates and joint ventures) (Note b)	(245,663,550)	(22,963,003)	(1,144,508)	(269,771,061)

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

8. SEGMENT INFORMATION (continued)

Segment Assets and Liabilities (continued)

At 31 December 2021

	Property development RMB'000	Property investment RMB'000	Other operations RMB'000	Segment total RMB'000
Segment assets (including interests in and amounts due from associates and joint ventures) (Note a)	568,287,914	167,073,291	3,589,302	738,950,507
Segment liabilities (including amounts due to associates and joint ventures) (Note b)	(249,465,016)	(19,898,676)	(1,514,358)	(270,878,050)

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

- all assets are allocated to reportable segments other than bank balances and cash; and
- all liabilities are allocated to reportable segments other than bank and other borrowings, guaranteed notes and corporate bonds.

	2022 RMB'000	2021 RMB'000
Reportable segment assets	802,948,017	738,950,507
Unallocated items:		
Bank balances and cash	110,306,115	130,956,191
Consolidated total assets	913,254,132	869,906,698
Reportable segment liabilities	(269,771,061)	(270,878,050)
Unallocated items:		
Bank and other borrowings	(165,552,630)	(162,311,684)
Guaranteed notes and corporate bonds	(104,832,616)	(79,610,610)
Consolidated total liabilities	(540,156,307)	(512,800,344)

Notes:

- (a) Segment assets include interests in and amounts due from associates of RMB21,241,893,000 (2021: RMB17,862,412,000) and RMB4,459,576,000 (2021: RMB6,036,539,000), respectively, and interests in and amounts due from joint ventures of RMB22,168,401,000 (2021: RMB22,708,422,000) and RMB8,788,592,000 (2021: RMB11,428,036,000), respectively.
- (b) Segment liabilities include amounts due to associates and joint ventures of RMB1,635,770,000 (2021: RMB1,872,114,000) and RMB4,408,323,000 (2021: RMB5,962,081,000), respectively.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

8. SEGMENT INFORMATION (continued)

Other Segment Information

For the year ended 31 December 2022

	Property development RMB'000	Property investment RMB'000	Other operations RMB'000	Segment total RMB'000
Amounts included in the measurement of segment results and segment assets:				
Additions to non-current assets (Note)	298,527	9,828,872	399,727	10,527,126
Depreciation	(230,240)	(238,517)	(198,457)	(667,214)
Re-measurement gain on pre-existing interest in an associate upon acquisition	1,251,160	—	—	1,251,160
Gains on bargain purchase of subsidiaries	1,236,618	—	—	1,236,618
Impairment losses on stock of properties	(1,520,022)	—	—	(1,520,022)
Impairment losses on amounts due from joint ventures	(1,327,122)	—	—	(1,327,122)
Gain arising from changes in fair value of investment properties	—	4,795,561	—	4,795,561
Interest income on amounts due from fellow subsidiaries, associates, joint ventures and non-controlling shareholders	387,277	—	—	387,277
Share of profits and losses of associates	1,776,078	—	—	1,776,078
Share of profits and losses of joint ventures	405,315	—	—	405,315

For the year ended 31 December 2021

	Property development RMB'000	Property investment RMB'000	Other operations RMB'000	Segment total RMB'000
Amounts included in the measurement of segment results and segment assets:				
Additions to non-current assets (Note)	284,141	10,878,764	87,940	11,250,845
Depreciation	(32,284)	(209,473)	(166,178)	(407,935)
Gain arising from changes in fair value of investment properties	—	5,540,183	—	5,540,183
Interest income on amounts due from fellow subsidiaries, associates, joint ventures and non-controlling shareholders	290,157	—	—	290,157
Share of profits and losses of associates	2,781,412	—	—	2,781,412
Share of profits and losses of joint ventures	904,445	—	—	904,445

Note: Non-current assets exclude interests in associates, interests in joint ventures, financial assets at fair value through profit or loss, other receivables and deferred tax assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

8. SEGMENT INFORMATION (continued)

Revenue from Major Products and Services

An analysis of the Group's revenue for the year from its major products and services is set out in note 7.

Information about Geographical Areas

The Group's property development, property investment and other operations are carried out in mainland China, Hong Kong, Macau and the United Kingdom. The following table provides a geographical analysis of the Group's revenue from external customers (based on where the products and services are delivered or provided) and non-current assets (based on the location of assets):

	Revenue by geographical market		Non-current assets (Note)	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
PRC				
Southern Region	50,217,111	59,514,248	28,027,974	27,118,142
Eastern Region	31,876,467	52,674,258	65,957,173	56,968,505
Central and Western Region	23,544,925	50,731,668	22,548,424	20,567,053
Northern Region	69,699,033	75,544,256	73,152,440	58,540,861
Hong Kong and Macau	4,715,446	3,483,324	2,516,198	2,652,449
The United Kingdom	268,587	293,029	5,166,247	5,937,953
Total	180,321,569	242,240,783	197,368,456	171,784,963

Note: Non-current assets exclude interests in associates, interests in joint ventures, financial assets at fair value through profit or loss, other receivables and deferred tax assets.

Information about Major Customers

There was no revenue from a single customer accounted for 10% or more of the Group's revenue for both years.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

9. OTHER INCOME AND (LOSSES)/GAINS, NET

	2022 RMB'000	2021 RMB'000
Other income and (losses)/gains, net include:		
Interest income on bank deposits	1,821,626	1,616,669
Interest income on amounts due from fellow subsidiaries, associates, joint ventures and non-controlling shareholders	387,277	290,157
Other interest income	106,584	50,236
Total interest income	2,315,487	1,957,062
Net foreign exchange (losses)/gains	(5,179,102)	2,457,232
Add: Exchange losses arising from foreign currency debt capitalised	895,803	—
Net foreign exchange (losses)/gains recognised in the consolidated income statement	(4,283,299)	2,457,232
Re-measurement gain on pre-existing interest in an associate upon acquisition	1,251,160	—
Gains on bargain purchase of subsidiaries	1,236,618	—
Impairment losses on stock of properties	(1,520,022)	—
Impairment losses on amounts due from joint ventures	(1,327,122)	—

10. FINANCE COSTS

	2022 RMB'000	2021 RMB'000
Interest on bank and other borrowings, guaranteed notes and corporate bonds	9,577,935	7,844,825
Interest on amounts due to fellow subsidiaries and a related company, associates, joint ventures and non-controlling shareholders	560,198	330,479
Interest on lease liabilities and other finance costs	213,396	281,951
Total finance costs	10,351,529	8,457,255
Less: Amount capitalised	(9,294,804)	(7,591,327)
	1,056,725	865,928

Finance costs capitalised during the year are calculated by applying a weighted average capitalisation rate of 3.18% (2021: 3.15%) per annum to expenditure on qualifying assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

11. INCOME TAX EXPENSES

	2022 RMB'000	2021 RMB'000
Current tax:		
PRC Corporate Income Tax ("CIT")	7,004,004	11,869,001
PRC LAT	2,902,387	6,856,260
PRC withholding income tax	49,614	333,352
Hong Kong profits tax	69,884	354,349
Macau income tax	5,070	18,020
Others	20,670	26,632
	10,051,629	19,457,614
Deferred tax (Note 33):		
Current year	1,399,128	610,511
Total	11,450,757	20,068,125

Under the Law of PRC on CIT (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of PRC subsidiaries of the Company is 25% (2021: 25%).

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

Hong Kong profits tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profit for the year.

Macau income tax is calculated at the prevailing tax rate of 12% (2021: 12%) in Macau.

Details of deferred tax are set out in note 33.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

11. INCOME TAX EXPENSES (continued)

The income tax expenses for the year are reconciled to the profit before tax per the consolidated income statement as follows:

	2022 RMB'000	2021 RMB'000
Profit before tax	36,006,929	63,129,661
Tax at the applicable tax rate of 25% (2021: 25%)	9,001,732	15,782,415
PRC withholding income tax	49,614	333,352
PRC LAT	2,902,387	6,856,260
Tax effect of PRC LAT	(725,597)	(1,714,065)
Tax effect of share of profits and losses of associates and joint ventures	(545,348)	(921,464)
Tax effect of expenses not deductible for tax purpose	1,810,653	811,124
Tax effect of income not taxable for tax purpose	(648,961)	(623,223)
Tax effect of tax losses not recognised	124,084	73,721
Effect of different tax rates	(655,415)	(481,497)
Others	137,608	(48,498)
Income tax expenses for the year	11,450,757	20,068,125

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

12. PROFIT FOR THE YEAR

	2022 RMB'000	2021 RMB'000
Profit for the year has been arrived at after charging/(crediting):		
Auditors' remuneration		
Audit services	10,085	9,367
Non-audit services	921	45
	11,006	9,412
Depreciation	667,214	407,935
Staff costs (including benefits and interests of directors) (Note)	2,192,658	2,758,511
Share of tax of		
Associates	1,174,014	1,822,152
Joint ventures	114,917	456,749
Cost of stock of properties and other inventories recognised as expenses	138,664,727	181,583,106
Rental income in respect of investment properties under operating leases, net of outgoings of RMB1,779,217,000 (2021: RMB1,632,349,000)	(2,817,922)	(2,859,768)

Note: During the year ended 31 December 2022, equity-settled share-based payment credit in respect of the Share Option Schemes (note 30) of RMB128,840,000 (2021: charge of RMB114,517,000), and charge in respect of A-shares Restricted Stock Incentive Plan (note 30) of nil (2021: RMB1,492,000), respectively, which have been included in the staff costs as disclosed above.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of the trustees. During the year ended 31 December 2022, the aggregate amount of forfeited contributions in respect of employees who left before their interests vested fully and thus utilised to reduce contributions during the year was RMB30,000 (2021: RMB24,000).

The employees of the Group's subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme.

The total cost for retirement schemes recognised in the consolidated income statement of RMB195,829,000 (2021: RMB176,006,000), which has been included in staff costs disclosed above, represents contributions to the schemes by the Group in respect of the current accounting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

13. BENEFITS AND INTERESTS OF DIRECTORS

For the year ended 31 December 2022					
As director					
Notes	Directors' fees	Basic salaries, allowances and benefits-in-kind	Performance related bonus	Provident fund contributions	Total
	RMB'000	(Note (i)) RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Yan Jianguo	–	4,725	–	14	4,739
Luo Liang	–	2,172	3,662	94	5,928
Zhang Zhichao	–	2,142	4,522	80	6,744
Guo Guanghui	–	1,873	3,404	94	5,371
	–	10,912	11,588	282	22,782
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-executive Directors					
Zhuang Yong	–	–	–	–	–
Zhao Wenhui (iv)	–	–	–	–	–
Independent Non-executive Directors					
Fan Hsu Lai Tai, Rita (ii)	500 (approximately RMB430)	–	–	–	500 (approximately RMB430)
Li Man Bun, Brian David (ii)	500 (approximately RMB430)	–	–	–	500 (approximately RMB430)
Chan Ka Keung, Ceajer (ii)	500 (approximately RMB430)	–	–	–	500 (approximately RMB430)
	1,500 (approximately RMB1,290)	–	–	–	1,500 (approximately RMB1,290)

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

13. BENEFITS AND INTERESTS OF DIRECTORS (continued)

		For the year ended 31 December 2021				
		As director				
			Basic salaries, allowances and benefits-in-kind (Note (i))	Performance related bonus	Provident fund contributions	Total
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors						
		–	4,543	2,600	15	7,158
		–	2,355	7,700	205	10,260
		–	2,219	6,600	184	9,003
		–	1,936	5,900	178	8,014
		–	11,053	22,800	582	34,435
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-executive Directors						
		–	–	–	–	–
	(iii)	–	–	–	–	–
	(iv)	–	–	–	–	–
Independent Non-executive Directors						
	(ii)	500 (approximately RMB413)	–	–	–	500 (approximately RMB413)
	(ii)	500 (approximately RMB413)	–	–	–	500 (approximately RMB413)
	(ii)	500 (approximately RMB413)	–	–	–	500 (approximately RMB413)
		1,500 (approximately RMB1,239)	–	–	–	1,500 (approximately RMB1,239)

Notes:

- (i) Allowances and benefits-in-kind include housing allowance and non-cash benefits including the expense incurred in respect of the annual leave in lieu and share-based payments.
- (ii) The directors' fees are paid in HK\$. The RMB amounts are disclosed for presentation purpose only.
- (iii) Resigned effective from 20 October 2021.
- (iv) Appointed effective from 20 October 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

13. BENEFITS AND INTERESTS OF DIRECTORS (continued)

The performance related bonus was determined based on the Group's performance for the year.

Of the five individuals with the highest emoluments in the Group, one (2021: three) was director of the Company whose emoluments are included above. The emoluments of the remaining four (2021: two) individuals were set out as follows:

	2022 RMB'000	2021 RMB'000
Basic salaries, allowances and benefits-in-kind	6,844	4,420
Performance related bonus	17,496	10,800
Provident fund contributions	425	373
	24,765	15,593

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2022	2021
HK\$7,000,001 to HK\$7,500,000	4	—
HK\$9,000,001 to HK\$9,500,000	—	1
HK\$9,500,001 to HK\$10,000,000	—	1
	4	2

No directors waived any emoluments in both years ended 31 December 2022 and 2021.

No directors received any emoluments as inducement to join or upon joining the Company or as compensation for loss of office in both years ended 31 December 2022 and 2021.

During the year, Mr. Yan Jianguo held directorship in CSCEC, and/or its subsidiaries/associated companies, which engaged in construction, property development and property investment and related businesses.

Save as disclosed above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during both years ended 31 December 2022 and 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2022	2021
	RMB'000	RMB'000

Earnings

Earnings for the purpose of calculation of basic and diluted earnings per share

Profit for the year attributable to owners of the Company	23,264,747	40,155,361
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	2022	2021
	'000	'000

Number of shares

Weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings per share

	10,944,864	10,945,018
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No adjustment has been made to the basic earnings per share presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share presented.

15. DIVIDENDS

	2022	2021
	RMB'000	RMB'000

Dividends recognised as distributions during the year:

Interim dividend for the year ended 31 December 2022 of HK40

cents per share (2021: Interim dividend for the year ended

31 December 2021 of HK45 cents per share)

	3,860,042	4,067,942
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Final dividend for the year ended 31 December 2021 of HK76

cents per share (2021: Final dividend for the year ended

31 December 2020 of HK73 cents per share)

	7,018,822	6,664,221
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	10,878,864	10,732,163
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The final dividend of HK40 cents per share for the year ended 31 December 2022, amounting to approximately RMB3,826,331,000 has been proposed by the Board of Directors and is subject to approval by the shareholders at the for the coming annual general meeting of the Company. The amount of the proposed final dividend, which was calculated based on the number of ordinary shares in issue at the date of approval of these consolidated financial statements, has not been recognised as dividend payable in the consolidated financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

16. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets (Note 35(i))					Furniture fixtures, office equipment and motor vehicles	Construction in progress	Total
	Leasehold land and buildings RMB'000	Prepaid lease payments for land RMB'000	Other right-of- use assets RMB'000	Hotel buildings RMB'000	Plant, machinery and equipment RMB'000	RMB'000	RMB'000	RMB'000
COST								
At 1 January 2021	1,798,008	597,127	902,472	1,983,279	258,670	651,391	852,470	7,043,417
Additions	13,952	4,399	232,022	–	4,889	192,796	10,093	458,151
Transfer upon completion	20,688	–	–	591,139	2,704	23,131	(637,662)	–
Transfer from stock of properties	13,299	–	–	14,192	–	–	516,780	544,271
Disposals	(39,538)	(20,000)	(229,064)	(67,949)	(5,610)	(23,858)	–	(386,019)
Exchange realignment	(10,950)	–	(2,748)	–	–	(3,676)	–	(17,374)
At 31 December 2021 and 1 January 2022	1,795,459	581,526	902,682	2,520,661	260,653	839,784	741,681	7,642,446
Additions	13,575	–	111,531	54,614	4,361	334,720	241,921	760,722
Acquisition of subsidiaries	66,973	–	211	–	202	4,380	–	71,766
Transfer upon completion	2,222	–	–	900,579	796	1,968	(905,565)	–
Transfer from stock of properties	–	–	–	1,493,946	–	–	–	1,493,946
Disposals	(25,672)	–	(70,134)	–	(64,709)	(26,496)	–	(187,011)
Transfer to investment properties	(63,750)	–	–	–	–	–	–	(63,750)
Exchange realignment	10,586	–	8,531	–	–	3,319	–	22,436
At 31 December 2022	1,799,393	581,526	952,821	4,969,800	201,303	1,157,675	78,037	9,740,555
DEPRECIATION								
At 1 January 2021	429,636	128,375	231,665	587,958	213,999	440,981	–	2,032,614
Provided for the year	39,867	12,945	273,195	46,007	19,256	16,665	–	407,935
Eliminated on disposals	(24,457)	(7,458)	(196,114)	(62,535)	(7,645)	(18,541)	–	(316,750)
Exchange realignment	(2,292)	–	(1,131)	–	–	(2,401)	–	(5,824)
At 31 December 2021 and 1 January 2022	442,754	133,862	307,615	571,430	225,610	436,704	–	2,117,975
Provided for the year	37,194	13,875	317,937	111,970	3,335	182,903	–	667,214
Eliminated on disposals	(4,279)	–	(25,923)	–	(55,394)	(16,888)	–	(102,484)
Transfer to investment properties	(35,576)	–	–	–	–	–	–	(35,576)
Exchange realignment	956	–	4,844	–	–	2,081	–	7,881
At 31 December 2022	441,049	147,737	604,473	683,400	173,551	604,800	–	2,655,010
CARRYING VALUE								
At 31 December 2022	1,358,344	433,789	348,348	4,286,400	27,752	552,875	78,037	7,085,545
At 31 December 2021	1,352,705	447,664	595,067	1,949,231	35,043	403,080	741,681	5,524,471

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the term of the relevant lease
Prepaid lease payments for land	Over the term of the relevant lease
Other right-of-use assets	3 to 10 years
Hotel buildings	Over the term of the relevant lease
Plant, machinery and equipment	3 to 10 years
Other assets	3 to 8 years

17. INVESTMENT PROPERTIES

	Completed			Under construction	
	PRC RMB'000	Hong Kong and Macau RMB'000	The United Kingdom RMB'000	PRC RMB'000	Total RMB'000
FAIR VALUE					
At 1 January 2021	87,485,460	2,496,552	6,118,077	44,779,000	140,879,089
Additions	248,510	—	23,845	10,520,339	10,792,694
Gain arising from changes in fair value of investment properties	667,718	(8,095)	54,060	4,826,500	5,540,183
Transfer upon completion	22,462,000	—	—	(22,462,000)	—
Transfer from stock of properties	654,213	—	—	9,592,014	10,246,227
Disposals	(702,643)	(17,346)	—	(181,852)	(901,841)
Exchange realignment	—	(94,226)	(258,029)	—	(352,255)
At 31 December 2021 and 1 January 2022	110,815,258	2,376,885	5,937,953	47,074,001	166,204,097
Additions	904,969	—	—	8,861,435	9,766,404
Acquisition of subsidiaries	406,304	—	—	348,530	754,834
Gain arising from changes in fair value of Investment properties	999,552	(22,849)	(603,193)	4,422,051	4,795,561
Transfer upon completion	11,073,052	—	—	(11,073,052)	—
Transfer from stock of properties	816,009	—	—	9,174,036	9,990,045
Transfer from property, plant and equipment	28,174	—	—	—	28,174
Disposals	(962,418)	(371,088)	—	—	(1,333,506)
Exchange realignment	—	189,420	(168,513)	—	20,907
At 31 December 2022	124,080,900	2,172,368	5,166,247	58,807,001	190,226,516



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

17. INVESTMENT PROPERTIES *(continued)*

Leasing Arrangements

Investment properties are leased to tenants under operating leases with rentals payable monthly. Where considered necessary to reduce credit risk, the Group may obtain rental deposits from the tenant.

For future minimum lease receivables in leases of investment properties, please refer to note 36.

Investment Properties Valuation

The fair values of the investment properties held by the Group at 31 December 2022 and 2021 have been arrived on the basis of a valuation carried out on that date by Cushman & Wakefield Limited and CBRE Limited. The current use of the investment properties equates to their highest and best use.

The valuers mentioned above are independent firms of professional valuers not connected with the Group, who have appropriate qualification and recent experience in the valuation of similar properties in the relevant locations.

The Group's finance team reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation assumptions and results are held between management and the valuers at least twice a year when the valuation is performed for interim and annual financial reporting.

All of the Group's investment properties held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Fair values of the Group's investment properties are categorised as level 3 measurement in the three-level fair value hierarchy. During the year, there were no transfers between different levels within the fair value hierarchy.

Fair Value Measurements Using Significant Unobservable Inputs

The valuation for completed investment properties was arrived at by considering the capitalised income derived from the existing tenancies and the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

The valuation for investment properties under construction was arrived at by making reference to comparable selling prices, as available in the relevant market. The estimated construction costs to complete the development and estimated developer's profits at the date of valuation are also taken into account.

There was no change to the valuation techniques during the year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

17. INVESTMENT PROPERTIES (continued)

Fair Value Measurements Using Significant Unobservable Inputs (continued)

Information about fair value measurements using significant unobservable inputs

Description	Fair value at 31 December 2022 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investment properties under construction in the PRC	58,807,001	Residual method	Estimated selling prices Estimated costs to completion Estimated developer's profit	RMB11,400 – RMB120,100 per sq m RMB4,000 – RMB21,000 per sq m 2.0% – 30.0%
Completed investment properties in the PRC	124,080,900	Investment approach	Prevailing market rents Reversionary yield	RMB17 – RMB1,003 per sq m per month 3.5% – 8.0%
Completed investment properties in Hong Kong and Macau	2,172,368	Investment approach	Prevailing market rents Reversionary yield	HK\$15 – HK\$240 per sq ft per month 2.1% – 3.8%
Completed investment properties in the United Kingdom	5,166,247	Investment approach	Prevailing market rents Capitalisation rate	GBP50 – GBP80 per sq ft per year 4.9% – 5.5%

Description	Fair value at 31 December 2021 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investment properties under construction in the PRC	47,074,001	Residual method	Estimated selling prices Estimated costs to completion Estimated developer's profit	RMB10,000 – RMB82,300 per sq m RMB4,500 – RMB17,500 per sq m 5.0% – 25.0%
Completed investment properties in the PRC	110,815,258	Investment approach	Prevailing market rents Reversionary yield	RMB17 – RMB1,059 per sq m per month 3.5% – 8.0%
Completed investment properties in Hong Kong and Macau	2,376,885	Investment approach	Prevailing market rents Reversionary yield	HK\$15 – HK\$250 per sq ft per month 2.1% – 3.8%
Completed investment properties in the United Kingdom	5,937,953	Investment approach	Prevailing market rents Capitalisation rate	GBP46 – GBP64 per sq ft per year 4.4% – 5.0%

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

17. INVESTMENT PROPERTIES (continued)

Fair Value Measurements Using Significant Unobservable Inputs (continued)

Information about fair value measurements using significant unobservable inputs (continued)

Estimated costs to completion and the developer's profit required are estimated by the independent valuers based on market conditions at the end of the reporting period. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The lower is the costs to completion and developer's profit, the higher is the fair value.

Estimated selling prices and prevailing market rents are estimated based on the independent valuers' view of recent lettings or selling transactions within the subject properties and other comparable properties. The higher is the selling prices and market rents, the higher is the fair value.

The reversionary yield and capitalisation rate are estimated by the independent valuers based on the risk profile of the properties being valued and the market conditions. The lower is the yield and capitalisation rate, the higher is the fair value.

18. INTERESTS IN ASSOCIATES

	2022 RMB'000	2021 RMB'000
Cost of investments		
Listed in Hong Kong	4,229,703	3,889,208
Unlisted	8,195,881	5,827,633
Share of post-acquisition profits and other comprehensive income, net of dividends received	8,816,309	8,145,571
	21,241,893	17,862,412
Market value of the interest in the listed associate	4,208,574	4,218,652

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

18. INTERESTS IN ASSOCIATES (continued)

Set out below are the particulars of the principal associates at 31 December 2022. In the opinion of the directors of the Company, to give details of other associates would result in particulars of excessive length.

Name of entity	Place of incorporation/ establishment	Place of operation	Proportion of nominal value of issued ordinary capital/registered capital held by the Group		Principal activities
			2022	2021	
China Overseas Grand Oceans Group Ltd. ("COGO")*	Hong Kong	PRC	39.63%	38.32%	Property investment and development, property leasing and investment holding
金茂投資(長沙)有限公司	PRC	PRC	20%	20%	Property development
廣州利合房地產開發有限公司	PRC	PRC	—	20%	Property development
上海佳晟房地產開發有限公司	PRC	PRC	49%	49%	Property development
廈門市海貿地產有限公司	PRC	PRC	50%	50%	Property development
深圳市招航置業有限公司	PRC	PRC	30%	—	Property development
天津中海海鑫地產有限公司	PRC	PRC	34%	—	Property development
廈門悅琴海聯建設發展有限公司	PRC	PRC	30%	—	Property development

* COGO is listed on the Main Board of the Hong Kong Stock Exchange.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Set out below is the summarised financial information of an associate of the Group at 31 December 2022 which, in the opinion of the directors of the Company, is material to the Group.

Summarised Statement of Financial Position

	2022 RMB'000	COGO 2021 RMB'000
Current		
Bank balances and cash	29,330,896	32,492,369
Other current assets	143,394,764	158,150,213
Total current assets	172,725,660	190,642,582
Financial liabilities (excluding trade payables)	(19,592,557)	(20,455,762)
Other current liabilities (including trade payables)	(85,694,805)	(107,130,573)
Total current liabilities	(105,287,362)	(127,586,335)
Non-current		
Total non-current assets	8,056,171	8,143,839
Financial liabilities	(35,457,498)	(32,551,346)
Other liabilities	(2,635,819)	(2,892,481)
Total non-current liabilities	(38,093,317)	(35,443,827)
Net assets	37,401,152	35,756,259

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

18. INTERESTS IN ASSOCIATES (continued)

Summarised Statement of Comprehensive income

	2022 RMB'000	COGO 2021 RMB'000
Revenue	57,492,018	53,830,471
Depreciation	(94,703)	(90,578)
Interest income	358,202	353,695
Finance costs	(63,400)	(54,100)
Profit before tax	5,978,711	10,149,386
Income tax expenses	(2,922,587)	(4,504,484)
Profit for the year	3,056,124	5,644,902
Other comprehensive income	(1,642,515)	555,319
Total comprehensive income	1,413,609	6,200,221
Dividends received from COGO (Note)	413,768	384,708

Note: During the year, the Group has elected to receive the final dividend of COGO for the year ended 31 December 2021 in the form of new fully paid shares in lieu of cash amounting to RMB340,494,000 (2021: Nil).

Reconciliation of Summarised Financial Information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associate:

	2022 RMB'000	COGO 2021 RMB'000
Opening net assets at 1 January	35,756,259	27,236,382
Profit for the year	3,056,124	5,644,902
Other comprehensive income	(1,642,515)	555,319
Shares issued in lieu of cash dividend	468,272	–
Dividends paid	(1,063,031)	(1,011,230)
Other equity movement	301,141	–
Reserve movement from non-controlling interests	524,902	3,330,886
Closing net assets at 31 December	37,401,152	35,756,259
Non-controlling interests	(7,458,956)	(7,028,370)
Equity attributable to owners of the associate	29,942,196	28,727,889
Group's effective interest (%)	39.63%	38.32%
Carrying value of the Group's interest at 31 December	11,752,209	11,008,527

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

18. INTERESTS IN ASSOCIATES *(continued)*

Aggregate Information of Associates that are not Individually Material

	2022 RMB'000	2021 RMB'000
The Group's share of profit and losses for the year	415,934	846,032
The Group's share of total comprehensive income for the year	415,934	846,032
Aggregate carrying amount of the Group's interests in these associates	9,489,684	6,853,885

The financial guarantees granted to the Group's associates are disclosed in note 40.

19. INTERESTS IN JOINT VENTURES

	2022 RMB'000	2021 RMB'000
Cost of investments, unlisted	6,864,835	7,399,933
Loans to joint ventures <i>(Note)</i>	10,340,894	10,016,723
Share of post-acquisition profits and other comprehensive income, net of dividends received	4,962,672	5,291,766
	22,168,401	22,708,422

Note: The loans to joint ventures are classified as equity loan in nature, which are unsecured, interest-free and recoverable on demand, except for the amounts of RMB7,370,675,000 (2021: RMB6,655,172,000) which bear variable interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 1% (2021: HIBOR plus 1%) per annum.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

19. INTERESTS IN JOINT VENTURES (continued)

Set out below are the particulars of the principal joint ventures at 31 December 2022. In the opinion of the directors of the Company, to give details of other joint ventures would result in particulars of excessive length.

Name of entity	Place of incorporation/ establishment	Place of operation	Proportion of nominal value of issued ordinary capital/registered capital held by the group		Principal activities
			2022	2021	
Ultra Keen Holdings Limited	Hong Kong	Hong Kong	30%^	30%^	Property development
Infinite Sun Limited	Hong Kong	Hong Kong	30%^	30%^	Property development
Dragon Star H.K. Investments Limited	Hong Kong	Hong Kong	20%^	20%^	Property development
Marble Edge Investments Limited	Hong Kong	Hong Kong	18%^	18%^	Property development
Grand Ample Limited	Hong Kong	Hong Kong	33.3%^	33.3%^	Property development
Asia Power Development Limited	Hong Kong	Hong Kong	50%^	50%^	Property development
重慶嘉益商業管理有限公司 (formerly known as 重慶嘉益 房地產開發有限公司)	PRC	PRC	50%^	50%^	Property development
中海保利達地產(佛山)有限公司	PRC	PRC	50%^	50%^	Property development
北京南悅房地產開發有限公司	PRC	PRC	35%^	35%^	Property development
青島海捷置業有限公司	PRC	PRC	50%^	50%^	Property development

^ The Group exercises joint control over decisions about the relevant activities which require unanimous consent with other joint venture partners in accordance with joint venture agreements and/or the companies' articles, and accordingly, these companies have been accounted for as joint ventures.

All of these joint ventures are accounted for using the equity method in these consolidated financial statements. In the opinion of the directors of the Company, there are no individually material joint ventures.

Aggregate Information of Joint Ventures that are not Individually Material

	2022 RMB'000	2021 RMB'000
The Group's share of profit and losses for the year	405,315	904,445
The Group's share of total comprehensive income for the year	405,315	904,445
Aggregate carrying amount of the Group's interests in these joint ventures	22,168,401	22,708,422

The financial guarantees granted to the Group's joint ventures are disclosed in note 40.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000	2021 RMB'000
Investments in unlisted equity securities in the PRC	218,173	120,228

The above equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income. For information about the method used in determining fair value, please refer to note 6.

21. STOCK OF PROPERTIES AND OTHER INVENTORIES

	2022 RMB'000	2021 RMB'000
Completed properties	105,697,379	83,695,963
Properties under development (Note)	382,952,020	366,759,876
Total stock of properties	488,649,399	450,455,839
Other inventories	163,586	164,524
	488,812,985	450,620,363

Note: Included in the amount are properties under development of RMB208,964,790,000 (2021: RMB212,200,639,000) which are not expected to be realised within twelve months from the end of the reporting period.

At 31 December 2022, stock of properties included the costs incurred in fulfilling customer contracts amounting to RMB90,996,993,000 (2021: RMB86,162,587,000).

At 31 December 2022, the stock of properties included costs incurred for a project in Beijing of RMB2,188,413,000 (2021: RMB3,581,456,000), whereby the Group entered into agreements with the Beijing local government for land development works such as relocation of residents and infrastructure constructions, and subsequent development of residential properties for sale.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

22. LAND DEVELOPMENT EXPENDITURE

	2022 RMB'000	2021 RMB'000
Costs incurred	11,469,316	12,388,697

The Group entered into agreements ("Agreements") with the Beijing local government to redevelop some lands in Beijing. The Group assists the Beijing local government for the land redevelopment works, which included but is not limited to the removal of the existing buildings situated on the land, the relocation of the existing residents, the provision of infrastructure systems including roads, the drainage system, water, gas and electricity supply and the construction of public facilities. Pursuant to the Agreements, the Group will be reimbursed for the actual costs incurred in carrying out the land development and be entitled to the fixed returns irrespective of whether the Group will obtain the land use rights of the land in the future. The fixed return is recognised as income from primary land development under other income in the consolidated financial statements with reference to the progress for the land redevelopment works.

23. TRADE AND OTHER RECEIVABLES

Proceeds receivable in respect of property development are settled in accordance with the terms stipulated in the sale and purchase agreements.

Except for the proceeds from property development and rental income which are receivable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

At the end of the reporting period, the ageing analysis of trade receivables, based on the date the trade receivables recognised, is as follows:

	2022 RMB'000	2021 RMB'000
Trade receivables, aged		
0 – 30 days	3,657,213	5,059,654
31 – 90 days	157,530	326,623
Over 90 days	801,309	901,780
	4,616,052	6,288,057
Other receivables – current portion	2,426,027	1,956,432
	7,042,079	8,244,489

In determining the recoverability of trade receivables, management has closely monitored the credit qualities and the collectability of these receivables and considers that the expected credit risks of them are minimal in view of the track record of repayment from them, the history of cooperation with them and forward-looking information. The concentration of credit risk is limited due to the customer base being large and unrelated. The provision of trade and other receivables was insignificant at the end of the reporting period (2021: insignificant).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

24. AMOUNTS DUE FROM A FELLOW SUBSIDIARY/ASSOCIATES/JOINT VENTURES/ NON-CONTROLLING SHAREHOLDERS UNDER CURRENT ASSETS

At 31 December 2021, the amount due from a fellow subsidiary was unsecured, interest-free and recoverable on demand.

At 31 December 2022, the amounts due from associates are unsecured, interest-free and recoverable on demand, except for the amounts of RMB903,722,000 (2021: RMB2,951,303,000) which bear fixed interest rates ranging from 5% to 6% (2021: 5%) per annum.

At 31 December 2022, the amounts due from joint ventures are unsecured, interest-free and recoverable on demand, except for the amounts of RMB4,132,892,000 (2021: RMB5,104,934,000) which bear fixed interest rates, ranging from 4.35% to 12% (2021: 4.65% to 12%) per annum.

At 31 December 2022 and 2021, the amounts due from non-controlling shareholders are unsecured, interest-free and recoverable on demand.

25. BANK BALANCES AND CASH

At 31 December 2022, bank balances and cash included cash and cash equivalents of RMB109,709,019,000 (2021: RMB129,861,401,000) and restricted bank deposits of RMB597,096,000 (2021: RMB1,094,790,000). The restricted bank deposits are mainly guarantee deposits designated for certain property development projects.

At 31 December 2022, current deposits of RMB87,679,000 (2021: RMB1,512,155,000) were placed by the Group in China State Construction Finance Limited, a fellow subsidiary of the Company and a non-bank financial institution approved by the China Banking and Insurance Regulatory Commission, which carried interest rates at 0.455% (2021: ranging from 0.455% to 1.725%) per annum. This related party transaction also constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules.

All bank deposits of the Group carry interest at market rates ranging from 0.001% to 5.70% (2021: 0.001% to 3.45%) per annum.

Cash and cash equivalents included the regulated pre-sales proceeds of properties of RMB25,165,268,000 (2021: RMB23,538,748,000). In accordance with applicable prevailing government regulation, the deposits can only be used for payments of construction cost of related property projects. Such deposits will be released according to the completion stage of the related properties.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

25. BANK BALANCES AND CASH (continued)

At the end of the reporting period, the Group had the following major bank balances and cash denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
Bank balances and cash denominated in:		
RMB	103,784,597	122,544,289
HK\$	5,443,354	6,092,548
US\$	729,541	1,915,162

The reconciliation of liabilities arising from financing activities is as follows:

	Bank and other borrowings RMB'000	Guaranteed notes and corporate bonds RMB'000	Accrued interest RMB'000	Amounts due to fellow subsidiaries and a related company RMB'000	Amounts due to associates RMB'000	Amounts due to joint ventures RMB'000	Amounts due to non- controlling shareholders RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2021	136,809,254	76,171,187	911,078	2,599,775	1,706,459	4,197,226	10,879,834	691,828	233,966,641
Financing cash flow	27,555,289	5,072,064	(7,860,648)	2,159,827	683,963	1,947,896	(3,298,701)	(315,648)	25,944,042
Exchange realignment	(2,168,424)	(1,659,964)	(15,007)	(62,006)	–	–	–	(1,339)	(3,906,740)
Other non-cash movements	115,565	27,323	7,844,825	(729,790)	(518,308)	(183,041)	(46,571)	257,485	6,767,488
At 31 December 2021 and 1 January 2022	162,311,684	79,610,610	880,248	3,967,806	1,872,114	5,962,081	7,534,562	632,326	262,771,431
Financing cash flow	(4,203,355)	21,566,605	(9,215,115)	(495,767)	77,557	(898,502)	2,416,445	(334,441)	8,913,427
Acquisition of subsidiaries	3,057,900	–	–	–	(329,680)	–	1,469,172	214	4,197,606
Exchange realignment	4,413,574	3,626,600	36,411	153,167	–	–	1,076	4,208	8,235,036
Other non-cash movements	(27,173)	28,801	9,577,935	–	15,779	(655,256)	2,291,133	855,226	12,086,445
At 31 December 2022	165,552,630	104,832,616	1,279,479	3,625,206	1,635,770	4,408,323	13,712,388	1,157,533	296,203,945

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

26. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2022 RMB'000	2021 RMB'000
Trade payables, aged		
0 – 30 days	17,706,981	22,694,559
31 – 90 days	7,145,132	9,285,168
Over 90 days	37,619,422	40,959,622
	62,471,535	72,939,349
Other payables	9,480,747	11,486,856
Retention payable	6,698,458	5,628,666
	78,650,740	90,054,871

Other payables mainly include rental and other deposits, other taxes payable and accrued charges.

Of the other payables and retention payable, an amount of RMB3,639,660,000 (2021: RMB3,757,113,000) is due beyond twelve months from the end of the reporting period.

27. CONTRACT ASSETS AND PRE-SALES PROCEEDS

Details of contract assets are as follows:

	2022 RMB'000	2021 RMB'000
Contract assets related to sales of properties (Note (i))	689,403	432,984
Costs for obtaining contracts (Note (ii))	589,033	493,928
Total contract assets	1,278,436	926,912

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

27. CONTRACT ASSETS AND PRE-SALES PROCEEDS (continued)

Notes:

- (i) Contract assets consist of unbilled amounts resulting from sales of properties when revenue recognised exceeds the amounts billed to the customer.

The increase in contract assets for the year ended 31 December 2022 was the result of the decrease in the amounts billed to the customer during the year.

- (ii) Management expects that the incremental costs, primarily sales commissions and stamp duties, as a result of obtaining the pre-sale property contracts, are recoverable. The Group has capitalised the amounts and amortised when the related revenue is recognised. For the years ended 31 December 2022 and 2021, the amount of amortisation was insignificant and there was no impairment loss in relation to the costs capitalised.

- (iii) In determining the recoverability of contract assets, management has closely monitored the credit qualities and the collectability of the assets and considers that the expected credit risks of them are minimal in view of the track record of repayment from them, the history of cooperation with them and forward looking information. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the provision of contract assets was insignificant at the end of the reporting period (2021: insignificant).

At 31 December 2022, contract assets with a carrying amount of RMB1,048,833,000 (2021: RMB829,006,000) are expected to be recovered within twelve months from the end of the reporting period.

- (iv) Total contracts assets as at 1 January 2021 consist of contract assets related to sales of properties of RMB2,681,621,000 and costs of obtaining contracts of RMB421,089,000.

Details of pre-sales proceeds are as follows:

	2022 RMB'000	2021 RMB'000
Contract liabilities related to sales of properties (Note (v))	98,814,408	92,344,538
Value-added tax related to sales of properties as included in pre-sales proceeds	8,861,525	8,110,652
Total pre-sales proceeds	107,675,933	100,455,190

- (v) The increase in contract liabilities during the year was in line with the decrease in the Group's revenue recognised for the year.

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

27. CONTRACT ASSETS AND PRE-SALES PROCEEDS (continued)

The following table shows the amount of revenue recognised in the current reporting period in relation to carried-forward contract liabilities:

	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	58,277,803	86,559,054

Management expects that the transaction price allocated to the unsatisfied contracts related to sales of properties at 31 December 2022 amounting to RMB124,419,859,000 (2021: RMB118,607,910,000) will be recognised as revenue within the coming three financial years.

28. AMOUNTS DUE TO FELLOW SUBSIDIARIES AND A RELATED COMPANY/ ASSOCIATES/JOINT VENTURES

At 31 December 2022, all the amounts due to fellow subsidiaries and a related company are unsecured, interest-free and repayable on demand. At 31 December 2021, the amounts due to fellow subsidiaries was unsecured, interest-free and repayable on demand, except for the amounts due to certain fellow subsidiaries and a related company (which is the joint venture of a fellow subsidiary of the Company) of RMB1,703,546,000 in aggregate which bear a fixed interest rate at 5.65% per annum.

At 31 December 2022, the amounts due to associates and joint ventures are unsecured, interest-free and repayable on demand, except for the amounts due to associates and joint ventures of RMB765,000,000 (2021: RMB729,000,000) and RMB615,079,000 (2021: RMB829,610,000), respectively, which bear fixed interest rates at 2.18% (2021: ranging from 2.18% to 3.00%) per annum.

29. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

At 31 December 2022, the current amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand, except for the amounts of RMB9,460,300,000 (2021: RMB5,890,928,000) and nil (2021: RMB476,888,000) which bear fixed and variable interest rates, respectively, ranging from 3.50% to 6.00% (2021: 3.48% to 7.50%) per annum.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

30. SHARE CAPITAL

	Number of shares '000	HK\$'000	RMB'000
Issued and fully paid			
At 1 January 2021	10,953,185	90,420,438	74,033,624
Shares repurchased (<i>Note (i)</i>)	(8,370)	—	—
At 31 December 2021 and 1 January 2022	10,944,815	90,420,438	74,033,624
Exercises of share options under share option scheme (<i>Note (ii)</i>)	69	2,203	1,819
At 31 December 2022	10,944,884	90,422,641	74,035,443

Notes:

- (i) During the year ended 31 December 2021, the Company repurchased a total of 8,370,000 of its shares on the Hong Kong Stock Exchange at an aggregate consideration of RMB108,413,000 (net of transaction costs) which was paid fully out of the Company's retained profits in accordance with Section 257 of the Hong Kong Companies Ordinance. All repurchased shares were cancelled during the year ended 31 December 2021. The total amount paid for the repurchase of the shares has been charged to retained profits of the Company during the year ended 31 December 2021.
- (ii) During the year ended 31 December 2022, the subscription rights attaching to 68,500 share options were exercised at the subscription price of HK\$25.85 per share, resulting in the issue of 68,500 shares for a total cash consideration, before expenses, of HK\$1,770,000 (equivalent to RMB1,461,000). An amount of HK\$433,000 (equivalent to RMB358,000) was transferred from the share option reserve to share capital upon the exercise of share options under share option scheme.

Share-based Payments

Share Option Scheme by the Company

On 29 June 2018, the Company offered to grant share options (the "2018 Share Options") to certain eligible persons (collectively, the "2018 Options Grantees"), to subscribe for a total of 107,320,000 shares of the Company, subject to acceptance of the 2018 Options Grantees, under the share option scheme adopted by the Company on 11 June 2018. Out of 107,320,000 shares of 2018 Share Options granted, a total of 2,000,000 shares were granted to directors of the Company. The exercise price is HK\$25.85 per share.

One-third of the 2018 Share Options granted were vested on each of 29 June 2020, 29 June 2021 and 29 June 2022. The closing price of 2018 Share Options on the date of grant was HK\$25.85 per share.

On 24 November 2020, the Company offered to grant share options (the "2020 Share Options") to certain eligible persons (collectively, the "2020 Options Grantees"), to subscribe for a total of 285,840,000 shares of the Company, subject to acceptance of the 2020 Options Grantees, under the share option scheme adopted by the Company on 11 June 2018. Out of 285,840,000 shares of 2020 Share Options granted, a total of 6,300,000 shares were granted to directors of the Company. The exercise price is HK\$18.724 per share.

One-third of the 2020 Share Options granted will be vested on each of 24 November 2022, 24 November 2023 and 24 November 2024. The closing price of 2020 Share Options on the date of grant was HK\$17.96 per share.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

30. SHARE CAPITAL (continued)

Share-based Payments (continued)

Share Option Scheme by the Company (continued)

On 11 November 2021, the Company offered to grant share options (the “2021 Share Options”) to certain eligible persons (collectively, the “2021 Options Grantees”), to subscribe for a total of 7,130,000 shares of the Company, subject to acceptance of the 2021 Options Grantees, under the share option scheme adopted by the Company on 11 June 2018. Out of 7,130,000 shares of 2021 Share Options granted, a total of 1,600,000 shares were granted to a director of the Company. The exercise price is HK\$18.70 per share.

One-third of the 2021 Share Options granted will be vested on each of 11 November 2023, 11 November 2024 and 11 November 2025. The closing price of 2021 Share Options on the date of grant was HK\$18.70 per share.

The fair values of the 2018 Share Options on 29 June 2018, the 2020 Share Options on 24 November 2020 and the 2021 Share Options on 11 November 2021 determined using the Binomial Options Pricing Model were HK\$6.36, HK\$2.64 and HK\$2.89 per share, respectively. The significant inputs adopted in the model include:

Risk-free rate	2018 Share Options: 2.12% with reference to the market yield rates of the Hong Kong Government Bond (maturing 21 June 2021 and 6 December 2021) as of 29 June 2018
	2020 Share Options: 0.34% with reference to the market yield rates of the Hong Kong Government Bond (maturing 20 August 2025 and 27 August 2027) as of 24 November 2020
	2021 Share Options: 1.42% with reference to the Hong Kong Dollar Swap Rate (5Y and 7Y) as of 11 November 2021
Historical volatility	31.91%, 31.89% and 31.31% calculated based on the historical price with a period equals to the life of the 2018, 2020 and 2021 Share Options, respectively
Cap of the share-based payments	40% of the respective Grantees’ remuneration for the 2018 Share Options
Dividend yield	3.09%, 5.68% and 6.31% based on the average dividend yield in the past six years for the 2018, 2020 and 2021 Share Options, respectively
Expected option life	6 years for 2018, 2020 and 2021 Share Options

The Binomial Options Pricing Model for the share options requires inputs of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

30. SHARE CAPITAL (continued)

Share-based Payments (continued)

Share Option Scheme by the Company (continued)

Set out below are movements of the share option under the Share Option Scheme:

	2022		2021	
	Average exercise price per share	Number of share options	Average exercise price per share	Number of share options
At 1 January	HK\$20.44	370,280,000	HK\$20.47	378,860,000
Granted during the year	—	—	HK\$18.70	7,130,000
Forfeited during the year	HK\$20.42	(14,839,000)	HK\$20.31	(15,710,000)
Cancelled during the year (Note)	HK\$25.85	(29,260,000)	—	—
Exercised during the year	HK\$25.85	(68,500)	—	—
At 31 December	HK\$19.96	326,112,500	HK\$20.44	370,280,000

Note: The third tranche of the 2018 Share Options granted have been cancelled in accordance with the exercise conditions under the terms of the Share Option Scheme.

No share options were granted and expired during the year. The weighted average closing price of the shares immediately before the dates on which the share options were exercised in 2022 was HK\$26.27 (2021: not applicable).

Share options outstanding at the end of the reporting period have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price per share	Number of share options	Weighted average remaining contractual life of options outstanding at the end of the reporting period
29 June 2018	28 June 2024	HK\$25.85	56,752,500	1.5 years
24 November 2020	23 November 2026	HK\$18.724	262,350,000	3.9 years
11 November 2021	10 November 2027	HK\$18.70	7,010,000	4.9 years
			326,112,500	

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

30. SHARE CAPITAL (continued)

Share-based Payments (continued)

A-shares Restricted Stock Incentive Plan by the Group's Holding Entities

Pursuant to the A-shares Restricted Stock Incentive Plan (Phase II) (the "Incentive Plan") of CSCECL, an intermediate holding company of the Company, 10,200,000 incentive shares were granted to certain employees of the Company (the "Employees", including two directors and certain members of senior management) on 29 December 2016 (the "Grant Date") with an exercise price of RMB4.866 per share, subject to a lock-up period of the two-year service from the Grant Date (the "Lock-up Period"). During the Lock-up Period, the incentive shares are not transferrable, nor subject to any guarantee, indemnity or pledge. One-third of the incentive shares are vested each year starting from the beginning of the third year on a time-apportionment basis since the Grant Date. Subject to CSCECL's achievement of performance conditions and individuals' key performance indicators, the restriction over the incentive shares will be removed, or otherwise, CSCECL has constructive obligation to repurchase the ordinary shares in cash if the performance conditions of CSCECL or individuals' key performance indicators are not achieved.

The fair value of the incentive shares on the Grant Date determined using the Black-Scholes valuation model was RMB2.21 per share. The significant inputs adopted in the model include:

Closing price on the Grant Date	RMB9.16 per share
Exercise price	RMB4.866 per share
Average volatility	44%
Average dividend yield	3.32%
Average annual risk-free interest rate	2.84%

The volatility measured at the standard deviation of continuously compounded share returns is calculated based on statistical analysis of historical daily share prices.

Pursuant to the bonus issue of CSCECL on the basis of 4 new shares for 10 existing shares during 2018, there was an increase in the number of ordinary shares of CSCECL. As the fair value of the incentive shares on the Grant Date remained as RMB2.21 per share, the number of incentive shares granted on the Grant Date and the exercise price per share were adjusted to 14,280,000 shares and RMB3.476 per share, respectively.

Set out below is the summary of incentive shares granted to the Employees under the Incentive Plan:

	2022 Number of incentive shares '000	2021 Number of incentive shares '000
At 1 January	—	4,200
Adjustment upon intra-group transfer of employees during the year	—	(210)
Share repurchased during the year	—	(39)
Exercised during the year	—	(3,951)
At 31 December	—	—

No incentive shares were granted during the year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

31. BANK AND OTHER BORROWINGS

	2022 RMB'000	2021 RMB'000
Bank and other borrowings		
– secured	4,763,408	4,172,586
– unsecured	160,789,222	158,139,098
	165,552,630	162,311,684

	2022 RMB'000	2021 RMB'000
The bank and other borrowings are repayable as follows:		
Within one year	19,717,640	38,220,634
More than one year, but not exceeding two years	60,494,495	38,624,571
More than two years, but not exceeding five years	60,210,243	74,652,538
After five years	25,130,252	10,813,941
Total bank and other borrowings	165,552,630	162,311,684
Less: Amounts classified as current liabilities	(19,717,640)	(38,220,634)
Amounts classified as non-current liabilities	145,834,990	124,091,050

Borrowings of the Group with a carrying amount of RMB105,403,588,000 (2021: RMB107,945,930,000) bear interest at rates ranging from 2.90% to 7.00% (2021: 3.50% to 7.00%) per annum and are denominated in RMB. Borrowings of the Group amounting to RMB830,720,000 (2021: RMB1,709,747,000), which are denominated in GBP, are based on the Sterling Overnight Index Average Rate (2021: London Interbank Offered Rate) plus a specified margin per annum. The remaining borrowings of the Group amounting to RMB59,318,322,000 (2021: RMB52,656,007,000), which are denominated in HK\$, are based on the HIBOR plus a specified margin per annum or bear interest at rates ranging from 1.70% to 4.03% (2021: 1.70% to 1.90%).

The Group's weighted average borrowing cost is 3.57% (2021: 3.55%) per annum. The borrowings amounting to RMB28,842,703,000 (2021: RMB19,013,576,000) and RMB136,709,927,000 (2021: RMB143,298,108,000) are carried at fixed interest rates and variable interest rates respectively.

At 31 December 2022 and 2021, secured bank and other borrowings of the Group were pledged by certain assets as set out in note 41.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

32. GUARANTEED NOTES AND CORPORATE BONDS

	2022 RMB'000	2021 RMB'000
The guaranteed notes and corporate bonds are repayable as follows:		
Within one year	19,639,747	6,399,786
More than one year, but not exceeding two years	19,713,489	18,977,351
More than two years, but not exceeding five years	41,695,885	32,299,297
After five years	23,783,495	21,934,176
Total guaranteed notes and corporate bonds	104,832,616	79,610,610
Less: Amounts classified as current liabilities	(19,639,747)	(6,399,786)
Amounts classified as non-current liabilities	85,192,869	73,210,824

At 31 December 2022 and 2021, the Group has the following guaranteed notes and corporate bonds issued with similar terms and conditions and different features:

Interest commencement date	Principal amount (in million)	Issue price	Fixed interest Rate per annum	Maturity date	Fair value at 31 December 2022 ^(vii) RMB'000	Carrying amount at 31 December 2022 RMB'000	2021 RMB'000
15 November 2012	US\$700 ⁽ⁱ⁾ (approximately RMB4,801)	99.665%	3.95% ^(vi)	15 November 2022	—	—	4,399,786
15 November 2012	US\$300 ⁽ⁱ⁾ (approximately RMB2,058)	99.792%	5.35% ^(vi)	15 November 2042	1,713,095	2,028,909	1,871,693
29 October 2013	US\$500 ⁽ⁱ⁾ (approximately RMB3,431)	99.595%	5.375% ^(vi)	29 October 2023	3,400,638	3,408,269	3,141,556
29 October 2013	US\$500 ⁽ⁱ⁾ (approximately RMB3,431)	99.510%	6.375% ^(vi)	29 October 2043	3,215,225	3,382,982	3,120,976
8 May 2014	US\$450 ⁽ⁱ⁾ (approximately RMB3,087)	99.554%	5.95% ^(vi)	8 May 2024	3,068,086	3,064,613	2,824,569
8 May 2014	US\$250 ⁽ⁱ⁾ (approximately RMB1,715)	103.080%	5.95% ^(vi)	8 May 2024	1,704,492	1,712,826	1,585,194
11 June 2014	US\$500 ⁽ⁱ⁾ (approximately RMB3,430)	99.445%	6.45% ^(vi)	11 June 2034	3,314,642	3,384,537	3,121,610
23 August 2016	RMB6,000 ^(iv)	100%	3.60% ^(vi)	23 August 2026	1,923,824	1,900,000	1,900,000
26 April 2018	US\$750 ⁽ⁱ⁾ (approximately RMB5,177)	99.844%	4.25% ^(vi)	26 April 2023	5,126,430	5,146,278	4,743,675
26 April 2018	US\$750 ⁽ⁱ⁾ (approximately RMB5,177)	99.646%	4.75% ^(vi)	26 April 2028	4,839,480	5,127,294	4,728,002
24 January 2019	RMB2,000 ⁽ⁱⁱⁱ⁾	100%	3.47% ^(vi)	24 January 2025	—	—	2,000,000
24 January 2019	RMB1,500 ^(iv)	100%	3.75% ^(vi)	24 January 2026	1,515,916	1,500,000	1,500,000
15 July 2019	HK\$2,000 ⁽ⁱ⁾ (approximately RMB1,770)	100%	2.90% ^(vi)	15 January 2025	1,653,221	1,757,320	1,620,368
15 July 2019	US\$450 ⁽ⁱ⁾ (approximately RMB3,102)	99.849%	3.45% ^(vi)	15 July 2029	2,701,507	3,086,477	2,846,851
27 November 2019	US\$294 ⁽ⁱ⁾ (approximately RMB2,027)	99.173%	3.05% ^(vi)	27 November 2029	1,709,900	2,009,579	1,852,474
2 March 2020	US\$300 ⁽ⁱ⁾ (approximately RMB2,077)	99.570%	2.375% ^(vi)	2 March 2025	1,903,160	2,048,065	1,887,366
2 March 2020	US\$500 ⁽ⁱ⁾ (approximately RMB3,462)	99.247%	2.75% ^(vi)	2 March 2030	2,819,527	3,398,668	3,133,263
2 March 2020	US\$200 ⁽ⁱ⁾ (approximately RMB1,385)	99.857%	3.125% ^(vi)	2 March 2035	963,073	1,365,049	1,259,307
28 April 2020	RMB3,701 ^{(iii)(viii)}	100%	2.50% ^(vi)	28 April 2038	3,666,070	3,685,200	3,692,120
14 August 2020	RMB2,000 ⁽ⁱⁱⁱ⁾	100%	3.20% ^(vi)	14 August 2026	2,006,706	2,000,000	2,000,000
17 August 2020	RMB3,001 ^{(iv)(viii)}	100%	3.90% ^(vi)	17 August 2038	3,015,926	2,995,500	2,998,300
9 November 2020	RMB2,400	100%	3.40% ^(vi)	9 November 2023	2,414,402	2,400,000	2,400,000
14 December 2020	RMB1,500	100%	3.60% ^(vi)	14 December 2023	1,515,325	1,500,000	1,500,000
15 January 2021	RMB1,500	100%	3.35% ^(vi)	15 January 2024	1,512,598	1,500,000	1,500,000
23 March 2021	RMB1,001 ^{(iii)(viii)}	100%	3.85% ^(vi)	23 March 2039	1,005,778	998,800	1,000,400

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

32. GUARANTEED NOTES AND CORPORATE BONDS (continued)

At 31 December 2022 and 2021, the Group has the following guaranteed notes and corporate bonds issued with similar terms and conditions and different features: (continued)

Interest commencement date	Principal amount (in million)	Issue price	Fixed interest Rate per annum	Maturity date	Fair value at 31 December 2022 ^(vii) RMB'000	Carrying amount at 31 December 2022 RMB'000	2021 RMB'000
15 June 2021	RMB2,000	100%	3.25% ^(vi)	15 June 2024	2,011,766	2,000,000	2,000,000
15 June 2021	RMB1,000	100%	3.55% ^(vi)	15 June 2026	1,010,856	1,000,000	1,000,000
23 June 2021	RMB2,101 ^{(iii)(viii)}	100%	3.60% ^(vi)	23 June 2039	2,055,457	2,044,100	2,082,100
12 July 2021	RMB1,000 ^(vi)	100%	3.10% ^(vi)	12 July 2025	1,002,430	1,000,000	1,000,000
12 July 2021	RMB2,000 ^(vi)	100%	3.25% ^(vi)	12 July 2025	2,011,782	2,000,000	2,000,000
9 August 2021	RMB500 ^(vi)	100%	2.75% ^(vi)	9 August 2025	500,319	500,000	500,000
9 August 2021	RMB1,500 ^(vi)	100%	3.25% ^(vi)	9 August 2028	1,501,117	1,500,000	1,500,000
10 November 2021	RMB1,901 ^{(iii)(viii)}	100%	3.50% ^(vi)	10 November 2039	1,890,912	1,893,150	1,901,000
25 November 2021	RMB1,700	100%	3.08% ^(vi)	25 November 2024	1,704,224	1,700,000	1,700,000
25 November 2021	RMB1,200	100%	3.38% ^(vi)	25 November 2026	1,205,394	1,200,000	1,200,000
20 December 2021	RMB1,300	100%	2.98% ^(vi)	20 December 2024	1,300,488	1,300,000	1,300,000
20 December 2021	RMB800	100%	3.38% ^(vi)	20 December 2026	803,457	800,000	800,000
14 January 2022	RMB1,800	100%	2.88% ^(vi)	14 January 2025	1,803,694	1,800,000	–
14 January 2022	RMB1,200	100%	3.25% ^(vi)	14 January 2027	1,208,204	1,200,000	–
23 February 2022	RMB1,000	100%	3.22% ^(vi)	23 February 2027	1,005,176	1,000,000	–
29 March 2022	RMB5,001 ^{(iii)(viii)}	100%	3.35% ^(vi)	29 March 2040	4,992,258	4,995,000	–
7 April 2022	RMB2,000	100%	3.05% ^(vi)	7 April 2025	2,000,834	2,000,000	–
7 April 2022	RMB1,000	100%	3.50% ^(vi)	7 April 2027	1,007,371	1,000,000	–
10 May 2022	RMB1,500	100%	2.75% ^(vi)	10 May 2025	1,490,006	1,500,000	–
10 May 2022	RMB1,500	100%	3.48% ^(vi)	10 May 2027	1,508,921	1,500,000	–
27 May 2022	RMB2,000	100%	2.63% ^(vi)	27 May 2025	1,989,490	2,000,000	–
27 May 2022	RMB1,000	100%	3.10% ^(vi)	27 May 2027	998,088	1,000,000	–
25 July 2022	RMB2,000	100%	3.26% ^(vi)	25 July 2027	2,005,508	2,000,000	–
20 September 2022	RMB1,000	100%	2.40% ^(vi)	20 September 2025	981,904	1,000,000	–
20 September 2022	RMB500	100%	3.15% ^(vi)	20 September 2027	494,444	500,000	–
27 October 2022	RMB1,000	100%	2.85% ^(vi)	27 October 2027	981,778	1,000,000	–
14 December 2022	RMB2,000	100%	2.70% ^(vi)	14 December 2027	1,946,638	2,000,000	–
14 December 2022	RMB1,000	100%	2.70% ^(vi)	14 December 2027	973,319	1,000,000	–
20 December 2022	RMB1,500	100%	2.25% ^(vi)	20 December 2025	1,468,836	1,500,000	–
20 December 2022	RMB1,500	100%	2.70% ^(vi)	20 December 2027	1,459,524	1,500,000	–
					102,023,216	104,832,616	79,610,610
Less: Amounts classified as current liabilities						(19,639,747)	(6,399,786)
Amounts classified as non-current liabilities						85,192,869	73,210,824

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

32. GUARANTEED NOTES AND CORPORATE BONDS (continued)

Notes:

- (i) The guaranteed notes are unconditionally and irrevocably guaranteed by the Company. They shall become immediately due and payable in the event of the failure to perform or observe certain conditions set out in the trust deed which include, inter alia, the negative pledge given by the Company and the related subsidiaries.
- (ii) The guaranteed notes and corporate bonds are with terms for adjustment of the interest rate and sell back option at the end of the second year from interest commencement date.
- (iii) The guaranteed notes and corporate bonds are with terms for adjustment of the interest rate and sell back option at the end of the third year from interest commencement date.
- (iv) The guaranteed notes and corporate bonds are with terms for adjustment of the interest rate and sell back option at the end of the fifth year from interest commencement date.
- (v) Payable semi-annually.
- (vi) Payable annually.
- (vii) The fair values of the guaranteed notes and corporate bonds at 31 December 2022 were determined based on the closing market prices of the guaranteed notes and corporate bonds and are within Level 1 of the fair value hierarchy.
- (viii) Representing commercial mortgage-backed securities guaranteed by a subsidiary of the Company, and secured by certain assets of the Group as set out in note 41.

33. DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior years.

Deferred tax liabilities/(assets)

	Accelerated tax depreciation	Revaluation of properties	Fair value adjustment on properties	Undistributed earnings of PRC subsidiaries and joint ventures	Other taxable temporary differences	Unrealised profit	Unused tax loss	Provision for LAT	Other deductible temporary differences	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	27,130	15,181,666	2,477,585	153,643	1,643,913	(168,603)	(1,079,055)	(5,551,435)	(179,298)	12,505,546
Charged/(credited) to profit or loss	1,933	1,344,227	(862,237)	(23,770)	66,221	(73,164)	350,015	(352,551)	159,837	610,511
Exchange realignment	(1,062)	—	—	—	—	—	3,852	—	—	2,790
At 31 December 2021 and 1 January 2022	28,001	16,525,893	1,615,348	129,873	1,710,134	(241,767)	(725,188)	(5,903,986)	(19,461)	13,118,847
Acquisition of subsidiaries	—	—	5,454,438	—	—	—	—	(434,080)	(134,389)	4,885,969
Charged/(credited) to profit or loss	(12,952)	1,369,231	(1,512,973)	(13,521)	119,321	144,476	136,171	1,882,379	(713,004)	1,399,128
Exchange realignment	(157)	—	—	(331)	—	—	(10,385)	—	—	(10,873)
31 December 2022	14,892	17,895,124	5,556,813	116,021	1,829,455	(97,291)	(599,402)	(4,455,687)	(866,854)	19,393,071

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

33. DEFERRED TAX (continued)

Deferred tax liabilities/(assets) (continued)

The following is an analysis of the deferred tax balances for financial reporting purpose:

	2022 RMB'000	2021 RMB'000
Net deferred tax assets	(7,559,276)	(8,107,614)
Net deferred tax liabilities	26,952,347	21,226,461
	19,393,071	13,118,847

Under the CIT Law of PRC, withholding income tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB11,716,136,000 (2021: RMB10,484,677,000) has not been provided for in the consolidated financial statements as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

At the end of the reporting period, the Group had unused tax losses of RMB6,115,186,000 (2021: RMB4,505,775,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in the tax losses are losses of RMB2,469,097,000 (2021: RMB975,115,000) that will expire within five years from the end of the reporting period. Other tax losses may be carried forward indefinitely.

34. GOODWILL

	2022 RMB'000	2021 RMB'000
Carrying amounts	56,395	56,395

The amount represented goodwill arising from acquisition of the entire equity interest in Hua Yi Designing Consultants Limited ("Hua Yi"). Hua Yi and its subsidiary are principally engaged in the provision of construction and building design consultancy services. For the purpose of impairment testing, the attributable amount of goodwill, having indefinite useful lives, has been allocated to the other operations category in the reportable segment.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

35. LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2022 RMB'000	2021 RMB'000
Investment properties	737,000	—
Property, plant and equipment		
Leasehold land and buildings	1,358,344	1,352,705
Prepaid lease payments for land	433,789	447,664
Other right-of-use assets	348,348	595,067
	2,877,481	2,395,436
Lease Liabilities		
Current	132,897	260,902
Non-current	1,024,636	371,424
	1,157,533	632,326

Additions to right-of-use assets during the year ended 31 December 2022 are RMB863,522,000 (2021: RMB250,373,000), of which RMB738,416,000 (2021: Nil) is included in the additions of investment properties.

(ii) Amounts recognised in the consolidated income statement

The following amounts relating to leases were recognised in the consolidated income statement:

	2022 RMB'000	2021 RMB'000
Depreciation of right-of-use assets	369,006	326,007
Expenses related to short-term leases	93,257	197,235
Interest expenses (included in finance costs)	49,490	25,464
	511,753	548,706



Notes to the Financial Statements (continued)

For the year ended 31 December 2022

35. LEASES *(continued)*

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices and warehouses. Lease agreements are typically made for fixed periods of 1 year to 20 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. On renewal, the terms of the leases are renegotiated. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The total cash outflow included in the consolidated statement of cash flows within operating activities and financing activities for leases are RMB93,257,000 (2021: RMB197,235,000) and RMB334,441,000 (2021: RMB315,648,000), respectively.

Further information about the leasing activities and future minimum lease receivables are disclosed in notes 16, 17 and 36.

36. OPERATING LEASE ARRANGEMENTS

The Group as Lessor

At the end of the reporting period, completed investment properties and other properties with carrying amounts of RMB130,682,515,000 (2021: RMB119,130,096,000) and RMB1,109,158,000 (2021: RMB931,244,000), respectively, were let out under operating leases.

Property rental income earned during the year was RMB4,740,607,000 (2021: RMB4,667,337,000), of which RMB4,597,139,000 (2021: RMB4,492,117,000) was derived from the letting of investment properties. All of the properties leased out have committed tenants for one to twenty years without termination options granted to tenants.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

36. OPERATING LEASE ARRANGEMENTS (continued)

The Group as Lessor (continued)

At the end of the reporting period, the Group had contracted with tenants for the following undiscounted future minimum lease receivables:

	2022 RMB'000	2021 RMB'000
Within one year	4,069,509	4,201,503
After one but within two years	2,882,161	3,174,673
After two but within three years	1,879,366	1,912,668
After three but within four years	1,139,844	1,133,653
After four but within five years	753,889	773,014
After five years	1,352,194	1,512,196
	12,076,963	12,707,707

37. ACQUISITION OF SUBSIDIARIES

According to the sales and purchase agreements dated 21 January 2022 and 24 January 2022, which were entered into between the Group and two of the other shareholders of Guangzhou Lihe Real Estate Development Co., Ltd.* (廣州利合房地產開發有限公司) ("Guangzhou Lihe"), the associate of the Group before the completion of this transaction, the Group acquired approximately 26.66% and 26.67% of the equity interest in Guangzhou Lihe from these two shareholders respectively at a total consideration of RMB3,668,412,000. The acquisition was completed on 27 January 2022. Accordingly, the Group increased its equity interest in Guangzhou Lihe from 20% to 73.33% and it became a subsidiary of the Group. As a result, the Group recognised a remeasurement gain on pre-existing interest in an associate upon acquisition of RMB1,251,160,000 and gains on bargain purchase of subsidiaries of RMB1,236,618,000 during the year.

In addition to the above acquisition, the Group has completed an acquisition of a subsidiary by way of acquisition of 80% of equity interest and the corresponding shareholder loan at an aggregate consideration of RMB6,241,719,000 during the year.

* English translation for identification purpose only.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

37. ACQUISITION OF SUBSIDIARIES (continued)

The above acquisitions had the following effect on the Group's assets and liabilities:

	2022 RMB'000
Property, plant and equipment	71,766
Investment properties	754,834
Deferred tax assets	568,469
Stock of properties	31,678,555
Trade and other receivables	1,700,445
Amounts due from non-controlling shareholders	464,043
Bank balance and cash	5,224,959
Trade and other payables	(1,215,390)
Pre-sales proceeds	(12,323,574)
Amounts due to non-controlling shareholders	(1,469,172)
Tax liabilities	(1,411,902)
Lease liabilities	(214)
Bank and other borrowings	(3,057,900)
Deferred tax liabilities	(5,454,438)
Net assets	15,530,481
Interests in associates	(582,316)
Non-controlling interest	(2,550,256)
Re-measurement gain on pre-existing interest in an associate upon acquisition (note 9)	(1,251,160)
Gains on bargain purchase of subsidiaries (note 9)	(1,236,618)
Total consideration	9,910,131
Representing:	
Cash consideration paid during the year	8,982,219
Trade and other receivables	927,912
	9,910,131
Analysis of net cash outflow in respect of the acquisition of subsidiaries:	
Cash consideration paid during the year	(8,982,219)
Cash and cash equivalents acquired	5,224,959
	(3,757,260)

The subsidiaries acquired had no significant contribution to the Group's revenue and profit for the year ended 31 December 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

38. DISPOSAL OF SUBSIDIARIES

On 26 November 2021, the Group disposed of 30% interests of issued share capital and the corresponding shareholder's loan of Honour Vision Limited (the "Project Company") to HAIJIAN I INVESTMENT LIMITED (the "Purchaser") at an aggregate consideration of HK\$1,348,131,000 (equivalent to RMB1,094,683,000). The Purchaser is indirectly 50%-owned by the Company's controlling shareholder, China Overseas Holdings Limited. The Project Company is the holding company of Kai Tai Project in Hong Kong. The disposal was completed on 10 December 2021.

In addition to the above disposal, the Group has completed a disposal of a subsidiary at a consideration of RMB175,039,000 during the year ended 31 December 2021.

The above disposals had the following effect on the Group's asset and liabilities:

	2021 RMB'000
Stock of properties and other inventories	5,879,555
Other receivables	35,257
Deposits and prepayments	2,686
Bank balances and cash	405,981
Trade and other payables	(354,075)
Pre-sales proceeds	(390,848)
Tax liabilities	(112)
Net asset	5,578,444
The gain on disposal of subsidiaries is calculated as follows:	
Interests in joint ventures	1,763,431
Decrease in amount due to a fellow subsidiary	729,790
Amounts due from joint ventures	1,824,746
Cash consideration received	1,269,722
Net assets of subsidiaries disposed of	(5,578,444)
Gain on disposal of subsidiaries	9,245
Analysis of net cash inflow in respect of disposal of subsidiaries:	
Cash consideration received during the year	1,269,722
Less: Cash and cash equivalents disposed	(405,981)
	863,741

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

39. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments not provided for in the consolidated financial statements:

	2022 RMB'000	2021 RMB'000
Capital expenditure in respect of investment properties:		
Contracted but not provided for	6,873,133	7,575,572

40. FINANCIAL GUARANTEES

At the end of the reporting period, the financial guarantees were as follows:

- (a) Guarantees given by the Group to banks in respect of credit facilities granted to:

	2022 RMB'000	2021 RMB'000
Associates		
– Maximum	814,200	336,000
– Utilised	660,661	336,000
Joint ventures		
– Maximum	12,259,400	9,370,568
– Utilised	8,151,450	6,272,950
Other entity classified as financial asset at fair value through profit or loss		
– Maximum	322,000	–
– Utilised	192,860	–

- (b) At 31 December 2022, the Group had counter indemnities amounting to RMB1,363,779,000 (2021: RMB1,266,780,000) for guarantees issued in respect of certain construction contracts undertaken by the Group.
- (c) At 31 December 2022, the Group provided guarantees amounting to RMB80,892,429,000 (2021: RMB67,446,574,000) for the repayment of the mortgage bank loans granted to purchasers of the Group's properties.

The directors of the Company considered that the fair values of financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of short maturity periods and low applicable default rates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

41. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group have been pledged to secure the bank borrowings and guaranteed notes and corporate bonds. The carrying values of the pledged assets at 31 December 2022 and 2021 were as follows:

	2022 RMB'000	2021 RMB'000
Investment properties	49,255,749	38,729,617
Stock of properties	8,752,173	136,179
	58,007,922	38,865,796

42. RELATED PARTY TRANSACTIONS

- (a) In addition to those balances and transactions disclosed elsewhere in the consolidated financial statements, the following material related party transactions have been entered into by the Group during the year:

Nature of transaction	Notes	2022 RMB'000	2021 RMB'000
Fellow subsidiaries			
Property development project construction fee [#]	(a)	6,185,391	9,206,795
Rental and utility income	(b)	140,232	93,612
Heating pipes connection service fee	(a)	11,638	18,649
Building design consultancy income	(c)	17,405	17,284
Property management and value-added services fee [#]	(c)	1,210,509	809,667
Material procurement and supply chain management services income [#]	(c)	195,690	83,055
Interest expenses	(g)	73,832	22,178
Interest income [#]	(h)	17,202	26,935
Sales of properties [#]	(f)	89,059	225,986
Associates			
Interest income	(d)	99,913	84,827
Royalty income	(e)	171,800	165,200
Lease payments	(b)	231,572	211,256
Building design consultancy income	(c)	1,972	4,538
Material procurement service income	(c)	1,204,935	206,291
Information technology service income	(c)	16,000	18,250
Interest expenses	(g)	15,779	15,641
Joint ventures			
Interest income	(d)	267,184	178,395
Interest expenses	(g)	32,574	2,614

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

42. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

- (a) Property development project construction fee and heating pipes connection service fee are charged in accordance with respective contracts. The amounts represent aggregate transaction amounts during the year in relation to contracts signed in the current and prior years.
 - (b) Rental and utility income and lease payments are charged in accordance with respective tenancy agreements.
 - (c) Building design consultancy income, property management fee and value-added services fee, material procurement and supply chain management services income, material procurement service income and information technology service income are charged in accordance with respective contracts.
 - (d) Interest income is charged at interest rates as specified in notes 19 and 24 on the outstanding amounts.
 - (e) Royalty income is charged at annual fee as specified in the contracts.
 - (f) The Group entered into various sale and purchase agreements with certain subsidiaries of China Overseas Property Holdings Limited, a fellow subsidiary of the Company, for the disposal of car parking spaces in the PRC.
 - (g) Interest expenses is charged at interest rates as specified in note 28 on the outstanding amounts.
 - (h) Interest income is charged at interest rates as specified in note 25 on the deposits placed in China State Construction Finance Limited.
- # These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

- (b) The remuneration of the Company's directors and other members of key management of the Group during the year was as follows:

	2022 RMB'000	2021 RMB'000
Basic salaries, allowances and benefits-in-kind	32,041	37,239
Performance related bonus	48,616	88,309
Provident fund contribution	1,352	2,472
	82,009	128,020

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

42. RELATED PARTY TRANSACTIONS *(continued)*

(c) Transactions with Other State-Controlled Entities in the PRC

The Group operates in an economic environment predominated by entities directly or indirectly owned or controlled by the PRC government. In addition, the Group is itself part of a larger group of companies under CSCEC which is controlled by the PRC government. Apart from the transactions already disclosed above, the Group also conducts business with other state-controlled entities ("State-controlled Entities"). The directors of the Company consider that those State-controlled Entities are independent third parties so far as the Group's businesses with them are concerned.

In connection with their property development activities, the Group awarded certain construction and other work contracts to entities, 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 which include the acquisition of land mainly through tendering to those government departments or agencies.

Other than those disclosed in section (a) above and the acquisition of land from the government departments or agencies, the directors of the Company consider that the other transactions with those State-controlled Entities are not material to the Group.

In addition, in the normal course of business, the Group has maintained various trade balances with contractors and have entered into various deposits and lending transactions with banks and financial institutions which are State-controlled Entities. In view of the nature of those transactions, the directors of the Company are of the opinion that quantitative information on the extent of transactions between the Group and the government-related entities would not be meaningful.

The Group is active in the sale and leasing of properties and other services in various provinces in the PRC. The directors of the Company 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 of the Company are of the opinion that other than those disclosed in section (a) above, the transactions with State-controlled Entities are not material to the Group's operations.

In addition to the above transactions, details of the Group's amounts due from and to related parties are disclosed in the consolidated statement of financial position and notes 19, 24, 25, 28 and 29.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 RMB'000	2021 RMB'000
Non-current Assets		
Property, plant and equipment	77,495	10,752
Investments in subsidiaries	2,392,949	2,500,858
	2,470,444	2,511,610
Current Assets		
Stock of properties	56	52
Other receivables	8,685	1,112
Deposits and prepayments	10,666	12,006
Amounts due from subsidiaries	164,940,628	159,510,998
Amounts due from associates	408	100
Amounts due from joint ventures	4,541	620,622
Bank balances and cash	4,280,148	2,744,715
	169,245,132	162,889,605
Current Liabilities		
Other payables	110,979	66,865
Amounts due to subsidiaries	16,564,440	22,817,314
Lease liabilities – due within one year	16,610	10,976
Tax liabilities	3,845	3,548
Other financial liabilities	239,943	389,957
Bank borrowings – due within one year	5,818,434	11,417,750
	22,754,251	34,706,410
Net Current Assets	146,490,881	128,183,195
Total Assets Less Current Liabilities	148,961,325	130,694,805
Capital and Reserves		
Share capital	74,035,443	74,033,624
Reserves	Note (a) 13,605,842	11,781,691
Total Equity	87,641,285	85,815,315
Non-current Liabilities		
Bank borrowings – due after one year	60,990,925	44,475,833
Lease liabilities – due after one year	61,955	–
Other financial liabilities	267,160	403,657
	61,320,040	44,879,490
Total of Equity and Non-Current Liabilities	148,961,325	130,694,805

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2023 and were signed on its behalf by:

Yan Jianguo
Executive Director

Zhang Zhichao
Executive Director

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

(a) Reserves of the Company

	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2021	337,029	10,038,446	10,375,475
Profit and total comprehensive income for the year	—	12,132,275	12,132,275
2020 final dividend	—	(6,664,221)	(6,664,221)
2021 interim dividend	—	(4,067,942)	(4,067,942)
Equity settled share-based transactions (Note 30)	114,517	—	114,517
Share repurchased (Note 30)	—	(108,413)	(108,413)
At 31 December 2021 and 1 January 2022	451,546	11,330,145	11,781,691
Profit and total comprehensive income for the year	—	12,832,213	12,832,213
2021 final dividend	—	(7,018,822)	(7,018,822)
2022 interim dividend	—	(3,860,042)	(3,860,042)
Equity settled share-based transactions (Note 30)	(128,840)	—	(128,840)
Exercise of share option under share option scheme (Note 30)	(358)	—	(358)
At 31 December 2022	322,348	13,283,494	13,605,842

The Company's reserve available for distribution to shareholders at 31 December 2022 represents the retained profits of RMB13,283,494,000 (2021: RMB11,330,145,000).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following are the particulars of the principal subsidiaries at 31 December 2022 which, in the opinion of the directors of the Company, principally affect the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Company's directors, result in particulars of excessive length. All subsidiaries registered in the PRC are operating in the PRC. Unless otherwise specified, all other subsidiaries are incorporated and operating principally in Hong Kong.

Name of entity	Paid up issued/ registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly %	Indirectly %	
Carmelite Riverside London S.à r.l. ^(iv)	15,000 shares of GBP1 each	–	100	Property investment
China Overseas Finance (Cayman) III Limited ⁽ⁱⁱⁱ⁾	1 share of US\$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) V Limited ⁽ⁱⁱⁱ⁾	1 share of US\$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VI Limited ⁽ⁱⁱⁱ⁾	1 share of US\$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VII Limited ⁽ⁱⁱⁱ⁾	1 share of US\$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VIII Limited ⁽ⁱⁱⁱ⁾	1 share of US\$1	100	–	Issuance of guaranteed notes
China Overseas Property Limited	100 shares HK\$1,000	100	–	Investment holding, property consultancy and real estate agency
China Overseas (Zhong Guo) Limited	5,000,000 shares HK\$50,000,000	–	100	Investment holding
Chung Hoi Finance Limited	500,000 shares HK\$5,000,000	100	–	Loan financing, investment holding and security investments
Great Fortune Property Limited ^(v)	48,100,000 shares of GBP1 each	–	100	Property investment
Macfull Limited	1,250 shares HK\$1,250	–	80	Property development
One Finsbury Circus London Propco S.à r.l. ^(iv)	12,024 shares of GBP1 each	–	100	Property investment
One South Place London Limited ^(v)	2 shares of GBP1 each	–	100	Property investment
天威投資置業有限公司 ^(vi)	2 shares MOP25,000	–	100	Property investment
上海中建投資有限公司 ⁽ⁱⁱ⁾	RMB450,000,000	–	51	Property investment
上海中海海昆房地產有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	–	100	Property development and investment
上海中海海華房地產有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	–	98	Property development
上海金海伊上房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	–	100	Property development and investment
上海海升環盛房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	–	70	Property development and investment
上海海匯房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	–	100	Property investment
上海新遠原企業發展有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	–	80	Property development and investment

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of entity	Paid up issued/ registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly %	Indirectly %	
上海寰宇匯商業管理有限公司 ⁽ⁱ⁾	US\$196,000,000	—	100	Property investment
大連中信海港投資有限公司 ⁽ⁱⁱ⁾	RMB250,000,000	—	80	Property development
大連鼎泰海通房地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
大連鼎泰錦城房地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development and investment
大連鼎鑫嘉業房地產開發有限公司 ⁽ⁱⁱ⁾	RMB30,000,000	—	100	Property development and investment
西安中海東誠置業有限公司 ⁽ⁱⁱ⁾	RMB50,000,000	—	100	Property development
西安中海海悅房地產有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
西安中海譽高置業有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
中海地產(蘇州)有限公司 ⁽ⁱ⁾	RMB20,000,000	—	100	Property development
中海海盛(蘇州)房地產有限公司 ⁽ⁱⁱ⁾	RMB30,000,000	—	100	Property development
中海海通(蘇州)房地產有限公司 ⁽ⁱⁱ⁾	RMB500,000,000	—	100	Property development and investment
中海海隆商業管理(蘇州)有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property investment
中海海誠(蘇州)房地產有限公司 ⁽ⁱⁱ⁾	RMB30,000,000	—	100	Property development
無錫海隆房地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
蘇州澤安商業發展有限公司 ⁽ⁱ⁾	RMB20,000,000	—	100	Hotel operation
台州中海海融房地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
寧波中海海和房地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
寧波中海海怡房地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
寧波中海海棠房地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
寧波中海海潤置業有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property investment
佛山中海千燈湖房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
佛山中海盛和房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
佛山中海環宇城房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property investment
佛山市順德中海嘉森房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development and investment
佛山海映商業管理有限公司 ⁽ⁱ⁾	RMB534,000,000	—	100	Property investment
杭州中海宏觀房地產有限公司 ⁽ⁱⁱ⁾	RMB500,000,000	—	100	Property development
杭州中海海樺房地產有限公司 ⁽ⁱⁱ⁾	RMB2,000,000,000	—	80	Property development
杭州中海海躍房地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
長沙潤江置業有限公司 ⁽ⁱⁱ⁾	RMB30,000,000	—	100	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of entity	Paid up issued/ registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly %	Indirectly %	
長沙潤星置業有限責任公司 ⁽ⁱⁱⁱ⁾	RMB30,000,000	—	100	Property development
長沙潤湘置業開發有限公司 ⁽ⁱⁱⁱ⁾	RMB30,000,000	—	100	Property development
湖南省中海城市廣場投資有限公司 ⁽ⁱⁱⁱ⁾	RMB100,000,000	—	100	Property investment
湖南省中海控股有限公司 ⁽ⁱⁱⁱ⁾	RMB100,000,000	—	100	Property development
長春海勝房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB50,000,000	—	100	Property development
長春海頤房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB20,000,000	—	100	Property development
長春海瀛房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB20,000,000	—	100	Property development
重慶中海海能房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB20,000,000	—	100	Property development
重慶信悅置業有限公司 ⁽ⁱⁱⁱ⁾	RMB20,000,000	—	100	Property development
重慶信揚置業有限公司 ⁽ⁱⁱⁱ⁾	RMB20,000,000	—	100	Property development
重慶海躍置業有限公司 ⁽ⁱⁱⁱ⁾	RMB2,395,404,280	—	100	Property development
重慶嘉江房地產開發有限公司 ⁽ⁱⁱⁱ⁾	US\$5,000,000	—	60	Property development
珠海市永福通房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB20,000,000	—	100	Property investment and hotel operation
珠海市海悅房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB200,000,000	—	80	Property development
廣逸房地產開發(珠海)有限公司 ⁽ⁱⁱⁱ⁾	HK\$100,000,000	—	100	Property investment and hotel operation
武漢中海海盛房地產有限公司 ⁽ⁱⁱⁱ⁾	RMB20,000,000	—	100	Property development
武漢中海海耀房地產有限公司 ⁽ⁱⁱⁱ⁾	RMB100,000,000	—	80	Property development
武漢中海鼎盛房地產有限公司 ⁽ⁱⁱⁱ⁾	RMB20,000,000	—	100	Property development and investment
武漢海訊產城企業管理有限公司 ⁽ⁱⁱⁱ⁾	RMB10,000,000	—	99	Property development
中海企業發展集團有限公司 ⁽ⁱⁱⁱ⁾	RMB20,000,000,000	—	100	Property development and investment, and investment holding
中海深圳房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB50,000,000	—	100	Property development
香港華藝設計顧問(深圳)有限公司 ⁽ⁱⁱⁱ⁾	RMB100,000,000	—	100	Design consultancy services
深圳市中海啟明房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB10,000,000	—	100	Property development
深圳市中海凱驪酒店管理有限公司 ⁽ⁱⁱⁱ⁾	RMB150,000,000	—	100	Hotel management
深圳市海宏房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB200,000,000	—	100	Property development and investment
深圳市海明房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB10,000,000	—	100	Property development and investment
深圳市海隆房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB10,000,000	—	100	Property development and investment
深圳市海嘉房地產開發有限公司 ⁽ⁱⁱⁱ⁾	RMB10,000,000	—	100	Property development and investment

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of entity	Paid up issued/ registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly %	Indirectly %	
深圳市啟越房地產開發有限公司 ⁽ⁱⁱ⁾	RMB1,337,400,000	—	70	Property development
深圳市豐明房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
廈門中海嘉業地產有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
廈門海耀地產有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
昆明海祥房地產開發有限公司 ⁽ⁱⁱ⁾	RMB100,000,000	—	100	Property development and investment
昆明海豪房地產開發有限公司 ⁽ⁱⁱ⁾	RMB1,500,000,000	—	60	Property development
昆明海潮房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
廣州中海盛合房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
廣州中海盛安房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
廣州中海盛榮房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
廣州利合房地產開發有限公司 ⁽ⁱⁱ⁾	RMB2,059,376,984	—	73.3	Property development and investment
廣州盛雲房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
廣州粵合房地產開發有限公司 ⁽ⁱⁱ⁾	RMB2,000,000,000	—	50	Property development
濟南中海城房地產開發有限公司 ⁽ⁱⁱ⁾	RMB30,000,000	—	100	Property development
濟南中海海瀛投資有限公司 ⁽ⁱⁱ⁾	RMB325,000,000	—	100	Property development
濟南中海華山商業地產有限公司 ⁽ⁱⁱ⁾	RMB500,000,000	—	100	Property development and investment
濟南中海興業投資有限公司 ⁽ⁱⁱ⁾	RMB100,000,000	—	100	Property development
濟南寰宇商業運營管理有限公司 ⁽ⁱⁱ⁾	RMB35,000,000	—	100	Property investment
哈爾濱中海地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
哈爾濱中海龍祥房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
太原中海仲興房地產開發有限公司 ⁽ⁱⁱ⁾	RMB50,000,000	—	100	Property development
太原中海凱源房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
太原中海景昌房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
太原冠澤置業有限公司 ⁽ⁱⁱ⁾	RMB200,000,000	—	100	Property investment
石家莊中海新石房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
北京中信房地產有限公司 ⁽ⁱⁱ⁾	RMB50,000,000	—	100	Property development and investment
北京中信新城房地產有限公司 ⁽ⁱⁱ⁾	RMB500,000,000	—	80	Property development
北京中泰金建房地產開發有限公司 ⁽ⁱⁱ⁾	RMB1,800,000,000	—	51	Property development
北京中海地產有限公司 ⁽ⁱⁱ⁾	RMB50,000,000	—	100	Property investment

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of entity	Paid up issued/ registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly %	Indirectly %	
北京中海金石房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property investment
北京中海盈信房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
北京中海盈盛房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
北京中海盈順房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
北京中海盈潤房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
北京中海盈璟房地產開發有限公司 ⁽ⁱⁱ⁾	RMB1,000,000,000	—	70	Property development
北京中海盈豐房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
北京中海新城置業有限公司 ⁽ⁱⁱ⁾	RMB100,000,000	—	100	Property development
北京中海廣場商業發展有限公司 ⁽ⁱⁱ⁾	RMB30,000,000	—	100	Property investment
北京中海興良房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development and investment
北京中海鑫海房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development and investment
北京仁和燕都房地產開發有限公司 ⁽ⁱⁱ⁾	RMB40,000,000	—	100	Property investment
北京古城興業置業有限公司 ⁽ⁱⁱ⁾	RMB50,000,000	—	70	Property development
北京安泰興業置業有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development and investment
北京金鑫興業房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
北京海望商業發展有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property investment
北京奧城四季商業發展有限公司 ⁽ⁱⁱ⁾	RMB830,000,000	—	100	Property investment
北京鑫石房地產開發有限公司 ⁽ⁱⁱ⁾	RMB1,200,000,000	—	99	Property development
北京鑫安興業房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development and investment
北京鑫泰興業房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
北京鑫景通達商業發展有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property investment
中海地產(青島)投資開發有限公司 ⁽ⁱⁱ⁾	US\$69,800,000	—	100	Property investment
青島海慧方達房地產有限公司 ⁽ⁱⁱ⁾	RMB19,607,843	—	51	Property development
中海佳隆成都房地產開發有限公司 ⁽ⁱⁱ⁾	RMB50,000,000	—	100	Property development and investment
中海振興(成都)物業發展有限公司 ⁽ⁱⁱ⁾	US\$89,800,000	—	100	Property development and investment
中海嘉卓(成都)房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
成都隆新房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
東莞市中海嘉美房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of entity	Paid up issued/ registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly %	Indirectly %	
東莞市中海嘉朗房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
東莞市中海嘉樺房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
東莞市中海嘉麟房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
福州中海地產有限公司 ⁽ⁱⁱ⁾	RMB30,000,000	—	100	Hotel operation
福州中海海逸地產有限公司 ⁽ⁱⁱ⁾	RMB3,008,000,000	—	100	Property development
福州海富地產有限公司 ⁽ⁱⁱ⁾	RMB1,510,000,000	—	100	Property development
南京海方房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development and investment
南京海昌房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development
南京海匯房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property investment
南京海嘉房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
南京海潤房地產開發有限公司 ⁽ⁱⁱ⁾	US\$50,000,000	—	100	Property investment
南京海巍房地產開發有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	—	100	Property development and investment
中海地產(瀋陽)有限公司 ⁽ⁱⁱ⁾	US\$199,600,000	—	100	Property investment
瀋陽中海海悅房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
瀋陽中海海順房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
瀋陽中海海嘉房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
瀋陽中海鼎業房地產開發有限公司 ⁽ⁱⁱ⁾	US\$290,000,000	—	100	Property investment
瀋陽中海福華房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
瀋陽中海興業房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
鄭州中海地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
鄭州海盈房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
鄭州海嘉房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	—	100	Property development
中海保利達地產(天津)有限公司 ⁽ⁱⁱ⁾	US\$49,500,000	—	51	Property development and investment
天津中海天嘉湖房地產開發有限公司 ⁽ⁱⁱ⁾	RMB600,000,000	—	100	Property development
天津中海地產有限公司 ⁽ⁱⁱ⁾	RMB30,000,000	—	100	Property investment
天津中海海佑地產有限公司 ⁽ⁱⁱ⁾	RMB30,000,000	—	100	Property development and investment
天津中海海和地產有限公司 ⁽ⁱⁱ⁾	RMB30,000,000	—	100	Property development and investment
天津中海海盛地產有限公司 ⁽ⁱⁱ⁾	RMB3,540,000,000	—	100	Property development and investment
天津中海海滔地產有限公司 ⁽ⁱⁱ⁾	RMB30,000,000	—	100	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of entity	Paid up issued/ registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly %	Indirectly %	
天津中海海闊地產有限公司 ⁽ⁱ⁾	RMB1,330,000,000	–	60	Property development
海創佳業(煙台)地產有限公司 ⁽ⁱ⁾	RMB1,610,500,000	–	100	Property development
烏魯木齊海新展房地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	–	100	Property development
貴陽中海房地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	–	100	Property development
萬寧仁和發展有限公司 ⁽ⁱ⁾	US\$206,200,000	–	99.9	Property development and hotel operation
萬寧金信發展有限公司 ⁽ⁱ⁾	US\$53,200,000	–	99.9	Hotel operation
南昌中海豪錦地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	–	100	Property development
南昌海順地產有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	–	100	Property development
海口海盈投資有限公司 ⁽ⁱⁱ⁾	RMB10,000,000	–	100	Property development
海口鴻洲濱海建設有限公司 ⁽ⁱⁱ⁾	RMB100,000,000	–	100	Property investment
肇慶中海嘉興房地產開發有限公司 ⁽ⁱⁱ⁾	RMB20,000,000	–	100	Property development

Notes:

(i) Foreign investment enterprise registered in the PRC

(ii) Limited liability company registered in the PRC

(iii) Incorporated in the Cayman Islands and operating in Hong Kong

(iv) Incorporated and operating in Luxembourg

(v) Incorporated and operating in Jersey

(vi) Incorporated and operating in Macau

None of the subsidiaries had any debt securities in issue at the end of the year except for guaranteed notes and corporate bonds (note 32) issued by China Overseas Finance (Cayman) III Limited (US\$1,000,000,000), China Overseas Finance (Cayman) V Limited (US\$300,000,000), China Overseas Finance (Cayman) VI Limited (US\$1,200,000,000), China Overseas Finance (Cayman) VII Limited (US\$1,500,000,000), China Overseas Finance (Cayman) VIII Limited (HK\$2,000,000,000 and US\$1,744,000,000), 中海企業發展集團有限公司 (RMB47,300,000,000) and 北京中海廣場商業發展有限公司 (RMB16,611,750,000).

Five-Year Financial Summary

For the year ended 31 December 2022

(A) CONSOLIDATED RESULTS

	2018 RMB'000 (Restated)	For the year ended 31 December				2022 RMB'000
		2019 RMB'000	2020 RMB'000	2021 RMB'000		
Revenue	144,027,289	163,650,953	185,789,528	242,240,783		180,321,569
Operating profit	59,414,910	62,344,200	65,231,389	60,309,732		34,882,261
Share of profits and losses of						
Associates	1,854,405	2,254,638	2,639,918	2,781,412		1,776,078
Joint ventures	1,020,061	1,112,179	2,216,133	904,445		405,315
Finance costs	(1,331,912)	(759,297)	(883,890)	(865,928)		(1,056,725)
Profit before tax	60,957,464	64,951,720	69,203,550	63,129,661		36,006,929
Income tax expenses	(21,727,807)	(22,204,315)	(21,494,912)	(20,068,125)		(11,450,757)
Profit for the year	39,229,657	42,747,405	47,708,638	43,061,536		24,556,172
Attributable to:						
Owners of the Company	37,716,257	41,618,313	43,903,954	40,155,361		23,264,747
Non-controlling interests	1,513,400	1,129,092	3,804,684	2,906,175		1,291,425
	39,229,657	42,747,405	47,708,638	43,061,536		24,556,172

Notes:

- (i) For the year ended 31 December 2019, the Group had changed its presentation currency from Hong Kong dollars to Renminbi. Accordingly, the consolidated results for the year ended 31 December 2018 had been restated to conform with the current year's presentation.
- (ii) In accordance with the transitional provisions in HKFRS 9 and HKFRS 15, the Group adopted modified retrospective approach and respective adjustments were recognised at 1 January 2018 with the difference recognised in opening restated balance of equity.
- (iii) The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for previous years, as permitted under the specific transition provisions in the standard. Accordingly, the consolidated results for the year ended 31 December 2018 was not restated.

Five-Year Financial Summary (continued)

For the year ended 31 December 2022

(B) CONSOLIDATED NET ASSETS

	2018 RMB'000 (Restated)	2019 RMB'000	At 31 December 2020 RMB'000	2021 RMB'000	2022 RMB'000
Non-current assets					
Property, plant and equipment	3,204,320	4,019,414	5,010,803	5,524,471	7,085,545
Prepaid lease payments for land	464,632	–	–	–	–
Investment properties	97,516,027	114,020,656	140,879,089	166,204,097	190,226,516
Goodwill	56,395	56,395	56,395	56,395	56,395
Interests in associates	11,404,846	12,430,239	14,543,727	17,862,412	21,241,893
Interests in joint ventures	11,915,982	23,876,179	18,770,162	22,708,422	22,168,401
Financial assets at fair value through profit or loss	–	–	–	120,228	218,173
Amounts due from associates	4,309,058	1,103,456	–	–	–
Amounts due from joint ventures	4,004,362	–	–	–	–
Other receivables	339,170	433,142	450,353	366,255	298,254
Deferred tax assets	5,146,843	7,324,745	7,693,664	8,107,614	7,559,276
	138,361,635	163,264,226	187,404,193	220,949,894	248,854,453
Current assets	495,586,101	560,631,561	636,253,178	648,956,804	664,399,679
Total assets	633,947,736	723,895,787	823,657,371	869,906,698	913,254,132
Non-current liabilities					
Amounts due to non-controlling shareholders	(1,759,365)	(2,293,675)	(1,542,377)	–	–
Lease liabilities – due after one year	–	(136,267)	(428,798)	(371,424)	(1,024,636)
Bank and other borrowings – due after one year	(87,840,629)	(99,050,354)	(109,307,995)	(124,091,050)	(145,834,990)
Guaranteed notes and corporate bonds – due after one year	(56,408,350)	(58,835,801)	(59,867,471)	(73,210,824)	(85,192,869)
Deferred tax liabilities	(13,582,530)	(16,186,850)	(20,199,210)	(21,226,461)	(26,952,347)
	(159,590,874)	(176,502,947)	(191,345,851)	(218,899,759)	(259,004,842)
Current liabilities	(217,745,008)	(258,248,215)	(303,962,200)	(293,900,585)	(281,151,465)
Total liabilities	(377,335,882)	(434,751,162)	(495,308,051)	(512,800,344)	(540,156,307)
Net assets	256,611,854	289,144,625	328,349,320	357,106,354	373,097,825
Equity attributable to owners of the Company	247,762,454	280,603,692	314,146,531	343,560,175	354,479,708
Non-controlling interests	8,849,400	8,540,933	14,202,789	13,546,179	18,618,117
Total equity	256,611,854	289,144,625	328,349,320	357,106,354	373,097,825

Notes:

- (i) For the year ended 31 December 2019, the Group had changed its presentation currency from Hong Kong dollars to Renminbi. Accordingly, the consolidated net assets at 31 December 2018 had been restated to conform with the current year's presentation.
- (ii) In accordance with the transitional provisions in HKFRS 9 and HKFRS 15, the Group adopted modified retrospective approach and respective adjustments were recognised at 1 January 2018 with the difference recognised in opening restated balance of equity.
- (iii) The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for previous years, as permitted under the specific transition provisions in the standard. Accordingly, the consolidated net assets at 31 December 2018 was not restated.



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