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

Stock Code: 00081

Together We Advance

2023 Annual Report

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聽琴圖
楚辭
陰符經
昭明文選
天工開物
三俠五義
淮南子
城南旧事
大数据时代

Corporate and Shareholders' Information

CORPORATE INFORMATION

REGISTERED OFFICE

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

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

COMPANY SECRETARY

Anita Wong

SHARE REGISTRAR

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

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

AUDITOR

BDO Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

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

SHAREHOLDERS' INFORMATION

SHARE LISTING

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

ORDINARY SHARES (AS AT 31 DECEMBER 2023)

Shares outstanding	3,559,374,732 shares

STOCK CODE

SHARES

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

INVESTOR RELATIONS

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

MEDIA ENQUIRY

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

FINANCIAL CALENDAR

2023 annual results announcement	25 March 2024
Book closure period for annual general meeting	19 June 2024 to 24 June 2024 (both days inclusive)
Annual general meeting	24 June 2024
Book closure period for final dividend	28 June 2024
Despatch date of final dividend warrants	On or around 16 July 2024

Board of Directors and Committees

EXECUTIVE DIRECTORS

Zhuang Yong	*Chairman*
Yang Lin	*Chief Executive Officer*
Zhou Hancheng[(1)]	*Vice President, General Counsel and Chief Compliance Officer*
Wang Man Kwan, Paul[(2)]	*Chief Financial Officer*

NON-EXECUTIVE DIRECTORS

Guo Guanghui	
Yung Kwok Kee, Billy	*Vice Chairman*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Fan Chun Wah, Andrew[(3)]
Lo Yiu Ching, Dantes[(4)]

AUTHORISED REPRESENTATIVES

Zhuang Yong
Yang Lin

Notes:

(1) Appointed as Executive Director and Vice President with effect from 21 April 2023 and appointed as General Counsel and Chief Compliance Officer with effect from 30 October 2023
(2) Retired with effect from 21 April 2023
(3) Appointed with effect from 27 March 2023
(4) Resigned with effect from 27 March 2023

AUDIT COMMITTEE

Chung Shui Ming, Timpson	*Chairman*
Lam Kin Fung, Jeffrey	
Fan Chun Wah, Andrew[(3)]	
Lo Yiu Ching, Dantes[(4)]	

REMUNERATION COMMITTEE

Lam Kin Fung, Jeffrey	*Chairman*
Yung Kwok Kee, Billy	
Chung Shui Ming, Timpson	
Fan Chun Wah, Andrew[(3)]	
Lo Yiu Ching, Dantes[(4)]	

NOMINATION COMMITTEE

Fan Chun Wah, Andrew[(3)]	*Chairman*
Chung Shui Ming, Timpson	
Lam Kin Fung, Jeffrey	
Zhuang Yong	
Lo Yiu Ching, Dantes[(4)]	

Financial Highlights

For the year ended 31 December	2023	2022	Change
Contracted property sales# *(RMB Million)*	**42,820**	40,317	6.2%
Key Consolidated Profit and Loss Items *(RMB Million)*			
Revenue	**56,408**	57,492	-1.9%
Gross profit	**6,311**	8,276	-23.7%
Gross margin[1]	**11.2%**	14.4%	-3.2%^
Profit attributable to owners of the Company	**2,302**	3,150	-26.9%
Net margin[2]	**4.1%**	5.5%	-1.4%^
As at 31 December	**2023**	**2022**	**Change**
Key Consolidated Statement of Financial Position Items *(RMB Million)*			
Inventories of properties	**107,119**	131,891	-18.8%
Contract liabilities	**40,829**	61,158	-33.2%
Cash and bank balances	**26,021**	29,331	-11.3%
Total borrowings[3]	**43,564**	47,598	-8.5%
Net debts[4]	**17,543**	18,267	-4.0%
Total equity	**38,130**	37,401	1.9%
Equity attributable to owners of the Company	**31,304**	29,942	4.5%
Net gearing[5]	**46.0%**	48.8%	-2.8%^
Net asset per share[6] *(RMB)*	**8.79**	8.41	4.5%
Land Bank *(Thousand sq.m.)*			
Development land reserves#	**18,806.8**	24,532.6	-23.3%
Financial Year	**2023**	**2022**	**Change**
Return to Shareholders			
Return on equity[7]	**7.5%**	10.7%	-3.2%^
Earnings per share *(RMB cents)*	**64.7**	90.7	-28.7%
Dividends per share *(HK cents)*	**16.0**	21.0	-23.8%

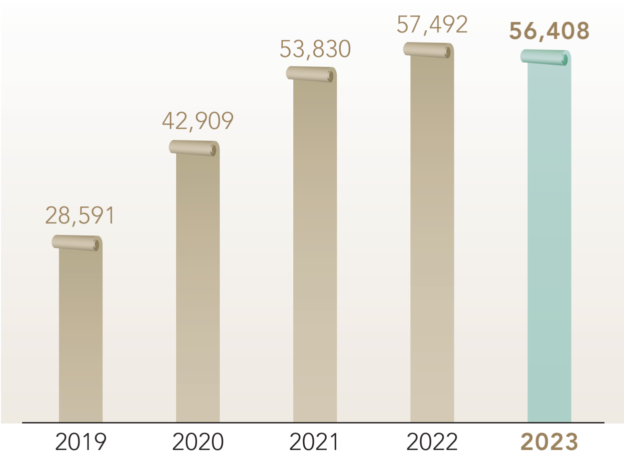
FORMULA OF FINANCIAL INFORMATION

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

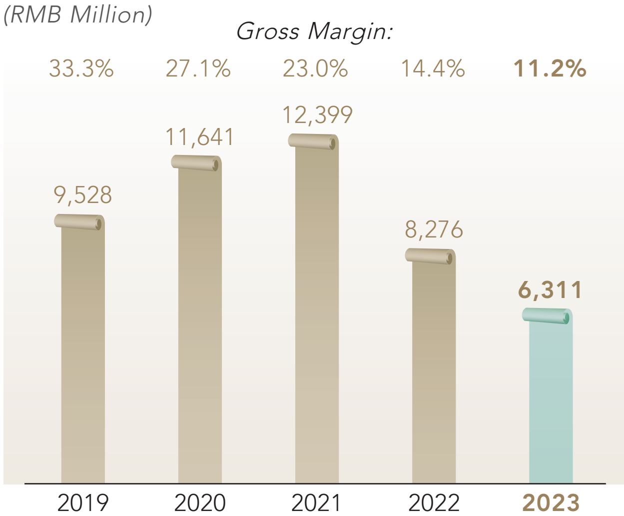
Included associates and joint ventures
^ Change in percentage points

Financial Highlights

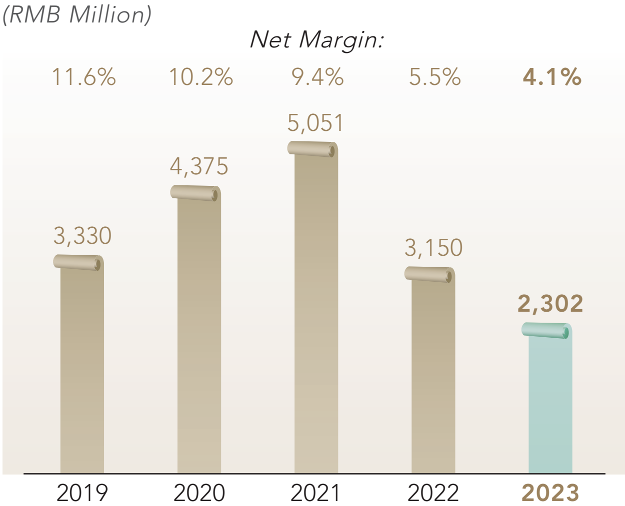
Revenue
(RMB Million)



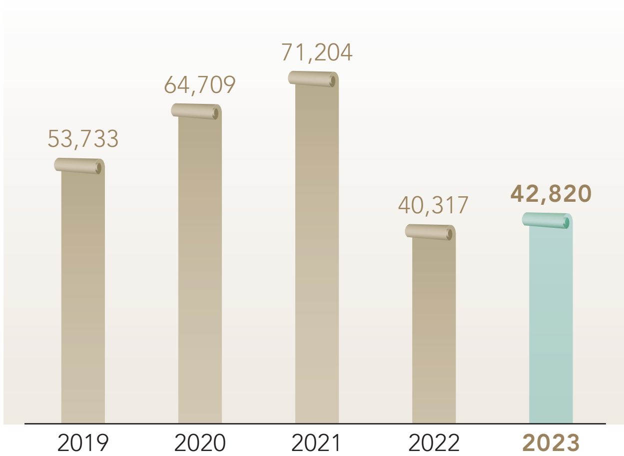
Gross Profit
(RMB Million)



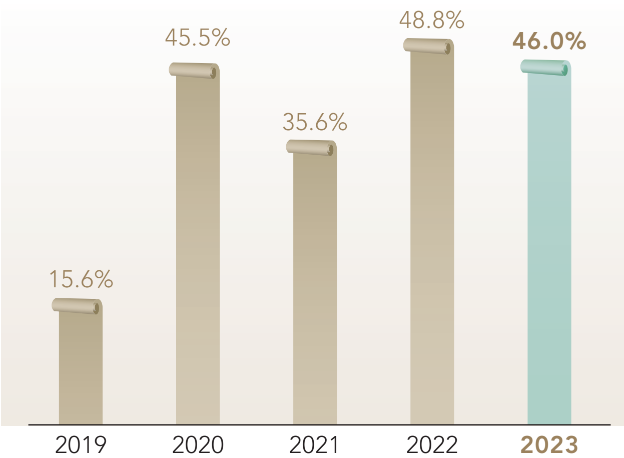
Profit Attributable to Owners of the Company
(RMB Million)



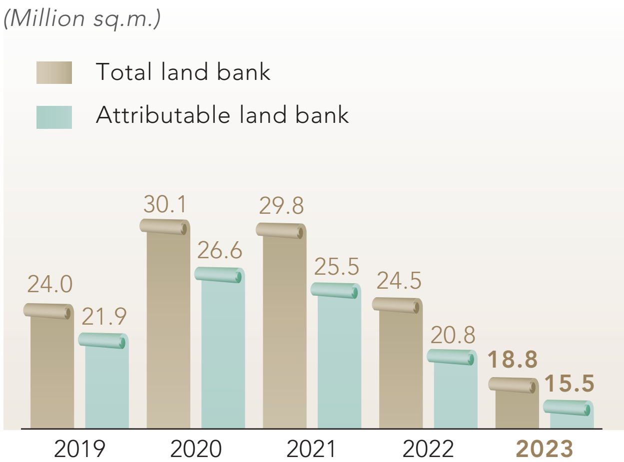
Contracted Property Sales#
(RMB Million)



Net Gearing (Net debts/total equity)



Land Bank#
(Million sq.m.)



Included associates and joint ventures

Chairman's Statement

INTRODUCTION

I am pleased to present the review of annual results for the year ended 31 December 2023 and the outlook in 2024 of the Company and its subsidiaries (collectively the "Group").

In 2023, the Group achieved a revenue of RMB56,408 million, representing a year-on-year decrease of 1.9%. Profit attributable to owners of the Company amounted to RMB2,302 million, representing a year-on-year decrease of 26.9%. Basic earnings per share was RMB64.7 cents.

After a prudent review on the overall result performance and working capital requirements for the future operations of its business, the Board of the Company recommended the payment of a final dividend of HK11 cents per share (2022: HK15 cents per share) for the year ended 31 December 2023. Taking into account the interim dividend of HK5 cents per share (2022: HK6 cents per share) paid in October 2023, total dividends for the year will amount to HK16 cents per share (2022: HK21 cents per share). The dividend payout ratio for the year is 22.5%.

Zhuang Yong
Chairman and Executive Director

Chairman's Statement

MARKET REVIEW

In 2023, China's economic growth exceeded expectations, but challenges persisted. Geopolitical flashpoints were intensifying globally, weighing on the momentum of the economic recovery. At the same time, major changes were occurring in real estate supply and demand dynamics in China. The confluence of these challenges was adding to headwinds from various other downside risks, resulting in a complex external environment.

China's property sector had exhibited signs of stabilization after seeing resurgence in the immediate aftermath of the pandemic during the year. According to data from the National Bureau of Statistics, the value of China's home sales decreased by 6.0% and the floor area sold decreased by 8.2% in 2023 compared to the previous year. According to CRIC data, home sales in China's "Top 100 Cities" reached RMB6.2 trillion in 2023, a 3.4% year-on-year decrease. Sales volume stood at 310 million square meters ("sq.m."), down 6.8% from the previous year. The average selling price was RMB19,900 per sq.m., representing a 3.6% increase year-on-year. The property market has continued its adjustment and consolidation phase.

Chairman's Statement

MARKET REVIEW (CONTINUED)

In 2023, China's economy demonstrated resilience amid severe domestic and global challenges. Its GDP expanded 5.2% according to the National Bureau of Statistics, among the fastest growth of major economies. This likely indicated China contributed over 30% of global growth, cementing its role as the largest driver of world economic activity. The high-speed growth phase witnessed in the property market had now concluded. As the industry transitioned to a more stable development phase, momentum was building to facilitate a rebound in real estate fundamentals. At the same time, the shift towards homebuyers primarily being end-users rather than investors, along with supportive policies to stimulate housing demand for new homes and upgrade existing housing through trade-ups, were expected to promote the sustainable development of the property market.

BUSINESS REVIEW

2023 marked a shift away from the previous period defined by high leverage, high debt and rapid asset turnover fueling rapid real estate growth. Supply and demand dynamics underwent significant changes. As the sector entered the latter stage of its cycle, divergences emerged between developers in sales performance, land auction activity across markets, and performance at the city level. We adapted to the new market norm by prioritizing financial resilience and disciplined investments, enhancing operational quality, to pave the way for future.

Amid constantly shifting market dynamics, the Group persisted to seek progress while maintaining stability, and promoted stability through progress. By continuously refining processes and supporting frontline operations, the Group pursued resilient growth. In 2023, the Group Series of Companies achieved contracted property sales of RMB42,820 million, representing a year-on-year increase of 6.2%. The contracted sales area was 3,532,400 sq.m., representing a year-on-year decrease of 5.2%. Contracted property sales attributable to the Group for the year amounted to RMB33,556 million, ranking 30th in the industry, an improvement of 10 places compared to 2022. The Group achieved average residential property selling price of approximately RMB13,200 per sq.m., representing a year-on-year increase of 9.7%. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB1,250 million for an aggregated contracted area of 107,400 sq.m..

In 2023, the Group aimed to lead its peers and push boundaries to new limits. As other major developers focused their resources mainly in top-tier cities, the Group's competitive edges in mid-tier cities where we operate became clearer. Among the 40 cities where the Group has a presence, its contracted sales ranked in the top three of 18 cities. Among them, in 7 cities we ranked first, namely, Shantou, Taizhou, Tangshan, Zhuzhou, Anqing, Yancheng, and Jilin.

Chairman's Statement

BUSINESS REVIEW (CONTINUED)

The Group remained committed to its "3P" investing strategy, which targeted the most "Prominent" cities and their "Prime" neighborhoods while focusing on "Popular" property types. By carefully scoping out land opportunities, we strategically bolstered our land bank reserves with well-positioned plots primed for future growth. In 2023, the Group Series of Companies acquired thirteen projects through public auctions, adding attributable gross floor area of 1,561,800 sq.m., with attributable land cost amounting to RMB7,679 million.

As of 31 December 2023, the gross floor area of the total land bank of the Group Series of Companies was 18,806,800 sq.m., of which 15,517,500 sq.m. were attributable to the Group.

The Group's strong record of delivery reinforces customer confidence in its industry-leading execution capabilities, with construction area of more than 19 million sq.m. during the year. The Group had successfully delivered approximately 46,500 new homes. Customer satisfaction rating was 91%, top among industry peers. Our proven track record for ensuring high-quality delivery of new homes is highly recognized and makes us a top brand in the sector.

During the year, the Group strengthened its operating cash flow management, and our strong financial position stood the Group in good stead. Sales collections from sales for the year reached RMB44.8 billion. Cash reserves totalled over RMB26.0 billion at the year end. The net gearing ratio decreased from 48.8% as at the end of last year to 46.0%. None of the "Three Red Lines" was breached. The weighted average financing cost remained at an industry low of 4.6%. The proportion of total interest-bearing debt denominated in Hong Kong Dollar ("HKD") and United States Dollar ("USD") was adjusted downward to 32.6% from 39.8% previously. This prudent capital structure adjustment helped continually enhance the Group's resilience amid macroeconomic fluctuations by lowering foreign exchange rate exposure. China Overseas Grand Oceans Property Group Company Limited, the investment and financing platform of the Group in Mainland China, had its credit rating upgraded to the highest AAA rating with a stable outlook by China Chengxin International Credit Rating Co., Limited, the leading credit rating agency in China.

Sustainable development and green, low-carbon practices are key priorities for the Group as we adopt a forward-thinking approach to addressing climate change. In a year where most industry peers saw rating downgrades, the Group went against the trend with an upgraded ESG rating. This improvement reflected our ongoing work to systematically consider environmental, social and governance factors. For these steadfast sustainability efforts, the Group also received several awards during the year for pioneering green practices in real estate. MSCI raised our rating from BB to BBB, while the Wind ESG rating improved

Chairman's Statement

Yangzhou The Paragon

BUSINESS REVIEW (CONTINUED)

from A to AA. In our debut assessment by GRESB, an impressive 91% score earned us a top four-star designation. Dedication to green, low-carbon practices has also received industry plaudits, with awards like the United Nations Sustainable Development Goals Hong Kong Award and the RICS China Annual Excellence in Sustainable Development. These recognized the Group's pioneering leadership in emissions reduction as well as holistic ESG integration. By strategically combining climate action and ESG initiatives to highlight the synergies of these dual priorities, the stakeholders acknowledged how the Group's approach supported long-term sustainable value creation. During the year, the Group successfully issued the industry's first corporate credit carbon neutrality bond in Mainland China, with a value of RMB500 million at a coupon rate of 3.05%. In Hong Kong, the Group established new financing milestones by securing its first sustainability-linked HKD loan of HKD570 million and its first sustainability-linked offshore RMB loan totalling RMB250 million.

Chairman's Statement

PROSPECTS

While China's property market faces challenges in 2024, supportive policies to boost domestic demand and manage risks are expected to stabilize the real estate sector, and gradually rebuild business and consumer confidence over the course of the year. China's economic resilience amid mid-to-high growth, continuing urbanization, and prevailing needs such as affordable housing and upgrades will underpin the sector's long-term growth potential.

As China's property market undergoes significant supply and demand shifts, housing policies will keep adapting by increasingly tailoring support initiatives to local circumstances, in order to healthily fulfill housing needs. While the sector bottoms out in the near term, positive long-term fundamentals remain intact. Emerging opportunities and ongoing industry differentiation herald a new growth phase, where leading developers gain advantage in an evolving market. Pursuing growth while ensuring stability, the Group aims to capitalize on economic recovery for quality development.

The real estate market is now entering a new phase, which poses both challenges and opportunities. Developers able to acquire land now have a better opportunity to boost their land bank. Guided by sales-led investment and production, the Group is committed to a prudent financial strategy, emphasizing precision investment and deepening our presence within key markets. Meanwhile, the Group remains vigilant for investment opportunities showing promise in the market.

Going forward, gaining deeper customer insights and raising the bar on quality will remain key priorities. In 2024, we will further enhance our customer and product research capabilities. This will allow for more granular standardized property types tailored to regional needs. Through a specialized "One Region, One Strategy" model, we aim to systematically roll out standardized lines incorporating premium features. Ultimately, this approach will deliver higher value to customers. The Group's customer satisfaction rating remains top among industry peers. Our quality homes delivered will help build the Group's reputation and strengthen the influence of the "China Overseas Properties" brand.

The Group has consistently maintained a prudent and robust financial management approach and continues to enhance cash flow management as well as cost and risk controls to preserve strong financial flexibility. With sound operating cash flows and a healthy balance sheet, the Group regularly reviews its debt structure and financing costs to ensure ample cash reserves. All "Three Red Lines" remain in the green. As a company

Chairman's Statement

PROSPECTS (CONTINUED)

focuses on financial efficiency, the Group also keeps an eye on potential impacts from broader political and economic developments as well as interest and exchange rate movements on finances and operations.

Talent is key to sustainable success. Through its development program, the Group cultivates high-potential staff, building a skilled workforce with leadership and expertise to drive future growth. It also recruits aggressively, offering competitive pay and benefits plus development opportunities. With strengthened human resources policies and a positive culture, the Group aligns employees' goals with its long-term vision. Continuous refinements to performance and compensation systems alongside working environment improvements sustain high-performing, dedicated teams.

Looking ahead, the Chinese economy continues to present significant growth potential and resilience. Its long-term fundamentals remain intact and will provide strong support for the sustained development of the property sector. With ample financial flexibility, the Group aims to both capitalize on opportunities from market developments and navigate challenges through balanced adaptive strategies. Underpinned by the China's resilient economic fundamentals, the Group is well-positioned to generate lasting value for shareholders and stakeholders.

APPRECIATION

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

Zhuang Yong
Chairman and Executive Director

Management Discussion and Analysis

Yinchuan Royal Villa

BUSINESS REVIEW

REVENUE AND OPERATING RESULTS

China's property sector had exhibited signs of stabilization after seeing resurgence in the immediate aftermath of the pandemic during the year. During the year, local authorities rolled out improved housing policies nationwide to spur balanced growth. The new measures relaxed purchase limits and loan quotas for residents, lending support to both new and resale housing inventory. As the economic recovery took hold, China's property sector stabilized amid changing market dynamics, with policy support helping to guide developers towards sustainable operations.

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

REVENUE AND OPERATING RESULTS (CONTINUED)

Leveraging a solid financial foundation, the Group continued providing high quality properties to customers during the year. Our premium brand resonated strongly in second-tier and third-tier cities where we gained market share. This helped the Group steadily climb industry rankings and outperform peers with contracted property sales growing from the previous year.

The Group Series of Companies achieved contracted property sales of RMB42,820 million for the year (2022: RMB40,317 million), representing an increase of 6.2% against last year, in which, an amount of RMB3,118 million (2022: RMB3,478 million) was contributed by associates and joint ventures. Contracted property sales attributable to the Group for the year amounted to RMB33,556 million (2022: RMB34,187 million).

For the year ended 31 December 2023, the Group recorded revenue of RMB56,408 million (2022: RMB57,492 million), representing a decrease of 1.9% against last year. Mainly affected by ongoing consolidation of the overall real estate market in Mainland China, gross profit for the year was RMB6,311 million (2022: RMB8,276 million), representing a decrease of 23.7% against last year. The overall gross profit margin for the year narrowed to approximately 11.2% (2022: 14.4%).

In terms of expenses, the Group continued to maintain stringent cost control throughout the year. Distribution and selling expenses for the year decreased by RMB80 million against last year to RMB1,552 million (2022: RMB1,632 million) and the ratio of distribution and selling expenses to the Group's contracted property sales also decreased from 4.4% for the last year to 3.9% for the year. In addition, administrative expenses for the year decreased by RMB30 million against the last year to RMB896 million (2022: RMB926 million) and the ratio of the administrative expenses to revenue maintained at approximately 1.6% for both the current and last year.

BUSINESS REVIEW (CONTINUED)

REVENUE AND OPERATING RESULTS (CONTINUED)

Other operating expenses for the year amounted to RMB136 million (2022: RMB91 million), which included the recognition of foreign exchange losses.

Due to the decrease in gross profit, operating profit for the year amounted to RMB4,207 million (2022: RMB6,266 million), representing a decrease of 32.9% against last year.

The total interest expense for the year amounted to RMB2,212 million (2022: RMB2,144 million). Finance costs, after capitalization of RMB2,147 million (2022: RMB2,081 million) to the on-going property development projects, was RMB65 million (2022: RMB63 million) for the year.

Currently, the majority of the property projects held by the Group through associates and joint ventures are in the development stage and the progress is in line with the expectation. Share of profits of associates for the year amounted to RMB1 million (2022: RMB19 million). The decrease in profit was mainly due to the recognition of profit from property sales of the property development project of an associate for last year. The share of losses of joint ventures for the year amounted to RMB20 million (2022: RMB242 million) The decrease in loss was mainly attributable by the decrease in the share of losses from write-down of inventories of properties of certain joint ventures for the year.

Income tax expense comprised enterprise income tax and land appreciation tax ("LAT"). Income tax expense for the year decreased by RMB825 million against last year to RMB2,098 million (2022: RMB2,923 million), mainly due to the decrease in operating profit for the year and the adjustments upon the settlements of LAT for certain projects. The effective tax rate for the year was 50.9% (2022: 48.9%).

Overall, for the year ended 31 December 2023, profit attributable to owners of the Company decreased by 26.9% against last year to RMB2,302 million (2022: RMB3,150 million). Basic earnings per share were RMB64.7 cents (2022: RMB90.7 cents).

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

LAND BANK

The management believes that a sizable and high-quality land bank can ensure the sustainable growth of the Group's business and is also one of the most important assets to a property developer. In the past year, to navigate challenging market conditions, the Group acquired land parcels at reasonable prices and prudently evaluated market opportunities to improve the quality of its land bank. For the year ended 31 December 2023, the Group Series of Companies acquired 13 parcels of land at an aggregate consideration of RMB9,765 million with gross floor area of approximately 1,835,100 sq.m., of which approximately 1,561,800 sq.m. was attributable to the Group (including the interests in associates and joint ventures).

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

No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
1	Hefei	Feixi County Project #1 (Mount and Lake)	60%	97,100
2	Yinchuan	Jinfeng District Project (Sea Advanced Collection)	100%	189,500
3	Hefei	Baohe District Project (Jewel Manor)	60%	184,500
4	Ganzhou	Zhanggong District Project (River View Mansion)	100%	208,700
5	Hefei	Feixi County Project #2 (Guan Shan Li)	40%	132,900
6	Hohhot	Xincheng District Project #1 (Central Mansion)	100%	56,800
7	Hohhot	Xincheng District Project #2 (Central Mansion)	100%	70,000
8	Quanzhou	Fengze District Project (Master Mansion)	100%	112,300
9	Quanzhou	Jinjiang City Luoshan Project (Private Mansion)	100%	139,900
10	Ganzhou	Rongjiang New Area Project (The One Future)	100%	264,800
11	Tangshan	Lubei District Project (Zhen Ru Fu)	100%	62,200
12	Nantong	Chongchuan District Project (Center Mansion)	60%	202,300
13	Yangzhou	Hanjiang District Project	100%	114,100
Total				**1,835,100**

As at 31 December 2023, the gross floor area of total land bank of the Group Series of Companies in Mainland China reached 18,806,800 sq.m. (2022: 24,532,600 sq.m.), of which 1,738,400 sq.m. (2022: 2,022,800 sq.m.) was held by associates and joint ventures collectively. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) was 15,517,500 sq.m. (2022: 20,754,100 sq.m.). The Group Series of Companies held a land bank distributed in 36 cities as at 31 December 2023.

BUSINESS REVIEW (CONTINUED)

LAND BANK (CONTINUED)

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

No.	District	Total GFA ('000 sq.m.)	%	Attributable GFA ('000 sq.m.)	%
1	Shantou district	2,862.8	15.2%	2,862.8	18.5%
2	Hefei district	2,306.6	12.3%	1,556.9	10.0%
3	Weifang district	1,522.6	8.1%	1,341.6	8.6%
4	Lanzhou district	1,417.6	7.5%	1,295.1	8.4%
5	Mengning district	919.8	4.9%	917.4	5.9%
6	Yangzhou district	1,291.7	6.9%	895.4	5.8%
7	Huizhou district	1,236.9	6.6%	823.2	5.3%
8	Tangshan district	778.8	4.1%	778.8	5.0%
9	Xuzhou district	1,085.5	5.8%	742.4	4.8%
10	Yantong district	984.8	5.2%	548.4	3.5%
11	Others	4,399.7	23.4%	3,755.5	24.2%
Total		18,806.8	100.0%	15,517.5	100.0%

Anqing The Metropolis

Management Discussion and Analysis

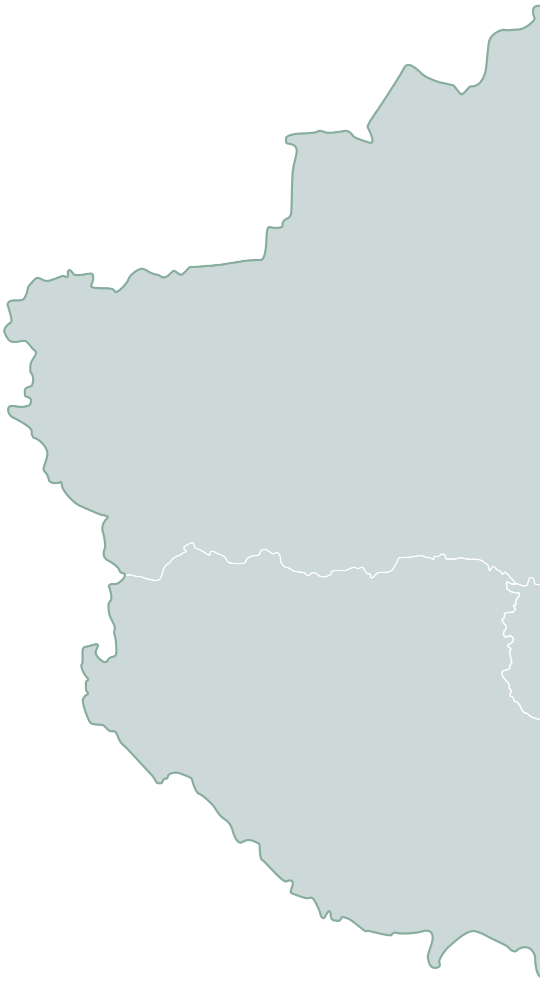
BUSINESS REVIEW (CONTINUED)

CONTRACTED PROPERTY SALES# BY CITIES

For the year ended 31 December 2023

No.	City	Amount (RMB Million)	%	Contracted Area (sq.m.)	%
1	Hefei	7,993	18.7%	386,000	10.9%
2	Shantou	3,605	8.4%	326,800	9.3%
3	Hohhot	2,582	6.0%	234,400	6.6%
4	Yinchuan	2,361	5.5%	216,400	6.1%
5	Lanzhou	2,202	5.1%	178,600	5.1%
6	Taizhou	2,036	4.8%	134,200	3.8%
7	Jinhua	1,857	4.3%	94,300	2.7%
8	Tangshan	1,499	3.5%	81,300	2.3%
9	Nanning	1,260	2.9%	81,300	2.3%
10	Changzhou	1,163	2.7%	88,400	2.5%
11	Huizhou	1,127	2.6%	92,300	2.6%
12	Zhanjiang	1,099	2.6%	100,400	2.8%
13	Xuzhou	1,028	2.4%	113,900	3.2%
14	Yancheng	1,027	2.4%	96,400	2.7%
15	Jilin	987	2.3%	154,800	4.4%
16	Yangzhou	981	2.3%	73,700	2.1%
17	Zhuzhou	867	2.0%	107,600	3.0%
18	Anqing	844	2.0%	108,600	3.1%
19	Nantong	751	1.7%	39,300	1.1%
20	Huai'an	736	1.7%	54,300	1.6%
21	Xining	701	1.6%	84,400	2.4%
22	Weifang	683	1.6%	129,700	3.7%
23	Ganzhou	667	1.6%	41,500	1.2%
24	Zibo	586	1.4%	80,000	2.3%
25	Zunyi	585	1.4%	85,000	2.4%
26	Shaoxing	546	1.3%	17,700	0.5%
27	Langfang	440	1.0%	48,200	1.4%
28	Zhenjiang	399	0.9%	34,900	1.0%
29	Tianshui	368	0.9%	36,100	1.0%
30	Weinan	316	0.7%	50,600	1.4%
31	Quanzhou	249	0.6%	18,200	0.5%
32	Jiujiang	237	0.6%	31,300	0.9%
33	Linyi	196	0.5%	23,600	0.7%
34	Jining	77	0.2%	18,700	0.5%
	Others	765	1.8%	69,500	1.9%
Total		**42,820**	**100.0%**	**3,532,400**	**100.0%**

Included associates and joint ventures.



Management Discussion and Analysis

Management Discussion and Analysis

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

The Group remained focused on second- and third-tier cities in China where it understood varying demands for affordable and upgraded housing. It tailored products like furnished and green smart homes according to local market conditions. This maximized returns by catering to different needs while strengthening its national brand. The Group was set on continuing to differentiate its brand from other developers' by creating fantastic places and continues to play a leading role in the market.

The contracted property sales of the Group Series of Companies for the year ended 31 December 2023 amounted to RMB42,820 million (2022: RMB40,317 million), for an aggregated contracted area of 3,532,400 sq.m. (2022: 3,725,200 sq.m.), (in which, RMB3,118 million <2022: RMB3,478 million> for an aggregated contracted area of 233,900 sq.m. <2022: 259,600 sq.m.> was contributed by associates and joint ventures) representing an increase of 6.2% and a decrease 5.2% respectively against last year. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB1,250 million for an aggregated contracted area of 107,400 sq.m..

Contracted property sales from major projects during the year ended 31 December 2023:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Hefei	Skyline	224,833	5,298
	Jewel Manor	73,480	1,985
	Vitality City	15,553	215
Shantou	The Peninsula	98,779	1,458
	The Rivera North City	40,210	472
	Platinum Mansion	41,407	378
	Guan Yun Fu	38,591	360
	Golden Coast	40,539	327
	The Rivera East City	23,579	228
Hohhot	Zhonghai He Shan Guan Lan	76,498	809
	Zhonghai Zhen Ru Fu	37,232	548
	Zhonghai Shi Li Qing Chuan	45,809	422
	Hohhot Glorioushire	23,558	310
	River View Mansion	19,141	206
Yinchuan	Gorgeous Mansion	73,287	956
	Glory Mansion	57,024	503
	Sea Advanced Collection	41,323	471
	The Royal Peninsula	12,514	131

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Contracted property sales from major projects during the year ended 31 December 2023: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Lanzhou	La Cite	105,495	1,415
	China Overseas Platinum Pleased Mansion	30,517	335
	China Overseas Platinum Garden	25,393	281
Taizhou	Jinmao Palace*	56,511	977
	Royal Mansion	32,323	418
	Gorgeous Mansion*	23,690	347
	Graceful Mansion	18,626	269
Jinhua	Central Mansion	25,709	1,013
	The Halo*	34,427	446
	Central Park	33,767	413
Tangshan	The Pogoda	49,709	877
	Maple Palace	31,617	621
Zhanjiang	We Love City*	68,255	778
	Glorious City*	32,126	322
Nanning	Lake Palace	37,749	601
	One Sino Residences	16,354	454
Changzhou	Jiang Nan Mansion	29,316	509
	South Halcyon	44,885	427
Yancheng	Gorgeous Mansion	53,930	688
	Mansion One	19,355	217
Zhuzhou	Zhonghai Xue Fu Li	62,277	476
	Majestic Mansion	45,315	391
Xuzhou	Upper East	43,140	554
	Lake City Mansion	25,999	298

Management Discussion and Analysis

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Contracted property sales from major projects during the year ended 31 December 2023: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Anqing	The Metropolis	108,593	844
Yangzhou	The Paragon	41,213	840
Jilin	Dong Shan Fu	57,101	439
	La Cite	58,950	360
Huai'an	Honor Mainstays	40,192	590
	Central Mansion	14,139	146
Nantong	Hills Scenery	34,389	720
Xining	Mountain and Lake	35,991	342
	Elite Palace	44,087	326
Weifang	Royal Villa	40,263	289
	Mansion	24,352	190
	The Riviera	33,019	176
Zunyi	New City of China	61,639	339
	The Central Mansion	23,361	246
Huizhou	Unique Palace	33,300	580
Ganzhou	The Paragon	27,322	577
Shaoxing	Marina One	17,539	541
Zibo	Genius Garden	67,947	523
Langfang	Platinum Garden	48,159	440
Tianshui	The Platinum Pleased Mansion	36,151	368
Weinan	Master Mansion	50,037	314
Liuzhou	The Cullinan	21,332	305

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

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

During the year, gross floor area of nearly 7,370,100 sq.m. (2022: 7,319,100 sq.m.) of construction sites were completed for occupation and of which, about 83% (2022: 85%) had been sold at year end. The Group continued to focus on promoting sales in this turbulent market, and placed financial strength and resilience at its core to ensure sustainable business growth.

For the year ended 31 December 2023, the recognized revenue of the Group for this segment was RMB56,080 million (2022: RMB57,244 million), representing a decrease of 2.0% against last year. The revenue recognized for the year was mainly from the sales of high-rise residential projects. Mainly affected by ongoing consolidation of the overall real estate market in Mainland China, the gross profit margin of this segment for the year narrowed to 11.1% (2022: 14.2%) when compared to that of last year.

The Group jointly developed property development projects with reliable business partners under the business model of associates and joint ventures in various cities. The Group's share of net losses from the associates and joint ventures included in the segment result for the year amounted to RMB24 million (2022: RMB227 million). The decrease in net losses was mainly attributable by decrease in the share of losses from write-down of inventories of properties of certain joint ventures for the year.

Overall, due to a decrease in gross profit, the segment profit for the year decreased by 27.1% to RMB4,370 million (2022: RMB5,991 million).

Recognized revenue from major projects during the year ended 31 December 2023:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Hefei	Upper East	166,676	3,551
	Central Mansion	64,894	1,730
	Central Park	72,719	1,345
	Halo Park	74,920	1,218
	Vitality City	73,401	680
Hohhot	Hohhot Glorioushire	99,863	1,294
	Zhonghai Zhen Ru Fu	93,298	1,230
	Zhonghai He Shan Guan Lan	115,562	1,219
	Zhonghai He Shan Sheng Jing	94,594	950
	Zhonghai Shi Li Qing Chuan	86,377	940
Jinhua	The Central Mansion	154,033	4,370
Lanzhou	La Cite	235,024	3,002
	China Overseas Platinum Pleased Mansion	35,650	378
	The Platinum Mansion	31,493	321

Management Discussion and Analysis

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Recognized revenue from major projects during the year ended 31 December 2023: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Yancheng	Gorgeous Mansion	143,967	2,014
	The Central Mansion	59,841	1,586
Tangshan	Maple Palace	101,629	2,036
	The Pogoda	63,315	1,117
Xining	Mountain and Lake	163,620	1,598
	Elite Palace	131,195	927
Changzhou	South Halcyon	149,031	2,093
Yinchuan	International Community	135,254	1,155
	The Royal Peninsula	110,234	914
Zhuzhou	Zhonghai Xue Fu Li	207,028	1,456
	Majestic Mansion	60,331	497
Jilin	La Cite	198,408	1,380
	Dong Shan Fu	80,064	558
Xuzhou	The Central Mansion	142,126	1,810
Anqing	The Metropolis	194,874	1,693
Baotao	Wang Jing Mansion	172,212	1,430
Shantou	The Rivera East City	53,474	488
	Platinum Mansion	46,608	406
Weifang	Royal Villa	123,314	854
Jiujiang	International Community	133,132	826
Yangzhou	The Paragon	43,837	791

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

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

City	Name of project	Commenced by
Hefei	Skyline	January
Langfang	Platinum Garden	January
Lanzhou	La Cite	February
Nantong	Hills Scenery	April
Weinan	Master Mansion	April
Tangshan	Maple Palace	May
Anqing	The Metropolis	June
Hefei	Mount and Lake	June
Hohhot	River View Mansion	June
Shantou	Golden Coast	June
Tianshui	The Platinum Pleased Mansion	June
Yinchuan	Sea Advanced Collection	June
Hefei	Guan Shan Li^	August
Huai'an	Honor Mainstays	September
Taizhou	Royal Mansion	September
Yancheng	Origin of City	September
Hefei	Jewel Manor	October
Weifang	Da Guan Tian Xia	October
Weifang	The Riviera	October
Zhanjiang	Glorious City*	October
Zhenjiang	Zhenru Mansion	November
Ganzhou	River View Mansion	December
Quanzhou	Private Mansion	December
Quanzhou	Master Mansion	December
Zhuzhou	Elegance Mansion	December

* The project is held by a joint venture of the Group

^ The project is held by an associate of the Group

Further details of the respective projects are shown in the Particulars of Major Properties & Property Interests on page 251 to page 278 in the annual report.

Management Discussion and Analysis

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

At the year end, the gross floor area of properties under construction and stock of completed properties amounted to 11,672,900 sq.m. (2022: 16,080,100 sq.m.) and 2,692,400 sq.m. (2022: 2,114,700 sq.m.) respectively, totaling 14,365,300 sq.m. (2022: 18,194,800 sq.m.). Properties with gross floor area of 4,563,500 sq.m. (2022: 6,991,800 sq.m.) had been contracted for sales and were pending for handover upon completion.

PROPERTY LEASING

In respect of the property leasing business, the Group's strategy of maintaining a high-quality investment property portfolio generated stable recurring income for the Group.

For the year ended 31 December 2023, rental income amounted to RMB242 million (2022: RMB234 million). The increase in revenue was mainly attributed by the rental income derived from the investment properties newly-added to the portfolio as mentioned below. In respect of the investment properties, no fair value adjustment was recognized for the year (2022: Nil).

The Group holds 65% of equity interest of a scientific research office building in Zhang Jiang High-tech Zone in Shanghai. The Group's share of profit from the joint venture, which holds the above research office building, was RMB5 million (2022: RMB3 million) for the year and was included in the segment result for the year.

Overall, the segment profit for the year increased by RMB13 million against that for last year to RMB165 million (2022: RMB152 million).

During the year, taking into consideration market conditions and its business plans, the Group decided to change the uses for five commercial properties in Changzhou, Hefei, Hohhot and Nanning from inventories of properties held for sale to investment properties for leasing out to generate rental income. Those newly added investment properties of office buildings and shopping malls amounted to an aggregate carrying amount of RMB634 million, adding an additional gross floor area of 89,300 sq.m., and achieving quality growth in the investment properties portfolio. No fair value adjustments on such reclassifications were recognized.

As at 31 December 2023, the investment properties held by the Group amounted to an aggregate carrying amount of RMB4,622 million (2022: RMB4,279 million).

OTHER OPERATIONS

In respect of the other operations, the Group mainly engages in hotel operations and generates service fee income in relation to hotel operation and other ancillary services.

During the year, the Group decided to self-operate two hotels in Huizhou and Shantou, which were previously classified as investment properties.

For the year ended 31 December 2023, income from other operations amounted to RMB86 million (2022: RMB14 million). The increase in revenue was mainly attributed by the service fee income derived from the newly-added self-operated hotels in Huizhou and Shantou as mentioned above. The segment loss for the year amounted to RMB194 million (2022: RMB57 million).

FINANCIAL RESOURCES AND LIQUIDITY

The Group has consistently adopted prudent financial management approach and its financial condition remained healthy. The Company and its subsidiaries have gained multiple accesses to funds from both investors and financial institutions in Mainland China and international market to meet its requirements in working capital, refinancing and project development. During the year, onshore and offshore financing channels remained readily accessible, underscoring the Group's competitive strengths.

During the year, the Group secured an aggregate amount of RMB13,285 million of new credit facilities from leading financial institutions. After taking into account drawdowns of RMB11,539 million, repayment of loans of RMB19,914 million and increase of RMB279 million due to the translation effect, total bank and other borrowings (excluding guaranteed notes and corporate bonds) decreased by RMB8,096 million as compared to that at last year end to RMB34,909 million (2022: RMB43,005 million).

To address rising trends in HKD interest rates during the year, the Group accelerated refinancing of HKD bank loans into RMB loans. This helped control the Group's financing costs.

As at 31 December 2023, the total bank and other borrowings (excluding guaranteed notes and corporate bonds) included RMB loans of RMB24,380 million (2022: RMB27,631 million) and HKD loans of HK$11,595 million (equivalent to RMB10,529 million) (2022: HK$17,210 million <equivalent to RMB15,374 million>). About 69.8% and 30.2% (2022: 64.3% and 35.7%) of the Group's total bank and other borrowings (excluding guaranteed notes and corporate bonds) were denominated in RMB and HKD respectively.

As at 31 December 2023, bank and other borrowings amounted to RMB9,513 million (2022: RMB5,940 million) were charged at fixed interest rates ranging from 3.5% to 4.9% (2022: 2.7% to 5.1%) per annum, while the remaining bank and other borrowings of RMB25,396 million (2022: RMB37,065 million) were charged at floating interest rates ranging from 2.6% to 7.6% (2022: 3.0% to 6.9%) per annum. About 27.2% and 72.8% (2022: 13.8% and 86.2%) of the Group's total bank and other borrowings (excluding guaranteed notes and corporate bonds) were charged at fixed and floating interest rates respectively. About 38.8% (2022: 28.3%) of bank and other borrowings is repayable within one year.

Management Discussion and Analysis

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

In addition, under the favourable corporate financing environment in Mainland China, the Group has been actively exploring new financing channels. During the year, the Group successfully issued additional tranches of onshore corporate bonds, totalling an aggregate amount of RMB4,000 million. Those tranches of bonds had maturities of three to five years with coupon rates of 3.05% to 3.90% per annum, which included the industry's first corporate credit carbon neutrality bond in Mainland China, with a value of RMB500 million at a coupon rate of 3.05% per annum. Furthermore, the Group secured multiple financings in the Mainland at lower interest rates, effectively controlling financing costs and maintaining the Group's cost of funds at the low end within the industry.

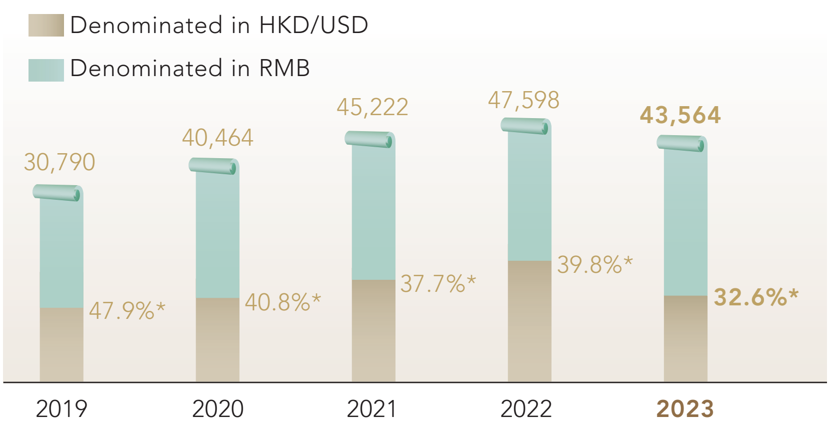
As at 31 December 2023, guaranteed notes and corporate bonds amounted to RMB3,655 million (2022: RMB3,593 million) and RMB5,000 million (2022: RMB1,000 million), respectively, totaling RMB8,655 million (2022: RMB4,593 million).

To rein in financing costs, the Group worked to reduce its debt levels during the year. As at 31 December 2023, the Group's total borrowings (including guaranteed notes and corporate bonds) amounted to RMB43,564 million (2022: RMB47,598 million), which decreased by RMB4,034 million and of which about 67.4% and 32.6% (2022: 60.2% and 39.8%) were denominated in RMB and HKD/USD respectively. The increase in the ratio of total borrowings denominated in RMB was mainly due to the significant increase in the ratio of offshore bank borrowings denominated in RMB during the year.

For the year ended 31 December 2023, in respect of total borrowing (including guaranteed notes and corporate bonds) of the Group, the weighted average borrowing cost for the year was 4.6% (2022: 4.2%) per annum. The increase in borrowing cost was largely driven Hong Kong Interbank Offered Rate ("HIBOR") holding at elevated levels throughout the year, resulting in the increase in weighted average borrowing cost for offshore borrowings of the Group from 3.1% per annum during the prior year to 5.2% per annum during the current year, which offset the effect of the decrease in weighted average borrowing cost of onshore borrowings of the Group from 4.9% per annum during the prior year to 4.3% per annum during the current year.

Total Borrowings

(RMB Million)



* Ratio of total borrowings denominated in HKD/USD

Management Discussion and Analysis

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

Sales deposits collection from properties sales remained satisfactory during the year. Cash and bank balances was RMB26,021 million (2022: RMB29,331 million) in total as at 31 December 2023, which decreased by RMB3,310 million against that as at last year end and was mainly used to repay a portion of the debt during the year. Cash and bank balances accounted for 17.1% of the Group's total assets as at 31 December 2023 (2022: 16.2%), which maintained at a healthy level. Of which, 98.9% (2022: 98.8%) was denominated in RMB while the remaining were in HKD and USD.

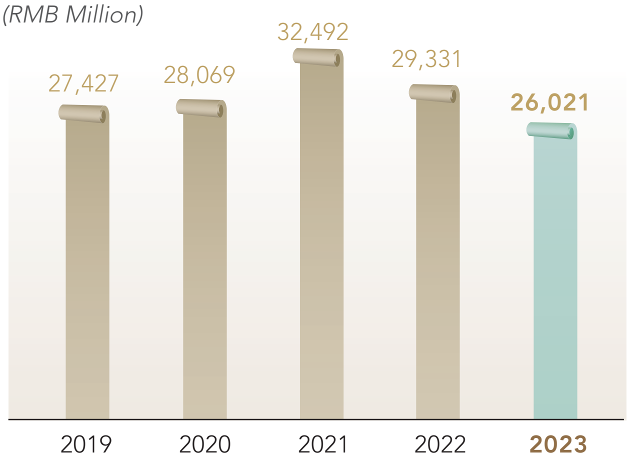
As at 31 December 2023, net working capital of the Group amounted to RMB62,329 million (2022: RMB67,438 million), with a current ratio of 1.8 (2022: 1.6).

As at 31 December 2023, the net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including guaranteed notes and corporate bonds, net of cash and bank balances and restricted cash and deposits) to total equity, was 46.0% (2022: 48.8%). The management closely monitors the financial position of the Group to ensure healthy development of the operation scale and business.

Besides, according to the "Three Red Lines" real estate financial supervision policy in Mainland China, as at 31 December 2023, the liabilities-to-assets ratio (excluding receipts in advances) was 65.7% (2022: 68.7%); net gearing ratio was 46.0% (2022: 48.8%) and cash-to-short-term debt ratio was 1.5 times (2022: 1.6 times). Therefore, the Group did not breach any of the red lines and maintained as a "Green Category" enterprise.

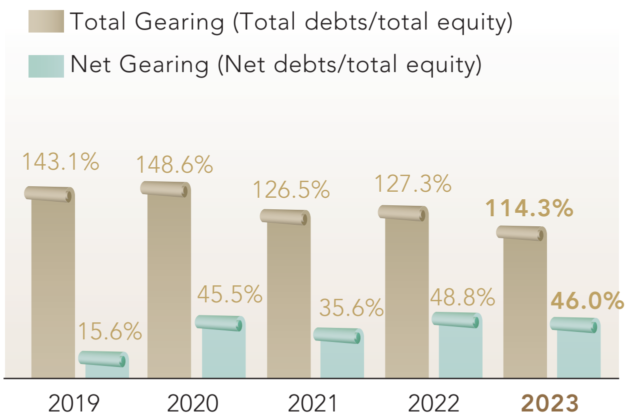
Cash and Bank Balances

(RMB Million)



The Group has unutilized bank credit facilities of RMB10,636 million as at 31 December 2023

Gearing Ratio



Management Discussion and Analysis

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

Taking into account of the unutilized bank credit facilities available to the Group of RMB10,636 million (2022: RMB10,971 million), the Group's total available funds (including cash and bank balances) reached RMB36,657 million (2022: RMB40,302 million) as at 31 December 2023.

In view of rapidly-changing property and capital market conditions and government policies and regulations, liquidity risk management is essential to support the sustainability of business growth of the Group. The Group continues to implement centralized management policies in financing and cash management, maintains good cash flow and minimizes its financial risks to ensure healthy operations and financial positions. While the international environment is complex and dynamic and financial market is also volatile, the Group maintains close communication with financial institutions, and ensures the continual fulfillment of the financial covenants and receiving of continual supports from all parties.

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

The Group regularly re-evaluates its operational and investment status, monitors the financial market and explores opportunities to invest in property development projects in co-operation with reliable business partners through the business models of associates and joint ventures to improve its capital structure continuously.

FOREIGN EXCHANGE EXPOSURE

As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings in RMB for its property development business in Mainland China, the management considered a natural hedge mechanism existed in that operation. However, as at 31 December 2023, about 32.6% (2022: 39.8%) of the Group's total borrowings (including guaranteed notes and corporate bonds) were still denominated in HKD/USD. Hence, by taking into account of the debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

The exchange rate of RMB to HKD depreciated by approximately 1.6% (2022: 8.5%) during the year and accordingly, the net asset value of the Group decreased by RMB292 million (2022: RMB1,643 million) which arose from currency translation.

To better manage foreign exchange risks while lowering finance costs arising from the HKD bank borrowing with higher market interest rates, the Group is in the process of continuing to raise the proportion of RMB borrowing in its entire borrowings portfolio according to market conditions in the upcoming year.

COMMITMENTS AND GUARANTEE

As at 31 December 2023, the Group had commitments totaling RMB16,558 million (2022: RMB26,489 million) which mainly related to land premium, property development and construction works. In addition, the Group issued guarantees to banks for facilitating end-user mortgages in connection with its property sales in Mainland China as a usual commercial practice with an amount of RMB23,857 million (2022: RMB32,902 million) and for the credit facilities granted to an associate and a joint venture with an aggregate amount of RMB430 million (2022: RMB455 million).

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling RMB88 million (2022: RMB25 million) during the year, mainly included additions of investment properties, right-of-use assets, as well as additions of land and buildings, vehicles and furniture, fixtures and office equipment within property, plant and equipment.

On the other hand, as at 31 December 2023, certain properties in Mainland China with aggregate carrying value of RMB14,327 million (2022: RMB11,783 million) were pledged to obtain RMB3,583 million (2022: RMB3,764 million) of secured borrowings from certain banks in Mainland China for the property development projects.

EMPLOYEES

As at 31 December 2023, the Group has 2,586 employees (2022: 3,061). The decrease in the number of employees was mainly due to the streamline of organizational structure and staffing to meet the requirements of different development stages of the Group during the year.

The Group is keen to motivate and nourish talent and reviews the remuneration policies and packages on a regular basis to recognize employee contributions and respond to changes in the employment market. The total staff costs incurred for the year ended 31 December 2023 was approximately RMB962 million (2022: RMB1,014 million). The pay levels of the employees are determined based on their responsibilities, performance and the prevailing market condition. Discretionary bonus was paid to employees based on individual performance while other remuneration and benefits, including the provident fund contributions/retirement pension scheme, remained at appropriate levels. Different trainings and development opportunities continued to be offered to sharpen employees' capabilities to meet the pace of business growth.

KEY RISKS FACTORS AND UNCERTAINTIES

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

DEBT REPAYMENT RISK

Financial markets are complex and volatile. As a capital-intensive sector, cash flow management is a key risk for property developers. Risks include potential shortfalls in expected sales receipts or the inability to refinance maturing debt. In addition, peer credit performance, changing regulations, geopolitics and shifting macroeconomic conditions could affect the Group's funding access and increase working capital pressures.

Management Discussion and Analysis

KEY RISKS FACTORS AND UNCERTAINTIES (CONTINUED)

DEBT REPAYMENT RISK (CONTINUED)

The Group will continue accelerating property sales and cash collection while replenishing land bank reserves prudently. It will also appropriately adjust the development pace according to market conditions, strengthen inventory management and explore diversified funding channels to ensure robust cash flows and maintain a strong financial position. The Group aims to sustain good cooperation with financial institutions and meet financing commitments and regulatory requirements.

MARKET RISK

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

The Group closely monitors changes in the business environment and regulations, and timely evaluates their impact to formulate sustainable development strategies. It will further boost product research and development, improve standardization, and gradually increase the supply of renovated flats to cater to customer demand changes. This enhances project quality. Additionally, construction schedules will be flexibly adjusted based on sales performance to ensure supply while reducing potential inventory pressure.

INVESTMENT RISK

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

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

FOREIGN EXCHANGE RISK

In recent years, volatility in RMB's exchange rate has increased due to global economic uncertainties. Under the existing debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

The Group continues to strengthen currency risk management. Management closely monitors market moves to optimize the currency mix in loans, balancing financing costs and risks. It will also monitor RMB fluctuations and optimize the RMB to HKD/USD debt portfolio mix as needed. Different funding options are also evaluated to mitigate risks from foreign exchange movements.

PRODUCT QUALITY RISK

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

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

Corporate Governance Report

2023 AT A GLANCE

Board Succession

- Mr. Fan Chun Wah, Andrew was appointed as Independent Non-executive Director to succeed Mr. Lo Yiu Ching, Dantes who retired in March 2023.
- Mr. Zhou Hancheng was appointed as Executive Director to succeed Mr. Wang Man Kwan, Paul who retired in April 2023.

Road to Governance

- The Company conducted its first Board performance evaluation in February 2023 to evaluate the Board's effectiveness and performance with a view to enhance the Company's corporate governance in different areas, such as organising legal training to provide a better understanding of regulatory framework and requirements, etc.
- The Company appointed Mr. Zhou Hancheng, Executive Director, in October 2023 to concurrently act as the General Counsel and Chief Compliance Officer to oversee the Group's corporate governance, legal, compliance and risk management functions.

Professional Development

- In December 2023, an internal seminar was held to refresh the knowledge in the Listing Rules which had more than 170 participants, including Directors and colleagues from finance, legal and other functions.
- In December 2023, an internal conference was held to promote the importance and practices of compliance and risk management to the colleagues from legal, risk management and related functions.

Jan
Feb
Mar
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Nov
Dec

2023

Enhanced Board Diversity
(average age reduced from 62.4 years to 57.6 years)

Enhanced Board Independence
(average tenure reduced from 9.1 years to 6.5 years)

MSCI ESG Rating raised to BBB

Non-executive Directors' Field Visits

With the aim of providing the Non-executive Directors (including the Independent Non-executive Directors) with first-hand knowledge and understanding of the Company's operations and performance, the Company had organised two field visits to the property development projects of the Group in Shaoxing, Yiwu and Jinhua in June 2023, and in Huizhou and Shantou in November 2023.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

The Company has applied the corporate governance principles and complied with all the code provisions (where applicable, some of the recommended best practices) set out in the CG Code for the year ended 31 December 2023.

CORPORATE CULTURE, MISSION, VISION AND VALUES

The Group adheres to China Overseas' corporate culture of "Leading", which signifies that the Group will incessantly leap over boundaries, proactively pioneer and lead the industry, and dauntlessly break new ground. The Group also takes on the mission of "We Manage Happiness", strives to achieve the vision of "Becoming a World-Class Investment, Construction and Operation Service Provider", and, at all times, upholds the values of "Customer-Oriented, Quality Assurance, Value Creation". In addition, the Group acts in the spirit of "Craftsmanship in COGO", entailing the meticulous quality of its projects, polishing its products into perfection, securing the market share with its superb products and premium services, endlessly improving and continuously innovating, and hence qualifies as a "Four Excellences" enterprise, entailing "Excellent Products", "Excellent Services", "Excellent Effectiveness" and "Excellent Citizenship". The Group fosters the felicity of the customers and embraces its social responsibilities. While carrying the "Grand" ambitions and sailing across the boundless "Oceans", the Group will continue to collaborate, work diligently and forge ahead with all one's heart every day in order to achieve the Group's mission and vision.

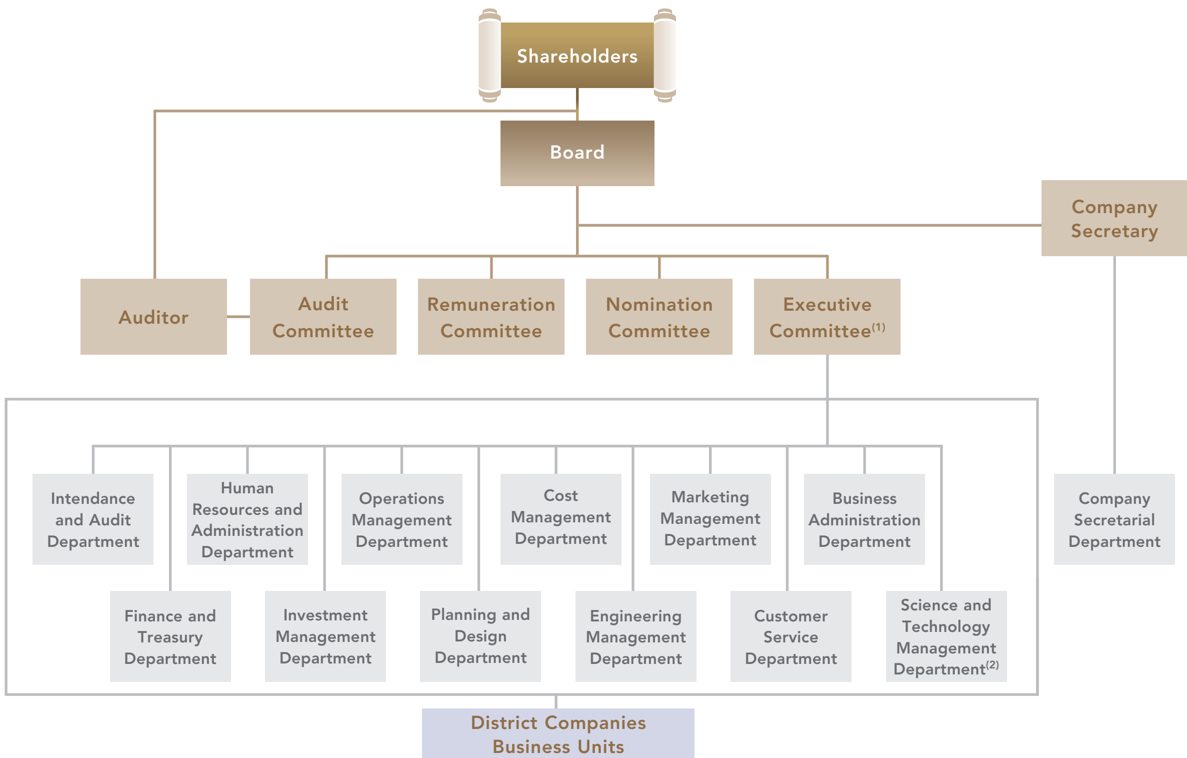
Corporate Governance Report

CORPORATE STRATEGY AND BUSINESS MODEL

The Group's businesses encompass "One Body", being the properties held for sale, and "Two Wings", being the properties held for investment and the innovative properties, forming as its business framework and operational characteristics, "developing residential properties as the core business while holding core commercial properties as the long term investment". Furthermore, based on the Group's "12345" quality product framework, the Group creates excellent products. The Group also upholds the principle of "what you see is what you get", the product quality principle of "Impeccable Process, Impeccable Properties", and the service principle of "Customer First, Steadfast Services" in order to boost customer satisfaction. On the other hand, the Group has followed the national policy and formulated "Carbon Peaking and Carbon Neutrality" strategies. The Group will stride towards the carbon targets in three dimensions by creating the prototype of green operation, implementing the low carbon management of projects throughout their whole life cycle and converting the value chain into a green and low carbon value chain. Details of the Group's business review and financial review for the year 2023 are set out in the "Chairman's Statement" and "Management Discussion and Analysis" sections in this annual report.

CORPORATE GOVERNANCE STRUCTURE

The Board has established a comprehensive governance structure. With the support of and collaboration among four Board Committees (i.e. Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee), Company Secretary, external auditor and every department, the Board comprehensively implements the Group's good governance practices and policies. The major responsibilities and roles of the Board and each Board Committee and the explanations of the corporate governance practices and policies are set out in this report. Below is the governance structure of the Group:



Notes:
(1) Comprises all the Executive Directors.
(2) Established in January 2024.

Corporate Governance Report

BOARD OF DIRECTORS

MANAGEMENT FUNCTIONS

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

BOARD COMPOSITION

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

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

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

With the recommendation of the Nomination Committee, the Board appointed Mr. Fan Chun Wah, Andrew as Independent Non-executive Director to replace Mr. Lo Yiu Ching, Dantes and appointed Mr. Zhou Hancheng as Executive Director to replace Mr. Wang Man Kwan, Paul with effect from 27 March 2023 and 21 April 2023, respectively.

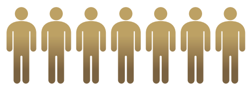
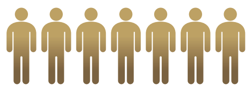
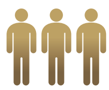
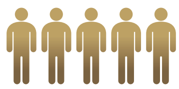
BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION (CONTINUED)

Board Diversity

The Company recognises and embraces the advantages of diversity at the Board level and considers it as essential element in supporting the attainment of the Company's strategic objectives and sustainable developments. The Board has adopted in 2013 and revised in 2022 the board diversity policy (the "Diversity Policy") to achieve diversity of the Board. The policy requires that all Board appointments shall be based on merit and selection of candidates shall be based on a range of diversity factors (including but not limited to gender, age, culture and education background, and professional experience). The Nomination Committee is responsible for developing measurable objectives to implement the Diversity Policy and for monitoring progress towards the achievement of these objectives. The Diversity Policy also applies to the employees of the Company and implementation and effectiveness of which shall be reviewed on an annual basis. The Diversity Policy is available on the website of the Company.

The table below highlights the detailed analysis of the expertise of the Directors and demonstrates the relevance between the broad and diverse mix of experience and background and the Group's business and how the Directors could contribute to the Board and the Board Committees. Furthermore, it also illustrates that the Board continues to possess a balance of skills appropriate for the requirements of the business of the Group.

Expertise	Relevance to the Group	Number of Directors
PRC market experience	Facilitates the review of the business and the sagacious advices on the business development	
Corporate executive	Provides insight into executive leadership and the management of business development and operations	
Role in other listed companies' board	Brings in good practices from other listed companies	
Public administration	Brings in experience in the areas of regulatory and stakeholder engagement	
Related industry experience (infrastructure, construction, retail)	Facilitates the review of the impacts of and opportunities from the related industries towards the property development market	
Risk management and compliance	Facilitates the review of the existing risk management system and the corporate governance structure	
Profession – accounting and finance	Brings in the knowledge in that field of profession in order to enhance decision making	
Profession – engineering	Brings in the knowledge in that field of profession in order to enhance decision making	

Corporate Governance Report

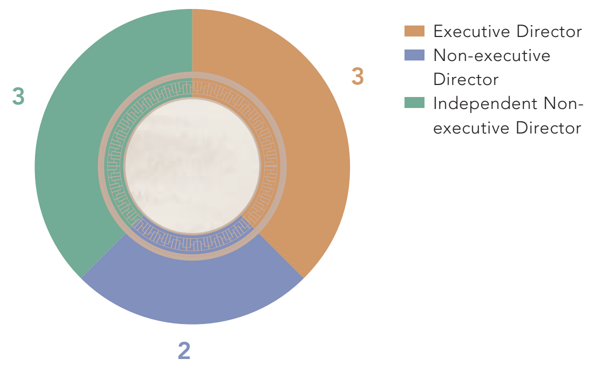
BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION (CONTINUED)

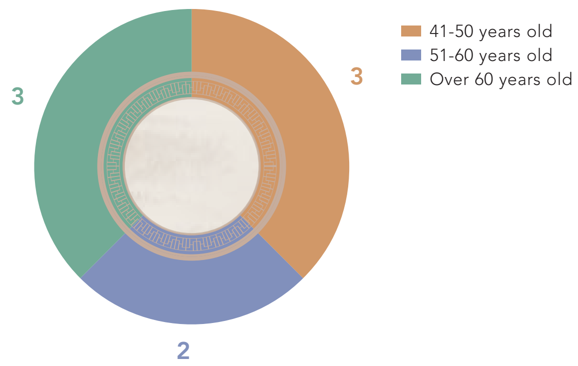
Board Diversity (continued)

The following charts show the diversity profile of the Board as at 31 December 2023:

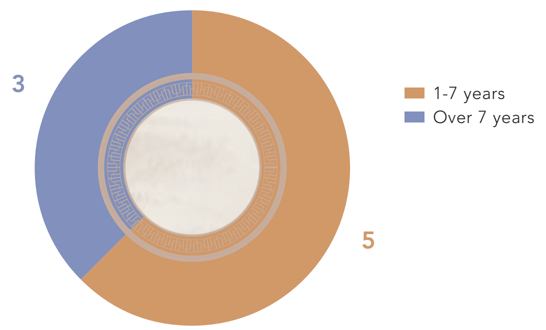
Composition



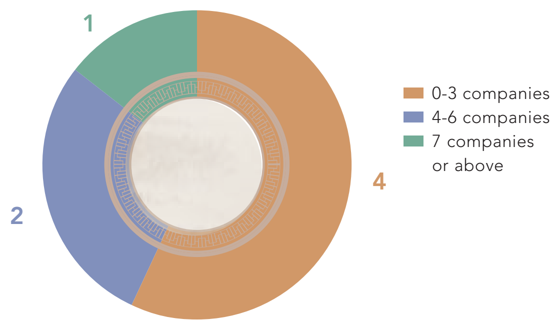
Age



Length of Service



Directorship in Other Listed Companies



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

As at 31 December 2023, the proportion of female employees of the Group was 40.6% (31 December 2022: 39.8%) and it is targeted to increase the proportion of female employees of the Group to 41.0% by 31 December 2025. Since the principal business of the Group is property development, which is one of the industries with the highest proportion of male employees, it is relatively challenging to achieve gender diversity of employees. However, the Group fully acknowledges the importance of diversity mindset at executive level. In order to achieve the target of gender diversity, the Company will continue to endorse gender balance at the workplace and encourage to uphold the core values of inclusivity and openness while pledging to the principle of selecting and deploying human resources based on merits. Also, it will ensure equal opportunities during the processes of employment, promotion and determining the remuneration, and consider the capabilities, performance and qualifications during such processes. The Company will not prejudice or treat differently on account of the candidate's gender, and will continuously promote the level of diversity of the Group.

BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION (CONTINUED)

Board Independence

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

To the best knowledge of the Company, except that Mr. Zhuang Yong and Mr. Guo Guanghui are both directors of COLI, there is not any relationship, including financial, business, family or other material/relevant relationships, between the Directors or between the Chairman and the CEO.

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

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

Pursuant to Code B.2.3 of the CG Code, further appointment of an independent non-executive director serving more than nine years is subject to a separate resolution to be approved by shareholders. Although Mr. Lam Kin Fung, Jeffrey has been serving as Independent Non-executive Director for more than nine years, the Directors opined that he still has the required character, integrity, independence and experience to fulfill the role of an Independent Non-executive Director. The Directors consider that there is no evidence that length of tenure has an adverse impact on independence of the Independent Non-executive Directors and the Directors are not aware of any circumstances that might influence Mr. Lam in exercising his independent judgement. Based on the aforesaid, the Board, at the recommendation of the Nomination Committee, having taken into account of the nomination policy (the "Nomination Policy") and the Diversity Policy of the Company, concluded that despite his length of service, Mr. Lam will continue to maintain an independent view of the Company's affairs and bring his relevant experience and knowledge to the Board.

Corporate Governance Report

BOARD OF DIRECTORS (CONTINUED)

CHAIRMAN AND CEO

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

Mr. Zhuang Yong is the Chairman of the Board to lead and manage the Board. He is also responsible for ensuring that before any meeting is held, all Directors receive accurate, clear, complete and reliable information in a timely manner and all Directors are properly briefed on issues arising at the meetings. He encourages all Directors to make a full and active contribution to the Board's affair and ensures that the Board acts in the best interests of the Company. All Directors are given opportunities and sufficient time to share their views and discuss on the issues in order to make a decision which reflects the Board's consensus.

The Chairman promotes a culture of openness and debate in the Board by facilitating the effective contribution of all Directors and ensuring constructive relations between Executive Directors and Non-executive Directors (including Independent Non-executive Directors). He also ensures that the Board works effectively and performs its responsibilities; good corporate governance practices and procedures are established; and appropriate steps are taken to provide effective communication with shareholders and those views of shareholders are communicated to the Board as a whole. The Chairman also holds meeting annually with the Independent Non-executive Directors to discuss corporate governance and other matters without the presence of other Directors.

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

APPOINTMENTS, RE-ELECTION AND REMOVAL

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

All Directors have entered into service contracts or letters of appointment with the Company. All two Non-executive Directors and all three Independent Non-executive Directors are appointed with no specific term but subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

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

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, the Company can reasonably confirm that the Directors had complied with the Code of Conduct throughout the year of 2023.

BOARD OF DIRECTORS (CONTINUED)

DIRECTORS AND OFFICERS LIABILITIES INSURANCE

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

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS

BOARD PROCEEDINGS

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. All Directors can give notice to the Chairman or Company Secretary if they intend to include matters in the agenda for Board meetings. Before each Board meeting, notice of at least 14 days or reasonable notice of meeting was sent to each Director to promote better attendance.

SUPPLY OF AND ACCESS TO INFORMATION

Full Board or Board Committee meeting papers will be sent to all Directors or members of Committees of the Board at least three days (or other agreed period) before the intended date of a Board meeting or Board Committee meeting.

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

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

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

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

To safeguard their independence, Directors are required to declare their interest, if any, in any business proposals to be considered by the Board and, where appropriate, they are required to abstain from voting. In 2023, due to a potential conflict of interest, Mr. Zhuang Yong had abstained from voting in four Board meetings and Mr. Guo Guanghui in three Board meetings. In addition, physical Board meetings will be held to consider all material connected transactions or any transactions in which a substantial shareholder or a Director has material interest.

BOARD COMMITTEES

Currently, the Board has set up four Committees, namely, Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee to implement internal supervision and control on each relevant aspect of the Company. Terms of reference of Audit Committee, Remuneration Committee and Nomination Committee are disclosed in full on the websites of the Company and the Stock Exchange.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

EXECUTIVE COMMITTEE

The Executive Committee comprises all Executive Directors of the Company, namely Mr. Zhuang Yong (Chairman), Mr. Yang Lin and Mr. Zhou Hancheng (appointed with effect from 21 April 2023). Mr. Wang Man Kwan, Paul has retired as a member of the Executive Committee with effect from 21 April 2023.

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

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

During the year, the Executive Committee held 35 meetings (amongst other matters):

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

AUDIT COMMITTEE

The Audit Committee comprises all Independent Non-executive Directors, namely Dr. Chung Shui Ming, Timpson (Chairman), Mr. Lam Kin Fung, Jeffrey and Mr. Fan Chun Wah, Andrew (appointed with effect from 27 March 2023). Mr. Lo Yiu Ching, Dantes has resigned as a member of the Audit Committee due to his retirement with effect from 27 March 2023. Among the members of the Audit Committee, Dr. Chung and Mr. Fan possess appropriate professional qualifications, accounting or related financial management experience referred to in the Listing Rules.

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

AUDIT COMMITTEE (CONTINUED)

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

- To make recommendation to the Board on the appointment, re-appointment and removal of external auditor and approve the remuneration and terms of engagement of the external auditor;
- To review the external auditor's independence and objectivity;
- To review the financial statements of the Group;
- To review with the Group's management, external auditor and internal auditor, the adequacy of the Group's policies and procedures regarding internal controls and risk management; and
- To review the risk management and monitor the scope, effectiveness and results of internal audit function.

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

- To review the Group's 2022 annual and 2023 interim and quarterly financial results and reports;
- To review the audit plans from the external auditor;
- To review the internal and independent audit results;
- To review the continuing connected transactions entered into by the Group;
- To review the risk management, internal control and financial reporting systems;
- To review the effectiveness of the internal audit function;
- To review the re-appointment of the external auditor and their remuneration; and
- To review the implementation and effectiveness of the whistleblowing policy and the anti-corruption policy.

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

REMUNERATION COMMITTEE

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

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

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

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

REMUNERATION COMMITTEE (CONTINUED)

The remuneration of the Directors is determined by the Board with reference to certain factors such as salaries paid by comparable companies, time commitment, responsibilities of the Directors and employment conditions. The directors' remuneration policy is available on the website of the Company, summary of which is as follows:

- Executive Directors' remuneration packages shall comprise fixed and variable components, including salary, discretionary bonus, other benefits linking to individual and the Company's performance, including but not limited to the financial, results-related, environmental, social and governance-related performance and levels, etc.
- Non-executive Directors shall receive fixed remuneration (comprising director's fee) to be set at an appropriate level with reference to their respective duties and responsibilities with the Company, standards for emoluments of the Company and the prevailing market conditions.
- Independent Non-executive Directors shall receive fixed remuneration (comprising director's fee) to be set at an appropriate level with reference to their respective duties and responsibilities with the Company, standards for emoluments of the Company and the prevailing market conditions and shall not receive equity-based remuneration (e.g. share options or grants) with performance-related elements.

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

- To review the remuneration policy of the Group and Directors' remunerations;
- To assess the performance of Executive Directors;
- To review and make recommendation to the Board on the remuneration package of individual Directors (including newly appointed Directors);
- To review the implementation and effectiveness of the directors' remuneration policy; and
- To discuss, review and approve the amendments to the terms of reference of the Remuneration Committee.

NOMINATION COMMITTEE

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

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

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board;
- To identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships;
- To assess the independence of Independent Non-executive Directors; and
- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

NOMINATION COMMITTEE (CONTINUED)

The Board has adopted in 2018 and revised in 2022 the Nomination Policy which provides that a proposal for the appointment of a new Director will be considered and reviewed by the Nomination Committee. Candidates to be selected and recommended are experienced and high calibre individuals. All candidates must be able to meet the standards and criteria set out in the Listing Rules and the Nomination Policy.

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

Process for Appointing New Director

Key Considerations for Appointing a Director

- The search for potential new Director candidate(s) is guided by the strategic needs of the Company and the Board.
- Director candidates would, ideally, have the relevant experience, background, qualifications and other qualities according to the Nomination Policy.

Nomination Committee

- Considers the candidates based on merit having regard to the experience, skills and expertise as well as the overall board diversity.
- Makes recommendations to the Board as appropriate.

Board

- Approves the appointment of a new Director. Newly appointed Director is subject to election by shareholders at the first general meeting following the appointment.

Shareholders

- Approves the re-election of a Board appointed Director at the Company's general meeting.

* For existing Directors, they are subject to rotation at least once every three years and one-third of Board members are required to retire at the annual general meeting and are eligible for re-election.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

NOMINATION COMMITTEE (CONTINUED)

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

- To review and make recommendation to the Board on the rotation of Directors and appointment of new Directors; and
- To review the implementation and effectiveness of the Diversity Policy, the Nomination Policy and the Mechanisms for Ensuring Board Independence.

ATTENDANCE RECORDS

Details of Directors' attendance[1] at the Board meetings, Board Committee meetings, annual general meeting and general meeting held in 2023 are set out in the following table:

Name of Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Executive Committee Meetings	Annual General Meeting	General Meeting
Mr. Zhuang Yong	5/5	N/A	N/A	2/2	35/35	1/1	1/1
Mr. Yang Lin	5/5	N/A	N/A	N/A	35/35	1/1	1/1
Mr. Zhou Hancheng[2]	3/3	N/A	N/A	N/A	29/29	1/1	1/1
Mr. Wang Man Kwan, Paul[3]	2/2	N/A	N/A	N/A	6/6	N/A	N/A
Mr. Guo Guanghui	5/5	N/A	N/A	N/A	N/A	1/1	1/1
Mr. Yung Kwok Kee, Billy	5/5	N/A	2/2	N/A	N/A	1/1	1/1
Dr. Chung Shui Ming, Timpson	5/5	4/4	2/2	2/2	N/A	1/1	1/1
Mr. Lam Kin Fung, Jeffrey	5/5	4/4	2/2	2/2	N/A	1/1	1/1
Mr. Fan Chun Wah, Andrew[4]	4/4	3/3	1/1	1/1	N/A	1/1	1/1
Mr. Lo Yiu Ching, Dantes[5]	1/1	1/1	1/1	1/1	N/A	N/A	N/A

Notes:

(1) The attendance figure represents actual attendance/the number of meetings a Director was entitled to attend

(2) Appointed as Executive Director with effect from 21 April 2023

(3) Retired as Executive Director with effect from 21 April 2023

(4) Appointed as Independent Non-executive Director with effect from 27 March 2023

(5) Resigned as Independent Non-executive Director with effect from 27 March 2023

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

BOARD PERFORMANCE EVALUATION

An internal Board performance evaluation was conducted for the year ended 31 December 2023 to solicit Directors' view on the effectiveness and performance of the Board, with focus on, inter alia, the following areas:

- Board composition and function;
- Board's participation and involvement;
- Board independence;
- Board's knowledge of the Company; and
- Corporate Governance.

In overall, the Directors are satisfied with the Board's performance. The Board has also made plans to continuously improve its performance which include organising field visits to the property projects in PRC for the Non-executive Directors and Independent Non-executive Directors, providing the Directors with quarterly market updates and regulation updates, and inviting Directors to attend seminars.

DIRECTORS' TRAINING

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

Name of Directors	Attending seminars or trainings	Giving talks at seminars	Reading materials relevant to the director's duties and responsibilities
Mr. Zhuang Yong	✓	✓	✓
Mr. Yang Lin	✓	✓	✓
Mr. Zhou Hancheng(1)	✓	✓	✓
Mr. Wang Man Kwan, Paul(2)	✓		✓
Mr. Guo Guanghui			✓
Mr. Yung Kwok Kee, Billy			✓
Dr. Chung Shui Ming, Timpson	✓		✓
Mr. Lam Kin Fung, Jeffrey	✓		✓
Mr. Fan Chun Wah, Andrew(3)	✓	✓	✓
Mr. Lo Yiu Ching, Dantes(4)	✓		✓

Notes:

(1) Appointed as Executive Director with effect from 21 April 2023

(2) Retired as Executive Director with effect from 21 April 2023

(3) Appointed as Independent Non-executive Director with effect from 27 March 2023

(4) Resigned as Independent Non-executive Director with effect from 27 March 2023

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

DIRECTORS' TRAINING (CONTINUED)

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

Mr. Fan Chun Wah, Andrew and Mr. Zhou Hancheng received their induction on 27 March 2023 and 21 April 2023, respectively with a solicitor's certification that the requirements under the Listing Rules applicable to them as Directors and the possible consequences of making a false declaration or giving false information to the Stock Exchange were explained, and such Directors acknowledged that they understood their obligations as Directors.

FIELD VISITS

With the aim of providing the Non-executive Directors (including the Independent Non-executive Directors) with first-hand knowledge and understanding of the Company's operations and performance, the Company had organised two field visits to the property development projects of the Group in Shaoxing, Yiwu and Jinhua in June 2023, and in Huizhou and Shantou in November 2023.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

FINANCIAL REPORTING

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

In 2023, the Company established the Compliance and Risk Management Committee at the management level to build a risk management system that integrates compliance, legal, and risk management. The Rule of Law and Compliance Working Group and the Risk Working Group have been established under the committee to provide support to the committee through the risk management model of "three defence lines". The Company has also appointed the Executive Director, Mr. Zhou Hancheng, to concurrently act as the General Counsel and Chief Compliance Officer to oversee, advise and assist the committee in assessing, handling and managing legal, compliance and risk matters.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

First Defence Line

The first defence line comprises the Group's district companies of which the major works include:

1. Compliance management
    - Follow the compliance management systems and resolutions directed by the headquarters and work under the management, guidance and supervision of the relevant departments of the headquarters;
    - Identify and assess compliance risks, and establish and implement risk countermeasures; and
    - Conduct compliance reviews and report compliance risks, compliance management information and data to the headquarters.
2. Risk management
    - Rank and manage the risks, and establish a comprehensive and effective project risk management system.

Second Defence Line

The second defence line comprises all the departments at the headquarters of which the major works include:

1. Compliance management
    - Identify and assess the corresponding compliance risks of that department, improve relevant compliance management work and processes, prepare a compliance risk register and report on the compliance risk management status, and conduct compliance reviews; and
    - Conduct compliance review of the work of the corresponding department of each subsidiary, and coordinate and facilitate the countermeasures of each subsidiary.
2. Risk management
    - Identify, assess, monitor and handle the corresponding risks of that department, improve risk management systems and processes, and update risk registers;
    - Prepare risk assessment plans, formulate and implement countermeasures; and
    - Assist in the establishment of the Group's risk monitoring indicator system, monitor regular risks, and prepare and submit regular risk monitoring reports.

Third Defence Line

The third defence line comprises the Intendance and Audit Department (the "IA Department") of which the major works include:

1. Compliance management
    - Supervise the performance of each responsible entity (i.e. relevant departments and subsidiaries) for compliance management;
    - Supervise the implementation of compliance work and provide opinions on related issues; and
    - Handle, investigate and follow up on the violation incidents reported by the departments.
2. Risk management
    - Supervise the performance of each responsible entity (i.e. relevant departments and subsidiaries) for risk management;
    - Supervise the Group's risk management system and assess its comprehensiveness and implementation effectiveness;
    - Direct the relevant units to ameliorate the relevant risk issues and follow up on their implementation; and
    - Provides risk management and internal control assessment reports to the management, the Audit Committee and the Board on a regular basis.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Rule of Law and Compliance Working Group

The Rule of Law and Compliance Working Group is headed by the General Counsel and Chief Compliance Officer, and its other members include the Vice President, Assistant President, Deputy Chief Financial Officer, Chief Human Resources Officer, the persons in charge of the IA Department, Finance and Treasury Department and relevant departments of the headquarters. The major works of the Rule of Law and Compliance Working Group include:

- Implement the Group's strategic and annual major work plans;
- Review the systems and work reports related to the development of the rule of law and compliance management;
- Conduct compliance reviews of the Group's major decisions, rules and regulations, and contracts;
- Coordinate compliance risk identification, alerts and countermeasures;
- Coordinate and organise the compliance management inspections or the effectiveness evaluations of the compliance management system;
- Coordinate and organise the compliance training and facilitate the development of the digitalisation of compliance management;
- Review material planning proposals and issues, including the material issues which involve or may involve material legal and/or compliance issues; and
- Coordinate the regular compliance management of the Compliance and Risk Management Committee.

Risk Working Group

The Risk Working Group is headed by the General Counsel and Chief Compliance Officer, and its other members include the Vice President, Assistant President, Deputy Chief Financial Officer, Chief Human Resources Officer, the persons in charge of the IA Department, Finance and Treasury Department and relevant departments of the headquarters. The major works of the Risk Working Group include:

- Implement the Group's strategic and annual major work plans;
- Coordinate the Group's annual material risk assessment, prepare and publish the annual material risk assessment report, and follow up on and supervise the progress of prevention and control of material risks;
- Coordinate the establishment of risk monitoring indicator system, and prepare and submit risk monitoring reports;
- Coordinate the collation and reporting of material risk events of the Group, and follow up on and supervise the countermeasures for the material risk events;
- Coordinate the risk management work of each department;
- Inspect, guide and assess the risk management work of each subsidiary;
- Coordinate and organise the risk management training; and
- Manage regular risk management related affairs of the Compliance and Risk Management Committee, as well as other risk management responsibilities stipulated by laws, regulations and policies.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

The Compliance and Risk Management Committee at the management level is composed of Executive Directors, Vice President, Assistant President, and the persons in charge of the IA Department and Finance and Treasury Department. Its major works include:

- Implement the Group's strategic and annual major work plans related to compliance and risk management;
- Coordinate and foster the Group's development of rule of law, compliance management and risk management; and
- Review material compliance and risk issues and countermeasure proposals.

Internal Audit

According to the annual internal audit schedule, during the year, the IA Department completed seven incumbent accountability audits for Hohhot Company, Ganzhou Company, Shaoxing Company, Changzhou Company, Huizhou Company, Yinchuan Company and Lanzhou Company. The IA Department prepared the respective audit reports and the audited companies have rectified the issues in a timely manner in accordance with the opinion set out in the audit reports.

In addition to carrying out routine audit as planned, the IA Department insisted on integrating audit into business and increasing special audits during the year under review. It jointly carried out eleven special tasks (one special audit and ten special inspections) with the departments of the headquarters. Audit is no longer conducted only after the business has been carried out but also before or during the business. Such change has improved the Company's quality and efficiency and its management. The special tasks include (1) special audit of operating cash flow with the Finance and Treasury Department; (2) special work inspection on the seal management issues with the Human Resources and Administration Department; (3) special work on the management of "engaging in business undertakings"; (4) special inspection on marketing advertising and material production costs with the Marketing Management Department; (5) special inspection on the implementation of commission differentiation; (6) special inspection on the risks of delayed development of existing projects with the Operations Management Department and the Engineering Management Department; (7) special inspection on the payment of salary of rural migrant workers with the Cost Management Department; (8) special inspection on the showrooms' furnitures and decoration with the Planning and Design Department; (9) special inspection on the submission of development plans and the enhancement of efficiency with the Operations Management Department; (10) special inspection on the CRM system with Customer Services Department; (11) special work of conducting an integrity questionnaire survey with engineering, design and marketing suppliers. Each special inspection work puts forward corresponding suggestions for the problems found, and requests the relevant units to formulate a special rectification work plan and implement reforms.

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

The Company has established a comprehensive risk management system and implemented a risk management responsibility system. The IA Department regularly organises various departments of the Company and the risk management units of its subsidiaries to carry out annual risk assessment. Risk assessment covers all business links of the Company, and the risk contents cover corporate risks including strategic risk, market risk, operational risk, financial risk, compliance risk, environmental, social and governance (ESG) risk, etc. The Company did not have any significant ESG risks during the year under review.

Corporate Governance Report

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

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

The Board is responsible for and has reviewed the effectiveness and efficiency of risk management (including ESG risk) and internal control systems of the Group. Such reviews cover aspects such as financial reporting, operation and regulatory compliance, and ESG risk throughout the year of 2023. The Board considers that these systems are effective, efficient and adequate. No significant system weaknesses have been identified in the reviews during the year and appropriate actions are also taken to rectify any control deficiencies, if any. The Directors believe that these systems are efficient and effectively control the risks that may have impacts on the Company in achieving its goals.

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

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

ANTI-CORRUPTION POLICY

The Board adopted in 2022 an anti-corruption policy (the "Anti-corruption Policy"), under which the Company commits to observing and upholding high standards of business integrity, honesty, fairness, impartiality, ethical business practices and transparency in all its business dealings at all times. The Company conducts risk assessment regularly to identify and evaluate corruption risks. Internal control systems are designed and established to maintain effective monitoring and/or elimination of corruption risks. An effective whistleblowing system is in place to enable concerns can be raised without fear. The Anti-Corruption Policy is available on the website of the Company, summary of which is as follows:

SCOPE

The policy applies to all employees (including directors and officers) of the Group and provides guidance to them on acceptance of advantage and handling of conflict of interest when dealing with the Group's business. The Group also encourages and expects business partners including suppliers, contractors and clients to abide by the principles of this Policy.

ACCEPTANCE OF ADVANTAGE AND ENTERTAINMENT

All employees should not solicit or accept any advantage for themselves or others, from any person, company or organisation having business dealings with the Group, except that they may accept (but not solicit), inter alia, advertising or promotional gifts or souvenirs of a nominal value when the gifts are offered on a voluntary basis and would not affect their objectivity.

Although entertainment (e.g. provision of food and drink) is an acceptable form of business and social behaviour, all employees should avoid accepting lavish or frequent entertainment from persons with whom the Group has business dealing (e.g. suppliers or contractors) or from their subordinates to avoid placing themselves in a position of obligation.

OFFER OF ADVANTAGE

All employees are prohibited from offering advantages to any director, staff member or agent of another company or organisation, for the purpose of influencing such person in any dealing, or any public official, whether directly or indirectly through a third party when conducting the business of the Group.

CONFLICT OF INTEREST

All employees should avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the interest of the Group) or the perception of such conflicts. When actual or potential conflict of interest arises, the subject employee should make a declaration to the IA Department.

TRAINING

The Company provides regular anti-corruption training and briefing to all employees.

WHISTLEBLOWING POLICY

The Board adopted in 2022 and revised in 2024 a whistleblowing policy (the "Whistleblowing Policy"), under which the Company sets out a procedure for the employees and those who deal with the Company to voice concerns with the Audit Committee about possible improprieties in matters related to the Company to help detect and deter misconduct or malpractice in the Group. The policy also ensures that whistleblowers, including employees, in good faith will be protected from any retaliation. The Whistleblowing Policy is available on the website of the Company.

Corporate Governance Report

DIVIDEND POLICY

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

SHAREHOLDERS' COMMUNICATION POLICY

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

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

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

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

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

The Company adopted in 2024 the electronic dissemination of corporate communications and actionable corporate communications to the Company's registered and/or non-registered shareholders. Details of the electronic dissemination arrangement are disclosed in full on the website of the Company.

In order to promptly receive notification of the publication of the Company's corporate communications and other announcements, the Company encourages your subscription of the notification by completing the form on the Company's website or by scanning this QR code.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A GM

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

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

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

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT GM

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

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

ENQUIRIES TO THE BOARD

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

Company Secretary
China Overseas Grand Oceans Group Limited
Suites 701-702, 7/F., Three Pacific Place
1 Queen's Road East, Hong Kong
Email : comsec81@cohl.com
Tel.no. : (852) 2988 0657
Fax no. : (852) 2988 0606

COMPANY SECRETARY

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

AUDITOR'S REMUNERATION

For the year ended 31 December 2023, fees for audit services and non-audit services payable to the auditor of the Company amounted to approximately HK$3,185,000 and HK$160,000, respectively. The fee for non-audit services payable was mainly for professional services rendered in connection with the Group's continuing connected transactions in 2023.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 December 2023. The articles of association of the Company is available on the website of the Company.

Directors and Organisation

EXECUTIVE DIRECTORS

MR. ZHUANG YONG, *Chairman*

Aged 47, graduated from Chongqing University majoring in construction project management, real estate development and corporate management in 2000, and obtained a Master of Architecture and Civil Engineering in 2007 from Chongqing University. Mr. Zhuang joined China Overseas Development Group Co., Ltd.* ("CODG", a wholly-owned subsidiary of COLI) in 2000 and since then, he worked in various business units within CODG, such as, human resources department, sales and marketing management department, and acted as the deputy general manager of the Shanghai company, general manager of the Nanjing company, general manager of the Suzhou company and assistant general manager of the Western China regional companies. From 2015 to 2017, Mr. Zhuang served as the assistant president of COLI and general manager of Northern China regional companies, vice president of COLI, and since October 2018, as general manager of South China regional companies of COLI. With effect from 11 February 2020, Mr. Zhuang has been appointed as Chairman of the Board, Executive Director and member of Nomination Committee of the Company, as well as non-executive director and vice chairman of the board of directors of COLI. Currently, he is also a director of COHL and certain subsidiaries of the Company. He has about 23 years' experience in construction project management, real estate development and corporate management. COLI and COHL are the substantial shareholders of the Company within the meaning of the SFO.

MR. YANG LIN, *CEO*

Aged 50, graduated from the Peking University with a Master of Business Administration. He joined a subsidiary of COHL in 1995 and since 2006, he served in different positions, such as, the deputy general manager and general manager of the marketing and planning department of CODG and the general manager of China Overseas Xingye (Xi'an) Limited*. Mr. Yang has been appointed as Assistant President of the Company since March 2015 and appointed as Executive Director and Vice President of the Company with effect from 21 March 2017. With effect from 11 February 2020, he has also been appointed as CEO and member of Remuneration Committee of the Company. With effect from 26 June 2020, Mr. Yang has ceased to be a member of Remuneration Committee of the Company. Mr. Yang is currently also a director of certain subsidiaries of the Company. He has 28 years' experience in property development and corporate management. COHL is the substantial shareholder of the Company within the meaning of the SFO.

MR. ZHOU HANCHENG, *Vice President, General Counsel and Chief Compliance Officer*

Aged 54, graduated from Shanghai University of Finance and Economics and obtained a degree of Master of Business Administration from The University of Sheffield (UK). He is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Zhou joined a subsidiary of COHL in 1992, and acted as an executive director and financial controller of CSC during the period from June 2005 to April 2023. He has been appointed as Executive Director and Vice President of the Company since April 2023 and General Counsel and Chief Compliance Officer of the Company since October 2023 and is currently also a director of certain subsidiaries of the Company. He has over 32 years' experience in corporate finance, financial accounting and investment management.

Directors and Organisation

NON-EXECUTIVE DIRECTORS

MR. GUO GUANGHUI

Aged 51, graduated from Nanjing University of Science & Technology, holder of a master's degree, and is a senior accountant and a non-practising member of The Chinese Institute of Certified Public Accountants. He joined COLI and its subsidiaries (together the "COLI Group") in 2006 and is currently the vice president of COLI and a director of certain subsidiaries of the COLI Group and was appointed executive director of COLI with effect from 12 June 2018. With effect from 22 April 2021, Mr. Guo has been appointed as a Non-executive Director of the Company. Mr. Guo has about 29 years' management experience in corporate finance and accounting. COLI is the substantial shareholder of the Company within the meaning of the SFO.

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

Aged 70, received a bachelor's degree in Electrical Engineering from University of Washington and a master's degree in Industrial Engineering from Stanford University. Mr. Yung has over 40 years of experience in managing manufacturing, retailing, transportation, semi-conductor, computer hardware and software business in China, Hong Kong and US. He has also over 40 years of experience in real-estate investment and development in USA, Canada, Holland, Hong Kong, Taiwan, Macau and China. Mr. Yung resigned as the Group Chairman and Chief Executive of the Company with effect from 10 February 2010 and has been re-designated from Chairman of the Board and Executive Director to Vice Chairman of the Board and Non-executive Director of the Company with effect from 27 February 2010. He is now the Vice Chairman of the Board, Non-executive Director and member of the Remuneration Committee of the Company, and the chairman of the board and non-executive director of SMC Electric Limited. Mr. Yung was the chairman of the board and non-executive director of PFC Device Inc. (which has been privatised and listing of its shares had been withdrawn on 25 March 2022). Mr. Yung is currently the Permanent Honorary President of Friends of Hong Kong Association Ltd. and the Honorary President of Shun Tak Fraternal Association, and was awarded the Honorary Citizen of the City of Guangzhou and the Honorary Citizen of the City of Foshan.

Directors and Organisation

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Aged 72, holds a Bachelor of Science degree from the University of Hong Kong, a master's degree in business administration from the Chinese University of Hong Kong and a Doctor of Social Sciences honoris causa from the City University of Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants. Besides, Dr. Chung is an independent non-executive director of China Unicom (Hong Kong) Limited, Miramar Hotel and Investment Company, Limited, China Everbright Limited, China Railway Group Limited, Orient Overseas (International) Limited and Postal Savings Bank of China Co., Ltd. (all listed on the Stock Exchange). From 8 January 2018, Dr. Chung ceased to be an independent director of CSCECL (listed on the Shanghai Stock Exchange and is the substantial shareholder of the Company within the meaning of the SFO). From October 2004 to November 2008, Dr. Chung served as an independent non-executive director of China Netcom Group Corporation (Hong Kong) Limited. Formerly, Dr. Chung was an independent director of China Everbright Bank Company Limited, an independent non-executive director of Henderson Land Development Company Limited, Nine Dragons Paper (Holdings) Limited, China Construction Bank Corporation, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited and Glorious Sun Enterprises Limited, a director of Hantec Investment Holdings Limited, the chairman of China Business of Jardine Fleming Holdings Limited, the deputy chief executive officer of BOC International Limited, the independent non-executive director of Tai Shing International (Holdings) Limited, and the chairman of the Council of the City University of Hong Kong. He was also a member of the National Committee of the Chinese People's Political Consultative Conference, the chairman of the Hong Kong Housing Society, a member of the Executive Council of the Hong Kong Special Administrative Region, the vice chairman of the Land Fund Advisory Committee of Hong Kong Special Administrative Region Government, a member of the Managing Board of the Kowloon-Canton Railway Corporation, a member of the Hong Kong Housing Authority, a member of the Disaster Relief Fund Advisory Committee and a vice-chairman, director and deputy general manager of Nanyang Commercial Bank Limited and the chief executive officer of the Hong Kong Special Administrative Region Government Land Fund Trust. In addition, Dr. Chung has been appointed as Pro-Chancellor of the City University of Hong Kong with effect from August 2016. Since May 2010, Dr. Chung has been appointed as an Independent Non-executive Director of the Company, the Chairman of the Audit Committee, and members of both the Remuneration Committee and Nomination Committee of the Company.

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

Aged 72, holds a bachelor's degree from Tufts University in USA. He has over 30 years of experience in the toy industry and is currently the managing director of Forward Winsome Industries Limited which is engaged in toy manufacturing. Mr. Lam also holds a number of other public and community service positions including non-official member of the Executive Council, member of the Legislative Council in Hong Kong, general committee member of Hong Kong General Chamber of Commerce and a director of Heifer International – Hong Kong. In addition, he is an independent non-executive director of CC Land Holdings Limited, Wynn Macau, Limited, Chow Tai Fook Jewellery Group Limited, CWT International Limited (formerly known as HNA Holding Group Co. Limited), i-CABLE Communications Limited, Wing Tai Properties Limited, Analogue Holdings Limited, CSC Holdings Limited (formerly known as China Strategic Holdings Limited) and Golden Resources Development International Limited. He was also a member of the National Committee of the Chinese People's Political Consultative Conference, and an executive director of Hong Kong Aerospace Technology Group Limited (now known as USPACE Technology Group Limited). Mr. Lam was awarded Grand Bauhinia Medal by the government of Hong Kong in 2023. Since May 2010, Mr. Lam has been appointed as an Independent Non-executive Director of the Company, and he is currently the members of the Audit Committee and Nomination Committee and the Chairman of the Remuneration Committee of the Company.

Directors and Organisation

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

MR. FAN CHUN WAH, ANDREW *JP*

Aged 45, is a practicing certified public accountant in Hong Kong with over 17 years of experience. He holds a Bachelor Degree of Business Administration (Accounting and Finance) from The University of Hong Kong and a Bachelor Degree in Laws from the University of London. Mr. Fan is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is a member of the fourteenth National Committee of the Chinese People's Political Consultative Conference, the Vice Chairman of the tenth to twelfth committee of Zhejiang Province United Young Association, and a member and standing committee member of the twelfth and thirteenth committee of All-China Youth Federation. He was also a member of the tenth to twelfth committee of the Chinese People's Political Consultative Conference of the Zhejiang Province, a member of the fourth and fifth committee of the Chinese People's Political Consultative Conference of Shenzhen, and standing committee member of the tenth committee of the Shanghai United Young Association.

Mr. Fan is currently the managing director of Fan, Mitchell & Co., Limited and Fan, Mitchell Risk Advisory Services Limited, and a director of C.W. Fan & Co. Limited. He is also an independent non-executive director of Chuang's China Investments Limited (stock code: 298), Culturecom Holdings Limited (stock code: 343), Nameson Holdings Limited (stock code: 1982), Sing Tao News Corporation Limited (stock code: 1105), China Aircraft Leasing Group Holdings Limited (stock code: 1848) and China Unicom (Hong Kong) Limited (stock code: 762), shares of which are listed on the Main Board of the Stock Exchange. Mr. Fan had been an independent non-executive director of Fulum Group Holdings Limited from October 2014 to May 2021 (stock code: 1443) and Space Group Holdings Limited from January 2018 to August 2022 (stock code: 2448), shares of which are listed on the Main Board of the Stock Exchange. Since March 2023, Mr. Fan has been appointed as an Independent Non-executive Director of the Company, the Chairman of the Nomination Committee, and members of both the Audit Committee and Remuneration Committee of the Company.

SENIOR MANAGEMENT STAFF

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

* English translation is for identification only.

Directors' Report

The Board presents the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

During the year, the principal activities of the Group are property investment and development, property leasing and investment holding. Details of the activities of its subsidiaries, associates and joint ventures are set out in notes 51 to 53 to the financial statements respectively.

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

BUSINESS REVIEW

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated income statement on page 102.

The Board has recommended the payment of final dividend of HK11 cents per ordinary share for the year ended 31 December 2023 with a total amount of approximately HK$391,531,000 (2022: HK$533,906,000), subject to the approval by the shareholders at the forthcoming annual general meeting.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 250.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 34 to the financial statements.

EQUITY-LINKED AGREEMENTS

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

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in consolidated statement of changes in equity and note 35 to the financial statements respectively.

DISTRIBUTABLE RESERVE

The reserve of the Company available for distribution to shareholders at 31 December 2023 was HK$1,838,523,000 (2022: HK$1,799,078,000).

Directors' Report

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 2023 and up to the date of this report.

On 9 February 2021, the Company and China Overseas Grand Oceans Finance IV (Cayman) Limited ("COGO Cayman IV", a wholly-owned subsidiary of the Company) announced the issuance of US$512,000,000 2.45 per cent. guaranteed notes due 2026 (the "2021 Guaranteed Notes"). The 2021 Guaranteed Notes are guaranteed by the Company irrevocably and unconditionally and listed on the Stock Exchange. The net proceeds, after deducting the fees and other expenses in connection with the issuance of the 2021 Guaranteed Notes, amounted to approximately US$509.9 million, which are used to repay and/or refinance the existing indebtedness of the Group, and for general corporate purposes.

On 26 July 2022, 中海宏洋地產集團有限公司(China Overseas Grand Oceans Property Group Company Limited* ("COGOP"), a wholly-owned subsidiary of the Company), established the COGOP Receivable Asset-backed Scheme 2022 Phase I due August 2023 (the "ABS Scheme"), under which senior asset-backed securities in the principal amount of RMB700,000,000 and subordinated asset-backed securities in the principal amount of RMB37,000,000 were issued and guaranteed by the Company. The senior asset-backed securities with the interest rate of 2.7% were subscribed by qualified investors and are listed on the Shanghai Stock Exchange, and the subordinated asset-backed securities were subscribed by COGOP. The net proceeds, after deducting the expenses in connection with the issuance of the asset-backed securities, amounted to approximately RMB736,401,000, were used for the working capital and business development. On 25 July 2023, the ABS Scheme was fully settled.

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

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

On 31 March 2023, COGOP completed the issuance of the second tranche of 2023 corporate bond due April 2028 (the "2023 Corporate Bond (Second Tranche)") in the principal amount of RMB1,200,000,000 with the interest rate of 3.8% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the 2023 Corporate Bond (Second Tranche), amounted to approximately RMB1,198,320,000, which are used for repaying the interest-bearing debts.

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

On 6 June 2023, COGOP completed the issuance of the first tranche of 2023 carbon neutrality green corporate bond due June 2027 (the "2023 Green Bond (First Tranche)") in the principal amount of RMB500,000,000 with the interest rate of 3.05% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the 2023 Green Bond (First Tranche), amounted to approximately RMB499,300,000, which are used for repayment of the green project's loan and green project development.

On 20 November 2023, COGOP completed the issuance of the third tranche of 2023 corporate bond due November 2027 (the "2023 Corporate Bond (Third Tranche)") in the principal amount of RMB1,300,000,000 with the interest rate of 3.65% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the 2023 Corporate Bond (Third Tranche), amounted to approximately RMB1,298,180,000, which are used for repaying the interest-bearing debts and replenishing working capital.

PROPERTY, PLANT AND EQUIPMENT

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

MAJOR PROPERTIES

Particulars of the major properties and property interests of the Group as at 31 December 2023 are set out on pages 251 to 278.

DIRECTORS OF THE COMPANY

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

EXECUTIVE DIRECTORS

Mr. Zhuang Yong *(Chairman)*
Mr. Yang Lin *(CEO)*
Mr. Zhou Hancheng *(Vice President, General Counsel and Chief Compliance Officer) (appointed as Executive Director and Vice President w.e.f. 21 April 2023 and appointed as General Counsel and Chief Compliance Officer w.e.f. 30 October 2023)*
Mr. Wang Man Kwan, Paul *(retired w.e.f. 21 April 2023)*

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Directors' Report

DIRECTORS OF THE COMPANY (CONTINUED)

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

Each of the Directors (including Non-executive Directors) is subject to retirement by rotation in accordance with article 107 of the Company's articles of association. Therefore, the Board has proposed that Mr. Zhuang Yong, Mr. Guo Guanghui and Mr. Lam Kin Fung, Jeffrey will retire by rotation at the forthcoming annual general meeting, and they are eligible for re-election.

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS OF SUBSIDIARIES

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

DIRECTORS AND ORGANISATION

Brief biographical details of Directors and senior management as at the date of this report are set out on pages 65 to 68.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

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

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

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

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

PERMITTED INDEMNITY PROVISION

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES BY DIRECTORS

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

Directors' Report

EMOLUMENT POLICY AND BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

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

RETIREMENT BENEFITS SCHEMES

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme is a defined contribution retirement benefits scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at rate specified in the rules. With effect from 1 January 2018, employer voluntary contributions are made, under specific criteria set out in the Company's policy, as a part of the employee benefits program. The Group has no further payment obligations once the contributions have been paid.

The employees of the subsidiaries of the Company which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute a specified percentage of their payroll costs to the central pension scheme to fund the benefits. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations under these plans are limited to the fixed percentage contribution payable.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2023, the Directors, the CEO and their respective associates had the following interests in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of Directors	Capacity	Nature of interests	Number of Shares held	Aggregate long position	Percentage of Shares in issue[1]
Mr. Zhuang Yong	Beneficial owner	Personal	618,825	618,825	0.02%
Mr. Yang Lin	Beneficial owner	Personal	2,550,000	2,896,125	0.08%
	Interest of spouse	Family	346,125		
Mr. Yung Kwok Kee, Billy	Beneficial owner	Personal	17,849,999	463,045,980	13.01%
	Beneficiary of a trust[2]	Other	372,617,689		
	Interest of controlled corporation[3]	Interest in controlled corporation	62,578,292		
	Interest of spouse[4]	Family	10,000,000		
Dr. Chung Shui Ming, Timpson	Beneficial owner	Personal	544,875	544,875	0.02%

Notes:

(1) The percentage is based on the total number of shares of the Company in issue as at 31 December 2023 (i.e. 3,559,374,732 Shares).

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

(3) These Shares are held by Extra-Fund Investment Limited, a wholly-owned subsidiary of Shell Electric Holdings Limited, which in turn is owned as to 80.55% by Red Dynasty Investments Limited, a company wholly owned by Mr. Yung Kwok Kee, Billy.

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

Save as disclosed above, as at 31 December 2023, no interests and short positions were held or deemed or taken to be held by any Directors or the CEO or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Save as disclosed above, at no time during the year ended 31 December 2023, none of the Directors and the CEO (including their spouses and children under the age of 18) had any interests in, or had been granted any rights to subscribe for the shares, options and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2023, the following persons (other than Directors or the CEO) had interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of substantial shareholders	Capacity	Nature of interests	Number of Shares held	Aggregate long position	Percentage of Shares in issue(1)
CSCEC	Interest of controlled corporation(2)	Interest in controlled corporation	1,410,758,152	1,410,758,152	39.63%
Diamond Key Enterprises Inc. ("Diamond Key")	Beneficial owner(3)	Beneficial	190,910,903	190,910,903	5.36%
On Fat Profits Corporation ("On Fat")	Beneficial owner(3)	Beneficial	181,706,786	181,706,786	5.11%
UBS TC (Jersey) Ltd. ("UBS TC")	Trustees of trusts(3)	Other	372,617,689	372,617,689	10.47%
Ms. Vivian Hsu	Beneficial owner Interest of spouse(4)	Personal Family	10,000,000 453,045,980	463,045,980	13.01%
FIL Limited ("FIL")	Interest of controlled corporation(5)	Interest in controlled corporation	213,122,397	213,122,397	5.99%
Pandanus Partners L.P. ("Pandanus Partners")	Interest of controlled corporation(5)	Interest in controlled corporation	213,122,397	213,122,397	5.99%
Pandanus Associates Inc. ("Pandanus Associates")	Interest of controlled corporation(5)	Interest in controlled corporation	213,122,397	213,122,397	5.99%

Notes:

(1) The percentage is based on the total number of shares of the Company in issue as at 31 December 2023 (i.e. 3,559,374,732 Shares).

(2) CSCEC is interested in 1,410,758,152 Shares, of which 1,357,257,348 Shares are held by Star Amuse Limited ("Star Amuse") and 53,500,804 Shares are held by Chung Hoi Finance Limited ("Chung Hoi", renamed as China Overseas Project Development Limited with effect from 14 February 2024). Star Amuse is a wholly-owned subsidiary of Big Crown Limited ("Big Crown"). Big Crown and Chung Hoi are wholly-owned subsidiaries of COLI which in turn is a non-wholly owned subsidiary of COHL. COHL is a subsidiary of CSCECL which in turn is a non-wholly owned subsidiary of CSCEC.

(3) 372,617,689 Shares held by UBS TC (including 190,910,903 Shares and 181,706,786 Shares held by Diamond Key and On Fat respectively) are disclosed in the section headed "Directors' and Chief Executive's Interests in Securities" above as being held under a trust with Mr. Yung Kwok Kee, Billy and his family members as the beneficiaries. None of the Directors are directors or employees of Diamond Key and On Fat.

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

(5) Pandanus Associates is interested in 213,122,397 Shares, of which 9,806,000 Shares are reported as unlisted derivatives settled in cash. Pandanus Associates acts as general partner of and has 100% control over Pandanus Partners which in turn holds as to 38.71% of the shareholding interest in FIL. FIL is interested in these 213,122,397 Shares through a series of subsidiaries.

Save as disclosed above, the Company had not been notified by any other person (other than Directors or the CEO) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2023.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP

(A) CONNECTED TRANSACTION

Exit Agreement with 深圳市創應企業管理有限公司 (Shenzhen City Chuangying Enterprise Management Co., Ltd.* ("Shenzhen Chuangying"))

On 20 September 2023, 中海宏洋（深圳）投資集團有限公司 (China Overseas Grand Oceans (Shenzhen) Investment Group Co., Ltd.* ("COGOSIL"), an indirect wholly-owned subsidiary of the Company), Shenzhen Chuangying and 惠州市海平置業有限公司 (Huizhou City Haiping Real Estate Co., Ltd.* (the "Project Company")) entered into an exit agreement (the "Exit Agreement") pursuant to the exit mechanism as set out in the cooperation agreement dated 27 February 2020 in respect of the formation of joint venture through the Project Company for the development project in Huizhou, PRC. Under the Exit Agreement, COGOSIL agreed to acquire, and Shenzhen Chuangying agreed to sell, 40% of the equity interest in the Project Company at a total consideration of RMB480,098,022.94.

As at the date of the Exit Agreement, the Project Company was owned by COGOSIL and Shenzhen Chuangying as to 60% and 40% of the equity interest, respectively, and hence Shenzhen Chuangying was a substantial shareholder of the Project Company (a non wholly-owned subsidiary of the Company); and the immediate controlling shareholder of Shenzhen Chuangying, 深圳安創投資管理有限公司 (Shenzhen Anchuang Investment Management Co., Ltd.* ("Shenzhen Anchuang")), is a substantial shareholder of 深圳市創史企業管理有限公司 (Shenzhen Chuangshi Enterprise Management Co., Ltd.*), a non wholly-owned subsidiary of the Company. Therefore, each of Shenzhen Chuangying and Shenzhen Anchuang is a connected person of the Company at subsidiary level. Accordingly, the transaction contemplated under the Exit Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

(B) CONTINUING CONNECTED TRANSACTIONS

(1) Trademark Licence Agreement with COLI and New Trademark Licence Agreement with China Overseas Group Trade Mark Limited ("COGTM")

On 26 March 2020, the Company and COLI entered into a trademark licence agreement to renew the trademark licence agreement dated 31 March 2017 for a term of three years from 1 April 2020 to 31 March 2023 (the "Trademark Licence Agreement").

Pursuant to the Trademark Licence Agreement, COLI agreed to grant the Company, its subsidiaries and its member company a non-exclusive licence to use the trademark "中海地產" owned by COGTM, a wholly-owned subsidiary of COLI and the trademark owner, in the PRC and the royalty payable in arrears by the Company is one per cent of the Company's audited annual consolidated turnover for each financial year ended on 31 December 2020, 2021 and 2022 provided that the royalty payable for each of the 12-month period between 1 April 2020 and 31 March 2023 shall not exceed HK$200 million.

As the Trademark Licence Agreement was due to expire on 31 March 2023, on 30 March 2023, the Company and COGTM entered into a trademark licence agreement to renew the Trademark Licence Agreement for a term of three years from 1 April 2023 to 31 March 2026 (the "New Trademark Licence Agreement").

Pursuant to the New Trademark Licence Agreement, COGTM agreed to grant the Company, its subsidiaries and its member company a non-exclusive licence to use its trademark "中海地產" in the PRC and the royalty payable in arrears by the Company is one per cent of the Company's audited annual consolidated turnover for each financial year ended on 31 December 2023, 2024 and 2025 provided that the royalty payable for each of the 12-month period between 1 April 2023 and 31 March 2026 shall not exceed HK$200 million.

Directors' Report

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(1) Trademark Licence Agreement with COLI and New Trademark Licence Agreement with China Overseas Group Trade Mark Limited ("COGTM") (continued)

COLI held approximately 38.32% and approximately 39.63% of the issued share capital of the Company as at the date of the Trademark Licence Agreement and as at the date of the New Trademark Licence Agreement, respectively. Accordingly, COLI and COGTM are connected persons of the Company, and the transactions contemplated under each of the Trademark Licence Agreement and the New Trademark Licence Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(2) Property Lease Agreements with the COLI Group

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

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

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

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

(c) 蘭州中海宏洋房地產開發有限公司 (Lanzhou China Overseas Grand Oceans Real Estate Development Limited*, an indirect wholly-owned subsidiary of the Company) as landlord entered into a property lease agreement with 蘭州中海海通商業管理有限公司 (Lanzhou China Overseas Haitong Business Management Limited*, an indirect wholly-owned subsidiary of COLI) as tenant in relation to the leasing of a shopping centre located at 1131-1149 Mogao Street, Anning District, Lanzhou, the PRC for a term of three years which was expected to be from 25 December 2020 to 24 December 2023 (the "Third Property Lease Agreement"). On 27 March 2023, the parties entered into a surrender agreement to early terminate the Third Property Lease Agreement on 30 April 2023;

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(2) Property Lease Agreements with the COLI Group (continued)

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

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

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

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

Notes:

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

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

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

(4) On 27 March 2023, the parties entered into a surrender agreement to early terminate the Third Property Lease Agreement on 30 April 2023. During the period from 1 January to 30 April 2023, RMB3,359,000 of rent was incurred.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(2) Property Lease Agreements with the COLI Group (continued)

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

COLI held approximately 38.32% of the issued share capital of the Company as at the date of the Property Lease Agreements and accordingly, each of the lessees, being a subsidiary of COLI, is a connected person of the Company, and the transactions contemplated under each of the Property Lease Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(3) COPH Framework Agreement and Renewal COPH Framework Agreement with COPH

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

Pursuant to the COPH Framework Agreement, the Group may engage the COPH Group to provide property management services and value-added services for the property development projects or properties owned or held by the Group in the PRC, Hong Kong, Macau and other locations through the tender process conducted by the Group from time to time for a term of three years from 1 July 2020 to 30 June 2023.

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

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

As the COPH Framework Agreement was due to expire on 30 June 2023, on 28 April 2023, the Company and COPH entered into a framework agreement to renew the COPH Framework Agreement for a term of three years from 1 July 2023 to 30 June 2026 (the "Renewal COPH Framework Agreement").

Pursuant to the Renewal COPH Framework Agreement, the Group may engage the COPH Group to provide property management services and value-added services for the property development projects or properties owned or held by the Group in the PRC, Hong Kong, Macau and other locations through the tender process conducted by the Group from time to time for a term of three years from 1 July 2023 to 30 June 2026.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(3) COPH Framework Agreement and Renewal COPH Framework Agreement with COPH (continued)

The Group's standard and systematic competitive tender process is set out in the Company's announcement dated 28 April 2023. In any event, the price and terms of the tender awarded by the Group to the COPH Group are no more favourable than those awarded to independent third parties. Upon successful tender, the Group may engage the COPH Group to provide the property management and value-added services to the Group, subject to the following caps:

For the period from 1 July 2023 to 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025	For the period from 1 January 2026 to 30 June 2026
HK$230 million	HK$460 million	HK$470 million	HK$250 million

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

(4) Master Engagement Agreement and Renewal Master Engagement Agreement with CSC

On 19 November 2020, the Company and CSC entered into a master engagement agreement (the "Master Engagement Agreement") to replace and supersede all rights and obligations of the parties under the master engagement agreement entered into between the Company and CSC and dated 24 April 2020 (together with the caps contemplated thereunder) starting from 1 January 2021 with effect from the date of the satisfaction of the conditions precedent set out in the Master Engagement Agreement.

Pursuant to the Master Engagement Agreement, (i) the CSC Group may tender for the Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the Group from time to time for a term of three years from 1 January 2021 to 31 December 2023 subject to the caps as set out in the table below; and (ii) the Group may engage the CSC Group as construction contractor for the Group's construction works in the PRC upon the CSC Group's successful tender. The maximum total contract sum that may be awarded to the CSC Group for each year is subject to the following caps:

For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2023
RMB2,000 million	RMB2,500 million	RMB3,000 million

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

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(4) Master Engagement Agreement and Renewal Master Engagement Agreement with CSC (continued)

As the Master Engagement Agreement was due to expire on 31 December 2023, on 20 October 2023, the Company and CSC entered into a master engagement agreement to renew the Master Engagement Agreement for a term of three years from 1 January 2024 to 31 December 2026 (the "Renewal Master Engagement Agreement"), with effect from the date of the satisfaction of the conditions precedent set out in the Renewal Master Engagement Agreement.

Pursuant to the Renewal Master Engagement Agreement, (i) the CSC Group may tender for the Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the Group from time to time for a term of three years from 1 January 2024 to 31 December 2026 subject to the caps as set out in the table below; and (ii) the Group may engage the CSC Group as construction contractor for the Group's construction works in the PRC upon the CSC Group's successful tender. The maximum total contract sum that may be awarded to the CSC Group for each year is subject to the following caps:

For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
RMB1.8 billion	RMB1.8 billion	RMB1.8 billion

Pursuant to the Renewal Master Engagement Agreement, the Group will normally invite construction contractors to participate in competitive tenders for the Group's construction works in the PRC in accordance with its standard and systematic tendering procedures. In any event, the price and terms of the tender awarded by the Group to the CSC Group are no more favourable than those awarded to independent third parties. Further details of the tender procedures of the Group are set out in the paragraph headed "Pricing Basis" in the Company's announcement dated 20 October 2023.

COHL is the controlling shareholder of CSC, and held approximately 38.32% and approximately 39.63% of the issued share capital of the Company as at the date of the Master Engagement Agreement and as at the date of the Renewal Master Engagement Agreement, respectively. Therefore, CSC is a connected person of the Company, and the transactions contemplated under each of the Master Engagement Agreement and the Renewal Master Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(5) Supplies Framework Agreement and New Supplies Framework Agreement with COLI

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

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(5) Supplies Framework Agreement and New Supplies Framework Agreement with COLI (continued)

For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2023
RMB1,600 million	RMB1,600 million	RMB1,600 million

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

Pursuant to the New Supplies Framework Agreement, (i) the COLI Group may supply Materials for the Projects upon the Group's request in accordance with the standard and systematic tendering procedures of the Group as set out in the Company's announcement dated 27 April 2022 from time to time for a term of three years from 1 January 2022 to 31 December 2024 subject to the new caps as set out in the table below; and (ii) the Group may engage the COLI Group as supplier of the Materials for the Projects upon the COLI Group's successful tender. In any event, the price and terms of the tender awarded by the Group to the COLI Group are no more favourable than those awarded to independent third parties.

For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ending 31 December 2024
RMB3,000 million	RMB3,000 million	RMB3,000 million

COLI held approximately 38.32% of the issued share capital of the Company as at the date of the Supplies Framework Agreement and as at the date of the New Supplies Framework Agreement. Accordingly, COLI is a connected person of the Company, and the transactions contemplated under each of the Supplies Framework Agreement and the New Supplies Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(6) CSCD Framework Agreement with CSCD

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

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

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(6) CSCD Framework Agreement with CSCD (continued)

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

COHL is a controlling shareholder of CSC and CSCD, and held approximately 38.32% of the issued share capital of the Company as at the date of the CSCD Framework Agreement. CSC is the indirect holding company of CSCD. Hence, CSCD is a connected person of the Company, and the transactions contemplated under the CSCD Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(7) Haizhichuang Framework Agreement and Renewal Haizhichuang Framework Agreement with Shenzhen Haizhichuang Technology Limited*

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

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

As the Haizhichuang Framework Agreement was due to expire on 31 December 2023, on 29 December 2023, the Company and Haizhichuang entered into a framework agreement to renew the Haizhichuang Framework Agreement for a term of three years from 1 January 2024 to 31 December 2026 (the "Renewal Haizhichuang Framework Agreement").

Pursuant to the Renewal Haizhichuang Framework Agreement, the Group may engage Haizhichuang to provide the Services to the Group's property development projects in the PRC but subject to the following caps:

For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
RMB10 million	RMB10 million	RMB10 million

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

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(7) Haizhichuang Framework Agreement and Renewal Haizhichuang Framework Agreement with Shenzhen Haizhichuang Technology Limited* (continued)

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

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

(8) Renewal CSCECL Group Engagement Agreement with CSCECL

On 18 May 2022, the Company and CSCECL entered into an engagement agreement to renew the engagement agreement entered into between the Company and CSCECL and dated 27 June 2019 which expired on 30 June 2022 for a term of three years from 1 July 2022 to 30 June 2025 (the "Renewal CSCECL Group Engagement Agreement").

Pursuant to the Renewal CSCECL Group Engagement Agreement, the Group will go through its standard and systematic tender procedures as set out in the Company's announcement dated 18 May 2022 and may engage the CSCECL Group as contractor for the Group's construction related services in the PRC upon successful tender awarded to the CSCECL Group subject to the terms and conditions thereunder (including the caps as set out in the table below). The services include building design, construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators.

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

CSCECL is an intermediate holding company of COLI, which held approximately 38.32% of the issued share capital of the Company as at the date of the Renewal CSCECL Group Engagement Agreement. Accordingly, CSCECL is a connected person of the Company, and the transactions contemplated under the Renewal CSCECL Group Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(9) Carpark Framework Agreement with COPH

On 5 September 2022, the Company and COPH entered into a framework agreement to renew the framework agreement entered into between the Company and COPH and dated 23 October 2019 which expired on 30 November 2022 for a term of three years from 1 January 2023 to 31 December 2025 (the "Carpark Framework Agreement").

Pursuant to the Carpark Framework Agreement, the COPH Group may from time to time enter into transactions with the Group for the acquisition of rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) by the COPH Group as its inventory, such car parking spaces being car parking spaces of developments or properties built, developed or owned by the Group and managed by the COPH Group as property manager. The maximum total agreement sums payable by the COPH Group to the Group for the transactions contemplated under the Carpark Framework Agreement shall not exceed the following annual caps:

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

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

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

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

On 16 December 2022, the Company and Huayi Design (a wholly-owned subsidiary of COLI) entered into a framework agreement to renew the framework agreement entered into between the Company and Huayi Design and dated 27 February 2020 which expired on 31 December 2022 for a term of three years from 1 January 2023 to 31 December 2025 (the "Huayi Framework Agreement").

Pursuant to the Huayi Framework Agreement, the Group may engage the Huayi Design Group to provide scheme design, preliminary design and construction drawing design services in each construction stage to the Group's property development projects in PRC upon successful tender awarded to the Huayi Design Group. The maximum total contract sum that may be awarded by the Group to the Huayi Design Group shall not exceed the following caps:

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

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

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

Pursuant to the Huayi Framework Agreement, the Group will go through a competitive tender process to select and appoint a service provider for the Group's property development projects in PRC. In the event that the expected contract amount involved is relatively small or no tenderer is available, and it will not be appropriate for the Group to go through the above tendering procedures, the Group will seek quotations from at least three different service providers, among which the lowest quotation will be selected on the condition that the selected service provider also satisfies the selection criteria as set out in the tendering procedures. In any event, the price and terms of the tender awarded by the Group to the Huayi Design Group shall be no more favourable than those awarded to the independent third parties. Further details of the standard and systematic tender procedures of the Group are set out in the paragraph headed "Pricing Basis" in the Company's announcement dated 16 December 2022.

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

(11) Lease Framework Agreement with COLI

On 31 October 2023, the Company and COLI entered into a framework agreement for a term of three years from 1 November 2023 to 31 October 2026 (the "Lease Framework Agreement").

Pursuant to the Lease Framework Agreement, members of the COLI Group (as lessee) may lease properties owned by the Group in PRC (the "Properties"), including but not limited to office premises, shops, car parking spaces, apartments, serviced apartments, hotels, storage rooms, advertising space, etc., from members of the Group (as lessor), subject to the following caps:

For the period from 1 November 2023 to 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025	For the period from 1 January 2026 to 31 October 2026
RMB5 million	RMB31 million	RMB31 million	RMB26 million

In assessing the fees for the leasing transactions in relation to the Properties, members of the Group will take into account of, among others, (i) the location, size, usage, nature and conditions of the Properties; (ii) the qualifications and performance of contractual obligations of the potential tenants; (iii) the term of the leases; and (iv) the prevailing market fees of comparable properties within the proximity.

In order to ascertain the prevailing market price as mentioned above, the internal control team of the Company will monitor the leasing transactions and ensure that the rent of the leasing transactions will be on normal commercial terms or better by comparing rent offered by independent third parties of the Group for leasing properties comparable to the Properties in terms of type, size and location.

Directors' Report

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(11) Lease Framework Agreement with COLI (continued)

COLI held approximately 39.63% of the issued share capital of the Company as at the date of the Lease Framework Agreement. Accordingly, COLI is a connected person of the Company. The transactions contemplated under the Lease Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

REVIEW BY AUDIT COMMITTEE MEMBERS AND AUDITOR

The Independent Non-executive Directors have reviewed the continuing connected transactions during the year disclosed by the Group in this section and confirmed that the transactions were entered into:

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

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

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2023 disclosed by the Group in paragraphs (B)(1) to (B)(8) and (B)(11) of the section "Connected Transactions Entered into by the Group" above in accordance with Rule 14A.56 of the Listing Rules.

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

CONTRACTS OF SIGNIFICANCE

The transactions set out in paragraphs (A), (B)(1) to (B)(5), (B)(8) and (B)(9) of the section "Connected Transactions Entered into by the Group" above are considered as contracts of significance under paragraph 16(1) of Appendix D2 to the Listing Rules (formerly known as Appendix 16 to the Listing Rules).

CONTRACTS OF SIGNIFICANCE FOR THE PROVISION OF SERVICES TO THE GROUP

The transactions set out in paragraphs (B)(3), (B)(4) and (B)(8) of the section "Connected Transactions Entered into by the Group" above are considered as contracts of significance for the provision of services to the Group under paragraph 16(2) of Appendix D2 to the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The facility agreements/letters, which have been entered into by the Company in the following terms and conditions and continue to subsist at 31 December 2023 are set out below:

(1)	Date:	31 December 2018
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the date of the first drawdown
(2)	Date:	30 December 2019
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the first utilisation date
(3)	Date:	11 March 2020
	Amount:	Loan facilities up to (a) HK$935 million and (b) RMB500 million
	Term:	(a) 60 months and (b) 36 months commencing from the date of the facility agreement respectively
(4)	Date:	18 January 2023
	Amount:	Loan facility up to HK$1 billion
	Term:	3 years commencing from the first utilisation date

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

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

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

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2023, sales to the Group's five largest customers together represented less than 30% of the Group's total turnover and purchases from the Group's five largest suppliers together represented less than 30% of the Group's total purchases.

Directors' Report

DESCRIPTIONS OF MAJOR RISKS AND UNCERTAINTIES FACED BY THE GROUP

OCCUPATIONAL SAFETY

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

ENVIRONMENTAL POLICY AND PERFORMANCE

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

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

ENVIRONMENTAL POLICY AND PERFORMANCE (CONTINUED)

Among the projects in the construction period, the ultra-low energy building project of Zhonghai He Shan Da Guan in Hohhot, Inner Mongolia and the commercial project of Zhonghai Huanyu Tiandi in Yinchuan, Ningxia Hui Autonomous Region are the most emblematic.

Zhonghai He Shan Da Guan project, which has been delivered successfully in September 2023, is the first large-scale ultra-low energy commercial housing demonstration project built in the cold area, with a heating and energy saving rate of 92%. It has been awarded the "Ultra-low Energy Building" certificate ("超低能耗建築"認證證書) by the China Association of Building Energy Efficiency (中國建築節能協會). In view of its innovativeness and dominance, it won the 9th Construction 21 International Green Solutions China District New Construction Grand Prize, RICS China Awards (2023) Annual Sustainable Development Excellence Award, and Inner Mongolia Autonomous Region Excellent Engineering Survey and Design Award Comprehensive Award (Residential and Residential Community) and Special Award (Technology Innovative Application) Double First Prize. It was successfully admitted into the "Excellent Apartment" typical cases of the Ministry of Housing and Urban-Rural Development of the PRC and received compliments from the Architecture Magazine (建築雜誌社) and fellow of the Royal Academy of Engineering after their review.

On the other hand, Yinchuan Huanyu Tiandi responded to the national call for energy and emission reduction. It formulated energy-saving renovation strategy in three aspects: energy-saving in the building structure (passive), efficient energy system (active), and renewable energy utilisation (energy substitution). Approximately 1,900 square meters of photovoltaic power generation modification and energy monitoring platform installation have been completed. It has achieved energy saving and consumption reduction by creating energy alternatives and reducing consumption, and obtained a special honorary certificate from Yinchuan Municipal Government.

The Company proactively promotes the ESG management. During the year, it published the 2022 Environmental, Social and Governance Report, and took the lead in publishing the Carbon Neutrality White Paper, proposing the goals of carbon peak and carbon neutrality. It has successively released products such as "Smart Carbon Space", "Carbon Sequestration in Buildings", "Carbon Benefiting Ten Thousand Families" and "Smart Carbon Planet". It has been promoting the application of these products and the usage of technology in order to foster green development. Albeit the general downgrade of ratings in its industry, the Company's three major ESG ratings have been upgraded: MSCI rating has been upgraded from BB to BBB, Wind ESG rating has been upgraded to AA, and GRESB rating has been rated 4-star. The Company was also awarded with seven annual honorary awards in the field of green and low-carbon innovation including the United Nations Sustainable Development Goals Hong Kong Achievement Award and the ESG field annual honorary grand prize.

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

The Group is committed to strictly abide by the environmental laws and regulations that may have major impacts on the Group's operations. It is subject to the scrutiny of the government, social organisations and the public. In addition, the Group has implemented different management measures according to different stages of the projects to ensure compliance with the relevant laws and regulations, including conducting environmental impact assessments and commissioning third parties to supervise the operations. All projects are under the unified management of the Project Development Department, with the legal affairs management system being adopted to all affiliated project companies.

The following table lists out the environmental laws and regulations which may have significant impacts on the Group's operations and management measures to help the Group comply with such laws and regulations. In 2023, there was no case of non-compliance with such environmental laws and regulations.

Project phase	Environmental laws and regulations that have major impacts on the Group	Compliance measures
Planning	• Environmental Impact Assessment Law of the People's Republic of China • Administrative Regulation on Environmental Protection for Construction Projects	Environmental impact assessment was undertaken in all new property development projects of the Group to ensure comprehensive review was carried out before they were constructed to prevent adverse environmental impact of the planning and construction project. The Group compiled environmental impact assessment reports, reporting spreadsheets, or registers according to the degree of environmental impact of the new projects. These documents are submitted to the administrative authorities of environmental protection in the local government for approval before the construction commences.
Construction	• Environmental Protection Law of the People's Republic of China • Water Pollution Prevention and Control Law of the People's Republic of China • Prevention and Control of Noise Pollution Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste • Administrative Regulations on Environmental Protection for Construction Projects	During the construction process, the Group comprehensively considered the environment and the needs of the surrounding communities, focusing on four major aspects which are dust control, noise control, drainage management and waste management. The Group has assigned third party supervision units to its property projects in PRC to provide supervision service. The Group has obtained environmental protection acceptance and inspection approvals for all its completed projects.

RELATIONSHIPS WITH KEY STAKEHOLDERS

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

Employees

The Group is committed to establishing a workplace environment with high level of safety, fairness, trust and development capacity for all employees. The Group believes that all employees should be treated with respect regardless of age, gender, family status, disability, race, ethnic background and nationality, and have equal opportunities to unleash their potentials. As at 31 December 2023, the proportion of female employees of the Group was 40.6%. Since the principal business of the Group is property development, it is one of the industries with the highest proportion of male employees. However, the Group fully acknowledges the importance of diversity mindset at executive level, endorses gender balance at the workplace and encourages to uphold the core values of inclusivity and openness while pledging to the principle of selecting and deploying human resources based on merits. Also, it ensures equal opportunities during the processes of employment, promotion and remuneration determination and consider the capabilities, performance and qualifications during such processes. The Company will not prejudice or treat differently on account of the candidate's gender, and will continuously promote the level of diversity of the Group. The Group attaches great importance to building a bridge of communication with employees, and fully protects the employees' rights to know, express, participate and supervise. The Group regularly conducts satisfaction surveys, employee seminars, sharing sessions and other activities, and has set up a dedicated email for employees' communication to listen to employees' opinions and suggestions on the Group's operation and management. Through information technology and interactive learning platforms, online training courses are actively provided with more newly developed functions such as live broadcasts, Q&A and discussion to meet the progress and needs of employees.

Shareholders and Investors

The Group regularly holds results briefings and roadshows and general meetings of shareholders to inform the shareholders and investors about the Group's operating performance, financial status and strategic developments. It also organises investor briefings, local and international investor roadshows, investor promotion activities, etc., and participates in industry thematic forums to facilitate communication between the Company and shareholders and the investment community, to understand the capital market's suggestions and opinions on stakeholder communication, and to formulate an annual improvement plan. We has also set up an investor relations email to receive daily inquiries from investors and respond them in a timely manner.

Directors' Report

RELATIONSHIPS WITH KEY STAKEHOLDERS (CONTINUED)

Customers

The Group plays an active role in building long-term and close relationships with customers. In order to meet the increasing public expectations for the products and services, the Group has formulated "Project Quality Management Measure", "Stop Point Inspection System" and "Apartment Acceptance Inspection Standard", and proactively assumed its responsibilities as a property developer at different stages such as planning, construction, acceptance, sales and after-sales service, in order to gain the trust of customers and maintain a good reputation. In addition to the formulation of the "Guidelines for Customer Review" and "Customer Complaint and Claims Management Methods", the Group regularly carries out customer satisfaction surveys, organises home visits and evening parties for owners, and uses the online system to receive, track and respond customer consultations, complaints and maintenance requests. It solicits customers' feedback through various channels in order to continuously enhance service quality.

Suppliers and Contractors

When dealing with suppliers and partners, the Group adheres to the principle of fairness and impartiality, and maintain the most rigorous ethical and professional conduct. The Group also encourages the suppliers to sign the "Integrity Agreement", and provides them with the business ethics training, to ensure that the projects are in compliance, ethical and orderly carried out. At present, the Group is partnered with 6,991 suppliers and contractors which are located across all project cities.

The Group actively empowers its suppliers and contractors in green transformation and initiates green supply chain initiatives to promote the application of green and low-carbon materials. In addition, the Group plans to carry out a pilot project of product carbon labeling in the upstream and downstream of the supply chain, and continues to explore new ways of green transformation of the supply chain. The Group conducts communication activities with suppliers and dissemination of the concept of sustainable development. The Group conducts questionnaires with the suppliers and partners from time to time so as to understand their satisfactory level of their cooperation with us and also to solicit recommendations on improving the cooperation effectiveness.

Government and Regulatory Bodies

The Group works closely with local governments and timely reports project preparation progress and construction progress to relevant departments to ensure that operations comply with relevant laws and regulations. We will also receive on-site inspections by governmental departments at all levels to understand their opinions on project planning, construction and operation processes.

Industry Associations

The Group actively joins the industry association alliance, participates in industry meetings, and has participated in large-scale promotion of ultra-low and near-zero energy buildings, research work on zero-energy and zero-carbon buildings, and more than ten sharing sessions. Also, it explores the possibility of improvement and upgrading of building technology with outstanding peers, and promotes the green transformation of the property construction industry. The Group also participated in the compilation of ten national, industry and group standards, including the "Technical Specifications for the Measurement of Building Carbon Emission Testing Platform", "Technical Regulations for Ultra-low Energy Residential Buildings", and "Technical Guidelines for the Assessment of Beautiful China Construction", contributing to the high-quality, formal and standardised development of the industry.

RELATIONSHIPS WITH KEY STAKEHOLDERS (CONTINUED)

Media

The Group holds media conferences, participates in media interviews, answers questions raised by the media, and proactively announces the progress of the Company's operations through the media at appropriate times.

Community

The Group has always maintained a good relationship with the local community with a sincere and open attitude. Before the construction of the project, the Group invites the local residents to participate in the project survey to widely collect their opinions on the project. The Group adheres to the long-term development concept of win-win with tenants, actively implemented the rent reduction and relief policy. In 2023, a total of fourteen projects in nine regions have been benefited, with a reduction amount of around RMB22.22 million. "China Overseas Club" also organises regular customer care activities such as door-to-door inspections for electrical safety, maintenance of air-conditioning facilities and other professional services. In addition, the Group actively provides health and educational services, and encourages employees to participate in community development, such as coordinating resident's body check, sponsoring local hope primary school etc., and is committed to maintaining a good relationship with the local community with a sincere and open attitude. The Group also contributes to social welfare undertakings and supports rural revitalization, and strives to solve the practical difficulties of the communities by donating to charitable funds, carrying out public welfare actions, purchasing public welfare materials, etc.

The Group has scheduled sustainable development strategic works in 2023, and will set the scope of sustainability development works based on business development, including green buildings. For the progress of the strategy planning, please refer to the "Environmental, Social and Governance Report" published by the Group on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cogogl.com.hk under the "Sustainability Development" section.

SUFFICIENCY OF PUBLIC FLOAT

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

DONATIONS

During the year, the Group did not make any charitable and other donations (2022: Nil).

Directors' Report

CHANGE IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the 2023 interim report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

- Mr. Zhou Hancheng has been appointed to act concurrently as General Counsel and Chief Compliance Officer of the Company since October 2023.
- Mr. Zhou Hancheng's fixed annual emolument has been increased from RMB1,140,000 to RMB1,200,000 with effect from 1 January 2024.
- Mr. Lam Kin Fung, Jeffrey resigned as executive director of Hong Kong Aerospace Technology Group Limited (now known as USPACE Technology Group Limited) in November 2023.
- Mr. Lam Kin Fung, Jeffrey has been appointed as independent non-executive director of Golden Resources Development International Limited with effect from April 2024.
- Mr. Fan Chun Wah, Andrew has been appointed as independent non-executive director of China Unicom (Hong Kong) Limited with effect from April 2024.

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

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by BDO Limited who will retire at the forthcoming annual general meeting of the Company.

On behalf of the Board

Zhuang Yong
Chairman and Executive Director

Hong Kong, 25 March 2024

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of China Overseas Grand Oceans Group Limited (the "Company") and its subsidiaries (together the "Group") set out on page 102 to page 249, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Determining net realisable value of inventories of properties

Refer to notes 5.1(c) and 19 to the consolidated financial statements

The carrying value of the Group's inventories of properties as at 31 December 2023 was RMB107,119,484,000.

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

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

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

– Understanding the key controls in relation to the property development cycle, in particular for those related to the preparation, monitoring and management of the cost budget of property projects; and the sources of data and information used for estimating the net realisable value of the properties and the calculation of impairment provision.

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

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

– Understanding the Group's development plan and property sales strategies and assessing the Group's financial position, particularly the debt servicing need to evaluate their impact on the estimated selling prices, specifically the sales discount expected.

– Assessing whether there is evidence of management bias on determining net realisable value by considering the consistency of judgment made by the management year on year through discussion with the management to understand their rationale and considering whether consistent basis is applied by management in assessing net realisable value of various properties.

– Performing retrospective review on management's past estimates to assess the reliability of management's estimates and assessment.

Independent Auditor's Report

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

Hong Kong, 25 March 2024

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	6	**56,408,144**	57,492,018
Cost of sales and services provided		**(50,096,691)**	(49,215,834)
Gross profit		**6,311,453**	8,276,184
Other income	8	**479,186**	638,570
Distribution and selling expenses		**(1,551,916)**	(1,632,182)
Administrative expenses		**(896,268)**	(925,921)
Other operating expenses		**(135,824)**	(91,079)
Operating profit		**4,206,631**	6,265,572
Finance costs	10	**(65,237)**	(63,400)
Share of results of associates		**1,450**	18,853
Share of results of joint ventures		**(20,131)**	(242,314)
Profit before income tax	9	**4,122,713**	5,978,711
Income tax expense	11	**(2,097,753)**	(2,922,587)
Profit for the year		**2,024,960**	3,056,124
Profit/(Loss) for the year attributable to:			
Owners of the Company		**2,301,686**	3,150,440
Non-controlling interests		**(276,726)**	(94,316)
		2,024,960	3,056,124

	Notes	RMB Cents	RMB Cents
Earnings per share	13		
Basic		**64.7**	90.7
Diluted		**64.7**	90.7

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 RMB'000	2022 RMB'000
Profit for the year	**2,024,960**	3,056,124
Other comprehensive income		
Item that will not be reclassified to profit or loss		
Changes in fair value of equity instruments at fair value through other comprehensive income	**–**	310
Item that may be reclassified to profit or loss		
Exchange differences arising from translation into presentation currency	**(291,831)**	(1,642,825)
Other comprehensive income for the year, net of tax	**(291,831)**	(1,642,515)
Total comprehensive income for the year	**1,733,129**	1,413,609
Total comprehensive income attributable to:		
Owners of the Company	**2,009,855**	1,507,925
Non-controlling interests	**(276,726)**	(94,316)
	1,733,129	1,413,609

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000 (Re-presented)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	15	**4,621,513**	4,279,204
Property, plant and equipment	16	**817,233**	773,627
Right-of-use assets	37(a)	**353,686**	257,133
Interests in associates	17	**328,085**	182,635
Interests in joint ventures	18	**568,035**	686,896
Deferred tax assets	33	**1,707,562**	1,876,676
		8,396,114	8,056,171
Current assets			
Inventories of properties	19	**107,119,484**	131,891,355
Other inventories	20	**2,820**	4,165
Contract costs	21	**75,217**	128,524
Trade and other receivables	22	**777,512**	703,545
Prepayments and deposits	23	**4,017,266**	4,991,913
Amounts due from associates	24	**888,880**	853,767
Amounts due from joint ventures	25	**373,496**	439,499
Amounts due from non-controlling shareholders	26	**2,764,690**	1,991,575
Tax prepaid		**1,594,372**	2,390,421
Cash and bank balances	28	**26,020,603**	29,330,896
		143,634,340	172,725,660
Current liabilities			
Trade and other payables	29	**17,567,987**	20,830,621
Contract liabilities	30	**40,829,178**	61,157,740
Amounts due to associates	24	**43,411**	10,516
Amounts due to joint ventures	25	**269,054**	287,318
Amounts due to non-controlling shareholders	26	**5,673,611**	6,199,342
Amounts due to related companies – due within one year	27	**186,119**	261,145
Lease liabilities – due within one year	37(a)	**11,664**	14,852
Taxation liabilities		**3,169,088**	4,348,917
Bank and other borrowings – due within one year	31	**13,555,442**	12,176,911
		81,305,554	105,287,362
Net current assets		**62,328,786**	67,438,298
Total assets less current liabilities		**70,724,900**	75,494,469

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000 (Re-presented)
Non-current liabilities			
Bank and other borrowings – due after one year	31	**21,353,371**	30,828,251
Lease liabilities – due after one year	37(a)	**24,487**	35,945
Guaranteed notes and corporate bonds – due after one year	32	**8,655,350**	4,593,302
Amount due to a related company – due after one year	27	**75,026**	–
Deferred tax liabilities	33	**2,487,150**	2,635,819
		32,595,384	38,093,317
Net assets		**38,129,516**	37,401,152
CAPITAL AND RESERVES			
Share capital	34	**6,047,372**	6,047,372
Reserves	35	**25,256,160**	23,894,824
Equity attributable to owners of the Company		**31,303,532**	29,942,196
Non-controlling interests	36	**6,825,984**	7,458,956
Total equity		**38,129,516**	37,401,152

On behalf of the directors

Zhuang Yong
Director

Zhou Hancheng
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company								
	Share capital RMB'000 (note 34)	Translation reserve* RMB'000 (note 35)	Assets revaluation reserve* RMB'000 (note 35)	Financial assets at fair value through other comprehensive income reserve* RMB'000 (note 35)	Statutory reserve* RMB'000 (note 35)	Retained profits* RMB'000 (note 35)	Total RMB'000	Non-controlling interests RMB'000 (note 36)	Total equity RMB'000
At 1 January 2023	6,047,372	(914,079)	30,075	–	2,586,951	22,191,877	29,942,196	7,458,956	37,401,152
Profit/(Loss) for the year	–	–	–	–	–	2,301,686	2,301,686	(276,726)	2,024,960
Exchange differences arising from translation into presentation currency	–	(291,831)	–	–	–	–	(291,831)	–	(291,831)
Total comprehensive income for the year	–	(291,831)	–	–	–	2,301,686	2,009,855	(276,726)	1,733,129
Transfer from PRC statutory reserve to retained profits	–	–	–	–	(59,805)	59,805	–	–	–
2023 interim dividend paid (note 12(a))	–	–	–	–	–	(163,454)	(163,454)	–	(163,454)
2022 final dividend paid (note 12(b))	–	–	–	–	–	(491,264)	(491,264)	–	(491,264)
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	728,004	728,004
Return of capital to non-controlling shareholders	–	–	–	–	–	–	–	(131,400)	(131,400)
Dividend attributable to non-controlling shareholders	–	–	–	–	–	–	–	(466,553)	(466,553)
Acquisition of additional equity interests in a subsidiary while retaining control (note 40(a))	–	–	–	–	–	6,199	6,199	(486,297)	(480,098)
Transactions with owners	–	–	–	–	–	(648,519)	(648,519)	(356,246)	(1,004,765)
At 31 December 2023	6,047,372	(1,205,910)	30,075	–	2,527,146	23,904,849	31,303,532	6,825,984	38,129,516

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
Operating activities			
Profit before income tax		**4,122,713**	5,978,711
Adjustments for:			
Share of results of associates		**(1,450)**	(18,853)
Share of results of joint ventures		**20,131**	242,314
Gain on disposal of property, plant and equipment		**(221)**	(179)
Depreciation		**116,808**	94,703
Impairment of property, plant and equipment	16(b)	**81,460**	–
Write-off of property, plant and equipment		**39,972**	31
Write-down of inventories of properties	9(a)	**1,452,605**	2,673,218
Write-back of trade and other payables		**–**	(31,582)
Interest income		**(372,321)**	(358,202)
Finance costs		**65,237**	63,400
Exchange difference		**13,654**	(77,401)
Operating cash flows before movements in working capital		**5,538,588**	8,566,160
Decrease in inventories of properties		**24,842,089**	5,476,670
Decrease in other inventories		**1,345**	7,144
Decrease in trade and other receivables, prepayments and deposits		**900,713**	9,369,643
Decrease in contract costs		**53,307**	25,058
Decrease in other bank balances	28	**3,940,738**	2,718,631
(Decrease)/Increase in trade and other payables		**(3,390,439)**	897,236
Decrease in contract liabilities		**(20,328,562)**	(20,645,991)
Cash from operations		**11,557,779**	6,414,551
Income taxes paid		**(2,460,145)**	(5,928,130)
Net cash from operating activities		**9,097,634**	486,421
Investing activities			
Additions of investment properties	15	**(58,000)**	(23,000)
Purchase of property, plant and equipment	16	**(29,510)**	(2,338)
Capital injection in an associate		**(144,000)**	–
Capital injections in joint ventures		**–**	(22,275)
Dividends received from a joint venture	42(c)	**–**	1,235
Proceeds from disposal of property, plant and equipment		**482**	179
Proceeds from disposal of financial assets at fair value through other comprehensive income		**–**	1,310
Acquisition of a subsidiary, net of cash acquired	39	**–**	(151,304)
Settlements of shareholders' loans in acquisition of subsidiaries	39	**–**	(1,129,826)
Interest received		**372,321**	359,484
Advances to associates		**(306,308)**	(336,141)
Repayments from associates		**271,195**	305,265
Advances to joint ventures		**(1,716)**	(55,790)
Repayments from joint ventures		**67,719**	381,009
Advances to non-controlling shareholders		**(1,763,730)**	(1,149,193)
Repayments from non-controlling shareholders		**64,305**	367,458
Net cash used in investing activities		**(1,527,242)**	(1,453,927)

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
Financing activities	42(a)		
New bank and other borrowings		**10,242,102**	16,320,745
Repayments of bank and other borrowings		**(18,616,996)**	(16,539,549)
Proceeds from issue of corporate bonds		**4,000,000**	1,000,000
Advances from associates		**86,191**	8,447
Repayments to associates		**(53,296)**	–
Advances from joint ventures		**254,072**	287,790
Repayments to joint ventures		**(173,606)**	(85,400)
Advances from non-controlling shareholders		**1,244,503**	4,314,963
Repayments to non-controlling shareholders		**(1,800,900)**	(3,255,617)
Payment of capital element of leases		**(14,857)**	(17,218)
Payment of interest element of leases		**(1,161)**	(1,396)
Payment of other interest		**(2,050,931)**	(1,989,145)
Dividends paid		**(654,718)**	(594,759)
Dividends paid to non-controlling shareholders	42(b)	**(36,602)**	(30,233)
Return of capital to non-controlling shareholders	42(b)	**(8,400)**	(34,953)
Contributions from non-controlling shareholders		**728,004**	1,388,641
Acquisitions of additional equity interests in subsidiaries while retaining control	40	**(106,739)**	(1,020,443)
Capital injected by non-controlling shareholders in deemed disposal of interests in subsidiaries while retaining control	41	**–**	735,000
Net cash (used in)/from financing activities		**(6,963,334)**	486,873
Net increase/(decrease) in cash and cash equivalents		**607,058**	(480,633)
Cash and cash equivalents at 1 January		**19,433,181**	19,876,023
Effect of foreign exchange rate changes on cash and cash equivalents		**23,387**	37,791
Cash and cash equivalents at 31 December		**20,063,626**	19,433,181
Analysis of cash and bank balances			
Cash and bank balances as stated in the consolidated statement of cash flows		**20,063,626**	19,433,181
Other bank balances	28	**5,956,977**	9,897,715
Cash and bank balances as stated in the consolidated statement of financial position		**26,020,603**	29,330,896

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

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

The principal activities of the Company and its subsidiaries (collectively, the "Group") mainly comprise property investment and development, property leasing and investment holding. The Group's business activities are principally carried out in certain regions in the PRC.

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

The consolidated financial statements for the year ended 31 December 2023 were approved and authorized for issue by the directors on 25 March 2024.

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

2.1 Adoption of new or revised HKFRS – effective 1 January 2023

In the current year, the Group has applied for the first time the following new standards and amendments issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts

* English translation is for identification only

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

2.1 Adoption of new or revised HKFRS – effective 1 January 2023 (Continued)

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

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 4. The amendments do not have any impact on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

Amendments to HKAS 8 – Definition of Accounting Estimates

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The application of the amendments in the current year has no impact on the Group's consolidated financial statements.

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

The amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The Group has applied the amendments for the first time in the current year. In accordance with the transition provision, the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022 as disclosed in note 37(a). The application of the amendments has had no material impact on the Group's financial position and performance on a gross basis, nor does it have any material impact on the retained profits at the earliest period presented.

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

2.1 Adoption of new or revised HKFRS – effective 1 January 2023 (Continued)

Amendments to HKAS 12 – International Tax Reform – Pillar Two Model Rules

The amendments to HKAS 12 introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect.

The Group has applied the amendments retrospectively. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

HKFRS 17 (including the October 2020 and February 2022 Amendments) – Insurance Contracts

The Group has applied the new standard and the relevant amendments for the first time in the current year.

HKFRS 17 defines an insurance contract as a contract under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

In October 2020, the HKICPA issued amendments to HKFRS 17 to address concerns and implementation challenges that were identified after HKFRS 17 was published. The amendments defer the date of initial application of HKFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the HKICPA issued amendments to HKFRS 4 *Extension of the Temporary Exemption from HKFRS 9* that extends the fixed expiry date of the temporary exemption from applying HKFRS 9 in HKFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In February 2022, the HKICPA issued amendment to HKFRS 17 *Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information* to address implementation challenges that were identified after HKFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

Certain contracts entered into by the Group, including financial guarantee contracts issued by the Group which details as set out in note 46(a), meet the definition of insurance contracts under HKFRS 17. However, these contracts are specifically scoped out from HKFRS 17 and the Group continues to account for these contracts under relevant accounting standards. Therefore, the application of HKFRS 17 in the current year has no material impact on the Group's consolidated financial statements.

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

2.2 Amendments to HKFRS that have been issued but not yet effective

The following amendments to HKFRS, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
HK-Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The above amendments to HKFRS that have been issued but not yet effective are not expected to have a material impact on the Group's results and financial position upon application.

Notes to the Consolidated Financial Statements

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

2.3 New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong Government (the "Government") enacted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will be effective from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date, subject to a cap on the entitlement.

In July 2023, the HKICPA published Accounting Implications of the *Abolition of the MPF-LSP Offsetting Mechanism in Hong Kong* that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 *Employee Benefits* ("HKAS 19") that previously allowed such deemed contributions to be recognized as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the comparative carrying amount of the LSP liability. This change in accounting policy did not have any material impact on the opening balance of equity at 1 January 2022, and the results, cash flows and earnings per share for the year ended 31 December 2022 and the financial position as at 31 December 2022.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

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

During the year ended 31 December 2023, in order to align with the presentation of financial statements of major industry counterparts, certain comparative amounts in the consolidated statement of financial position and the notes to the financial statements have been re-presented to conform with the current year's presentation as follows:

(i) "Trade and other receivables" and "Prepayments and deposits" are presented separately in the consolidated statement of financial position as at 31 December 2023, whereas they were presented together in the previous issued consolidated financial statements.

(ii) Bank deposits subject to restriction on usage are presented together with cash and cash equivalents as "Cash and bank balances" in the consolidated statement of financial position as at 31 December 2023, whereas "Restricted cash and deposits" and "Cash and bank balances" were presented separately in the previous issued consolidated financial statements.

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment properties which are measured at fair value.

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

3.3 Functional and presentation currencies

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

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

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES

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

4.1 Business combination and basis of consolidation

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

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

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Business combination and basis of consolidation (Continued)

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

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

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

4.2 Subsidiaries

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

– power over the investee;

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

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

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

The Group has de facto control over certain subsidiaries as detailed in note 5.2(a).

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

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Associates

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

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

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

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

4.4 Joint arrangements

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

The Group classifies its interests in joint arrangements as joint ventures (note 18) as the Group has rights to only the net assets of the joint arrangements. Details of the assessment for the classification is set out in note 5.2(b).

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

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

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.5 Investment properties

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

Investment property is initially stated at cost, including directly attributable costs, and subsequently stated at fair value. Any gain or loss resulting from either a change in the fair value or disposal of an investment property is immediately recognized in profit or loss. Right-of-use assets that meet the definition of investment properties are carried at fair value and presented in the consolidated statement of financial position as investment properties (note 4.7). Rental income from investment properties is accounted for as described in note 4.12(iv).

For a transfer from investment property carried at fair value to owner-occupied property, the property's deemed cost for subsequent accounting is its fair value at the date of change in use. For property occupied by the Group as an owner-occupied property which becomes an investment property, the Group accounts for such property in accordance with the policy of property, plant and equipment (note 4.6) up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with in assets revaluation reserve. On disposal of the property, the assets revaluation reserve is transferred to retained profits as a movement in reserves. For a transfer from inventories of properties to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

4.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (note 4.8).

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.6 Property, plant and equipment (Continued)

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

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

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

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

4.7 Leasing

The Group as a lessee

The Group capitalized all leases (irrespective of they are operating leases or finance leases) in the consolidated statement of financial position as right-of-use assets and lease liabilities, except for (i) leases for which at the commencement date have a lease term of 12 months or less, i.e. short-term leases; and/or (ii) leases for which the underlying asset is of low-value. The lease payments associated with short-term leases and low-value assets are expensed on straight-line basis over the lease term.

The Group accounts for land and buildings that are held to earn rentals and/or for capital appreciation under HKAS 40 *Investment Property* ("HKAS 40") and those assets are carried at fair value (note 4.5). Right-of-use assets that meet the definition of investment properties are carried at fair value and presented in the consolidated statement of financial position as investment properties. The Group accounts for the building portion of leasehold land and buildings which the Group has ownership interests and are held for own use under HKAS 16 *Property, Plant and Equipment* and those assets are carried at cost less accumulated depreciation and any impairment losses (note 4.6), whereas the land portion of those leasehold land and buildings is classified as right-of-use assets and are stated at cost less accumulated depreciation and any impairment losses. Other than the above, the Group has also leased some properties under tenancy agreements and those leases are also classified as right-of-use assets and are measured according to the policies as set out below. Right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realizable value (note 4.10).

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 Leasing (Continued)

The Group as a lessee (Continued)

Right-of-use asset

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

Right-of-use asset is depreciated on a straight-line basis as follows:

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

Lease liability

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

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

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or a reflect revised in-substance fixed lease payments.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 Leasing (Continued)

The Group as a lessor

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

4.8 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets and interests in subsidiaries, associates and joint ventures are subject to impairment testing. They are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

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

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment losses recognized for cash-generating units is charged pro rata to the assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value-in-use, if determinable.

As assessment is made at the end of each reporting period as to whether there is indication that previously recognized impairment losses may no longer exist or may have decreased. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized. A reversal of such impairment is credited to profit or loss in the period in which it arises.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments

(i) Financial assets

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

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

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

– Financial assets at amortized cost;

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

– Financial assets at fair value through profit or loss.

The classification is generally based on two criteria:

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

– the contractual cash flow characteristics of the financial asset.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments (Continued)

(i) Financial assets (Continued)

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

Debt instruments

– Amortized cost

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

– Fair value through other comprehensive income

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

– Fair value through profit or loss

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments (Continued)

(ii) Impairment loss on financial assets

The Group recognizes an allowance for expected credit losses ("ECL") on debt instruments carried at amortized cost (including trade and other receivables, amounts due from associates, joint ventures and non-controlling shareholders and cash and bank balances).

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

The ECL are measured on either of the following bases:

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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

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

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

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

(iii) Financial liabilities

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

Financial liabilities at amortized cost

Financial liabilities at amortized cost including trade payables, other payables and accruals, amounts due to associates, joint ventures, other related parties and non-controlling shareholders, bank and other borrowings and guaranteed notes and corporate bonds are subsequently measured at amortized cost, using the effective interest method. The related interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (note 4.17).

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments (Continued)

(iv) Effective interest method

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

(v) Equity instruments

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

(vi) Financial guarantee contracts

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

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 4.9(ii); and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15").

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

(vii) Derecognition

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

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

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Inventories of properties

Inventories of properties comprise properties under development and completed properties held for sale. Properties under development are investments in land and buildings on which construction work has not been completed and which, upon completion, management intends to hold for sale purposes. Inventories of properties are stated at the lower of cost and net realizable value. Cost is determined on a specific identification basis and consist of interests in leasehold land (note 4.7), development expenditures including construction costs, borrowing costs capitalized (note 4.17) and other direct costs attributable to the development of such properties. Net realizable value is determined on the basis of anticipated sales proceeds less estimated cost to completion and estimated costs necessary to make the sale.

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

4.11 Cash and cash equivalents

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

4.12 Recognition of revenue and other income

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.12 Recognition of revenue and other income (Continued)

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

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

(i) Sales of properties

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

When the property unit has no alternative use to the Group and the Group has an enforceable right to payment from the customer for performance completed to date, control over the property is regarded as transferred over time. In case if the Group does not have an enforceable right to payment from the customer for performance completed to date, control over the property is regarded as transferred at a point in time.

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

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

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.12 Recognition of revenue and other income (Continued)

(ii) Hotel operation and other ancillary services

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

(iii) Other services income

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

(iv) Other sources of income

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

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

4.13 Contract costs and contract liabilities

Contract costs

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

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

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

Amortization of capitalized contract costs is charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of goods or services to which the costs relate. The accounting policy for revenue recognition is set out in note 4.12.

Contract liabilities

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue (see note 4.12). A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.14 Foreign currencies

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

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

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

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

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Income tax

Income taxes comprise current tax and deferred tax.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets also arise from unused tax losses and unused tax credits. Except for temporary differences arising on (i) the initial recognition of goodwill; (ii) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit and does not give rise to equal taxable and deductible temporary differences; and (iii) investments in subsidiaries and associates and interests in joint arrangements where the Group is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realized or settled and that have been enacted or substantively enacted at the end of the reporting period and reflects any uncertainty related to income taxes.

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

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Income tax (Continued)

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

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

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

4.16 Employee benefits

Short-term employee benefits

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

Defined contribution retirement plan

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

Termination benefits

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

4.17 Borrowing costs

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

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

4.18 Dividends

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.19 Provisions and contingent liabilities

Provision is recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

4.20 Related parties

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

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

(ii) has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.21 Segment reporting

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

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

5.1 Key sources of estimation uncertainty

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

(a) Fair value of investment properties

As disclosed in note 15, the fair values of the investment properties as at 31 December 2023 were estimated by the directors mainly with reference to the property valuation as at 31 December 2023 conducted by independent professional valuers. The valuation was based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. In making the estimates, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

The carrying amount of investment properties as at 31 December 2023 was RMB4,621,513,000 (2022: RMB4,279,204,000). Further details of the fair value measurement of investment properties are set out in note 15.

Notes to the Consolidated Financial Statements

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

5.1 Key sources of estimation uncertainty (Continued)

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for non-financial assets at the end of each reporting period. The Group's non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. When value-in-use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and apply an appropriate discount rate in order to derive the present value of those cash flows. Changes in key assumptions and conditions underlying the estimates and judgment could materially affect the value-in-use calculations and thus, may result in adjustment to the carrying amounts of those assets or the cash-generating units.

For the year ended 31 December 2023, an impairment provision amounting to RMB81,460,000 was recognized for the relevant property, plant and equipment of the hotel properties. Details about the estimates used in assessing the impairment of the relevant property, plant and equipment are set out in note 16(b).

(c) Net realizable value of inventories of properties

Include in the consolidated statement of financial position at 31 December 2023 is inventories of properties with an aggregate carrying amount of RMB107,119,484,000 (2022: RMB131,891,355,000), which are stated at lower of cost and net realizable value. Management determines the net realizable value of the underlying properties which involves, inter-alia, considerable estimation in determining the expected selling prices of the inventories of properties, which is based on analysis of current market price of properties of comparable quality and location, taking into account the market and economic factors, the government's measures taken to stabilize the property market and their impact to real estate developers and long-term government policies such as urbanization policy. In addition, for properties under development, determining the net realizable value also involves estimations of construction costs to be incurred to complete the development based on existing asset structure, contractor fees and construction material price lists. Determining net realizable value for the current year is subject to more estimation uncertainty as the real estate market in the PRC is facing uncertainties on recovery of economy and market sentiment. If the actual net realizable values of the underlying properties are less than the current estimations as a result of change in market condition, government measures and policies and/or significant variation in the budgeted development cost, significant amount of additional provision for write-down of inventories of properties may result.

During the year ended 31 December 2023, a write-down of inventories of properties amounting to RMB1,452,605,000 (2022: RMB2,673,218,000) has been made in the consolidated financial statements (note 9(a)). Further details of the Group's inventories of properties are set out in note 19.

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

5.1 Key sources of estimation uncertainty (Continued)

(d) Loss allowance for financial assets

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

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

Details of the key assumptions and inputs used for impairment assessment under ECL model are set out in note 50.3.

(e) Estimates of current tax and deferred tax

Significant judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxation, particularly for PRC land appreciation tax ("LAT"), and implementation of these taxes varies amongst various PRC cities. The Group has not finalized its LAT calculation and payments with certain local tax authorities in the PRC. Accordingly, significant estimation is required in determining the amount of the land appreciation and its related LAT. The Group recognized income tax and LAT based on management's best estimates according to their understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the tax expense in the period in which the tax calculations are finalized with the local tax authorities.

Further details of the income tax expense and deferred tax are set out in notes 11 and 33.

Notes to the Consolidated Financial Statements

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

5.2 Critical judgments in applying accounting policies

(a) De facto control over certain subsidiaries

De facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights conferred by shareholdings. Certain investees have been accounted for as subsidiaries by the Group (note 51) although the Group holds less than 50% equity interests in them. The directors assessed whether or not the Group has control over those investees considering whether the Group has the practical ability to direct the relevant activities of those investees unilaterally. In making the judgment, the directors consider the Group's voting power in making decision over the relevant activities of those investees relative to other parties who also hold voting right. Based on management's assessment, the Group has sufficiently dominant voting interest to direct the relevant activities of those investees and therefore the Group has control over them.

(b) Joint arrangements

As at 31 December 2023, the Group held certain percentage of the registered capital/paid up capital and voting rights of certain joint arrangements. The contractual arrangements confer joint control over the relevant activities of the joint arrangements to the Group and the other venturers. In addition, the joint arrangements are structured as limited companies and provide the Group and the other venturers to the arrangements with rights to the net assets of the limited companies under the arrangements. Therefore, based on the judgment of the management, these arrangements are classified as joint ventures. Further details of the Group's joint arrangements are set out in note 18.

6. REVENUE

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

	2023 **RMB'000**	2022 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of properties	**56,079,725**	57,244,150
– Hotel and other services income	**85,960**	14,340
	56,165,685	57,258,490
Revenue from other sources		
– Property rental income	**242,459**	233,528
Total revenue	**56,408,144**	57,492,018

The aggregate amount of transaction price allocated to the remaining performance obligations under the Group's outstanding contracts as at 31 December 2023 is RMB40,528,785,000 (2022: RMB60,022,183,000). This amount represents revenue expected to be recognized in future from the sales contracts for properties entered into by the customers with the Group. The Group will recognize the expected revenue in future in accordance with the accounting policies stated in note 4.12, which is expected to occur over the next 12 to 36 months.

6. REVENUE (CONTINUED)

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

7. SEGMENT INFORMATION

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

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

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

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

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

Notes to the Consolidated Financial Statements

7. SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue by timing of revenue recognition

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

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2023				
Revenue from contracts with customers disaggregated by timing of revenue recognition				
– Goods transferred at a point in time	**56,079,725**	**–**	**–**	**56,079,725**
– Services transferred over time	**–**	**–**	**85,960**	**85,960**
	56,079,725	**–**	**85,960**	**56,165,685**
Revenue from other sources				
– Rental income	**–**	**242,459**	**–**	**242,459**
	56,079,725	**242,459**	**85,960**	**56,408,144**

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2022				
Revenue from contracts with customers disaggregated by timing of revenue recognition				
– Goods transferred over time	322,624	–	–	322,624
– Goods transferred at a point in time	56,921,526	–	–	56,921,526
– Services transferred over time	–	–	14,340	14,340
	57,244,150	–	14,340	57,258,490
Revenue from other sources				
– Rental income	–	233,528	–	233,528
	57,244,150	233,528	14,340	57,492,018

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities

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

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2023				
Reportable segment revenue	56,079,725	242,459	85,960	56,408,144
Reportable segment profit/(loss)	4,370,431	165,238	(193,582)	4,342,087
Corporate income				8,307
Finance costs				(65,237)
Other corporate expenses				(162,444)
Profit before income tax				4,122,713
As at 31 December 2023				
Reportable segment assets*	142,527,715	4,905,281	785,636	148,218,632
Tax assets				3,301,934
Corporate assets^				509,888
Total consolidated assets				152,030,454
Reportable segment liabilities	64,411,120	70,595	16,492	64,498,207
Tax liabilities				5,656,238
Bank and other borrowings				34,908,813
Guaranteed notes and corporate bonds				8,655,350
Amount due to a related company				75,026
Other corporate liabilities				107,304
Total consolidated liabilities				113,900,938

* As disclosed in note 15(b), Group self-operate certain hotels during the year ended 31 December 2023. Upon the changes in uses, the underlying properties in relation to these hotels were reclassified from property leasing segment to other segment.

Notes to the Consolidated Financial Statements

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2022				
Reportable segment revenue	57,244,150	233,528	14,340	57,492,018
Reportable segment profit/(loss)	5,991,235	152,404	(56,796)	6,086,843
Corporate income				54,804
Finance costs				(63,400)
Other corporate expenses				(99,536)
Profit before income tax				5,978,711
As at 31 December 2022				
Reportable segment assets	170,887,294	4,509,552	564,006	175,960,852
Tax assets				4,267,097
Corporate assets^				553,882
Total consolidated assets				180,781,831
Reportable segment liabilities	88,619,360	56,164	450	88,675,974
Tax liabilities				6,984,736
Bank and other borrowings				43,005,162
Guaranteed notes and corporate bonds				4,593,302
Amount due to a related company				75,026
Other corporate liabilities				46,479
Total consolidated liabilities				143,380,679

^ Corporate assets as at 31 December 2023 mainly included property, plant and equipment of RMB76,564,000 (2022: RMB86,352,000), right-of-use assets of RMB96,051,000 (2022: RMB102,619,000) and cash and bank balances of RMB335,150,000 (2022: RMB363,761,000) respectively which are managed on a group basis.

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Corporate RMB'000	Consolidated RMB'000
Other information					
For the year ended 31 December 2023					
Interest income	363,211	794	9	8,307	372,321
Depreciation	27,244	8,250	64,727	16,587	116,808
Gain on disposal of property, plant and equipment	208	2	11	–	221
Impairment of property, plant and equipment	–	–	81,460	–	81,460
Write-off of property, plant and equipment	1	–	39,971	–	39,972
Write-down of inventories of properties	1,452,605	–	–	–	1,452,605
Share of profit of associates	1,450	–	–	–	1,450
Share of (loss)/profit of joint ventures	(25,057)	4,926	–	–	(20,131)
Additions to specified non-current assets#	145,506	58,000	27,984	20	231,510
As at 31 December 2023					
Interests in associates	328,085	–	–	–	328,085
Interests in joint ventures	444,264	123,771	–	–	568,035

Notes to the Consolidated Financial Statements

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

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

\# Including additions to the Group's investment properties, property, plant and equipment, right-of-use assets, interests in associates and joint ventures (i.e. "specified non-current assets"), but excluded those additions arising from transfers between inventories of properties, investment properties and owner-occupied properties.

7. SEGMENT INFORMATION (CONTINUED)

Geographical information

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

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

	2023 RMB'000	2022 RMB'000
Hong Kong (place of domicile)	**12,655**	16,840
Other regions of the PRC	**6,675,897**	6,162,655
	6,688,552	6,179,495

Information about major customer

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2023 and 2022.

8. OTHER INCOME

	2023 RMB'000	2022 RMB'000
Interest income on:		
– Bank deposits	**371,283**	338,414
– Amounts due from joint ventures	**1,038**	19,788
Total interest income on financial assets measured at amortized cost	**372,321**	358,202
Government grants (note (a))	**14,483**	51,247
Sundry income (note (b))	**92,382**	229,121
	479,186	638,570

Notes:

(a) Government grants mainly included subsidies received from local government to support the Group's business development amounting to RMB14,483,000 (2022: RMB51,082,000). There were no unfulfilled conditions attaching to the subsidies recognized.

(b) Sundry income for the year ended 31 December 2022 included a write-back of long outstanding payables amounting to RMB31,582,000 and compensation received from the local government in relation to the return of a land parcel amounting to RMB72,823.000.

Notes to the Consolidated Financial Statements

9. PROFIT BEFORE INCOME TAX

	2023 RMB'000	2022 RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation		
Property, plant and equipment	**91,975**	69,155
Right-of-use assets		
Land use rights of properties with ownership interests held for own use	**10,030**	7,914
Other properties leased for own use	**14,803**	17,634
Total depreciation	**116,808**	94,703
Remuneration to auditor for audit services*		
– Current year	**2,849**	3,430
Cost of sales and services provided comprise		
– Amount of inventories recognized as expense	**48,222,140**	46,433,429
– Write-down of inventories of properties (note (a))	**1,452,605**	2,673,218
– Impairment of property, plant and equipment (note 16(b))	**81,460**	–
Net foreign exchange loss	**66,514**	3,563
Short-term leases expenses	**4,046**	4,284
Outgoings in respect of:		
– investment properties	**92,455**	80,798
– other properties	**4,131**	4,196
	96,586	84,994
Net rental income from:		
– investment properties	**(135,353)**	(138,932)
– other properties	**(10,520)**	(9,602)
	(145,873)	(148,534)
Staff costs (note (b))	**961,613**	1,013,853
Gain on disposal of property, plant and equipment^	**(221)**	(179)
Write-off of property, plant and equipment	**39,972**	31
Other taxes and levies	**382,036**	337,295

* excluded fees for non-audit services rendered by the auditor which amounted to RMB143,000 (2022: RMB125,000)

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

9. PROFIT BEFORE INCOME TAX (CONTINUED)

Notes:

(a) Management assessed the net realizable value of the Group's inventories of properties based on the latest market conditions, the government's measures on property market in the PRC as well as the Group's development and sales plans. Based on management assessment, the net realizable value of certain property projects were lower than their carrying value and thus, a write-down of inventories of properties amounting to RMB1,452,605,000 (2022: RMB2,673,218,000) was recorded in profit or loss under "Cost of sales and services provided".

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

	2023 **RMB'000**	2022 RMB'000
Salaries, allowances and other benefits	**888,571**	948,687
Contributions to defined contribution retirement plans (note 43)	**73,042**	65,166
	961,613	1,013,853

10. FINANCE COSTS

	2023 **RMB'000**	2022 RMB'000
Interest on bank and other borrowings	**1,975,222**	1,891,341
Interest on corporate bonds	**110,886**	6,706
Imputed interest expense on guaranteed notes (note 32(a))	**90,472**	87,103
Interest on amounts due to non-controlling shareholders	**30,666**	153,882
Interest on amount due to a related company	**3,564**	3,362
Interest on lease liabilities (note 37(a))	**1,161**	1,396
Total interest expenses on financial liabilities measured at amortized cost	**2,211,971**	2,143,790
Less: Amount capitalized	**(2,146,734)**	(2,080,390)
	65,237	63,400

Borrowing costs capitalized during the year arose from the general borrowing pool are calculated by applying an average capitalization rate of 5.01% (2022: 3.81%) per annum to expenditure on qualifying assets.

Notes to the Consolidated Financial Statements

11.INCOME TAX EXPENSE

	2023 RMB'000	2022 RMB'000
Current tax for the year		
Hong Kong profits tax	–	–
Other regions of the PRC		
– Enterprise income tax ("EIT")	**1,676,152**	2,447,618
– LAT	**532,143**	725,857
	2,208,295	3,173,475
Over-provision in prior years		
Other regions of the PRC	**(130,987)**	(3,943)
Deferred tax (note 33)	**20,445**	(246,945)
	2,097,753	2,922,587

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

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

EIT arising from other regions of the PRC is calculated at 25% (2022: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (2022: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

11. INCOME TAX EXPENSE (CONTINUED)

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

	2023 RMB'000	2022 RMB'000
Profit before income tax	**4,122,713**	5,978,711
Tax on profit at the rates applicable to profits in the jurisdictions concerned	**1,085,860**	1,560,527
Expenses not deductible for tax purpose	**307,751**	124,548
Income not taxable for tax purpose	**(1,831)**	(27,247)
Share of results of associates	**(363)**	(4,713)
Share of results of joint ventures	**5,033**	60,579
LAT deductible for calculation of income tax	**(133,036)**	(180,900)
Utilization of tax losses previously not recognized	**(279)**	(16,695)
Tax effect of tax losses not recognized	**63,856**	45,461
Other temporary differences not recognized	**395,579**	668,303
Over-provision in prior years	**(130,987)**	(3,943)
Deferred tax provided for withholding tax on distributable profits of the Group's PRC subsidiaries	**–**	(55,975)
Others	**(2,208)**	55,794
	1,589,375	2,225,739
LAT	**508,378**	696,848
Income tax expense	**2,097,753**	2,922,587

12. DIVIDENDS

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

	2023 RMB'000	2022 RMB'000
Interim dividend – HK$0.05 (2022: HK$0.06) per ordinary share	**163,454**	184,871
Proposed final dividend – HK$0.11 (2022: HK$0.15) per ordinary share	**355,517**	476,957
	518,971	661,828

The final dividend in respect of 2023 of HK$0.11 (2022: HK$0.15) per ordinary share, amounting to HK$391,531,000, equivalent to approximately RMB355,517,000 (2022: HK$533,906,000, equivalent to approximately RMB476,957,000), has been proposed by the directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

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

	2023 RMB'000	2022 RMB'000
Final dividend in respect of previous financial year, approved and paid during the year of HK$0.15 (2022: HK$0.30) per ordinary share	**491,264**	878,160*

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

13. EARNINGS PER SHARE

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

	2023 RMB'000	2022 RMB'000
Earnings		
Profit for the year attributable to owners of the Company	**2,301,686**	3,150,440

	2023 '000	2022 '000
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year	**3,559,375**	3,474,785

Diluted earnings per share for the years ended 31 December 2023 and 2022 are same as the basic earnings per share as there have been no dilutive potential ordinary shares in existence during the current year and prior year.

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

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

Directors' emoluments

	Fees '000	Salaries, allowances and other benefits '000	Discretionary bonus '000	Retirement fund contribution '000	Total '000
For the year ended 31 December 2023					
Executive directors					
Mr. Zhuang Yong	–	RMB2,094	RMB2,700	RMB97	RMB4,891
Mr. Yang Lin	–	RMB1,777	RMB2,500	RMB97	RMB4,374
Mr. Zhou Hancheng (note (a))	–	RMB913	–	RMB94	RMB1,007
Non-executive director					
Mr. Guo Guanghui	–	–	–	–	–
	–	RMB4,784	RMB5,200	RMB288	RMB10,272

	'000	'000	'000	'000	'000
Executive director					
Mr. Wang Man Kwan, Paul* (note (a))	–	HK$1,204 (approximately RMB1,077)	HK$400 (approximately RMB358)	HK$51 (approximately RMB46)	HK$1,655 (approximately RMB1,481)
Non-executive director					
Mr. Yung Kwok Kee, Billy*	HK$400 (approximately RMB358)	–	–	–	HK$400 (approximately RMB358)
Independent non-executive directors					
Dr. Chung Shui Ming, Timpson*	HK$400 (approximately RMB358)	–	–	–	HK$400 (approximately RMB358)
Mr. Lam Kin Fung, Jeffrey*	HK$400 (approximately RMB358)	–	–	–	HK$400 (approximately RMB358)
Mr. Fan Chun Wah, Andrew* (note (b))	HK$307 (approximately RMB274)	–	–	–	HK$307 (approximately RMB274)
Mr. Lo Yiu Ching, Dantes* (note (b))	HK$94 (approximately RMB84)	–	–	–	HK$94 (approximately RMB84)
	HK$1,601 (approximately RMB1,432)	HK$1,204 (approximately RMB1,077)	HK$400 (approximately RMB358)	HK$51 (approximately RMB46)	HK$3,256 (approximately RMB2,913)

Notes to the Consolidated Financial Statements

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

Directors' emoluments (Continued)

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

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

* The amounts are paid in HK$. The RMB amounts are disclosed for presentation only.

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

Directors' emoluments (Continued)

Notes:

(a) With effect from 21 April 2023, Mr. Wang Man Kwan, Paul retired as executive director and Mr. Zhou Hancheng was appointed as executive director.

(b) With effect from 27 March 2023, Mr. Lo Yiu Ching, Dantes resigned as independent non-executive director and Mr. Fan Chun Wah, Andrew was appointed as independent non-executive director.

Five highest paid individuals

The five individuals with the highest emoluments in the Group include two (2022: three) directors, whose emoluments are included in the disclosures above. The emoluments of the remaining three (2022: two) highest paid individuals for the years ended 31 December 2023 and 2022 were as follows:

	2023	2022
	RMB'000	RMB'000
Salaries, allowances and other benefits	**3,443**	2,321
Discretionary bonus	**4,400**	5,654
Retirement fund contributions	**292**	187
	8,135	8,162

Their emoluments were within the following bands:

	Number of individuals	
	2023	2022
HK$2,500,001 – HK$3,000,000	**2**	–
HK$3,000,001 – HK$3,500,000	**1**	–
HK$4,000,001 – HK$4,500,000	**–**	1
HK$5,000,001 – HK$5,500,000	**–**	1

No emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2022: nil).

Notes to the Consolidated Financial Statements

15.INVESTMENT PROPERTIES

	2023 RMB'000	2022 RMB'000
Fair value		
At 1 January	**4,279,204**	3,978,235
Additions	**58,000**	23,000
Transfer from inventories of properties (note (a))	**633,248**	277,969
Transfer to property, plant and equipment (notes (b) and 16)	**(227,755)**	–
Transfer to right-of-use assets (notes (b) and 37(a))	**(121,184)**	–
At 31 December	**4,621,513**	4,279,204

Notes:

(a) During the years ended 31 December 2023 and 2022, the transfers mainly represented the reclassifications of certain residential, office and commercial units of certain property projects from inventories of properties to investment properties. No fair value gain or loss was recognized at the dates of the respective reclassifications.

(b) During the year ended 31 December 2023, the transfers mainly represented the reclassifications of building and land portion of certain hotel properties to property, plant and equipment and right-of-use assets, respectively on the dates of changes in use as the Group self-operate the hotels since then.

(c) The fair value of the investment properties as at 31 December 2023 and 2022 is a Level 3 recurring fair value measurement, which uses significant unobservable inputs (i.e. inputs not derived from market data).

For the year ended 31 December 2023 and 2022, no fair value gain or loss arose from remeasurement of the Group's investment properties.

The fair values of the Group's investment properties as at 31 December 2023 and 2022 were estimated by the directors mainly with reference to the property valuation at that dates conducted by CHFT Advisory and Appraisal Limited ("CHFT").

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

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

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

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
China Overseas International Center (comprise office units, shops and car parks)	Beijing	Direct comparison approach@: – For office units, shops and car parks	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	Office units and shops: RMB29,550 per square metre ("sq.m.") to RMB60,630 per sq.m. (2022: RMB34,471 per sq.m. to RMB61,279 per sq.m.) Car parks: RMB192,595 per unit (2022: RMB223,070 per unit)	The higher the selling price per unit, the higher the fair value
		Income approach@: – For office units and shops	Market yield, taking into account of yield generated from comparable properties and adjustment to reflect differences in property characteristics	2022: 6.0% to 7.3%	The higher the market yield, the lower the fair value
			Annual growth rate	2022: 2% to 3%	The higher the annual growth rate, the higher the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	2022: RMB184 per sq.m. to RMB317 per sq.m.	The higher the monthly rent, the higher the fair value

@ In assessing the fair value of the office units and the shops of China Overseas International Center as at 31 December 2023, direct comparison approach is used whereas for the year ended 31 December 2022, direct comparison approach and income approach were adopted. In light of the market conditions in the district to which the subject properties are situated and the characteristics of the subject properties, direct comparison approach is considered as more appropriate for assessing the fair value of the subject properties as at 31 December 2023.

Notes to the Consolidated Financial Statements

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Jin Xin Building (office units)	Shantou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB6,147 per sq.m. (2022: RMB6,653 per sq.m.)	The higher the selling price per unit, the higher the fair value
China Overseas Plaza – Mall (Universal City) (commercial units)	Lanzhou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB5,042 per sq.m. to RMB16,805 per sq.m. (2022: RMB9,934 per sq.m.)	The higher the selling price per unit, the higher the fair value
China Overseas Plaza – Shopping Street (Universal City) (commercial units)	Lanzhou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB5,850 per sq.m. to RMB11,700 per sq.m. (2022: RMB8,678 per sq.m.)	The higher the selling price per unit, the higher the fair value
China Overseas Plaza – Office Building (office units)	Lanzhou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB8,301 per sq.m. (2022: RMB8,301 per sq.m.)	The higher the selling price per unit, the higher the fair value
		Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	6% (2022: 6%)	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	6.25% (2022: 6.25%)	The higher the reversionary yield, the lower the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB51.3 per sq.m. (2022: RMB51.2 per sq.m.)	The higher the monthly rent, the higher the fair value

15.INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Huizhou Tangquan Hotel (note (b))	Huizhou	2022: Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	2022: 6.5%	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	2022: 6.7%	The higher the reversionary yield, the lower the fair value
			Annual growth rate	2022: 2.65%	The higher the annual growth rate, the higher the fair value
Shantou Nanbin Hotel (note (b))	Shantou	2022: Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	2022: 5.2%	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	2022: 5.4%	The higher the reversionary yield, the lower the fair value
			Annual growth rate	2022: 2.65%	The higher the annual growth rate, the higher the fair value

Notes to the Consolidated Financial Statements

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
City Plaza (commercial units)	Huizhou	Residual approach	Average unit price	RMB20,537 per sq.m. (2022: RMB20,416 per sq.m.)	The higher the average unit price, the higher the fair value
			Estimated costs to completion (including development cost and professional fees)	RMB2,178 per sq.m. (2022: RMB5,208 per sq.m.)	The higher the estimated costs to completion, the lower the fair value
			Estimated developer's profit	15% (2022: 15%)	The higher the estimated developer's profit, the lower the fair value
Central Mansion (commercial units)	Hefei	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB7,526 per sq.m. to RMB22,400 per sq.m. (2022: RMB7,426 per sq.m. to RMB22,100 per sq.m.)	The higher the selling price per unit, the higher the fair value
		Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	5.5% (2022: 5.75%)	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	5.75% (2022: 6.0%)	The higher the reversionary yield, the lower the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB80.9 per sq.m. (2022: RMB96.5 per sq.m.)	The higher the monthly rent, the higher the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Royal Villa (Residential)	Hefei	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB6,402 per sq.m. to RMB6,405 per sq.m. (2022: RMB6,404 per sq.m. to RMB6,428 per sq.m.)	The higher the selling price per unit, the higher the fair value
		Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	2.75% (2022: 2.75%)	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	2.85% (2022: 3.0%)	The higher the reversionary yield, the lower the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB16.6 per sq.m. to RMB17.4 per sq.m. (2022: RMB16.6 per sq.m. to RMB17.4 per sq.m.)	The higher the monthly rent, the higher the fair value
The Azure (office units) (note (a))	Hohhot	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB6,040 per sq.m. to RMB14,100 per sq.m.	The higher the selling price per unit, the higher the fair value
		Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	6.0%	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	6.5%	The higher the reversionary yield, the lower the fair value
			Rental growth rate	2%	The higher the rental growth rate, the higher the fair value

15.INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Left Bank (commercial units) (note (a))	Hohhot	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB9,450 per sq.m. to RMB19,170 per sq.m.	The higher the selling price per unit, the higher the fair value
		Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	6.0%	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	6.5%	The higher the reversionary yield, the lower the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB90.1 per sq.m.	The higher the monthly rent, the higher the fair value
The Phoenix (commercial units) (note (a))	Changzhou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB6,900 per sq.m.	The higher the selling price per unit, the higher the fair value
		Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	6.5%	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	7.0%	The higher the reversionary yield, the lower the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB39.8 per sq.m.	The higher the monthly rent, the higher the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Central Park (office units including hotel) (note (a))	Hefei	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB8,063 per sq.m to RMB8,270 per sq.m.	The higher the selling price per unit, the higher the fair value
		Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	Office units: 4.5% Hotel portion: 5.0%	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	Office units: 5.0% Hotel portion: 5.5%	The higher the reversionary yield, the lower the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	Office units: RMB46.6 per sq.m. Hotel portion: RMB47.6 per sq.m.	The higher the market rent, the higher the fair value
International Community (commercial units) (note (a))	Nanning	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB3,436 per sq.m. to RMB6,443 per sq.m.	The higher the selling price per unit, the higher the fair value
		Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	6.25%	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	6.5%	The higher the reversionary yield, the lower the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB45.1 per sq.m.	The higher the monthly rent, the higher the fair value

Notes to the Consolidated Financial Statements

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Fair value measurements are based on the highest and best use of the investment properties, which does not differ from their actual use.

During the years ended 31 December 2023 and 2022, there were no transfers into or out of Level 3 or any other level.

Under the direct comparison approach, fair value is estimated by reference to the selling prices of comparable properties in close proximity which have been adjusted for differences in key attributes of the properties being valued and the comparable properties such as property age, size, characteristics and facilities.

Under the income approach, fair value is estimated by taking into account the current and future market rents that the property is likely able to fetch in the open market on vacant possession basis and capitalized such rents in the remaining land use right term with appropriate property yield(s).

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

(d) The investment properties are leased to third parties and related companies under operating leases to earn rental income, further details of which are included in note 37(b).

16.PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST					
At 1 January 2022	889,520	3,557	83,056	29,043	1,005,176
Translation adjustment	–	330	11	153	494
Additions	–	–	1,890	448	2,338
Acquisition of a subsidiary (note 39(a))	–	–	71	–	71
Transferred from inventories of properties (note (a))	1,184	–	–	–	1,184
Disposals	–	–	(40)	(1,009)	(1,049)
Write-off	–	–	(1,134)	(737)	(1,871)
At 31 December 2022 and 1 January 2023	**890,704**	**3,887**	**83,854**	**27,898**	**1,006,343**
Translation adjustment	**–**	**65**	**3**	**30**	**98**
Additions	**–**	**–**	**28,860**	**650**	**29,510**
Transferred from investment properties (note 15(b))	**227,755**	**–**	**–**	**–**	**227,755**
Disposals	**–**	**–**	**(440)**	**(1,685)**	**(2,125)**
Write-off	**(39,970)**	**–**	**(2,635)**	**(1,034)**	**(43,639)**
At 31 December 2023	**1,078,489**	**3,952**	**109,642**	**25,859**	**1,217,942**
DEPRECIATION AND IMPAIRMENT					
At 1 January 2022	114,638	1,786	30,833	18,839	166,096
Translation adjustment	–	193	8	153	354
Depreciation provided	52,458	750	12,356	3,591	69,155
Disposals	–	–	(40)	(1,009)	(1,049)
Write-off	–	–	(1,103)	(737)	(1,840)
At 31 December 2022 and 1 January 2023	**167,096**	**2,729**	**42,054**	**20,837**	**232,716**
Translation adjustment	**–**	**57**	**2**	**30**	**89**
Depreciation provided	**74,802**	**778**	**12,569**	**3,826**	**91,975**
Disposals	**–**	**–**	**(347)**	**(1,517)**	**(1,864)**
Write-off	**–**	**–**	**(2,633)**	**(1,034)**	**(3,667)**
Impairment loss (note (b))	**81,460**	**–**	**–**	**–**	**81,460**
At 31 December 2023	**323,358**	**3,564**	**51,645**	**22,142**	**400,709**
NET CARRYING AMOUNT					
At 31 December 2023	**755,131**	**388**	**57,997**	**3,717**	**817,233**
At 31 December 2022	723,608	1,158	41,800	7,061	773,627

Notes to the Consolidated Financial Statements

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

(a) During the year ended 31 December 2022, the Group occupied certain office ancillary units for administrative purpose. These units were previously held for sale and classified as inventories of properties with carrying value of RMB2,095,000. Upon the change of use of the properties, the Group reclassified the respective land and building portion of these units amounting to RMB911,000 (note 37(a)) and RMB1,184,000 as right-of-use assets and building within property, plant and equipment respectively.

(b) As at 31 December 2023, in view of tourism development progress in Jiangxi Province in which the subject hotel properties were situated, the management concluded that there were indicators for impairment and conducted an impairment assessment on the subject hotel properties.

The recoverable amount of the cash-generating unit to which the subject hotel properties belong to was determined using value-in-use basis which was based on discounted cash flows expected to be derived from the operations of the subject hotel. The value-in-use calculations comprised cash flow projections based on financial budget approved by the management and key assumptions including hotel room income, other ancillary income and operating costs. These were determined by the management based on past performance and their expectation for the market development. The pre-tax discount rate applied to the cash flow projections was 6.1%, which reflected specific risks relating to the hotel operation in the PRC.

Based on the impairment assessment, the recoverable amount of the cash-generating unit to which the subject hotel properties belong to was estimated to be lower than its carrying amount by RMB81,460,000 and accordingly, impairment provision was recognized as to RMB81,460,000 for the relevant property, plant and equipment for the current year.

17. INTERESTS IN ASSOCIATES

	2023 **RMB'000**	2022 RMB'000
Share of net assets	**328,085**	182,635

Details of the Group's associates as at 31 December 2023 are set out in note 52.

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

	2023 **RMB'000**	2022 RMB'000
For the year ended 31 December		
Share of the associates' net profit for the year	**1,450**	18,853
Share of the associates' other comprehensive income for the year	**–**	–
Share of the associates' total comprehensive income for the year	**1,450**	18,853
Dividends received from associates	**–**	–
As at 31 December		
Aggregate carrying amount of the Group's interests in associates	**328,085**	182,635

18. INTERESTS IN JOINT VENTURES

	2023 **RMB'000**	2022 RMB'000
Share of net assets	**568,035**	686,896

The Group has equity interests in certain joint arrangements, which are separate structured vehicles established in the PRC. The Group has joint control over these arrangements as either unanimous consent is required from all parties to the arrangements for the relevant activities or having regard to the voting power in the shareholders' or directors' meeting, as appropriate.

The contractual arrangements provide the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for the liabilities of the joint arrangements resting primarily with the project companies. Accordingly, these joint arrangements are classified as joint ventures and accounted for in the consolidated financial statements using the equity method.

Details of the Group's joint ventures as at 31 December 2023 are set out in note 53.

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

	2023 **RMB'000**	2022 RMB'000
For the year ended 31 December		
Share of the joint ventures' net losses for the year	**(20,131)**	(242,314)
Share of the joint ventures' other comprehensive income for the year	**–**	–
Share of the joint ventures' total comprehensive income for the year	**(20,131)**	(242,314)
Dividend received from joint ventures	**59,153**	1,235
As at 31 December		
Aggregate carrying amount of the Group's interests in joint ventures	**568,035**	686,896

Notes to the Consolidated Financial Statements

19.INVENTORIES OF PROPERTIES

	2023 RMB'000	2022 RMB'000
Properties under development	**86,806,137**	116,053,145
Properties held for sale	**20,313,347**	15,838,210
	107,119,484	131,891,355

The Group's inventories of properties are carried at the lower of cost and net realizable value. As at 31 December 2023, provision of write-down of inventories of properties to net realizable value amounted to RMB4,063,512,000 (2022: RMB2,917,818,000).

Properties under development amounting to RMB68,934,620,000 as at 31 December 2023 (2022: RMB83,084,374,000) are not expected to be recovered within twelve months from the end of the reporting period.

Leasehold interests in land included in inventories of properties amounted to RMB71,684,431,000 as at 31 December 2023 (2022: RMB92,256,882,000).

As at 31 December 2023, inventories of properties with aggregate carrying value of RMB14,326,946,000 (2022: RMB11,783,229,000) were pledged as securities for the borrowings and banking facilities of the Group, which will be released upon the Group's settlement of the borrowings and banking facilities (note 44).

20.OTHER INVENTORIES

	2023 RMB'000	2022 RMB'000
Raw materials and consumables	**2,820**	4,165

21.CONTRACT COSTS

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

	2023 RMB'000	2022 RMB'000
Contract costs of obtaining contracts	**75,217**	128,524

Contract costs capitalized as at 31 December 2023 and 2022 related to the incremental costs incurred in obtaining the contracts, primarily sale commission and stamp duty paid/payable. Contract costs are recognized in profit or loss in the period in which revenue from the related property sales is recognized. The amount of capitalized contract costs recognized in profit or loss for the year ended 31 December 2023 was RMB205,221,000 (2022: RMB199,960,000). There was no impairment provision in relation to the capitalized contract costs as at 31 December 2023 (2022: nil).

22.TRADE AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables	**159,010**	45,138
Less: Loss allowance for trade receivables	**–**	–
Trade receivables, net (note (a))	**159,010**	45,138
Other receivables	**618,502**	658,407
	777,512	703,545

(a) Trade receivables

The credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary for different agreements. Rentals receivable from tenants and service income receivable from customers are generally due on presentation of invoices.

The ageing analysis of the Group's trade receivables based on invoice date or when appropriate, date of transfer of property, is as follows:

	2023 RMB'000	2022 RMB'000
30 days or below	**49,328**	15,343
31 – 60 days	**282**	548
61 – 90 days	**113**	297
91 – 180 days	**89,779**	6,552
181 – 360 days	**14,889**	291
Over 360 days	**4,619**	22,107
	159,010	45,138

(b) The Group recognizes loss allowance for trade and other receivables based on the accounting policies stated in note 4.9(ii). Further details of the Group's credit policy and credit risk arising from trade and other receivables are set out in note 50.3.

23.PREPAYMENTS AND DEPOSITS

The balance of prepayments and deposits comprise deposits and consideration amounting to RMB871,000,000 (2022: RMB570,000,000) in aggregate paid by the Group for the acquisition of lands in the PRC.

Notes to the Consolidated Financial Statements

24. AMOUNTS DUE FROM/TO ASSOCIATES

The amounts due as at 31 December 2023 and 2022 are unsecured, interest-free and repayable on demand.

25. AMOUNTS DUE FROM/TO JOINT VENTURES

The amounts due from joint ventures as at 31 December 2023 and 2022 are unsecured, repayable on demand and interest-bearing at fixed rate of 8% (2022: 6% to 8%) per annum, except for a sum amounting to RMB13,678,000 (2022: RMB15,116,000) which is interest-free.

The amounts due to joint ventures as at 31 December 2023 and 2022 are unsecured, interest-free and repayable on demand.

26. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

The amounts due from non-controlling shareholders as at 31 December 2023 and 2022 are unsecured, interest-free and repayable on demand, which arose from the distributions of surplus funds (generally being surplus cash after reserving for operating costs, liabilities scheduled for repayments and funds required for property development) in advance to the non-controlling shareholders on a pro-rata basis based on their respective equity interests in certain non-wholly-owned subsidiaries in accordance with the respective cooperation agreements, before being offset by those entities' potential declaration of dividends and/or return of capitals in the future. The Group also received the pro-rata share of the fund concurrently, which the current accounts derived with those non-wholly-owned subsidiaries will be eliminated upon consolidation of financial statements.

The amounts due to non-controlling shareholders as at 31 December 2023 are unsecured, interest-free and repayable on demand. The amounts due to non-controlling shareholders as at 31 December 2022 were unsecured, repayable on demand and interest-free except for a sum amounting to RMB1,837,088,000 which were interest-bearing at fixed rates ranging from 4.75% to 8% per annum.

As at 31 December 2023, balances of RMB51,390,000 (2022: RMB51,390,000) and RMB514,000,000 (2022: RMB534,000,000) respectively were due from and due to related companies of the Group.

27. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies as at 31 December 2023 and 2022 are unsecured, interest-free and repayable on demand except for a sum amounting to RMB75,026,000 (2022: RMB75,026,000) which is interest-bearing at fixed rate of 4.75% (2022: 4.75%) per annum and repayable on 18 October 2026 (2022: 18 October 2023).

28. CASH AND BANK BALANCES

Cash and bank balances included the deposits subject to usage restriction. In accordance with the relevant rules and regulations governing the monitoring of presale proceeds from sales of properties in the PRC, the Group is required to place in designated bank accounts a portion of the presale proceeds which are subject to supervision as to their usage. Under those rules and regulations, presale proceeds can only be used for payment of the construction costs of the related property projects. In addition, it cannot be utilised for meeting the short-term cash commitments including operational purposes and debt repayment at the discretion of the Group. To utilize the presale proceeds in the designated bank accounts, the Group is required to apply to and obtain approval from the banks and/or the municipal governments. Approval for such fund application is subject to the construction progress of the property projects and proper submission of the requested documents. Such supervision over the presale proceeds will be released after completion of development of the property projects or issuance of the real estate ownership certificates.

Cash subject to the above usage restrictions as at 31 December 2023 amounted to RMB5,956,977,000 (2022: RMB9,897,715,000).

Cash balances denominated in RMB amounted to approximately RMB25,747,067,000 (2022: RMB28,980,840,000) as at 31 December 2023. The RMB is not freely convertible into other currencies.

Cash at banks earns interest at prevailing market interest rates. Short-term time deposits are made for periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

As at 31 December 2023, the Group had short-term time deposits amounting to RMB190,684,000 (2022: RMB294,801,000), which had original maturity of seven days (2022: eight to nine days) and earned interest income at interest rates ranging from 4.325% to 5.10% (2022: 3.90% to 3.98%) per annum. The entire amount of short-term time deposits as of 31 December 2023 and 2022 were included in "Cash and cash equivalents".

Notes to the Consolidated Financial Statements

29. TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables	**15,887,120**	18,748,443
Other payables and accruals	**1,256,432**	1,723,560
Deposits received	**424,435**	358,618
	17,567,987	20,830,621

Other payables and accruals mainly included other tax payable of RMB464,387,000 (2022: RMB1,014,041,000) and royalty fee payable of RMB181,604,000 (2022: RMB178,667,000) (note 47(a)).

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

	2023 RMB'000	2022 RMB'000
30 days or below	**5,916,179**	7,190,923
31 – 60 days	**644,730**	591,383
61 – 90 days	**335,179**	755,721
91 – 180 days	**1,769,715**	2,375,782
181 – 360 days	**2,554,464**	3,110,061
Over 360 days	**4,666,853**	4,724,573
	15,887,120	18,748,443

30. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Property development – Sales deposits and instalments received	**40,829,178**	61,157,740

The Group receives payments of the contract sum (VAT inclusive) from customers based on billing schedule as set out in the contracts for sales of properties. Payments are usually received in advance of the performance under the sales contracts.

Revenue recognized for the year ended 31 December 2023 that was included in contract liabilities at the beginning of the year was RMB40,049,606,000 (2022: RMB44,189,977,000).

The amount of sales deposits and instalments received as at 31 December 2023 which is expected to be recognized as revenue after more than one year is RMB6,944,389,000 (2022: RMB10,505,743,000).

31.BANK AND OTHER BORROWINGS

	2023 RMB'000	2022 RMB'000
Bank borrowings	**31,308,813**	38,205,162
Other borrowings		
Asset-backed securities (note (a))	**–**	700,000
Real estate debt investment schemes (note (b))	**3,600,000**	4,100,000
	3,600,000	4,800,000
	34,908,813	43,005,162
Analysis into:		
Current liabilities	**13,555,442**	12,176,911
Non-current liabilities	**21,353,371**	30,828,251
	34,908,813	43,005,162

(a) Asset-backed securities

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

The 2022 ABS

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

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

Notes to the Consolidated Financial Statements

31.BANK AND OTHER BORROWINGS (CONTINUED)

(a) Asset-backed securities (Continued)

The 2022 ABS (Continued)

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

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

As at 31 December 2022, the fair value of the 2022 ABS was RMB698,040,000, which was determined with reference to quotation published by a leading financial market data provider.

The 2022 ABS were fully settled in July 2023.

(b) Real estate debt investment schemes

The Group established real estate debt investment schemes for the purpose of raising investment funds to finance the development of its property projects. The schemes involve respective trust whereby trust units were sold to raise fund which had been placed under the management of independent asset management companies as trustee of the respective schemes. Further details of these schemes are set out below.

(i) Shantou Zhiye Real Estate Debt Investment Scheme

In June 2021, 汕頭市中海宏洋置業有限公司 Shantou China Overseas Grand Oceans Property Limited* ("Shantou Zhiye"), an indirect wholly-owned subsidiary of the Company, as borrower, established a debt investment scheme (the "Shantou Zhiye Real Estate Debt Investment Scheme").

The amount of investment funds raised under the Shantou Zhiye Real Estate Debt Investment Scheme totalled RMB1,500,000,000 and bore interest at fixed coupon rate of 4.98% per annum, which the coupon rate for the entire outstanding debt was adjusted to 4.88% per annum with effect from July 2023 pursuant to a supplemental agreement entered into between Shantou Zhiye and the trustee. The funds raised had a maturity of five years on which date the amount drawdown plus interest accrued thereon would be repayable, subject to (i) recall at the option of the trustee; and (ii) early repayment at the option of Shantou Zhiye, both of which rights could be exercised, on the date falling 36 months after the drawdown date. Shantou Zhiye's obligations to pay the principal and interest under the Shantou Zhiye Real Estate Debt Investment Scheme were guaranteed by the Company and COGOP.

In February 2023, the Group and the trustee entered into a supplementary agreement in relation to the early settlement of an aggregate amount of RMB500,000,000.

As at 31 December 2023, the amortized cost of the outstanding debt under the Shantou Zhiye Real Estate Debt Investment Scheme was RMB1,000,000,000 (2022: RMB1,500,000,000). The balance as at 31 December 2023 was classified as current liabilities taking into account the recall option and the early repayment option which are exercisable within 12 months from the end of the reporting period as mentioned above.

31. BANK AND OTHER BORROWINGS (CONTINUED)

(b) Real estate debt investment schemes (Continued)

(ii) CGOSIL Real Estate Debt Investment Scheme

In July 2021, 中海宏洋(深圳)投資有限公司 China Overseas Grand Oceans (Shenzhen) Investment Company Limited*# ("CGOSIL"), an indirect wholly-owned subsidiary of the Company, as borrower, established a real estate debt investment scheme (the "CGOSIL Real Estate Debt Investment Scheme").

The amount of investment funds raised under CGOSIL Real Estate Debt Investment Scheme totalled RMB1,600,000,000, of which RMB1,500,000,000 was drawdown in 2021 and bore interest at fixed coupon rate of 4.98% per annum and the remaining balance of RMB100,000,000 was drawdown in 2022 and bore interest at fixed coupon rate of 4.88% per annum, which the coupon rate for the entire outstanding debt was further adjusted to 4.88% per annum with effect from September 2023 pursuant to a supplemental agreement entered into between CGOSIL and the trustee. The funds raised had a maturity of nine years on which date the amount drawdown plus interest accrued thereon would be repayable, subject to (i) recall at the option of the trustee; and (ii) early repayment at the option of CGOSIL, both of which rights could be exercised on the date of the third and the sixth anniversary of the drawdown date. CGOSIL's obligations to pay the principal and interest under CGOSIL Real Estate Debt Investment Scheme were guaranteed by the Company and COGOP.

As at 31 December 2023, the amortized cost of the outstanding debt under CGOSIL Real Estate Debt Investment Scheme was RMB1,600,000,000 (2022: RMB1,600,000,000). The balance as at 31 December 2023 was classified as current liabilities taking into account the recall option and the early repayment option which are exercisable within 12 months from the end of the reporting period as mentioned above.

(iii) Hefei Hairui Real Estate Debt Investment Scheme

In April 2022, 合肥中海海瑞房地產開發有限公司 Hefei China Overseas Huirui Real Estate Development Co., Ltd.* ("Hefei Hairui"), an indirect wholly-owned subsidiary of the Company, as borrower, established a real estate debt investment scheme (the "Hefei Hairui Real Estate Debt Investment Scheme").

The amount of investment funds raised under the Hefei Hairui Real Estate Debt Investment Scheme totalled RMB1,000,000,000 and bore interest at fixed coupon rate of 4.65% per annum. The funds raised had a maturity of nine years on which date the amount drawdown plus interest accrued thereon would be repayable, subject to (i) recall at option of the trustee; and (ii) early repayment at the option of Hefei Hairui, both of which rights could be exercised on the date of the second, third and the sixth anniversary of the drawdown date. Hefei Hairui's obligations to pay the principal and interest under the Hefei Hairui Real Estate Debt Investment Scheme were guaranteed by the Company and COGOP.

During the year ended 31 December 2023, Hefei Hairui resolved not to exercise the early repayment option and arranged with the trustee not to exercise the recall option in an amount of RMB200,000,000 which are exercisable in 2024 under the Hefei Hairui Real Estate Debt Investment Scheme.

* English translation is for identification only

\# The company name was changed to 中海宏洋(深圳)投資集團有限公司 China Overseas Grand Oceans (Shenzhen) Investment Group Company Limited* in 2022.

Notes to the Consolidated Financial Statements

31.BANK AND OTHER BORROWINGS (CONTINUED)

(b) Real estate debt investment schemes (Continued)

(iii) Hefei Hairui Real Estate Debt Investment Scheme (Continued)

As at 31 December 2023, the amortized cost of the outstanding debt under the Hefei Hairui Real Estate Debt Investment Scheme was RMB1,000,000,000 (2022: RMB1,000,000,000). The balance as at 31 December 2023 included an amount of RMB800,000,000 which was classified as current liabilities taking into account the recall option and early repayment option which are exercisable within 12 months from the end of the reporting period.

(c) Bank and other borrowings were scheduled for repayment as follows:

	2023 RMB'000	2022 RMB'000
Bank borrowings		
On demand or within one year	**10,255,442**	11,476,911
More than one year, but not exceeding two years	**11,179,212**	12,883,010
More than two years, but not exceeding five years	**9,560,827**	13,461,595
Over five years	**313,332**	383,646
	31,308,813	38,205,162

	2023 RMB'000	2022 RMB'000
Other borrowings		
On demand or within one year	**–**	700,000
More than two years, but not exceeding five years	**1,000,000**	1,500,000
Over five years	**2,600,000**	2,600,000
	3,600,000	4,800,000

The above analysis is based on scheduled repayment dates as set out in the loan agreements or the repayment schedules agreed with the banks and other lenders and ignore the effect of the recall option and the early repayment option of the real estate debt investment schemes as mentioned in note (b) above.

31. BANK AND OTHER BORROWINGS (CONTINUED)

(d) As at 31 December 2023, bank and other borrowings amounting to RMB3,583,120,000 (2022: RMB3,064,000,000) were secured by certain properties of the Group (note 44). In addition, other borrowings amounting to RMB700,000,000 as at 31 December 2022 were secured by the sales proceeds expected to be collected from the unit sales of the property projects as specified in the agreement of the 2022 ABS.

	2023 RMB'000	2022 RMB'000
Analysis into:		
Bank borrowings		
Secured	**3,583,120**	3,064,000
Unsecured	**27,725,693**	35,141,162
	31,308,813	38,205,162
Other borrowings		
Secured	**–**	700,000
Unsecured	**3,600,000**	4,100,000
	3,600,000	4,800,000
	34,908,813	43,005,162

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

	2023 RMB'000	2022 RMB'000
HK$	**10,528,466**	15,374,308
RMB	**24,380,347**	27,630,854
	34,908,813	43,005,162

(f) As at 31 December 2023, bank and other borrowings amounting to RMB836,055,000 (2022: RMB2,076,200,000) were guaranteed by the non-controlling shareholders of certain non-wholly-owned subsidiaries. The non-controlling shareholders in relation to part of such borrowings in the total sum of RMB134,400,000 (2022: RMB242,700,000) are related companies of the Group as they are fellow subsidiaries of COLI.

31. BANK AND OTHER BORROWINGS (CONTINUED)

(g) As at 31 December 2023, the Group's bank and other borrowings have been arranged as follows:

– borrowings denominated in HK$ are interest-bearing at floating rates ranging from 6.72% to 7.62% (2022: 5.15% to 6.89%) per annum; and

– borrowings denominated in RMB amounting to RMB14,867,847,000 (2022: RMB21,690,854,000) are interest-bearing at floating rates ranging from 2.60% to 4.40% (2022: 3.00% to 4.93%) per annum while the remaining balance of RMB9,512,500,000 (2022: RMB5,940,000,000) are interest-bearing at fixed rates ranging from 3.45% to 4.88% (2022: 2.70% to 5.07%) per annum.

In respect of those borrowings which have been arranged to finance property development projects, the Group is required to place the sales proceeds received from the buyers, and the rental income received and fund raised in relation to those projects into designated bank accounts. These bank accounts are subject to monitoring by the banks and the financial institutions which have priority to claim repayment for the borrowings from these designated accounts.

32. GUARANTEED NOTES AND CORPORATE BONDS

	2023 **RMB'000**	2022 RMB'000
Non-current liabilities		
Guaranteed notes (note (a))	**3,655,350**	3,593,302
Corporate bonds (note (b))	**5,000,000**	1,000,000
	8,655,350	4,593,302

The guaranteed notes and corporate bonds were scheduled for repayment as follows:

	2023 **RMB'000**	2022 RMB'000
More than one year, but not exceeding two years	**1,000,000**	–
More than two years, but not exceeding five years	**7,655,350**	4,593,302
	8,655,350	4,593,302

The above analysis is based on the repayment dates as set out in the agreements and ignore the effect of the recall option and the early repayment option of the corporate bonds as mentioned in note (b) below.

32. GUARANTEED NOTES AND CORPORATE BONDS (CONTINUED)

(a) Guaranteed notes

On 9 February 2021, the Company and China Overseas Grand Oceans Finance IV (Cayman) Limited ("COGO Finance IV"), a wholly-owned subsidiary of the Company incorporated in the Cayman Islands, entered into a subscription agreement (the "2021 Notes Subscription Agreement") regarding the issue of guaranteed notes by COGO Finance IV in aggregate principal amount of US$512,000,000 (the "2021 Guaranteed Notes"). The completion of the 2021 Notes Subscription Agreement took place and the 2021 Guaranteed Notes were issued on 9 February 2021. The 2021 Guaranteed Notes were issued at 99.916% of the principal amount and were listed on the Stock Exchange.

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

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

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

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

The net proceeds from the issue of the 2021 Guaranteed Notes at 99.916% of the principal amount after deducting the direct transaction costs of RMB10,966,000 were RMB3,310,714,000. The guaranteed notes are initially measured at fair value, net of directly attributable costs incurred and subsequently, measured at amortized cost using the effective interest rate of 2.5387% per annum. For the year ended 31 December 2023, imputed interest of RMB90,472,000 (2022: RMB87,103,000) was incurred.

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

	RMB'000
Carrying amount as at 1 January 2022	3,286,018
Imputed interest expense (note 10)	87,103
Finance costs paid	(84,333)
Translation adjustment	304,514
Carrying amount as at 31 December 2022 and 1 January 2023	**3,593,302**
Imputed interest expense (note 10)	**90,472**
Finance costs paid	**(87,524)**
Translation adjustment	**59,100**
Carrying amount as at 31 December 2023	**3,655,350**

As at 31 December 2023, the fair value of the 2021 Guaranteed Notes was RMB3,034,081,000 (2022: RMB3,458,884,000), which was determined with reference to quotation published by a leading financial market data provider.

Notes to the Consolidated Financial Statements

32.GUARANTEED NOTES AND CORPORATE BONDS (CONTINUED)

(b) Corporate bonds

At 31 December 2023 and 2022, the Group has the following corporate bonds issued with similar terms and conditions and different features:

Issue date	Principal amount RMB'000	Issue price	Fixed interest rate per annum	Maturity date	Fair value at 31 December 2023(v) RMB'000	Carrying amount at 31 December 2023 RMB'000	2022 RMB'000
21 October 2022	1,000,000(i)	100%	3.40%(iv)	24 October 2025	**990,200**	**1,000,000**	1,000,000
24 February 2023	1,000,000(i)	100%	3.90%(iv)	27 February 2026	**1,005,900**	**1,000,000**	–
31 March 2023	1,200,000(i)(ii)	100%	3.80%(iv)	3 April 2028	**1,201,680**	**1,200,000**	–
6 June 2023	500,000(i)(iii)	100%	3.05%(iv)	7 June 2027	**496,450**	**500,000**	–
20 November 2023	1,300,000(i)(iii)	100%	3.65%(iv)	21 November 2027	**1,300,910**	**1,300,000**	–
Total						**5,000,000**	1,000,000

Notes:

(i) The corporate bonds are unconditionally and irrevocably guaranteed by the Company and listed on the Shanghai Stock Exchange.

(ii) The corporate bond is with terms for adjustment of the coupon rate, redemption option and recall option at the end of the third year of the issue of the bonds.

(iii) The corporate bond is with terms for adjustment of the coupon rate, redemption option and recall option at the end of the second year of the issue of the bonds.

(iv) Payable annually.

(v) The fair values of the corporate bonds at 31 December 2023 are determined with reference to quotation published by leading financial market data providers or quoted market prices available on the relevant stock exchanges, as appropriate. The fair value measurement of these financial instruments is within Level 1 of the fair value hierarchy.

33. DEFERRED TAX

Details of the deferred tax liabilities and assets recognized by the Group and movements during the current and prior years are as follows:

	Inventories of properties RMB'000	Revaluation of properties RMB'000	Provision for LAT RMB'000	Withholding tax RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2022	542,760	630,319	(1,175,858)	1,405,518	(393,718)	1,009,021
Acquisition of a subsidiary (note 39(a))	(2,933)	–	–	–	–	(2,933)
(Credited)/Charged to profit or loss (note 11)	(473,468)	(311)	321,603	(107,855)	13,086	(246,945)
Reclassification upon change in use of the properties	719	(719)	–	–	–	–
At 31 December 2022 and 1 January 2023	**67,078**	**629,289**	**(854,255)**	**1,297,663**	**(380,632)**	**759,143**
(Credited)/Charged to profit or loss (note 11)	**(17,121)**	**(362)**	**165,974**	**(102,775)**	**(25,271)**	**20,445**
At 31 December 2023	**49,957**	**628,927**	**(688,281)**	**1,194,888**	**(405,903)**	**779,588**

Represented by:

	2023 RMB'000	2022 RMB'000
Deferred tax liabilities	**2,487,150**	2,635,819
Deferred tax assets	**(1,707,562)**	(1,876,676)
	779,588	759,143

The two-tiered profits tax rates regime have no material impact on the deferred tax balances of the Group as at 31 December 2023 and 2022 as the qualifying entity nominated by the Group did not have material temporary differences as at 31 December 2023 and 2022. Deferred tax assets and liabilities of other group entities that are subject to Hong Kong profits tax continue to be measured using a flat rate of 16.5%.

Notes to the Consolidated Financial Statements

33. DEFERRED TAX (CONTINUED)

As at 31 December 2023, the Group has unused tax losses of RMB2,261,607,000 (2022: RMB1,869,509,000) available for offset against future profits. Deferred tax assets of RMB405,903,000 (2022: RMB380,632,000) have been recognized in respect of tax losses of approximately RMB1,623,609,000 (2022: RMB1,522,526,000). No deferred tax assets have been recognized in respect of the remaining tax losses of RMB637,998,000 (2022: RMB346,983,000) due to unpredictability of future profit streams. The tax losses incurred by the relevant subsidiaries may be carried forward for five years from the financial year when the corresponding loss was incurred.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated by the subsidiaries from 1 January 2008 and the applicable tax rates are 5% or 10%.

As at 31 December 2023, deferred tax liabilities of approximately RMB1,194,888,000 (2022: RMB1,297,663,000) have been recognized in respect of the undistributed earnings of certain PRC subsidiaries amounting to approximately RMB23,897,767,000 (2022: RMB25,953,257,000). Deferred tax liabilities of approximately RMB513,753,000 as at 31 December 2023 (2022: RMB8,869,000) have not been established for the withholding and other taxation that would be payable on the unremitted earnings of other relevant PRC subsidiaries as at 31 December 2023, as in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. Such unremitted earnings amounted to approximately RMB10,275,052,000 as at 31 December 2023 (2022: RMB177,393,000).

34. SHARE CAPITAL

	Number of ordinary shares	Carrying amount RMB'000
Issued and fully paid – ordinary shares with no par:		
At 1 January 2022	**3,423,359,841**	**5,579,100**
Issue of shares in respect of scrip dividend of 2021 final dividend (note 12(b))	**136,014,891**	**468,272**
At 31 December 2022, 1 January 2023 and 31 December 2023	**3,559,374,732**	**6,047,372**

35. RESERVES

THE GROUP

Details of the movements in the Group's reserves are set out in the consolidated statement of changes in equity. The nature and purpose of the reserves are as follows:

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities into the presentation currency in accordance with the accounting policy set out in note 4.14.

Asset revaluation reserve

Asset revaluation reserve arises from revaluation of assets such as properties (excluding investment properties).

Financial assets at fair value through other comprehensive income reserve

Financial assets at fair value through other comprehensive income reserve comprises the cumulative net changes in fair value of equity instruments designated at financial assets at fair value through other comprehensive income under HKFRS 9 that are held at the end of the reporting period.

Statutory reserve

In accordance with the relevant PRC rules and regulations, certain subsidiaries of the Company are required to appropriate certain percentage of their profits after tax to the respective statutory reserve. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to make good previous years' losses, if any, or to increase the paid-up capital of the respective subsidiaries, and may be used for capital expenditure on staff welfare facilities, as appropriate.

Retained profits

Retained profits of the Group comprise:

	2023 **RMB'000**	2022 RMB'000
Proposed final dividend for the year (note 12(a))	**355,517**	476,957
Retained profits after proposed dividend	**23,549,332**	21,714,920
Total retained profits as at 31 December	**23,904,849**	22,191,877

Notes to the Consolidated Financial Statements

35. RESERVES (CONTINUED)

THE COMPANY

Details of the movements on the Company's reserves are as follows:

	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2022	(123,214)	1,852,104	1,728,890
Profit for the year	–	735,156	735,156
Other comprehensive income for the year			
Exchange differences arising from translation into presentation currency	674,396	–	674,396
2022 interim dividend paid (note 12(a))	–	(184,871)	(184,871)
2021 final dividend paid (note 12(b))	–	(878,160)	(878,160)
At 31 December 2022 and 1 January 2023	**551,182**	**1,524,229**	**2,075,411**
Profit for the year	**–**	**672,080**	**672,080**
Other comprehensive income for the year			
Exchange differences arising from translation into presentation currency	**151,953**	**–**	**151,953**
2023 interim dividend paid (note 12(a))	**–**	**(163,454)**	**(163,454)**
2022 final dividend paid (note 12(b))	**–**	**(491,264)**	**(491,264)**
At 31 December 2023	**703,135**	**1,541,591**	**2,244,726**

Retained profits of the Company comprise:

	2023 RMB'000	2022 RMB'000
Final dividend proposed for the year (note 12(a))	**355,517**	476,957
Retained profits after proposed dividend	**1,186,074**	1,047,272
Total retained profits as at 31 December	**1,541,591**	1,524,229

36. NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2023 were RMB6,825,984,000 (2022: RMB7,458,956,000), which are attributed to those non-wholly-owned subsidiaries of the Company.

The following tables list out the information relating to certain non-wholly-owned subsidiaries, which are considered to have material non-controlling interests as at 31 December 2023. These non-wholly-owned subsidiaries are principally engaged in property development in the PRC. The non-controlling interests of other non-wholly-owned subsidiaries are considered not material to the Group.

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

	2023 RMB'000	2022 RMB'000
Percentage held by non-controlling shareholders		
– Equity interests	**66%**	66%
– Voting right	**49%**	49%
Loss for the year attributable to non-controlling interests	**(61,517)**	(3,660)
Dividend paid to non-controlling shareholders	**–**	–
Carrying amount of non-controlling interests at the end of the reporting period	**1,256,965**	1,318,482
Summarized financial information of Hefei Qisheng		
As at 31 December		
Current assets	**9,362,784**	4,299,649
Non-current assets	**206,289**	23,822
Current liabilities	**6,442,060**	1,709,419
Non-current liabilities	**1,222,478**	616,319
For the year ended 31 December		
Revenue	**–**	–
Loss for the year	**(93,208)**	(5,545)
Total comprehensive income for the year	**(93,208)**	(5,545)
Cash flows from/(used in) operating activities	**2,894,360**	(3,348,363)
Cash flows (used in)/from investing activities	**(2,600,823)**	223
Cash flows from financing activities	**163,028**	3,555,498

Notes to the Consolidated Financial Statements

36. NON-CONTROLLING INTERESTS (CONTINUED)

(b) 合肥中海海榮房地產有限責任公司 Hefei Zhonghai Hairong Properties Development Co., Ltd.* ("Hefei Hairong")

	2023 RMB'000	2022 RMB'000
Percentage held by non-controlling shareholders		
– Equity interests	**40%**	40%
– Voting right	**40%**	40%
Profit/(Loss) for the year attributable to non-controlling interests	**163,211**	(8,797)
Dividend attributable to non-controlling interests	**120,000**	–
Dividend paid to non-controlling shareholders	**–**	–
Carrying amount of non-controlling interests at the end of the reporting period	**454,520**	411,309
Summarized financial information of Hefei Hairong		
As at 31 December		
Current assets	**1,249,621**	4,943,414
Non-current assets	**565**	137,368
Current liabilities	**113,888**	4,034,336
Non-current liabilities	**–**	18,175
For the year ended 31 December		
Revenue	**3,550,699**	–
Profit/(Loss) for the year	**408,026**	(21,993)
Total comprehensive income for the year	**408,026**	(21,993)
Cash flows used in operating activities	**(69,168)**	(188,006)
Cash flows from investing activities	**153,371**	145,489
Cash flows from financing activities	**2,168**	1,688

36. NON-CONTROLLING INTERESTS (CONTINUED)

(c) 合肥中海宏洋海晟房地產開發有限公司 Hefei Zhonghai Hongyang Haicheng Properties Development Co., Ltd.* ("Hefei Haicheng")

	2023 RMB'000	2022 RMB'000
Percentage held by non-controlling shareholders		
– Equity interests	**40%**	40%
– Voting right	**40%**	40%
Profit for the year attributable to non-controlling interests	**126,122**	87,224
Dividend paid to non-controlling shareholders	**–**	–
Carrying amount of non-controlling interests at the end of the reporting period	**181,926**	55,804
Summarized financial information of Hefei Haicheng		
As at 31 December		
Current assets	**598,138**	2,091,855
Non-current assets	**863**	95,566
Current liabilities	**144,186**	2,038,587
Non-current liabilities	**–**	9,323
For the year ended 31 December		
Revenue	**1,693,016**	3,168,977
Profit for the year	**315,304**	218,061
Total comprehensive income for the year	**315,304**	218,061
Cash flows (used in)/from operating activities	**(37,480)**	221,768
Cash flows from/(used in) investing activities	**29,616**	(287,086)
Cash flows from/(used in) financing activities	**9,593**	(229,500)

Notes to the Consolidated Financial Statements

36. NON-CONTROLLING INTERESTS (CONTINUED)

(d) 惠州市海平地產有限公司 Huizhou Haiping Properties Development Co., Ltd.* ("Huizhou Haiping Properties")

	2023 RMB'000	2022 RMB'000
Percentage held by non-controlling shareholders		
– Equity interests	**40%**	40%
– Voting right	**40%**	40%
(Loss)/Profit for the year attributable to non-controlling interests	**(112,120)**	11,159
Dividend paid to non-controlling shareholders	**–**	–
Carrying amount of non-controlling interests at the end of the reporting period	**215,877**	327,997
Summarized financial information of Huizhou Haiping Properties		
As at 31 December		
Current assets	**1,483,777**	1,934,119
Non-current assets	**114**	1,139
Current liabilities	**622,743**	1,114,952
Non-current liabilities	**321,455**	312
For the year ended 31 December		
Revenue	**102,094**	525,895
(Loss)/Profit for the year	**(280,300)**	27,897
Total comprehensive income for the year	**(280,300)**	27,897
Cash flows used in operating activities	**(136,232)**	(30,369)
Cash flows from/(used in) investing activities	**8,498**	(5,507)
Cash flows from financing activities	**12,336**	51,322

36. NON-CONTROLLING INTERESTS (CONTINUED)

(e) 金華海盛置業有限公司 Jinhua Haisheng Zhiye Co., Ltd.* ("Jinhua Haisheng")

	2023 RMB'000	2022 RMB'000
Percentage held by non-controlling shareholders		
– Equity interests	**50%**	50%
– Voting right	**49%**	49%
Loss for the year attributable to non-controlling interests	**(107,487)**	(64,298)
Dividend paid to non-controlling shareholders	**–**	–
Carrying amount of non-controlling interests at the end of the reporting period	**125,191**	232,678
Summarized financial information of Jinhua Haisheng		
As at 31 December		
Current assets	**2,031,927**	1,959,302
Non-current assets	**25**	18,345
Current liabilities	**1,781,570**	887,778
Non-current liabilities	**–**	624,513
For the year ended 31 December		
Revenue	**–**	–
Loss for the year	**(214,973)**	(128,596)
Total comprehensive income for the year	**(214,973)**	(128,596)
Cash flows from operating activities	**135,767**	331,937
Cash flows from/(used in) investing activities	**56,261**	(48,213)
Cash flows used in financing activities	**(192,715)**	(271,703)

* English translation is for identification only

37. LEASES

(a) The Group as lessee

Nature of leasing activities

The Group has interests in leasehold land and buildings where the Group is the registered owner of those property interests. In addition, the Group leases various properties including office premises, quarters and shopping mall. For certain leases, the periodic rent is fixed over the lease term whereas for other leases, rental is adjusted periodically at predetermined rate. Leases of these properties are negotiated for periods ranging from two to six years (2022: two to six years).

Right-of-use assets

The carrying amounts of right-of-use assets recognized and the movements during the current and prior years are as follows:

	Land use rights of properties with ownership interests held for own use RMB'000	Other properties leased for own use RMB'000	Total RMB'000
At 1 January 2022	214,215	42,263	256,478
Translation adjustment	–	1,172	1,172
Additions	–	24,120	24,120
Reclassification from inventories of properties (note 16(a))	911	–	911
Depreciation provided	(7,914)	(17,634)	(25,548)
At 31 December 2022 and 1 January 2023	**207,212**	**49,921**	**257,133**
Translation adjustment	**–**	**202**	**202**
Transferred from investment properties (note 15(b))	**121,184**	**–**	**121,184**
Depreciation provided	**(10,030)**	**(14,803)**	**(24,833)**
At 31 December 2023	**318,366**	**35,320**	**353,686**

During the year ended 31 December 2023, the Group derived income from subleasing right-of-use assets amounting to RMB14,158,000 (2022: RMB12,999,000).

Notes to the Consolidated Financial Statements

37. LEASES (CONTINUED)

(a) The Group as lessee (Continued)

Lease liabilities

The movements of lease liabilities during the current and prior years are as follows:

	Other properties leased for own use RMB'000
At 1 January 2022	42,733
Translation adjustment	1,162
Additions	24,120
Interest expense (note 10)	1,396
Lease payments	(18,614)
At 31 December 2022 and 1 January 2023	**50,797**
Translation adjustment	**211**
Interest expense (note 10)	**1,161**
Lease payments	**(16,018)**
At 31 December 2023	**36,151**

Future lease payments are due as follows:

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2023			
Not later than one year	**12,476**	**(812)**	**11,664**
Later than one year and not later than two years	**9,547**	**(542)**	**9,005**
Later than two years and not later than five years	**14,828**	**(580)**	**14,248**
Later than five years	**1,250**	**(16)**	**1,234**
	38,101	**(1,950)**	**36,151**
As at 31 December 2022			
Not later than one year	16,013	(1,161)	14,852
Later than one year and not later than two years	12,231	(808)	11,423
Later than two years and not later than five years	21,906	(1,036)	20,870
Later than five years	3,750	(98)	3,652
	53,900	(3,103)	50,797

Notes to the Consolidated Financial Statements

37.LEASES (CONTINUED)

(a) The Group as lessee (Continued)

Lease liabilities (Continued)

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

	2023 RMB'000	2022 RMB'000
Current liabilities	**11,664**	14,852
Non-current liabilities	**24,487**	35,945
	36,151	50,797

For the year ended 31 December 2023, the Group had total cash outflows for leases including short-term leases of RMB20,064,000 (2022: RMB22,898,000).

(b) The Group as lessor

The Group leases out its investment properties (note 15), the shopping mall and certain units of inventories of properties under operating lease arrangements with leases negotiated for period ranging from six months to twenty years (2022: seventeen months to twenty years). For certain leases, the periodic rent is fixed over the lease term whereas for other leases, rental is adjusted periodically at predetermined rate. Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2023 and 2022 are as follows:

	2023 RMB'000	2022 RMB'000
Within one year	**293,980**	234,878
After one year but within two years	**234,845**	116,315
After two years but within three years	**171,915**	87,011
After three years but within four years	**115,689**	64,899
After four years but within five years	**49,195**	43,279
Over five years	**95,044**	83,457
	960,668	629,839

38. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**2023 RMB'000**	2022 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**455**	1,236
Right-of-use assets		**12,200**	15,604
Interests in subsidiaries	51	**1,765,257**	1,736,714
		1,777,912	1,753,554
Current assets			
Other receivables, prepayments and deposits		**2,117**	1,148
Amounts due from subsidiaries		**24,345,646**	25,348,871
Cash and bank balances		**334,717**	363,468
		24,682,480	25,713,487
Current liabilities			
Other payables and accruals		**88,806**	25,412
Amounts due to subsidiaries		**3,853,195**	4,589,766
Lease liabilities – due within one year		**3,724**	3,588
Bank borrowings – due within one year		**2,195,769**	3,626,675
		6,141,494	8,245,441
Net current assets		**18,540,986**	17,468,046
Non-current liabilities			
Bank borrowings – due after one year		**12,017,797**	11,086,296
Lease liabilities – due after one year		**9,003**	12,521
		12,026,800	11,098,817
Net assets		**8,292,098**	8,122,783
CAPITAL AND RESERVES			
Share capital	34	**6,047,372**	6,047,372
Reserves	35	**2,244,726**	2,075,411
Total equity		**8,292,098**	8,122,783

On behalf of the directors

Zhuang Yong
Director

Zhou Hancheng
Director

39. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2022

(a) Xuzhou Weituo Acquisition

On 28 January 2022, COGOP entered into a sale and purchase agreement (the "Xuzhou Weituo Agreement") with 徐州雅建企業管理有限公司 Xuzhou Yajian Enterprise Management Co., Ltd.* ("Xuzhou Yajian") for the acquisition of 33% equity interest in 徐州威拓房地產開發有限公司 Xuzhou Weituo Property Development Co., Ltd.* ("Xuzhou Weituo") and the loan due from Xuzhou Weituo to Xuzhou Yajian at a total consideration of approximately RMB271,401,000 (the "Xuzhou Weituo Acquisition"). The Xuzhou Weituo Acquisition was completed in January 2022.

Xuzhou Weituo is a limited liability company established in the PRC and is principally engaged in property development in Xuzhou. Before the Xuzhou Weituo Acquisition, the Group held 33% equity interest in Xuzhou Weituo and Xuzhou Weituo was accounted for as an associate. Upon completion of the Xuzhou Weituo Acquisition, the Group's equity interest in Xuzhou Weituo increased from 33% to 66% and the Group obtained control over Xuzhou Weituo, which became an indirect non-wholly-owned subsidiary of the Company. The Xuzhou Weituo Acquisition was accounted for as an acquisition of business using the acquisition method.

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

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

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2022 (Continued)

(a) Xuzhou Weituo Acquisition (Continued)

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

Notes:

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

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

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

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

Notes to the Consolidated Financial Statements

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2022 (Continued)

(a) Xuzhou Weituo Acquisition (Continued)

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

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

For the year ended 31 December 2022, Xuzhou Weituo did not contribute any revenue but contributed loss of RMB19,216,000 to the Group since the acquisition date. Had the Xuzhou Weituo Acquisition been occurred on 1 January 2022, the Group's revenue and profit for the year ended 31 December 2022 would have been RMB57,492,018,000 and RMB3,055,169,000 respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Xuzhou Weituo Acquisition been completed on 1 January 2022, nor is it intended to be a projection of future performance.

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

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2022 (Continued)

(b) Shantou Haifu Acquisition

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

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

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

	2022 RMB'000
Aggregate of consideration transferred	
Purchase price pursuant to the Shantou Haifu Agreement	1,024,038
Less: Amount for settlement of the shareholder's loan due to Longguang Bahao, the former shareholder	(975,708)
	48,330
Recognized amounts of identifiable assets acquired and liabilities assumed	
Inventories of properties	1,021,593
Other receivables	2,065
Cash and bank balances	387
Taxation liabilities	(7)
Amounts due to related companies	(975,708)
Total identified net assets at fair value	48,330

Notes to the Consolidated Financial Statements

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2022 (Continued)

(b) Shantou Haifu Acquisition (Continued)

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

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

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

The Group entered into sale and purchase agreements in relation to the acquisitions of additional equity interests in the subsidiaries as follows:

For the year ended 31 December 2023

(a) Huizhou Haiping Real Estate

On 20 September 2023, CGOSIL entered into an agreement with 深圳市創應企業管理有限公司 Shenzhen City Chuangying Enterprise Management Co., Ltd.* ("Shenzhen Chuangying") in respect of the acquisition of 40% equity interest in 惠州市海平置業有限公司 Huizhou City Haiping Real Estate Co., Ltd.* ("Huizhou Haiping Real Estate") at total consideration of approximately RMB480,098,000 (the "Huizhou Haiping Real Estate Acquisition"), of which approximately RMB373,359,000 was settled by setting off the amount due from Shenzhen Chuangying to Huizhou Haiping Real Estate and the remaining amount of approximately RMB106,739,000 was settled by cash. The Huizhou Haiping Real Estate Acquisition was completed in September 2023.

Huizhou Haiping Real Estate is a limited liability company established in the PRC and is principally engaged in property development in Huizhou. Before the Huizhou Haiping Real Estate Acquisition, Huizhou Haiping Real Estate was owned as to 60% by CGOSIL and 40% by Shenzhen Chuangying, and Huizhou Haiping Real Estate was an indirect non-wholly-owned subsidiary of the Company. Upon the completion of the Huizhou Haiping Real Estate Acquisition, the Group's equity interest in Huizhou Haiping Real Estate increased from 60% to 100% and Huizhou Haiping Real Estate became an indirect wholly-owned subsidiary of the Company.

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

For the year ended 31 December 2023 (Continued)

(a) Huizhou Haiping Real Estate (Continued)

Huizhou Haiping Real Estate remained as a subsidiary of the Company after the acquisition. The acquisition of the additional equity interest in Huizhou Haiping Real Estate was accounted for as equity transaction as follows:

	2023 RMB'000
Consideration pursuant to agreement	(480,098)
Net assets attributable to the additional 40% equity interest of Huizhou Haiping Real Estate	486,297
Increase in equity attributable to owners of the Company	6,199

An analysis of the cash flows in respect of the Huizhou Haiping Real Estate Acquisition:

	2023 RMB'000
Consideration pursuant to agreement	(480,098)
Less: Settlement of amount due from Shenzhen Chuangying, former shareholder, to Huizhou Haiping Real Estate	373,359
Net outflow of cash and cash equivalents in cash flows from financing activities	(106,739)

Notes to the Consolidated Financial Statements

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

For the year ended 31 December 2022

(b) Yiwu Haichuang, Xuzhou Runyao and Hefei Haifu

Yiwu Haichuang

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

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

Xuzhou Runyao

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

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

* English translation is for identification only

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

For the year ended 31 December 2022 (Continued)

(b) Yiwu Haichuang, Xuzhou Runyao and Hefei Haifu (Continued)

Hefei Haifu

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

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

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

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

Notes to the Consolidated Financial Statements

41. DEEMED DISPOSAL OF INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL

For the year ended 31 December 2022

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

(a) Changzhou Haicheng

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

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

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

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

(b) Changzhou Haihong

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

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

* English translation is for identification only

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

For the year ended 31 December 2022 (Continued)

(b) Changzhou Haihong (Continued)

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

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

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

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

Notes to the Consolidated Financial Statements

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

	Bank and other borrowings RMB'000	Guaranteed notes and corporate bonds RMB'000 (note 32)	Lease liabilities RMB'000 (note 37(a))	Amounts due to associates RMB'000	Amounts due to joint ventures RMB'000	Amounts due to non-controlling shareholders RMB'000	Amounts due to related companies RMB'000
As at 1 January 2023	43,005,162	4,593,302	50,797	10,516	287,318	6,199,342	261,145
Changes from cash flows:							
Proceeds from new borrowings	10,242,102	–	–	–	–	–	–
Repayments of borrowings	(18,616,996)	–	–	–	–	–	–
Proceeds from issue of corporate bonds	–	4,000,000	–	–	–	–	–
Advances received	–	–	–	86,191	254,072	1,244,503	–
Repayments of advances	–	–	–	(53,296)	(173,606)	(1,800,900)	–
Capital element of lease payment	–	–	(14,857)	–	–	–	–
Interest element of lease payment	–	–	(1,161)	–	–	–	–
Other interest paid	(1,932,546)	(114,821)	–	–	–	–	(3,564)
	(10,307,440)	3,885,179	(16,018)	32,895	80,466	(556,397)	(3,564)
Exchange adjustment	278,545	59,100	211	–	–	–	–
Other changes:							
Interest expenses	1,975,222	201,358	1,161	–	–	30,666	3,564
Return of capital by a joint venture (note (c))	–	–	–	–	(39,577)	–	–
Dividend distributed by a joint venture (note (c))	–	–	–	–	(59,153)	–	–
Interest accruals	(42,676)	(83,589)	–	–	–	–	–
	1,932,546	117,769	1,161	–	(98,730)	30,666	3,564
As at 31 December 2023	34,908,813	8,655,350	36,151	43,411	269,054	5,673,611	261,145

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

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

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

Notes to the Consolidated Financial Statements

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

(b) During the year ended 31 December 2023, return of capital and dividends attributable to non-controlling shareholders amounting to RMB123,000,000 (2022: RMB625,047,000) and RMB429,951,000 (2022: RMB380,574,000) were settled through the current accounts with the non-controlling shareholders and the respective amounts were included in "Amounts due from non-controlling shareholders".

(c) During the year ended 31 December 2023, return of capital and dividend distributed by a joint venture to Company amounting to RMB39,577,000 (2022: nil) and RMB59,153,000 (2022: nil) were settled through the current account with the joint venture and the respective amounts were included in "Amounts due to joint ventures".

43. RETIREMENT BENEFITS SCHEMES

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

The employees of the subsidiaries of the Company which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute a specified percentage of their payroll costs to the central pension scheme to fund the benefits. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations under these plans are limited to the fixed percentage contribution payable.

The total expenses recognized in profit or loss of RMB73,042,000 (2022: RMB65,166,000) represent contributions paid/payable to these schemes by the Group in the year.

Under the MPF Scheme, the Group's existing level of contributions can be reduced by contributions forfeited by the Group on behalf of those employees who leave the scheme prior to vesting fully in such contributions. During the year ended 31 December 2023, no forfeited contributions were utilized by the Group to reduce the contribution paid/payable to the MPF scheme (2022: nil).

As at 31 December 2023, no forfeited contribution under these schemes is available to reduce the contribution payable in future (2022: nil).

44. PLEDGE OF ASSETS

As at 31 December 2023, the carrying amount of the assets pledged by the Group to secure for borrowings and banking facilities granted to the Group are analyzed as follows:

	2023 **RMB'000**	2022 RMB'000
Pledge for borrowings and banking facilities of the Group		
– Inventories of properties (note 19)	**14,326,946**	11,783,229

45. OTHER COMMITMENTS

As at 31 December 2023, the Group had other significant commitments as follows:

	2023 **RMB'000**	2022 RMB'000
Contracted for but not provided for in the consolidated financial statements:		
– Investment in equity interests	**204,600**	204,600
– Acquisition of land	**1,188,800**	–
– Property development	**15,164,856**	26,284,621
	16,558,256	26,489,221

Notes to the Consolidated Financial Statements

46. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE CONTRACTS

(a) Guarantees

As at 31 December 2023, the Group provided guarantees to banks and government agencies for mortgage loans granted to certain purchasers of the Group's properties and for the banking facilities granted to the joint venture and an associate. The amount of the guarantees provided by the Group as at 31 December 2023 and 2022 are as follows:

	2023 **RMB'000**	2022 RMB'000
Mortgage loans granted by banks and government agencies to certain purchasers of the Group's properties	**23,856,137**	32,901,601
Bank loans granted by the banks to the joint venture	**357,266**	455,474
Bank loan granted by a bank to an associate	**73,010**	–
	24,286,413	33,357,075

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

(b) Other contingent liabilities

The Group, being a property developer in the PRC, is subject to extensive government requirements in many aspects of its property development operations, including but not limited to land acquisition and transfer, planning and construction works, etc. In the ordinary course of business, several development projects of the Group are behind the development timeline as stipulated in the land transfer agreements or approved by the local authorities. According to the regulation "Measures for Disposal of Unused Land" and other relevant regulations, the government is empowered to levy idle land penalty and, in extreme cases, confiscate the undeveloped land depending on circumstances. In addition, the delay in development may constitute default in contract terms of the underlying land transfer agreements, of which the transferor can claim for liquidated damages.

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

47.RELATED PARTY TRANSACTIONS

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

(a) On 26 March 2020, the Company and COLI entered into a trademark licence agreement (the "Trademark Licence Agreement") to renew the trademark licence agreement dated 31 March 2017, pursuant to which COLI grants a non-exclusive right to the Company, its subsidiaries and the member company as defined in the Trademark Licence Agreement, a licence to use the trademark "中海地產" (the "Trademark") in the PRC for a term commenced from 1 April 2020 and ended on 31 March 2023 (both days inclusive). The Trademark is registered in the PRC and owned by China Overseas Group Trade Mark Limited ("COGTM"), a subsidiary of COLI.

Pursuant to the Trademark Licence Agreement, the Company agrees to pay COLI in cash 1% of its audited annual consolidated turnover for each of the three years ended 31 December 2022 as royalty. The royalty payments are to be made in arrears on or before 31 March each succeeding year until the expiry or earlier termination of the Trademark Licence Agreement. The total royalty payable under the Trademark Licence Agreement for each of the twelve-month period between 1 April 2020 and 31 March 2023 shall not exceed HK$200 million.

The Trademark Licence Agreement expired on 31 March 2023. On 30 March 2023, the Company and COGTM entered into a new trademark licence agreement (the "New Trademark Licence Agreement") to renew the Trademark Licence Agreement, pursuant to which COGTM grants the Company, its subsidiaries and the member company as defined in the New Trademark Licence Agreement, a non-exclusive right to use the Trademark in the PRC for a term of three years commenced from 1 April 2023 and ending on 31 March 2026 (both days inclusive).

Pursuant to the New Trademark Licence Agreement, the Company agrees to pay COGTM (or person designated by COGTM) in cash 1% of its audited annual consolidated turnover of each of the year ended 31 December 2023 and two years ending 31 December 2025 as royalty. The royalty payments are to be made in arrears on or before 31 March of each succeeding year until the expiry or early termination (pro-rata accordingly) of the New Trademark Licence Agreement. The total royalty payable under the New Trademark Licence Agreement for each of the twelve-month period between 1 April 2023 to 31 March 2026 shall not exceed HK$200 million.

Royalty incurred by the Group under the aforementioned trademark licence agreements in respect of the financial year ended 31 December 2023 amounted to HK$200,000,000, equivalent to RMB178,907,000 (2022: HK$200,000,000, equivalent to RMB172,384,000).

As at 31 December 2023, the royalty payable to COGTM amounted to HK$200,000,000, equivalent to RMB181,604,000 (2022: royalty payable to COLI amounted to HK$200,000,000, equivalent to RMB178,667,000), which was included in "Trade and other payables". The royalty payable is unsecured, interest-free and repayable based on terms stipulated in the relevant trademark licence agreements.

Notes to the Consolidated Financial Statements

47. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

According to the COPH Framework Agreement, the Group will go through a standard and systematic tender process to select and appoint a service provider for the provision of property management services and value-added services to the Group. In addition, the total service fees payable by the Group under the COPH Framework Agreement for the period from 1 July 2020 to 31 December 2020, for the two years ended 31 December 2022 and for the period from 1 January 2023 to 30 June 2023 shall not exceed HK$166 million, HK$321 million, HK$386 million and HK$224 million respectively.

The COPH Framework Agreement expired on 30 June 2023. On 28 April 2023, the Company and COPH entered into a new framework agreement (the "Renewal COPH Framework Agreement") to renew the COPH Framework Agreement, pursuant to which COPH Group may provide property management services and value-added services to the Group for the property projects or properties (including residential communities, commercial properties and other properties) owned by or held by the Group in PRC, Hong Kong, Macau and other locations. The Renewal COPH Framework Agreement is for a term of three years commenced from 1 July 2023 and ending on 30 June 2026.

According to the Renewal COPH Framework Agreement, the Group will go through a standard and systematic procedure to select and appoint a service provider for the provision of property management services and value-added services to the Group. The total service fees payable by the Group under the Renewal COPH Framework Agreement for the period from 1 July 2023 to 31 December 2023, for the two years ending 31 December 2025 and for the period from 1 January 2026 to 30 June 2026 shall not exceed HK$230 million, HK$460 million, HK$470 million and HK$250 million respectively.

For the year ended 31 December 2023, service fees incurred by the Group under the COPH Framework Agreement and the Renewal COPH Framework Agreement amounting to HK$208,726,000, equivalent to RMB186,712,000 (2022: HK$370,319,000, equivalent to RMB319,186,000) and HK$221,128,000, equivalent to RMB197,806,000 (2022: nil), respectively.

As at 31 December 2023, service fees payable to COPH Group amounted to RMB54,245,000 (2022: RMB21,537,000) in aggregate, which were included in "Trade and other payables" and prepaid service fees to COPH Group amounted to RMB2,233,000 (2022: RMB1,098,000) in aggregate, which were included in "Trade and other receivables" and "Prepayments and deposits". The service fees payable to COPH Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the specific tender or contract.

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) On 24 March 2021, the Company and China State Construction Development Holdings Limited ("CSCD") entered into a new framework agreement (the "CSCD Framework Agreement") to renew the framework agreement dated 26 June 2018, pursuant to which the Group may appoint CSCD and its subsidiaries ("CSCD Group") to provide project management, supervision and consultancy services for the property development projects of the Group in the PRC. The CSCD Framework Agreement has a term of three years commenced from 1 July 2021 and ending on 30 June 2024 (both days inclusive). CSCD is a fellow subsidiary of COLI.

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

For the year ended 31 December 2023, contracts with contract sum amounting to HK$21,985,000, equivalent to RMB19,666,000 (2022: HK$13,396,000, equivalent to RMB11,546,000) were awarded by the Group to CSCD Group under the CSCD Framework Agreement. Management service fee of HK$16,734,000, equivalent to RMB14,969,000 (2022: HK$35,413,000, equivalent to RMB30,524,000) was incurred by the Group under the CSCD Framework Agreement.

As at 31 December 2023, management service fees payable to CSCD Group under the CSCD Framework Agreement amounted to RMB11,012,000 (2022: RMB12,185,000) in aggregate, which were included in "Trade and other payables" and prepaid management service fees to CSCD Group amounted to RMB1,617,000 (2022: RMB1,052,000) in aggregate, which were included in "Trade and other receivables" and "Prepayments and deposits". The management service fees payable to CSCD Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the specific contracts.

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

According to the Renewal CSCECL Group Engagement Agreement, the maximum total contract sum that may be awarded by the Group to CSCECL Group for the period between 1 July 2022 and 31 December 2022, for the year ended 31 December 2023, year ending 31 December 2024 and for the period from 1 January 2025 to 30 June 2025 shall not exceed RMB280 million, RMB520 million, RMB520 million and RMB280 million respectively.

For the year ended 31 December 2023, contracts with contract sum amounting to RMB512,843,000 were awarded by the Group to CSCECL Group under the Renewal CSCECL Group Engagement Agreement. For the year ended 31 December 2022, contracts with contract sum amounting to RMB90,055,000 were awarded by the Group to CSCECL Group under the CSCECL Group Engagement Agreement. Construction fee of RMB91,183,000 (2022: RMB273,627,000) was incurred by the Group under the aforementioned framework agreements.

Notes to the Consolidated Financial Statements

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) (Continued)

As at 31 December 2023, construction fees payable to CSCECL Group under the aforementioned framework agreements was RMB80,752,000 (2022: RMB93,539,000) in aggregate, which were included in "Trade and other payables" and prepaid construction fee was RMB925,000 (2022: RMB743,000) in aggregate, which were included in "Trade and other receivables" and "Prepayments and deposits". The construction fees payable to CSCECL Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the tender documents for the relevant construction contracts.

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

The Previous Carpark Framework Agreement has a term of three years commenced from 1 December 2019 and ended on 30 November 2022 (both dates inclusive).

The aggregate amount of the Transactions to be entered into between COPH Group and the Group under the Previous Carpark Framework Agreement for the period from 1 December 2019 to 31 December 2019, for the two years ended 31 December 2021 and for the period from 1 January 2022 to 30 November 2022 shall not exceed nil, HK$400 million, HK$300 million and HK$300 million respectively.

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

The aggregate amount of the Transactions to be entered into between COPH Group and the Group under the Carpark Framework Agreement for each of the year ended 31 December 2023 and for the two years ending 31 December 2025 shall not exceed HK$300 million.

For the year ended 31 December 2023, no Transaction was entered into between COPH Group and the Group under the Carpark Framework Agreement. For the year ended 31 December 2022, the aggregate amount of the Transactions entered into between COPH Group and the Group under the Previous Carpark Framework Agreement amounted to HK$58,186,000, equivalent to RMB50,152,000.

47.RELATED PARTY TRANSACTIONS (CONTINUED)

(f) On 27 February 2020, the Company and Huayi Design Consultants Limited ("Huayi Design") entered into a framework agreement (the "Previous Huayi Framework Agreement"), pursuant to which the Group may engage Huayi Design and its subsidiaries ("Huayi Design Group") to provide scheme design, preliminary design and construction drawing design services in each construction stage to the Group's property development projects in the PRC upon successful tender by Huayi Design Group. Huayi Design is a subsidiary of COLI.

The Previous Huayi Framework Agreement is for a term commenced from 1 March 2020 and ended 31 December 2022.

The maximum total contract sum that may be awarded by the Group to Huayi Design Group under the Previous Huayi Framework Agreement for the period between 1 March 2020 and 31 December 2020 and for the two years ended 31 December 2022 shall not exceed RMB30 million, RMB40 million and RMB50 million respectively. The service fees payable will be settled pursuant to the payment terms set out in the relevant service contracts.

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

The maximum total contract sum that may be awarded by the Group to Huayi Design Group under the Huayi Framework Agreement for each of the year ended 31 December 2023 and for the two years ending 31 December 2025 shall not exceed RMB30 million.

For the year ended 31 December 2023, no contract was awarded by the Group to Huayi Design Group under the Huayi Framework Agreement. For the year ended 31 December 2022, contracts with contract sum amounting to RMB50,000 were awarded by the Group to Huayi Design Group under the Previous Huayi Framework Agreement. Service fee amounting to RMB2,394,000 (2022: RMB2,240,000) was incurred by the Group under the aforementioned framework agreements.

Notes to the Consolidated Financial Statements

47. RELATED PARTY TRANSACTIONS (CONTINUED)

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

— 上海金鶴數碼科技發展有限公司 Shanghai Jinhe Technology Development Company Limited* ("Shanghai Jinhe"), a joint venture of the Group, entered into a lease agreement (the "First Property Lease Agreement") as landlord with 上海堂友里商業管理有限公司 Shanghai Tang Youli Commercial Management Company Limited* ("Shanghai Tang Youli"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of a commercial building located in Shanghai, the PRC for a term of three years from 1 April 2020 to 31 March 2023. The annual rent payable by Shanghai Tang Youli are RMB7,860,000 for the first year, RMB8,100,000 for the second year and RMB8,340,000 for the third year. The rent is payable every two months. The maximum rent that may be received under the First Property Lease Agreement for the four years ended 31 December 2023 were RMB5,895,000, RMB8,040,000, RMB8,280,000 and RMB2,085,000 respectively.

On 10 November 2022, Shanghai Jinhe and Shanghai Tang Youli entered into a supplementary agreement (the "First Property Lease 2022 Supplementary Agreement"). Pursuant to the First Property Lease 2022 Supplementary Agreement, Shanghai Jinhe and Shanghai Tang Youli agreed to reduce the rent of the lease by a maximum amount of approximately RMB3,078,816, among which RMB2,077,041 was rent reduction for the year ended 31 December 2022 and RMB1,001,775 was for the year ended 31 December 2023 (the "First Property Lease 2023 Rent Reduction"). In 2023, Shanghai Jinhe and Shanghai Tang Youli entered into another supplementary agreement (the "First Property Lease 2023 Supplementary Agreement"). Pursuant to the First Property Lease 2023 Supplementary Agreement, Shanghai Jinhai and Shanghai Tang Youli agreed to reduce the First Property Lease 2023 Rent Reduction by RMB58,773. The revised First Property Lease 2023 Rent Reduction thereby amounted to RMB943,002.

— 北京中京藝苑置業有限公司 Beijing Zhongjing Yiyuan Real Estate Company Limited* ("Beijing Zhongjing Yiyuan"), an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "Second Property Lease Agreement") as landlord with 北京中海廣場商業發展有限公司 Beijing China Overseas Plaza Commercial Development Company Limited* ("Beijing China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of a commercial building (including offices) located in Beijing, the PRC for a term of three years from 1 April 2020 to 31 March 2023. The annual rent payable by Beijing China Overseas were RMB160,200,000 for the first year, RMB165,000,000 for the second year and RMB169,950,000 for the third year. The rent was payable quarterly. The maximum rent that may be received under the Second Property Lease Agreement for the four years ended 31 December 2023 were RMB120,150,000, RMB163,800,000, RMB168,712,500 and RMB42,487,500 respectively.

47.RELATED PARTY TRANSACTIONS (CONTINUED)

(g) (Continued)

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

On 4 April 2023, Beijing China Overseas and Beijing Zhongjing Yiyuan entered into another supplementary agreement (the "Second Property Lease 2023 Supplementary Agreement"). Pursuant to the Second Property Lease 2023 Supplementary Agreement, Beijing Zhongjing Yiyan agreed to reduce the rent of the lease by a maximum amount of RMB10,895,598 and the rent reduction for the year ended 31 December 2023 amounted to RMB3,422,574.

– 蘭州中海宏洋房地產開發有限公司 Lanzhou China Overseas Grand Oceans Real Estate Development Limited* ("Lanzhou COGO"), an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "Third Property Lease Agreement") as landlord with 蘭州中海海通商業管理有限公司 Lanzhou China Overseas Business Management Limited* ("Lanzhou China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of Universal City in China Overseas Plaza, which comprises the mall and shopping street located in Lanzhou, the PRC (the "Lanzhou Premises") for a term of three years commenced from the date of commencement of business of the subject properties, which was expected to be from 25 December 2020 to 24 December 2023. The annual rent payable by Lanzhou China Overseas were RMB40,800,000 for the first year, RMB44,000,000 for the second year and RMB48,000,000 for the third year. There was a rent free period of two months at the beginning of the lease term and the rent was payable quarterly. The maximum rent that may be received under the Third Property Lease Agreement for the four years ended 31 December 2023 were nil, RMB34,000,000, RMB44,000,000 and RMB48,000,000 respectively.

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

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

Notes to the Consolidated Financial Statements

47.RELATED PARTY TRANSACTIONS (CONTINUED)

(g) (Continued)

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

On 27 March 2023, Lanzhou China Overseas and Lanzhou COGO entered into another supplementary agreement (the "Third Property Lease 2023 Supplementary Agreement"). Pursuant to the Third Property Lease 2023 Supplementary Agreement, Lanzhou China Overseas and Lanzhou COGO agreed to reduce the rent of the lease by a maximum amount of RMB3,365,888. On the same date, Lanzhou China Overseas and Lanzhou COGO entered into a surrender agreement in relation to the termination of the Third Property Lease Agreement (the "Third Property Lease Surrender Agreement"). Pursuant to the Third Property Lease Surrender Agreement, the lease of the Lanzhou Premises would be early terminated on 30 April 2023 and the Lanzhou Premises would be returned to Lanzhou COGO accordingly.

On 30 June 2023, Lanzhou China Overseas and Lanzhou COGO entered into further supplementary agreements (the "Third Property Lease 2023 Other Supplementary Agreements"). Pursuant to the Third Property Lease 2023 Other Supplementary Agreements, Lanzhou China Overseas and Lanzhou COGO agreed to reduce the rent of the lease by RMB7,184,770 in aggregate. The rent reduction for the lease for the period from 1 January 2023 to 30 April 2023 (date of early termination pursuant to the Third Property Lease Surrender Agreement) thereby amounted to RMB10,550,658.

– 中海宏洋惠州湯泉開發有限公司 China Overseas Grand Oceans Huizhou Tangchuan Development Company Limited* ("Huizhou COGO"), an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "Fourth Property Lease Agreement") as landlord with 惠州中海湯泉酒店管理有限公司 Huizhou China Overseas Tangquan Hotel Management Limited* ("Huizhou China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of the hotel resort and facilities located in Huizhou, the PRC for a term of three years commenced from the date of delivery of the subject properties, which was expected to be from 1 May 2020 to 30 April 2023. The annual rent payable by Huizhou China Overseas were RMB7,200,000 for the first year, RMB7,400,000 for the second year and RMB7,600,000 for the third year. The rent was payable quarterly. The maximum rent that may be received under the Fourth Property Lease Agreement for the four years ended 31 December 2023 were RMB4,800,000, RMB7,333,300, RMB7,533,300 and RMB2,533,300 respectively.

On 30 May 2023, Huizhou COGO and Huizhou China Overseas entered into a supplementary agreement (the "Fourth Property Lease Supplementary Agreement"). Pursuant to the Fourth Property Lease Supplementary Agreement, Huizhou COGO agreed to reduce the rent of the lease by RMB503,319.

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(g) (Continued)

– Shantou COGO entered into a lease agreement (the "Fifth Property Lease Agreement") as landlord with 汕頭市南濱中海酒店管理有限公司 Shantou Nanbin China Overseas Hotel Management Limited* ("Shantou China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of the hotel resort and facilities located in Shantou, the PRC for a term of three years commenced from the date of delivery of the subject properties, which was expected to be from 1 May 2020 to 30 April 2023. The annual rent payable by Shantou China Overseas were RMB9,170,000 for the first year, RMB9,450,000 for the second year and RMB9,730,000 for the third year. The rent was payable quarterly. The maximum rent that may be received under the Fifth Property Lease Agreement for the four years ended 31 December 2023 were RMB6,113,000, RMB9,356,700, RMB9,636,700 and RMB3,243,300 respectively.

  On 4 April 2023, Shantou COGO and Shantou China Overseas entered into a supplementary agreement (the "Fifth Property Lease 2023 First Supplementary Agreement"). Pursuant to the Fifth Property Lease 2023 First Supplementary Agreement, Shantou COGO agreed to reduce the rent of the lease by RMB129,580. On 28 June 2023, Shantou COGO and Shantou China Overseas entered into another supplementary agreement (the "Fifth Property Lease 2023 Second Supplementary Agreement"). Pursuant to the Fifth Property Lease 2023 Second Supplementary Agreement, Shantou COGO agreed to further reduce the rent of the lease by RMB354,018. The aggregate rent reduction for the year ended 31 December 2023 amounted to RMB483,598.

For the year ended 31 December 2023, total rental income generated by the Group from the Second Property Lease Agreement as modified, the Third Property Lease Agreement as modified, the Fourth Property Lease Agreement as modified and the Fifth Property Lease Agreement as modified (excluded VAT) was RMB44,848,000 (2022: RMB211,352,000) and the total rental income generated by the joint venture, Shanghai Jinhe, from the First Property Lease Agreement as modified (excluded VAT) was RMB1,088,000 (2022: RMB5,908,000).

As at 31 December 2023, there was no rental receivable (2022: RMB8,430,000) from the aforementioned lease agreements.

47.RELATED PARTY TRANSACTIONS (CONTINUED)

(h) On 19 November 2020, the Company and CSC entered into a master agreement (the "Master Engagement Agreement") to replace and supersede the master engagement agreement dated 24 April 2020 starting from 1 January 2021 with effect from the date of the satisfaction of the condition precedent set out in the Master Engagement Agreement, pursuant to which (i) CSC and its subsidiaries (excluding any subsidiary(ies) listed on any stock exchange) ("CSC Group") may tender for the construction works of the Group in the PRC as construction contractor in accordance with the tendering procedures of the Group; and (ii) the Group may engage CSC Group as construction contractor for the construction work of the Group in the PRC upon successful tender by CSC Group from time to time for a term of three years commenced from 1 January 2021 and ended on 31 December 2023.

The total contract sums that may be awarded by the Group to CSC Group under the Master Engagement Agreement for the three years ended 31 December 2023 shall not exceed RMB2,000 million, RMB2,500 million and RMB3,000 million respectively.

The Master Engagement Agreement expired on 31 December 2023. On 20 October 2023, the Company and CSC entered into a new master agreement (the "Renewal Master Engagement Agreement") to renew the Master Engagement Agreement. The Renewal Master Engagement Agreement has a term of three years, commencing from 1 January 2024 and ending on 31 December 2026.

The total contract sums that may be awarded by the Group to CSC Group under the Renewal Master Engagement Agreement for each of the three years ending 31 December 2026 shall not exceed RMB1,800 million.

For the year ended 31 December 2023, contracts with contract sum amounting to RMB675,818,000 (2022: nil) was awarded by the Group to CSC Group and construction fee amounting to RMB260,337,000 (2022: RMB943,196,000) was incurred by the Group under the Master Engagement Agreement.

As at 31 December 2023, construction fees payable to CSC Group under the Master Engagement Agreement amounted to RMB231,805,000 (2022: RMB409,754,000) in aggregate, which were included in "Trade and other payables" and prepaid construction fees amounted to RMB356,728,000 (2022: nil) in aggregate, which were included in "Trade and other receivables" and "Prepayments and deposits". The construction fees payable to CSC Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the tender documents for the relevant construction contracts.

47.RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

According to the New Supplies Framework Agreement, the maximum total contract sums in respect of the supply of the Materials for the projects may be awarded by the Group to COLI Group for each of the two years ended 31 December 2023 and for the year ending 31 December 2024 shall not exceed RMB3,000 million.

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

For the year ended 31 December 2023, contracts with contract sum amounting to RMB912,605,000 (2022: RMB1,747,843,000) were awarded by the Group to COLI Group under the New Supplies Framework Agreement. The Materials purchased by the Group amounted to RMB1,168,897,000 (2022: RMB1,162,121,000) under the aforesaid framework agreements.

As at 31 December 2023, the amounts payable to COLI Group in respect of the supply of Materials for the Projects amounted to RMB149,964,000 (2022: RMB305,513,000) in aggregate, which were included in "Trade and other payables" and prepayments for the purchase of Materials amounted to RMB45,051,000 (2022: nil) in aggregate, which were included in "Trade and other receivables" and "Prepayments and deposits". The amounts payable to COLI Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the tender documents for the relevant contracts for the supply of the Materials.

Notes to the Consolidated Financial Statements

47. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

The Haizhichuang Framework Agreement expired on 31 December 2023. On 29 December 2023, the Company and Haizhichuang entered into a new framework agreement (the "Renewal Haizhichuang Framework Agreement") to renew the Haizhichuang Framework Agreement, pursuant to which the Group may engage Haizhichuang to provide the Services for the Group's property development projects in the PRC. The Renewal Haizhichuang Framework Agreement has a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive).

The maximum service fee payable under the Renewal Haizhichuang Framework Agreement for each of the three years ending 31 December 2026 shall not exceed RMB10 million. The service fee payable for the Services by the Group to Haizhichuang will be settled pursuant to the payment terms set out in the individual contracts.

For the year ended 31 December 2023, services fee incurred by the Group under the Haizhichuang Framework Agreement amounting to RMB8,113,000 (2022: RMB14,906.000).

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(k) On 31 October 2023, the Company and COLI entered into a framework agreement (the "Lease Framework Agreement") pursuant to which members of COLI Group (as lessee) may lease the properties owned by the Group in PRC, including but not limited to office premises, shops, car parking spaces, apartments, serviced apartments, hotels, storage rooms, advertising spaces, etc., from members of the Group (as lessor). The Lease Framework Agreement has a term of three years commenced from 1 November 2023 and ending on 31 October 2026 (both days inclusive).

According to the Lease Framework Agreement, the rent charged by the Group to the COLI Group for the period from 1 November 2023 to 31 December 2023, for the two years ending 31 December 2025 and for the period from 1 January 2026 to 31 October 2026 shall not exceed RMB5 million, RMB31 million, RMB31 million and RMB26 million respectively. The rent will be settled pursuant to the payment terms set out in the relevant lease agreements.

For the year ended 31 December 2023, total rental income generated by the Group from the COLI Group under the Lease Framework Agreement was RMB2,499,000 (2022: nil).

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

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

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

For the year ended 31 December 2023, licence fee amounting to RMB3,899,000 (2022: RMB2,035,000) was paid by the Company to COHL whereas air-conditioning and management charges relating to the Licensed Premises amounting to RMB555,000 (2022: RMB346,000) were incurred.

Notes to the Consolidated Financial Statements

47. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

In 2023, the construction works of the Properties were completed and the Properties were handed over to the Purchaser, thus, the Group recognized revenue from sales of the Properties amounting to RMB39,777,000 in profit or loss for the year ended 31 December 2023.

(n) For the year ended 31 December 2023, the Group received interest income from joint ventures amounting to RMB1,038,000 (2022: RMB19,788,000) (note 8).

(o) For the year ended 31 December 2023, the Group incurred interest expense on amount due to a related company amounting to RMB3,564,000 (2022: RMB3,362,000) and amounts due to non-controlling shareholders amounting to RMB30,666,000 (2022: RMB153,882,000) (note 10).

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

	2023 **RMB'000**	2022 RMB'000
Short-term employee benefits	**12,851**	15,391
Post-employment benefits	**334**	321
	13,185	15,712

* English translation is for identification only

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(q) Transactions with other state-controlled entities in the PRC

The Group is not controlled by the PRC government. However, the Group is an associated company of COLI while the ultimate holding company of COLI is CSCEC, a company controlled by the PRC government, as such, the PRC government is regarded as a related party of the Group. Apart from the transactions already disclosed above, the Group also conducts business with other state-controlled entities. The directors consider the transactions with those state-controlled entities are conducted on an arms' length basis.

In connection with its property development activities, other than those disclosed in the notes above, the Group awards construction and other works contracts to PRC entities, some of which, to the best knowledge of management, are state-controlled entities. The Group has also entered into various transactions with the PRC government departments or agencies, mainly regarding acquisition of land through tendering to those government departments or agencies. During the year ended 31 December 2023, the Group acquired certain parcels of land from the PRC government departments through public tender at an aggregate consideration of approximately RMB9,106,790,000 (2022: RMB5,723,360,000).

In addition, in the normal course of business, the Group entered into various deposits and lending transactions with banks and financial institutions which are state-controlled entities.

The Group is active in property sale and property leasing in various provinces in the PRC. The directors are of the opinion that it is impracticable to ascertain the identity of all the counterparties and accordingly whether the transactions are with state-controlled entities. However, the directors are of the opinion that the transactions with state-controlled entities are entered into in the normal course of business of the Group.

In addition to the above transactions and balances, details of the Group's other balances with related parties are disclosed in consolidated statement of financial position and notes 24, 25, 26 and 27.

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

Notes to the Consolidated Financial Statements

48. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to support the Group's financial stability and growth.

The Group monitors its capital structure on the basis of net gearing ratio (i.e. net debt to equity). Net debt includes bank and other borrowings and guaranteed notes and corporate bonds less cash and bank balances. Equity represents total equity. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The net gearing ratios of the Group as at 31 December 2023 and 2022 were as follows:

	2023 **RMB'000**	2022 RMB'000 (Re-presented)
Bank and other borrowings	**34,908,813**	43,005,162
Guaranteed notes and corporate bonds	**8,655,350**	4,593,302
Less: cash and bank balances	**(26,020,603)**	(29,330,896)
Net debt	**17,543,560**	18,267,568
Capital represented by total equity	**38,129,516**	37,401,152
Net gearing ratio	**46.0%**	48.8%

The Group targets to maintain a net gearing ratio to be in line with the expected changes in economic and financial conditions. The Group's overall strategy on capital management remains unchanged throughout the year.

49. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

49.1 Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets at amortized cost#	**30,825,181**	33,319,282
Financial liabilities		
Financial liabilities at amortized cost^	**66,426,956**	73,747,701
Other financial liabilities*	**36,151**	50,797

\# including trade and other receivables, amounts due from associates, joint ventures and non-controlling shareholders and cash and bank balances.

^ including trade payables, other payables and accruals, amounts due to associates, joint ventures, non-controlling shareholders and other related companies, bank and other borrowings and guaranteed notes and corporate bonds.

* representing lease liabilities

49.2 Financial results by financial instruments

	2023 RMB'000	2022 RMB'000
Interest income or (expenses) on:		
Financial assets at amortized cost	**372,321**	358,202
Financial liabilities at amortized cost	**(2,210,810)**	(2,142,394)
Other financial liabilities	**(1,161)**	(1,396)
Fair value gain on:		
Financial assets at fair value through other comprehensive income	**–**	310

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

49.3 Fair value measurement

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade and other receivables, amounts due from/to associates, joint ventures, non-controlling shareholders and other related companies, cash and bank balances, trade payables, other payables and accruals, bank and other borrowings and guaranteed notes and corporate bonds.

Due to their short-term nature, the carrying values of trade and other receivables, amounts due from/to associates, joint ventures and non-controlling shareholders (the portion which are due for repayment within one year), cash and bank balances, trade payables, other payables and accruals approximate their fair values.

For disclosure purpose, the fair values of bank and other borrowings and an amount due to a related company which was due for repayment after one year are not materially different from their carrying values. Those fair values (except for the fair value of the 2022 ABS) have been determined by using discounted cash flow model and are classified as Level 3 in the fair value hierarchy. Significant inputs include the discount rates used to reflect the credit risks of the Group.

The fair values of guaranteed notes and corporate bonds and the 2022 ABS are determined with reference to quotation published by leading financial market data providers or quoted market prices available on the relevant stock exchanges, as appropriate. The fair value measurement of these financial instruments is within Level 1 of the fair value hierarchy and are disclosed in note 32 and note 31(a) respectively.

50. FINANCIAL RISK MANAGEMENT

50.1 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks which comprise market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors and senior management of the Group meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

50.2 Market risk

(a) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong and the PRC. The functional currency of the Company and its subsidiaries are HK$ and RMB. The Group is exposed to currency risk arising from fluctuations on foreign currencies against the functional currencies of the group entities. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group continues to conduct its sales mainly in RMB and make payments in RMB. In addition, the Group's borrowings were mainly denominated in HK$, US$ and RMB. The directors consider that a natural hedge mechanism existed to certain extent and the Group's exposure on foreign currency risk is not significant. The Group would, however, closely monitor the volatility of the RMB exchange rate.

The overall exposure in respect of the carrying amounts of the Group's foreign currency denominated financial assets and liabilities in net position as at 31 December 2023 were as follows:

	2023 RMB'000
Net financial liabilities	
US$	**(3,626,135)**
RMB	**(4,473,464)**

The Group did not have material foreign currency denominated financial assets and liabilities as at 31 December 2022.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.2 Market risk (Continued)

(a) Foreign currency risk (Continued)

As HK$ is pegged to US$, the Group does not have material exchange risk exposure on such currency.

The following sensitivity analysis, determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year, demonstrates the Group's exposure to a reasonably possible change in RMB exchange rate against HK$ on the Group's net asset position denominated in RMB as at 31 December 2023 (in practice, the actual results may differ from the sensitivity analysis below and the difference could be material):

	2023 RMB'000
(Decrease)/Increase in profit for the year and retained profits	
RMB against HK$	
– strengthen by 5%	**(223,673)**
– weaken by 5%	**223,673**

The changes in the exchange rates do not affect the Group's other components of equity.

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from lease liabilities, bank and other borrowings, guaranteed notes and corporate bonds and certain balances with associates, joint ventures, non-controlling shareholders and other related companies. Balances arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. Details of the Group's lease liabilities, bank and other borrowings, guaranteed notes and corporate bonds and balances with associates, joint ventures, non-controlling shareholders and other related companies at the end of the reporting period are disclosed in notes 37(a), 31, 32, 24, 25, 26 and 27 respectively.

The Group's bank balances also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors consider the Group's exposure to interest rate on bank deposits is not significant as interest-bearing deposits are within short maturity periods in general.

In addition, lease liabilities which are fixed rate instruments are insensitive to changes in interest rates and a change in interest rate at the end of the reporting period would not affect the Group's profit or loss.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.2 Market risk (Continued)

(b) Interest rate risk (Continued)

The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The following sensitivity demonstrates the Group's exposure to a reasonably possible change in interest rates on its floating rate borrowings with all other variables held constant at the end of the reporting period (in practice, the actual results may differ from the sensitivity analysis below and the difference could be material):

	2023 RMB'000	2022 RMB'000
(Decrease)/Increase in profit after tax and retained profits		
+ 50 basis point ("bp") (2022: 50 bp)	**(3,215)**	(4,679)
– 10 bp (2022: 10 bp)	**643**	936

The changes in interest rates do not affect the Group's other components of equity. The above sensitivity analysis is prepared based on the assumption that the borrowing period of the balances outstanding at the end of the reporting period resembles that of the corresponding financial year.

50.3 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities. The Group is also exposed to credit risk arising from the provision of financial guarantees.

The carrying amounts of trade and other receivables, amounts due from associates, joint ventures, non-controlling shareholders, cash and bank balances represent the Group's maximum exposure to credit risk in respect of these items. The maximum exposure to credit risk in respect of the financial guarantees provided by the Group at the end of the reporting period is disclosed in note 46(a).

The Group limits its exposure to credit risk by rigorously selecting the counterparties and to deal with creditworthy counterparties. Credit risk on cash and bank balances (note 28) is mitigated as cash is deposited with reputable banks and financial institutions. The credit and investment policies have been consistently applied and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

For the years ended 31 December 2023 and 2022, the Group did not have significant concentration of credit risk as its trade and other receivables consist of a large number of customers and debtors. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in note 22.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.3 Credit risk (Continued)

In respect of trade receivables, the Group closely monitors the payments from customers in accordance with the payment terms and schedules agreed with the customers. The Group also has other monitoring procedures to ensure follow up action is taken to recover overdue debts. Accordingly, management considers that recoverability concern over those receivables is remote.

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

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

The Group typically provides guarantees to banks or government agencies in connection with the customers' borrowing of mortgage loans to finance their purchase of properties (note 46(a)). If a purchaser defaults on the payment of the mortgage during the period of guarantee, the bank or government agency holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposits received from the purchasers and resell the repossessed properties. As the mortgage loans are generally secured by properties with value higher than the guaranteed amounts, the directors consider the Group would likely recover any loss incurred arising from the guarantees provided by the Group. In this regard, the directors consider that the Group's credit risk on providing guarantees to the purchasers of the Group's properties is significantly reduced and the ECL is insignificant.

Impairment under ECL model

As disclosed in note 4.9(ii), the Group recognizes loss allowance for ECL on debt instruments carried at amortized cost. The Group applies simplified approach to measure ECL on trade receivables; and general approach to measure ECL on other receivables, amounts due from associates, joint ventures and non-controlling shareholders and cash and bank balances. Under the simplified approach, the Group measures loss allowance at an amount equal to lifetime ECL. Under the general approach, the Group applies the "3-stage" impairment model for ECL measurement based on change in credit risk since initial recognition as follows:

– Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

– Stage 2: If the credit risk of the financial instrument has increased significantly since initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.3 Credit risk (Continued)

Impairment under ECL model (Continued)

The ECL for financial instruments in Stage 1 are measured at an amount equal to 12-month ECL whereas the ECL for financial instruments in Stage 2 or Stage 3 are measured at an amount equal to lifetime ECL.

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

Having regard to industry practice, relevant regulation and government measures, as well as the background and behavior of the debtors/counterparties, the Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. In addition, the Group considers that a financial asset to be in default when: (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is more than 180 days past due.

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

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is considered credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the debtor;

(b) a breach of contract, such as a default or past due event;

(c) granting a concession to the debtors that the lender would not otherwise consider for economic or contractual reasons relating to the debtor's financial difficulty; or

(d) it is becoming probable that the debtor will enter bankruptcy or other financial reorganization.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Subsequent recoveries of a financial asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to the Consolidated Financial Statements

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.3 Credit risk (Continued)

Impairment under ECL model (Continued)

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure of default. The assessment of the probability of default and loss given default is based on historical data and adjusted for forward-looking information through the use of industry trend and experienced credit judgment to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios.

In respect of trade receivables, they are subject to collective assessment using a provision matrix for which the ECL rate is considered to be minimal.

In respect of other receivables, amounts due from associates, joint ventures and non-controlling shareholders, the Group considers the background and regularly monitors the financial condition of the counterparties to assess the recoverability of the outstanding balances. Management does not expect any loss allowance from non-performance by the counterparties and assessed that the ECL in respect of these balances was immaterial. Accordingly, no loss allowance was provided for these balances as at 31 December 2023 and 2022.

50.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables including amounts due to related companies and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain prudent liquidity risk management which is to maintain sufficient cash and bank balances as well as to make available of fund through adequate amounts of committed credit facilities and the ability to close out market positions. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group has gained multiple accesses to funds from both investors and financial institutions in Mainland China and international market to meet its requirements in working capital, refinancing and project development. The liquidity policies have been consistently applied and are considered to have been effective in managing liquidity risk.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.4 Liquidity risk (Continued)

The following tables summarize the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on agreed scheduled repayment dates set out in the agreements or the repayment schedules agreed with the banks and other lenders.

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2023						
Non-derivatives						
Bank borrowings	31,308,813	33,979,951	11,644,166	12,008,442	10,010,520	316,823
Other borrowings	3,600,000	4,585,372	173,380	173,380	1,400,286	2,838,326
Guaranteed notes and corporate bonds	8,655,350	9,425,543	270,143	1,263,622	7,891,778	–
Trade payables, other payables and accruals	16,615,572	16,615,572	16,615,572	–	–	–
Amounts due to associates	43,411	43,411	43,411	–	–	–
Amounts due to joint ventures	269,054	269,054	269,054	–	–	–
Amounts due to non-controlling shareholders	5,673,611	5,673,611	5,673,611	–	–	–
Amounts due to related companies	261,145	271,114	189,683	3,564	77,867	–
	66,426,956	70,863,628	34,879,020	13,449,008	19,380,451	3,155,149
Lease liabilities	36,151	38,101	12,476	9,547	14,828	1,250
	66,463,107	70,901,729	34,891,496	13,458,555	19,395,279	3,156,399
Financial guarantees issued – Maximum amount guaranteed	–	24,286,413	24,286,413	–	–	–

Notes to the Consolidated Financial Statements

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.4 Liquidity risk (Continued)

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2022						
Non-derivatives						
Bank borrowings	38,205,162	41,725,236	13,148,403	13,967,752	14,205,968	403,113
Other borrowings	4,800,000	6,069,189	911,599	200,880	1,993,699	2,963,011
Guaranteed notes and corporate bonds	4,593,302	4,968,844	114,701	121,407	4,732,736	–
Trade payables, other payables and accruals	19,390,916	19,390,916	19,390,916	–	–	–
Amounts due to associates	10,516	10,516	10,516	–	–	–
Amounts due to joint ventures	287,318	287,318	287,318	–	–	–
Amounts due to non-controlling shareholders	6,199,342	6,199,342	6,199,342	–	–	–
Amounts due to related companies	261,145	263,986	263,986	–	–	–
	73,747,701	78,915,347	40,326,781	14,290,039	20,932,403	3,366,124
Lease liabilities	50,797	53,900	16,013	12,231	21,906	3,750
	73,798,498	78,969,247	40,342,794	14,302,270	20,954,309	3,369,874
Financial guarantees issued						
– Maximum amount guaranteed	–	33,357,075	33,357,075	–	–	–

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

51. PARTICULARS OF SUBSIDIARIES

The particulars of the subsidiaries as at 31 December 2023 are as follows:

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Be Affluent Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Best Beauty Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Big Leader International Limited	Hong Kong	Ordinary	HK$1	–	51%	Investment holding
Bliss China Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Bliss Depot Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Capital Way Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Celestial Wealth Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
China Grand (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
China Overseas Grand Oceans Finance IV (Cayman) Limited (COGO Finance IV)	Cayman Islands	Ordinary	1 share of US$1 each	100%	–	Fund-raising
China Overseas Grand Oceans Investments Limited	Hong Kong	Ordinary	HK$1	100%	–	Investment holding
China Overseas Grand Oceans Property Group Company Limited (COGOP)	PRC^	Paid up capital	RMB6,007,630,879 (2022: RMB4,850,000,000)	–	100%	Investment holding and property development
China Overseas Yin Chuan Investments Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Citirich International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
City Glory Holdings Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding

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51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
East Pacific (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Elite Way Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Ever United Development Limited	Hong Kong	Ordinary	HK$1	100%	–	Financing and investment
Flourish Ray Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Global East Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grand Marine Investment Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Grand Success Group Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grand Will Asia Pacific Limited (GWAP)	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grandca International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grandwide (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Greatbo (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Great Kind Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Green Fortune Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hai Jian International Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Han Yang Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hero Path Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
High Faith Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hongbo Global Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hong Bao Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Jet Pacific Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Long Capital Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Longwide Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Main Lucky International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Marine Key Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Max Pacific Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Moonstar Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Ocean Continent Investments Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	–	51%	Investment holding
Ocean Ease Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Ocean Empire Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Oceanic Roc Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Pacific King Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Pandue Investments Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	100%	–	Investment holding
Precious Joy Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding

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51.PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Qiangfa Holdings Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Rainbow Hero Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Sea Coral Enterprises Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Sino Global Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Sure Shine International Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Talent Race Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Top Wonder International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Unibo Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Wan Chang International Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Well Great (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
World Dynasty Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
World United International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
上海中海宏洋置業有限公司	PRC#	Paid up capital	RMB15,000,000	–	100%	Investment holding
中海宏洋地產(合肥)有限公司	PRC^	Paid up capital	RMB580,000,000	–	100%	Property development
中海宏洋地產(銀川)有限公司	PRC*	Paid up capital	RMB20,000,000 (2022: RMB840,000,000)	–	85%	Property development
中海宏洋地產(揚州)有限公司	PRC^	Paid up capital	RMB1,000,000,000	–	100%	Property development

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51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
中海宏洋地產(鹽城)有限公司	PRC^	Paid up capital	RMB1,086,339,800 (2022: RMB1,056,339,800)	–	100%	Property development
中海宏洋置地(鹽城)有限公司	PRC^	Paid up capital	RMB350,000,000	–	51%	Property development
中海宏洋置業(常州)有限公司	PRC^	Paid up capital	RMB1,000,000,000	–	100%	Property development
中海宏洋(南通)投資開發有限公司	PRC^	Paid up capital	RMB750,000,000 (2022: RMB600,000,000)	–	100%	Property development
北京中海宏洋地產有限公司	PRC#	Paid up capital	RMB28,000,000	–	100%	Investment holding and property development
北京中京藝苑置業有限公司 (Beijing Zhongjing Yiyuan)	PRC#	Paid up capital	RMB30,000,000	–	100%	Property investment and property leasing
北京華世柏利房地產開發有限公司	PRC#	Paid up capital	RMB54,000,000 (2022: RMB60,000,000)	–	90%	Property development
北京快樂城堡購物中心有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property leasing
北京通惠房地產開發有限責任公司	PRC#	Paid up capital	RMB100,000,000	–	100%	Property development
呼和浩特光大環城建設開發有限公司	PRC#	Paid up capital	RMB120,000,000	–	80%	Property development
呼和浩特市中海宏洋地產有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
呼和浩特市榮城房地產開發有限公司	PRC#	Paid up capital	RMB15,000,000	–	100%	Property development
南寧中海宏洋房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
深圳市建地投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Investment holding
廣州市光大花園房地產開發有限公司	PRC*	Paid up capital	RMB20,000,000 (2022: RMB800,000,000)	–	100%	Property development

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51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
蘭州中海宏洋房地產開發有限公司 (Lanzhou COGO)	PRC#	Paid up capital	RMB1,000,000,000	–	100%	Property development
吉林市中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
吉林市中海海華房地產開發有限公司	PRC#	Paid up capital	RMB50,000,000	–	85%	Property development
南寧中海宏洋置業有限公司	PRC^	Paid up capital	RMB1,700,000,000	–	100%	Property development
紹興中海宏洋地產有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
揚州中海宏洋置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
揚州中潤置業有限公司	PRC^	Paid up capital	RMB758,000,000	–	100%	Property development
汕頭市中海宏洋地產有限公司	PRC#	Paid up capital	RMB230,000,000	–	100%	Property development
汕頭市中海宏洋置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
中海宏洋地產(徐州)有限公司	PRC^	Paid up capital	RMB126,150,000	–	100%	Property development
中海宏洋(鹽城)房地產開發有限公司	PRC*	Paid up capital	RMB20,000,000 (2022: RMB344,375,000)	–	100%	Property development
中海宏洋地產(黃山)有限公司	PRC*	Paid up capital	US$2,500,000	–	55%	Property development
中海潤洋置業(揚州)有限公司	PRC^	Paid up capital	US$60,000,000	–	100%	Property development
中海宏洋(深圳)投資集團有限公司 (CGOSIL)	PRC^	Paid up capital	RMB600,000,000	–	100%	Investment holding
中海瘦西湖房地產揚州有限公司	PRC#	Paid up capital	RMB240,000,000	–	70%	Property development

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51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
揚州市江都區信泰置業有限公司	PRC#	Paid up capital	RMB185,600,000	–	100%	Property development
中海宏洋地產汕頭投資有限公司 (Shantou COGO)	PRC#	Paid up capital	RMB370,000,000	–	100%	Property development
汕頭中海宏洋南濱置業發展有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Hotel operation
汕頭市潮璋房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	51%	Property development
汕頭市金平區中信房產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	70%	Property development
中海宏洋惠州控股有限公司	PRC#	Paid up capital	RMB200,000,000	–	100%	Investment holding
惠州市中海宏洋地產有限公司	PRC#	Paid up capital	RMB200,000,000	–	100%	Property development
中海宏洋惠州城市建設開發有限公司	PRC#	Paid up capital	RMB130,000,000	–	100%	Property development
惠州盈通投資有限公司	PRC#	Paid up capital	RMB60,000,000	–	100%	Property development
中海宏洋惠州湯泉開發有限公司 (Huizhou COGO)	PRC^	Paid up capital	RMB60,000,000	–	100%	Property development and hotel operation
南昌宏洋地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
中海宏洋廬山西海(九江)投資有限公司	PRC#	Paid up capital	RMB800,000,000	–	100%	Property development and hotel operation
九江市深水灣投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
九江市桃花里投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
九江市溪谷投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
九江市納帕谷投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
淄博中海海頤置業有限公司	PRC^	Paid up capital	RMB338,360,000	–	100%	Property development

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
中海淄博置業有限公司	PRC^	Paid up capital	HK$770,000,000	–	100%	Property development
濰坊中海興業房地產有限公司	PRC^	Paid up capital	RMB50,000,000	–	100%	Property development
中海宏洋置業(徐州)有限公司	PRC#	Paid up capital	RMB60,000,000	–	34%	Property development
西寧中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
贛州中海海創房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
中海海華南通地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
合肥中海宏洋海東房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海創房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
揚州海龍置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
揚州海富置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
包頭市中海宏洋地產有限公司	PRC^	Paid up capital	RMB10,000,000	–	60%	Property development
蘭州中海海富房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
包頭市宏洋海富地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
贛州中海海華房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
鹽城潤洋置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
南通市華璽房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	30%	Property development

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
南通市中海海富房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
吉林市中海海富房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市中海海悦房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海華置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
柳州中海宏洋房地產有限公司	PRC#	Paid up capital	RMB28,571,429	–	70%	Property development
蘭州中海環宇商業運營管理有限公司	PRC#	Paid up capital	RMB1,000,000	–	100%	Provision of property management services
濟寧中海宏洋地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
合肥中海宏洋海悦房地產開發有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
呼和浩特市海巍地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海華房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海晟房地產開發有限公司 (Hefei Haicheng)	PRC#	Paid up capital	RMB20,000,000	–	60%	Property development
合肥中海宏洋海宸房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	60%	Property development
南寧中海宏洋海悦房地產有限公司	PRC#	Paid up capital	RMB33,333,333	–	60%	Property development
蘭州中海海通房地產開發有限公司	PRC#	Paid up capital	RMB16,666,667	–	60%	Property development
蘭州中海海創房地產開發有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development

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51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
揚州市海盛房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
南通市中海海盛房地產開發有限公司	PRC#	Paid up capital	RMB370,000,000	–	60%	Property development
南通市中海海通房地產開發有限公司	PRC#	Paid up capital	RMB220,000,000	–	60%	Property development
南通市中海海潤房地產開發有限公司	PRC#	Paid up capital	RMB60,000,000	–	60%	Property development
常州市海盛房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
中海宏洋恒華置業(常州)有限公司	PRC*	Paid up capital	RMB625,000,000	–	100%	Property development
濰坊中海海翔地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
濟寧中海宏洋置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
徐州海創置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
中海投資渭南有限公司	PRC^	Paid up capital	RMB300,000,000	–	100%	Investment holding
渭南中海興業置業有限公司	PRC#	Paid up capital	RMB400,000,000	–	100%	Property development
渭南中海興華置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
清遠市中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
揚州市海創房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
桂林中海宏洋房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
深圳市創史企業管理有限公司	PRC#	Paid up capital	RMB400,000,000	–	51%	Investment holding

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
南寧市平德房地產開發有限公司	PRC*	Paid up capital	RMB500,000,000	–	41%	Property development
徐州海麗置業有限公司	PRC^	Paid up capital	RMB270,000,000	–	100%	Property development
泉州市中海宏洋海創房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市中海海盛房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
中海宏洋地產(九江)有限公司	PRC^	Paid up capital	RMB360,000,000	–	100%	Property development
呼和浩特市宏洋海江地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
呼和浩特市宏洋海川地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
包頭市宏洋海創地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海盛置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海悦置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市海慧房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	51%	Property development
吉林市海通房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海海榮房地產有限責任公司 (Hefei Hairong)	PRC#	Paid up capital	RMB1,100,000,000	–	60%	Property development
合肥中海海瑞房地產開發有限公司 (Hefei Hairui)	PRC#	Paid up capital	RMB100,000,000	–	100%	Property development
合肥中海海惠房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
金華中海宏洋地產有限公司	PRC^	Paid up capital	RMB500,000,000	–	100%	Property development
天水中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
中海海富地產(九江)有限公司	PRC^	Paid up capital	RMB573,000,000	–	100%	Property development

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51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
丹陽海盛房地產開發有限公司	PRC*	Paid up capital	RMB410,000,000	–	100%	Property development
泰州市中海潤泰置業有限公司	PRC*	Paid up capital	RMB517,000,000	–	85%	Property development
鹽城匯海置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
鹽城潤海置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
汕頭市海學房地產開發有限公司	PRC#	Paid up capital	RMB510,000,000	–	100%	Property development
惠州市海平地產有限公司 (Huizhou Haiping Properties)	PRC#	Paid up capital	RMB800,000,000	–	60%	Property development
惠州市海平置業有限公司 (Huizhou Haiping Real Estate)	PRC#	Paid up capital	RMB1,200,000,000	–	100% (2022: 60%)	Property development
濰坊中海海盛地產有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
唐山市中海宏洋房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
唐山市中海海富房地產開發有限公司	PRC^	Paid up capital	RMB400,000,000	–	100%	Property development
廊坊市宏洋房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
遵義海盛置業有限公司	PRC#	Paid up capital	RMB16,666,700	–	70%	Property development
遵義中海海潤置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	80%	Property development
株洲中海宏洋地產有限公司	PRC^	Paid up capital	RMB500,000,000	–	70%	Property development
株洲中海宏洋商業發展有限公司	PRC^	Paid up capital	RMB14,285,715	–	70%	Property development
常州市中海海潤房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
惠州市海盛房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development

51.PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
中海宏洋海富(合肥)房地產開發有限公司	PRC*	Paid up capital	RMB50,000,000 (2022: RMB550,000,000)	–	100%	Property development
合肥中海海飛房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海海駿房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
安慶中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
滁州中海宏洋房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
蘭州中海海潤房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
西寧中海海潤房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
贛州中海海富房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
揚州海發地產置業有限公司	PRC#	Paid up capital	RMB200,000,000	–	99.5%	Property development
泰州潤通房地產開發有限公司	PRC#	Paid up capital	RMB1,573,656,263	–	70%	Property development
鹽城海洲置業有限公司	PRC#	Paid up capital	RMB700,000,000	–	45%	Property development
鹽城旭邦置業有限公司	PRC#	Paid up capital	RMB200,000,000	–	46%	Property development
泉州市中海海悦房地產開發有限公司	PRC#	Paid up capital	RMB210,000,000	–	100%	Property development
惠州市海嘉房地產開發有限公司	PRC#	Paid up capital	RMB310,000,000	–	50%	Property development
湛江市海通房地產開發有限公司	PRC#	Paid up capital	RMB300,000,000	–	50%	Property development
濰坊海慧地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
臨沂海晟地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development

Notes to the Consolidated Financial Statements

51.PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
徐州海鑫置業有限公司	PRC#	Paid up capital	RMB10,000,000 (2022: nil)	–	100%	Property development
徐州潤耀地產有限公司 (Xuzhou Runyao)	PRC#	Paid up capital	RMB450,000,000	–	67%	Property development
淮安潤欣置業有限公司	PRC#	Paid up capital	–	–	100%	Property development
淮安淮潤地產有限公司	PRC*	Paid up capital	RMB1,600,000,000	–	51%	Property development
紹興中海海富置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
金華海盛置業有限公司 (Jinhua Haisheng)	PRC#	Paid up capital	RMB600,000,000	–	50%	Property development
義烏海創房地產開發有限公司 (Yiwu Haichuang)	PRC#	Paid up capital	RMB900,000,000	–	100%	Property development
常州市中海海澄房地產開發有限公司 (Changzhou Haicheng)	PRC#	Paid up capital	RMB800,000,000	–	51%	Property development
常州市中海海泓房地產有限公司 (Changzhou Haihong)	PRC#	Paid up capital	RMB700,000,000	–	51%	Property development
徐州威拓房地產開發有限公司 (Xuzhou Weituo)	PRC#	Paid up capital	RMB400,000,000	–	66%	Property development
深圳市中宏低碳建築科技有限公司	PRC^	Paid up capital	RMB20,000,000 (2022: nil)	–	100%	Advisory services
南通市海洲房地產開發有限公司	PRC#	Paid up capital	RMB122,500,000	–	60%	Property development
汕頭市海富房地產有限公司 (Shantou Haifu)	PRC#	Paid up capital	RMB600,000,000	–	100%	Property development

Notes to the Consolidated Financial Statements

51.PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
淄博中海宏洋房地產開發有限公司	PRC#	Paid up capital	–	–	100%	Property development
南寧中海宏洋海怡房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
南寧中海宏洋海璟房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
合肥啟盛房地產開發有限公司 (Hefei Qisheng)	PRC#	Paid up capital	RMB2,000,000,000	–	34%	Property development
贛州中海海蓉房地產有限公司@	PRC#	Paid up capital	–	–	100%	Property development
贛州中海海悦房地產有限公司@	PRC#	Paid up capital	–	–	100%	Property development
合肥啟璋房地產開發有限公司@	PRC#	Paid up capital	RMB360,000,000	–	60%	Property development
合肥啟寧房地產開發有限公司@	PRC#	Paid up capital	RMB1,000,000,000	–	100%	Property development
南通市海誠房地產開發有限公司@	PRC#	Paid up capital	RMB460,000,000	–	60%	Property development
泉州市海宸房地產開發有限公司@	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
泉州市中海宏洋海盛房地產開發有限公司@	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development

@ These subsidiaries were newly established or invested during the year ended 31 December 2023.

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

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

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

None of the subsidiaries had any debt securities in issue as at 31 December 2023 and 2022 except for (i) COGO Finance IV which had issued the 2021 Guaranteed Notes as set out in note 32(a); (ii) COGOP which has issued the 2022 ABS and several corporate bonds as set out in notes 31(a) and 32(b) respectively; and (iii) Shantou Zhiye, CGOSIL and Hefei Hairui which had issued instruments as set out in note 31(b).

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

Notes to the Consolidated Financial Statements

52.PARTICULARS OF ASSOCIATES

The particulars of the associates as at 31 December 2023 are as follows:

Name of associates	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
中信房地產汕頭華鑫有限公司	PRC#	Paid up capital	RMB10,000,000	–	30%	Property development
汕頭市金城花園房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	45%	Property development
鹽城海建置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	35%	Property development
鹽城悦宸房地產開發有限公司	PRC#	Paid up capital	–	–	33%	Property development
惠州市海瓏房地產開發有限公司	PRC#	Paid up capital	RMB250,000,000	–	50%	Property development
淄博海創置業有限公司	PRC#	Paid up capital	RMB35,294,100	–	49%	Property development
合肥潤蓬房地產開發有限公司@	PRC#	Paid up capital	RMB360,000,000	–	40%	Property development

@ This associate was newly established during the year ended 31 December 2023.

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

Notes to the Consolidated Financial Statements

53. PARTICULARS OF JOINT VENTURES

The particulars of the joint ventures as at 31 December 2023 are as follows:

Name of joint ventures	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
上海金鶴數碼科技發展有限公司 (Shanghai Jinhe)	PRC*	Paid up capital	US$2,400,000	–	65%	Property investment and property leasing
汕頭中海凱旋置業有限公司	PRC#	Paid up capital	RMB24,440,000 (2022: RMB102,040,816)	–	51%	Property development
南京崇茂置業有限公司	PRC#	Paid up capital	RMB45,000,000	–	49.5%	Investment holding
湛江市海創房地產開發有限公司	PRC#	Paid up capital	RMB600,000,000	–	50%	Property development
湛江市金順房地產開發有限公司	PRC#	Paid up capital	RMB370,000,000	–	50%	Property development
泰州城茂房地產開發有限公司	PRC#	Paid up capital	RMB300,000,000	–	24.75%	Property development
金華市萬赫建築裝飾有限公司	PRC#	Paid up capital	RMB500,000	–	50%	Property development
金華市金築房地產開發有限公司	PRC#	Paid up capital	RMB420,000,000	–	50%	Property development

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

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

Five Year Financial Summary

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	**56,408,144**	57,492,018	53,830,471	42,909,060	28,590,883
Profit before income tax	**4,122,713**	5,978,711	10,149,386	9,539,835	8,295,572
Income tax expense	**(2,097,753)**	(2,922,587)	(4,504,484)	(4,935,694)	(4,798,611)
Profit for the year	**2,024,960**	3,056,124	5,644,902	4,604,141	3,496,961
Profit/(Loss) for the year attributable to:					
Owners of the Company	**2,301,686**	3,150,440	5,050,575	4,374,765	3,329,681
Non-controlling interests	**(276,726)**	(94,316)	594,327	229,376	167,280
	2,024,960	3,056,124	5,644,902	4,604,141	3,496,961

CONSOLIDATED ASSETS AND LIABILITIES

	At 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Total assets	**152,030,454**	180,781,831	198,786,421	167,413,497	134,097,274
Total liabilities	**(113,900,938)**	(143,380,679)	(163,030,162)	(140,177,115)	(112,583,966)
	38,129,516	37,401,152	35,756,259	27,236,382	21,513,308
Equity attributable to owners of the Company	**31,303,532**	29,942,196	28,727,889	24,133,225	19,545,327
Non-controlling interests	**6,825,984**	7,458,956	7,028,370	3,103,157	1,967,981
	38,129,516	37,401,152	35,756,259	27,236,382	21,513,308

Particulars of Major Properties & Property Interests

(A) PROPERTY HELD FOR OWN USE

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
2F, 3F, 3AF and 23F, CITIC City Plaza 1093 Shennan Zhong Road, Futian District, Shenzhen, Guangdong Province, the PRC	Office	6,603	100%	Medium
18F and 19F, CITIC City Plaza 2 Wenming Yi Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Office	3,065	100%	Medium
Commercial Tower, Central Mansion No. 150, Qingnian Zhong Road, Chongchuan District, Nantong, Jiangsu Province, the PRC	Office	3,234	100%	Medium
Room 2307, 2501-2506 and 2508 China Overseas Building (No. 9 Office Building) No. 139 Jilin Street, Jilin, Jilin Province, the PRC	Office	1,319	100%	Medium
Room 501, 502, 601 and 602 The Azure-Cai Fu Plaza Annan Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Office	2,081	100%	Medium
China Overseas Plaza (Office Building) Floor 33, No. 1129 Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Office	2,277	100%	Medium

Particulars of Major Properties & Property Interests

(A) PROPERTY HELD FOR OWN USE (CONTINUED)

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Zhonghai Longcheng Garden Building 19, Junction of Longcheng Avenue and Songshan Road, Xinbei District, Changzhou, Jiangsu Province, the PRC	Office	1,478	100%	Medium
Wanjin Garden Building S1, Wanjin Garden, Northeast Corner of Junction of Longchuan Road and Xidi Road, Baohe District, Hefei, Anhui Province, the PRC	Office	1,889	100%	Medium
Da Guan Tian Xia No. 5716, Dongfang Road, Gaoxin District, Weifang, Shandong Province, the PRC	Office	3,960	100%	Medium
Hairong Court Building 6, Hairong Court, Mengshui Town, Zhoucun District, Zibo, Shandong Province, the PRC	Office	2,393	100%	Medium
Room 101, Building 8, China Overseas Kaixuan Garden No.1, Kaifang Avenue South Road, Chengnan New District, Yancheng, Jiangsu Province, the PRC	Office	1,265	100%	Medium

Particulars of Major Properties & Property Interests

(A) PROPERTY HELD FOR OWN USE (CONTINUED)

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Floor 2, Business Center International Community Junction of Wudu Avenue and Xingguo Road, Zhanggong District, Ganzhou, Jiangxi Province, the PRC	Office	2,382	100%	Medium
Lushan Xihai Hotel Lushan Xihai Scenic Area, Jiujiang, Jiangxi Province, the PRC	Hotel	32,016	100%	Medium
Huizhou Tangquan Hotel No. 298 Huizhou Avenue Tangquan Section, Huicheng District, Huizhou, Guangdong Province, the PRC	Hotel	31,720	100%	Medium
Shantou Nanbin Hotel Haojiang District, Shantou, Guangdong Province, the PRC	Hotel	24,850	100%	Medium

Particulars of Major Properties & Property Interests

(B) PROPERTY HELD FOR INVESTMENT

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Office units, No. 1 Building, China Overseas International Center No. 28 Pinganlixi Avenue, Xicheng District, Beijing, the PRC	Office	40,923	100%	Medium
Jin Xin Building (Room 204, 207 and 208) Jinsha Road, Longhu District, Shantou, Guangdong Province, the PRC	Office	1,326	100%	Medium
China Overseas Plaza Office No.1129, Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Office	55,129	100%	Medium
China Overseas Plaza - Mall (Universal City) Anning District, Lanzhou, Gansu Province, the PRC	Commercial	66,300	100%	Medium
China Overseas Plaza - Shopping Street (Universal City) No. 1131-1149 Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Commercial	10,960	100%	Medium
China Overseas Plaza No. 7 Community, Jiangbei, Jiangbei Street, Huicheng District, Huizhou, Guangdong Province, the PRC	Commercial	21,838	100%	Medium

Particulars of Major Properties & Property Interests

(B) PROPERTY HELD FOR INVESTMENT (CONTINUED)

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Central Mansion Baohe District, Hefei, Anhui Province, the PRC	Commercial	11,992	100%	Medium
Royal Villa South of Dengdian Road, West of Shancha Road, Shushan District, Hefei, Anhui Province, the PRC	Residential	18,255	100%	Medium
The Azure East of Xingan South Road, Hohhot, Inner Mongolia Autonomous Region, the PRC	Office	13,943	100%	Medium
Left Bank West of Fu Bilie Road, North of Yinhe North Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Commercial	26,129	100%	Medium
Central Park Baohe District, Hefei, Anhui Province, the PRC	Office	17,591	100%	Medium
The Phoenix West of Fenghuang Road, North of Zhongwu Avenue, Tianning District, Changzhou, the PRC	Commercial	15,118	100%	Medium
International Community South of Jinqiao Road, Xingning District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Commercial	16,498	100%	Medium

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES

(I) Properties Under Development

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
ColiCity West of Dianhua Road, Jining, Shandong Province, the PRC	Residential/ Commercial	600	1,400	100%	Superstructure in progress	2019.03	2nd half of 2024
Celestial Heights North of Shangzhou Road, East of Xianhu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential	80,700	125,100	60%	Superstructure in progress	2019.09	1st half of 2026
Harrow Community East of Lunggang Avenue, South of Sanhe Road, Yining District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	15,600	44,200	41%	Superstructure in progress	2019.10	2nd half of 2025
City Plaza Huicheng District, Huizhou, Guangdong Province, the PRC	Commercial	36,800	228,300	100%	Superstructure in progress	2020.01	1st half of 2024
Glory Lake The Pu Yue West of Yingbin Road Central, East of Zhengyang Road, Wenchang Lake District, Zibo, Shandong Province, the PRC	Residential/ Commercial	77,400	162,100	100%	Superstructure in progress	2020.07	2nd half of 2025
Glorious Palace Tangcun Huangbeikeng Road, Xiaojinkou Street Office, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	42,700	170,400	60%	Superstructure in progress	2020.11	2nd half of 2025

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Gorgeous Mansion East of Kaichuang Road, North of Yandu Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential	35,100	120,300	100%	Superstructure in progress	2021.03	1st half of 2024
South Halcyon Jingui Road, Jintan District, Changzhou, Jiangsu Province, the PRC	Residential	34,600	103,800	100%	Superstructure in progress	2021.04	1st half of 2024
Megacity Times Raolibei Road, Tongqiao Town, Zhongkai District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	21,000	78,000	100%	Superstructure in progress	2021.04	2nd half of 2025
The Pogoda Lubei District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	32,600	103,800	100%	Superstructure in progress	2021.04	1st half of 2024
International Community West of Guihua Second Road, North of Lianxi Avenue, Lianxi District, Jiujiang, Jiangxi Province, the PRC	Residential	66,000	162,700	100%	Superstructure in progress	2021.05	2nd half of 2026
Cozy Land Luozhuang District, Linyi, Shandong Province, the PRC	Residential/ Commercial	13,200	44,600	100%	Superstructure in progress	2021.05	2nd half of 2025

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Elegance Mansion Jinfeng Village, Dongyuan Town, Taiwanese Investment Zone, Quanzhou, Fujian Province, the PRC	Residential/ Commercial	90,000	310,500	100%	Superstructure in progress	2021.05	1st half of 2024
The Rivera North City Longhu District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	105,400	569,000	100%	Superstructure in progress	2021.06	1st half of 2026
Marina One Yuecheng District, Shaoxing, Zhejiang Province, the PRC	Residential	40,100	144,600	100%	Superstructure in progress	2021.06	1st half of 2024
Halo Park West of Xinghaiyuan (Phase 3), Huainan Road, Yaohai District, Hefei, Anhui Province, the PRC	Residential	6,600	17,300	100%	Superstructure in progress	2021.07	1st half of 2024
Elite Palace No.94, Shidai Avenue, Chengzhong District, Xining, Qinghai Province, the PRC	Residential/ Commercial	127,700	407,600	100%	Superstructure in progress	2021.07	2nd half of 2027
Tai Ping Guan Zhi Taiping Lake Town, Huangshan District, Anhui Province, the PRC	Residential/ Commercial	449,700	249,500	55%	Superstructure in progress	2021.08	2nd half of 2029

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Majestic Mansion Junction of Yandi Avenue and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential/ Commercial	48,000	140,500	70%	Superstructure in progress	2021.08	2nd half of 2025
Central Mansion No.57, Fuqian Road, Huai'an District, Huai'an, Jiangsu Province, the PRC	Residential/ Commercial	34,300	114,000	100%	Superstructure in progress	2021.09	1st half of 2026
Central Park East of Longhua South Street, North of Linjiang East Road, Wucheng Xincheng District, Jinhua, Zhejiang Province, the PRC	Residential/ Commercial	93,500	245,200	50%	Superstructure in progress	2021.09	2nd half of 2024
Future land Gulou District, Xuzhou, Jiangsu Province, the PRC	Residential/ Commercial	49,600	157,900	100%	Superstructure in progress	2021.09	2nd half of 2025
The Paragon South of Jiangyang Middle Road, West of Zongsan Road, Yangzhou Economic and Technological Development Zone, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	29,900	70,400	100%	Superstructure in progress	2021.10	2nd half of 2024

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Central Mansion Plot C, Central District, Yiwu City Economic and Technological Development Zone, Zhejiang Province, the PRC	Residential/ Commercial	43,800	138,300	100%	Superstructure in progress	2021.10	1st half of 2024
Vitality City Southwest Corner of Junction of Huang Li Shu Lu and Xinshijie Road, Feidong County, Hefei, Anhui Province, the PRC	Residential	14,900	42,100	100%	Superstructure in progress	2021.11	1st half of 2024
Graceful Mansion East of Gulou Road, North of Haiyang East Road, Hailing District, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	42,000	108,100	85%	Superstructure in progress	2021.11	1st half of 2024
Jiang Nan Mansion North of Planning Road, East of Wancheng North Road, Changzhou Economic Development Zone, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	48,300	131,200	51%	Superstructure in progress	2021.12	1st half of 2024
World Masterpiece South of Changrong Road, East of Hengtanghe East Road, Qinglong Street, Tianning District, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	35,000	95,700	51%	Superstructure in progress	2021.12	2nd half of 2024
Unique Palace Jinshanhu Area, Henan'an Street, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	21,700	91,900	50%	Superstructure in progress	2021.12	2nd half of 2024

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Lake City Mansion New Huaihai Road, Quanshan District, Xuzhou, Jiangsu Province, the PRC	Residential	61,000	180,500	67%	Superstructure in progress	2021.12	2nd half of 2025
Mansion One South of Longwei Road, West of Baoxing Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	63,700	194,300	45%	Superstructure in progress	2021.12	2nd half of 2027
Jiangnan Countryard South of Binhe Road, West of Shu'an Road, Guangling District, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	76,500	170,200	100%	Superstructure in progress	2021.12	1st half of 2026
Upper East East of Chengdong Avenue, South of Kunpeng Road, Xuzhou, Jiangsu Province, the PRC	Residential	54,000	177,900	66%	Superstructure in progress	2022.02	2nd half of 2025
Huizhou Tangquan 298 Huizhou Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	42,600	69,200	100%	Superstructure in progress	2022.03	2nd half of 2026
Master Mansion North of Shuangqukou Road, East of Fuzhou South Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	57,600	143,400	100%	Superstructure in progress	2022.03	2nd half of 2024

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
New City of China Xinpuxin District, Zunyi, Guizhou Province, the PRC	Residential/ Commercial	52,800	155,700	70%	Superstructure in progress	2022.04	1st half of 2024
Royal Mansion Southwest of Junction of Ba Zhong Nan Road and Daoxiang Road, Nanqiao District, Chuzhou, Anhui Province, the PRC	Residential/ Commercial	134,000	366,900	100%	Superstructure in progress	2022.06	2nd half of 2027
China Overseas Platinum Garden 66 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	68,100	306,200	60%	Superstructure in progress	2022.06	2nd half of 2027
Guan Yun Fu Xinxipian District, East Coast, Shantou, Guangdong Province, the PRC	Residential	34,700	162,700	100%	Superstructure in progress	2022.06	2nd half of 2024
The Peninsula Alishan Road, Longhu District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	53,100	286,800	100%	Superstructure in progress	2022.06	2nd half of 2024
Glory Mansion North of Wei'er Road, East of Fuzhou South Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	48,800	133,900	100%	Superstructure in progress	2022.06	2nd half of 2024
Lake Palace North of Sanding Road, West of Yuxiang Road, Liangqing District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	37,400	123,600	100%	Superstructure in progress	2022.08	2nd half of 2024

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Gorgeous Mansion East of Fenghuang Street, South of Houhai Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	85,400	190,100	100%	Superstructure in progress	2022.09	2nd half of 2024
Genius Garden South of Wangshe Road, East of Beijing Road, Zibo Economic and Technological Development Zone, Shandong Province, the PRC	Residential/ Commercial	111,700	428,100	100%	Superstructure in progress	2022.10	2nd half of 2026
Royal Villa West of Weixiannan Road, North of FengHuang Street, Fangzi District, Weifang, Shandong Province, the PRC	Residential	33,300	100,200	100%	Superstructure in progress	2022.10	2nd half of 2024
One Sino Residences North of Minzu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential	30,700	79,600	100%	Superstructure in progress	2022.11	1st half of 2025
The Paragon East of Wudu Avenue, South of Xinfeng Road, Zhanggong District, Ganzhou, Jiangxi Province, the PRC	Residential	20,600	68,200	100%	Superstructure in progress	2022.12	2nd half of 2024
The Platinum Pleased Mansion 8 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	38,000	181,900	100%	Superstructure in progress	2022.12	2nd half of 2027

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Skyline No. 221, Furong Road, Economic and Technological Development Zone, Hefei, Anhui Province, the PRC	Residential/ Commercial	170,900	505,900	34%	Superstructure in progress	2023.01	2nd half of 2025
Platinum Garden East of Longxiang Road, South of Ludong Road, No. 1 Anci District, Langfang, Hebei Province, the PRC	Residential/ Commercial	30,400	81,500	100%	Superstructure in progress	2023.01	2nd half of 2024
La Cite Jingyuan Road, Chengguan District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	13,300	60,200	100%	Superstructure in progress	2023.02	2nd half of 2024
Hills Scenery East of Shilun Road, North of Bayi Road, Chongchuan District, Nantong, Jiangsu Province, the PRC	Residential	75,800	195,400	60%	Superstructure in progress	2023.04	1st half of 2026
Master Mansion East of Chongye Second Road, South of Gaoxin North Street, Hi-and-New Tech Park, Weinan, Shaanxi Province, the PRC	Residential/ Commercial	87,400	338,900	100%	Superstructure in progress	2023.04	1st half of 2026
Maple Palace Junction of Zhengtong Road and Xueyuan Road, Lunan District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	58,000	118,700	100%	Superstructure in progress	2023.05	2nd half of 2025

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
The Metropolis Junction of Huazhong East Road and Duxiu Avenue, Yingjiang District, Anqing, Anhui Province, the PRC	Residential/ Commercial	117,800	379,700	100%	Superstructure in progress	2023.06	2nd half of 2027
Mount And Lake Intersection of Sakura Road and Acalamus Road, Feixi County, Hefei, Anhui Province, the PRC	Residential	34,000	97,100	60%	Superstructure in progress	2023.06	2nd half of 2025
River View Mansion South of 40M Kuihua Road, East of Hadaxin Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	47,700	120,300	100%	Superstructure in progress	2023.06	1st half of 2025
Golden Coast Hepu Longhutan, Haojiang District, Shantou, Guangdong Province, the PRC	Residential	73,100	217,100	100%	Superstructure in progress	2023.06	2nd half of 2027
The Platinum Pleased Mansion Qinzhou District, Tianshui, Gansu Province, the PRC	Residential/ Commercial	35,000	122,800	100%	Superstructure in progress	2023.06	2nd half of 2026
Sea Advanced Collection South of Houhai Road, East of Yuewu Lane, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	78,600	189,500	100%	Superstructure in progress	2023.06	2nd half of 2025

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Honor Mainstays No.219, Chengde North Road, Qingjiangpu District, Huai'an, Jiangsu Province, the PRC	Residential/ Commercial	142,100	455,200	51%	Superstructure in progress	2023.09	2nd half of 2027
Royal Mansion South of Fenghuang West Road, West of Jiangzhou South Road, Taizhou Economic and Technological Development Zone, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	72,700	222,500	70%	Superstructure in progress	2023.09	1st half of 2026
Origin Of City (previously named "Chen Yang Fu") West of Yingbin Road, South of Yulong Road, Tinghu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	23,300	93,700	46%	Superstructure in progress	2023.09	1st half of 2026
Jewel Manor Intersection of Susong Road and Yushui Road, Hefei, Anhui Province, the PRC	Residential	59,600	184,500	60%	Superstructure in progress	2023.10	1st half of 2026
Da Guan Tian Xia No. 12345, Baotong East Street, Gaoxin District, Weifang, Shandong Province, the PRC	Residential/ Commercial	101,900	282,800	100%	Superstructure in progress	2023.10	2nd half of 2025
The Riviera South of Baisha River, East of Fengshan Road, Fangzi District, Weifang, Shandong Province, the PRC	Residential	12,000	32,400	100%	Superstructure in progress	2023.10	2nd half of 2025

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Zhenru Mansion West of Huanan Road, South of Zhenxing Road, Huanan Xin District, Danyang, Jiangsu Province, the PRC	Residential	70,000	191,200	100%	Superstructure in progress	2023.11	2nd half of 2026
River View Mansion South of Yunqiu Road and Xingjiang Road, Shuixi Town, Zhanggong District, Ganzhou, Jiangxi Province, the PRC	Residential/ Commercial	89,700	208,700	100%	Superstructure in progress	2023.12	2nd half of 2025
Elegance Mansion East of Litang Road, South of Yanziling Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential/ Commercial	62,900	225,700	70%	Superstructure in progress	2023.12	2nd half of 2026
Private Mansion Shanzai Community, Luoshan Street, Jinjiang, Quanzhou, Fujian Province, the PRC	Residential/ Commercial	62,400	139,900	100%	Superstructure in progress	2023.12	1st half of 2025
Master Mansion Dongxing Community, Chengdong Street, Fengze District, Quanzhou, Fujian Province, the PRC	Residential/ Commercial	34,000	112,300	100%	Superstructure in progress	2023.12	2nd half of 2025

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(II) Land held for Future Development

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Lushan Xihai Jinkou Tourist Town, Jiujiang, Jiangxi Province, the PRC	Residential/ Commercial	1,235,500	656,300	100%	Land under development
Glorioushire North of Wenhu Road, Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	27,900	110,300	100%	Land under development
Fengman District Project #1-2 Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	63,400	166,100	100%	Land under development
Metropolis Times Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	46,500	136,200	100%	Land under development
COGO City East of Jinfeng Shiyi Street, North of Jinfeng Shiliu Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	15,600	15,700	85%	Land under development
Zhuzhou Zhonghai Park Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential	30,300	107,200	70%	Land under development
Zhuzhou Zhonghai Jiuyue Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential	112,100	382,200	70%	Land under development

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(II) Land held for Future Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Zhuzhou Zhonghai Universal City Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Commercial	51,200	187,900	70%	Land under development
International Community West of Guihua Second Road, North of Lianxi Avenue, Lianxi District, Jiujiang, Jiangxi Province, the PRC	Residential/ Commercial	337,400	767,800	100%	Land under development
Around the World North of Baotong Street, West of Jinma Road, Gaoxin District, Weifang, Shandong Province, the PRC	Commercial	39,000	116,100	100%	Land under development
Zhonghai Jindi Duhui Garden South of Huguang Fast Track, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	26,800	114,100	50%	Land under development
Central Mansion East of Wantong Road, North of Genghis Khan East Street, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	47,300	126,800	100%	Land under development
The One Future Junction of Lion Ridge Road and Jingyi Road, Zhang Rongjiang New District, Ganzhou, Jiangxi Province, the PRC	Residential/ Commercial	114,700	264,800	100%	Land under development

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(II) Land held for Future Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Hanjiang District Project North of the Fourth Road, West of Shuixiao West Road, Yangzijin Street, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	48,400	114,100	100%	Land under development
Center Mansion Education Road North, Xuetian River East, Chongchuan District, Nantong, Jiangsu Province, the PRC	Residential/ Commercial	78,400	202,300	60%	Land under development
Golden Coast Hepu Longhutan, Haojiang District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	500,000	1,064,400	100%	Land under development
Zhen Ru Fu South side of Yuhua Road, East side of Jianshe Road, Lubei District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	33,200	62,200	100%	Land under development

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) Completed Properties held for Sale/Occupation

Name/Location	Category	Approximate Contracted Area (sq.m.) (excluding Car Park)	Attributable Interest
Huizhou Tangquan 298 Huizhou Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	25,600	100%
International Community – Around the World Huizhan Street, Fengman District, Jilin, Jilin Province, the PRC	Commercial	24,300	100%
Lushan Xihai Jinkou Tourist Town, Jiujiang, Jiangxi Province, the PRC	Residential	65,800	100%
International Community South of Jinqiao Road, Xingning District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Commercial	37,700	100%
La Cite Haojiang District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	32,500	100%
International Community North of Liu Pan Mountain Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	22,300	85%
COGO City South of Liu Pan Mountain Road, East of Jinfeng Shiyi Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	20,400	85%
Lakeside Style Town Wenchang Lake Tourist Town, Zibo, Shandong Province, the PRC	Residential/ Commercial	42,900	100%
Cullinan No.38 Jinglan Road, Yufeng District, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	72,800	70%

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) Completed Properties held for Sale/Occupation (Continued)

Name/Location	Category	Approximate Contracted Area (sq.m.) (excluding Car Park)	Attributable Interest
Platinum Mansion 02-03-05 Zhongxin, Binhaixincheng Nanbinpian District, Haojiang District, Shantou, Guangdong Province, the PRC	Residential	71,800	100%
Golden Coast Hepu Longhutan, Haojiang District, Shantou, Guangdong Province, the PRC	Residential	93,100	100%
Harrow Community South of Sanhe Road, East of Lunggang Avenue, Yining District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	107,200	41%
The Central Mansion Renmin Road, Huichuan District, Zunyi, Guizhou Province, the PRC	Residential/ Commercial	24,000	80%
Glorioushire North of Wenhu Road, Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	126,700	100%
Central Mansion South of Chengdu Road, West of Guizhou Road, Binhu District, Hefei, Anhui Province, the PRC	Residential	59,900	60%
Celestial Heights North of Shangzhou Road, East of Xianhu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential	79,100	60%

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) Completed Properties held for Sale/Occupation (Continued)

Name/Location	Category	Approximate Contracted Area (sq.m.) (excluding Car Park)	Attributable Interest
China Overseas Platinum Garden 66 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	58,600	60%
La Cite Jingyuan Road, Chengguan District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	37,700	100%
Glorious Palace Tangcun Huangbeikeng Road, Xiaojinkou Street Office, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	54,000	60%
He Shan Da Guan South of Fengzhou Bei Road, West of Tianjiao Road, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	29,500	100%
The Platinum Mansion Jianxi Road West, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	33,200	100%
Mountain and Lake 74 Ningzhang Road, Chengbei District, Xining, Qinghai Province, the PRC	Residential/ Commercial	50,400	100%
La Cite Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	51,700	100%
Dong Shan Fu Fengman District Jilin, Jilin Province, the PRC	Residential/ Commercial	21,600	51%

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) Completed Properties held for Sale/Occupation (Continued)

Name/Location	Category	Approximate Contracted Area (sq.m.) (excluding Car Park)	Attributable Interest
Guan Lan Fu Xincheng Xinxipian District, East Coast, Shantou, Guangdong Province, the PRC	Residential	65,800	100%
Vitality City Southwest Corner of Junction of Huang Li Shu Lu and Xinshijie Road, Feidong County, Hefei, Anhui Province, the PRC	Residential	21,900	100%
Maple Palace Junction of Zhengtong Road and Xueyuan Road, Lunan District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	30,700	100%
International Community West of Guihua Second Road, North of Lianxi Avenue, Lianxi District, Jiujiang, Jiangxi Province, the PRC	Residential	21,700	100%
Cozy Land Luozhuang District, Linyi, Shandong Province, the PRC	Residential/ Commercial	30,500	100%
Megacity Times Raolibei Road, Tongqiao Town, Zhongkai District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	28,800	100%
Elite Palace No.94, Shidai Avenue, Chengzhong District, Xining, Qinghai Province, the PRC	Residential/ Commercial	68,200	100%

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) Completed Properties held for Sale/Occupation (Continued)

Name/Location	Category	Approximate Contracted Area (sq.m.) (excluding Car Park)	Attributable Interest
The Riviera South of Baisha River, East of Fengshan Road, Fangzi District, Weifang, Shandong Province, the PRC	Residential	25,100	100%
The Paragon South of Jiangyang Middle Road, West of Zongsan Road, Yangzhou Economic and Technological Development Zone, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	23,400	100%
Gorgeous Mansion East of Kaichuang Road, North of Yandu Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential	33,500	100%
International Community Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential/ Commercial	27,100	70%

Particulars of Major Properties & Property Interests

(D) PROPERTY HELD UNDER JOINT VENTURE

(I) Property held for Investment

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
China Overseas Jinhe Information Technology Park No. 10, Lane 198, Zhangheng Road, Shanghai Zhangjiang Hi-tech Park, Pudong District, Shanghai, the PRC	Office	16,381	65%	Medium

(II) Properties Under Development

Name/Location	Category	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Jinmao Palace North of Zhoushanhe Road, East of Hailingnan Road, Gaoxin District, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	201,900	415,200	24.75%	Superstructure in progress	2021.03	1st half of 2025
We Love City No. 1, Zhongjin, Haitou Street, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	38,400	161,400	50%	Superstructure in progress	2021.05	1st half of 2025
The Halo East of Jinjiang South Street, North of Binhong West Road, Wucheng Xincheng District, Jinhua, Zhejiang Province, the PRC	Residential/ Commercial	69,200	171,500	50%	Superstructure in progress	2021.11	1st half of 2024
Glorious City No.7, Jichang Road, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	70,800	248,200	50%	Superstructure in progress	2023.10	2nd half of 2026

Particulars of Major Properties & Property Interests

(D) PROPERTY HELD UNDER JOINT VENTURE (CONTINUED)

(III) Completed Properties held for Sale/Occupation

Name/Location	Category	Approximate Contracted Area (sq.m.) (excluding Car Park)	Attributable Interest
The Arch Xincheng Xinjinpian District, East Coast, Shantou, Guangdong Province, the PRC	Residential	10,300	51%
Gorgeous Mansion North of Zhoushanhe Road, East of Hailingnan Road, Gaoxin District, Taizhou, Jiangsu Province, the PRC	Residential	26,700	24.75%
Jinmao Palace North of Zhoushanhe Road, East of Hailingnan Road, Gaoxin District, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	58,700	24.75%

Particulars of Major Properties & Property Interests

(E) PROPERTY HELD UNDER ASSOCIATE

(I) Properties Under Development

Name/Location	Category	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Sage Mansion No.111, Kanhu Third Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	17,600	75,400	50%	Superstructure in progress	2021.11	1st half of 2024
Jade Park East of Binhe Road, Zichuan District, Zibo, Shandong Province, the PRC	Residential/ Commercial	112,100	355,000	49%	Superstructure in progress	2022.06	1st half of 2027
Guan Shan Li Intersection of Sakura Road and Acalamus Road, Feixi County, Hefei, Anhui Province, the PRC	Residential	36,900	132,900	40%	Superstructure in progress	2023.08	2nd half of 2025

(II) Land held for Future Development

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
He Guang Chen Yue South of Yandu Road, West of Kaichuang Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	45,000	178,800	33%	Land under development

Glossary

Board	the board of Directors
CEO	the chief executive officer of the Company
CG Code	Corporate Governance Code in Appendix C1 to the Listing Rules (formerly known as Appendix 14 to the Listing Rules)
COHL	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of COLI
COLI	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688), which holds approximately 39.63% of the issued share capital of the Company as at the date of this annual report
COLI Group	COLI and its subsidiaries from time to time
Companies Ordinance	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
Company	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 81)
Company Secretary	the company secretary of the Company
COPH	China Overseas Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 2669), being a subsidiary of COHL
COPH Group	COPH and its subsidiaries from time to time
CSC	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311), being a subsidiary of COHL
CSC Group	CSC and its subsidiaries (excluding listed subsidiary(ies)) from time to time
CSCD	China State Construction Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 830), being a subsidiary of CSC

Glossary

CSCD Group	CSCD and its subsidiaries from time to time
CSCEC	中國建築集團有限公司 (China State Construction Engineering Corporation), a state-owned corporation organised and existing under the laws of the PRC, which is the holding company of CSCECL
CSCECL	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company incorporated in the PRC which is an intermediate holding company of COLI
CSCECL Group	CSCECL and its subsidiaries (excluding COHL, COLI, CSC, CSCD, COPH and their respective subsidiaries) from time to time
Director(s)	the director(s) of the Company
GFA	gross floor area
Group	the Company and its subsidiaries from time to time
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (formerly known as Appendix 10 to the Listing Rules)
PRC	the People's Republic of China
SFO	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
Share(s)	the ordinary share(s) of the Company
sq.m.	square meter
Stock Exchange	The Stock Exchange of Hong Kong Limited
%	per cent.

Note: This section is not applicable to the sections "Independent Auditor's Report" and the consolidated financial statements of the Group in this annual report.

* English or Chinese translations are for identification only (as the case may be).

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