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This announcement and the listing documents attached hereto are for information purposes only and do not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Issuer (as defined below). This announcement and the listing documents attached hereto are not, and are not intended to be, an offer of securities of the Issuer for sale, or the solicitation of an offer to buy securities of the Issuer, in the United States. The securities referred to in this announcement and the listing documents attached hereto have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to registration requirements of the Securities Act. This announcement and the listing documents attached hereto are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities referred to herein is being or will be made in the United States.

This announcement and the listing documents attached hereto have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing documents attached hereto) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing documents attached hereto shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Notice to Hong Kong investors: The Issuer and the Guarantor (as defined below) confirm that the Notes (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF OFFERING CIRCULAR

China Overseas Grand Oceans Finance V (Cayman) Limited

(incorporated in the Cayman Islands with limited liability)

(the “Issuer”)

CNY1,300,000,000 3.20 per cent. Guaranteed Notes due 2029

(Stock Code: 85109)

(the “Notes”)

unconditionally and irrevocably guaranteed by



中國海外宏洋集團有限公司

CHINA OVERSEAS GRAND OCEANS GROUP LTD.

中國海外宏洋集團有限公司

China Overseas Grand Oceans Group Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 81)

(the “Guarantor”)

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CITIC Securities

DBS Bank Ltd.

HSBC

Joint Bookrunners and Joint Lead Managers

**China International
Capital Corporation**

**China Securities
International**

**Guotai Junan
International**

Haitong International

This announcement is made by the Issuer pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of the Notes on The Stock Exchange of Hong Kong Limited dated 6 February 2026 published by the Issuer.

The offering circular dated 30 January 2026 in relation to the issuance of the Notes is appended to this announcement.

By order of the Board of
China Overseas Grand Oceans Finance V (Cayman) Limited
Zhuang Yong
Director

Hong Kong, 9 February 2026

As at the date of this announcement, the board of directors of the Guarantor comprises eight directors, of which three are executive directors, namely Mr. Zhuang Yong, Mr. Yang Lin and Mr. Zhou Hancheng; two are non-executive directors, namely Mr. Billy Yung Kwok Kee and Ms. Liu Ping; and three are independent non-executive directors, namely Dr. Timpson Chung Shui Ming, Mr. Jeffrey Lam Kin Fung and Mr. Andrew Fan Chun Wah.

As at the date of this announcement, the directors of the Issuer are Mr. Zhuang Yong, Mr. Yang Lin and Mr. Zhou Hancheng.

Appendix – Offering Circular dated 30 January 2026

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES OR TO ANY U.S. PERSON OR ANY PERSON ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON (AS DEFINED IN REGULATION S (“REGULATION S”) UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”)).

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the “**Offering Circular**”). You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer, the Guarantor (each as defined in the attached Offering Circular) or from the Joint Lead Managers (as defined below) as a result of such access. In order to review the attached Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States and not be a U.S. person or acting for the account or benefit of a U.S. person.

THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Confirmation of your Representation: This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to CLSA Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation, China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, Guotai Junan Securities (Hong Kong) Limited and Haitong International Securities Company Limited (together, the “**Joint Lead Managers**”), the Issuer and the Guarantor that (1) you are not in the United States and are not a U.S. person nor acting for the account or benefit of a U.S. person and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act, (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located, in the United States, its territories or possessions, and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee (as defined in the attached Offering Circular) or the Agents (as defined in the attached Offering Circular) or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Joint Lead Managers will provide a hard copy version to you upon request.

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers are licensed brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer or the Guarantor in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward the attached Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Actions that you may not take: If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “**Reply**” function on your e-mail software, will be ignored or rejected.

China Overseas Grand Oceans Finance V (Cayman) Limited

(incorporated in the Cayman Islands with limited liability)

CNY1,300,000,000 3.20 per cent. Guaranteed Notes due 2029

unconditionally and irrevocably guaranteed by



中國海外宏洋集團有限公司

CHINA OVERSEAS GRAND OCEANS GROUP LTD.

中國海外宏洋集團有限公司

China Overseas Grand Oceans Group Limited

(incorporated in Hong Kong with limited liability)

Issue Price: 100.00 per cent.

The CNY1,300,000,000 3.20 per cent. Guaranteed Notes due 2029 (the “**Notes**”) will be issued by China Overseas Grand Oceans Finance V (Cayman) Limited (the “**Issuer**”). The Notes will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer and will be unconditionally and irrevocably guaranteed (the “**Guarantee**”) by China Overseas Grand Oceans Group Limited 中國海外宏洋集團有限公司 (the “**Company**” or the “**Guarantor**”).

Interest on the Notes is payable semi-annually in arrear on 6 February and 6 August in each year at the rate of 3.20 per cent. per annum (each an “**Interest Payment Date**”). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in the Terms and Conditions of the Notes), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. Payments on the Notes will be made free and clear of, and without withholding or deduction for or on account of taxes of any Relevant Jurisdiction (as defined in the Terms and Conditions of the Notes) to the extent described under “*Terms and Conditions of the Notes — Taxation*”.

Unless previously redeemed, or purchased and cancelled, the Notes will mature on the Interest Payment Date falling on, or nearest to, 6 February 2029. The Notes are subject to redemption in whole, but not some only, at their principal amount, together with unpaid accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of any Relevant Jurisdiction. See “*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons*”. In addition, the Issuer may at any time giving not less than 30 nor more than 60 days’ notice to Noteholders, the Trustee and the CMU Lodging and Paying Agent redeem the Notes, in whole but not some only, at the Early Redemption Amount (as defined in the Terms and Conditions of the Notes) equals to (i) the Make Whole Amount (as defined in the Terms and Conditions of the Notes) if redeemed before the Par Call Date (as defined in the Terms and Conditions of the Notes) or (ii) their principal amount if redeemed on or after the Par Call Date (as defined in the Terms and Conditions of the Notes), in each case together with any interest accrued to but excluding such Optional Redemption Date. See “*Terms and Conditions of the Notes — Redemption and Purchase — Optional Redemption*”. The Notes may also be redeemed at the option of the Noteholders at their principal amount together with unpaid accrued interest following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes). See “*Terms and Conditions of the Notes — Redemption and Purchase — Redemption upon Change of Control*”.

Application will be made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Notes, the Issuer, the Guarantor, the Group (as defined below) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令56號)) issued by the National Development and Reform Commission of the PRC (the “**NDRC**”) and effective from 10 February 2023 (the “**NDRC Administrative Measures**”), and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, the Guarantor has registered the issuance of the Notes with the NDRC and has obtained a certificate from the NDRC on 16 April 2025 evidencing such registration. The Guarantor undertakes to file or cause to be filed with the NDRC the requisite information and documents in respect of the issuance of the Notes within the relevant prescribed timeframe after the Issue Date (as defined herein) in accordance with the NDRC Administrative Measures.

See “**Risk Factors**” beginning on page 13 for a discussion of certain factors to be considered in connection with an investment in the Notes.

The specified denomination of the Notes shall be CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (defined in Regulation S under the Securities Act (“**Regulation S**”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see “*Subscription and Sale*” below.

The Notes will be represented initially by a global certificate (the “**Global Certificate**”) in registered form which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator of the Central Money Markets Unit Service (the “**CMU**” or the “**Clearing System**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. Except in the limited circumstances described in the Global Certificate, definitive certificates for Notes will not be issued in exchange for interests in the Global Certificate. See the section titled “*Summary of Provisions relating to the Notes in Global Form*” in this Offering Circular.

The Notes are expected to be rated “**BBB**” by Fitch Ratings Inc. (“**Fitch**”) and “**A₊**” by China Chengxin (Asia Pacific) Credit Ratings Company Limited (“**CCXAP**”). The rating does not constitute a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CITIC Securities

DBS Bank Ltd.

HSBC

Joint Bookrunners and Joint Lead Managers

**China International
Capital Corporation**

**China Securities
International**

**Guotai Junan
International**

**Haitong
International**

The date of this Offering Circular is 30 January 2026.

NOTICE TO INVESTORS

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Guarantor and its subsidiaries taken as a whole (the “**Group**”). The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor and the Group, the Notes or the Guarantee. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the Terms and Conditions of the Notes, including the merits and risks involved. The Notes have not been approved or recommended by any regulatory authority in any jurisdiction. Furthermore, no such regulatory authority has passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this Offering Circular.

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirm that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and the Group, the Notes and the Guarantee which is material in the context of the issue and offering of the Notes and the information which, according to the particular nature of the Issuer and of the Notes, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the Notes, (ii) the statements contained herein relating to the Issuer, the Guarantor, the Group, the Notes and the Guarantee are in every material particular true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances are based on reasonable assumptions and are not misleading in any material respect, (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Notes or the Guarantee the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading, (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements and (vi) this Offering Circular does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Each person receiving this Offering Circular acknowledges that such person has not relied on the joint lead managers named in the section entitled “*Subscription and Sale*” (each, a “**Joint Lead Manager**”), the Trustee, the Agents (each defined in Terms and Conditions of the Notes) or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision.

No person has been or is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them. The delivery of this Offering Circular at any time does not imply that the information contained herein is correct as at any time subsequent to its date.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, any of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them to subscribe for or purchase, any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee and the Agents to inform themselves about and to observe any such restrictions. Distribution of this Offering Circular to any person other than the recipient is prohibited. For a description of certain further restrictions on offers and sales of Notes and the distribution of this Offering Circular, see “*Subscription and Sale*”.

No representation or warranty, express or implied, is made or given by any of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by any of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Guarantor, any of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Notes. To the fullest extent permitted by law, the Joint Lead Managers, the Trustee and the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them do not accept any responsibility for the contents of this Offering Circular. Each of the Joint Lead Managers, the Trustee and the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any statement herein. None of the Joint Lead Managers, the Trustee or any Agent or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group after the date of this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Lead Managers, the Trustee or any Agent or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them have independently verified any of the information contained in this Offering Circular or can give any assurance that this information is accurate, truthful or complete. Each investor contemplating purchasing the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisors as it deems necessary.

In making an investment decision, the prospective investor must rely on its own judgment and examination of the Issuer and the Guarantor and the Terms and Conditions of the Notes, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Notes. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them is making any representation regarding the legality of an investment in the Notes under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice.

IN CONNECTION WITH THE ISSUE OF THE NOTES, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN THE CAPACITY OF A STABILISATION MANAGER (THE “STABILISATION MANAGER”) OR ANY PERSON ACTING ON ITS BEHALF MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY ANY STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them makes any representation to any offeree or purchaser of the Notes offered hereby regarding the legality of any investment by such offeree or purchaser under applicable legal investment or similar laws. Each prospective purchaser of the Notes should consult with its own advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes.

The distribution of this Offering Circular and the offer and sale of the Notes may, in certain jurisdictions, be restricted by law. Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Circular, and must obtain any consent, approval or permission required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes purchases, offers or sales. There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions, including the United States, the United Kingdom, Cayman Islands, Hong Kong, the PRC, Japan and Singapore and to persons connected therewith. See “*Subscription and Sale*”.

The Notes are expected to be assigned a rating of “BBB” by Fitch and “A_g” by CCXAP. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of any rating assigned to the Notes may adversely affect the market price of the Notes.

Investors should contact the Joint Lead Managers with any questions about this offering or if they require additional information to verify the information contained in this Offering Circular.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRIIPs REGULATION — PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION — PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain Joint Lead Managers, are “capital market intermediaries” (together, the “CMIIs”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “SFC Code”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIIs, which require the attention and cooperation of prospective investors.

Certain CMIIs may also be acting as “overall coordinators” (together, the “OCs”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (an “Association”) with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

FORWARD-LOOKING STATEMENTS

There are statements in this Offering Circular which contain words and phrases such as “aim”, “anticipate”, “assume”, “believe”, “contemplate”, “continue”, “estimate”, “expect”, “future”, “goal”, “intend”, “may”, “objective”, “plan”, “predict”, “positioned”, “project”, “risk”, “seek to”, “shall”, “should”, “will likely result”, “will pursue”, and words and terms of similar substance used in connection with any discussion of future operating or financial performance or the Group’s expectations, plans, projections or business prospects identify forward-looking statements. In particular, the statements under the headings “*Risk Factors*” and “*The Group*” regarding the Group’s financial condition and other future events or prospects are forward-looking statements. All forward-looking statements are management’s present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

In addition to the risks related to the business of the Group discussed under “*Risk Factors*”, other factors could cause actual results to differ materially from those described in the forward-looking statements. These factors include, but are not limited to:

- the Group’s property development plans;
- the amount and nature of, and potential for, future development of the Group’s business;
- various business opportunities that the Group may pursue;
- changes to regulatory and operating conditions in, and the general regulatory environment of, the industry and markets in which the Group operates;
- the performance and future development of the property market in the areas in the Chinese Mainland in which the Group may engage in property development;
- changes in political, regulatory, economic, legal and social conditions in the PRC, including the specific policies of the PRC government and the local authorities in the regions in which the Group operates, which affect land supply, availability and cost of financing, pre-sales, pricing and volume of the Group’s property development projects;
- changes in competitive conditions and the Group’s ability to compete under these conditions;
- availability and cost of bank loans and other forms of financing;
- significant delay in obtaining the occupation permits, proper legal titles or approvals for the Group’s properties under development or held for future development;
- the defaults in repayment by the Group’s purchasers of mortgage loans guaranteed by the Group;
- the performance of the obligations and undertakings of the Group’s independent contractors under various construction, building, interior decoration and installation contracts;
- the interpretation and implementation of the existing rules and regulations relating to the Land Appreciation Tax (“LAT”) and any future changes to LAT;
- changes in currency exchange rates; and
- other factors beyond the Group’s control.

By their nature, certain disclosures relating to these and other risks are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on the Group's income or results of operations could materially differ from those that have been estimated. For example, revenue could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realised.

Investors are cautioned not to place undue reliance on the forward-looking statements, which speak only as at the date of this Offering Circular. Except as required by law, the Group is not under any obligation, and expressly disclaims any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

All subsequent forward-looking statements attributable to the Group or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Offering Circular.

PRESENTATION OF FINANCIAL INFORMATION

Financial Data

The Group's consolidated financial statements are prepared in accordance with HKFRS, which differ in certain respects from generally accepted accounting principles in other countries, including IFRS, which differences might be material to the financial information presented herein. Potential investors should consult their own professional advisors for an understanding of the difference between HKFRS, IFRS and accounting principles in certain other jurisdictions, and how those differences might affect the financial information presented herein. In making an investment decision, investors must rely upon their own independent examination of the Group, the terms of this offering and the Guarantor's recent financial information. Unless specified or the context otherwise requires, all financial information in this Offering Circular is presented on a consolidated basis.

This Offering Circular contains the consolidated financial information of the Group as at and for the years ended 31 December 2022, 2023 and 2024, which has been extracted from the audited consolidated financial statements of the Group as at and for the years ended 31 December 2023 (the “**2023 Financial Statements**”) and 2024 (the “**2024 Financial Statements**”, together with the 2023 Financial Statements, the “**Financial Statements**”) included elsewhere in this Offering Circular.

The 2023 Financial Statements were prepared and presented in accordance with HKFRS and have been audited by BDO Limited, the previous independent auditor of the Group for the years ended 31 December 2022 and 2023. The Group changed its auditor from BDO Limited to PricewaterhouseCoopers in 2024. The 2024 Financial Statements were prepared and presented in accordance with HKFRS and have been audited by PricewaterhouseCoopers, the current independent auditor of the Group.

For further details of changes in general accounting policies, please refer to note 2.1 to the 2023 Financial Statements and note 3.1 to the 2024 Financial Statements.

In order to align with the presentation of financial statements of major industry counterparts, certain comparative amounts of the financial information of the Group as at 31 December 2022 have been represented to conform with the presentation of the relevant financial information of the Group as at 31 December 2023 in the 2023 Financial Statements. “Trade and other receivables” and “Prepayments and deposits” are presented separately and “Bank deposits subject to restriction on usage” (RMB9,897,715,000 as at 31 December 2022) are presented together with cash and cash equivalents (RMB19,433,181,000 as at 31 December 2022) as “Cash and bank balances”. For further details of the changes in presentation of the relevant financial information, please refer to note 3.1 to the 2023 Financial Statements.

The Guarantor has published its interim financial statements as at and for the six months ended 30 June 2025 (the “**2025 Interim Financial Information**”) and the financial and business review as at and for the nine months ended 30 September 2025 (the “**2025 Third Quarter Financial Information**”) on the website of Hong Kong Stock Exchange. Potential investors should note, in particular, that the 2025 Interim Financial Information and the 2025 Third Quarter Financial Information are derived from the Guarantor's management accounts which have not been audited or reviewed by independent auditors. As such, the Group's financial information as at and for the six months ended 30 June 2025 and the nine months ended 30 September 2025 have not been set out in detail in this Offering Circular. The 2025 Interim Financial Information and the 2025 Third Quarter Financial Information are not incorporated by reference, and do not form part of this Offering Circular. Potential investors should not rely on such financial information to evaluate the financial condition of the Group in making their investment decision. The 2025 Interim Financial Information and 2025 Third Quarter Financial Information should not be taken as an indication of the Group's expected financial condition or results of operations as at and for the full financial year ending 31 December 2025. None of the Joint Lead Managers, the Trustee or the

Agents or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the accuracy of the 2025 Interim Financial Information and 2025 Third Quarter Financial Information or the sufficiency of such financial information for an assessment of the Group's financial condition and results of operation.

Rounding

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

CERTAIN DEFINED TERMS AND CONVENTIONS

The Issuer and the Guarantor have prepared this Offering Circular using a number of conventions, which you should consider when reading the information contained herein.

Unless otherwise specified or the context requires, all references herein to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China, to “**Macau**” are to the Macau Special Administrative Region of the People’s Republic of China, to “**China**” or the “**Chinese Mainland**” or the “**PRC**” are to the People’s Republic of China and for the purpose of this Offering Circular only, excluding Hong Kong, Macau and Taiwan; all references to the “**United States**” and “**U.S.**” are to the United States of America; and all references to “**Hong Kong dollars**”, “**HK dollars**” and “**HK\$**” are to the lawful currency of Hong Kong, to “**U.S. dollars**”, “**US dollars**”, “**U.S.\$**” or “**US\$**” are to the lawful currency of the United States of America and to “**Renminbi**”, “**RMB**” or “**CNY**” are to the lawful currency of the PRC.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them), and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them) make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the Chinese Mainland. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

In this Offering Circular, unless otherwise specified or the context otherwise requires:

- “**CSC**” refers to China State Construction International Holdings Limited 中國建築國際集團有限公司;
- “**CSCD**” refers to China State Construction Development Holdings Limited 中國建築興業集團有限公司;
- “**CSCEC**” refers to China State Construction Engineering Corporation 中國建築集團有限公司;
- “**CSCECL**” refers to China State Construction Engineering Corporation Limited 中國建築股份有限公司;
- “**COHL**” refers to China Overseas Holdings Limited 中國海外集團有限公司;
- “**COLI**” refers to China Overseas Land & Investment Limited 中國海外發展有限公司;
- “**COPH**” refers to China Overseas Property Holdings Limited 中海物業集團有限公司;
- the “**Issuer**” refers to China Overseas Grand Oceans Finance V (Cayman) Limited;
- the “**Guarantor**” or the “**Company**” refers to China Overseas Grand Oceans Group Limited 中國海外宏洋集團有限公司;

- the “**Group**” refers to the Guarantor and its subsidiaries taken as a whole;
- “**HKAS**” refers to Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”);
- “**HKFRS**” refers to HKFRS Accounting Standards issued by the HKICPA;
- “**IFRS**” refers to IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”);
- “**GFA**” refers to gross floor area; and
- “**sq.m.**” refers to square metres.

TABLE OF CONTENTS

	Page
FORWARD-LOOKING STATEMENTS	vi
PRESENTATION OF FINANCIAL INFORMATION	viii
CERTAIN DEFINED TERMS AND CONVENTIONS	x
SUMMARY	1
SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA	4
THE OFFERING	8
RISK FACTORS	13
USE OF PROCEEDS	52
CAPITALISATION	53
TERMS AND CONDITIONS OF THE NOTES	54
SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM	76
THE ISSUER	79
THE GUARANTOR	80
THE GROUP	81
DIRECTORS AND MANAGEMENT	106
SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS	113
RELATIONSHIP WITH CSCEC, CSCECL, COHL AND COLI	115
PRC REGULATIONS	119
TAXATION	151
SUBSCRIPTION AND SALE	156
GENERAL INFORMATION	162
INDEX TO FINANCIAL INFORMATION	F-1

SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors, and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety.

OVERVIEW

The Guarantor was incorporated in Hong Kong on 25 September 1970 as a limited liability company with registration number 21522, and its shares have been listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00081) since 1984.

The Group is a property developer in the Chinese Mainland supported by the well-known national brand of “China Overseas Property” (“中海地產”). Its main source of revenue is from the development and sale of residential and commercial properties in the Chinese Mainland. As at 31 December 2024, the Group and its joint ventures had a land bank of approximately 13.8 million sq.m. (with an attributable land bank of 11.6 million sq.m.) in 32 cities in the Chinese Mainland.

The Group believes that the implementation of stronger policies aimed at stabilising the property market, particularly through urban renewal and land acquisition initiatives, will alleviate inventory pressures and accelerate the establishment of a new supply-demand balance. Despite headwinds in the real estate sector, the Group sees great potential in mid-tier cities where it has a strong presence. These cities offer significant growth opportunities due to China’s ongoing urbanisation. Some economically robust mid-tier cities experience positive population growth, benefiting the Group’s major markets. The reduced competition among real estate companies in these cities provides the Group with a competitive advantage, leveraging its strengths in resource integration and localised brand building. The influence of the “China Overseas Properties” brand, established product systems, supply chain cost efficiencies, and a dedicated professional team will further bolster the Group’s core competitiveness.

As at 31 December 2024, the Group is comprised of the Guarantor and over 229 subsidiaries, 7 associates and 6 joint ventures. The Issuer is a direct wholly-owned subsidiary of the Guarantor.

As at 26 January 2026, the Guarantor had a market capitalisation of RMB7.3 billion. The Guarantor is a constituent of the Hang Seng Composite Index which includes Hang Seng Composite Industry Index — Properties & Construction, the Hang Seng Composite MidCap & SmallCap Index and the Hang Seng Composite SmallCap Index.

The Guarantor is rated “BBB-” by S&P Global Ratings (“S&P”), “BBB” by Fitch and “A_g” by CCXAP.

Competitive Strengths

The Group benefits from the following key strategies:

- The Group is a major PRC property developer supported by the well-known national brand of “China Overseas Property” (“中海地產”), focusing on the mid- to high-end real estate development primarily in mid-tier cities in the Chinese Mainland;
- The Group benefits from strong support from CSCEC, CSCECL, COHL and COLI;

- The Group owns a sizable, diversified and high-quality land bank;
- The Group has a proven track record and in-depth local knowledge;
- The Group's operations are scalable for further expansion; and
- The Group is financially strong and has flexible sources of funding.

Strategies

The Group's key business objective is to seek sustainable growth in revenue and profit by pursuing the following strategies:

- Upholding its "Balanced and Refined" strategy, targeting at key mid-tier cities;
- Continuing to leverage the strong support from COLI and its "China Overseas Property" ("中海地產") brand;
- Expanding its land bank at reasonably low cost;
- Maintaining prudent financial management; and
- Maintaining an appropriate level of recurring income generated by its investment property portfolio to enhance long term cash flow stability and to diversify risk associated with the real estate development business.

RECENT DEVELOPMENTS

Unaudited and unreviewed financial information after 31 December 2024

Financial information as at and for the six months ended 30 June 2025

On 25 August 2025, the Guarantor published its unaudited and unreviewed consolidated financial statements as at and for the six months ended 30 June 2025 (the "**2025 Interim Financial Information**") on the website of the Hong Kong Stock Exchange.

As at 30 June 2025, as compared with the balance as at 31 December 2024, the Group recorded decreases in inventories. Conversely, the Group recorded increases in the guaranteed notes and corporate bonds due within one year and bank and other borrowings due after one year.

For the six months ended 30 June 2025, as compared to the corresponding period in 2024, the Group recorded decreases in the revenue and operating profit, which was mainly affected by the ongoing market consolidation.

The Guarantor has confirmed that save for the line items specifically accounted for, the changes in trend in the afore-mentioned line items occurred in the ordinary course of business and do not have any material adverse effect.

Financial information for the nine months ended 30 September 2025

On 22 October 2025, the Guarantor published certain unaudited and unreviewed consolidated financial information as at and for the nine months ended 30 September 2025 (the “**2025 Third Quarter Financial Information**”) on the website of the Hong Kong Stock Exchange.

For the nine months ended 30 September 2025, as compared to the corresponding period in 2024, the Group recorded decreases in revenue and operating profit, which was mainly affected by the ongoing market consolidation.

No audit has been performed on the 2025 Interim Financial Information or the 2025 Third Quarter Financial Information by the Guarantor’s independent auditors, or any other independent auditors, and therefore none of the 2025 Interim Financial Information or the 2025 Third Quarter Financial Information should be relied upon by prospective investors to provide the same quality of information associated with information that has been subject to an audit. Such financial information within the 2025 Interim Financial Information and/or the 2025 Third Quarter Financial Information may change if it is subject to an audit. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, advisers, directors, officers, employees, agents or representatives or any person who controls any of them makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to the 2025 Interim Financial Information or the 2025 Third Quarter Financial Information. None of the 2025 Interim Financial Information or the 2025 Third Quarter Financial Information of the Guarantor shall be treated as indicative of the financial condition or results of operations of the Group for any period of a year or any full year. None of the 2025 Interim Financial Information or 2025 Third Quarter Financial Information forms part of or is incorporated by reference into this Offering Circular and should not be referred to or relied upon by prospective investors. Prospective investors must exercise extensive caution when using such information to evaluate the Group’s financial condition or results of operations.

Property Development

For the six months ended 30 June 2025, the contracted property sales of the Group amounted to RMB16,610 million, for an aggregated contracted area of 1,472,400 sq.m., representing a 12.7% year-on-year decrease compared to the same period in 2024.

As at 30 June 2025, the Group and its joint ventures had a land bank of approximately 13.5 million sq.m. (with an attributable land bank of 11.5 million sq.m.) in 33 cities in the Chinese Mainland.

During the six months ended 30 June 2025, the Group acquired eleven projects at an aggregate consideration of RMB6,187 million in seven key cities where it operates, including Hefei, Hohhot, Lanzhou, etc., whereby gross floor area of approximately 1,328,300 sq.m., of which approximately 1,195,700 sq.m. was attributable to the Group (including the interests in associates and joint ventures). In response to the structural opportunities in the market, land investments have been significantly strengthened compared with the corresponding period last year in order to support future business development of the Group.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

The following tables set forth the summary consolidated financial information of the Group as at and for the periods indicated.

The summary consolidated financial information of the Group as at and for the years ended 31 December 2022 and 2023 is derived from the Group's audited consolidated financial statements as at and for the year ended 31 December 2023 and should be read in conjunction with such audited consolidated financial statements and the notes thereto included elsewhere in this Offering Circular. The audited consolidated financial statements of the Group as at and for the year ended 31 December 2022 and 2023 have been prepared and presented in accordance with HKFRS and have been audited by BDO Limited in accordance with Hong Kong Standards on Auditing as issued by the HKICPA. The summary consolidated financial information of the Group as at and for the years ended 31 December 2024 is derived from the Group's audited consolidated financial statements as at and for the year ended 31 December 2024 and should be read in conjunction with such audited consolidated financial statements and the notes thereto included elsewhere in this Offering Circular. The audited consolidated financial statements of the Group as at and for the year ended 31 December 2024 have been prepared and presented in accordance with HKFRS and have been audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing as issued by the HKICPA.

Potential investors should exercise caution when using such data to evaluate the Group's consolidated financial information and results of operations.

Summary Consolidated Statement of Financial Position

	As at 31 December		
	2022	2023	2024
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	4,279,204	4,621,513	4,536,748
Property, plant and equipment	773,627	817,233	808,564
Right-of-use assets	257,133	353,686	327,305
Interests in associates	182,635	328,085	518,273
Interests in joint ventures	686,896	568,035	412,458
Deferred tax assets	1,876,676	1,707,562	1,376,844
	8,056,171	8,396,114	7,980,192
Current assets			
Inventories of properties	131,891,355	107,119,484	84,369,988
Other inventories	4,165	2,820	2,772
Contract costs	128,524	75,217	55,261
Trade and other receivables	703,545	777,512	748,410
Prepayments and deposits	4,991,913	4,017,266	3,282,159
Amounts due from associates	853,767	888,880	726,912
Amounts due from joint ventures	439,499	373,496	441,985
Amounts due from non-controlling shareholders	1,991,575	2,764,690	2,896,924
Tax prepaid	2,390,421	1,594,372	1,387,437
Cash and bank balances	29,330,896	26,020,603	27,290,854
	172,725,660	143,634,340	121,202,702
Current liabilities			
Trade and other payables	20,830,621	17,567,987	13,650,255
Contract liabilities/Pre-sales proceeds	61,157,740	40,829,178	27,803,620
Amounts due to associates	10,516	43,411	155,166
Amounts due to joint ventures	287,318	269,054	255,857
Amounts due to non-controlling shareholders	6,199,342	5,673,611	5,129,250
Amounts due to related companies — due within one year	261,145	186,119	186,119
Lease liabilities — due within one year	14,852	11,664	9,133
Guaranteed notes and corporate bonds — due within one year	—	—	2,800,000
Taxation liabilities	4,348,917	3,169,088	2,048,482
Bank and other borrowings — due within one year	12,176,911	13,555,442	9,729,105
	105,287,362	81,305,554	61,766,987
Net current assets	67,438,298	62,328,786	59,435,715
Total assets less current liabilities	75,494,469	70,724,900	67,415,907
Non-current liabilities			
Bank and other borrowings — due after one year	30,828,251	21,353,371	21,190,484
Lease liabilities — due after one year	35,945	24,487	15,658
Amount due to a related company — due after one year	—	75,026	75,026
Guaranteed notes and corporate bonds — due after one year	4,593,302	8,655,350	5,982,049
Deferred tax liabilities	2,635,819	2,487,150	2,601,627
	38,093,317	32,595,384	29,864,844
Net assets	37,401,152	38,129,516	37,551,063
Capital and Reserves			
Share capital	6,047,372	6,047,372	6,047,372
Reserves	23,894,824	25,256,160	25,348,495
Equity attributable to owners of the Company	29,942,196	31,303,532	31,395,867
Non-controlling interests	7,458,956	6,825,984	6,155,196
Total equity	37,401,152	38,129,516	37,551,063

Summary Consolidated Income Statement

	Year ended 31 December		
	2022	2023	2024
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Revenue	57,492,018	56,408,144	45,895,252
Cost of sales and services provided	(49,215,834)	(50,096,691)	(42,049,101)
Gross profit	8,276,184	6,311,453	3,846,151
Other income/Other income and gains, net	638,570	479,186	499,617
Distribution and selling expenses	(1,632,182)	(1,551,916)	(1,373,053)
Administrative expenses	(925,921)	(896,268)	(762,613)
Other operating expenses	(91,079)	(135,824)	–
Operating profit	6,265,572	4,206,631	2,210,102
Finance costs	(63,400)	(65,237)	(59,453)
Share of results of associates	18,853	1,450	27,588
Share of results of joint ventures	(242,314)	(20,131)	(17,493)
Profit before income tax	5,978,711	4,122,713	2,160,744
Income tax expense	(2,922,587)	(2,097,753)	(944,903)
Profit for the year	3,056,124	2,024,960	1,215,841
Profit/(Loss) for the year attributable to:			
Owners of the Company	3,150,440	2,301,686	954,050
Non-controlling interests	(94,316)	(276,726)	261,791
	3,056,124	2,024,960	1,215,841
	RMB Cents	RMB Cents	RMB Cents
Earnings per share			
Basic	90.7	64.7	26.8
Diluted	90.7	64.7	26.8

Summary Consolidated Statement of Comprehensive Income

	Year ended 31 December		
	2022	2023	2024
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Profit for the year	3,056,124	2,024,960	1,215,841
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss</i>			
Changes in fair value of equity instruments at fair value through other comprehensive income	310	—	—
Exchange differences on translation of the Company's financial statements	—	—	284,242
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences arising from translation into presentation currency	(1,642,825)	(291,831)	—
Exchange differences on translation of subsidiaries' financial statements	—	—	(900,017)
Other comprehensive income for the year, net of tax	(1,642,515)	(291,831)	(615,775)
Total comprehensive income for the year	1,413,609	1,733,129	600,066
Total comprehensive income attributable to:			
Owners of the Company	1,507,925	2,009,855	338,275
Non-controlling interests	(94,316)	(276,726)	261,791
	1,413,609	1,733,129	600,066

THE OFFERING

Issuer	China Overseas Grand Oceans Finance V (Cayman) Limited.
LEI Code	8368001GQ0IU3X2MRR23.
Guarantor	China Overseas Grand Oceans Group Limited 中國海外宏洋集團有限公司.
Issue	CNY1,300,000,000 3.20 per cent. Guaranteed Notes due 2029 (the “ Notes ”).
Guarantee	The Guarantor has unconditionally and irrevocably guaranteed the payment of the principal, Early Redemption Amount (as defined in the Terms and Conditions of the Notes) and interest in respect of the Notes and all other moneys expressed to be payable by the Issuer under or pursuant to the Notes and the Trust Deed (as defined below).
Issue Price	100.00 per cent.
Issue Date	6 February 2026.
Maturity Date	Interest Payment Date falling on, or nearest to, 6 February 2029.
Form and Denomination	The Notes will be issued in registered form in denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
The Offering	The Notes and the Guarantee are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. See “ <i>Subscription and Sale</i> ”.
Interest and Interest Payment Dates	The Notes will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.20 per cent. per annum, payable semi-annually in arrear on 6 February and 6 August in each year (each an “ Interest Payment Date ”). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in the Terms and Conditions of the Notes), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.
Status of the Notes and the Guarantee	The Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer and (subject as stated above) rank and will rank <i>pari passu</i> , without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but only to the extent permitted by applicable laws relating to creditors’ rights.

The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a) of the Terms and Conditions of the Notes) unsecured obligations of the Guarantor and (subject as stated above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but only to the extent permitted by applicable laws relating to creditors' rights.

Further Issues The Issuer is at liberty from time to time without the consent of the Noteholders to create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects save for the issue date, the first payment of interest thereon and the timing for complying with the requirements set out in the Terms and Conditions of the Notes in relation to NDRC Post-issue Filing) and so that the same shall be consolidated and form a single series with the Notes. See "*Terms and Conditions of the Notes — Further Issues*".

Negative Pledge So long as any Note remains outstanding, (as defined in the Trust Deed), the Issuer and the Guarantor will not, and the Guarantor will procure that none of its other Subsidiaries (as defined in the Terms and Conditions of the Notes) (except any Listed Subsidiaries as defined in the Terms and Conditions of the Notes) will, create or permit to subsist any Security (as defined in the Terms and Conditions of the Notes) upon the whole or any part of its undertaking, assets or revenues present or future to secure the repayment or payment of principal, premium or interest of or on any Relevant Indebtedness (as defined in the Terms and Conditions of the Notes), or to secure any guarantee of or indemnity given in respect of the repayment or payment of principal, premium or interest of or on any Relevant Indebtedness (as defined in the Terms and Conditions of the Notes) unless, at the same time or prior thereto, the Issuer's obligations under the Notes or, as the case may be, the Guarantor's obligations under the Guarantee (a) are secured equally and ratably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Terms and Conditions of the Notes) of the Noteholders. See "*Terms and Conditions of the Notes — Covenants — Negative Pledge*".

Taxation	All payments in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future Taxes (as defined in the Terms and Conditions of the Notes) imposed, levied, collected, withheld or assessed by or on behalf of any of the Relevant Jurisdictions (as defined in the Terms and Conditions of the Notes), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction, subject to certain exceptions. See “ <i>Terms and Conditions of the Notes — Taxation</i> ”.
Events of Default	The Notes contain certain events of default provisions as further described in the Terms and Conditions of the Notes. See “ <i>Terms and Conditions of the Notes — Events of Default</i> ”.
Final Redemption	The Issuer will redeem the Notes at their principal amount on the Interest Payment Date falling on, or nearest to, 6 February 2029 unless previously redeemed or purchased and cancelled. See “ <i>Terms and Conditions of the Notes — Redemption and Purchase — Final Redemption</i> ”.
Issuer Optional Redemption	The Issuer may, at any time upon giving not less than 30 nor more than 60 days’ notice to Noteholders (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, redeem the Notes, in whole but not some only, at the Early Redemption Amount (as defined in the Terms and Conditions of the Notes) equals to (i) the Make Whole Amount (as defined in the Terms and Conditions of the Notes) if redeemed before the Par Call Date (as defined in the Terms and Conditions of the Notes) or (ii) their principal amount if redeemed on or after the Par Call Date (as defined in the Terms and Conditions of the Notes), in each case together with any interest accrued to but excluding such Optional Redemption Date. See “ <i>Terms and Conditions of the Notes — Redemption and Purchase — Optional Redemption</i> ”.
Redemption for Taxation Reasons	The Notes may be redeemed at the option of the Issuer in whole, but not some only, at their principal amount together with accrued interest, in the event that the Issuer or the Guarantor would be required to pay additional amounts in respect of the Notes in the event of certain changes affecting taxes of any Relevant Jurisdiction (as defined in the Terms and Conditions of the Notes), subject to certain conditions. See “ <i>Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons</i> ”.

Redemption upon Change of Control	Following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes), the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all, or some only, of that holder's Notes at their principal amount together with accrued interest. See " <i>Terms and Conditions of the Notes — Redemption and Purchase — Redemption upon Change of Control</i> ".
Form and Denomination	The Notes will be issued in registered form in denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
Notices and Payment	So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of CMU or the Alternative Clearing System (as defined in the Terms and Conditions of the Notes), any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to CMU or the Alternative Clearing System (as defined in the Terms and Conditions of the Notes), for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Terms and Conditions of the Notes.
Governing Law	The Notes, the trust deed between the Issuer, the Guarantor and the Trustee to be dated on or about 6 February 2026 (the " Trust Deed ") (including the Guarantee) and the Agency Agreement between the Issuer, the Guarantor, the Trustee, the Registrar and agents named therein to be dated on or about 6 February 2026 and any non-contractual obligations arising out of or in connection with them will be governed by and will be construed in accordance with English law.
Ratings	The Notes are expected to be rated "BBB" by Fitch and "A _g " by CCXAP. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.
Trustee	China Construction Bank (Asia) Corporation Limited 中國建設銀行(亞洲)股份有限公司.
Registrar	China Construction Bank (Asia) Corporation Limited 中國建設銀行(亞洲)股份有限公司.
CMU Lodging and Paying Agent and Transfer Agent	China Construction Bank (Asia) Corporation Limited 中國建設銀行(亞洲)股份有限公司.

Clearing Systems The Notes will be represented by beneficial interests in the Global Certificate in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator of the CMU. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the CMU. Except in the limited circumstances described in the Global Certificate, individual certificates for the Notes will not be issued in exchange for beneficial interests in the Global Certificate. The securities codes for the Notes are as follows:

CMU Instrument Number	ISIN	Common Code	LEI Code
BOAKFB26003	HK0001249025	327179128	8368001GQ0I U3X2MRR23

Listing Application will be made to the Hong Kong Stock Exchange for listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only.

Use of Proceeds See “*Use of Proceeds*”.

RISK FACTORS

In addition to other information in this Offering Circular, investors should carefully consider the following risk factors, together with all other information contained in this Offering Circular, before purchasing the Notes. The risks and uncertainties described below may not be the only ones that the Issuer, the Guarantor or the Group face. Additional risks and uncertainties that the Issuer, the Guarantor and the Group are not aware of or that they currently believe are immaterial may also adversely affect their respective business, financial condition or results of operations. If any of the events described below occur, the Issuer's, the Guarantor's or the Group's business, financial condition or results of operations could be materially and adversely affected. In such cases, the Issuer or the Guarantor or the Group may not be able to satisfy their obligations under the Notes or the Guarantee (as applicable), and investors could lose all or part of their investment.

RISKS RELATING TO THE GROUP'S BUSINESSES

The Group's business is sensitive to global economic conditions. A severe downturn in the global economy could materially and adversely affect the revenue and results of operations of the Group.

Fluctuations in the global economy and in the global financial markets in recent years have had negative impacts on the PRC real estate industry and many other industries.

In response to the adverse conditions in the financial markets and the global economy, many countries, including the PRC, implemented fiscal measures and other stimulus packages targeted at reducing the adverse impact of the global economic crisis and reviving their economies.

However, the outlook for the world economy and financial markets remains uncertain. The aggravation of China-U.S. trade friction, trade protectionism and the slowdown in global economic growth have also caused volatility in global financial markets. Since the second half of 2018, the PRC and the United States have imposed tariffs on certain products imported from the other country. Even if the PRC and the United States have previously entered into some trade agreements, the resulting trade policies or the terms of any renegotiated trade agreements and their impact are uncertain. It remains to be seen whether the phase one China-U.S. trade agreement will be observed by both governments and successfully reduce trade tensions. The escalating China-U.S. trade war and the U.S. global trade policy against the PRC, including tightening regulatory restrictions, industry-specific quotas, tariffs, non-tariff barriers and taxes, may have an adverse effect on the PRC and global economy. Similar international trade disputes, including between the European Union and the PRC, may also cause disruptions in the international flow of goods and services, which may in turn add to the uncertainties relating to the overall prospects for the global and the PRC economies this year and beyond, which may have a material adverse impact on the Group's business, prospects, financial conditions and results of operations. Furthermore, the Russo-Ukrainian conflict that began in February 2022 and geopolitical uncertainty originated by, among others, the increased tensions between Russia and members of the North Atlantic Treaty Organisation, are contributing to further increases in the prices of energy, oil and other commodities and to volatility in financial markets globally, as well as a new landscape in relation to international sanctions and export-control measures. Geopolitical events such as continued tensions in various countries in the Middle East, the Korean peninsula, Eastern Europe as well as Africa could significantly undermine the stability of the global economy and financial markets. Such geopolitical risks may have a material adverse impact on macroeconomic factors which affect the Group's business, financial condition and results of operations.

These and other issues resulting from the fluctuations in the global economy and in the global financial markets have adversely affected, and may continue adversely affecting, homeowners and potential property purchasers, which may lead to a decline in the general demand for the Group's products and erosion of their sale prices. In addition, any further tightening of liquidity in the global financial markets may negatively affect the Group's liquidity. Therefore, if the fluctuations in the global economy and in the global financial markets continue, the Group's business, financial condition and results of operations may be negatively affected.

The Group depends significantly on the performance of the PRC property markets, particularly in the mid-tier cities in which it is developing properties, as well as in Beijing and Shanghai where the Group and its joint venture hold investment properties.

The Group depends significantly on the performance of the PRC property markets, particularly in the mid-tier cities in which the Group is developing properties, as well as in Beijing and Shanghai where the Group and its joint venture hold investment properties. The property interests of the Group are subject to certain risks inherent in the ownership of, investment in and development of real estate properties. These risks include, but are not limited to, the cyclical nature of property markets, changes in general economic, business and credit conditions, changes in government policies or regulations affecting the real estate sector, building and other raw materials shortages, fluctuations in interest rates and the costs of labour and materials. The Group's property interests are also affected by the strength of the economies of the cities and regions in the Chinese Mainland in which it conducts its business.

Historically, the PRC property market has been cyclical. The PRC property sector has experienced dramatic changes since mid-2021, and coupled with other factors, such as the deteriorating market conditions which affected consumer confidence and sentiment and further led to a significant slowdown in sales of residential property in China. Although the Group has maintained stable operations during these challenging circumstances for the PRC property sector, it has become increasingly difficult for many other PRC property developers due to slow property sales and falling property prices as well as difficulties in obtaining external financing in both the domestic and offshore lending and capital markets. This has resulted in a number of debt defaults and corporate restructurings by other PRC property developers, further increasing volatility and uncertainty in the PRC property sector.

In the first half of 2020, the People's Bank of China (the "PBOC") emphasised adhering to the principle that "houses are for living, not for speculation" so as to maintain the continuity, consistency and stability of real estate financial policies. In August 2020, the PBOC and the Ministry of Housing and Urban-Rural Development ("MOHURD") jointly formulated the "Three Red Lines" policy to monitor the leverage ratio and regulate the ability of the real estate enterprises to incur additional debt. The "Three Red Lines" refer to certain financial metrics of a real estate enterprise: (i) the liabilities to assets ratio after excluding advances received from customers shall not exceed 70 per cent.; (ii) the net gearing ratio shall not exceed 100 per cent.; and (iii) cash to short-term borrowing ratio shall not be less than one. The real estate enterprises that fail to meet all three ratios shall not increase the amount of interest-bearing borrowings; the real estate enterprises that fail to meet two of the three ratios may only increase the amount of interest-bearing borrowings by five per cent. each year; the real estate enterprises that fail to meet one of the three ratios may only increase the amount of interest-bearing borrowings by 10 per cent. each year; and the real estate enterprises that meet all three ratios may increase the amount of interest-bearing borrowings by 15 per cent. each year. The PRC property sector is facing an ongoing slowdown, despite support measures released by PRC central and local governments from time to time, including without limitation, a series of policies adopted since 2023 to boost sales of residential properties, to ensure the steady and orderly growth of real estate financing, to promote a virtuous cycle between finance and real estate, and to improve the macro-prudential management of real estate financing. There can be no assurance that government support measures will provide a sufficient boost to the market or that the PRC central or local governments will not adopt additional or more stringent industry policies, regulations and measures in the future. Any such adverse development and the ensuing decline in property sales or decrease in property prices in the Chinese Mainland may continue to adversely affect the Group's business, financial condition and results of operations.

In addition, demand for properties in the Chinese Mainland has been adversely affected and will continue to be so affected by the macroeconomic control measures recently implemented by the PRC government and the fluctuations in the global economy.

In 2022, in the Report on the Work of the Government of the PRC Government delivered at the Fifth Session of the 13th National People's Congress (the "NPC") of the PRC, the PRC government proposed to adhere to the principle of "houses are for living, not for speculation", keep land costs, housing prices and market expectations stable, and adopt city-specific measures to facilitate positive circulation and sound development in the real estate sector. Under the principle of "houses are for living, not for speculation" and stabilising the real estate market, the tailoring of real estate governmental policy to the respective conditions of each city was frequently implemented in various cities across the Chinese Mainland.

However, in response to the market downturn and the demand for pandemic prevention and control, and for the purpose of maintaining stable economic growth, local governments have introduced a large number of policies on both supply and demand to support the stable development of the real estate market. Therefore, the regulatory policy environment for the property market has gradually relaxed. The "16 Supportive Financial Measures for the Real Estate Market" was introduced in the fourth quarter of 2022, and supportive policies for credit, bonds and equity financing were launched to ensure the real estate market's stable development, which is conducive to further stabilising the expectations of home buyers and maintaining consumers' confidence in the real estate market.

In 2023, property regulatory policies remained to be based on the general principle of "houses are for living, not for speculation" and "region-specific regulatory policies". From 21 to 22 December 2023, the MOHURD convened the national housing and urban-rural construction working conference, stressing the principle of "houses are for living, not for speculation" and "region-specific regulatory policies". In addition, fostering a new development paradigm of real estate was proposed for resolving housing issues of new citizens, young people and migrant workers. It is expected that the government's regulatory policies for the real estate industry will continue to be loose, focusing on "region-specific regulatory policies", "implementing targeted regulatory policies" and "one city, one policy". Many cities independently adjusted their real estate policies according to local conditions to support the rigid and improved demand of residents, aiming at accelerating the destocking of the industry and the robust development of the market.

In 2024, the meeting of the Political Bureau of the CPC Central Committee held on 26 September 2024 emphasised the need to promote stabilisation and prevent further decline in the real estate market. It stressed that the construction of commercial housing should be subject to strict control over new supply, optimisation of existing stock, and improvement of quality. Efforts should be made to increase loan issuance for projects included on the "white list" and to support the revitalisation and utilisation of idle land resources. The meeting further called for addressing public concerns by adjusting housing purchase restriction policies, reducing interest rates on existing mortgage loans, and promptly improving land, fiscal, taxation, and financial policies in order to advance the establishment of a new development model for the real estate sector.

On 17 October 2024, the State Council Information Office held a press conference at which officials from the MOHURD and other departments provided an overview of the policies and measures adopted to promote the stable and healthy development of the real estate market. The new policy package, described as a "combination punch", consists of four removals, four reductions, and two increases. The four removals refer to the abolition of restrictions on home purchases, sales, and prices, as well as the elimination of the classification standards distinguishing ordinary from non-ordinary residential properties. The four reductions include reducing the interest rate on housing provident fund loans, lowering the minimum down payment ratio for housing loans, reducing interest rates on existing mortgage loans, and lowering the tax and fee burden associated with replacing an old home with a new

one. The two increases comprise the implementation of one million additional urban village and dilapidated housing renovation projects, and an expansion of the credit quota for “white list” real estate projects to RMB4 trillion by the end of 2024.

The cyclical property market in the Chinese Mainland affects the timing for both the acquisition of sites and the sale of completed development properties. This cyclical nature, combined with the lead time required for the completion of projects and the sale of properties, means that the results of operations of the Group relating to property development activities may be susceptible to significant fluctuations from year to year.

Property purchasers in the Chinese Mainland have been and will continue to be affected by these regulations and their amendments as may be made thereto from time to time. There can be no assurance that the demand for new properties, where the Group has or will have operations, will continue to grow in the future or that there will not be over-development or market downturns in the domestic residential property sector. Any such adverse development and the ensuing decline in property sales or decrease in property prices in the Chinese Mainland may adversely affect the Group’s business and financial condition.

As the Group continues to be dependent, to a significant extent, on the overall state of the PRC property sector, a decline in the performance of this property sector could adversely affect the Group’s revenue. To the extent that supply in the overall property market significantly exceeds demand, the Group may be subject to significant downturns and disruptions in the market for a sustained period. Any material adverse development with respect to the property markets in the Chinese Mainland could have a material and adverse effect on the Group’s business, financial condition and results of operations.

The PRC tax authorities may challenge the basis on which the Group calculates its Land Appreciation Tax (“LAT”) obligations.

Under PRC tax laws and regulations, properties of the Group developed for sale are subject to LAT, which is collectible by the local tax authorities. All income from the sale or transfer of state-owned land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, which is calculated based on the proceeds from the sale of properties less deductible expenditures as provided in the relevant tax laws.

On 28 December 2006, the State Administration of Taxation (the “SAT”) issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises, which came into effect on 1 February 2007 (the “LAT Notice”) and was amended by the SAT on 15 June 2018. Under the LAT Notice, provincial tax authorities can formulate their own implementation rules according to the LAT Notice and local situation. In the event that the tax authorities of the provinces in which the Group undertakes development projects promulgate implementation rules that require the Group to settle all unpaid LAT, it could adversely affect the Group’s business, financial condition and results of operations.

Certain exemptions may be available for the sale of ordinary residential properties if the appreciation of land value does not exceed 20% of the total deductible items as provided in the relevant tax laws. The Group’s management believes that it estimates and makes provision for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations, but it only pays a portion of such provision each year as required by the tax authorities. Although the Group’s management believes that such provisions are sufficient, there can be no assurance that the tax authorities will agree with the basis on which the Group calculates its LAT obligations. In the event that the tax authorities believe that a higher rate of LAT should be paid, the Group’s business, financial condition and results of operations may be materially and adversely affected.

The Group may not always be able to replenish its land bank.

The Group derives its revenue principally from the sale of properties that it has developed. To have a steady stream of developed properties available for sale and growth in the long term, the Group needs to replenish and increase its land bank with properties that are suitable for development. Its ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond its control.

The availability of substantially all of the land in the Chinese Mainland is controlled by the PRC government. Thus, the PRC government's land policies have a direct impact on the Group's ability to acquire land use rights for development and its costs of acquisition. In recent years, the PRC central and local governments have implemented various measures (and may implement further measures) to regulate the means by which property developers obtain land for property development and stabilise the real estate market, including policies to prevent excessive rises in property prices in certain cities and sectors such as taxing capital gains to discourage speculation, restricting purchases of real estate by foreigners, limiting the amount of luxury villa developments and tightening of credit available to real estate developers and individual purchasers. Property developers must comply with various national and local regulatory requirements promulgated by different tiers of regulators. From time to time, the PRC government adjusts its macroeconomic policies to encourage or restrict property development which may have a direct impact on the Group's business. The PRC government also controls land supply through zoning, land usage regulations and other means. All of these measures further intensify the competition for land in the Chinese Mainland among property developers. As such, any subsequent re-zoning by the PRC government could adversely affect the Group's ability to obtain land use rights. If the Group fails to acquire sufficient land bank suitable for development in a timely manner and at acceptable prices, its prospects and competitive position may be adversely affected and its business, financial condition and results of operations may be materially adversely affected.

The Group faces a number of development, construction and approval risks associated with the development of properties. The Group's properties may not be completed as scheduled and may not generate the levels of expected revenue or contemplated investment returns.

There are a number of construction, financing, operating and other risks associated with construction and property developments. Projects of the types undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before they become operational and generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages and increased costs of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with third-party contractors, accidents, changes in governmental policies and other unforeseen circumstances. Any of these circumstances could give rise to delays in the completion of construction or cost overruns.

In relation to the Group's property development projects in the Chinese Mainland, certain government approvals, permits, licenses or consents, such as the permit to commence pre-sales, will need to be obtained. Delays in the process of obtaining, or a failure to obtain, the requisite licenses, permits or approvals from government agencies or authorities may increase the cost or may delay or prevent the commencement of a project, which could adversely affect the financial condition of the Group.

Construction delays may result in the loss of revenue. The failure to complete construction according to specifications may result in liabilities, reduced efficiency and lower financial returns. There can be no assurance that the Group's projects will continue to be completed substantially on schedule or that future projects will be completed on time, or at all, and generate satisfactory returns.

The business and property sales of the Group may be affected if it fails to obtain records of acceptance examination for its completed projects.

According to the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) enacted by the State Council and effective on 20 July 1998 and last amended on 29 November 2020, the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) enacted and enforced by the State Council on 30 January 2000 and amended on 23 April 2019, the Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) enacted by the Ministry of Construction in April 2000 and amended on 19 October 2009 and the Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) enacted by MOHURD and effective on 2 December 2013, after completion of work for a project, a real estate developer shall apply to the government property development authority at or above the county level for a record of acceptance examination upon project completion.

There can be no assurance that the Group will be able to obtain records of acceptance examination for its completed projects in a timely manner, or at all. In such event, the business, property sales and financial condition of the Group may be materially and adversely affected.

The property development business is subject to customer claims under statutory quality warranties.

Under the Regulations on the Administration of Quality of Construction Works(《建設工程質量管理條例》), which became effective on 30 January 2000 and was amended on 7 October 2017 and 23 April 2019, all property developers in the Chinese Mainland must provide certain quality warranties for the properties they construct or sell. The Group acts as developer for a majority of property projects, and in such cases the Group is directly responsible for construction quality and is generally not able to seek reimbursement from third-party contractors where customer claims are brought against the Group under its quality warranties. The Group cannot guarantee that it will not receive customer claims in relation to the quality of the Group's projects. If a significant number of claims were brought against the Group under the Group's quality warranties and if the Group was unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by the Group to cover the Group's payment obligations under the quality warranties is not sufficient, the Group could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm the Group reputation, and materially and adversely affect the Group's business, financial condition and results of operations.

The Group is subject to legal and business risks if it fails to obtain formal qualification certificates.

Developers in the Chinese Mainland must obtain a formal qualification certificate in order to carry out real estate development business in the Chinese Mainland. According to the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) (the “**Provisions on Administration of Qualifications**”) promulgated by the Ministry of Construction in March 2000 and amended by the MOHURD on 4 May 2015, 22 December 2018 and 2 March 2022, respectively, real estate developers must apply for the qualification certificate for real estate development, which is subject to renewal every three years. Real estate developers in the PRC are required to provide a valid qualification certificate when they apply for a pre-sale permit.

It is mandatory under the PRC government regulations that developers fulfil statutory requirements before obtaining or renewing their qualification certificates. In reviewing an application to renew a qualification certificate, the relevant authorities take into account, among others, a developer's real estate development investments, history of real estate development and quality of property construction, as well as the expertise of the developer's management and whether the developer has any illegal or inappropriate operations. The local authorities generally grant the developers who conduct real estate development exceeding the qualification grade a grace period to rectify their non-compliance subject to a penalty of between RMB50,000 and RMB100,000, and failure to rectify such non-compliance within the specified time frame could result in the cancellation of, or the rejection of the application for renewal of, the developer's qualification certificate and the revocation of the developer's business license. Each of the Group's project companies renews its qualification certificate with the assistance of the Group.

It cannot be assured that each of the qualification certificates of the Group's operating project companies will be renewed or extended within the required time frame in the future or that each of the Group's newly established project companies and non-real estate development related subsidiaries will be able to obtain a valid qualification certificate in a timely manner, or at all. If any of the Group's project companies is unable to obtain or renew their qualification certificates, as applicable, they will not be permitted to engage in or continue its businesses, which could have a material adverse effect on the Group's business and financial condition.

The Group may not be able to effectively manage its expansion and growth.

The Group's performance has fluctuated in the past. The Group's contracted property sales (including those of its associates and joint ventures) grew from RMB40.3 billion in 2022 to RMB42.8 billion in 2023, but slightly declined to RMB40.1 billion in 2024. As it continues to acquire properties for development, whether through internal growth, mergers and acquisitions or otherwise, such expansion may place a strain on the Group's managerial, operational and financial resources, and will contribute to an increase in its financing requirements. In 2024, the Group completed an acquisition of Changzhou China Overseas Haicheng Real Estate Co., Ltd. (常州市中海海澄房地產開發有限公司) and Changzhou China Overseas Haihong Real Estate Co., Ltd. (常州市中海海泓房地產有限公司), at the cash consideration of RMB259.0 million and RMB242.5 million respectively. The Group's planned expansion is based on its forward-looking assessment of market prospects. There can be no assurance that the Group's assessments will turn out to be accurate or that the asset acquisitions will materialise. Any failure in effectively managing the Group's expanded operations may materially and adversely affect its business, financial condition and results of operations.

There may be risks associated with any material acquisitions by the Group in the future.

The Group may consider expanding its business by acquiring property projects, assets or certain interests in other companies. During the course of these transactions, the Group will conduct due diligence investigations with respect to the projects, assets or target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial and legal risks and liabilities. When determining the price for any acquisition, the Group will consider various factors, including the quality of the target business, estimated costs associated with the acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group will also face various issues arising from the acquisition after the relevant transaction is completed, such as integration of the business into its operations and allocation of internal resources. There can be no assurance that the Group will be able to address these issues effectively. In addition, any major acquisition or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity, and in turn could materially and adversely affect its business, financial condition and results of operations.

The Group's businesses require substantial capital investment.

The Group may also require additional financing to fund investment in stock of properties and deposits for land use rights for property development to support the future growth of its business and to refinance existing debt obligations. The Group's core businesses may require substantial capital investment, particularly for its property development and property investment segments. The Group has historically required and may in the future continue to require external financing to fund its capital expenditures. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, success of the Group's businesses, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital, and political and economic conditions in the Chinese Mainland, Hong Kong and Macau. There can be no assurance that the PRC government will relax existing restrictive measures, impose and enhance restrictive measures, or to impose other restrictive policies, regulations or measures in the future. The existing and other future restrictive measures may limit Group's access to capital, reduce market demand for Group's products and increase Group's finance costs, and any easing measures introduced may also not be sufficient. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or obtained on terms favourable to the Group, failing which the Group's business, financial position and results of operations may be materially and adversely affected.

The fair value of the Group's investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially adversely impact its profitability.

The Group is required to reassess the fair value of its investment properties at the end of every reporting period for which it issues financial statements. Under HKFRS, gains or losses arising from changes in the fair value of investment properties are included in the Group's consolidated income statement in the period in which they arise. The Group recorded no fair value gain or loss arising from the remeasurement of the investment properties for the years ended 31 December 2022, 2023 and 2024. Fair value gains or losses do not, however, change the Group's cash position as long as the relevant investment properties are held by the Group and, therefore, do not increase its liquidity notwithstanding any potential increase in profit. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. There can be no assurance that changes in the market conditions will create fair value gains on the Group's investment properties at any level at all, or that the fair value of the Group's investment properties will not decrease in the future. In particular, the fair value of its investment properties could decline in the event that the PRC property industry experiences a downturn as a result of PRC government measures and policies, or the global economic slowdown and increased volatility in financial markets. Any significant decreases in the fair value of the Group's investment properties may materially and adversely impact its business, financial position and results of operations.

The Group may be forced to forfeit its land use rights without compensation if the Group fails to comply with the terms of the land grant contracts.

Under PRC laws, if a developer fails to develop land according to the terms of the land grant contract (including those relating to designated land use or the time for commencement and completion of the development of the land), the relevant local government authority may give a warning to or impose a penalty on the developer, or require the property developers to forfeit the land use rights. In addition, if a developer fails to commence development of a property project within the stipulated period as required under the current PRC laws without the approval from the relevant PRC government authority, the relevant PRC government authority may serve a decision on the collection of the charges for idle land to the developer and impose an idle land fee of up to 20 per cent. of the land premium unless such failure is caused by a government action or a force majeure event. Even if the commencement of the land development complies with the land grant contract, if the developed GFA on the land is less than

one-third of the total GFA of the project, or if the total capital expenditure is less than 25 per cent. of the total estimated investment of the project indicated in the property development proposal submitted to the relevant government and the suspension of the development of the land is more than one year without government approval, the land will still be treated as idle land. If a developer fails to commence such development for more than two years after the designated time for commencement as provided in the land grant contract, the land use right is subject to forfeiture without compensation by the PRC government unless the delay in development is caused by government actions or force majeure. Such circumstances may lead to possible forfeiture of land use rights or delays in the completion of a project, which could materially and adversely affect the Group's business, financial position and results of operations.

The Group may not be able to obtain land use rights certificates for certain existing properties or properties acquired in the future.

To develop and sell real estate in the PRC, property developers are required to obtain land use rights certificates from the relevant government authorities. The land use rights certificate in respect of a piece of land will not be issued until the developer has executed the land use rights contract with the relevant authorities, made full payments of the land premium, and complied with the land use rights and any other land grant conditions. There can be no assurance that the relevant PRC government authorities will grant the appropriate land use rights or issue the relevant land use rights certificates in respect of these parcels of land or in respect of other land the Group may contract to acquire in the future, in a timely manner, or at all. If the Company fails to obtain, or experiences material delay in obtaining, the land use rights certificates with respect to any parcels of land the Group has contracted or may contract to acquire in the future, in a timely manner, or at all, the Group's business, results of operations and financial condition may be materially and adversely affected. Furthermore, there can be no assurance that if the transactions as contemplated in the relevant agreement can be completed, any refund of the Group's prepayments will be provided in a timely manner or at all. If the Group fails to obtain refunds, its financial condition, cash flow and results of operations may be materially and adversely affected.

The Group may not be able to obtain, extend or renew qualification certificates for property development.

As a pre-condition to engaging in property development in China, a property developer must obtain a qualification certificate and have it renewed annually unless the rules and regulations allow for a longer renewal period. According to the relevant PRC regulations on qualification of property developers, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be extended for a maximum of two years. If the newly established property developer fails to commence a property development project within the one-year period when the provisional qualification certificate is in effect, it will not be allowed to extend its provisional qualification certificate. Furthermore, established property developers must also apply for renewal of their qualification certificates on an annual basis. It is mandatory under government regulations that developers fulfil all statutory requirements before obtaining or renewing their qualification certificates. The Group may not be able to obtain the qualification certificates in a timely manner, or at all, as and when they become due to expire. If the Group does not possess valid qualification certificates, the governmental authorities may refuse to issue pre-sale and other permits necessary for the Group's property development business. In addition, the governmental authorities may impose a penalty on the Group and the Group's project companies for failure to comply with the relevant licensing requirements. If the Group is unable to meet the relevant requirements, and therefore unable to obtain or renew the qualification certificates or pass the annual verification, the business and financial condition of the Group could be materially and adversely affected.

The Group faces risks related to the pre-sales of properties.

The Group depends on revenue from the pre-sales of its properties as an important source of funding for its property development projects. There can be no assurance that the Group will be able to continue

achieving sufficient pre-sales to fund a particular development. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence the pre-sale of properties and may only use pre-sale proceeds to finance the development of such properties. In August 2005, the PBOC recommended in a report entitled “2004 Real Estate Financing Report” the discontinuation of the practise of the pre-sale of unfinished properties because such practises, in the PBOC’s opinion, create significant market risks and generate transactional irregularities. Although this and similar recommendations have not been adopted by the PRC government, there can be no assurance that the PRC government will not adopt such recommendations and ban the practise of the pre-sale of unfinished properties or implement further restrictions on the pre-sale practise, such as imposing additional conditions for obtaining a pre-sale permit or imposing further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of the Group’s properties are an important source of financing for the Group’s property developments. As at 31 December 2022, 2023 and 2024, the Group had recorded total pre-sales proceeds of RMB61.2 billion, RMB40.8 billion and RMB27.8 billion respectively. Consequently, any restriction on the Group’s ability to pre-sell its properties, including any increase in the amount of up-front expenditure that it must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of its capital outlay and would result in it needing to seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group’s business, cash flow, results of operations and financial condition.

The Group also faces the risk that it will be liable to the purchasers of pre-sold units for losses suffered by them if the development of the fully or partially pre-sold property is not completed. The Group cannot assure investors that these losses would not exceed any deposits that may have been made in respect of the pre-sold units. In addition, if the development of a pre-sold property is not completed on time, the purchaser may be entitled to compensation for late delivery. If the delay extends beyond the contractually specified period, or if the actual GFA of a completed property delivered to a purchaser deviates by more than 3 per cent. from the GFA originally indicated in the purchase contract without any such prior agreement therein, the purchaser will be entitled to terminate the purchase contract and claim damages. Any termination of the purchase contract as a result of the Group’s late delivery of properties will have a material adverse effect on the Group’s business, financial condition and results of operations.

On the other hand, the Group also faces the risk that purchasers who have previously paid a deposit may fail to complete their purchase of pre-sold units.

If any of the aforementioned risks with regard to pre-sale of the property happens, the Group’s business, financial condition and results of operation could be adversely and materially affected.

Resettlement arrangements relating to the Group’s future and potential developments may be subject to negotiation and any failure to reach an agreement may affect the Group’s schedule to develop the relevant projects.

Under PRC laws and regulations, the relevant local government authority is responsible for the expropriation of the lands and buildings and is required to pay compensation to residents of a site to be cleared prior to construction. If the relevant local government authority responsible for the expropriation and the party subject to the expropriation fail to reach an agreement for compensation and resettlement within certain period, the relevant local government authority may make the final decision on the plan of expropriation. If the party subject to the expropriation is not satisfied with such decision, it may initiate administrative proceedings in court which may cause delays to the Group’s development schedule for the relevant project. In addition, any such delays to the Group’s development schedule may lead to an increase in costs and a delay in the expected cash inflow resulting from pre-sales of the relevant project, which may in turn materially and adversely affect the Group’s business, financial position and results of operations.

The Group is exposed to general risks associated with the ownership of real property.

Property investment is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash at short notice or requiring a substantial reduction in the price that might otherwise be sought for such assets to ensure a quick sale. Such illiquidity also limits the ability of the Group to vary its portfolio in response to changes in economic or other conditions. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to its illiquidity.

Property investment is subject to risks incidental to the ownership and management of residential, office and retail properties, including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs, which may in turn have a material adverse effect on the Group's business, financial position and results of operations.

The Group has provided guarantees to secure obligations of purchasers of its properties for repayments. Defaults by a significant number of purchasers would adversely affect the Group's financial condition.

In the PRC, the Group has provided short-term pre-registration guarantees in favour of banks which provided mortgage facilities for purchasers of the Group's properties to secure such purchasers' repayment obligations. See "*The Group — Property Development — Property Development Process — Payment method and mortgage financing*". As at 31 December 2024, the Group's outstanding guarantees in respect of the mortgage loans of its customers amounted to RMB15.9 billion. Under the terms of the pre-registration guarantees, if, during the term of the guarantee (from the date of the mortgage up to typically either submission of the relevant property ownership certificates to the mortgagee bank or completion of the registration of the mortgage, which, when submission of relevant ownership certificates is required, usually lasts for up to 18 months, but is shorter in other situations), a purchaser defaults on its repayment obligation, the Group will be liable to pay to the banks the amount owing to them from the purchaser, but the Group will have the right to take possession of and re-sell the mortgaged property.

Defaults by a significant number of the Group's customers for whom the Group has provided guarantees could materially and adversely affect the Group's business, financial condition and results of operations.

Potential liability for non-compliance with environmental laws and regulations could result in substantial costs.

The Group is subject to a variety of laws and regulations concerning the protection of health and environment. The particular environmental laws and regulations that apply to any given project development site vary according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. As the PRC government increases its focus on the environment, the Group's projects may be more strictly reviewed and inspected, and approval processes for future projects or any alteration to existing projects may be prolonged. Efforts taken to comply with environmental laws and regulations may result in delays in development, cause the Group to incur substantial compliance costs and prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

As required by PRC laws and regulations, projects in environmental-sensitive areas or regions developed by the Group are required to undergo environmental assessments and the Group is required to submit an environmental impact assessment form to the relevant governmental authorities for approval before commencement of its construction. For other projects, the Group is required to file an environmental impact registration form for approval. It is possible that there are potential material environmental liabilities of which the Group is unaware. In addition, it cannot be assured that the Group's operations will not result in environmental liabilities or that the Group's contractors will not violate any environmental laws and regulations in their operations that may be attributed to the Group, and in the event of the occurrence of such liabilities or violations, the Group's business, financial position and results of operations may be materially and adversely affected. Investors should refer to the section entitled "*The Group — Environmental and Safety Matters*" for more information in respect of environmental matters.

The Group's business is subject to extensive governmental regulation and is susceptible to policy changes in the PRC property sector.

The Group's business is subject to extensive government regulation. As with other PRC property developers, the Group must comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector. Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be refined over time. Other political, economic and social factors may also lead to further adjustments and changes of such policies. In addition, the PRC government may in respect of the property sector adopt additional and more stringent industry policies, regulations and measures in order to boost or slowdown growth in the property sector in the future. If the Group fails to adapt its operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt the Group's business or cause it to incur additional costs, the Group's business prospects, results of operations and financial condition may be materially and adversely affected.

The Group's financing costs are subject to changes in interest rates.

Changes in interest rates have affected and will continue to affect the Group's financing costs and, ultimately, its results of operations. As at 31 December 2024, the Group had total borrowings of RMB39.7 billion (which comprises of the total bank and other borrowings and the guaranteed notes and corporate bonds payable), and the costs of certain Renminbi and Hong Kong dollar/US dollar denominated borrowings were subject to changes in interest rates. Renminbi and Hong Kong dollar/US dollar denominated borrowings accounted for approximately 81.0 per cent. and 19.0 per cent. of the Group's total consolidated borrowings, respectively, as at 31 December 2024. The increase in the ratio of total borrowings denominated in Renminbi compared to 2023 was mainly due to the continuing increase in the ratio of offshore bank borrowings denominated in Renminbi during the year. There can be no assurance that interest rates will not rise in the Chinese Mainland or in Hong Kong. To the extent that interest rates increase in respect of any of the Group's borrowings (in particular, its bank borrowing with floating rates) and the Group is not able to pass on such costs to purchasers of its properties, the Group's business, financial condition and results of operations could be adversely affected. Any further increase in these interest rates will increase the Group's financing costs and may materially and adversely affect its business, financial condition and results of operations.

The Group’s shareholders together play a strategic and important role in advising the Guarantor’s overall corporate planning.

As at 26 January 2026, approximately 39.63 per cent. of the Guarantor’s outstanding shares were beneficially owned by COLI, which shareholding is in turn owned by COHL. COHL is wholly owned by CSCECL, a company listed on the Shanghai Stock Exchange since 2009, approximately 57.70 per cent. of which was owned (as at 26 January 2026) by its parent company, CSCEC. CSCEC is a state-owned construction group that is a core state-owned enterprise under the direct supervision of the State-owned Assets Supervision and Administration Commission (“SASAC”) of the State Council of PRC government. The Guarantor, therefore, is ultimately owned by CSCEC. See “*Relationship with CSCEC, CSCECL, COHL and COLI*” in this Offering Circular. Subject to compliance with applicable laws, by maintaining such ownership, CSCEC, CSCECL, COHL and COLI together play a strategic and important role in advising the Guarantor’s overall corporate planning. While receiving strong support from COLI and CSCEC, the Guarantor enjoys a high degree of autonomy in its daily operation and has fostered the Group’s long-term sustainable development. However, the strategic goals and interests of CSCEC, CSCECL, COHL and COLI may not always be aligned with the Group’s strategy and interests and could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base. No assurance can be given that the interests of the Group’s shareholders will be the same as those of the holders of the Notes or that such support will continue to be available in the future.

The Group’s success depends on the continuing efforts of its senior management team and other key personnel and its business may be harmed if the Group loses their services.

The Group’s future success depends heavily on the continuing services of the members of its senior management team. If one or more of the Group’s senior executives or other key personnel are unable or unwilling to continue in their present positions, the Group may not be able to replace them easily or at all, its business may be disrupted and its financial condition, results of operations and prospects may be materially and adversely affected. Competition for senior management and key personnel is intense while the pool of qualified candidates is very limited, and the Group may not be able to retain the services of senior executives or other key personnel, or attract and retain high-quality senior executives or other key personnel in the future. Furthermore, the Group may lose the services of senior executives or other key personnel if the Guarantor’s shareholders choose to shuffle the management teams of such shareholders’ subsidiaries or otherwise choose to change the composition of the Guarantor’s management and key personnel team. In addition, if any member of the senior management team or any other key personnel joins a competitor or forms a competing company, the Group may lose customers and key professionals and staff members, which may in turn materially and adversely affect the Group’s business position and results of operations.

The terms on which mortgages are available, if at all, may affect the Group’s sales levels.

A vast majority of the Group’s property purchasers rely on mortgages to fund their purchases. Fluctuations in interest rates may significantly increase the cost of mortgage financing of properties. Increases in interest rates will increase the cost to the Group’s customers of funding property purchases through mortgages, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. Starting from August 2019, the PBOC has introduced the loan prime rates (the “LPR”). Commercial banks had since then adopted the LPR as the pricing benchmark in floating rate loan contracts. Fluctuations in interest rates will increase the cost of mortgage financing for the Group’s potential customers, and as a result, the Group may experience lower demand for its properties. Any further fluctuations in the LPR will adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of the Group’s properties. The Group’s cost of borrowing would also increase as a result of increase of the LPR, which would, in turn, adversely affect its results of operations.

In addition, the PRC government and commercial banks may also increase down payment requirements, impose other conditions or otherwise change the regulatory framework or lending policies in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. For example, the China Banking and Insurance Regulatory Commission (the “CBIRC”, which has been replaced by the National Administration of Financial Regulation (國家金融監督管理總局) (the “NAFR”)) and the PBOC have issued regulations on, among other things, the minimum interest rate, down payment and minimum interest for mortgage facilities. For example, according to the Notice on Optimising the Standards for Identifying the Number of Housing Units in Connection with Individual Housing Loans (住房城鄉建設部中國人民銀行金融監管總局關於優化個人住房貸款中住房套數認定標準的通知) issued by the MOHURD, the PBOC and the NAFR and effective from 18 August 2023 (which has also been included in the policy toolkit under the “one city, one policy” arrangement), banking financial institutions shall implement relevant housing credit policies for first-time home buyers where a member of the relevant household (including the borrower, the borrower’s spouse and minor children) is applying for a loan to finance the purchase of residential housing and where the relevant family member does not own a housing unit under his/her name in the locality (but regardless of whether or not he/she has already purchased a housing unit with a loan). Further, according to the Notice on Adjusting and Optimising Differentiated Housing Credit Policies (中國人民銀行國家金融監督管理總局關於調整優化差別化住房信貸政策的通知) issued by the PBOC and the NAFR and effective from 31 August 2023, the minimum down payment ratio for individuals’ commercial housing mortgages for first-time and second-time home purchases will be adjusted to be not lower than 20 per cent. and 30 per cent., respectively, nationwide. In addition, the interest rate floors for commercial personal mortgage loans issued to first-time home buyers shall still be governed by existing policies, while the interest rate floors for such loans to second-time home buyers shall be adjusted to levels no lower than the LPRs for loans with the corresponding maturities plus 20 basis points. In line with the above changes, local governments can change related housing credit policies in a city-specific manner. In May 2024, the PBOC further eased individuals’ commercial housing mortgage regulations, including lowering the minimum down-payment ratio for first-time home buyers to 15 per cent. and for second-time home buyers to 25 per cent. Additionally, the interest rates for housing provident fund loans have been reduced by 0.25 per cent.

In the event that mortgage facilities for property purchases become more difficult to obtain or that the costs of such financing increase, many of the Group’s prospective customers who rely on such financing may not be able to purchase the Group’s properties, which in turn will materially and adversely affect the business, financial position and results of operations of the Group.

In line with industry practice, the Group provides guarantees to banks for mortgages they offer to purchasers. If there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and these banks would not accept any alternative guarantees by other third parties, or if no third party is available in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks during pre-sales. Such difficulties in financing could result in a substantially lower rate of pre-sales of the Group’s properties, which could adversely affect its business, financial condition and results of operations. The Group cannot assure investors that such changes in laws, regulations, policies or practices will not occur in the future, and such changes may materially and adversely affect the Group’s business, financial position and results of operations.

Certain of the Group’s businesses are conducted through associates and joint ventures.

The Group has substantial investment in associates and joint ventures that develop, own and operate properties in the Chinese Mainland. The Group has historically maintained a certain level of control over the projects through ownership of a controlling interest or management in order to impose established financial control, management and supervisory techniques. However, property investment and development in the Chinese Mainland may often involve the participation of local partners in the Chinese Mainland, and associates and joint ventures in the Chinese Mainland may involve special risks or

problems associated with associates and joint ventures partners, including, among other things, reputational issues, inconsistent business interests or one or more of the associates and joint ventures partners experiencing financial difficulties and exposing the Group to credit risk. Should such problems occur in the future they could have a material and adverse effect on the Group's business, financial position, results of operations and prospects.

Any unauthorised use of the China Overseas Property (“中海地產”) trademark may adversely affect its business.

The Group uses COLI's brand name “China Overseas Property” (“中海地產”) in the PRC pursuant to a trademark license agreement. The Group relies on the PRC intellectual property and anti-unfair competition laws and contractual restrictions to protect COLI's brand name. The Group's management believes COLI's brand and trademarks, and other intellectual property rights are important to the success of the Group's business. Any unauthorised use of COLI's brand, trademarks and other intellectual property rights or termination of the abovementioned trademark license agreement could harm the Group's competitive advantages and business. Historically, the Chinese Mainland has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in the Chinese Mainland. Monitoring and preventing unauthorised use is difficult. The measures taken by the Group to protect its intellectual property rights may not be adequate. Furthermore, the application of laws governing intellectual property rights in the Chinese Mainland and abroad is uncertain and evolving, and could involve substantial risks to the Group. If the Group is unable to adequately protect COLI's brand, trademarks and other intellectual property rights, its reputation may be harmed and its business, financial position and results of operations may be adversely and materially affected.

The Group is subject to uninsured risks.

The Group maintains insurance coverage on all of its properties under construction, third party liabilities and employer's liabilities. The insurance policies generally cover the period from the commencement of construction of the properties by the Group up to the completion of the construction. However, certain types of losses due to events such as war, civil disorder, acts of terrorism, earthquakes, typhoons, flooding, and other natural disasters are not covered as they are either uninsurable or not economically insurable. This practice is consistent with what the Group's management believes to be the industry practice. Accordingly, there may be circumstances in which the Group will not be covered or compensated for certain losses, damages and liabilities, which may in turn materially and adversely affect its business, financial position and results of operations.

CSCECL was identified as “People's Republic of China Military Companies” in accordance with section 1260H of the National Defense Authorization Act for Fiscal Year 2021.

Since 2018, the uncertainty to global markets (including the U.S.-China trade war and the outbreak of COVID-19 pandemic) has impacted businesses and financial market sentiment, influenced financial market volatility, and slowed investment and trade. Amidst the continued intensification of tensions between the United States and China, the U.S. government, citing that for U.S. national security concerns reasons, increased scrutiny of foreign businesses (in particular targeting business pertaining to Chinese parties), such as CSCECL, the ultimate shareholder of the Guarantor.

Since 31 January 2024, CSCECL has been identified as “People's Republic of China Military Companies” in accordance with section 1260H of the National Defense Authorization Act for Fiscal Year 2021, and was included in the list released by the U.S. Department of Defense.

On 7 January 2025, the U.S. Department of Defense released an updated list, namely “Entities Identified as Chinese Military Companies Operating in the United States in accordance with section 1260H of the

National Defense Authorization Act for Fiscal Year 2021”, in which CSCECL and a company named “China Construction America Inc.” were included in the list. According to the press release published by the U.S. Department of Defense on 7 January 2025 (available at <https://www.war.gov/News/Releases/Release/Article/4023145/dod-releases-list-of-chinese-military-companies-in-accordance-with-section-1260/>), the purpose of such list is to direct the U.S. Department of Defense to begin identifying, among other things, Military-Civil Fusion contributors operating directly or indirectly in the United States. In any event, none of the Guarantor or its subsidiaries are on such list.

Nevertheless, there are ongoing tensions and political instability between the United States and China, and as a result there is a significant amount of uncertainty about the policies and the future actions that may be taken by the U.S. government. There is no assurance that the U.S. government or other relevant authorities will not impose any kind of restrictions or even sanctions against CSCEC, CSCECL, any shareholder of the Guarantor, the Guarantor or any other member of the Group by way of any law, regulation, order or etc.; and if any of them is subject to any kind of restrictions or even sanctions, the liquidity of the market and the trading price of the Notes will be adversely impacted.

The Group has been closely monitoring the development of the situation and any update from the U.S. government or other relevant authorities. It is actively implementing corresponding scrutiny in response to the latest development. In addition, a number of the loan agreements entered into by members of the Group (including the Guarantor) contain customary representations on sanctions that require the relevant obligors to confirm from time to time that the Group and its affiliates (where such affiliates would generally be interpreted to include CSCEC) are not the subject of any sanctions. If there are further restrictions imposed on CSCEC, CSCECL, any shareholder of the Guarantor, the Guarantor or any other member of the Group by the U.S. government or other relevant authorities, the relevant lenders may re-evaluate such loan agreements and may request for early repayment of such loans, which may materially and adversely affect CSCEC and/or CSCECL and/or the Group’s business, prospects, financial condition and results of operations. In addition, it may also open CSCEC and/or CSCECL and/or the Group to negative media and investor attention, and may cause their business partners to re-evaluate the risk of transacting with CSCEC and/or CSCECL and/or the Group in light of the escalating U.S.-China tensions. This may also affect CSCEC and/or CSCECL and/or the Group’s businesses in the overseas markets (including the U.S.).

The Group may not be able to fully detect money laundering, terrorism-funding and other illegal or improper activities in its business operations on a timely basis.

The Group is required to comply with applicable anti-money laundering laws, anti-terrorism laws and other regulations in Hong Kong, the PRC and other jurisdictions where it operates and to have sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group to, among other things, establish or designate an independent anti-money laundering department, establish a customer identification system in accordance with relevant rules, record the details of customer activities and report suspicious transactions to relevant authorities.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. There can be no assurance that the Group will not fail to detect money laundering or other illegal or improper activities. Such failure of the Group may affect its business reputation, financial condition and results of operations.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, as well as affect its reputation. These misconducts could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers; misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective.

There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result.

The Group may be subject to liability and regulatory action if it is unable to protect the personal data and confidential information of its clients.

The Group is subject to various laws, regulations and rules governing the protection of the personal data and confidential information of its clients. It routinely transmits and receives personal data and confidential information of its clients through the internet, by email and other electronic means. Third parties may have the technology or expertise to breach the security of the Group's transaction data and the Group may not be able to ensure that its vendors, service providers, counterparties or other third parties have appropriate measures in place to protect the confidentiality of such information. In addition, there is no assurance that its employees who have access to the personal data and confidential information of its clients will not improperly use such data or information. If the Group fails to protect its clients' personal data and confidential information, the competent authorities may issue sanctions against it, and it may have to provide economic compensation for losses arising from such failure. In addition, incidents of mishandling personal information or failure to protect the confidential information of the Group's clients could bring reputational harm to it, which may materially adversely affect its business and prospects.

Any limitation on the ability of the Group's subsidiaries to pay dividends to the Group could have a material adverse effect on the Group's ability to conduct business.

The Group operates its business primarily through its operating subsidiaries and relies principally on dividends paid by its subsidiaries for cash requirements, including the funds necessary to service any debt or security the Group may incur, including the Notes. The ability of the Group's direct and indirect subsidiaries to pay dividends to their shareholders (including the Guarantor and its subsidiary holding companies) is subject to applicable laws and restrictions contained in the debt instruments and obligations of such subsidiaries. Furthermore, under applicable PRC laws, rules and regulations, payment of dividends by the Group's PRC subsidiaries is permitted only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Under PRC laws, rules and regulations, all of the Group's PRC subsidiaries are required to set aside at least 10% of their after-tax profit based on PRC accounting standards each year to their respective statutory capital reserve funds until the accumulated amount of such reserves reaches 50% of their respective registered capital. As a result, all of the Group's PRC subsidiaries are restricted in their ability to transfer a portion of their net income to the Group whether in the form of dividends, loans or advances. Any limitation on the ability of the Group's subsidiaries to pay dividends to the Group could materially and adversely limit the Group's ability to grow, pay dividends or otherwise fund and conduct business.

The Group has published and may continue to publish periodical financial information. Investors should be cautious and should not place any reliance on the financial information which is unreviewed or unaudited.

The Group has published and may continue to publish annual, semi-annual and/or quarterly consolidated financial information to satisfy its continuing disclosure obligations according to applicable regulations and rules of relevant jurisdiction and stock exchanges. The semi-annual and/or quarterly consolidated financial information of the Group is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. Unless specifically and expressly included in the Offering Circular and/or the relevant Pricing Supplement, such financial information does not form part of this Offering Circular, and should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited or reviewed financial information.

RISKS RELATING TO THE PRC

The PRC government's control of currency conversion may limit the Group's ability to utilise its cash effectively.

The Renminbi cannot be freely converted into any other foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. The Group cannot assure that it will have sufficient foreign exchange to meet its foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by the Group, including the payment of interest, do not require advance approval from the SAFE, but the Group is required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by the Group, however, must be approved by or registered in advance with SAFE or its local counterparties. Any insufficiency of foreign exchange may restrict the Company's ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy other foreign exchange requirements. If the Group is unable to obtain the relevant approvals or complete such registrations, its capital expenditure plans and, consequently, the Group's ability to grow its business, could be adversely affected. Moreover, changes in PRC foreign exchange regulations may materially and adversely affect the Group's ability to transfer funds to, and receive dividends from its PRC subsidiaries.

Policy initiatives in the financial sector to further tighten lending requirements for property developers may limit the Group's flexibility and ability to use bank loans or other forms of financing to finance the Group's property developments and therefore may require the Group to maintain a relatively high level of internally sourced cash.

The Group's ability to arrange adequate financing for land acquisitions or property developments on terms that will allow it to earn reasonable returns depends on a number of factors, many of which are beyond the Group's control. The PRC government has in recent years taken a number of policy initiatives in the financial sector to further tighten lending requirements for property developers, which, among other things:

- forbid PRC commercial banks from extending loans to property developers to finance land premiums;
- restrict PRC commercial banks from extending loans for the development of luxury residential properties;
- restrict the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans;
- forbid property developers from using borrowings obtained from any local banks to fund property developments outside that local region;
- require property developers to fund a minimum amount of 20 per cent. (commodity residential property projects) and 30 per cent. (other projects) of the total estimated capital required for the project with internal funds; and
- prohibit property developers from pre-selling uncompleted units in a project prior to achieving certain development milestones.

In addition, the PBOC regulates the lending rates, loan prime rate and reserve requirement ratios for commercial banks in the PRC, which affects the availability and cost of financing from PRC commercial banks. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBOC against deposits made by their customers. The PBOC has in the past adjusted the benchmark one-year lending rate from time to time. Starting from 20 August 2019, the PBOC introduced the one-year loan prime rate (the “**LPR**”) and suggested PRC commercial banks to adopt the LPR as the pricing benchmark in the floating rate loan contracts. In addition, PRC commercial banks shall no longer enter into floating rate loan contracts based on the benchmark one-year lending rate since 1 January 2020. As of the date of this offering memorandum, the LPR is 3.85%, and the reserve requirement ratio ranges from 9.5% to 12.5% for commercial banks other than those qualified commercial banks focusing on the loans to rural and small and micro enterprises. The Group cannot assure you that the PBOC will not raise the LPR or reserve requirement ratios in the future. Any credit tightening measures by the PRC government in recent years could affect the ability of Chinese companies, including property developers, to borrow funds to finance their operation and development plans. As a result, the Group may not be able to obtain bank loans or funding from other sources in the future on commercially acceptable terms, or at all, which could have a material adverse impact on the business, prospects, financial condition and results of operations of the Group.

On 5 January 2023, the NDRC issued the Administrative Measures for the Examination and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法 (國家發展和改革委員會令第56號)), which became effective from 10 February 2023 (the “**Order 56**”) and which replaced the Notice on the Administrative Reform for the Registration of Offshore Debt Issuances (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資 [2015]2044號)) issued by NDRC and which came into effect on 14 September 2015. According to Order 56, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued, with a maturity term of more than one year, outside the PRC with NDRC prior to borrowing a foreign debt (prior to the completion of delivery of the Notes) and submit the information report within the prescribed time after borrowing a foreign debt (after the completion of delivery of the Notes). Order 56 stipulates that an enterprise shall, before borrowing a foreign debt, obtain the Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprises and complete examination and registration. The Guarantor has obtained the Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprises from NDRC dated 28 March 2025 pursuant to Order 56.

According to Order 56, if the enterprise fails to report relevant information within the prescribed timeframes after borrowing a foreign debt, NDRC shall order the enterprise to make correction within a time limit; and if the circumstance is serious or if the correction is not made within the time limit, NDRC shall give a warning to the relevant enterprise and its main responsible persons. As Order 56 is relatively new and lacks interpretation and guidance, in the worst-case scenario, such non-compliance with the post-delivery filing requirement under Order 56 may result in it being unlawful for the Issuer and the Guarantor to perform or comply with any of their respective obligations under the Terms and Conditions of the Notes. Prospective investors of the Notes are advised to exercise due caution when making their investment decisions. The Issuer and the Guarantor have undertaken to file or cause to be filed with NDRC the particulars of the issue of the Notes within the prescribed timeframes after the issue of the Notes.

Furthermore, on 27 June 2018, the NDRC emphasised in a post on its website that the proceeds from bond offerings offshore by PRC property enterprises shall be mainly used for repayments of the debts due and shall be restricted from being used for investments in property projects within or outside China or working capital and it is also expressed that the NDRC plans to further regulate and standardise, among others, the relevant qualifications for the issuance of foreign debt and the usage of funds from such issuance by enterprises. On 12 July 2019, the NDRC published a Notice on Requirements for Foreign Debt Registration Application by Real Estate Enterprises (關於對房地產企業發行外債申請備案登記有關要求的通知) on its website which imposes more restrictions on the use of proceeds of foreign debts incurred by real estate developers. According to the notice, the use of proceeds of foreign debt incurred by a real estate developer is limited to refinancing its medium to long term offshore debts which will become due within one year, and the real estate developer is required to specify in the documents for application of foreign debt registration with the NDRC, the details of such medium to long term offshore debts to be refinanced, such as amount, maturity date and whether such medium to long term offshore debts were registered with the NDRC. The real estate developer is also required to submit a commitment letter to the NDRC regarding the authenticity of its foreign debt issuance. If a real estate developer fails to comply with these restrictions, it may be blacklisted and prevented from obtaining foreign debt registrations in the future.

The Group cannot assure investors that the PRC government will not introduce other initiatives which may limit the Group’s access to capital resources. The foregoing and other initiatives introduced by the PRC government may limit the Group’s flexibility and ability to use bank loans or other forms of financing to finance the Group’s property developments and therefore may require the Group to maintain a relatively high level of internally sourced cash. As a result, the Group’s business, financial condition and results of operations may be materially and adversely affected.

Property development in the PRC is still at a developing stage and lacks adequate infrastructure support.

Private ownership of property in the PRC is still in a relatively developing stage. Although demand for private residential property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. The Group cannot predict how much and when demand will develop, as many social, political, economic, legal and other factors may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information, as well as the overall low level of transparency in the PRC.

In addition, risk of property over-supply is increasing in parts of the PRC, where property investment, trading and speculation have become quite active. In the event of actual or perceived over-supply, property prices may fall significantly and the Group's revenue and results of operations will be adversely affected.

The PRC property market is heavily regulated and subject to frequent introduction of new regulations, including further measures by the PRC government to slow down the growth of the property sector, which may adversely affect property developers.

Along with the economic growth in the PRC, investments in the property sector have increased significantly in the past few years. In response to concerns over the increase in property investments, the PRC government has introduced various policies and measures to curtail property developments, including:

- requiring state-owned land use rights obtained after 2002 to be sold by competitive bidding, public auction or public trading through land exchanges, thus potentially increasing the land acquisition costs of property developers;
- requiring the transfer of real estate with the right of land use to comply with the condition of 25 per cent. of the total investment has gone through (for housing construction projects), the system of capital cash to be set up in real estate development, and the ratio of capital cash to total investment of the project to be not lower than 20 per cent.;
- restricting the change of land use rights, in particular, the conversion of rural and agricultural land use rights into property development purposes;
- limiting the monthly mortgage payment to 50 per cent. of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55 per cent. of his or her monthly income;
- requiring that at least 70 per cent. of the land supply approved by local government for residential property development during any given year must be used for developing low- to medium-cost and small- to medium-size units for sale or as low-cost rental properties;
- since 29 September 2010, requiring commercial banks to temporarily suspend the grant of mortgage loans to any third-time (or beyond) home buyers if they deem it appropriate according to the risks involved, and to suspend the grant of mortgage loans to any non-local home buyers who are unable to provide local tax payment certificate or social security contributions covering a period of one year or more; permitting local governments to, based on actual circumstances, impose temporary restrictions during a certain period of time on the number of properties that can be purchased. Since 30 September 2010, a number of cities in the PRC have issued measures to restrict the number of properties which may be purchased by residents, where the property prices are unreasonably high, increasing unreasonably fast or property supply is in short;

- for a buyer of commercial/residential dual-purpose properties, increasing the minimum down payment to 45 per cent. of the purchase price of the underlying property, with the other terms similar to those for commercial properties;
- prohibiting commercial banks from extending any loan to a property development project unless all of the “four permits” (land use right certificate, construction land planning permit, construction work planning permit and construction project building permit) have been obtained;
- limiting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties to further strengthen the administration and regulation of the land and construction of real property. If an enterprise develops land in violation of contract or leaves the land idle for one year due to its own reasons, the administration authorities of land and resources will prohibit bidders associated with such enterprise and its controlling shareholders from engaging in land bidding activities;
- effective from 1 January 2010, imposing a business tax levy on the entire sales proceeds from the resale of non-ordinary residential properties of which the holding period is shorter than five years; allowing such business tax to be levied on the difference between the price for such resale and the original purchase price in the event that an individual sells a non-ordinary residential property after holding it for five years or longer, or sells an ordinary residential property after holding it for less than five years; and imposing no sales tax for any individual who sells an ordinary residential property after holding it for five years or longer;
- requiring any instalment payments of land premium as agreed in the land grant contract between the relevant municipal or county administrative authority and the grantee, in general, to be made in full within one year; in the case of a special project recognised by the relevant local authority, the instalment payments may be made in full within two years. The first instalment must account for at least 50 per cent. of the total land premium;
- requiring the deposit for land auction or bidding to be not less than 20 per cent. of the base price. After the deal of land transfer has been reached, the land transfer agreement shall be signed within 10 business days, 50 per cent. of the land premium shall be paid within one month after the signing of the land transfer agreement and the payment of remaining land premium shall be made within one year;
- requiring the relevant municipal or county administrative authority to prohibit a property developer who fails to pay the land premium when due, leaves the land idle, hoards or speculates on land, undertakes land development beyond its capacity, or who fails to perform its obligations under the land use contract from participating in any competitive bidding for land within a certain period of time;
- where the pre-sale permit is yet to be received for a commodity housing project, prohibiting the property developer from receiving any form or disguised form of payment from the purchasers which is in the nature of earnest money or deposit; requiring real estate developers to disclose within ten days of the receipt of the pre-sale permit all the properties approved for pre-sale and the price of each property unit, and to sell the properties at the prices which are the same as the prices submitted in the pre-sale proposal; and
- disallowing commercial banks to grant loans for newly developed projects and renewal of loan terms to property developers that have records of violation of laws and regulations as a result of, among other things, rendering the land idle, changing the purpose and nature of land, delaying the construction commencement and completion time and refusing to sell out the properties.

Although in the second half of 2008 and in 2009, to combat the impact of the global economic slowdown, the PRC government adopted measures to encourage consumption in the residential property market and to support real estate development, including reducing the minimum capital funding requirement for real estate development from 35 per cent. to 20 per cent. for affordable housing projects and ordinary commodity residential property projects and to 30 per cent. for other property projects, there can be no assurance that the PRC government will not change or modify these temporary measures in the future. For example, in December 2009 and January 2010, the PRC government adjusted some of its policies to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. At the same time, the PRC government abolished certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners and imposed more stringent requirements on the payment of land premium by property developers.

However, the PRC government also adjusts its regulation of the property market depending on macroeconomic conditions, such as stimulating the property market during and after an economic downturn. For example, as a result of changes in the PRC's economic environment and PRC's property sector's situation, the government lessened the relevant regulations on both the industry and the financing requirement from 2014 to 2016, which led to a recovery in both the sales volumes and the average selling prices in many cities.

There can be no assurance that the PRC government will not adopt additional and more stringent measures, which could further slowdown property development in the PRC and adversely affect the Group's business and prospects.

The PRC government and local government authorities may continue to exercise a substantial degree of control and influence over the PRC economy and property market and any form of government control or newly implemented laws and regulations, depending on the nature and extent of such changes and the Group's ability to make corresponding adjustments, may result in a material adverse effect on the Group's business and operating results. In particular, decisions taken by the PRC government concerning economic policies or goals that are inconsistent with the Group's interests could adversely affect its operating results.

The Group's ability to make investments in the PRC may be restricted by the PRC government's control over foreign investment in the property sector.

The PRC government has in the past imposed restrictions on foreign investment in the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control and imposing restrictions on purchases and resales of properties in China by foreign persons.

Restrictions imposed by the PRC government on foreign investment in the property sector may affect the Group's ability to acquire additional properties or subsidiaries in the PRC, make further investments and capital contributions in the Group's PRC subsidiaries, resell its properties and subsidiaries in the PRC and engage in necessary funds transfers and foreign exchange transactions. These restrictions may also limit the ability of foreign investors to purchase the Group's properties or finance such purchases. These restrictions affect the flow of funds between the Group and its PRC subsidiaries and could restrict its ability to act in response to changing market conditions and the ability of its PRC subsidiaries to remit sufficient foreign currency to pay dividends or other amounts to the Guarantor, or to satisfy their foreign currency denominated obligations, and may limit the Group's business growth and have a material adverse effect on the business, financial condition and results of operations of the Group.

Increasing competition in the PRC property market may adversely affect the profitability of the Group.

The Group's property development operations face competition from both international and local property developers with respect to factors such as location, facilities and supporting infrastructure, services and pricing. The Group competes with both local and international companies in capturing new business opportunities in the PRC.

In recent years, a large number of property developers have undertaken property development and investment projects across the PRC. These include overseas property developers (including a number of leading Hong Kong property developers) and local developers in the PRC, many of whom have stronger financial and other capital resources, greater market share or better name recognition than the Group. Intensified competition between property developers may result in increased costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may adversely affect the business of the Group.

Furthermore, the Group's property development operations face competition from both international and local operators with respect to factors such as location, facilities and supporting infrastructure, service and price. The Group competes with both local and international companies in capturing new business opportunities in the PRC. Some of these companies have significant financial resources, marketing and other capabilities. In the PRC, some of the local companies have extensive local knowledge and business relationships and a longer operational track record in the relevant local markets than the Group, while international companies are able to capitalise on their overseas experience to compete in the PRC markets. There can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to the Group's activities may not have a material adverse effect on the financial condition and operating results of the Group.

The PRC property market has experienced consolidation.

Consolidation in the PRC property market in recent years has resulted in smaller property developers merging or otherwise combining their operations in order to enjoy economies of scale, enhance their competitiveness and capitalise upon the extensive local knowledge, business relationships and longer operational track records of their newly acquired local subsidiaries. The combination of multiple operations through mergers and acquisitions has also enabled some of the Group's competitors to enjoy greater economies of scale, further enhancing their competitiveness.

Any further consolidation in the property sector in the PRC may intensify competition among property developers and the Group may have to compete with competitors with increased financial and other resources, including, but not limited to, land banks and management capabilities. Such consolidation could potentially place the Group at a competitive disadvantage with respect to land or development negotiations, scale, resources and pricing of its properties.

The land use rights in respect of the Group's land reserves will not be formally vested in the Group until it has received the relevant formal land use right certificates and failure to obtain or comply with land use rights could lead to confiscation of the Group's land by the PRC government.

Under current PRC land grant policies, the relevant authorities generally will not issue formal land use right certificates until the developer has (i) paid the land premium in full; and (ii) is in compliance with other land grant conditions. The Group has not yet obtained the formal land use right certificates in respect of some of the Group's land to be developed, in some instances, the Group has not fully paid the relevant land premium due to the delay in resettlement of the residents on such land. Under current policies, the Group is allowed to commence its development of these projects as soon as it has obtained

the land use right certificates and construction permits with the relevant authorities and obtained other required certificates, permits and approvals. However, the land use rights in respect of these projects and the land that the Group may acquire in the future will not be formally vested in it until it has received the corresponding formal land use right certificates.

If a developer fails to develop the project according to the terms of the land grant contract, the relevant government authorities may issue a warning to, or impose a penalty on, the developer or confiscate the land use rights. Any violation of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. In accordance with the Measures on the Disposal of Idle Land (閒置土地處置辦法) effective since 1 July 2012 a parcel of land shall be defined as idle land if a state-owned construction land user fails to commence development and construction within one year after the commencement date prescribed by, as applicable, the contract for paid use of state-owned construction land or the land allocation decision. A parcel of land can also be defined as idle land if the development and construction of the land has commenced, but the area developed and constructed is less than one third of the total area to be developed or the invested amount is less than 25% of the total amount of investment, and development and construction has been continuously suspended for one year. Furthermore, if the construction has not commenced within one year since the prescribed commencement date, an idle land fee shall be imposed at 20% of the price of — 20 — land grant or land allocation, and if the construction has not commenced within two years since the prescribed commencement date, the land use rights shall be revoked, unless such delay is attributable to the government.

There can be no assurance that there will not be delays in the authorities' issuance of the land use right certificates or the construction permits in respect of the Group's projects or delays in commencing development as stipulated in the land grant contract. Any failure or delay in obtaining land use right certificates or in commencing property development as stipulated in the land grant contract could lead to the imposition of an idle land fee on the Group, the confiscation of the relevant land or cause delays in the completion of the associated property developments. Any such incident related to the Group's failure to obtain the formal land use right certificate or the confiscation of its land will adversely affect its ability to borrow money or to deliver its properties to its customers and may have a material adverse effect on its operations. Also, if the Group's land is confiscated, it will not be able to continue its property development on the confiscated land or recover the costs incurred for the initial acquisition of the confiscated land or recover development costs incurred up to the date of confiscation.

The PRC's economic, political and social conditions, as well as government policies, could affect the Group's business.

Historically, the Group generated revenue from its operations in the PRC. The Group's financial condition, operating results and prospects will, accordingly, be subject to economic, political and legal developments in the PRC as well as in the economies in the surrounding region.

The PRC economy differs from the economies of most developed countries in many respects, including the:

- extent of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has experienced significant growth in the past 20 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also have a negative effect on the Group's operations. For example, the Group's financial condition and operating results may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-orientated economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over the PRC's economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. The 18th National Congress of the Communist Party of China, which convened in November 2012, resulted in certain changes to government policies or regulations such as removing the 70 per cent. lower limit of the benchmark rate on loan interest rate and allowing financial institutions to determine the interest rate in their sole discretion based on market conditions.

The PRC's economic growth may slow due to weakened exports and nationwide structural reforms. Moreover, as the PRC is transitioning to a consumption-based economy, the forecast growth rate of the PRC is expected to be significantly lower than its average growth rate over the past thirty years. The economic slowdown and financial market turmoil in the PRC have adversely affected, and may continue adversely affecting, homeowners and potential property purchasers, which may lead to a decline in the general demand for the Group's products and erosion of their sale prices. In addition, any further tightening of liquidity in the PRC financial markets may negatively affect the Group's liquidity. Therefore, if the economic slowdown and financial market turmoil in the PRC continue, the business, financial condition and results of operations of the Group may be negatively affected.

The legal system in the PRC is less developed than in certain other countries and laws in the PRC may not be interpreted and enforced in a consistent manner.

As substantially all of the Group's businesses are conducted and substantially all of its assets are located in the PRC, its operations are governed principally by PRC laws and regulations. The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The promulgation of new changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group and its joint ventures. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainty. The interpretation of PRC laws may be subject to policy changes which reflect domestic political changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may have an adverse effect on the Group's prospects, financial condition and operating results.

Depending on the way an application or case is presented to a government agent and on the government agent itself, the Group may receive less favourable interpretations of laws and regulations than its competitors. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of its violation of these policies and rules until after the violation occurs. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention.

It may be difficult to effect service of process upon, or to enforce against, the Guarantor or its directors or members of the Guarantor’s senior management who reside in the PRC in connection with judgments obtained from non-PRC courts.

Some of the Group’s directors and officers reside within the PRC. In addition, substantially all of its assets and substantially all of the assets of its directors and executive officers are located within the PRC. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced in the PRC if that jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of any other requirements. On 18 January 2019, the Supreme People’s Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**2019 Arrangement**”). The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645) of Hong Kong, which came into operation on 29 January 2024. In the PRC, the Supreme People’s Court promulgated a judicial interpretation to implement the 2019 Arrangement on 25 January 2024 (the “**Judicial Interpretation**”). The 2019 Arrangement applies to judgments made on or after 29 January 2024.

Under the 2019 Arrangement, where the Hong Kong court has given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant people’s court in the PRC for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement and the Judicial Interpretation. The recognition and enforcement of a Hong Kong court judgment could be refused if the relevant people’s court in the PRC consider that the enforcement of such judgment is contrary to the basic principles of PRC law or the social and public interests of the PRC. While it is expected that the relevant people’s court in the PRC will recognise and enforce a judgment given by a Hong Kong court and governed by English law, there can be no assurance that such courts will do so for all such judgments as there is no established practice in this area of law in the PRC and Hong Kong.

In addition, the Terms and Conditions of the Notes and the Trust Deed are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. There can be no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes. In order to hear English law governed matters or disputes, Hong Kong courts may also require certain additional procedures to be taken. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder’s ability to initiate a claim outside of Hong Kong will be limited.

Furthermore, the PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions such as the United States, the United Kingdom, most of the other European countries and Japan. Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

Natural disasters, acts of God, or recurrence of widespread public health problem could adversely affect the Group's business, financial condition and results of operations.

Several countries and regions, including the Chinese Mainland, Hong Kong, Macau and elsewhere, have suffered from outbreaks of widespread diseases over the past few years, which had a significant adverse impact on the economies of many of the countries affected. In addition, some regions in the Chinese Mainland, including the cities where the Group operates, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, and drought. Any future occurrence of natural disasters, epidemics and other acts of God which are beyond the control of the Group or any renewed outbreak of widespread public health problem in the Chinese Mainland, Hong Kong and Macau could have a material adverse effect on the Chinese Mainland, Hong Kong and Macau economies and the property market generally, and on the Group's business, financial condition and results of operations.

Facts and statistics in this Offering Circular relating to the PRC economy and the PRC real estate industry may not be reliable.

Facts and statistics relating to the PRC economy and the PRC real estate industry contained in this Offering Circular have been compiled from various publicly available official publications and industry related sources which the Issuer has no reason to believe is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the quality or reliability of official publications and sources cannot be guaranteed. In addition, statistics derived from official sources may not be prepared on a comparable basis. While the Issuer and the Guarantor believe that the sources of the information are appropriate sources and have taken reasonable care in extracting and reproducing such information, they have not been independently verified by the Issuer, the Guarantor, any other members of the Group, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them, and none of them makes any representation as to the accuracy of such facts and statistics. It cannot be assured that such facts and statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Due to possibly flawed or ineffective collection methods or discrepancies between official publications and market practice and other problems, the statistics herein may be inaccurate or may be incomparable to statistics produced for other economies and should not be unduly relied upon by the investors in purchasing the Notes or otherwise.

The Guarantor may be deemed a PRC resident enterprise under PRC Enterprise Income Tax ("EIT") Law, which may subject it to PRC taxation on its worldwide income. In addition, if the Issuer is deemed as a PRC resident enterprise, it would be required to withhold taxes on interest it pays on the Notes and the investors of the Notes would be required to pay taxes on gains realised from the sale of the Notes.

The Issuer is a Cayman Islands holding company established specifically for the purpose of issuing the Notes, and the Guarantor is a Hong Kong holding company with a substantial part of its operations conducted in the PRC through the Guarantor's operating subsidiaries. Under PRC EIT Law that took effect on 1 January 2008, as amended in February 2017 and December 2018, and its implementation rules, enterprises established outside the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" for PRC tax law purposes and will generally be subject to the uniform 25 per cent. EIT rate as to their worldwide income. Under the implementation regulations issued by the State Council, relating to PRC EIT Law, a "de facto management body" is defined as the body that has the significant and overall management control over the business, personnel, accounts and properties of an enterprise. The Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (《國家稅務總局關於境外注冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) ("Circular 82") issued by the State Administration of Taxation on 22 April 2009, amended on 29 December 2017, provides that a foreign enterprise controlled by a PRC company or a PRC

company group will be treated as a “resident enterprise” with a “de facto management body” located within the PRC if all of the followings requirements are satisfied at the same time: (i) the enterprise’s day-to-day operations management is primarily exercised in the PRC, (ii) decisions relating to the enterprise’s financial and human resource matters are made or subject to approval by organisations or personnel in the PRC, (iii) the enterprise’s primary assets, accounting books and records, company seals, board and shareholders’ meeting minutes are located or maintained in the PRC, and (iv) 50 per cent. or more of voting board members or senior executives of the enterprise habitually reside in the PRC. If all of these criteria are met, the relevant foreign enterprises that are controlled by PRC enterprises will be deemed to have its “de facto management” in the PRC and therefore be deemed a PRC “resident enterprise”.

On 1 September 2011, the State Administration of Taxation issued Administration of Taxation of Chinese of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprise (for Trial Implementation) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》), as amended in June 2016 and June 2018, to further prescribe the rules concerning the recognition, administration and taxation of a foreign enterprise “controlled by a PRC enterprise or PRC enterprise group” which shall be treated as a resident enterprise. First, the foreign enterprise may decide on its own whether its de facto management body is located in the PRC based on the criteria set forth in Circular 82, and if it determines so, it shall report to the competent tax bureau to be treated as a resident enterprise. Second, the tax authority may determine whether the foreign enterprise is a resident enterprise through the authority’s investigation. Since certain of the Guarantor’s management is currently based in the PRC and will remain in the PRC in the future, it cannot be assured that the Guarantor will not be considered a PRC “resident enterprise” by the PRC tax authorities. If the Guarantor is deemed to be a PRC resident enterprise, it would be subject to enterprise income tax at a rate of 25 per cent. on its worldwide income accordingly which may have an adverse effect on the net profit or cash flow of the Guarantor.

Separately, there have been no official implementation rules regarding the determination of the “de facto management bodies” for overseas enterprises that are not directly controlled by PRC enterprises. Therefore, whether an overseas enterprise invested or controlled by another overseas enterprise such as the Issuer will be treated by the relevant tax authorities as a PRC resident enterprise remains unclear.

If the Issuer is deemed a PRC resident enterprise, it would be obligated to withhold PRC income tax of up to 7 per cent. on payments of interest and other amounts on the Notes to investors that are non-resident enterprises located in Hong Kong or 10 per cent. on payments of interest and other amounts on the Notes to investors that are non-resident enterprises located outside Hong Kong, unless any lower tax treaty rate is applicable, because the interest and other distributions would be regarded as being derived from sources within the PRC. Similarly, any gain realised by such non-resident enterprise investors from the transfer of the Notes would be regarded as being derived from sources within the PRC and, accordingly, would be subject to a 10 per cent. PRC withholding tax. For more information, see “*Terms and Conditions of the Notes — Taxation*”.

RISKS RELATING TO RENMINBI-DENOMINATED NOTES

Renminbi is not freely convertible and there are restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving the import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi into and out of the PRC for settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from or completing specific registrations or filing with the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC government.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016, and PBOC and the Ministry of Commerce of the PRC have implemented policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies, there is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that any regulatory restrictions inhibit the ability of the Issuer or the Guarantor to repatriate funds outside the PRC to meet its obligations under the Renminbi Notes, the Issuer or the Guarantor will need to source Renminbi offshore to finance such obligations under the relevant Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

In addition, holders of beneficial interests in Renminbi Notes may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's or the Guarantor's ability to source Renminbi outside the PRC to service Renminbi Notes.

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBOC has entered into agreements on the clearing of Renminbi business (the “**Settlement Arrangements**”) with financial institutions (each, a “**Renminbi Clearing Bank**”) in a number of financial centres and cities, including but not limited to Hong Kong, London, Frankfurt and Singapore, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi-denominated financial assets outside the PRC remains limited.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, where the participating banks cannot source sufficient Renminbi through the above channels, the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer or the Guarantor is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer or the Guarantor will be able to source such Renminbi on satisfactory terms, if at all.

Remittance of proceeds into or outside of the PRC in Renminbi may be difficult.

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer or the Guarantor subsequently is not able to repatriate funds outside the PRC in Renminbi, the Issuer or the Guarantor will need to source Renminbi outside the PRC to finance their respective obligations under the Renminbi Notes, and their ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Investment in the Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as other factors. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. In May 2017, the PBOC further decided to introduce counter-cyclical factors to offset the market pro-cyclicality, so that the midpoint quotes could adequately reflect China's actual economic performance. However, the volatility in the value of the Renminbi against other currencies still exists. The Issuer and the Guarantor will make all payments of interest and principal with respect to the Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon

rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. Accordingly, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes.

All payments to investors in respect of the Renminbi Notes will be made solely for so long as the Renminbi Notes are represented by global certificates lodged with a sub-custodian for the Hong Kong Monetary Authority as operator of the CMU, by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing CMU rules and procedures. Neither the Issuer nor the Guarantor is required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft, or by transfer to a bank account in the PRC).

There may be PRC tax consequences with respect to investment in the Renminbi Notes

In considering whether to invest in the Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situation as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the holder's investment in the Renminbi Notes may be materially and adversely affected if the holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

Investment in the Renminbi Notes is subject to interest rate risks

The value of Renminbi payments under Renminbi Notes may be susceptible to interest rate fluctuations occurring within and outside the PRC, including PRC Renminbi repo rates and/or the Shanghai inter-bank offered rate. The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of such Notes will vary with the fluctuations in the Renminbi interest rates. If holders of Renminbi Notes propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

RISKS RELATING TO THE GUARANTEE AND THE NOTES

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investors' overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase of any Note. Financial institution investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The Notes and the Guarantee are unsecured obligations.

As the Notes and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively, the repayment of the Notes and payment under the Guarantee may be adversely affected if:

- (i) the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- (ii) there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- (iii) there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's (as the case may be) assets and any amount received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

The Guarantor's obligations under the Guarantee are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor's subsidiaries.

The Issuer was established by the Guarantor specifically for the purpose of issuing notes (including the Notes) and will on-lend the entire proceeds from the issue of the Notes to the Guarantor, which may in turn on-lend to other members of the Group. The Issuer does not and will not have any assets other than such loan and its ability to make payments under the Notes will depend on its receipt of timely payments under such loan arrangement.

The Guarantor is a holding company and, accordingly, payments under the Guarantee are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor's subsidiaries (other than the Issuer) and associates. Claims of creditors of such companies will have priority as to the assets of such companies over the Guarantor and its creditors, including holders of the Notes seeking to enforce the Guarantee. As at 30 June 2025, certain assets of the Guarantor and its subsidiaries with an aggregate carrying value of approximately RMB7,388 million were pledged to secure for borrowings and banking facilities. The Guarantor's obligations under the Guarantee will not be guaranteed by any of its subsidiaries. The Notes do not contain any restrictions on the ability of the Guarantor or its subsidiaries to incur additional unsecured indebtedness.

The Guarantor's ability to make payments on the Guarantee depends upon receipt of distributions from its subsidiaries, associates and joint ventures.

The Guarantor is primarily a holding company and its ability to make payments under the Guarantee and to make payments to the Issuer under the loan arrangement to fund payments on the Notes depends upon the receipt of dividends, distributions, interest or advances from its wholly-owned or partly-owned subsidiaries, associates and joint ventures. The ability of the subsidiaries, associates and joint ventures of the Guarantor to pay dividends may be subject to applicable laws and regulations. The outstanding indebtedness of the subsidiaries of the Guarantor may contain covenants restricting the ability of such subsidiaries to pay dividends in certain circumstances for so long as such indebtedness remains outstanding. Moreover, the Guarantor's percentage interests in its subsidiaries, associates and joint ventures could be reduced in the future. See *"Risk Factors — Risks relating to the Group's businesses — Any limitation on the ability of the Group's subsidiaries to pay dividends to the Group could have a material adverse effect on the Group's ability to conduct business."*

The Guarantor's subsidiaries in the PRC may be unable to obtain and remit foreign exchange.

The ability of the Guarantor's PRC subsidiaries to obtain and remit sufficient foreign currency to pay dividends may affect the Guarantor's ability to satisfy its obligations under the Guarantee. The Guarantor's subsidiaries in the PRC must present certain documents to the SAFE, its authorised branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of the PRC, including, in the case of dividends, evidence that the relevant PRC taxes have been paid and, in the case of shareholder loans, evidence of the registration of the loan with SAFE. Prior to payment of interest and principal on any shareholder loan the Group makes to its PRC subsidiaries, the relevant PRC subsidiary must also present evidence of payment of the 7 per cent. withholding tax on the interest payable in respect of such shareholder loan. If any PRC subsidiary for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, the PRC subsidiary will be unable to pay the Guarantor dividends or interest and principal on shareholder loans, which may affect the Guarantor's ability to satisfy its obligations under the Guarantee.

An active trading market for the Notes may not develop.

The Notes may initially be sold to a small number of investors. One or a limited number of investors may purchase a significant portion of the Notes offered. Accordingly, a liquid trading market may not develop or be sustained, in which case investors may not be able to resell their Notes at their fair market value or at all. If such a market were to develop, the Notes could be traded at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Notes and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. Although an application will be made for the listing of the Notes on the Hong Kong Stock Exchange, no assurance can be given as to the liquidity of, or trading market for, the Notes. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Notes in transactions

that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

There may be less publicly available information about the Guarantor than is available in certain other jurisdictions.

There may be less publicly available information about companies listed in Hong Kong, such as the Guarantor, than is regularly made available by public companies in certain other countries. In addition, the Guarantor's historical financial information in this Offering Circular has been extracted from its financial statements prepared in accordance with HKFRS, which differ in certain respects from IFRS and generally accepted accounting principles in other jurisdictions ("GAAPs") which might be material to the financial information contained in this Offering Circular. In making an investment decision, investors must rely upon their own examination of the Guarantor, the terms of the offering and the Guarantor's financial information, and should consult their own professional advisers for an understanding of the differences between HKFRS and IFRS or between HKFRS and other GAAPs and how those differences might affect the financial information contained in this Offering Circular.

The ratings assigned to the Notes may be lowered or withdrawn in the future.

The Notes are expected to be assigned a rating of "BBB" by Fitch and "A_g" by CCXAP. The ratings address the Issuer's and the Guarantor's ability to perform their respective obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The Group cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. Neither the Issuer nor the Guarantor has any obligation to inform holders of the Notes of any such suspension, reduction or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes may adversely affect the market price of the Notes.

The Guarantor may not be able to raise the funds necessary to finance the purchase of Notes upon occurrence of a Change of Control event at the option of the holder.

Following the occurrence of a Change of Control, Noteholders may require the Issuer to redeem their Notes. See "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption upon Change of Control*". The source of funds for any such redemption would be the Group's available cash or third-party financing. However, there is no assurance that the Issuer or the Guarantor would have sufficient funds at that time to make the required redemption of the Notes. In addition, agreements to which the Guarantor is a party at that time may restrict or prohibit such a payment.

The Notes may be redeemed by the Issuer prior to maturity.

The Notes are subject to optional redemption by the Issuer at the Early Redemption Amount. An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may be redeemed at the Issuer's option for taxation reasons.

The Issuer has the right to redeem the Notes, in whole but not in part, at their principal amount together with any unpaid accrued interest thereon to but excluding the date fixed for redemption if it (or, if the Guarantee was called, the Guarantor) has or will become obligated to pay additional amounts in the event of certain changes affecting taxes of any Relevant Jurisdictions as further described in Condition 9 of the Terms and Conditions of the Notes. See “*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons*” in this Offering Circular.

The date that the Issuer elects to redeem the Notes may not accord with the preference of individual holders, which may be disadvantageous to holders in light of market conditions or the individual circumstances of the holder of the Notes. Additionally, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective yield at the same level as that of the Notes.

The Issuer may issue additional Notes in the future.

The Issuer may, from time to time, and without the consent of the Noteholders, create and issue further Notes (see “*Terms and Conditions of the Notes — Further Issues*”) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Group's revenues, earnings and cash flows, proposals for new investments, strategic alliances and acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to the Group's industry and general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume of the Notes. The Group cannot assure you that these developments will not occur in the future. In addition, a large portion of the Notes may be held by a limited number of investors. Such investors may not actively trade the Notes, which may result in limited liquidity of the Notes.

Restrictive covenants contained in debt agreements of the Group may limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may result in defaults under the terms of these agreements, or the Notes, and may also adversely affect the Group's liquidity, financial condition and results of operations.

Certain debt agreements entered into by members of the Group contain financial restrictions that prohibit such member of the Group from incurring additional indebtedness, creating security or granting guarantees, or limit the occurrence of such activities by reference to a number of financial covenants. If any member of the Group is unable to comply with its current or future obligations under the agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the lenders could terminate their commitments to lend, accelerate repayment of the debts, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements entered into by members of the Group, including the Notes, contain (or may in the future contain) cross-acceleration or cross-default provisions. The default by the relevant member of the Group under one debt agreement may cause the acceleration of repayment of debt or result in a default under its other debt agreements, including the Notes. As a result, these restrictions in the debt agreements may potentially negatively affect the ability of the relevant member of the Group to respond to changes in market conditions, pursue the business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future

downturn in its business. There can also be no assurance that in the event of occurrence of any acceleration of repayment or default, the relevant member of the Group will have sufficient assets and cash flows to repay in full all of their indebtedness, or that such member would be able to find alternative financing. Even if alternative financing could be obtained, there can be no assurance that it would be on terms that are favourable or acceptable to the Group. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations, including the Notes.

Developments in the international financial markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for securities of entities with PRC operations is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility, most recently in response to investor concerns over credit availability, liquidity and default risk for several European countries. If such developments are not adequately addressed and investor confidence worsens, volatility in the international financial markets may increase in the future, and the market price of the Notes could be adversely affected.

The Trustee may request that the Noteholders provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including without limitation the giving of notice pursuant to Condition 14 of the Terms and Conditions of the Notes and enforcement pursuant to Condition 12 of the Terms and Conditions of the Notes), the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any steps and/or actions and/or institutes any proceedings on behalf of Noteholders. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any such proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may affect when such steps and/or actions can be taken or such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and/or the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the Trust Deed, the Terms and Conditions of the Notes, and the applicable law and regulations, it will be for the Noteholders to take such steps and/or actions and/or institute such proceedings directly.

Modifications, waivers, authorisations and determinations may be made in respect of the Terms and Conditions of the Notes, the Trust Deed, the Guarantee and/or the Agency Agreement by the Trustee or less than all of the holders of the Notes. Decisions that may be made on behalf of all holders of the Notes may be adverse to the interests of individual holders of the Notes.

The Notes contain provisions regarding modification, waivers, authorisations and substitution, which could affect the rights of Noteholders. The Trust Deed contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Notes, including holders of Notes who did not attend and vote at the relevant meeting and holders of Notes who voted in a manner contrary to the majority. In addition, a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Notes outstanding or passed by Electronic Consent (as defined in the Trust deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of

Noteholders duly convened and held. The Terms and Conditions of the Notes also provide that the Trustee may (but shall not be obliged to) agree, without the consent of holders of Notes, to effect any modification of, or to any waiver of, the Terms and Conditions of the Notes, the Trust Deed, the Guarantee and/or the Agency Agreement, if it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or it is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law. Any such modification, authorisation or waiver shall be binding on the holders of Notes. The Trustee may request and conclusively rely upon certificate signed by two Authorised Signatories of the Issuer or the Guarantor (as the case may be) and/or an opinion of counsel concerning the compliance with the above conditions in respect of any modification and/or amendment, without further enquiry or investigation and without liability to the Issuer, the Guarantor or any other person for doing so.

The Notes will initially be represented by a Global Certificate and holders of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System.

The Notes will be represented by beneficial interests in a Global Certificate in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator of the CMU. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates. The Clearing System will maintain records of the beneficial interests in the Global Certificate.

While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing System. While the Notes are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to the Clearing System for distribution to their account Noteholders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing System to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Noteholders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Notes. Instead, such Noteholders will be permitted to act only to the extent that they are enabled by the Clearing System to appoint appropriate proxies.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the Noteholders would need to be subject to the exclusive jurisdiction of the Hong Kong courts.

The Terms and Conditions of the Notes and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

The insolvency laws of the Cayman Islands, Hong Kong and other local insolvency laws may differ from those of another jurisdiction with which holders of the Notes are familiar.

As the Issuer is incorporated under the laws of the Cayman Islands and the Guarantor is incorporated under the laws of Hong Kong, an insolvency proceeding relating to the Issuer, would involve the

insolvency laws of the Cayman Islands or Hong Kong, as the case may be, the procedural and substantive provisions of which may differ from comparable provisions of other jurisdictions with which the holders of the Notes are familiar.

The Guarantor conducts substantially all of its business operations in the Chinese Mainland. The Guarantor and certain of its PRC subsidiaries, as equity holders in its PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of the PRC in a bankruptcy or insolvency proceeding involving any such PRC subsidiaries. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of other jurisdictions with which the holders of the Notes are familiar. You should analyse the risks and uncertainties carefully before you invest in the Notes.

The ownership by the PRC government does not provide assurance on the Issuer's or the Group's financial condition and their ability to repay the Notes.

Although the Guarantor is ultimately owned by CSCEC, which is a state-owned construction group controlled by SASAC, the ownership by the PRC government, does not necessarily correlate to, or provide any assurance as to, the Issuer's or the Group's financial condition. The Notes are solely to be repaid by the Issuer and/or the Guarantor and the obligations of the Issuer and/or the Guarantor under the Notes and the Trust Deed shall solely be fulfilled by the Issuer and/or the Guarantor as independent legal persons. Therefore, a prospective investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate the risks before making an investment decision. Please refer to the section entitled "*The Group — Shareholding Structure*" for more information in respect of the relationship between the Guarantor and SASAC.

USE OF PROCEEDS

The gross proceeds from the issue of the Notes will be approximately CNY1,300,000,000. Such proceeds, after deducting the fees and other expenses in connection with the issue of the Notes, are intended to be used by the Guarantor to refinance the existing indebtedness of the Group.

CAPITALISATION

Capitalisation of the Issuer

The authorised share capital of the Issuer is U.S.\$50,000.00, divided into 50,000 ordinary shares of par value U.S.\$1.00 each, of which one share has been issued to the Guarantor and is fully paid.

Capitalisation of the Group

The following table sets out, on a consolidated basis, the capitalisation of the Group as at 31 December 2024, on an actual basis and as adjusted to give effect to the issue of the Notes:

	As at 31 December 2024	
	Actual	As Adjusted ⁽¹⁾
	(RMB'000)	(RMB'000)
Short-term borrowings		
Bank and other borrowings (including guaranteed notes and corporate bonds) due within one year	12,529,105	12,529,105
Long-term borrowings		
Bank and other borrowings (including guaranteed notes and corporate bonds) due after one year	27,172,533	27,172,533
The Notes to be issued	—	1,300,000
Total borrowings	39,701,638	41,001,638
Shareholders' equity		
Share capital	6,047,372	6,047,372
Reserves	25,348,495	25,348,495
Equity attributable to owners of the Guarantor	31,395,867	31,395,867
Total capitalisation⁽²⁾	71,097,505	72,397,505

Notes:

- (1) Figures in "As Adjusted" columns reflect the aggregate principal amount of the Notes.
- (2) Total capitalisation represents the total of total borrowings and equity attributable to owners of the Guarantor.

On 25 August 2025, the Guarantor entered into a facility agreement with various banks for up to RMB3,000,000,000 equivalent HK\$ and RMB term loan facilities (with incremental facilities).

Save as indicated above, there has been no material change in the total capitalisation, on a consolidated basis, of the Issuer or the Guarantor from 31 December 2024.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes (as defined below) substantially in the form in which they (subject to modification in accordance with Condition 15 and other than the text in italics) will be endorsed on the definitive Certificates and referred to in the Global Certificate (as defined below).

The CNY1,300,000,000 3.20 per cent. Guaranteed Notes due 2029 (the “**Notes**”, which expression shall in these terms and conditions (these “**Conditions**”), unless the context otherwise requires, include any further notes issued pursuant to Condition 17 and forming a single series with the Notes) of China Overseas Grand Oceans Finance V (Cayman) Limited (the “**Issuer**”) are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) to be dated on or about 6 February 2026 (the “**Issue Date**”) made between the Issuer, China Overseas Grand Oceans Group Limited 中國海外宏洋集團有限公司 (the “**Guarantor**”) as guarantor and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**”, which expression shall include its successor(s) as trustee for itself and the holders of the Notes).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed.

The issue of the Notes and the giving of the Guarantee (as defined below) were authorised by resolutions of the board of directors of the Issuer dated 23 January 2026 and resolutions of the board of directors and the executive committee of the Guarantor dated 23 January 2026 and 23 January 2026, respectively.

Copies of the Trust Deed and the agency agreement to be dated on or about 6 February 2026 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) made between the Issuer, the Guarantor, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) in its capacity as CMU lodging and paying agent (in such capacity, the “**CMU Lodging and Paying Agent**”, which expression includes any successor CMU lodging and paying agent appointed from time to time with respect to the Notes), registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Notes), transfer agent (in such capacity, the “**Transfer Agent**”, which expression includes any successor or additional transfer agents appointed from time to time with respect to the Notes), and any other agents appointed thereunder, respectively, and the Trustee (i) are available for inspection during normal business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday other than a public holiday) by the Noteholders at the principal office for the time being of the CMU Lodging and Paying Agent, being at the date of issue of the Notes at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong and at the specified office of each of the Agents, or (ii) may be provided by email to any Noteholder, in each case following prior written request and proof of holding and identity to the satisfaction of the CMU Lodging and Paying Agent. References herein to “**Agents**” means the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Notes. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1 FORM, DENOMINATION AND TITLE

- (a) **Form and Denomination:** The Notes are issued in registered form in denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof. The Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Notes by the same holder.

- (b) **Title:** Title to the Notes passes only by transfer and registration in the Register as described in Condition 2. The holder of any Note will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on the Certificate (other than the endorsed form of transfer) representing it, or the theft or loss of such Certificate) and no person will be liable for so treating the holder. In these Conditions, “**Noteholder**” or “**holder**” means the person in whose name a Note is registered in the Register (or in the case of a joint holding, the first named thereof).

*Upon issue, the Notes will be represented by a global certificate (the “**Global Certificate**”) registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the “**Operator**”) of the Central Moneymarkets Unit Service (the “**CMU**”). These Conditions are modified by certain provisions contained in the Global Certificate. See “Summary of Provisions Relating to the Notes in Global Form.*

Except in the limited circumstances described in the Global Certificate, owners of interests in the Notes represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Notes. The Notes are not issuable in bearer form.

2 TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

- (a) **Register:** The Issuer will cause the register of Noteholders (the “**Register**”) to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the Noteholders and the particulars of the Notes held by them and of all transfers of the Notes. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of the Notes.
- (b) **Transfer:** Subject to the Agency Agreement and Conditions 2(e) and 2(f) herein, a Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back of the Certificate duly completed and signed, at the specified office of the Registrar or any of the Transfer Agents and with any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer.

In the case of a transfer of part only of a holding of Notes represented by one Certificate (which shall be in a specified denomination), a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of the Notes to a person who is already a holder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Note will be valid unless and until entered on the Register.

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.

- (c) **Delivery of New Certificates:** Each new Certificate to be issued upon transfer of Notes pursuant to Condition 2(b) shall be made available for delivery within seven business days of receipt of a duly completed and signed form of transfer, surrender of the existing Certificate(s) and provision of any other evidence required by the Transfer Agent or the Registrar pursuant to Condition 2(b). Delivery of the new Certificate(s) shall be made at the

specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

For the purposes of this Condition 2(c), “**business day**” shall mean a day on which commercial banks are generally open for business in the city in which the specified office of the Registrar or, as the case may be, the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described in the Global Certificate, owners of interests in the Notes will not be entitled to receive physical delivery of definitive Certificates.

- (d) **Formalities free of charge:** Registration of transfer of Notes and issuance of new Certificates will be effected without charge to the relevant Noteholder by or on behalf of the Issuer or any Agent but upon (i) payment by the relevant Noteholder (or the giving of such indemnity and/or security and/or pre-funding as the relevant Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its sole and absolute discretion with the documents of title or identity of the person making the application; and (iii) the relevant Agent being satisfied that the regulations concerning transfer of Notes have been complied with.
- (e) **Closed Periods:** No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal, Early Redemption Amount (as defined in Condition 8(c)) or interest on that Note; or (ii) during the period of 15 days prior to the relevant redemption date in respect of the Notes called for redemption by the Issuer pursuant to Condition 8; or (iii) after any such Note has been put for redemption by the relevant holder pursuant to Condition 8.
- (f) **Regulations:** All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee, and by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be mailed (free of charge to the Noteholder and at the expense of the Issuer) by the Registrar to any Noteholder who requests one following prior written request and proof of holding and identity to the satisfaction of the Registrar.

3 STATUS OF THE NOTES

The Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a)) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but only to the extent permitted by applicable laws relating to creditors' rights.

4 GUARANTEE

- (a) **Guarantee:** The payment of the principal, Early Redemption Amount and interest in respect of the Notes and all other moneys expressed to be payable by the Issuer under or pursuant to the Notes and the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor (the “**Guarantee**”) as set out in the Trust Deed.
- (b) **Status of the Guarantee:** The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a)) unsecured obligations of the Guarantor and (subject as stated above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but only to the extent permitted by applicable laws relating to creditors’ rights.

5 COVENANTS

- (a) **Negative Pledge:** So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer and the Guarantor will not, and the Guarantor will procure that none of its other Subsidiaries (as defined below in Condition 5(g)) (except any Listed Subsidiaries as defined below in Condition 5(g)) will, create or permit to subsist any mortgage, charge, pledge, lien or other security interest (“**Security**”) upon the whole or any part of its undertaking, assets or revenues present or future to secure the repayment or payment of principal, premium or interest of or on any Relevant Indebtedness (as defined below in Condition 5(g)), or to secure any guarantee of or indemnity given in respect of the repayment or payment of principal, premium or interest of or on any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer’s obligations under the Notes or, as the case may be, the Guarantor’s obligations under the Guarantee (a) are secured equally and ratably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.
- (b) **Notification to NDRC:** The Guarantor undertakes that it will file or cause to be filed with the National Development and Reform Commission (the “**NDRC**”) the requisite information and documents in respect of the issuance of the Notes within the relevant prescribed timeframes after the Issue Date in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法) (the “**NDRC Measures**”) issued by the NDRC and which came into effect on 10 February 2023 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time.
- (c) **Notification of Completion of the NDRC Post-issue Filing:** The Guarantor shall within 15 Registration Business Days after the initial filing with the NDRC of the offering information and issue details of the Notes (the “**NDRC Post-issue Filing**”), provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory confirming the completion of the NDRC Post-issue Filing; and (ii) copies of the relevant documents evidencing the completion of the NDRC Post-issue Filing (if any), each certified in English by an Authorised Signatory as being a true and complete copy of the original (the items specified in (i) and (ii) of this Condition 5(c) together, the “**NDRC Registration Documents**”). In addition, the Issuer shall, within 15 Registration Business Days after the NDRC Registration Documents are provided to the Trustee, give notice substantially in the form set out in the Trust Deed to the Noteholders (in accordance with Condition 14) confirming the completion of the NDRC Post-issue Filing.

The Trustee may rely conclusively without investigation on the NDRC Registration Documents and shall have no obligation or duty to monitor or assist with or ensure the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, completeness, content, validity and/or genuineness of any NDRC Registration Documents, or to procure that any NDRC Registration Documents not in English is translated into English or to verify the accuracy of any English translation of any such documents (if any) or to give notice to the Noteholders confirming the completion of the NDRC Post-issue Filing, and the Trustee shall not be liable to the Issuer, the Guarantor, any Noteholder or any other person for not doing so.

- (d) **Compliance Certificate:** each of the Issuer and the Guarantor undertakes that it will give to the Trustee (i) within 14 days after demand by the Trustee therefor and (ii) (without the necessity for any such demand) promptly after the publication of the Guarantor's audited accounts in respect of each financial period and in any event not later than 180 days after the end of each such financial period, a certificate in or substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Issuer and an Authorised Signatory of the Guarantor to the effect that as at a date not more than seven days before delivering such certificate (the "**certification date**") there did not exist and had not existed since the certification date of the previous certificate (or in the case of the first such certificate the date hereof) any Event of Default or any Potential Event of Default (or if such exists or existed specifying the same) and that during the period from and including the certification date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the certification date of such certificate each of the Issuer and the Guarantor has complied with all its obligations contained in these Conditions, the Trust Deed, the Agency Agreement and the Notes or (if such is not the case) specifying the respects in which it has not complied. The Trustee shall be entitled to rely conclusively without investigation, verification or liability upon the certificates mentioned above and shall not be liable to any Noteholder or any other person for such reliance.
- (e) **Financial Information:** (i) so long as the capital stock of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor may furnish to the Trustee, as soon as practicable after they are available, but in any event not more than 30 days after any financial reports of the Guarantor is filed with such recognised stock exchange on which the Guarantor's capital stock is at such time listed for trading, hyperlink(s) to such financial report filed with such exchange in lieu of the reports identified in this Condition 5(e); or (ii) so long as the capital stock of the Guarantor is ceased to be listed for trading on a recognised stock exchange or the relevant financial reports are no longer available on the website of such recognised stock exchange, within 180 days after the end of each financial year for the time being (which is, at the Issue Date, 31 December), the Guarantor will prepare and supply to the Trustee its audited financial statements prepared in accordance with the relevant accounting standards and audited by an internationally recognised firm of accountants, together with the relevant audit report thereto for and as at the last financial year.

If the relevant financial reports in the above sub-paragraph (i) or (ii) are not in the English language, the Guarantor shall also provide an English translation of the same translated by (x) an internationally recognised firm of independent accountants or (y) a professional translation service provider and checked by an internationally recognised firm of independent accountants, together with a certificate in English signed by any Authorised Signatory of the Guarantor certifying that such translation is complete and accurate.

- (f) **Issuer's activities:** The Issuer shall not, and the Guarantor will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the issue of the Notes or any other debt securities and any other activities reasonably incidental thereto (such activities shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of the Notes or any other debt securities to the Guarantor or any other Subsidiaries of the Guarantor).
- (g) **Interpretation:** For the purposes of these Conditions:
- (i) **"Authorised Signatory"** means, in relation to the Issuer or the Guarantor, any director or any other officer of the Issuer or the Guarantor, as the case may be, who has been authorised by the Issuer or the Guarantor, as the case may be, to sign the certificates and other documents required or contemplated under these Conditions, the Trust Deed, the Agency Agreement or any other transaction document in relation to the Notes on behalf of, and so as to bind, the Issuer or the Guarantor, as the case may be, and which the Issuer or the Guarantor, as the case may be, has notified in writing to the Trustee and the Agents as provided in the Agency Agreement;
 - (ii) **"Listed Subsidiary"** means, at any time, any Subsidiary of the Guarantor the ordinary voting shares of which are at such time listed on the Hong Kong Stock Exchange or any other stock exchange or securities market;
 - (iii) **"PRC"** means the People's Republic of China, which for the purposes of these Conditions, shall not include Hong Kong, Macau and/or Taiwan;
 - (iv) **"Registration Business Day"** means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing;
 - (v) **"Relevant Indebtedness"** means any present or future indebtedness in the form of, or represented by, notes, bonds, debentures, debenture stock, loan stock, certificates or other securities which are or are capable of being quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market issued outside the PRC; and
 - (vi) **"Subsidiary"** means, in relation to the Issuer or the Guarantor, any company or entity (i) in which the Issuer or, as the case may be, the Guarantor holds a majority of the voting rights, interests or units or (ii) of which the Issuer or, as the case may be, the Guarantor is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer or, as the case may be, the Guarantor is a member and controls a majority of the voting rights, interests or units or (iv) which is accounted for and consolidated in the audited consolidated accounts of the Issuer or, as the case may be, the Guarantor, as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards, and includes any company which is a Subsidiary of a Subsidiary of the Issuer or, as the case may be, the Guarantor.

6 INTEREST

The Notes bear interest on their outstanding principal amount from and including 6 February 2026 (the **"Issue Date"**) at the rate of 3.20 per cent. per annum, payable semi-annually in arrear on 6 February and 6 August in each year (each an **"Interest Payment Date"**). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which

is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation or surrender of the Certificate representing such Note, payment of principal or as the case may be, Early Redemption Amount in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment in which event interest will continue to accrue as provided in the Trust Deed. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (b) the day falling seven days after the Trustee or the CMU Lodging and Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Noteholders under these Conditions).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Note shall be calculated per CNY10,000 in principal amount of the Notes (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In this Condition 6, the expression “**business day**” means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong.

7 PAYMENTS

(a) Method of Payment:

- (i) Payments of principal, Early Redemption Amount and interest shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.
- (ii) Payment of any amount on each Note shall be paid on the due date to the person shown on the Register at the close of business on the Payment Business Day falling five Payment Business Days before the due date for payment thereof (the “**Record Date**”) and shall be made in Renminbi by wire transfer to the registered account of the holder of such Note. In this Condition 7, the “**registered account**” of a Noteholder means the Renminbi account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the Register at the close of business on the Record Date.
- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of Early

Redemption Amount or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of Early Redemption Amount or interest so paid.

*For so long as any of the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is at the close of business on the Clearing System Business Day immediately prior to the date of payment shown in the records of the Operator as the holder of a particular principal amount of Notes (each an “**accountholder**”), where “**Clearing System Business Day**” means a day on which the CMU is operating and open for business. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Noteholders, the Issuer, the Guarantor, the CMU participants, the indirect participants or any other person in respect of any such payment. Save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose.*

- (b) **Payments subject to Fiscal Laws:** Payments in respect of principal, Early Redemption Amount and interest on Notes will be subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto.
- (c) **Payment Initiation:** Payment instructions (for value the due date, or if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day) or, in the case of payments of principal and Early Redemption Amount where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day on which the CMU Lodging and Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The CMU Lodging and Paying Agent, the Registrar, and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Agents, subject to the provisions of the Agency Agreement, act solely as agents of the Issuer (or, as provided in the Trust Deed, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the CMU Lodging and Paying Agent, the Registrar or the Transfer Agent and to appoint additional or other Agents in accordance with the Agency Agreement, provided that the Issuer and the Guarantor shall at all times maintain (i) a CMU Lodging and Paying Agent, (ii) a Registrar, and (iii) a Transfer Agent, in each case as approved in writing by the Trustee.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer and the Guarantor to the Noteholders in accordance with Condition 14.

- (e) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Payment Business Day, or if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Payment Business Days:** In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which (i) commercial banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong, (ii) the CMU is operating and open for business and (iii) (if presentation or surrender of the relevant Certificate is required) the relevant place of presentation or surrender.

8 REDEMPTION AND PURCHASE

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 6 February 2029 (the “**Maturity Date**”). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 8.
- (b) **Redemption for Taxation Reasons:** If the Issuer (or the Guarantor, as the case may be) satisfies the Trustee immediately before the giving of the notice referred to below in this Condition 8(b) that:
 - (i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 9), or any change in, or amendment to, the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after 30 January 2026 either (x) the Issuer would be required to pay additional amounts as provided or referred to in Condition 9 or (y) if the Guarantee were called, the Guarantor would be required to pay such additional amounts; and
 - (ii) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

(unless notice has already been given to the Noteholders for redemption of the Notes under Condition 8(c)) the Issuer may at its option, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, redeem all the Notes, but not some only, at any time at their principal amount together with unpaid interest accrued to but excluding the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 8(b), the Issuer shall deliver to the Trustee (x) a certificate in English signed by an Authorised Signatory of the Issuer or, as the case may be, of the Guarantor, stating that the requirement referred to in (i) of this Condition 8(b) will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and setting out details of such obligation and (y) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment, and the Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion as

sufficient evidence of the satisfaction of the conditions precedent set out above in this Condition 8(b), without further enquiry or investigation and without liability to the Noteholders, the Issuer, the Guarantor or any other person for doing so, in which event they shall be conclusive and binding on the Noteholders.

- (c) **Optional Redemption:** The Issuer may, at any time upon giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to Noteholders in accordance with Condition 14 (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, redeem the Notes, in whole but not some only, at a redemption amount (the "**Early Redemption Amount**") equal to:
- (i) (in the case of an Optional Redemption Date falling before 6 November 2028 (the "**Par Call Date**", being three months before Maturity Date)) the Make Whole Amount as of the Optional Redemption Date; or
 - (ii) (in the case of an Optional Redemption Date falling on or after the Par Call Date) their principal amount;

in each case, together with any unpaid interest accrued to but excluding such Optional Redemption Date.

Neither the Trustee nor any of the Agents shall be responsible for the calculation or verifying the calculations of any amount payable under any Optional Redemption Notice hereunder (including any Make Whole Amount) and shall not be responsible to the holders for any loss arising from any failure by it to do so.

- (d) **Redemption upon Change of Control:** Following the occurrence of a Change of Control (as defined below), the holder of each Note will have the right at such holder's option, to require the Issuer to redeem all, or some only, of that holder's Notes on the Change of Control Redemption Date (as defined below) at their principal amount together with unpaid interest accrued to but excluding the date of redemption. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Change of Control Redemption Notice**") together with the Certificate evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to the Noteholders by the Issuer in accordance with Condition 14. The "**Change of Control Redemption Date**" shall be the fourteenth day after the expiry of such period of 30 days after the later of a Change of Control or the date upon which notice of a Change of Control is given to Noteholders by the Issuer in accordance with Condition 14 as referred to above.

A Change of Control Redemption Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of Change of Control Redemption Notices delivered as aforesaid on the Change of Control Redemption Date.

Neither the Trustee nor any of the Agents shall be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred, and none of them shall be liable to Noteholders or any other person for any failure to do so.

The Issuer, failing whom the Guarantor, shall give notice to the Noteholders in accordance with Condition 14 and to the Trustee and the CMU Lodging and Paying Agent in writing by

not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 8(d) and shall give brief details of the Change of Control.

The Trustee and the Agents shall have no obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Change of Control and shall not be required to monitor or take any steps to ascertain whether a Change of Control has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer and shall not be responsible for or liable to the Noteholders, the Issuer, the Guarantor or any other person for any loss or liability arising from any failure to do so.

For the purposes of this Condition 8(d):

a “**Change of Control**” occurs when:

- (i) any Person or Persons (other than Permitted Persons) acting together acquires or acquire Control of the Guarantor;
- (ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the assets of the Guarantor assets to any other Person;
- (iii) the Guarantor ceases to directly or indirectly own 100 per cent. of the voting rights of the issued share capital of the Issuer; or
- (iv) one or more Persons acquires the legal or beneficial ownership of all or substantially all of the Guarantor’s issued share capital.

“**Control**” means (i) the legal or beneficial ownership or control of not less than 39.63 per cent. of the voting rights of the issued share capital of the Guarantor or (ii) the right to appoint and/or remove all or the majority of the members of the Guarantor’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

“**Person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include (A) the Guarantor’s board of directors or any other governing board, (B) the Guarantor’s wholly-owned direct or indirect subsidiaries, (C) China Overseas Land & Investment Limited or (D) any other persons that have, or would be deemed to have, Control of the Guarantor on the Issue Date (and each of the permitted persons described in provisions (A), (B), (C) and (D) above, a “**Permitted Person**”).

- (e) **Purchases:** The Issuer, the Guarantor or any of the Guarantor’s other Subsidiaries (as defined above) may at any time purchase Notes in any manner and at any price. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the holders or for the purposes of Condition 11, Condition 12 and Condition 16.
- (f) **Cancellations:** All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer, the Guarantor or any of the Guarantor’s other Subsidiaries will forthwith be cancelled, and accordingly may not be held, reissued or resold.

- (g) **Redemption Notices:** Upon the expiry of any notice as is referred to in Condition 8(b) or Condition 8(c) the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Condition.
- (h) **Interpretation:** As used in these Conditions:
- (i) **“Independent Investment Bank”** means an independent investment bank or financial advisor of international repute (acting as an expert) selected by the Issuer at its costs and approved in writing by the Trustee for the purposes of performing any of the functions expressed to be performed by it under these Conditions;
 - (ii) **“Make Whole Amount”** will be the greater of (A) 100 per cent. of the principal amount of the Notes so redeemed and, (B) the sum of the then present values of at such redemption date of (I) the principal amount of such Note on the Optional Redemption Date, plus (II) all required remaining scheduled interest payments due on such Notes discounted to the Optional Redemption Date (but excluding accrued and unpaid interest to the Optional Redemption Date), computed using a discount rate equal to the Make Whole Call Reference Rate plus the Redemption Margin. The Make Whole Amount will be calculated by the Independent Investment Bank;
 - (iii) **“Optional Redemption Date”** means the date on which the Notes shall be redeemed at the option of the Issuer as specified in the Optional Redemption Notice;
 - (iv) **“Redemption Margin”** is 0.25 per cent. per annum;
 - (v) **“Make Whole Call Reference Rate”** means the rate per annum equal to the semi-annual equivalent yield to maturity derived from the average of the bid and asked prices of the offshore China Government Bond denominated in Renminbi (Bloomberg ticker: CGB Govt, or any equivalent successor Bloomberg ticker that is publicly available) having a maturity equal or closest to the Maturity Date, as determined by the Independent Investment Bank in accordance with the provisions hereof (the **“Comparable China Government Bond”**) (such bid and asked prices expressed as a percentage of principal amount (rounded to three decimal places, 0.0005 being rounded upwards)), prevailing at 11:00 a.m. (Hong Kong time) on the third Make Whole Determination Business Day preceding the Optional Redemption Date as displayed on the Bloomberg page and as determined by the Independent Investment Bank. If on the third Make Whole Determination Business Day preceding the Optional Redemption Date, the rate per annum equal to the semi-annual equivalent yield to maturity derived from the average of the bid and asked prices of such China Government Bond ticker is not published or available, the Independent Investment Bank shall, on the second Make Whole Determination Business Day preceding such Optional Redemption Date, calculate the Make Whole Call Reference Rate based on the average of the bid and asked prices at 11:00 a.m. (Hong Kong time) of such Comparable China Government Bond (such bid and asked prices expressed as a percentage of principal amount (rounded to three decimal places, 0.0005 being rounded upwards)) quoted in writing to the Independent Investment Bank by any financial institutions that are recognised dealers or brokers in offshore PRC Government Bonds; and
 - (vi) **“Make Whole Determination Business Day”** means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in Hong Kong.

9 TAXATION

- (a) **Payment without Withholding:** All payments in respect of the Notes by or on behalf of the Issuer or the Guarantor in respect of the Notes or under the Guarantee shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:
- (i) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or
 - (ii) (in the case of payment of principal or interest (other than interest due on an Interest Payment Date)) if the Certificate in respect of such Note is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Payment Business Day (as defined in Condition 7).

Neither the Trustee nor any Agent shall be responsible or liable for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Noteholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

- (b) **Interpretation:** In these Conditions:
- (i) “**Relevant Date**” means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by an Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 14; and
 - (ii) “**Relevant Jurisdiction**” means the Cayman Islands or Hong Kong or, in the event that the Issuer or the Guarantor is organised or resident (or deemed to be organised or resident) for tax purposes therein, the PRC (which for this purpose, excludes Hong Kong, Macau and Taiwan) or any political subdivision or any authority therein or thereof having power to tax to which the Issuer or the Guarantor becomes subject in respect of payments made by it of principal, Early Redemption Amount and interest on the Notes.

- (c) **Additional Amounts:** Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or under any undertakings given in addition to, or in substitution for, this Condition 9 pursuant to the Trust Deed.

10 PRESCRIPTION

Claims in respect of principal, Early Redemption Amount and interest will become prescribed unless made within 10 years (in the case of principal and Early Redemption Amount) and five years (in the case of interest) from the Relevant Date, as defined in Condition 9.

11 EVENTS OF DEFAULT

(a) Events of Default

The Trustee at its sole and absolute discretion may, and if so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Issuer and the Guarantor that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (“**Events of Default**”):

- (i) if default is made in the payment of any principal, Early Redemption Amount or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal or Early Redemption Amount or 14 days in the case of interest; or
- (ii) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by the Trustee on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or
- (iii) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any of the Guarantor’s other Subsidiaries becomes due and repayable prematurely by reason of an event of default, acceleration or potential event of default (however described); (ii) the Issuer, the Guarantor or any of the Guarantor’s other Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any applicable grace period; or (iii) the Issuer, the Guarantor or any of the Guarantor’s other Subsidiaries fails to make any payment in respect of any amount payable under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person on the due date for payment as extended by any applicable grace period; provided that no event described in this Condition 11(a)(iii) shall constitute an Event of Default unless such Indebtedness for Borrowed Money or other related liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) through (iii) inclusive of this Condition 11(a)(iii) which have occurred and are continuing, amounts to at least US\$20,000,000 (or the equivalent thereof in any other currency); or

- (iv) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries, save in the case of any Principal Subsidiary, for (i) any voluntary solvent winding up, liquidation or dissolution; or (ii) any reorganisation whereby the business, undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor and/or another Subsidiary of the Guarantor; and in each case, for the purposes of reorganisation on terms approved in writing by an Extraordinary Resolution of the Noteholders; or
- (v) if the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries ceases or (through an official action of the board of directors of the Guarantor or, as the case may be, the relevant Principal Subsidiary) threatens to cease to carry on all or any substantial part of its business (save in the case of any Principal Subsidiary, where the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of their respective Subsidiaries) or the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries stops payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is adjudicated or found bankrupt or insolvent; or
- (vi) if any Security (as defined in Condition 5(a)), present or future, created or assumed by the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries becomes enforceable and (i) proceedings are initiated against the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries, or (ii) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries (or their respective directors or shareholders) initiates or consents to any judicial proceedings relating to itself, under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a general moratorium in respect of all or any substantial part of its debts), or (iii) an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries or, as the case may be, in relation to all or any substantial part of the undertaking or assets of any of them or an encumbrancer takes possession of all or any substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against all or any substantial part of the undertaking or assets of any of them, and in any such case (other than the appointment of an administrator) it is not discharged or stayed within 40 days; or
- (vii) if the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors); or
- (viii) (i) all or (other than on arm's length terms) any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries is seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries is prevented by any such person from exercising normal control over all or (other than on arm's length terms) any substantial part of its undertaking, assets and revenues; or

- (ix) if the Issuer ceases to be a subsidiary wholly-owned and controlled, directly or indirectly, by the Guarantor; or
- (x) if the Notes, the Guarantee, the Trust Deed or the Agency Agreement is or becomes unenforceable, illegal or invalid; or
- (xi) if any regulation, decree, consent, approval, licence or other authority necessary to enable the Issuer or the Guarantor to perform its obligations under the Notes, the Guarantee, the Trust Deed or the Agency Agreement or for the validity or enforceability thereof expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified; or
- (xii) if any event occurs which, under the laws of any relevant jurisdiction, has or may have an analogous effect to any of the events referred to in Conditions 11(a)(iv) to (xi) above (both inclusive).

(b) **Interpretation:**

For the purposes of this Condition 11:

- (i) **“Indebtedness for Borrowed Money”** means any indebtedness (whether being principal, Early Redemption Amount, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit;
- (ii) **“Intermediate Single Subsidiary Holding Company”** means a Subsidiary whose sole business is the holding of shares or interest in one other Subsidiary (but, for the avoidance of doubt, not more than one other Subsidiary) and any other activities incidental thereto; and
- (iii) **“Principal Subsidiary”** means any Subsidiary of the Guarantor:
 - A. whose net profit or (in the case of a Subsidiary which itself has subsidiaries) consolidated net profit (before taxation and extraordinary items), as shown by its latest audited income statement are at least 5 per cent. of the consolidated net profit (before taxation and extraordinary items) as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries; or
 - B. whose gross assets or (in the case of a Subsidiary which itself has subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet are at least 5 per cent. of the consolidated gross assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries;

provided that, in relation to paragraphs (A) and (B) above:

- (I). in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial

period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

- (II). if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (aa) above) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor;
- (III). in relation to any Subsidiary of the Guarantor, each reference in (A), (B), (I) or (II) above to all or any of the accounts (consolidated or otherwise) of such Subsidiary shall be deemed to be a reference to the relevant audited accounts of such Subsidiary if it customarily prepares accounts which are audited and, if not, to the relevant unaudited accounts of such Subsidiary which shall be certified by any two directors of such Subsidiary as having been properly prepared in accordance with generally accepted accounting principles applicable to such Subsidiary;
- (IV). if the then latest published audited consolidated income statement of the Guarantor and its Subsidiaries show a net loss for the relevant financial period then there shall be substituted for the words “net profit” or “consolidated net profit”, as the case may be, the words “gross revenues” or “consolidated gross revenues” for the purposes of this definition; and
- (V). notwithstanding the foregoing provisions, in the case of an Intermediate Single Subsidiary Holding Company which is not otherwise required to, and does not, prepare consolidated accounts, such Intermediate Single Subsidiary Holding Company shall not be required to prepare consolidated accounts solely for the purpose of determining whether or not it is a Principal Subsidiary but in those circumstances it shall be deemed to be a Principal Subsidiary if its Subsidiary is itself a Principal Subsidiary; or
- (VI). any Subsidiary of the Guarantor to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provision of paragraph (A) or (B) above.

A certificate in English (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory of the Guarantor addressed to the Trustee that in their opinion a Subsidiary of the Guarantor is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied conclusively upon by the Trustee without further enquiry or evidence and without liability to the Issuer, the Guarantor, the Noteholders or any other person for such reliance and, if relied upon by the Trustee, shall (in the absence of manifest error or an error which is, in the opinion of the Trustee, proven) be conclusive and binding on all parties.

12 ENFORCEMENT

The Trustee may at any time, but shall not be obliged to, at its sole and absolute discretion and without notice, (i) take such steps and/or action and/or institute such proceedings (including lodging an appeal in any proceedings) against or in relation to the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Guarantee, the Agency Agreement and the Notes (as the case may be), and/or (ii) take action (including legal action) to protect or preserve the rights and interests of the Noteholders, but it shall not be bound to take any such steps or action or institute any such proceedings in relation to the Trust Deed or the Notes unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding, and (b) it shall have first been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and the failure shall be continuing.

The Trustee may refrain from taking any steps or actions or instituting any proceedings in any jurisdiction if the taking of such steps or actions or the institution of such proceedings in that jurisdiction would, in its opinion, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such steps or actions or instituting any such proceedings if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

13 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, pre-funding, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 NOTICES

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Hong Kong or, if such publication shall not be practicable, in a daily newspaper with general circulation in Asia approved by the Trustee. It is expected that such publication will normally be made in the *Wall Street Journal*. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to each relevant accountholder via the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

15 MEETINGS OF NOTEHOLDERS, MODIFICATION AND ENTITLEMENTS

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings (including by way of tele-conference or video-conference call) of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed, the Guarantee and the Agency Agreement. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in aggregate principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, including consideration of proposals, *inter alia*, (i) reduction or cancellation of the amount payable or, where applicable, modification, except where such modification is in the opinion of the Trustee bound to result in an increase, of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal, premium or interest in respect of the Notes, (ii) modification or cancellation of the Guarantee, (iii) alteration of the currency in which payments under the Notes are to be made, (iv) alteration of the majority required to pass an Extraordinary Resolution, or (v) the sanctioning of any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes or substitution of any entity for the Issuer and/or the Guarantor (or any previous substitute) as principal debtor and/or guarantor, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 66 per cent., or at any adjourned such meeting not less than 25 per cent., of the aggregate principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of holders of not less than 90 per cent. in aggregate principal amount of the Notes for the time being outstanding or (B) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. A resolution passed in writing or by Electronic Consent will be binding on all Noteholders whether or not they participated in such resolution.

- (b) **Modification, Waiver, Authorisation and Determination:** The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or

any of the provisions of the Trust Deed, the Guarantee and/or the Agency Agreement or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree (but shall not be obliged to), without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law. The Trustee may request and conclusively rely upon certificate signed by an Authorised Signatory of the Issuer or of the Guarantor (as the case may be) and/or an opinion of counsel concerning the compliance with the above conditions in respect of any modification and/or amendment, without further enquiry or investigation and without liability to the Issuer, the Guarantor or any other person for doing so.

- (c) **Trustee to have Regard to Interests of Noteholders as a Class:** In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.
- (d) **Notification to the Noteholders:** Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

16 INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTOR

- (a) **Indemnification of the Trustee:** The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability, including without liability provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Guarantee, the Agency Agreement and/or these Conditions and/or in respect of the Notes and/or from taking any steps and/or actions and/or instituting proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction and entitling the Trustee to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for any liabilities incurred by it in priority to the claims of the Noteholders.
- (b) **Trustee Contracting with the Issuer and the Guarantor:** The Trust Deed also contains provisions pursuant to which the Trustee, the Agents and their respective affiliates are entitled, inter alia, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties

under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee and each Agent may rely conclusively without further enquiry or investigation and without liability to Noteholders, the Issuer, the Guarantor or any other person on any report, confirmation, certificate or information from or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and each Agent may accept and shall be entitled to rely conclusively without further enquiry or investigation and without liability to Noteholders, the Issuer, the Guarantor or any other person on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor and the Noteholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Guarantee, the Agency Agreement or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Noteholders by way of Extraordinary Resolution, and the Trustee shall be entitled to conclusively rely on any such direction without further enquiry or investigation and shall not be responsible or liable for any loss or liability incurred by the Issuer, the Guarantor, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision or giving such direction as a result of seeking such direction from the Noteholders or in the event that no direction is given to the Trustee by the Noteholders.

None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, directions or requests of the Noteholders. The Trustee shall be entitled to rely conclusively without further enquiry or investigation and without liability to the Issuer, the Guarantor, the Noteholders or any other person for doing so, on any direction, request or resolution of Noteholders given by holders of the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed.

Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default, Potential Event of Default (as defined in the Trust Deed) or Change of Control has occurred or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Guarantee, the Agency Agreement or these Conditions and shall not be liable to the Noteholders or any other person for not doing so.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness,

condition, affairs, status and nature of the Issuer or the Guarantor, and the Trustee shall not at any time have any responsibility for the same and no Noteholder shall rely conclusively on the Trustee in respect thereof.

17 FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Noteholders to create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects save for the issue date, the first payment of interest thereon and the timing for complying with the requirements set out in these Conditions in relation to NDRC Post-issue Filing) and so that the same shall be consolidated and form a single series with the Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 17 and forming a single series with the Notes. Any further notes which are to form a single series with the Notes shall be constituted by a deed supplemental to the Trust Deed.

18 GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Trust Deed (including, the Guarantee), the Agency Agreement and the Notes, and any non-contractual obligations arising out of or in connection with these documents are governed by, and will be construed in accordance with, English law.
- (b) **Jurisdiction of Hong Kong Courts:** Each of the Issuer and the Guarantor has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee and the Noteholders that the courts of Hong Kong are to have exclusive jurisdiction to settle any disputes (including disputes relating to any non-contractual obligations) which may arise out of or in connection with the Trust Deed or the Notes and accordingly has submitted to the exclusive jurisdiction of the Hong Kong courts.

Each of the Issuer and the Guarantor has, in the Trust Deed, waived any objection to the courts of Hong Kong on the grounds that they are an inconvenient or inappropriate forum.

- (c) **Appointment of Process Agent:** The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed the Guarantor at its registered office at Suites 701-702, 7/F, Three Pacific Place, 1 Queen's Road East, Hong Kong as its agent for service of process in Hong Kong in respect of any Proceedings and have undertaken that in the event of such agent ceasing so to act it will forthwith appoint another person as its agent for that purpose and shall notify the Trustee in writing of such appointment within 30 days of such cessation.
- (d) **Sovereign Immunity:** Each of the Issuer and the Guarantor has in the Trust Deed irrevocably and unconditionally waived and agreed not to raise with respect to the Trust Deed and the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably and unconditionally consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings (including any Proceedings relating to any non-contractual obligations arising out of or in connection with these presents).

19 CONTRACTS (RIGHTS OF THIRD PARTIES) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Global Certificate contains the provisions which apply to the Notes in respect of which they are issued whilst they are represented by a Global Certificate, some of which modify the effect of the Terms and Conditions of the Notes. The following is a summary of certain provisions in the Global Certificate. Terms defined in the Terms and Conditions of the Notes have the same meanings in this section.

Terms defined in the terms and conditions of the Notes (the “**Terms and Conditions of the Notes**”) set out in this Offering Circular have the meaning in the paragraphs below.

The Notes will be represented by the Global Certificate which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator of the CMU (the “**Operator**”). The Global Certificate will become exchangeable for individual Certificates in definitive form if the Notes represented by the Global Certificate are held on behalf of the CMU or any other clearing system as shall have been selected by the Issuer and approved in writing by the Trustee, the CMU Lodging and Paying Agent and the Registrar (an “**Alternative Clearing System**”) through which the Notes are cleared and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Notes represented by the Global Certificate. The following is a summary of certain of those provisions:

PROMISE TO PAY

Under the Global Certificate, the Issuer, subject to and in accordance with the Terms and Conditions of the Notes and the Trust Deed, promises to pay to the Registered Holder (as defined therein) the amount payable under the Terms and Conditions of the Notes in respect of such Notes on the maturity date and/or such earlier date(s) as all or any of the Notes represented by this Global Certificate may become due and repayable in accordance with the Terms and Conditions of the Notes and to pay interest on the principal amount of the Notes outstanding from time to time represented by the Global Certificate calculated and payable as provided in the Terms and Conditions of the Notes and the Trust Deed together with any other sums payable under the Terms and Conditions of the Notes and the Trust Deed.

Payments of interest, premium or principal will be made to the CMU which will credit the same in accordance with the CMU Rules to the person(s) shown in the records of the Operator as the holder of a particular principal amount of Notes (each an “**accountholder**”) at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means a day on which the CMU is operating and open for business. Payment made in accordance with the CMU Rules as set out in the immediately preceding sentence shall discharge the obligations of the Issuer in respect of that payment.

NOTICES

So long as all of the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of the Operator or any Alternative Clearing System, notices to Noteholders may be given by delivery of the relevant notice to each accountholder via the CMU in substitution for notification as required by the Terms and Conditions of the Notes, and shall be deemed to have been given on the date of delivery to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

TRANSFERS

Transfers of beneficial interests in the Notes represented by the Global Certificate will be effected through the records of the CMU (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of the CMU (or any Alternative Clearing System) and their respective direct and indirect participants.

MEETINGS

For the purposes of any meeting of Noteholders, the holder of the Notes evidenced by this Global Certificate (unless this Global Certificate represents only one Note) shall be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and as being entitled to one vote in respect of each CNY10,000 in principal amount of Notes for which this Global Certificate is issued.

NOTEHOLDERS' REDEMPTION

For so long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of CMU, the Noteholder's redemption option in Condition 8(d) of the Terms and Conditions of the Notes may be exercised by any holder of Notes in the relevant giving notice to any Agent in accordance with the standard procedures of CMU (which may include notice being given on his instructions by CMU to any Agent by electronic means) of the principal amount of the Notes in respect of which the option is exercised and presenting or procuring the presentation of the Global Certificate to such Agent for endorsement within the time limits specified in the Terms and Conditions of the Notes.

ISSUER'S REDEMPTION

The options of the Issuer provided for in Conditions 8(b) and 8(c) of the Terms and Conditions of the Notes shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions of the Notes.

CANCELLATION

Cancellation of any Note represented by the Global Certificate will be effected by a reduction in the principal amount of the Notes in the register of Noteholders and the Global Certificate on its presentation to or to the order of the Registrar for annotation (for information only) in the Schedule thereto.

TRUSTEE'S POWERS

In considering the interests of Noteholders while this Global Certificate is registered in the name of a nominee or an operator for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Notes and (b) consider such interests on the basis that such accountholders were the holders of the Notes in respect of which this Global Certificate is issued.

PRESCRIPTION

Claims against the Issuer and the Guarantor in respect of principal or premium and interest on the Notes represented by the Global Certificate will be prescribed after 10 years (in the case of principal and premium) and five years (in the case of interest) from the Relevant Date (as defined in Condition 9 of the Terms and Conditions of the Notes).

GOVERNING LAW AND JURISDICTION

The Global Certificate and any non-contractual obligation arising out of or in connection with it are governed by, and shall be construed in accordance with, English law and the Issuer submits to the jurisdiction of the courts of Hong Kong for all purposes in connection with the Global Certificate and any non-contractual obligation arising out of or in connection with it.

AUTHENTICATION

The Global Certificate shall not be valid unless authenticated by the Registrar.

THE ISSUER

The Issuer was incorporated as an exempted company with limited liability under the Companies Law, as amended of the Cayman Islands on 14 November 2024. The registered office of the Issuer is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The authorised share capital of the Issuer is U.S.\$50,000.00, divided into 50,000 ordinary shares of par value U.S.\$1.00 each. One ordinary share has been issued and paid up. All issued ordinary shares will be registered.

The Issuer has no subsidiaries. The one and only issued share in the Issuer is owned by the Guarantor.

The Issuer was established for the purpose of issuing notes and on-lending the proceeds to the Guarantor or its subsidiaries. Since its incorporation, the Issuer has not engaged in any other material activities.

The directors of the Issuer as at the date of this Offering Circular are Mr. Zhuang Yong, Mr. Yang Lin and Mr. Zhou Hancheng (all of them are also directors of the Guarantor). The business address of the directors is Suites 701-702, 7/F., Three Pacific Place, 1 Queen's Road East, Hong Kong. The Issuer has no employees.

The directors of the Issuer do not have any interest or short position in the shares, underlying shares or debentures of the Issuer or of any of its subsidiaries.

Under Cayman Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as it is necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

THE GUARANTOR

The Guarantor is a property developer with operations and investments in the Chinese Mainland. The Guarantor was incorporated in Hong Kong on 25 September 1970 as a limited liability company with registration number 21522, and its shares have been listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00081) since 1984. The registered office of the Guarantor is at Suites 701-702, 7/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

The Guarantor is managed in accordance with its articles of association and with the provisions of the laws of Hong Kong.

The business address of the directors of the Guarantor is at Suites 701-702, 7/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

As at the date of this Offering Circular, there are no potential conflicts of interest between any duties of the directors of the Guarantor and their private interests and/or other duties.

THE GROUP

OVERVIEW

The Group is a property developer in the Chinese Mainland supported by the well-known national brand of “China Overseas Property” (“中海地產”). Its main source of revenue is from the development and sale of residential and commercial properties in the Chinese Mainland. As at 31 December 2024, the Group and its joint ventures had a land bank of approximately 13.8 million sq.m. (with an attributable land bank of 11.6 million sq.m.) in 32 cities in the Chinese Mainland.

The Group believes that the implementation of stronger policies aimed at stabilising the property market, particularly through urban renewal and land acquisition initiatives, will alleviate inventory pressures and accelerate the establishment of a new supply-demand balance. Despite headwinds in the real estate sector, the Group sees great potential in mid-tier cities where it has a strong presence. These cities offer significant growth opportunities due to the ongoing urbanisation of Chinese Mainland. Some economically robust mid-tier cities experience positive population growth, benefiting the Group’s major markets. The reduced competition among real estate companies in these cities provides the Group with a competitive advantage, leveraging its strengths in resource integration and localised brand building. The influence of the “China Overseas Property” (“中海地產”) brand, established product systems, supply chain cost efficiencies, and a dedicated professional team will further bolster the Group’s core competitiveness.

As at 31 December 2024, the Group is comprised of the Guarantor and over 229 subsidiaries, 7 associates and 6 joint ventures. The Issuer is a direct wholly-owned subsidiary of the Guarantor.

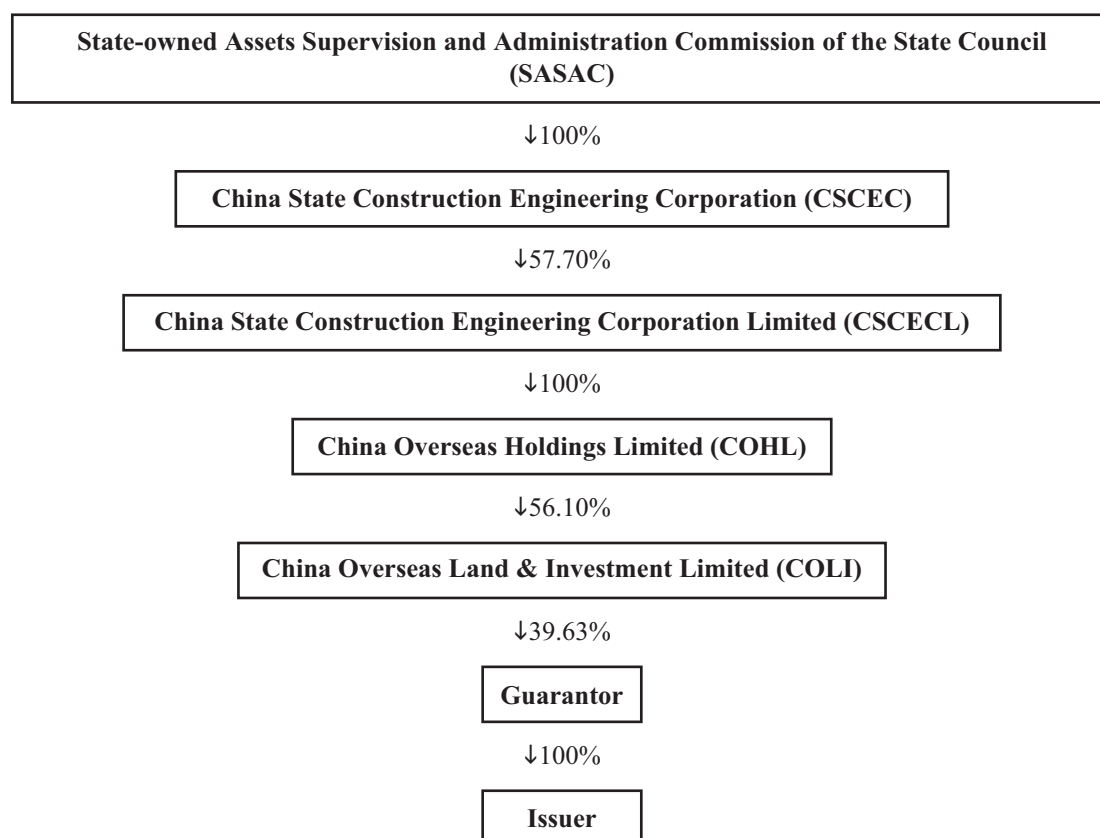
For the year ended 31 December 2024, the Group’s consolidated revenue and net profit were RMB45,895.3 million and RMB1,215.8 million, respectively.

As at 26 January 2026, the Guarantor had a market capitalisation of RMB7.3 billion. The Guarantor is a constituent of the Hang Seng Composite Index which includes Hang Seng Composite Industry Index — Properties & Construction, the Hang Seng Composite MidCap & SmallCap Index and the Hang Seng Composite SmallCap Index.

Although the Guarantor has been listed on the Hong Kong Stock Exchange (stock code 00081.HK) since 1984, the Guarantor has undergone a transformational change to become one of the largest PRC focused property developers listed on the Hong Kong Stock Exchange. The transformation of the Guarantor began in the first quarter of 2010, when COLI acquired a controlling interest in the Guarantor and the Guarantor changed its name from Shell Electric Mfg. (Holdings) Company Limited to its current name to reflect its new direction. COLI is a major property developer in the Chinese Mainland whose shares are listed on the Hong Kong Stock Exchange (stock code 00688.HK). COLI is ultimately controlled by the state-owned CSCEC, one of the world’s largest construction contractors and a “core enterprise” under the direct supervision of SASAC of the State Council of the PRC government.

Shareholding Structure

The following chart indicates the shareholding structure of the Group as at 26 January 2026:



For more information, see “*Substantial Shareholders’ and Directors’ Interests*” and “*Relationship with CSCEC, CSCECL, COHL and COLI*”.

RECENT DEVELOPMENTS

Unaudited and unreviewed financial information after 31 December 2024

Financial information as at and for the six months ended 30 June 2025

On 25 August 2025, the Guarantor published the 2025 Interim Financial Information on the website of the Hong Kong Stock Exchange.

As at 30 June 2025, as compared with the balance as at 31 December 2024, the Group recorded decreases in inventories. Conversely, the Group recorded increases in the guaranteed notes and corporate bonds due within one year and bank and other borrowings due after one year.

For the six months ended 30 June 2025, as compared to the corresponding period in 2024, the Group recorded decreases in the revenue and operating profit, which was mainly affected by the ongoing market consolidation.

The Guarantor has confirmed that save for the line items specifically accounted for, the changes in trend in the afore-mentioned line items occurred in the ordinary course of business and do not have any material adverse effect.

Financial information for the nine months ended 30 September 2025

On 22 October 2025, the Guarantor published the 2025 Third Quarter Financial Information on the website of the Hong Kong Stock Exchange.

For the nine months ended 30 September 2025, as compared to the corresponding period in 2024, the Group recorded decreases in revenue and operating profit, which was mainly affected by the ongoing market consolidation.

No audit has been performed on the 2025 Interim Financial Information or the 2025 Third Quarter Financial Information by the Guarantor's independent auditors, or any other independent auditors, and therefore none of the 2025 Interim Financial Information or the 2025 Third Quarter Financial Information should be relied upon by prospective investors to provide the same quality of information associated with information that has been subject to an audit. Such financial information within the 2025 Interim Financial Information and/or the 2025 Third Quarter Financial Information may change if it is subject to an audit. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, advisers, directors, officers, employees, agents or representatives or any person who controls any of them makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to the 2025 Interim Financial Information or the 2025 Third Quarter Financial Information. None of the 2025 Interim Financial Information or the 2025 Third Quarter Financial Information of the Guarantor shall be treated as indicative of the financial condition or results of operations of the Group for any period of a year or any full year. None of the 2025 Interim Financial Information or 2025 Third Quarter Financial Information forms part of or is incorporated by reference into this Offering Circular and should not be referred to or relied upon by prospective investors. Prospective investors must exercise extensive caution when using such information to evaluate the Group's financial condition or results of operations.

Property Development

For the six months ended 30 June 2025, the contracted property sales of the Group amounted to RMB16,610 million, for an aggregated contracted area of 1,472,400 sq.m., representing a 12.7% year-on-year decrease compared to the same period in 2024.

As at 30 June 2025, the Group and its joint ventures had a land bank of approximately 13.5 million sq.m. (with an attributable land bank of 11.5 million sq.m.) in 33 cities in the Chinese Mainland.

During the six months ended 30 June 2025, the Group acquired eleven projects at an aggregate consideration of RMB6,187 million in seven key cities where it operates, including Hefei, Hohhot, Lanzhou, etc., whereby gross floor area of approximately 1,328,300 sq.m., of which approximately 1,195,700 sq.m. was attributable to the Group (including the interests in associates and joint ventures). In response to the structural opportunities in the market, land investments have been significantly strengthened compared with the corresponding period last year in order to support future business development of the Group.

COMPETITIVE STRENGTHS

The Group is a major PRC property developer supported by the well-known national brand of “China Overseas Property” (“中海地產”), focusing on the mid- to high-end real estate development primarily in mid-tier cities in the Chinese Mainland

The Group is COLI's flagship real estate development platform in mid-tier cities in the Chinese Mainland. Its management believes that emerging mid-tier PRC cities have strong growth potential and rigid demand and will continue to benefit from China's urbanisation, as a result of which the Group

determines to focus on mid- to high-end real estate development in these emerging mid-tier cities. The Group believes that it is well placed to compete in such emerging mid-tier PRC cities which historically have been dominated by small local developers as the Group has the benefit of COLI's nationally recognised "China Overseas Property" ("中海地產") brand which enjoys a reputation for excellence in development, after-sales service and property management. "China Overseas Property" ("中海地產") is positioned as a brand which aims at "creating beautiful lives together", with the brand concept focused on "quality in both the process and the end products". For 22 consecutive years, "China Overseas Property" ("中海地產") has been listed as "The Leading Real Estate Brand in China". The Group's management believes that as a result of the nationwide well-known brand and the focus on mid-tier cities, it is better positioned than other developers to overcome the impact of the administrative and credit-tightening measures introduced in recent years by the PRC government to control the growth of the PRC property market.

The Group benefits from strong support from CSCEC, CSCECL, COHL and COLI

Strategically important to COLI's mid-tier cities expansion, the Group has received strong support from CSCEC, CSCECL, COHL and COLI since COLI acquired a controlling interest in the Guarantor, fostering the Group's long-term sustainable development. While the Group enjoys a high degree of autonomy in its daily operations, COHL and COLI contribute strong strategic support and experience in advising the Group's overall corporate planning, including new acquisitions, the right to nominate the Guarantor's board of directors, and the Guarantor's capital expenditures and budgeting. COLI has assigned experienced management to the Guarantor. The Chairman and Executive Director of the Guarantor, Mr. Zhuang Yong, is also a non-executive director and vice chairman of the board of directors of COLI and a director of COHL. Apart from its nomination of Executive Directors to the Guarantor, COHL and COLI actively support the development of the workforce of the Group at various entities and tiers according to the needs of business development. For example, COHL and COLI have also transferred a number of experienced management personnel to the Group. Further, the Group also benefits from the integrated financing strategy planning with COLI. In addition, COLI also shares its raw materials procurement, sales channel, market intelligence and internal research platform with the Group, further improving the Group's operational efficiency. Furthermore, as a demonstration of further support to the Group, COLI has granted the Group the right to sell properties under COLI's "China Overseas Property" ("中海地產") brand.

The Group owns a sizable, diversified and high quality 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 order to navigate the challenging market conditions, the Group further enhances its customer and investment research capabilities and actively seizes structural opportunities in the market. The Group proactively acquires high-quality land parcels at reasonable prices to continuously acquire land parcels and improve the quality of its land bank.

The following table sets out the total land bank and attributable land bank of the Group and its associates and joint ventures as at 31 December 2024:

No.	District	Total GFA	Attributable GFA
		('000 sq.m.)	('000 sq.m.)
1.	Hefei District	2,202.6	1,585.4
2.	Shantou District	1,656.1	1,656.1
3.	Lanzhou District	1,384.3	1,261.8
4.	Weifang District	1,141.9	1,009.1
5.	Yangzhou District	1,052.3	740.6
6.	Mengning District	826.1	823.5
7.	Huizhou District	721.8	458.4
8.	Yantong District	707.3	345.8
9.	Tangshan District	656.7	656.7
10.	Others	3,429.0	3,053.3
	Total	13,778.1	11,590.7

The Group has a proven track record and in-depth local knowledge

The Group is a property developer with a proven track record of project development in the Chinese Mainland. The senior management team of the Group has extensive experience in the property development and property investment industries in the Chinese Mainland. Most members of the senior management team of the Group have worked together for over 20 years. The Group possesses in-depth local expertise, market knowledge and experience which its management believes gives the Group a competitive advantage over some other developers in the PRC property market.

The Group's operations are scalable for further expansion

With a substantial number of properties under development, the Group enjoys the benefits of economies of scale of its design and construction process, customer service and sourcing of raw materials and services. The Group's management believes economies of scale have provided the Group with an advantage in securing the services of reputable contractors of significant scale, negotiating prices with suppliers and contractors and securing finance for its operations at competitive rates, and enabling it to recruit high quality staff. In addition, the Group's management believes that the PRC government's introduction of administrative and credit control measures may present the Group with opportunities to acquire quality projects under development or land from smaller scale property developers or from state-owned enterprises which exit the PRC property market.

The Group is financially strong and has flexible sources of funding

The Guarantor has been listed on the Hong Kong Stock Exchange since 1984, and conducts most of its property development business in the Chinese Mainland through subsidiaries established in the Chinese Mainland that are project companies. The Group has access to both international and domestic equity and debt financing and the ability to tap both sources of funding depending on market conditions, thereby securing the most favourable financing terms and maximising its funding efficiency. As of 30 June 2025, the weighted average borrowing rate of the Group is 3.5%. The Group's management believes that the Group's ability to obtain international financing gives it a comparative advantage over some other local competitors in the Chinese Mainland who may only have access to domestic funding, the availability and costs of which may be affected by any credit control measures introduced by the PRC government. As such, the Group's management believes it has a robust liquidity position supported by access to diversified funding sources.

The Group has taken steps to improve its financial stability and its fund management capabilities. The Group's management believes it is in a strong financial position to continue to develop and grow. The

Guarantor has obtained ratings of “BBB-” by S&P, “BBB” by Fitch and “A_g” by CCXAP. Moreover, the Group has a strong cash position with the total cash and bank balances of RMB27.3 billion (including restricted bank balances of RMB5.6 billion) as at 31 December 2024.

STRATEGIES

The Group’s key business objective is to seek sustainable development by pursuing the following strategies:

Upholding its “Balanced and Refined” strategy, targeting at key mid-tier cities

The Group remained committed to its “3P” investing strategy, which targeted the most “Prominent” cities and their “Prime” neighbourhoods while focusing on “Popular” property types. Leveraging the “China Overseas Property” platform and brand strength, it proactively secured projects through disciplined market analysis, ensuring profit delivery and fast cash turnover. This approach supported consistent replenishment of the Group’s land bank reserves with well-positioned plots primed for future growth. The Group tailored its strategy to industry trends and the dynamics of mid-tier cities. It capitalised on its strengths: sharp customer insights, streamlined product lines, and state-owned enterprise branding, to seize high-potential investment opportunities in each market. In cities with strong fundamentals and favourable industry conditions, the Group expanded its footprint and boosted market share.

Continuing to leverage the strong support from COLI and its “China Overseas Property” (“中海地產”) brand

The Group will continue to leverage the strong support from COLI with respect to overall corporate planning and policies, including the sourcing, evaluation and planning of developments, the appointment of the directors and senior management of the Group, and the Group’s capital expenditure and budgeting. The Group will also leverage COLI’s “China Overseas Property” (“中海地產”) reputation as a brand for quality, after sales service and property management to enhance the Group’s market positioning.

Expanding its land bank at reasonably low cost

The Group remained focused on mid-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 maximised 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 and to develop its own advantages and overall efficiency.

Quality and price of the land bank are critical factors in determining profitability of property projects. The Group’s management believes that it can build on its position as a major property developer in the Chinese Mainland and increase its market share by leveraging on its competitive strengths and ensuring its land investments are fiscally sound. The Group will continue to adopt a disciplined investment approach in acquiring quality land at a reasonably low cost, whether organically or through acquisition opportunities. The Group intends to maintain a quality and sizable land bank in the Chinese Mainland and will continue to review appropriate opportunities to replenish its land bank by investing in new development sites at reasonably low cost as and when such sites become available. The Group plans to increase its land bank substantially over the next several years, while also achieving a balanced distribution of investment across the regions in which it operates.

Maintaining prudent financial management

The Group intends to continue to improve its fund management capabilities through sound financial management, taking advantage of its investment grade rating and its international and domestic funding

platforms and channels. The Group will target a low gearing ratio relative to its peers, prudent levels of indebtedness and a strong liquidity position. The Group intends to make full use of its fund-raising capabilities to enhance its financial strength through the capital and credit markets by tapping new channels and platforms as appropriate, subject to market conditions, including from time to time issuances of debt securities and hybrid securities. The Group will also continue to improve its internal financial management processes and corporate governance standards. It strictly adheres to the principle of prudent financial management and in particular focuses on ensuring its expenditure is in line with cash inflows. Moreover, the Group's management believes that it generally maintains a conservative level of debt, with sufficient cash flows for debt service. Prudent financial management and a strong finance function allow the Group to avoid the need to sell properties at low prices in a market downturn and position the Group to seize business opportunities and to acquire prime land at reasonable cost. In summary, the Group seeks to strengthen its financial and cash flow management to support sustainable business growth.

While the Group is in the process of relining standardised management procedures, in the meantime, it is also strengthening the system development and accelerating project progress with enhanced management capabilities.

Maintaining an appropriate level of recurring income generated by its investment property portfolio to enhance long term cash flow stability and to diversify risk associated with the real estate development business

The Group and its joint venture's existing investment property portfolio mainly comprises (a) five office properties, namely the China Overseas International Center in Beijing, which is wholly-owned by the Group, with a total rentable area of 40,923 sq.m., the China Overseas Plaza Office in Lanzhou, which is wholly-owned by the Group, with a total gross floor area of 55,129 sq.m., the Central Park in Hefei, which is wholly-owned by the Group, with a total gross floor area of 17,591 sq.m., the Azure in Hohhot, which is wholly-owned by the Group, with a total gross floor area of 13,943 sq.m. and the Jin Xin Building in Shantou, which is wholly-owned by the Group, with a total gross floor area of 1,326 sq.m.; (b) six commercial properties, namely the China Overseas Plaza — Mall (Universal City) in Lanzhou, which is wholly-owned by the Group, with a total gross floor area of 66,300 sq.m., the China Overseas Plaza — Shopping Street (Universal City) in Lanzhou, which is wholly-owned by the Group, with a total gross floor area of 10,960 sq.m., the China Overseas Plaza in Huizhou, which is wholly-owned by the Group, with a total gross floor area of 21,838 sq.m., the Central Mansion in Hefei, which is wholly-owned by the Group, with a total gross floor area of 11,992 sq.m., the Left Bank in Hohhot, which is wholly-owned by the Group, with a total gross floor area of 26,129 sq.m. and the Phoenix in Changzhou, which is wholly-owned by the Group, with a total gross floor area of 15,118 sq.m.; and (c) one residential property, namely the Royal Villa in Hefei, which is wholly-owned by the Group, with a total gross floor area of 18,255 sq.m. The Group's strategy is to maintain an appropriate commercial property portfolio such as offices hotels and malls to generate recurring rental income so as to stabilise the Group's long term cash flow and to counteract risk and timing in the real estate development cycle.

BUSINESS

The Group's primary business activities and interests are: (1) property development, and (2) commercial property operations. The following table shows a breakdown of the Group's operations in terms of segment revenue for the years indicated:

	For the year ended 31 December		
	2022	2023	2024
	RMB million	RMB million	RMB million
Segment revenue			
Property (investment and) development	57,244.2	56,003.5	45,410.9
Commercial property operations	—	404.7	484.3
Property leasing and others	247.9	—	—
Total segment revenue	57,492.1	56,408.2	45,895.2

Note: For the years ended 31 December 2022 and 31 December 2023, the segment was named “Property investment and development”. The Group has restated the segment comparative figures for the year ended 31 December 2023 to confirm with the presentation of the year ended 31 December 2024.

The following table shows a breakdown of the Group’s operations in terms of segment profit or loss for the years indicated:

	For the year ended 31 December		
	2022	2023	2024
	RMB million	RMB million	RMB million
Segment profit			
Property (investment and) development	5,991.2	4,216.0	1,843.0
Commercial property operations	–	126.1	193.0
Property leasing and others	95.6	–	–
Total segment profit	6,086.8	4,342.1	2,036.0

PROPERTY DEVELOPMENT

Property Sales

Property sales include both pre-sales and sales of properties from stock in a particular period. For the year ended 31 December 2024, the contracted property sales of the Group (together with its associates and joint ventures) amounted to RMB40,110 million, for an aggregated contracted area of 3,483,500 sq.m., representing a decrease 6.3% and 1.4% respectively against to 2023. At as 31 December 2024, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB386 million for an aggregated contracted area of 34,200 sq.m..

The following table sets out the contracted property sales from major projects during the year ended 31 December 2024:

City	Name of Project	Contracted Area	Amount
		(sq.m.)	(RMB million)
Hefei	Jewel Manor	66,504	1,741
	Central Manor	71,567	1,533
	Skyline	72,328	756
	Mount and Lake	20,440	288
Ganzhou	River View Mansion	105,856	1,019
	The One Future	73,199	760
	Central Mansion	48,480	710
	The Paragon	14,207	268
Shantou	The Peninsula	64,619	861
	The Rivera North City	40,091	444
	Guan Lan Fu	30,207	295
	Platinum Mansion	32,965	287
	Golden Coast	25,125	188
	Guan Yun Fu	17,309	156
Hohhot	Central Mansion	93,062	1,126
	River View Mansion	51,267	549
	Hohhot Glorioushire	15,530	190
	Zhonghai Zhen Ru Fu	12,973	179
Nantong	Zhonghai He Shan Guan Lan	17,556	159
	Center Mansion	74,318	1,615
	Hills Scenery	30,095	513

City	Name of Project	Contracted Area (sq.m.)	Amount (RMB million)
Yinchuan	Sea Advanced Collection	66,569	763
	Gorgeous Mansion	39,807	531
	Unique Palace	34,705	405
	Genius Garden	33,958	289
Taizhou	Jinmao Palace*	72,777	1,000
	Royal Mansion	26,200	322
	Gorgeous Mansion*	23,369	274
	Graceful Mansion	21,125	250
Jinhua	Central Mansion	19,951	631
	Central Park	47,011	560
	The Halo*	37,415	463
Nanning	One Sino Residences	22,868	591
	Lake Palace	39,117	559
	Harrow Community	28,842	207
	International Community	31,981	185
Yangzhou	The Paragon Yard	61,079	920
	The Paragon	30,456	354
Xuzhou	Loong Mansion	37,898	666
	Lake City Mansion	28,545	291
	Upper East	24,498	287
Lanzhou	La Cite	45,402	582
	China Overseas Platinum Garden	35,314	359
	The Platinum Pleased Mansion	28,305	291
Tangshan	Zhen Ru Fu	24,646	430
	Maple Palace	19,791	388
	The Pogoda	21,584	372
Shaoxing	Marina One	40,846	1,077
Quanzhou	Private Mansion	50,928	615
	Master Mansion	21,681	393
Changzhou	Jiang Nan Mansion	28,488	339
	South Halcyon	32,916	334
	World Masterpiece	15,270	220
Yancheng	Gorgeous Mansion	58,043	620
	Mansion One	26,051	245
Weifang	Da Guan Tian Xia	73,748	534
	Royal Villa	50,410	323
Huai'an	Honor Mainstays	26,177	374
	Central Mansion	35,402	336
Huizhou	Unique Palace	22,835	329
	Sage Mansion**	11,352	193
	Huizhou Tangquan	12,791	156
Zhanjiang	We Love City*	38,456	396
	Glorious City*	26,527	230
Zibo	Genius Garden	72,143	536
Anqing	The Metropolis	68,990	512
Xining	Elite Palace	34,723	248
	Mountain and Lake	30,289	247
Jilin	La Cite	50,725	281
	Metropolis Times	25,494	182
Zhenjiang	Zhenru Mansion	38,909	426
Tianshui	The Platinum Pleased Mansion	37,488	363
Langfang	Platinum Garden	40,360	342
Liuzhou	The Cullinan	27,035	324
Zhuzhou	Majestic Mansion	28,475	207

* These projects are held by a joint venture of the Group

** This project is held by an associate of the Group

For the year ended 31 December 2024, gross floor area of nearly 6,227,400 sq.m. (2023: 7,370,100 sq.m.) of construction sites were completed for occupation and of which, about 84% (2023: 83%) had been sold at year end. The Group continued to focus on promoting sales in this changing market to place financial resilience at its core.

The following table sets out the recognised revenue from major projects during the year ended 31 December 2024:

City	Name of Project	Contracted Area	Amount
		(sq.m.)	(RMB million)
Shantou	The Peninsula	169,093	2,285
	The Rivera North City	192,234	2,060
	Guan Yun Fu	64,560	546
Hefei	Skyline	165,193	3,333
	Vitality City	16,356	184
Yinchuan	Gorgeous Mansion	145,548	1,739
	Glory Mansion	106,822	855
	Master Mansion	112,962	850
Quanzhou	Elegance Mansion	227,675	3,367
Changzhou	South Halcyon	85,983	1,212
	Jiang Nan Mansion	72,803	1,146
	World Masterpiece	30,161	515
Jinhua	Central Mansion	42,127	1,497
	Central Park	91,807	1,123
Lanzhou	The Platinum Pleased Mansion	94,567	1,077
	La Cite	62,255	785
Shaoxing	Marina One	66,839	1,823
Taizhou	Royal Mansion	65,297	900
	Graceful Mansion	61,483	849
Xuzhou	Upper East	64,941	761
	Lake City Mansion	42,583	470
	Future Land	38,902	378
Yancheng	Gorgeous Mansion	83,515	960
	Mansion One	48,037	490
Tangshan	The Pogoda	69,497	1,287
Nantong	Hills Scenery	52,335	1,062
Nanning	Lake Palace	59,330	938
Huai'an	Honor Mainstays	47,200	572
	Central Mansion	33,208	323
Huizhou	Unique Palace	53,304	831
Zibo	Genius Garden	112,394	817
Anqing	The Metropolis	103,134	779
Yangzhou	The Paragon	41,822	766
Ganzhou	The Paragon	35,746	712
Zhenjiang	Zhenru Mansion	57,313	670
Weinan	Master Mansion	103,480	601
Weifang	Royal Villa	61,486	436

In addition to the above, constructions commenced on the following projects during the year ended 31 December 2024:

City	Name of project	Construction commenced
Ganzhou	The One Future	March 2024
Hohhot	Central Mansion	March 2024
Jilin	Metropolis Times	March 2024
Nantong	Center Mansion	March 2024
Yancheng	Sanguinely Life**	March 2024
Yinchuan	COGO City	March 2024
Tangshan	One Rare Residence	April 2024
Yangzhou	The Paragon Yard	April 2024
Yinchuan	Genius Garden	May 2024
Jilin	UniMall	May 2024
Weifang	Around the World	June 2024
Ganzhou	River View Mansion	August 2024
Xuzhou	Loong Mansion	August 2024
Hefei	Central Manor	September 2024
Lanzhou	China Overseas Platinum Garden	September 2024
Yinchuan	Unique Palace	September 2024
Zibo	Genius Garden	September 2024
Xining	Elite Palace	November 2024
Anqing	The Metropolis	December 2024
Ganzhou	Central Mansion	December 2024
Hefei	Central Manor	December 2024
Shantou	Golden Coast	December 2024

** The project is held by an associate of the Group

As at 31 December 2024, the gross floor area of properties under construction and stock of completed properties amounted to 8,004,100 sq.m. (2023: 11,672,900 sq.m.) and 3,114,500 sq.m. (2023: 2,692,400 sq.m.) respectively, totalling 11,118,600 sq.m. (2023: 14,365,300 sq.m.). Properties with gross floor area of 3,085,200 sq.m. (2023: 4,563,500 sq.m.) had been contracted for sales and were pending for handover upon completion.

Overview of Projects

Most of the Group's property developments comprise high quality residential properties targeting the middle- to high-end retail market in the Chinese Mainland. The Group uses the brand name "China Overseas Property" ("中海地產") in the Chinese Mainland. The Group offers a broad variety of products, including townhouses, low-rise apartments, high-rise apartments, villas, deluxe houses, international community developments and high-end houses.

The Group acquires land in the Chinese Mainland to support its property development growth and to afford it greater balance in the distribution of its investment across the Chinese Mainland. The Group's plan is to expand in the mid-tier cities that it has already entered and to rank among the top three developers in those cities and to look for new investment opportunities in other mid-tier cities. The Group favours mid-tier cities which are already a regional economic centre or which have the potential to become a regional economic centre due to their close proximity to more developed cities and which are targeting higher GDP and population growth rates and lower unemployment rates, than the national average. The Group believes that it is well placed to benefit from ongoing infrastructure investment in the Chinese Mainland and the rapid industrialisation and urbanisation of inland cities. As at 31 December 2024, the gross floor area of total land bank of the Group (together with its associates and joint ventures) reached 13,778,100 sq.m. (2023: 18,806,800 sq.m.), of which 969,400 sq.m. (2023: 1,738,400 sq.m.) were 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 11,590,700 sq.m. (2023: 15,517,500 sq.m.). The Group (together with its associates and joint ventures) held a land bank distributed in 32 cities as at 31 December 2024.

With respect to the property information contained in this Offering Circular, the site area information for an entire project is based on the relevant land use rights certificates. The aggregate GFA of an entire project is calculated by multiplying its site area by:

- the plot ratio specified in other approval documents from the local governments relating to the project;
- the maximum permissible plot ratio as specified in the relevant land grant contracts; or
- such lower plot ratio as the Group reasonably expects to be able to develop for such project.

The aggregate GFA of a project includes both saleable and non-saleable GFA. Non-saleable GFA refers to certain communal facilities, including transformer rooms, carparks, club houses and guard houses.

The Group generally treats a property unit as “sold” when an agreement is executed with a customer. A property unit is classified as “pre-sold” when the property unit has been sold but the sale amount related thereto has not yet been recognised as revenue. The Group applied HKFRS 15 (*Revenue from Contracts with Customers*) from 1 January 2018. For the years ended 31 December 2023 and 2024, revenue from sales of properties is recognised when control of the property unit is transferred to the customer. Revenue is recognised at a point in time when the customer obtains control of the completed property.

The Group generally classifies its development properties into land held for future development, properties under development and completed properties held for sale. Land held for future development is that where the Group has obtained land use certificate for some or all of the development, but where project development has not commenced. Properties under development are in general those where a land use certificate has been obtained for some or all of the development and where project development has commenced. Completed properties held for sale are those property developments which are suitable for occupancy and delivery to purchasers, with all necessary occupation permits or completion certificates obtained and the relevant utilities, access and other related infrastructure being in place.

For the purposes of the Group’s consolidated financial statements, payments by the Group for land bank acquired where the land use rights certificates have not yet been obtained are generally recorded by the Group in its consolidated financial statements as “prepayments and deposits”. Once the relevant land use certificate has been received for some or all of a project development, whether or not the Group has commenced such development, the project is reclassified as “inventories of properties” as a current asset, along with the Group’s completed properties held for sale. Inventories of properties include the Group’s properties under development that are not expected to be realised within twelve months from the end of the relevant reporting period, and the amount is separately disclosed. However, properties intended to be developed for earning rental income and/or for capital appreciation are not classified as “inventories of properties”, but are classified as “investment properties” under non-current assets.

Properties Under Development

Set forth below is a table showing summary information about the Group's development projects by location as at 31 December 2024:

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Celestial Heights North of Shangzhou Road, East of Xianhu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the Chinese Mainland	Residential	80,600	125,200	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 Chinese Mainland	Residential/ Commercial	15,600	44,200	41%	Superstructure in progress	2019.10	2nd half of 2025
City Plaza Huicheng District, Huizhou, Guangdong Province, the Chinese Mainland	Commercial	5,500	34,000	100%	Superstructure in progress	2020.01	2nd half of 2025
Glory Lake The Pu Yue West of Yingbin Road Central, East of Zhengyang Road, Wenchang Lake District, Zibo, Shandong Province, the Chinese Mainland	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 Chinese Mainland	Residential/ Commercial	42,700	170,400	60%	Superstructure in progress	2020.11	2nd half of 2025
Gorgeous Mansion East of Kaichuang Road, North of Yandu Road, Yandu District, Yancheng, Jiangsu Province, the Chinese Mainland	Residential	600	2,000	100%	Superstructure in progress	2021.03	2nd half of 2025
Megacity Times Raolibei Road, Tongqiao Town, Zhongkai District, Huizhou, Guangdong Province, the Chinese Mainland	Residential/ Commercial	18,000	67,200	100%	Superstructure in progress	2021.04	2nd half of 2025
International Community West of Guihua Second Road, North of Lianxi Avenue, Lianxi District, Jiujiang, Jiangxi Province, the Chinese Mainland	Residential	39,000	96,500	100%	Superstructure in progress	2021.05	2nd half of 2026
Cozy Land Luo Zhuang District, Linyi, Shandong Province, the Chinese Mainland	Residential/ Commercial	13,200	44,600	100%	Superstructure in progress	2021.05	2nd half of 2025
The Rivera North City Longhu District, Shantou, Guangdong Province, the Chinese Mainland	Residential/ Commercial	23,000	124,300	100%	Superstructure in progress	2021.06	1st half of 2026
Elite Palace No.94, Shidai Avenue, Chengzhong District, Xining, Qinghai Province, the Chinese Mainland	Residential/ Commercial	127,700	407,700	100%	Superstructure in progress	2021.07	2nd half of 2027
Tai Ping Guan Zhi Taiping Lake Town, Huangshan District, Anhui Province, the Chinese Mainland	Residential/ Commercial	449,700	249,500	55%	Superstructure in progress	2021.08	2nd half of 2029

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 Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the Chinese Mainland	Residential/ Commercial	23,900	69,900	70%	Superstructure in progress	2021.08	2nd half of 2025
Central Mansion No.57, Fuqian Road, Huai'an District, Huai'an, Jiangsu Province, the Chinese Mainland	Residential/ Commercial	17,100	56,900	100%	Superstructure in progress	2021.09	1st half of 2026
Future land Gulou District, Xuzhou, Jiangsu Province, the Chinese Mainland	Residential/ Commercial	27,900	88,800	100%	Superstructure in progress	2021.09	2nd half of 2025
Lake City Mansion New Huaihai Road, Quanshan District, Xuzhou, Jiangsu Province, the Chinese Mainland	Residential	45,200	133,800	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 Chinese Mainland	Residential/ Commercial	39,300	120,000	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 Chinese Mainland	Residential/ Commercial	76,500	170,200	100%	Superstructure in progress	2021.12	1st half of 2026
Upper East East of Kunpeng Road, South of Chengdong Avenue, Xuzhou, Jiangsu Province, the Chinese Mainland	Residential	29,100	95,800	66%	Superstructure in progress	2022.02	2nd half of 2025
Huizhou Tangquan 298 Huizhou Road, Huicheng District, Huizhou, Guangdong Province, the Chinese Mainland	Residential/ Commercial	29,100	59,900	100%	Superstructure in progress	2022.03	2nd half of 2026
New City of China Xinpuxin District, Zunyi, Guizhou Province, the Chinese Mainland	Residential/ Commercial	8,800	26,000	70%	Superstructure in progress	2022.04	1st half of 2026
Royal Mansion Southwest of Junction of Ba Zhong Nan Road and Daoxiang Road, Nanqiao District, Chuzhou, Anhui Province, the Chinese Mainland	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 Chinese Mainland	Residential/ Commercial	68,000	306,300	60%	Superstructure in progress	2022.06	2nd half of 2027
Genius Garden South of Wangshe Road, East of Beijing Road, Zibo Economic and Technological Development Zone, Shandong Province, the Chinese Mainland	Residential/ Commercial	62,900	241,200	100%	Superstructure in progress	2022.10	2nd half of 2026
One Sino Residences North of Minzu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the Chinese Mainland	Residential	30,700	83,300	100%	Superstructure in progress	2022.11	1st half of 2025
The Platinum Pleased Mansion 8 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the Chinese Mainland	Residential/ Commercial	9,000	42,800	100%	Superstructure in progress	2022.12	2nd half of 2027

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 Chinese Mainland	Residential/ Commercial	96,200	284,900	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 Chinese Mainland	Residential/ Commercial	23,500	63,000	100%	Superstructure in progress	2023.01	1st half of 2025
Hills Scenery East of Shilun Road, North of Bayi Road, Chongchuan District, Nantong, Jiangsu Province, the Chinese Mainland	Residential	43,200	111,500	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 Chinese Mainland	Residential/ Commercial	47,700	185,000	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 Chinese Mainland	Residential/ Commercial	58,000	118,600	100%	Superstructure in progress	2023.05	2nd half of 2025
The Metropolis Junction of Huazhong East Road and Duxiu Avenue, Yingjiang District, Anqing, Anhui Province, the Chinese Mainland	Residential/ Commercial	79,100	255,000	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 Chinese Mainland	Residential	34,000	97,100	60%	Superstructure in progress	2023.06	2nd half of 2025
River View Mansion South of 40M Guihua Road, East of Hadaqin Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the Chinese Mainland	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 Chinese Mainland	Residential/ Commercial	573,100	1,281,600	100%	Superstructure in progress	2023.06	2nd half of 2027
The Platinum Pleased Mansion Qinzhou District, Tianshui, Gansu Province, the Chinese Mainland	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 Chinese Mainland	Residential/ Commercial	78,500	189,500	100%	Superstructure in progress	2023.06	2nd half of 2025
Honor Mainstays No.219, Chengde North Road, Qingjiangpu District, Huai'an, Jiangsu Province, the Chinese Mainland	Residential/ Commercial	119,600	383,200	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 Chinese Mainland	Residential/ Commercial	34,700	106,200	70%	Superstructure in progress	2023.09	1st half of 2026

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Origin of City West of Yingbin Road, South of Yulong Road, Tinghu District, Yancheng, Jiangsu Province, the Chinese Mainland	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 Chinese Mainland	Residential	59,600	184,500	60%	Superstructure in progress	2023.10	1st half of 2026
The Paragon (previously named “Da Guan Tian Xia”) No. 12345, Baotong East Street, Gaoxin District, Weifang, Shandong Province, the Chinese Mainland	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 Chinese Mainland	Residential	12,000	32,400	100%	Superstructure in progress	2023.10	2nd half of 2025
Zhenru Mansion West of Huanan Road, South of Zhenxing Road, Huanan Xin District, Danyang, Jiangsu Province, the Chinese Mainland	Residential	36,800	100,600	100%	Superstructure in progress	2023.11	2nd half of 2026
River View Mansion West of Xingjiang Road, South of Yunqiu Road, Shuixi Town, Zhanggong District, Ganzhou, Jiangxi Province, the Chinese Mainland	Residential/ Commercial	89,600	210,300	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 Chinese Mainland	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 Chinese Mainland	Residential/ Commercial	62,300	138,600	100%	Superstructure in progress	2023.12	1st half of 2025
Master Mansion Dongxing Community, Chengdong Street, Fengze District, Quanzhou, Fujian Province, the Chinese Mainland	Residential/ Commercial	34,000	111,600	100%	Superstructure in progress	2023.12	2nd half of 2025
The One Future Junction of Lion Ridge Road and Jingyi Road, Zhanggong District, Ganzhou, Jiangxi Province, the Chinese Mainland	Residential/ Commercial	114,700	265,000	100%	Superstructure in progress	2024.03	2nd half of 2026
Central Mansion North of Genghis Khan East Street, East of Wantong Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the Chinese Mainland	Residential/ Commercial	47,300	124,800	100%	Superstructure in progress	2024.03	1st half of 2026
Metropolis Times Fengman District, Jilin, Jilin Province, the Chinese Mainland	Residential/ Commercial	46,500	136,200	100%	Superstructure in progress	2024.03	2nd half of 2026
Center Mansion Education Road North, Xuétian River East, Chongchuan District, Nantong, Jiangsu Province, China	Residential/ Commercial	78,400	201,300	60%	Superstructure in progress	2024.03	1st half of 2026

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
COGO City East of Jinfeng Shiyi Street, North of Jinfeng Shiliu Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the Chinese Mainland	Residential/ Commercial	15,600	17,300	85%	Superstructure in progress	2024.03	1st half of 2025
Zhen Ru Fu South side of Yuhua Road, East side of Jianshe Road, Lubei District, Tangshan, Hebei Province, the Chinese Mainland	Residential/ Commercial	33,200	62,400	100%	Superstructure in progress	2024.04	1st half of 2025
The Paragon Yard North of the Fourth Road, West of Shuixiao West Road, Yangzijin Street, Yangzhou, Jiangsu Province, China . .	Residential/ Commercial	48,400	114,100	100%	Superstructure in progress	2024.04	2nd half of 2025
Genius Garden East of Fuzhounan Street, North of Baohu Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the Chinese Mainland	Residential/ Commercial	35,800	87,700	100%	Superstructure in progress	2024.05	2nd half of 2025
UniMall Fengman District, Jilin, Jilin Province, the Chinese Mainland	Residential/ Commercial	20,500	61,800	100%	Superstructure in progress	2024.05	2nd half of 2026
Around the World North of Baotong Street, West of Jinma Road, Gaoxin District, Weifang, Shandong Province, the Chinese Mainland	Commercial	39,000	118,500	100%	Superstructure in progress	2024.06	2nd half of 2026
Loong Mansion South of Huaihaixi Road, West of Meijian Road, Quanshan District, Xuzhou, Jiangsu Province, the Chinese Mainland	Residential/ Commercial	17,800	61,500	100%	Superstructure in progress	2024.08	2nd half of 2025
Central Manor Eestnorth of Junction of Baohe Avenue and Qimen Road, Hefei, Anhui Province, the Chinese Mainland	Residential	30,200	97,700	100%	Superstructure in progress	2024.09	2nd half of 2025
Unique Palace Westnorth of Junction of Peihua Road and Hongyu Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the Chinese Mainland	Residential/ Commercial	92,800	178,400	100%	Superstructure in progress	2024.09	1st half of 2026
Central Mansion East of Dengfeng Avenue, North of Zanxian Road, Zhanggong District, Ganzhou, Jiangxi Province, the Chinese Mainland	Residential/ Commercial	78,000	181,800	100%	Superstructure in progress	2024.12	2nd half of 2026
Central Manor Westsouth of Junction of Gedadian Road and Shexian Road, Hefei, Anhui Province, the Chinese Mainland	Residential	30,400	95,600	50%	Superstructure in progress	2024.12	2nd half of 2026
Jinmao Palace* North of Zhoushanhe Road, East of Hailingnan Road, Gaoxin District, Taizhou, Jiangsu Province, the Chinese Mainland.	Residential/ Commercial	58,900	121,200	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 Chinese Mainland.	Residential/ Commercial	18,000	73,500	50%	Superstructure in progress	2021.05	1st half of 2025

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Glorious City* No.7, Jichang Road, Xiashan District, Zhanjiang, Guangdong Province, the Chinese Mainland.	Residential/ Commercial	60,400	202,700	50%	Superstructure in progress	2023.10	1st half of 2028
Jade Park** East of Binhe Road, Zichuan District, Zibo, Shandong Province, the Chinese Mainland.	Residential/ Commercial	82,200	260,300	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 Chinese Mainland.	Residential	36,900	132,900	40%	Superstructure in progress	2023.08	2nd half of 2025
Palace of light (previously named “He Guang Chen Yue”)** South of Yandu Road, West of Kaichuang Road, Yandu District, Yancheng, Jiangsu Province, the Chinese Mainland.	Residential/ Commercial	45,000	178,800	33%	Superstructure in progress	2024.03	1st half of 2028

* These properties are held by the joint ventures of the Group.

** These properties are held by the associates of the Group.

Land Bank

The Group's 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 2024, to navigate challenging market conditions, the Group leveraged its position of a state-owned enterprise and actively seized structural opportunities in the market. The Group proactively acquired high-quality land parcels at reasonable prices to continuously improve the quality of its land bank. For the year ended 31 December 2024, the Group (together with its associates and joint ventures) acquired 11 parcels of land at an aggregate consideration of RMB5,229 million with gross floor area of approximately 1,189,200 sq.m., of which approximately 1,141,400 sq.m. was attributable to the Group (including the interests in associates and joint ventures).

As at 31 December 2024, the gross floor area of total land bank of the Group (together with its associates and joint ventures) reached 13,778,100 sq.m. (2023: 18,806,800 sq.m.), of which 969,400 sq.m. (2023: 1,738,400 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 11,590,700 sq.m. (2023: 15,517,500 sq.m.). The Group (together with its associates and joint ventures) held a land bank distributed in 32 cities as at 31 December 2024.

With its prudent expansion strategy, the Group would keep on closely monitoring the market situation and search for suitable land pieces for development in order to maintain a quality land bank at reasonable price.

In 2024, the Group (together with its associates and joint ventures) acquired eleven projects through public auctions, adding total gross floor area of 1,189,200 sq.m., with total land cost amounting to RMB5,229 million; and attributable gross floor area of 1,141,400 sq.m., with attributable land cost amounting to RMB4,874 million.

The following table shows the land parcels acquired by the Group through public land auctions during the year ended 31 December 2024:

No.	City	Name of Project	Attributable Interest	Total GFA
			(per cent.)	(sq.m.)
1	Yinchuan	Jinfeng District Project #1 (Genius Garden)	100	87,700
2	Xuzhou	Quanshan District Project #1 (Loong Mansion)	100	61,500
3	Hefei	Baohe District Project #1 (Central Manor)	100	97,700
4	Yinchuan	Jinfeng District Project #2 (Unique Palace)	100	178,400
5	Ganzhou	Zhangjiang New Area Project (Central Mansion)	100	181,800
6	Hefei	Baohe District Project #2 (Central Manor)	50	95,600
7	Yinchuan	Jinfeng District Project #3	100	108,100
8	Lanzhou	Anning District Project #1	100	113,900
9	Xuzhou	Quanshan District Project #2	100	58,600
10	Lanzhou	Anning District Project #2	100	146,800
11	Lanzhou	Anning District Project #3	100	59,100

Property Development Process

Development of the Group's properties usually entails six phases: land acquisition, project planning and preliminary work, design, project construction, pre-sales and sales, and after-sales services.

The typical development cycle for vacant land in the Chinese Mainland is approximately three years, whereas the development cycle for urban property projects can be longer, particularly for project sites that are not vacant at the time of acquisition.

The Group is involved in the different stages of the development process in order to control the costs, schedule and quality of its projects. Except for the design and construction of development projects, the Group oversees and largely performs all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for development, supervision of the design and construction of development projects and the marketing and management of completed projects.

Site Selection and Product Positioning

The Group undergoes a site selection process and conducts an in-depth market analysis to understand the trends of the property market and market prices before it commences or launches a property development. The major site selection criteria applied by the Group include the following:

- development plans (of the government) for the relevant site;
- accessibility of the site and available infrastructural support;
- consumer demand for properties in that area;
- competition from other developments in the locality;
- its convenience and the amenities close to the site (such as natural parks, greenery, schools, rivers and commercial facilities); and
- cost, investment and financial return ratios.

Land Acquisition

The “Rules Regarding the Grant of State-Owned Construction Land Use Rights by Way of Competitive Bidding, Public Auction and Public Trading” (《招標拍賣掛牌出讓國有建設用地使用權規定》) promulgated by the MOLR (which has been incorporated in the newly-established Ministry of Natural Resources of the PRC) in April 2002, as amended in September 2007, provide that, with limited exemptions, state-owned land use rights for the purposes of industrial and commercial use, tourism and entertainment and commodity residential properties in the Chinese Mainland can only be granted by the government through public competitive bidding, public auction or public trading on land exchanges. The property developer shall pay the land premium in full for the entire land parcel under the land grant contract before they are granted the land use right certificate and commence the development of the land.

Financing of Property Developments

The Group has three main sources of funding for its property developments: internal resources, bank loans and debt financing, and proceeds from pre-sales. The Group’s financing method varies from property to property. Generally, the Group finances its property developments with internal resources to the extent practicable and pre-sells the development where the regulatory requirements for pre-sale have been met, and where market conditions allow, to reduce the level of external funding required.

Design

Construction design entails all aspects of the projection and design of a property development including planning, architecture, landscaping and interior design.

Marketing and Promotion

During project evaluation and before commencement of construction, the Marketing and Sales Department of the Group usually carries out substantial market research for particular projects, including the identification of property trends, prospects and market potential. By identifying the potential demand for, and strengths and weaknesses of, a project at an early stage, the Group is able to formulate its marketing and promotion strategies at the planning stage of each project and to target its sales efforts at potential classes of purchasers for the project throughout its development.

The Marketing and Sales Department is also responsible for marketing new properties developed by the Group. The Group promotes and markets its developed properties through various media outlets, including television, radio, newspapers and magazines, the Internet and billboards. The Group also participates in property exhibitions and other marketing activities and implement the “Star of China Overseas Property” plan.

Development, Construction and Management

Apart from various centralised departments that oversee and control the major steps of all the developments undertaken by the Group, the Group has established individual project companies that are responsible for day-to-day operations and project management of each individual project. The centralised departments, which include the Marketing and Sales Department, the Design Management Department, the Contract Management Department and the Construction Management Department, assume control of all the major stages of the development, including project identification, project planning and design, and budget control through organised tenders. Each individual project company is responsible for implementing infrastructure and installation of basic utilities, engineering and supervision of day-to-day construction work.

The Group engages contractors (including CSCECL and CSC) to provide various services, including construction, supervision, piling and foundation, building and property fitting-out work, interior decoration and installation of air-conditioning units and elevators. The Group’s development projects are usually undertaken by contractors selected by way of open tender and it is the Group’s policy to solicit bids from at least three contractors or suppliers. The tender procedures must comply with the relevant local regulations.

On 24 March 2021, the Guarantor entered into a framework agreement with CSCD to renew the framework agreement dated 26 June 2018 for a term of three years commencing from 1 July 2021 to 30 June 2024 (the “**CSCD Framework Agreement**”). Under this agreement, the Group may, upon successful tender, engage CSCD and its consolidated subsidiaries (the “**CSCD Group**”) to provide project management, supervision and consultancy services for property development projects in the Chinese Mainland, subject to the following caps: HK\$30 million for the period from 1 July 2021 to 31 December 2021; HK\$60 million for the year ended 31 December 2022; HK\$60 million for the year ended 31 December 2023; and HK\$30 million for the period from 1 January 2024 to 30 June 2024.

As the CSCD Framework Agreement was due to expire on 30 June 2024, on 26 April 2024, the Guarantor entered into a renewal framework agreement with CSCD for a further term of three years from 1 July 2024 to 30 June 2027 (the “**Renewal CSCD Framework Agreement**”). Pursuant to this renewal, the Group may, upon successful tender, engage the CSCD Group to provide project supervision services for property development projects in the Chinese Mainland, subject to the following caps: HK\$20 million for the period from 1 July 2024 to 31 December 2024; HK\$40 million for the year ended 31 December 2025; HK\$40 million for the year ending 31 December 2026; and HK\$25 million for the period from 1 January 2027 to 30 June 2027.

See also “*Relationship with CSCEC, CSCECL, COHL and COLI*” for other related party transactions.

The Group controls development costs at the early stage of the project development process. Its in-house design team focuses on the selection of materials and construction methods to minimise costs.

The five largest suppliers of the Group accounted for less than 30 per cent. of the Group's total purchases for the year ended 31 December 2024.

Quality Management System

The Group and its products and services are required to comply with relevant regulations and industry standards. Quality control procedures are in place in different functional departments of the Group as well as in each project company.

Internal guidelines have been established and are monitored to ensure control over documentation, recordkeeping, internal audit, service standards, remedial actions, preventive actions, management control, construction standards, staff quality, recruitment standards, staff training, construction supervision, supervisory inspection, monitoring and surveillance, information exchange and data analysis. The Group also adopts a KPI system for project managers in order to achieve product perfection.

Pre-sales

The Group must apply to the relevant government authorities for pre-sale permits before commencing pre-sales of its properties. Such permits will normally be issued only when, amongst other things, (i) the land premium has been fully paid; (ii) the land use rights certificate, the construction land planning permit and the construction work planning permit have been obtained; and (iii) the funds disbursed by construction of the properties for pre-sales have reached 25 per cent. of the total estimated investment amount, and the construction schedule and date of completion and delivery of the project have been determined.

Under PRC laws and regulations, the proceeds from the pre-sales of the Group's properties must be deposited in escrow accounts. Before the completion of the pre-sold properties, the moneys deposited in these escrow accounts may only be used to purchase construction material and equipment, make interim construction payments and pay taxes, subject to prior approval from the relevant local authorities. As at 30 June 2025, the Group was in compliance, in all material respects, with the relevant laws and regulations applicable to the pre-sale of properties in the Chinese Mainland.

Payment Method and Mortgage Financing

Purchasers may pay for the Group's properties by way of a lump sum payment or payment in instalments or payments with mortgage facilities. The Group typically requires its purchasers to pay a non-refundable deposit upon entering into provisional purchase contracts. If the purchasers later decide not to enter into formal purchase contracts, they will forfeit such deposits. If the purchasers choose to fund their purchases by mortgage loans provided by banks, it is their own responsibility to apply for and obtain the mortgage approvals. Upon request, the Group may also assist mortgage applicants by providing the relevant property information to expedite the application process.

Most of the Group's customers purchase their properties through mortgage financing. The Group makes arrangements with various domestic banks to provide mortgage facilities to purchasers of its properties. The Group provides guarantees to mortgagee banks in respect of mortgages offered to its customers, but only from the date of the relevant mortgage up to typically either submission of the relevant property ownership certificates by the relevant customer to the mortgagee bank or completion of the registration of the mortgage with the relevant local authority. If, during the guarantee period, a borrower defaults on its repayment obligations, the Group is liable to the mortgagee bank for the amount owing to them from the borrower, but it will have the right to take possession and re-sell the mortgaged property. Accordingly, the

period in which the Group actually bears the credit risk of its customers starts from the date of the relevant mortgage and ends on the date when the registration of the mortgage with the relevant local authority is completed. In line with industry practice, the Group does not conduct independent credit checks on its purchasers but relies on the credit checks conducted by the mortgagee banks. As at 31 December 2024, the Group's outstanding guarantees over the mortgage loans of its customers amounted to RMB15,861.1 million. The Group has not experienced any default by a significant portion of such customers under pre-registration guarantees.

After-sales Services

The Group assists its customers in arranging for and providing information relating to financing, including information on potential mortgagee banks and the mortgage terms they offer. It also assists its customers in various title registration procedures relating to the properties.

As part of the Group's after-sales services, the Group offers its buyers access to its customer club "China Overseas Property Club", which allows its property owners and various merchants and service partners to interact throughout the after-sales period. The Group maintains a client relationship management system to foster customer relationships. The Customer Services Department carries out customer surveys with the purchasers normally one year after delivery of possession to seek customer feedback on the design and quality of the properties. Such data is then used when developing and planning new projects. The Group also has a subdivision devoted to handling customer complaints and maintenance and repair requests.

PROPERTY INVESTMENT

In respect of the commercial property operation business, the Group maintains a high-quality commercial property portfolio in 17 cities in Chinese Mainland. This strategy generates stable recurring income for the Group.

As at 31 December 2024, the total leased area of commercial properties held by the Group (together with its associates and joint ventures) exceeds 480,000 sq.m., including eight office buildings, thirteen shopping malls and commercial area, five hotels, and one long-term leased apartment, amounted to an aggregate carrying amount of RMB6,991 million.

For the year ended 31 December 2024, the revenue of the Group for this segment amounted to RMB484 million (2023: RMB405 million), of which RMB298 million (2023: RMB272 million) arose from commercial property rental income and RMB186 million (2023: RMB133 million) arose from hotel and other commercial operations. The commercial property operation business remained on a stable growth in general.

In respect of the investment properties, no fair value adjustment was recognised for the year ended 31 December 2024 (2023: 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 (2023: RMB5 million) for the year ended 31 December 2024 and was included in the segment result for the year ended 31 December 2024.

Overall, the segment profit for the year ended 31 December 2024 increased by RMB67 million against 2023 to RMB193 million (2023: RMB126 million).

PROPERTY MANAGEMENT

Certain of the Group's properties are managed by COPH, which as at 31 December 2024 was a 61.24 per cent. owned subsidiary of COHL.

For the 2023 Property Services Framework Agreement and 2025 Car Park Framework Agreement entered into between the Guarantor and COPH, see “*Relationship with CSCEC, CSCECL, COHL and COLF*”.

COMPETITION

The property market in the Chinese Mainland is highly fragmented and there is no dominant market player. The Group’s existing and potential competitors include major domestic state-owned, collectively-owned and private developers and foreign developers from the rest of Asia (including several leading developers from Hong Kong).

In addition, the Group competes with local property developers in each of the regions and cities in which it operates.

EMPLOYEES

As at 31 December 2024, the Group had 2,429 employees. As at the date of this Offering Circular, the Group has not experienced any strikes or other disruptions that would have a material adverse effect on its operations due to labour disputes. The Group’s management believes that the Group maintains a good relationship with its employees.

The Group has established a wide range of training and development programs for its employees. In addition to providing internal courses, the Group also engages outside professionals and consultants to organise seminars and training courses to equip its employees with up-to-date industry knowledge. The Group also sponsors its employees to attend external training programs organised by local and overseas institutions to acquire advanced knowledge and skills.

ENVIRONMENTAL AND SAFETY MATTERS

The Group is subject to PRC environmental laws and regulations as well as environmental regulations promulgated by government authorities. These include regulations on air pollution, noise emissions and water and waste discharge. Each property developed by the Group must undergo environmental assessments and an environmental impact study report needs to be submitted to the relevant government authorities before approval is granted for commencement of the property development, except for some early property developments which were approved before the applicable environmental laws were promulgated. At completion of each property, the relevant government authorities will also need to inspect the site to ensure that applicable environmental standards have been complied with, and the resulting report is then presented together with other specified documents to the local construction administration authorities for their record.

The Group’s operations are also subject to inspections by government authorities with regard to various safety and environmental issues. The Group’s management believes that the Group is in compliance in all material respects with applicable governmental regulations in the jurisdictions in which the Group operates. Compliance with such laws has not had, and in management’s opinion is not expected to have, a material adverse effect upon the Group’s capacity, expenditure, earnings or competitive position. The Group is not aware of any governmental proceedings or investigations to which it or any member of the Group is or might become a party and which may have a material adverse effect on its properties and operations.

The Group aims to develop top-quality properties which emphasise environmental protection, energy conservation and sustainability of the environment. The Group strives to fulfil its obligations as a corporate citizen by constantly innovating and applying “low-carbon construction” techniques during the construction process, design, development and management of projects. It also strives to achieve standardisation and minimise the wastage of resources to help build a green community.

LEGAL PROCEEDINGS

As at the date of this Offering Circular, the Group is not aware of the Guarantor or any of its subsidiaries being involved in any litigation or arbitration proceeding that would have a material adverse effect on the business or financial position of the Group or the Guarantor and no material litigation or claim is known by the Group to be pending or threatened against the Guarantor or any of its subsidiaries or the Group.

INSURANCE

The Group maintains insurance coverage on all of its properties under construction, third party liabilities and employer's liabilities. The insurance policies generally cover the period from the commencement of construction of the properties by the Group up to the completion of the construction. Certain types of losses, however, such as war, civil disorder, acts of terrorism, earthquakes, typhoons, flooding, and other natural disasters, are not covered. This practice is consistent with what the Group's management believes to be the industry practice in the Chinese Mainland.

In addition, the Group contributes to social security insurance for its employees in the Chinese Mainland, as required by PRC social security regulations, such as a pension contribution plan, medical insurance plan, unemployment insurance plan and work-related injury insurance plan.

DIRECTORS AND MANAGEMENT

The members of the board of directors and the officers of the Guarantor as at 26 January 2026 are as follows:

BOARD OF DIRECTORS

The board of directors of the Guarantor (the “**Board**”) comprises:

Name	Title
Mr. Zhuang Yong	Chairman and Executive Director
Mr. Yang Lin	Executive Director and Chief Executive Officer
Mr. Zhou Hancheng	Executive Director and Vice President
Mr. Yung Kwok Kee, Billy	Vice Chairman and Non-executive Director
Ms. Liu Ping	Non-executive Director
Dr. Chung Shui Ming, Timpson	Independent Non-executive Director
Mr. Lam Kin Fung, Jeffrey	Independent Non-executive Director
Mr. Fan Chun Wah, Andrew	Independent Non-executive Director

Executive Directors

MR. ZHUANG YONG, *Chairman*

Mr. Zhuang, aged 49, has been appointed as the Chairman, Executive Director and member of Nomination Committee of the Company since February 2020. Mr. Zhuang holds a Master of Architecture and Civil Engineering degree and is a senior engineer. He is a non-executive director and vice chairman of COLI (listed in Hong Kong), a director of COHL, and a director of certain subsidiaries of the Company. COLI and COHL are both the substantial shareholders of the Company within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”). Mr. Zhuang has over 25 years’ experience in property development and corporate management.

MR. YANG LIN, *Chief Executive Officer*

Mr. Yang, aged 52, has been appointed as an Executive Director of the Company since March 2017, and appointed as Chief Executive Officer of the Company since February 2020. Mr. Yang holds a Master of Business Administration degree and is a senior economist. He is a director of certain subsidiaries of the Company. Mr. Yang has over 30 years’ experience in property development and corporate management.

MR. ZHOU HANCHENG, *Vice President*

Mr. Zhou, aged 56, has been appointed as Executive Director and Vice President of the Company since April 2023, and appointed as Chief Compliance Officer and General Counsel of the Company since October 2023. Mr. Zhou holds a Master of Business Administration degree and is a principal senior accountant, a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He is a director of certain subsidiaries of the Company. During the period from June 2005 to April 2023, he was an executive director and financial controller of CSC (listed in Hong Kong). He has over 34 years’ experience in financial management and corporate management.

Non-executive Directors

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

Mr. Yung, aged 72, 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 United Kingdom, 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 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.

MS. LIU PING

Ms. Liu, aged 52, has been appointed as Non-executive Director of the Company since April 2024, and appointed as member of the Nomination Committee of the Company since June 2025. Ms. Liu holds a Master of Architecture and Economic Management and is a senior accountant and a non-practising member of The Chinese Institute of Certified Public Accountants. She is the general manager of the Finance and Treasury Department of COLI (listed in Hong Kong) and a director of certain subsidiaries of the Company. COLI is the substantial shareholder of the Company within the meaning of the SFO. She has over 28 years' management experience in corporate finance and accounting.

Independent Non-executive Directors

DR. CHUNG SHUI MING, TIMPSON, GBS, JP

Dr. Chung, aged 74, 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, Orient Overseas (International) Limited and Postal Savings Bank of China Co., Ltd. (all listed on the Stock Exchange). Formerly, Dr. Chung was 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) and China Everbright Bank Company Limited, an independent non-executive director of China Netcom Group Corporation (Hong Kong) Limited, Tai Shing International (Holdings) Limited (now known as hmvod Limited), Henderson Land Development Company Limited, Nine Dragons Paper (Holdings) Limited, China Construction Bank Corporation, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (which has been privatised and listing of its shares had been withdrawn on 5 October 2020), Glorious Sun Enterprises Limited, China Everbright Limited and China Railway Group Limited, a director of Hantec Investment Holdings Limited (now known as Cinda International Holdings Limited), the chairman of China Business of Jardine Fleming Holdings Limited, the deputy chief executive officer of BOC International 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

Mr. Lam, aged 74, holds a bachelor's degree from Tufts University in USA. He has over 40 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 several public and community service positions including serving as a non-official member of the Executive Council, a council member of the Hong Kong General Chamber of Commerce, a director of Heifer International – Hong Kong, a member of the Hong Kong Tourism Board, and the chairman of Vocational Training Council. In addition, he is an independent non-executive director of C C 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, a member of the Legislative Council of Hong Kong Special Administrative Region of the People's Republic of China, a general committee member of the Hong Kong General Chamber of Commerce, and an executive director of Hong Kong Aerospace Technology Group Limited (now known as China Strategic 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.

MR. FAN CHUN WAH, ANDREW, JP

Mr. Fan, aged 47, is a practicing certified public accountant in Hong Kong with over 19 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, a member of the Legislative Council of Hong Kong Special Administrative Region of the People's Republic of China, and the Vice Chairman of the tenth to twelfth committee of Zhejiang Province United Young Association. 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, a member and standing committee member of the twelfth and thirteenth committee of All-China Youth Federation, and a 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. He is also an independent non-executive director of Nameson Holdings Limited (stock code: 1982), Sing Tao News Corporation Limited (stock code: 1105), China Aircraft Leasing Group Holdings Limited (stock code: 1848), China Unicom (Hong Kong) Limited (stock code: 762) and Chuang's Consortium International Limited (stock code: 367), shares of which are listed on the Main Board of the Stock Exchange. Mr. Fan had been an independent non-executive director of Culturecom Holdings Limited from April 2015 to May 2024 (stock code: 343) and Chuang's China Investments Limited (stock code: 298) from January 2013 to September 2025, 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.

CORPORATE GOVERNANCE

General

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

The Board of Directors

Responsibilities and Division of Work

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 of the Company 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 Company's business, the Board has delegated its powers to the Executive Committee and the management by giving clear directions as to the management's powers, and as to when the management should report back and obtain prior board approval before making decisions or entering into any commitments on behalf of the Company. The Board also reviews the arrangements to ensure that they remain appropriate to the Company's needs.

The roles between the Chairman of the Board and the Chief Executive Officer of the Company 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 of the Company receive accurate, clear, complete and reliable information in a timely manner and are properly briefed on issues arising at the meetings. He encourages all Directors of the Company 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 of the Company 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 of the Company 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 meetings annually with the Independent Non-executive Directors to discuss corporate governance and other matters without the presence of other Directors of the Company.

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

Internal Control

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

The Guarantor has implemented a "Three Lines of Defence" governance model, which comprises district companies, all departments of headquarters, Risk Working Group, Rule of Law and Compliance Working Group, and the Intendence and Audit Department (the "**IA Department**") to, among others, identify, assess, monitor and handle the risks, prepare risk assessment plans, conduct compliance review, supervise the risk management and internal control systems, and prepare reports to the management on a regular or ad hoc basis.

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

The Board is responsible for and has reviewed the efficiency of risk management and internal control systems of the Guarantor and its subsidiaries in aspects such as financial reporting, operation and regulatory compliance, and environmental, social and governance risks throughout 2024 and the Board considers that these systems are effective and efficient. No significant system weaknesses have been identified in the reviews during the year and appropriate actions are also taken to rectify any control deficiencies, if any. The Directors of the Guarantor believe that these systems are efficient and effectively control the risks that may have impacts on the Guarantor in achieving its goals.

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

The Committees of the Board

As part of good corporate governance, an Executive Committee, an Audit Committee, a Remuneration Committee and a Nomination Committee of the Guarantor have been established. Each of these committees comprises three to five members, the majority of whom (except those of the Executive Committee) are Independent Non-executive Directors of the Guarantor whose independent judgments are important to the execution of the controls and corporate governance standards expected of a publicly listed company. Each committee has its own specific delegated authorities and operates within defined terms of reference. All committees report to the Board in relation to their decisions, findings or recommendations.

Executive Committee

As at 26 January 2026, the Executive Committee comprises all Executive Directors of the Guarantor.

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

Audit Committee

As at 26 January 2026, the Audit Committee comprises:

- Dr. Chung Shui Ming, Timpson (Chairman)
- Mr. Lam Kin Fung, Jeffrey
- Mr. Fan Chun Wah, Andrew

Principal duties of the Audit Committee are to (i) 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; (ii) review the external auditor's independence and objectivity; (iii) review the financial statements of the Group; (iv) 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 (v) review risk management and monitor the scope, effectiveness and results of internal audit function.

Remuneration Committee

As at 26 January 2026, the Remuneration Committee comprises:

- Mr. Lam Kin Fung, Jeffrey (Chairman)
- Dr. Chung Shui Ming, Timpson
- Mr. Fan Chun Wah, Andrew
- Mr. Yung Kwok Kee, Billy

Principal duties of the Remuneration Committee are to (i) make recommendations to the Board on the Guarantor's remuneration policy and structure for all Directors' and senior management of the Guarantor; (ii) make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management of the Guarantor and (iii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

Nomination Committee

As at 26 January 2026, the Nomination Committee comprises:

- Mr. Fan Chun Wah, Andrew (*Chairman*)
- Mr. Chung Shui Ming, Timpson
- Mr. Lam Kin Fung, Jeffrey
- Mr. Zhuang Yong
- Ms. Liu Ping

Major responsibilities and duties of the Nomination Committee are to (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board; (ii) identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships; (iii) assess the independence of Independent Non-executive Directors of the Guarantor; and (iv) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors of the Guarantor.

Senior Management

With the assistance of heads of departments, the businesses and operations of the Group are under the direct responsibilities of the Executive Directors of the Guarantor, and they are therefore regarded as the senior management staff of the Guarantor.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 26 January 2026, the following persons and companies (other than directors or the chief executive of the Guarantor) were interested in the shares and underlying shares of the Guarantor as recorded in the register maintained by the Guarantor pursuant to Section 336 of the SFO:

Name of Substantial Shareholders	Capacity	Nature of Interests	Number of Ordinary Shares Held	Aggregate Long Position	Percentage of 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	Personal	10,000,000	464,390,730	13.05%
FIL Limited (“FIL”)	Interest of spouse ⁽⁴⁾	Family	454,390,730		
	Interest of controlled corporation ⁽⁵⁾	Interest in controlled corporation	286,886,513	286,886,513	8.06%
Pandanus Partners L.P. (“Pandanus Partners”)	Interest of controlled corporation ⁽⁵⁾	Interest in controlled corporation	286,886,513	286,886,513	8.06%
Pandanus Associates Inc. (“Pandanus Associates”)	Interest of controlled corporation ⁽⁵⁾	Interest in controlled corporation	286,886,513	286,886,513	8.06%
Fidelity Funds	Beneficial owner	Beneficial	214,984,469	214,984,469	6.04%

Notes:

- (1) The percentage is based on the total number of shares of the Guarantor in issue as at 26 January 2026 (i.e. 3,559,374,732 shares).
- (2) CSCEC holds as to approximately 57.70% of the shareholding interest in CSCECL. CSCECL wholly owns COHL which, in turn, holds as to 56.10% of the shareholding interest in COLI. COLI wholly owns Big Crown Limited (“**Big Crown**”) and China Overseas Project Development Limited (“**China Overseas Project Development**”), and Big Crown wholly owns Star Amuse Limited (“**Star Amuse**”). Star Amuse and China Overseas Project Development hold 1,357,257,348 shares and 53,500,804 shares of the Guarantor, respectively.
- (3) 372,617,689 shares of the Guarantor held by UBS TC (including 190,910,903 shares and 181,706,786 shares of the Guarantor held by Diamond Key and On Fat, respectively) are disclosed in the section headed “*Substantial Shareholders’ and Directors’ Interests*” above as being held under a trust with Mr. Yung Kwok Kee, Billy and his family members as the beneficiaries. None of the directors of the Guarantor are directors or employees of Diamond Key and On Fat.
- (4) Ms. Vivian Hsu is deemed to be interested in 454,390,730 shares of the Guarantor through the interest of her spouse, Mr. Yung Kwok Kee, Billy.
- (5) Pandanus Associates is interested in 286,886,513 shares of the Guarantor, of which 17,522,246 shares of the Guarantor 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 48.83% of the shareholding interest in FIL. FIL is interested in these 286,886,513 shares of the Guarantor through a series of subsidiaries.

Save as disclosed above, the Guarantor had not been notified by any other person (other than the directors or chief executive of the Guarantor) who had interests or short positions in the shares and underlying shares of the Guarantor as recorded in the register required to be kept by the Guarantor pursuant to Section 336 of the SFO as at 26 January 2026.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 26 January 2026, the Directors and the chief executive of the Guarantor had the following interests in the shares and underlying shares of the Guarantor and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Guarantor pursuant to Section 352 of the SFO, or as otherwise notified to the Guarantor and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (“**Model Code**”):

Name of Directors	Capacity	Nature of Interests	Number of Ordinary Shares Held	Aggregate Long Position	Percentage of Shares in Issue ⁽¹⁾
Mr. Zhuang Yong	Beneficial owner	Personal	800,825	800,825	0.02%
Mr. Yang Lin	Beneficial owner	Personal	2,550,000	2,550,000	0.07%
Mr. Zhou Hancheng	Beneficial owner	Personal	810,000	810,000	0.02%
Mr. Yung Kwok Kee, Billy	Beneficial owner	Personal	19,194,749	464,390,730	13.05%
	Beneficiary of a trust ⁽²⁾	Other	372,617,689		
	Interest of controlled corporation ⁽³⁾	Interest of controlled corporation	62,578,292		
	Interest of spouse ⁽⁴⁾	Family	10,000,000		
Ms. Liu Ping	Interest of spouse	Family	200,000	200,000	0.01%
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 Guarantor in issue as at 26 January 2026 (i.e. 3,559,374,732 shares).
- (2) These shares of the Guarantor are held by a trust for the benefit of Mr. Yung Kwok Kee, Billy and his family members.
- (3) These shares of the Guarantor 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 of the Guarantor through the interest of his spouse, Ms. Vivian Hsu.

Save as disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executive of the Guarantor or their respective associates in the shares, underlying shares and debentures of the Guarantor or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Guarantor and the Hong Kong 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. None of the directors and chief executive of the Guarantor (including their spouses and children under the age of 18) had, as at 26 January 2026, any interest in, or had been granted any rights to subscribe for the shares, options and debentures of the Guarantor or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

RELATIONSHIP WITH CSCEC, CSCECL, COHL AND COLI

As at 26 January 2026, CSCECL, a 57.70 per cent.-owned subsidiary of CSCEC, wholly owns COHL, which holds approximately 56.10 per cent. of the issued share capital of COLI, which in turn holds 39.63 per cent. of the Guarantor. The Guarantor therefore is ultimately owned by CSCEC, a state-owned construction group.

CSCEC was established in 1982 and is the parent company of one of the largest construction groups in the Chinese Mainland and one of the world's largest construction contractors, operating in major provinces and cities in the Chinese Mainland. It engages in survey design, construction, installation, consultation, development, decoration service, manufacturing, wholesale, retail and imports and exports in the Chinese Mainland, Hong Kong, Macau, Africa, the Middle East, Southeast Asia, Europe and the United States. CSCEC is one of the 100 core state-owned enterprises under the direct supervision of SASAC of the State Council to the PRC government. CSCEC's operating subsidiary, CSCECL, which was established in 2007, was listed on the Shanghai Stock Exchange in 2009.

COHL began operating in Hong Kong in September 1989. It is the controlling shareholder of several companies listed on the Hong Kong Stock Exchange, including, COLI (stock code 00688.HK), CSC (stock code 03311.HK), CSCD (stock code 00830.HK) and CPH (stock code 02669.HK). COLI holds approximately 39.63% of the issued share capital of the Guarantor (stock code 00081.HK). Principal business activities of these listed companies which include property development, commercial property operations, construction business, infrastructure investments, toll road operation, project consultancy services, facade and general contracting business, operation management business, property management services and value-added services, and trading of car parking spaces, with business operations in the Chinese Mainland, Hong Kong, Macau as well as the United Arab Emirates.

COLI is an investment holding company with operations in the Chinese Mainland, Hong Kong, Macau and London. It was incorporated on 1 June 1979 in Hong Kong and has been listed on the Hong Kong Stock Exchange since 1992. COLI is a major property developer in the Chinese Mainland. COLI's main sources of revenue are from development and sale of residential and commercial properties through its subsidiaries in the Chinese Mainland, Hong Kong and Macau. Although COLI's relationship with CSCEC and CSCECL may provide it with significant business advantages, the relationship results in various related party, or "connected", transactions. Each of CSCEC, CSCECL, COHL and COLI is a connected person of the Guarantor for the purposes of the Listing Rules.

While the Guarantor enjoys a high degree of autonomy in its daily operations, CSCEC, CSCECL, COHL and COLI together play a strategic and important role in advising the Guarantor's overall corporate planning, including new acquisitions, the right to nominate the Guarantor's Board, and the Guarantor's capital expenditures and budgeting. In addition, Mr. Zhuang Yong, Chairman and Executive Director of the Guarantor, is also a non-executive director and vice chairman of the board of directors of COLI and a director of COHL.

The Guarantor currently engages in financial and commercial transactions with COLI, CPH, CSC and their respective subsidiaries and associates. All such transactions are conducted on an arm's length and commercial basis.

CONTINUING CONNECTED TRANSACTIONS

CSCECL Group Engagement Agreement with CSCECL

On 9 May 2025, the Guarantor entered into an engagement agreement with CSCECL to renew the previous engagement agreement dated 18 May 2022 for a term of three years from 1 July 2025 to 30 June 2028 (the "CSCECL Group Engagement Agreement"). Pursuant to the CSCECL Group Engagement

Agreement, the Group shall conduct its standard and systematic tendering procedures as set out in the Guarantor's announcement dated 9 May 2025, and the CSCECL Group may act as contractor for the Group in the Chinese Mainland to provide construction-related services upon successful tender awards. Such services include building design, construction, piling and foundation works, property fitting-out work, interior decoration, installation of air-conditioning units and elevators and environmental, social and governance related consulting, subject to the agreed caps of RMB500 million for the period from 1 July 2025 to 31 December 2025, RMB800 million for the year ending 31 December 2026, RMB800 million for the year ending 31 December 2027, and RMB500 million for the period from 1 January 2028 to 30 June 2028.

Supplies Framework Agreement and Renewal Supplies Framework Agreement with COLI

On 27 April 2022, the Guarantor entered into a framework agreement with COLI to replace and supersede all rights and obligations of the parties under the previous framework agreement dated 19 November 2020, with effect from 1 January 2022 (the **"Supplies Framework Agreement"**). Under the Supplies Framework Agreement, COLI and its consolidated subsidiaries (the **"COLI Group"**) may supply materials relating to civil engineering works, electrical and mechanical works, and decoration for property development projects owned or developed/to be developed by the Group in the Chinese Mainland upon the Group's request and subject to its standard and systematic tendering procedures. The term of the agreement is three years from 1 January 2022 to 31 December 2024, and the annual cap is RMB3 billion for each of the years ended 31 December 2022, 31 December 2023, and 31 December 2024.

On 21 October 2024, the Guarantor entered into a framework agreement with COLI to renew the Supplies Framework Agreement (the **"Renewal Supplies Framework Agreement"**), with effect from the satisfaction of the conditions precedent set out therein. Under the Renewal Supplies Framework Agreement, the COLI Group may submit tenders for the supply of materials relating to civil engineering works, electrical and mechanical works, and decoration for property development projects owned or developed/to be developed by the Group in the Chinese Mainland, in accordance with the Group's standard and systematic tendering procedures. The term of the agreement is three years from 1 January 2025 to 31 December 2027, and the annual cap is RMB1.5 billion for each of the years ending 31 December 2025, 31 December 2026, and 31 December 2027.

Huayi Framework Agreement with Hua Yi Design Consultants Limited (華藝設計顧問有限公司) ("Huayi Design")

On 31 December 2025, the Guarantor entered into a framework agreement with Huayi Design, a wholly-owned subsidiary of COLI, to renew the previous framework agreement dated 16 December 2022 for a term of three years from 1 January 2026 to 31 December 2028 (the **"Huayi Framework Agreement"**). Under the Huayi Framework Agreement, the Group may engage Huayi Design and its subsidiaries (the **"Huayi Design Group"**) to provide scheme design, preliminary design, and construction drawing design services in each construction stage for the Group's property development projects upon successful tender awards. The annual cap for each of the years ending 31 December 2026, 31 December 2027 and 31 December 2028 is RMB36 million. Under the Huayi Framework Agreement, the Group will conduct competitive tender processes or, where appropriate, seek quotations from at least three service providers, ensuring that prices and terms offered to the Huayi Design Group are no more favourable than those offered to independent third parties.

Trademark Licence Agreement with China Overseas Group Trade Mark Limited (中國海外集團商標有限公司) ("COGTM")

On 30 March 2023, the Guarantor entered into a trademark licence agreement with COGTM, a wholly-owned subsidiary of COLI and the trademark owner, for a term of three years from 1 April 2023 to 31 March 2026 (the **"Trademark Licence Agreement"**). Under the Trademark Licence Agreement,

COGTM granted a non-exclusive right to the Guarantor, its subsidiaries, and its member companies to use its trademark in the Chinese Mainland for marketing and sale of real estate developments. The royalty payable by the Guarantor is one per cent of its audited annual consolidated turnover for each financial year ended 31 December 2023, 2024, and 2025, provided that the royalty for each 12-month period between 1 April 2023 and 31 March 2026 shall not exceed HK\$200 million.

2023 Lease Framework Agreement with COLI

On 31 October 2023, the Guarantor entered into a framework agreement with COLI for a term of three years from 1 November 2023 to 31 October 2026 (the “**2023 Lease Framework Agreement**”). Under the 2023 Lease Framework Agreement, members of the COLI Group, as lessee, may lease properties owned by the Group in the Chinese Mainland, including office premises, shops, car parking spaces, apartments, serviced apartments, hotels, storage rooms, and advertising space, from members of the Group, as lessor. The caps for the transactions are RMB5 million for the period from 1 November 2023 to 31 December 2023, RMB31 million for the year ended 31 December 2024, RMB31 million for the year ended 31 December 2025, and RMB26 million for the period from 1 January 2026 to 31 October 2026. The leasing fees will be determined with reference to factors such as property location, size, usage, nature and conditions of the properties, lease term, the qualifications and performance of contractual obligations of the potential tenants and the prevailing market rates, ensuring that the terms offered to the COLI Group are no more favourable than those offered to independent third parties.

Haizhichuang Framework Agreement with Shenzhen Haizhichuang Technology Limited (深圳海智創科技有限公司) (“Haizhichuang”)

On 29 December 2023, the Guarantor entered into a framework agreement with Haizhichuang, a wholly-owned subsidiary of COLI, to renew the previous framework agreement dated 24 August 2021 for a term of three years from 1 January 2024 to 31 December 2026 (the “**Haizhichuang Framework Agreement**”). Under the Haizhichuang Framework Agreement, the Group may engage Haizhichuang to provide information technology services, including software licensing, software development, information system integration, intelligent engineering, software platform technology, and related consultancy services for the Group’s property development projects in the Chinese Mainland. The annual caps for the transactions are RMB10 million for each of the years ended 31 December 2024 and 31 December 2025 and for the year ending 31 December 2026. The fees for the services will be determined with reference to project requirements, unit pricing based on service type, quality and standard of the information technology services, and prevailing market rates, ensuring that the terms offered to Haizhichuang are no more favourable than those offered to independent third-party service providers.

2024 Lease Framework Agreement with COLI

On 1 February 2024, the Guarantor entered into a framework agreement with COLI for the period from 1 February 2024 to 31 December 2026 (the “**2024 Lease Framework Agreement**”). Under the 2024 Lease Framework Agreement, members of the Group, as lessee, may lease properties owned by the COLI Group, as lessor, including office premises, apartments, shops, parking lots, canteens, etc. The caps for the transactions are RMB10 million for the period from 1 February 2024 to 31 December 2024, RMB11 million for the year ended 31 December 2025, and RMB11 million for the year ending 31 December 2026. The rents or licence fees will be determined with reference to factors such as property location, size, usage, nature and conditions of the properties, lease term, and prevailing market rates, ensuring that the terms offered to the COLI Group are no more favourable than those offered to independent third parties.

Master Engagement Agreement with CSC

On 20 October 2023, the Guarantor entered into a master engagement agreement with CSC to renew the previous master engagement agreement dated 19 November 2020 for a term of three years from 1 January

2024 to 31 December 2026 (the “**Master Engagement Agreement**”). Under the Master Engagement Agreement, CSC and its consolidated subsidiaries (the “**CSC Group**”) may tender for the Group’s construction works in the Chinese Mainland as construction contractor in accordance with the Group’s standard and systematic tendering procedures, and the Group may engage the CSC Group upon successful tender awards. The annual caps for the transactions are RMB1.8 billion for each of the years ended 31 December 2024 and 31 December 2025 and for the year ending 31 December 2026. The price and terms of the tenders awarded to the CSC Group shall be no more favourable than those offered to independent third parties.

2025 Car Park Framework Agreement with CPH

On 28 November 2025, the Guarantor entered into a framework agreement with CPH to renew the previous framework agreement dated 5 September 2022 for a term of three years from 1 January 2026 to 31 December 2028 (the “**2025 Car Park Framework Agreement**”). Under this agreement, the Group may dispose of the 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) to the CPH and its subsidiaries from time to time (the “**CPH Group**”) as its inventory. The aggregate caps for the transactions are RMB100 million for the year ending 31 December 2026, RMB100 million for the year ending 31 December 2027, and RMB100 million for the year ending 31 December 2028. The prices shall be no less favourable to the Group than that available to independent third party purchasers for similar transactions.

2023 Property Services Framework Agreement with CPH

On 28 April 2023, the Guarantor entered into a framework agreement with CPH to renew the previous framework agreement dated 28 April 2020 for a term of three years from 1 July 2023 to 30 June 2026 (the “**2023 Property Services Framework Agreement**”). Under this agreement, the Group may engage the CPH Group to provide property management services and value-added services for property development projects or properties owned or held by the Group in the Chinese Mainland, Hong Kong, Macau, and other locations through the Group’s standard and systematic tendering procedures. The caps for the transactions are HK\$230 million for the period from 1 July 2023 to 31 December 2023, HK\$460 million for the year ended 31 December 2024, HK\$470 million for the year ended 31 December 2025, and HK\$250 million for the period from 1 January 2026 to 30 June 2026. The price and terms of the contracts awarded to the CPH Group shall be no more favourable than those offered to independent third parties.

See also the CSCD Framework Agreement and the Renewal CSCD Framework Agreement in “*The Group – Property Development — Property Development Process — Development, Construction and Management*” in this Offering Circular.

For other related party transactions information and more details, please see note 45 to the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2024, included elsewhere in this Offering Circular.

PRC REGULATIONS

The following discussion summarises the principal laws, regulations, policies and administrative directives to which the Group is subject.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. Court verdicts do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC, or NPC, and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil and criminal matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the state administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations, and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local laws and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas at the law for experimental purposes. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws passed in June 1981, the Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative bodies which promulgate such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic and administrative divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher-level courts supervise the basic

and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in China. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next highest level. Second judgments or orders given at the same level and at the next highest level are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given in any court at a lower level, or the presiding judge of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) adopted in April 1991 and recently amended in July 2017 sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the object of the action where dispute actually relates. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. There are time limits imposed on the right to apply for such enforcement. If at least one of the parties to the dispute is an individual, the time limit is one year. If both parties to the dispute are legal persons or other institutions, the time limit is six months. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by the court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interest.

REAL ESTATE REGULATION

Establishment of a Real Estate Development Enterprise

According to the PRC Law on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by Standing Committee of the NPC, effective in January 1995, amended in August 2007, August 2009 and August 2019, a real estate developer is defined as an enterprise that engages in the development and operation of real estate for the purpose of making profits. Under the Regulations on Administration of Development of Urban Real Estate (《城市房地產開發經營管理條例》), promulgated

by the State Council in July 1998, as amended in January 2011, March 2018, March 2019, March 2020 and November 2020, an enterprise that is to engage in development of real estate must satisfy the following requirements, in addition to other enterprise establishment conditions provided in relevant laws and administrative regulations:

- its registered capital must be RMB1 million or more; and
- it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate.

The local government of a province, autonomous region or municipality directly under the PRC central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer must apply for registration with the administration for industry and commerce. The developer must also report its establishment to the real estate development authority in the location of its registration, within 30 days of the receipt of its business license. Where a foreign-invested enterprise is to be established to engage in the development and operation of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign-invested enterprises and apply for approvals relating to foreign investments in China.

Pursuant to the Circular on Adjusting and Perfecting the Capital System of Fixed Asset Investment Projects (關於調整和完善固定資產投資項目資本金制度的通知) issued by the State Council in September 2015, the minimum portion of the capital funding for ordinary commodity housing projects and affordable housing projects has been reduced to 20 per cent., while that for other real estate projects has been decreased to 25 per cent.

In July 2006, the then Ministry of Construction, the Ministry of Commerce (the “MOFCOM”), the NDRC, the PBOC, the then State Administration of Industry and Commerce (“SAIC”) and SAFE jointly issued an Opinion on Standardising the Admittance and Administration of Foreign Capital in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》), as amended in August 2015 by Notice of the MOHURD, the MOFCOM, the NDRC and Other Departments on Adjusting the Policies on the Market Access and Administration of Foreign Investment in the Real Estate Market, which provides, among other things, that an overseas entity or individual investing in real estate in China other than for self-use must apply for the establishment of a foreign-invested enterprise (外商投資企業, the “FIE”) in accordance with applicable PRC laws and may only conduct operations within the authorised business scope. The joint opinion attempts to impose additional restrictions on the establishment and operation of FIE by regulating the amount of registered capital as a percentage of total investment in certain circumstances, limiting the validity of approval certificates and business licenses to one year, restricting the ability to transfer equity interests of a FIE or its projects and prohibiting the borrowing of money from domestic and foreign lenders where the land use rights are not obtained.

In August 2015, the Ministry of Construction, the Ministry of Commerce, the NDRC, the PBOC, SAIC and SAFE jointly issued the Circular of the Ministry of Housing and Urban-rural Development and Other Authorities on Adjusting Policies on the Market Access and Administration of Foreign Investment in the Real Estate Market (關於調整房地產市場外資准入和管理有關政策的通知), which adjusts the relevant policies on the purchase of houses by FIE prescribed in the joint opinion issued in July 2006. That Circular provides that: (i) the ratio of registered capital to total investment of FIE shall be subject to the Tentative Regulations of the State Administration for Industry and Commerce on the Proportion of the Registered Capital to the Total Amount of Investment of Sino-foreign Equity Joint Ventures (關於中外合資經營企業註冊資本與投資總額比例的暫行規定); (ii) the requirement that a FIE must fully pay its registered capital before handling the procedures for domestic loans, foreign loans, and settlement of

foreign exchange loans shall be cancelled; (iii) the branches and representative offices of foreign institutions established in China (except for the companies that are approved to operate real estate businesses) and the foreign individuals that work or study in China may purchase commodity houses for the purposes of self-use or living. In the cities that implement the policies of restriction on house purchasing, the foreign individuals shall satisfy such local policies before purchasing a house; and (iv) as from the date of this Circular, FIE may directly apply to the banks for the foreign exchange registration related to foreign direct investment in accordance with the relevant rules on foreign exchange administration.

In May 2007, the MOFCOM and SAFE issued the Circular on Strengthening and Regulating the Examination and Approval and Supervision of Foreign Direct Investment in the Real Estate Sector (《商務部、國家外匯管理局關於進一步加強規範外商直接投資房地產業審批和監督的通知》) (“**Circular 50**”), as amended in October 2015 by Decision of the Ministry of Commerce on Amending Some Rules and Regulatory Documents. Under Circular 50, prior to applying for establishment of real estate companies, foreign investors must first obtain land use rights and building ownership or must have entered into pre-sale or pre-grant agreements with respect to the land use rights or building ownership. If foreign-invested enterprises in China engage in real estate development or operations or if FIEs in China engage in new real estate project developments, they must first apply to the relevant PRC governmental authorities to expand their scope of business or scale of operations in accordance with the PRC laws and regulations related to foreign investments. In addition, the local PRC governmental authorities must file with the MOFCOM for record their approvals of establishment of FIEs, and must exercise due control over foreign investments in high-end properties. Foreign exchange authorities may not allow capital-account foreign exchange sales and settlements by FIEs that have been established in contravention of these requirements.

In connection with the filing requirement, the Ministry of Commerce issued the Notice on Strengthening the Administration of the Examination and Approval and Record Filing of Foreign Investment in the Real Estate Sector (關於加強外商投資房地產業審批備案管理的通知) in November 2010 to authorise the competent ministry of commerce at the provincial level to verify and check the filing documents.

Qualifications of a Real Estate Developer

Under the Provisions on Administration of Qualifications of Real Estate Developers (《房地產開發企業資質管理規定》) (the “**Provisions on Administration of Qualifications**”), implemented on 29 March 2000 and amended on 4 May 2015, 22 December 2018 and 2 March 2022, a real estate developer must apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise may not engage in property development without a qualification classification certificate for real estate development. The Ministry of Construction oversees the qualifications of real estate developers with national operations, and local real estate development authorities at or above the county level oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into two classes, including:

- Class 1 qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of the competent department of housing and urban-rural development under the State Council. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.

- Class 2 or lower qualifications are regulated by the construction authorities at the provincial level subject to delegation to lower-level government agencies. A real estate developer of class 2 or lower may undertake a project with a GFA of less than 250,000 sq.m., subject to confirmation by the construction authorities at the provincial level.

Under the relevant PRC laws and regulations, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employ, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification.

Development of a Real Estate Project

Property development projects with foreign partners does not fall within the restricted category of the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 version) (外商投資准入特別管理措施 (負面清單) (2021年版)).

Under the Interim Regulations of the People's Republic of China on Grant and Assignment of the Use Right of State-owned Urban Land (城鎮國有土地使用權出讓和轉讓暫行條例), promulgated by the State Council in May 1990 and amended in November 2020, China adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the relevant PRC laws and regulations, the land administration authority at the city or county level may enter into a land grant contract with the land user to provide for the grant of land use rights. The land user must pay the land premium as provided by the land use rights grant contract. After payment in full of the land premium, the land user may register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The relevant PRC laws and regulations provide that land use rights for a site intended for real estate development must be obtained through grant except for land use rights which may be obtained through premium-free allocation by the PRC government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC government authorities and the land premium as determined by the relevant PRC government authorities has been paid.

When carrying out the feasibility study for a construction project, the construction or the developer entity must make a preliminary application for construction on the relevant site to the relevant land administration authority in accordance with the Measures for Administration of Examination and Approval for Construction Sites (《建設用地審查報批管理辦法》), promulgated by the MOLR in March 1999, as amended in November 2010 and November 2016, and the Measures for Administration of Preliminary Examination of Construction Project Sites, promulgated by the MOLR (《建設項目用地預審管理辦法》) in July 2001, as amended in November 2002, November 2008 and November 2016. After receiving the preliminary application, the land administration authority will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government and will issue a preliminary approval in respect of the project site if its examination proves satisfactory. The land administration authority at the relevant city or county will sign a land use rights grant contract with the land user and issue an approval for the construction site to the construction entity or the developer.

Under the Measures for Control and Administration of Grant and Assignment of Right to Use Urban state-owned Land (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of

Construction in December 1992 and amended in January 2011, the grantee under a land grant contract (i.e. a real estate developer) must further apply for a permit for construction site planning from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organise the necessary planning and design work. Planning and design proposals in respect of a real estate development project are again subject to relevant reporting and approval procedures required under the Law of the People's Republic of China on Urban and Rural Planning (《中華人民共和國城鄉規劃法》), promulgated by the NPC in October 2007 and amended in April 2015 and April 2019, local statutes on municipal planning. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority.

In accordance with the Regulations on the Expropriation of Buildings on State-owned Land and Compensation (《國有土地上房屋徵收與補償條例》), promulgated by the State Council in January 2011, the relevant governmental authorities responsible for expropriation of buildings shall propose an expropriation and compensation plan to the county- or city-level government. The county- or city-level government shall organise the relevant governmental authorities to discuss the expropriation and compensation plan and publish the proposal for public opinions, of which the publicity period shall not be less than 30 days. Then the county- or city-level government shall revise the proposal taking into account the public opinions and publish the final plan in a timely manner, based on which the owners of the buildings shall be compensated.

When the site has been properly prepared and is ready for the commencement of construction works, the developer must apply for a permit for commencement of works from the construction authorities at or above the county level according to the Measures for Administration of Granting Permission for Commencement of Construction Projects (《建築工程施工許可管理辦法》) promulgated by the MOHURD in June 2014, as amended in September 2018 and March 2021. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (《國務院辦公廳關於加強和規範新開工項目管理的通知》), issued by the General Office of the State Council on 17 November 2007, before commencement of construction, all kinds of projects shall fulfil certain conditions, including, among other things, compliance with national industrial policy, development plan, land supply policy and market access standard, completion of all approval and filing procedures, compliance with zoning plans in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction permits or reports.

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. On 30 January 2000, the State Council promulgated and implemented the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》), as amended in October 2017 and April 2019, which sets the respective quality responsibilities and liabilities for developers, construction companies, reconnaissance companies, design companies and construction supervision companies. In August 2008, the State Council issued the Regulations on Energy Efficiency for Civil Buildings (《民用建築節能條例》) which reduces the energy consumption of civil buildings and improves the efficiency of energy utilisation. According to this regulation, the design and construction of new buildings must meet the mandatory criteria on energy efficiency for buildings, and failure to meet such criteria will result neither in commencement of construction nor acceptance upon completion. Among other things, this regulation sets forth additional requirements for property developers in the sale of commodity buildings in this respect. After completion of construction works for a project, the real estate developer must organise an acceptance examination by relevant government authorities and experts according to the Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated by the MOHURD in December 2013, and file with the construction authority at or above the county level where the project is located within 15 days after the construction is qualified for the acceptance examination according to the Provisional Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (《房屋建築工程和市政基礎設施工程竣工驗收備

案管理辦法》), promulgated by the Ministry of Construction in April 2000, as amended in October 2009 by the MOHURD. A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each phase upon completion.

Pursuant to the Interim Regulations on Real Estate Registration (不動產登記暫行條例) promulgated by the State Council in November 2014, effective from March 2015, and as amended in March 2019 and March 2024, respectively, the PRC government applies a uniform registration system for real estate, including both land use rights and property ownership rights.

Land for Property Development

In April 1988, the NPC amended the PRC Constitution to permit the transfer of land use rights in accordance with the laws and regulations. In December 1988, the NPC amended the Land Administration Law (《中華人民共和國土地管理法》) to permit the transfer of land use rights in accordance with the laws and regulations.

On 3 January 2008, the State Council issued the Notice on Promoting Economisation of Land Use (《國務院關於促進節約集約用地的通知》), which emphasised the strict implementation of the policy for handling idle land. According to this notice, land which has been idle for two years and which should be repossessed pursuant to the laws shall be repossessed by the government at no consideration for reuse; for land which does not meet all the legal requirements for repossession, their use shall be altered, or the idle land shall be exchanged for another piece of land of equal value, or it shall be temporarily used for alternative purposes or be treated as government land reserve temporarily pending further consideration on its use. For land which has been idle for one full year but less than two years, an idle land fee shall be charged at 20 per cent. of the value of the land grant or allocation premium.

Under current PRC laws and regulations on land administration, land for property development may be obtained only by grant except for land use rights obtained through allocation. Under the Regulations on the Grant of State-owned Construction Land Use Rights Through Public Tender, Auction and Listing-for-Sale (《招標拍賣掛牌出讓國有土地使用權規定》) promulgated by the MOLR, promulgated in May 2002 and amended in September 2007, land for commercial use, tourism, entertainment and commodity housing development must be granted by public tender, auction or listing-for-sale. Under these regulations, the relevant land administration authority at city or county level, or the grantor, is responsible for preparing the public tender or auction documents and must make an announcement 20 days prior to the day of public tender or auction with respect to the particulars of the land parcel and the time and venue of the public tender or auction. The grantor must also verify the qualification of the bidding and auction applicants, accept an open public auction to determine the winning tender or hold an auction to ascertain a winning bidder. The grantor and the winning tender or bidder will then enter into a confirmation followed by the execution of a contract for assignment of state-owned land use rights. Over the years, the MOLR has promulgated further rules and regulations to define the various circumstances under which the state-owned land use rights may be granted by means of public tender, auction and listing-for-sale or by agreement.

Under the Regulation on Grant of State-owned Land Use Rights by Agreements (《協議出讓國有土地使用權規定》), promulgated by the MOLR on 11 June 2003, except for the project that must be granted through tender, auction and listing as required by the relevant laws and regulations, land use right may be granted through transfer by agreement and the land premium for the transfer by agreement of the state-owned land use right shall not be lower than the benchmark land price.

The Urgent Notice on Further Governing and Rectifying Land Market and Strengthening Administration of Land (《國務院辦公廳關於深入開展土地市場治理整頓嚴格土地管理的緊急通知》) (Guo Ban Fa Ming Dian (2004) No. 20), issued by the General Office of the State Council on 29 April 2004, restated the principle of strict administration of the approval process for the construction land and protection of the basic farmlands.

The Notice on Issues Relating to Strengthening the Land Control (《國務院關於加強土地調控有關問題的通知》) (Guo Fa (2006) No. 31), promulgated by the State Council on 31 August 2006, sets forth the administration of the receipt and disbursement of the land premium, modifies the tax policies relating to the construction land, and builds up the system of publicity for the standards of the lowest price with respect to the granted state-owned land use right.

In September 2007, the MOLR further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights Through Public Tender, Auction and Listing-for-sale (《招標拍賣掛牌出讓國有建設用地使用權規定》) (Order of the Ministry of Land and Resources No. 39) to require that land for industrial use, except land for mining, must also be granted by public tender, auction and listing-for-sale. Only after the grantee has paid the land premium in full under the land grant contract can the grantee apply for the land registration and obtain the land use right certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

In October 2007, the Standing Committee of NPC promulgated the PRC City and Countryside Planning Law (《中華人民共和國城鄉規劃法》), as amended in April 2015 and April 2019, pursuant to which a construction land planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

In November 2009, the MOF, the MOLR, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (《關於進一步加強土地出讓收支管理的通知》) (Cai Zong (2009) No. 74). The notice raises the minimum down payment for land premiums to 50 per cent. and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

In December 2010, the MOLR promulgated the Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets (關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知), which provides, among other things, that: (i) cities and counties that have less than 70 per cent. of their land supply designated for affordable housing, housing for redevelopment of shanty towns or small/medium residential units must not provide land for large-sized and high-end housing before the end of 2011; (ii) land and resource authorities in local cities and counties will report to the MOLR and provincial land and resource authorities, respectively, regarding land with a premium rate of more than 50 per cent.; and (iii) land designated for affordable housing which is used for property development against relevant policies or which involve illegal income will be confiscated and the relevant land use rights will be withdrawn. Moreover, the notice stipulated that changing the plot ratio of land without approval is strictly prohibited.

In May 2012, the MOLR and the NDRC issued a Circular on the Distribution of the Catalogue for Restricted Land Use Projects (2012 Version) (《限制用地項目目錄2012年本》) and the Catalogue for Prohibited Land Use Projects (2012 Version) (《禁止用地項目目錄2012年本》). In this circular, the MOLR and the NDRC set forth a ceiling for the land granted by local governments for development of commodity housing as follows: seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

On 22 May 2012, the MOLR revised the Measures on Disposal of Idle Land (《閒置土地處置辦法》), which were originally published in April 1999. This amendment became effective on 1 July 2012 and includes the following significant changes or new provisions:

- Emphasising the key purposes of regulating idle land. The current version of Measures on Disposal of Idle Land re-emphasises the importance of suppressing intentional holdings of land for the purpose of resale. For example, it provides that if the real estate developer intentionally delays the

commencement of construction and development for the purpose of holdings the land for resale with bad faith, and before such case is reviewed and disposed of by the government, the government should neither accept new applications for land use by the same holder of land use rights, nor register the status of transfer, lease, mortgage or information change of the land considered to be idle until sanctions have been imposed by relevant agencies;

- Readdressing the disposal method of idle land. Consistent with the April 1999 version, the amended Measures on Disposal of Idle Land once again addressed the method of disposal of idle land. If the real estate developer fails to commence the construction and development of the land for one year, the government should issue the Notice on Imposition of Land Idleness Penalty Fees to the holder of land use right. The penalty fees should be 20 per cent. of the price that the holder paid for obtaining the land use right. If the holder of land use rights failed to commence the construction and development of the land for two years, the government should issue the Notice on Decision of Revocation of Land Use Right to the holder, thereby revoking the holder's right to use land for free. However, compared with the 1999 version, the amended Measures on Disposal of Idle Land specify the procedure for determining and disposing of idle land, including:
 1. Once relevant governmental authority suspects that a tract of land has become idle, it should initiate investigation within 30 days therefrom and issue a "notice on investigation of idle land" to the holder of land use right. The holder of land use right should submit explanatory materials about the development condition and reason for land idleness to the government within 30 days upon the receipt of such notice;
 2. After investigation, if the government decides that the investigated land has become idle, it should issue a "notice on confirmation of idle land" to the investigated holder of land use rights, which will specify the facts and grounds for determining that the land concerned has become idle. Relevant information of the idle land will also be published on the governmental authority's official website after issuance of such notice;
 3. If the idleness of land was caused by the real estate developer rather than the government, the governmental authority is entitled to impose penalty fees for the idleness or even revoke the land use right. However, before such penalty decisions are made, the government should notify the holder of the land use rights that the holder has the right to request a hearing; and
 4. Once the government decides to impose penalty fees for land idleness, it should issue a "notice on imposition of land idleness penalty fees" to the holder of the land use rights, and the owner should pay the penalty fees within 30 days upon the receipt of the notice. If the government decides to revoke the land use right, the government should issue a "notice on decision of revocation of land use rights" to the holder, and the holder should cancel the registration of its land use rights from government's record within 30 days upon its receipt of such notice; and
- Specifying the circumstances where the delay of commencement of construction and development was caused by the government. If the delay of commencement of construction and development was caused by the government, the real estate developer will not be directly subject to penalties for delays caused by the developer itself. The amended Measures on Disposal of Idle Land specify the following circumstances where the delay of commencement of construction and development is considered to be caused by the government:
 1. Where the land fails to be delivered to the holder of the land use rights in accordance with the time limit and conditions as prescribed in the land transfer contract or the land allocation decision, with the result that the conditions for commencing the construction and development of the project are not met;

2. Where relevant land-use planning is modified, with the result that the owner of the land use rights cannot commence construction and development;
3. Where the land-use planning and construction conditions need to be modified in light of new policies issued by the government;
4. Where the construction and development of the land cannot be commenced due to complaints lodged by the general public in connection with the land;
5. Where the construction and development of the land cannot be commenced due to military control or protection of historic and cultural relics; and
6. Where other acts of any government or governmental agency cause the delay.

Pursuant to the Civil Code of the PRC (中華人民共和國民法典) (the “**Civil Code**”), promulgated by the National People’s Congress in May 2020 and effective from January 2021, when the term of the right to use construction land for residential (but not other) purposes expires, it will be renewed automatically. Unless it is otherwise proscribed by any law, the owner of construction land use rights has the right to transfer, exchange such land use rights, or use such land use rights as equity contributions or collateral for financing.

Sale of Commodity Houses

Under the Measures for Administration of Sale of Commodity Houses (《商品房銷售管理辦法》) (Order of the Ministry of Construction No. 88), promulgated by the Ministry of Construction in April 2001, sale of commodity houses can include both sales before the completion of the properties, or pre-sale, and sales after the completion of the properties.

Any pre-sale of commodity buildings must be conducted in accordance with the Measures for Administration of Pre-sale of Commodity Buildings in Urban Area (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction in November 1994, as amended in August 2001 and July 2004, and other related regulations. The pre-sale regulations provide that any pre-sale of commodity properties is subject to specified procedures. According to the current PRC laws and regulations, a pre-sale permit must be in place before a commodity building may be put to pre-sale. Specifically, a developer intending to sell a commodity building before its completion must apply to the real estate development authorities for a pre-sale permit. A commodity building may be sold before completion only if:

- the purchase price has been paid in full for the grant of the land use rights involved and a land use rights certificate has been properly obtained;
- a construction project planning permit and a construction commencement permit have been properly obtained;
- funds invested in the development of the commodity buildings for pre-sale represent 25 per cent. or more of the total investment in the project and the construction progress as well as the completion and delivery dates have been properly ascertained; and
- a pre-sale permit has been obtained.

The pre-sale proceeds of commodity buildings must be used to develop the relevant project so presold. Commodity buildings may be put to post-completion sale and delivery after they have passed the acceptance examination and otherwise satisfy the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit a real estate development project manual and other documents relating to the project evidencing the satisfaction of the preconditions for post-completion sale to the real estate development authority for its record.

On 16 March 2011, the NDRC promulgated the Regulation on Price of Commodity Property (《商品房銷售明碼標價規定》), which became effective on 1 May 2011. According to the regulation, property developers are required to make public the sale price of each apartment of commodity properties for sale or pre-sale and the number of apartments available for sale or pre-sale within a certain time period. Property developers are also required to state factors that would affect housing prices and relative charges before the property transaction, such as a commission fee and property management fee. No additional charge beyond what is stated in the price tag or made public by the property developers is permitted.

Transfer of Real Estate

According to the PRC laws and the Provisions on Administration of Transfer of Urban Real Estate (《城市房地產轉讓管理規定》), promulgated by the Ministry of Construction in August 1995, as amended in August 2001, a real estate owner may sell, gift or otherwise legally transfer the property to another natural person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred together. The parties to a transfer must enter into a written real estate transfer contract and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land use rights are originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the granted land use rights as required by the land grant contract and a land use rights certificate has been properly obtained; and
- in the case of a project in which buildings are being developed, development representing more than 25 per cent. of the total investment has been completed; or
- in case of a whole land lot development project, construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been levelled and made ready for industrial or other construction purposes.

If the land use rights are originally obtained by grant, the term of the land use rights after transfer of the real estate will be the remaining portion of the original term in the land grant contract. In the event that the assignee intends to change the use of the land provided in the land grant contract, consent must first be obtained from the original land use rights grantor and the planning administration authority at the relevant city or county and an agreement to amend the land grant contract or a new land grant contract must be signed in order to, inter alia, change the use of the land and adjust the land premium accordingly.

If the land use rights are originally obtained by allocation, such allocated land use right may be changed to granted land use rights upon approval by the government vested with the necessary approval power as required by the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land use rights and pay the land premium according to the relevant statutes. Assignment of land for commercial use, tourism, entertainment and commodity housing development must be conducted through public tender, auction or listing-for-sale under the current PRC laws and regulations.

Leases of Buildings

Under the PRC laws and the Measures for Administration of Leases of Commodity House, promulgated by the MOHURD (住房和城鄉建設部令第6號《商品房屋租賃管理辦法》) in December 2010 that became effective in February 2011, parties to a lease of a building must enter into a lease contract in writing. China has adopted a system to register the leases of real properties. When a lease contract is signed, amended or terminated, the parties must register the details with the real estate administration authority at the city or county in which the building is situated.

Mortgages of Real Estate

Under the PRC Urban Real Estate Administration Law (《中華人民共和國城市房地產管理法》), promulgated by the Standing Committee of the NPC in July 1994, as amended in August 2007, August 2009 and August 2019, and the Measures for Administration of Mortgages of Urban Real Estate (建設部令第98號《城市房地產抵押管理辦法》), promulgated by the Ministry of Construction in May 1997, as amended in August 2001 and March 2021, when mortgage is created on the ownership of a building legally obtained, such mortgage must be simultaneously created on the land use rights of the land on which the building is situated. The mortgagor and the mortgagee must sign a mortgage contract in writing. China has adopted a system to register mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage must register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage contract will become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a property ownership certificate has been legally obtained, the registration authority will, when registering the mortgage, make an entry under “third party rights” on the original property ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or on works in progress, the registration authority will, when registering the mortgage, record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved will re-register the mortgage of the real property after issue of the certificates evidencing the rights and ownership to the real estate.

The Civil Code provides:

- where a building is mortgaged, the right to use land for construction occupied by such building shall be mortgaged together. Where the right to use land for construction is mortgaged, all buildings on such land shall be mortgaged together. In case a mortgagor fails to mortgage the properties according to the preceding paragraph, the properties that have not been mortgaged shall be regarded as having been mortgaged together;
- mortgages of buildings under construction shall be registered, and the mortgage right is established as of the date of such registration; and
- after the right to use land for construction is mortgaged, the newly-constructed buildings on the land shall not form part of the properties under mortgage. If the aforesaid right to use land for construction must be auctioned, the newly added housing property may be auctioned together with the mortgaged property, but the mortgagee does not receive first priority of payment for any amount derived from the auction of the newly-constructed buildings.

Pursuant to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) issued by the MOLR on 24 November 2014 and amended in March 2019 and March 2024, registration refers to the registration of land-use rights of relevant land for public review. With respect to the mortgage of land use right, mortgagee and mortgagor shall apply for mortgage registration of the land use right by presenting the land rights certificate, the master debtor-creditor contract, the mortgage contract and other relevant

certificates. If a parcel of land has been mortgaged more than once, the mortgage registration shall be made according to the sequence of applications for mortgage registration. If the conditions for mortgage registration are satisfied, the competent administrative department of land and resources shall record relevant items stipulated in the mortgage contract on the land register and the land use rights certificate and issue the certificate of other rights over land to the mortgagee. If the mortgage under registration application arrives at the maximum limit of mortgage, the entry of the guaranteed maximum amount of creditor's rights and the term of maximum mortgage and other items shall be noted down. The interim regulations also stipulate the cessation of illegal registration, and prohibition of legalising illegal land through land registration, and registrations will not be granted in cases involving unresolved land disputes, as well as cases where the application period exceed the current law stipulated.

According to the Circular on Further Strengthening the Management of Loans for Property Business (銀發[2003]121號《中國人民銀行關於進一步加強房地產信貸業務管理的通知》) issued in June 2003, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial property mortgage loans:

- Property development loans from banks may only be granted to real estate developers with development qualification and credit ratings in the higher categories. Such loans may be offered to residential projects with good market potential. While the borrowing enterprise's internal capital may not be less than 30 per cent. of the total investment required for the project, the project must have obtained the land use rights certificate, construction land planning permit, construction project planning permit and construction commencement permit.
- In respect of the grant of individual commercial use building mortgage loans, the mortgage ratio for commercial use building mortgage loans may not exceed 60 per cent. with a maximum loan period of 10 years and the subject commercial use building already completed.

The down payment requirement was subsequently increased to 30 per cent. of the property price for residential units with a unit floor area of 90 sq.m. or more in May 2006. Investors may refer to “— Measures on Stabilising Housing Price” below. The initial capital outlay requirement was subsequently increased to 35 per cent. by the CBRC, in August 2004 pursuant to its Guidance on Risk Management of Property Loans Granted by Commercial Banks (銀監發[2004]57號《商業銀行房地產貸款風險管理指引》).

In a Circular on Facilitating the Continuously Healthy Development of Property Market (國發[2003]18號《國務院關於促進房地產市場持續健康發展的通知》), issued by the State Council in August 2003, a series of measures were adopted by the government to control the property market. They included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. Besides, the government also staged a series of measures on the lending for residential development, including, among others, improving the loan evaluation and lending process, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

In September 2007, the PBOC and the CBRC promulgated a Circular on Strengthening the Management of Commercial Real-estate Credit Loans (銀發[2007]359號《中國人民銀行、中國銀行業監督管理委員會關於加強商業性房地產信貸管理的通知》) with a supplement issued in December 2007.

The circular aims to tighten the control over real-estate loans from commercial banks to prevent granting excessive credit. The measures include:

- for a first-time home owner, increasing the minimum amount of down payment to 30 per cent. of the purchase price of the underlying property if the underlying property has a unit floor area of 90 sq.m. or more and the purchaser is buying the property as his/her own residence;
- for a second-time home buyer, increasing (i) the minimum amount of down payment to 40 per cent. of the purchase price of the underlying property and (ii) the minimum mortgage loan;
- interest rate to 110 per cent. of the relevant PBOC benchmark one-year bank lending interest rate. If a member of a family (including the buyer, his/her spouse and their children under 18) has financed the purchase of a residential unit, any member of the family that buys another residential unit with bank loans will be regarded as a second-time home buyer;
- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down payment to 50 per cent. of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110 per cent. of the relevant PBOC benchmark one-year bank lending interest rate and (iv) limiting the terms of such bank loans to no more than 10 years, although the commercial banks are given certain flexibility based on its risk assessment;
- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down payment to 45 per cent. of the purchase price of the underlying property, with the other terms to be decided by reference to commercial properties; and
- prohibiting commercial banks from providing loans to real-estate developers who have been found by relevant government authorities to be hoarding land and properties.

In addition, commercial banks are also banned from providing loans to the projects that have less than 35 per cent. of capital funds (proprietary interests), or fail to obtain land use right certificates, construction land planning permits, construction project planning permits or construction commencement permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral for loans. In principle, real-estate development loans provided by commercial banks should only be used for the projects where the commercial banks are located. Commercial banks may not provide loans to property developers to finance the payment of land premium.

According to the Notice on Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans and Supporting the Residents in First-time Purchase of Ordinary Residential Homes (銀發[2008]302號《中國人民銀行關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知》), issued by the PBOC on 22 October 2008, the minimum amount of down payment has been adjusted to 20 per cent. since 27 October 2008.

In May 2009, the State Council issued the Notice on Adjusting the Proportions of Capital for Fixed Asset Investment Projects (國發[2009]27號《國務院關於調整固定資產投資項目資本金比例的通知》), setting the minimum proportion of capital funds for affordable housing projects and ordinary commodity residential property projects at 20 per cent., and the minimum proportion of capital funds for other property development projects at 30 per cent.

In January 2010, the State Council issued the Circular on Promoting the Stable and Sound Development of the Real Estate Market (國辦發[2010]4號《國務院辦公廳關於促進房地產市場平穩健康發展的通知》), which, among other things, provides that homeowners with outstanding mortgage loans who intend to buy additional housing properties for themselves, their spouses or dependent children are

required to pay a down payment of no less than 40 per cent. of the purchase price and the applicable interest rate shall be set strictly based upon the associated risk level.

In April 2010, the State Council issued the Circular on Restraining the Housing Price from Increasing Rapidly for Some Cities (國發[2010]10號《國務院關於堅決遏制部分城市房價過快上漲的通知》), which sets out rules designed to curb the rapid increase in the prices of housing in certain cities, including:

- The differentiation of mortgage financing granted to residential property buyers:
 - a household (including the borrower, his or her spouse and any minor children) that borrows a mortgage loan for the purchase of its first residential property, of which the building area is more than 90 sq.m., must make a down payment of not less than 30 per cent. of the purchase price;
 - a household that borrows a mortgage loan for the purchase of its second residential property must make a down payment of not less than 50 per cent. of the purchase price and pay a mortgage rate which is not lower than 110 per cent. of the benchmark interest rate;
 - the down payment proportion and mortgage rate applicable to the purchase of a household's third residential property or beyond shall be significantly increased at the sole discretion of the commercial banks according to their risk controlling principles.
- In regions where commodity housing prices are too high, have increased too rapidly or where commodity housing is in short supply, commercial banks may suspend the grant of mortgage loans to any third-time (or beyond) home buyers if they deem it appropriate according to the risks involved, and may suspend the grant of mortgage loans to any non-local home buyers who are unable to provide proof of payment of local taxes or social security contributions covering a period of one year or more. Local governments may, based on the circumstances, impose temporary restrictions during a certain period of time on the number of properties that can be purchased.

In January 2011, the General Office of the State Council issued the Notice on Further Improving the Regulation of the Real Estate Market (國辦發[2011]11號《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》), under which a household that borrows a mortgage loan for the purchase of a second residential property must make a down payment of not less than 60 per cent of the purchase price and pay a mortgage rate which is not lower than 110 per cent. of the benchmark interest rate.

REAL ESTATE MANAGEMENT

Under the Measures for the Administration of Qualifications of Property Service Enterprises (建設部令第77號《房地產開發企業資質管理規定》), promulgated by the Ministry of Construction in March 2000, as amended in May 2015 and March 2022, a property service enterprise must apply for assessment of its qualification by the relevant qualification approval authority. An enterprise which passes such a qualification assessment will be issued a qualification certificate. No enterprise may engage in property management without undertaking a qualification assessment conducted by the relevant authority and obtaining a qualification certificate.

REAL ESTATE REGISTRATION

On 24 November 2014, The State Council promulgated a Circular on Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), which was amended in March 2019 and March 2024. According to the Circular, a uniform registration system over real estate is implemented. Competent department of land and resources of the State Council shall, in concert with other related departments, establish an uniform basic platform for real estate registration information management.

INSURANCE

Pursuant to the Construction Law of the PRC (《中華人民共和國建築法》) enacted by the Standing Committee of the NPC on 1 November 1997, which took effect on 1 March 1998 and was amended on 22 April 2011 and 23 April 2019, construction enterprises are required to pay for work injury insurance for workers, and encouraged to maintain and pay for accident and casualty insurance for workers engaged in dangerous operations. The Guidance of the MOHURD on Strengthening the Insurance of Accidental Injury in Construction Works (《建設部關於加強建築意外傷害保險工作的指導意見》) issued by the MOHURD on 23 May 2003 further emphasises the importance of accidental injury insurance in construction works and provides specific guidance.

There is no mandatory provision under the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its construction projects. According to the common practice of the property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own costs and take out insurance to cover their liabilities, such as third party's liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and other kinds of risks associated with the construction and installation works throughout the construction period. The insurance coverage for all these risks will cease immediately after the completion and acceptance upon inspection of construction.

MEASURES ON STABILISING HOUSING PRICE

The General Office of the State Council promulgated a Circular on Stabilising Housing Price in March 2005 (國辦發明電[2005]8號《國務院辦公廳關於切實穩定住房價格的通知》), introducing measures to be taken to restrain the housing price from increasing too fast and to promote a stable development of the real estate market. In May 2005, the Ministry of Construction, the NDRC, the MOF, the MOLR, the PBOC, the State Administration of Taxation and the CBRC jointly issued an Opinions on Stabilising Housing Prices (國辦發[2006]37號《國務院辦公廳轉發建設部等部門關於調整住房供應結構穩定住房價格意見的通知》) which contains the following guidance:

- Where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low-cost affordable houses. The construction of low-density, high-end houses should be strictly controlled. The relevant local government authorities are authorised to impose conditions on planning and design such as the building height, plot ratio and green space and to impose such requirements as the selling price, type and GFA as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.
- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high-end housing property construction should be strictly restricted.
- Idle land fee must be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use rights of land that has not been developed for two years must be forfeited without compensation.
- Commencing from 1 June 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the entire sales proceeds from such sale.

For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.

- Ordinary residential houses with medium or small GFAs and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the GFA of one single unit is less than 120 sq.m., and the actual transfer price is lower than 120 per cent. of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.
- Transfer of unfinished commodity properties by any pre-sale purchaser is forbidden. In addition, purchasers are required to buy properties in their real names. Any commodity property pre-sale contract must also be filed with the relevant government agencies electronically immediately after its execution.

The Notice on Adjustment of the Housing Loan Policy and Deposit Rate of Excess Reserve for Commercial Banks (銀發[2005]61號《中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知》), promulgated by the PBOC in March 2005, has made adjustment to individual housing loan policies of commercial banks as well as individual housing fund loan rates. Pursuant to this notice, the preferential mortgage loan interest rate was replaced by the commercial loan interest rate subject to certain restrictions on the lower limit on such interest rates. In the urban areas or cities with rapidly increased real estate prices, minimum down payment ratio for individual housing loans was adjusted from 20 per cent. to 30 per cent. In May 2006, the Ministry of Construction, the NDRC, the PBOC and other relevant PRC government authorities jointly issued their Opinions on Housing Supply Structure and Stabilisation of Property Prices (國辦發[2005]26號《國務院辦公廳轉發建設部等部門關於做好穩定住房價格工作意見的通知》).

Such opinions reiterated the existing measures and ushered additional measures that aim to further curb rapid increases in property prices in large cities and to promote healthy development of the PRC property market. These measures include:

- requiring that at least 70 per cent. of the land supply approved by a local government for residential property development for any given year must be used for developing low- to medium-cost and small- to mid-size units and low-cost rental properties;
- requiring that at least 70 per cent. of residential projects approved or constructed on or after 1 June 2006 must consist of units with a unit floor area of less than 90 sq.m. per unit and that projects which have received approvals prior to this date but have not obtained construction commencement permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government, such as Beijing, Chongqing and Shanghai, provincial capitals and certain other cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- increasing the minimum amount of down payment from 20 per cent. to 30 per cent. of the purchase price of the underlying property if the underlying property has a unit floor area of 90 sq.m. or more, effective from 1 June 2006;
- prohibiting commercial banks from lending to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant

projects, of less than 35 per cent., restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from accepting commodity properties which have been vacant for more than three years as security for their loans; and

- imposing a business tax levy on the entire sales proceeds from transfer of properties if the holding period is shorter than five years, effective from 1 June 2006, as opposed to two years when such levy was initially implemented in June 2005, and allowing such business tax to be levied on the difference between the price for such resale and the original purchase price in the event that an individual transfers a property other than an ordinary residential property after five years from his/her date of purchase.

In September 2007, the MOLR issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties and Further Strengthening Macro-control of Land Supply (國土資發[2007]26號《關於認真貫徹〈國務院關於解決城市低收入家庭住房困難的若干意見〉進一步加強土地供應調控的通知》) (amended on 3 December 2010), pursuant to which at least 70 per cent. of the land supply arranged by the relevant land administration authority at city or county level for residential property development for any given year must be used for developing low- to medium-cost and small- to medium-size units, low-cost rental properties and affordable housing.

In July 2008, the PBOC and the CBRC jointly issued the Notice on Financially Promoting the Saving and Intensification of Use of Land (Yin Fa (2008) No. 214) (銀發[2008]214號《關於金融促進節約集約用地的通知》), requiring that relevant financial institutions to strengthen the administration of construction land project loans, including the administration of commercial real estate credit loan.

In October 2008, the PBOC issued the Notice on Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans and Supporting the Residents in First-time Purchase of Ordinary Residential Homes (銀發[2008]302號《中國人民銀行關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知》), pursuant to which, since 27 October 2008, the bottom limit of the interest rate applicable to the commercial personal home loans has been extended, the minimum amount of down payment has been adjusted to 20 per cent. and the interest rate applicable to personal home loans financed by provident fund has also been reduced.

In December 2008, the General Office of the State Council issued the Several Opinions on Facilitating the Healthy Development of the Real Estate Market (Guo Ban Fa (2008) No. 131) (國辦發[2008]131號《國務院辦公廳關於促進房地產市場健康發展的若干意見》), which aims to, among other things, encourage the consumption of the ordinary residence and support the real estate developer to handle the market change. Pursuant to this opinion, in order to encourage the consumption of the ordinary residence, from 1 January to 31 December 2009, business tax is imposed on the full amount of the sale income upon the transfer of a non-ordinary residence by an individual within two years from the purchase date. For the transfer of a non-ordinary residence which is more than two years from the purchase date and ordinary residence which is within two years from the purchase date, the business tax is to be levied on the difference between the sale income and the purchase price. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after two years from the purchase date. Furthermore, individuals with an existing ordinary residence that is smaller than the average size for their locality may buy a second ordinary residence under favourable loan terms similar to first-time buyers. In addition, support for real estate developers to deal with the changing market is to be provided by increasing credit financing services to "low-to medium-level price" or "small- to mid-sized" ordinary commercial housing projects, particularly those under construction, and providing financial support and other related services to real estate developers with good credit standing for merger and acquisition activities.

In December 2009, the State Council terminated the policy on preferential treatment relating to business taxes payable upon transfers of residential properties by property owners as previously adopted in December 2008 by the PRC government in response to the global economic slowdown, and the MOF and the State Administration of Taxation jointly issued the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties (財稅[2009]157號《關於調整個人住房轉讓營業稅政策的通知》), as amended in January 2011 and March 2015, to curtail speculations in the property market in response to the property price increases across the country. Pursuant to the notice, effective from 1 January 2010, business tax will be imposed on the full amount of the sale income upon the transfer of non-ordinary residence by an individual within five years, instead of two years, from the purchase date. For the transfer of non-ordinary residence which is more than five years from the purchase date and ordinary residence which is within five years of the purchase date, the business tax is to be levied on the difference between the sale income and the purchase prices. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after five years from the purchase date.

In January 2010, the General Office of the State Council issued a Circular on Facilitating the Stable and Healthy Development of Property Market (Guo Ban Fa (2010) No. 4) (國辦發[2010]4 號《關於促進房地產市場平穩健康發展的通知》) which adopted a series of measures to strengthen and improve the regulation of the property market, stabilise market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a family (including a borrower, his or her spouse and children under 18), who have already purchased a residence through mortgage financing and have applied to purchase a second or more residences through mortgage financing, to pay a minimum down payment of 40 per cent. of the purchase price.

In March 2010, the MOLR published the Notice on Increasing the Supply of Land for Real Estate Development and the Tightening of Regulation (Guo Tu Zi Fa (2010) No. 34) (國土資發[2010]34號《關於加強房地產用地供應和監管有關問題的通知》). The notice contains 19 rules which provide for the inspection of land supply, law enforcement and regulation, information disclosure and other material issues, including provisions that the minimum land premium payable shall not be less than 70 per cent. of the benchmark price for land of the same grade as that of the lot to be granted and that the competitive bid bond shall not be less than 20 per cent. of the minimum land premium. 50 per cent. of the total land premium must be paid within one month of the signing of the contract as down payment with the remainder to be paid by the time agreed in the contract, but in any event no later than one year after the signing of the contract. If a real estate developer fails to pay the land premium when due or is found to be leaving the land idle, hoarding or speculating on land, or to have undertaken land development beyond its capacity or failed to perform its obligations under the land use contract, the relevant municipal or county administrative authority shall prohibit it from participating in any competitive bidding for land within a certain period of time.

In April 2010, the MOHURD issued the Notice on Issues Relating to the Further Strengthening of Real Estate Market Regulation and Improvement of the Pre-selling System for Commodity Housing (Jian Fang (2010) No. 53) (建房[2010]53 號《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》) which stipulates that if the pre-sale permit is yet to be received for a commodity housing project, the real estate developer must not receive any form or disguised form of payment from purchasers which is in the nature of earnest money or deposit. Real estate developers are required to disclose, within 10 days of the receipt of the pre-sale permit, all the properties approved for pre-sale and the price of each unit, and to sell the properties at prices which are the same as the prices submitted in the pre-sale proposal.

In April 2010, the State Council issued the Circular on Restraining the Housing Price from Increasing Rapidly for Some Cities (Guo Fa (2010) No. 10) (國務院關於堅決遏制部分城市房價過快上漲的通知) which sets out rules designed to curb the rapid increase in the prices of housing in certain cities, including:

- The differentiation of mortgage financing granted to residential property buyers:
 - o a household (including the borrower, his or her spouse and any minor children) that borrows a mortgage loan for the purchase of its first residential property, of which the building area is more than 90 sq.m., must make a down payment of not less than 30 per cent. of the purchase price;
 - o a household that borrows a mortgage loan for the purchase of its second residential property must make a down payment of not less than 50 per cent. of the purchase price and pay a mortgage rate which is not lower than 110 per cent. of the benchmark interest rate;
 - o the down payment proportion and mortgage rate applicable to the purchase of a household's third residential property or beyond shall be significantly increased at the sole discretion of the commercial banks according to their risk controlling principles.
- In regions where commodity housing prices are too high, have increased too rapidly or where commodity housing is in short supply, commercial banks may suspend the grant of mortgage loans to any third-time (or beyond) home buyers if they deem it appropriate according to the risks involved, and may suspend the grant of mortgage loans to any non-local home buyers who are unable to provide proof of payment of local taxes or social security contributions covering a period of one year or more. Local governments may, based on the circumstances, impose temporary restrictions during a certain period of time on the number of properties that can be purchased;
- The shareholders of a real estate developer must not, in violation of the regulations, provide the developer with any loan, on-lent loan, security or other facility to support the developer's participation in any competitive bidding for land or its conduct of development and construction work;
- Commercial banks are prohibited from providing loans for new development projects to real estate developers who have been found to be leaving their land idle and speculating on land, and the relevant securities regulatory authorities shall suspend the granting of approval for the listing of or any refinancing or material asset restructuring by such real estate developers; and
- For a real estate development project that has received a pre-sale permit or has completed the recording procedures for the sale of completed properties, all the properties available for sale must be disclosed within the required period of time and sold at prices which are the same as the submitted prices in the pre-sale proposal.

On 26 May 2010, the PBOC, the MOHURD and the CBRC jointly issued the Circular on Regulating the Criteria for Identifying the Second Residential Properties in Connection with Individual Commercial Housing Loans (關於規範商業性個人住房貸款中第二套房認定標準的通知), which aims to implement the State Council Notice on Firmly Preventing Property Price from Increasing Too Rapidly in Certain Cities (Guo Fa (2010) No. 10) and mainly provides, among others, that:

- The number of set of residential properties owned by a resident household who is applying for individual commercial housing loans shall be determined by taking account of the total number of set of residential properties actually owned by the members of the household of the purchaser (including the borrower and his or her spouse and children under the age of 18 years) under their names.

- Upon the application or authorisation of the borrower, the urban real estate administration authorities at the levels of the municipalities directly under the State Council, cities with independent budgetary status, provincial capital cities and other cities that can meet the requirements of inquiry shall, through the property registration information system, check the registration record of the residential properties of the borrower's household and issue a written result of the check.
- Where the result of household residential properties registration inquiry cannot be provided for the reason that the inquiry service is not available locally for the time being, the borrower shall provide the lender with a good faith written warranty on the actual number of set of residential properties owned by his or her household. If the lender proves that such good faith warranty has been breached, it shall record a misconduct for such borrower.
- In the event of occurrence of any of the following circumstances, the differential housing loan policies shall be implemented and applied to any borrower who has one or more residential properties and wants to purchase an additional residential property:
 - (i) the borrower submits first time an application for a loan for purchasing a residential property and the real property registration systems (including the pre-sale contract registration system, same below) of the locality where the residential property to be purchased is located show that there exists one or more residential properties already registered for his/her household;
 - (ii) the borrower has utilised any of the loans to purchase one or more residential properties and submits an application for a loan for purchasing a residential property; or
 - (iii) the lender believes that the borrower has one or more residential properties based on the results of its due diligence (including the borrower's creditworthiness check, face-to-face testing, interviewing with the borrower and when necessary visiting the borrower's residential address).
- The differential housing loan policies shall be implemented and applied to any borrower who is a non-resident of the locality where the residential property to be purchased is located and has failed to provide the evidence proving his payment of local taxes or social security contributions for more than one year; and commercial banks in cities where the price of properties is too high, increasing too rapidly or where properties are in short supply may cease to grant any housing loans to the borrowers of this kind in accordance with the provisions of local government policies.
- Real property registration systems to be generally established in the cities divided into districts by end of year 2010.

On 29 September 2010, by jointly issuing the Notice to Adjust the Preferential Policies on Deed Tax and Individual Income Tax Regarding Real Estate Transaction (Cai Shui 2010 No. 94) (關於調整房地產交易環節契稅個人所得稅優惠政策的通知), the MOF, the State Administration of Taxation and the MOHURD decided to levy the deed tax at a reduced rate of 50 per cent. on the ordinary residential property purchased by an individual which is the sole residential property of his or her household (whose members shall include the purchaser and his or her spouse and children under the age of 18 years, the same is applicable below). For an individual who purchases an ordinary residential property which has an area of 90 square meters or less and is the sole residential property of the household, the rate of deed tax shall be reduced to 1 per cent. In addition, for ordinary residential properties purchased by individuals which do not meet the above provisions, the purchaser shall not enjoy the said preferential policies. A taxpayer who sells his or her self-owned residential properties and re-purchases residential properties within one year shall not enjoy the reduction or exemption of the individual income tax.

On 29 September 2010, the PBOC and the CBRC issued the Circular on Relevant Issues for Improving the Differential Housing Loan Policies (Yin Fa (2010) No. 275) (關於完善差別化住房信貸政策有關問題的通知) in order to further implement the key points reflected in the State Council Notice on Firmly Preventing Property Price from Increasing Too Rapidly in Certain Cities (Guo Fa (2010) No. 10) (關於堅決遏制部分城市房價過快上漲的通知). This Circular requires that:

- Commercial banks must suspend granting of any housing loan to any household which intends to purchase its third or more residential property and non-local residents who are unable to provide a local tax-payment certificate or social insurance contribution payment certificate for a term of one year or longer.
- For those who use mortgages to purchase residential properties, the minimum down payment was adjusted to a minimum 30 per cent. of the total purchase price of the relevant property; and for a household which uses mortgages to purchase its second residential properties, the policy requiring a minimum 50 per cent. down payment and the mortgage interest rate of at least 1.1 times of the base interest rate was implemented.
- Commercial banks were prohibited to use consumption purpose loans for residential property purchase.
- Commercial banks must cease to grant loans for newly developed projects and renewal of loan terms to real estate developers that have records of violation of laws and regulations as a result of, among other things, rendering the land idle, changing the purpose and nature of land, delaying the construction commencement and completion time and refusing to sell out the properties.
- Commercial banks that do not strictly implement the differential housing loan policies will be stringently punished once proved.
- Loan requests from real estate developers for undertaking the construction projects of low and middle price or small and middle-sized residential properties and participating in social security-purpose residential properties construction projects are encouraged to be granted.
- Financial institutions' support to the social security-purpose residential properties construction projects is encouraged, and policies to support the mid- and long-term loans for the construction of government-sponsored public rental housing projects will be formulated on an urgent basis.

On 30 September 2010, the MOLR, the MOHURD and Ministry of Supervision jointly issued the Circular on the Further Implementation of Document Guo Fa (2010) No. 10 (關於進一步貫徹落實國發[2010]10號文件的通知) (Jian Fang (2010) No. 155, commonly known as the “New Five State Provisions”), which expressly requires the imposition of restriction during a certain period of time on the number of properties which a household of residents is allowed to purchase in cities where the housing prices are too high, increasing too rapidly or where housing is in short supply.

In November 2010, the MOHURD, the MOF, the PBOC and the China Regulatory Banking Commission jointly promulgated the Notice on Relevant Issues Concerning Policies of Regulation of Individual Housing Reserve Loan (關於規範住房公積金個人住房貸款政策有關問題的通知), which provides that, among other things: (i) where a first-time house purchaser (including the borrower, his/her spouse and minor children) uses housing reserve loans to buy an ordinary house for self-use with a unit floor area: (a) equal to or less than 90 sq.m., the minimum down payment shall be at least 20 per cent. or (b) more than 90 sq.m., the minimum down payment shall be at least 30 per cent.; (ii) for a second-time house purchaser that uses housing reserve loans, the minimum down payment shall be at least 50 per cent. with the minimum lending interest rate at least 1.1 times the benchmark rate; (iii) a second housing reserve loan will only be available to families whose per capita housing area is below the average in their locality and

such loan must only be used to purchase an ordinary house for self-use to improve their residence conditions; and (iv) granting housing reserve loans to families for their third residential property and beyond will be suspended.

In December 2010, the MOLR promulgated the Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets (關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知), which provides, among other things, that: (i) cities and counties that have less than 70 per cent. of their land supply designated for affordable housing and small/medium residential units shall not provide land for large-sized and high-end housing before the end of 2011; (ii) land and resource authorities in local cities and counties will report to the MOLR and provincial land and resource authorities, respectively, regarding land with a premium rate of more than 50 per cent., or of which the total transaction amount or unit price reaches a record high; and (iii) land designated for affordable housing which is used for property development against relevant policies or which involve illegal income will be confiscated and the relevant land use rights will be withdrawn. Moreover, the notice stipulated that changing the plot ratio of land without approval is strictly prohibited.

On 6 July 2011, the MOHURD issued the Notice of Adjustment of Housing Fund Saving and Lending Interest Rates (Jian Jin (2011) No. 94) (關於調整住房公積金存貸款利率的通知), which provides that, beginning from 7 July 2011, (i) the interest rate for individual housing fund contributions carried forward from the previous year of 2010 would be increased by 0.25 per cent. from 2.85 per cent. to 3.1 per cent. while the interest rate for individual housing fund contributions received during the year of 2011 would remain unchanged, (ii) the interest rate for individual housing fund loans with a term of five years or less and with a term of more than five years will be increased by 0.25 per cent. and 0.2 per cent., respectively, and the interest rate for loans with a term of five years or less and with a term of more than five years will be increased from 4.2 per cent. to 4.45 per cent. and from 4.7 per cent. to 4.9 per cent., respectively, and (iii) the lending interest rate in pilot cities for the financing of subsidised housing construction with housing funds will be equivalent to the interest rate for individual housing fund loans with a term of more than five years plus 10 per cent.

On 19 July 2012, the MOLR and the MOHURD issued the Urgent Notice to Further Tighten Up Real Property Land Administration and Consolidate the Achievement of Macroeconomic Control of the Real Property Market (《國土資源部、住房城鄉建設部關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知》). According to this Notice, the MOLR, the MOHURD and their respective local counterparts will continue to strictly regulate the market to prevent housing prices from rebounding. Local governments must ensure adequate supply of land for social security housing projects, and must try to increase the completion rate of such projects. Further, the governments will further improve the land price evaluation procedure, thereby allowing for the reasonable determination of base prices for land auction. For those auctions in which the land prices may be raised to a significantly higher level, the governments must adjust the bidding method in a timely manner. For those lands which are expected to reach unprecedentedly high prices and those lands whose final prices represent a premium of more than 50 per cent. to the base price the government should adjust the land transfer scheme in a timely manner, such as by limiting the final home prices or requiring the land purchaser to build additional social security housing projects. Further, the government will continue enforcing the system for reporting unusual transactions, which requires that governments at city-level and county-level should, within two business days upon the signing of purchase confirmation letter or the dispatch of the letter of acceptance, submit the unusual transaction data to the national land market monitoring and administration system, thereby reporting the unusual transaction to the MOLR and its agencies at the provincial level.

Additionally under this notice, the government emphasises that the land to be transferred should not exceed its upper limit of area, and some other acts will continue to be strictly prohibited, such as combining two or more separate tracts of land into one bidding subject, or transferring land without first completing the demolition and relocation work. The floor-area ratio of residential land should be no less

than 1. Further, land allocation decision or land transfer contract should require real estate developer to commence the construction and development within one year after the land has been delivered to it and to complete the construction and development within three years. The government will strictly inspect the competence of bidders and prohibit any bank loan from being used for the payment of land price. The deposit for land auction or bidding should not be less than 20 per cent. of the base price. After the deal of land transfer has been reached, the land transfer agreement should be signed within 10 business days, 50 per cent. of the land premium should be paid within one month after the signing of the land transfer agreement and the payment of remaining land premium should be made within one year. Also, the government should prohibit the purchaser from purchasing land for a certain period if such a purchaser (a) failed to pay the land premium, in a timely manner; (b) intentionally left the land idle; (c) intentionally reserved land for the purpose of resale; (d) developed land beyond its development capability; or (e) failed to duly perform the land use contract.

On 5 November 2012, the MOLR, the MOF, the PBOC and the CBRC jointly promulgated the Notice on Strengthening Land Reserves and Financing Administration (Guotuzi Fa [2012] No. 162) (《關於加強土地儲備與融資管理的通知》(國土資發[2012]162號)) in order to strengthen land bank institutions administration, determine the reasonable scale and structure of land bank, strengthen the administration of land pre-development, reservation and protection, and regulate the financing to land reservation and the use of land reservation funds.

On 26 February 2013, the General Office of the State Council issued the Notice on Continuing to Effectively Regulate the Real Estate Market (《繼續做好房地產市場調控工作的通知》), requiring certain related cities to fine-tune the existing house purchase restrictions on the basis of strict compliance with the Notice of the General Office of the State Council on Further Improving the Macroeconomic Control of the Real Property Market (Guo Ban Fa [2011] No. 1) (《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》國辦發[2011]1號), which includes, among others: (i) all administrative regions of a city subject to purchase restrictions shall be covered under such restrictions, while the types of houses subject to purchase restrictions shall include all newly-constructed commercial housing and second-hand housing. The house purchase eligibility shall be examined before the conclusion of a house purchase contract (or a letter of purchase intent). For the time being, houses within the administrative regions of a city shall not be sold to a family without local household register that already owns one or more houses, and a family without local household register that is unable to provide proofs for a certain number of consecutive years of local tax payment or social insurance contribution; (ii) with regard to cities with soaring housing prices, the local branches of the PBOC may further raise the percentage of the minimum down payment (which shall not be lower than 60 per cent.) and loan interest rates which shall not be lower than 1.1 times of the benchmark interest rate for the second-home purchases, according to policy requirements and the price control targets determined by the local people's governments for newly-constructed commercial housing; and (iii) tax authorities shall levy individual income tax payable on the sales of owner-occupied houses at 20 per cent. of the transfer gain in strict accordance with the law if the original value of the houses sold can be verified through historical information, such as tax collection and administration and house registration.

On 29 September, 2014, the PBOC and CBRC jointly issued the Circular on Further Improving Housing Financial Services (《關於進一步做好住房金融服務工作的通知》) which specified that for a family who buys on loan its first ordinary residential property for self-use, the minimum percentage of down payment is 30 per cent., and the lower limit of loan interest rate is 70 per cent. of the benchmark rate, to be decided by banking financial institutions in light of risk conditions; for a family who has paid up the loan of its first residential property and applies again to buy on loan an ordinary residential property as an upgrade to living conditions, the loan policies for first residential property shall apply. The notice also specified that in cities where the measures of "restrictions on house buying" are lifted or not imposed, for a family who owns two or more residential properties and has paid up loans for them, and applies to buy another residential property on loan, banking financial institutions shall decide on the percentage of down payment and interest rate by prudently considering the borrower's solvency and credit status. The

banking financial institutions may, according to local plans on urbanisation, grant housing loans to non-local residents who meet policy requirements.

On 30 March 2015, the PBOC, the MOHURD and the CBRC jointly issued the Notice on Issues concerning Individual Housing Loan Policies (關於個人住房貸款政策有關問題的通知), for a resident who owns one house of which relevant housing loan has not been settled, and applies for a commercial individual housing loan for purchasing an ordinary home for the purpose of improving its living conditions, the minimum down payment ratio is adjusted to not less than 40 per cent.; for a worker who pays housing provident fund to purchase the first ordinary with housing provident fund commission loan, the minimum down payment ratio is 20 per cent.; and for a worker who owns one home of which relevant housing loan has been settled and applies for a housing provident fund commission loan for purchasing an ordinary home for the purpose of improving its living conditions, the minimum down payment ratio is 30 per cent.

On 30 March 2015, the MOF and the State Administration of Taxation jointly issued the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties (關於調整個人住房轉讓營業稅政策的通知), under which business tax is imposed on (i) the full amount of the transfer price upon the transfer of any residential property by an individual owner within two years from such individual owner's purchase of such property and (ii) the difference between the transfer price and the original purchase price upon the transfer of any non-ordinary residential property by an individual owner more than two years from such individual owner's purchase. Business tax is exempted for ordinary residential properties if the transfer occurs after two years from the individual owner's purchase of such property.

OTHER PRC REGULATIONS

Overseas Listing

In August 2006, the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration of Taxation, the State Administration of Industry and Commerce, the China Securities Regulatory Commission, and SAFE jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), as amended on 22 June 2009, or the New M&A Rule. The New M&A Rule requires, among other things, that offshore special purpose vehicles, formed for overseas listing purposes through acquisitions of PRC domestic companies controlled by PRC companies or individuals, shall obtain the approval of the China Securities Regulatory Commission prior to publicly listing their securities on an overseas stock exchange.

On 17 February 2023, the China Securities Regulatory Commission promulgated the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法), or the Interim Measures, and its supporting guidelines, which became effective on 1 March 2023. Pursuant to the Interim Measures, the overseas offering and listing by an enterprise in the name of an overseas registered company, whereas the enterprise's main business activities are in China and such offering and listing is based on the equity, assets, earnings or other similar rights and interests of a domestic enterprise, is deemed indirect overseas offering and listing by a domestic enterprise, and filings shall be made with the China Securities Regulatory Commission in accordance with the Interim Measures.

Environmental Protection

The laws and regulations governing the environmental protection requirements for real estate development in China include the PRC Environmental Protection Law, the PRC Prevention and Control of Noise Pollution Law, the PRC Environmental Impact Assessment Law and the PRC Administrative Regulations on Environmental Protection for Development Projects. Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact assessment documents or an environmental impact registration form must be submitted by a developer before the relevant authorities grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental protection standards and regulations before the property can be delivered to the purchasers.

Foreign Exchange Controls

Under the PRC Foreign Currency Administration Rules, promulgated in 1996 and revised in 1997 and as amended in 2008 and various regulations issued by SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividend. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within China must be made in Renminbi. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Round-trip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (“**SAFE Circular 37**”), on 4 July 2014, which replaced the former circular commonly known as “SAFE Circular 75”. SAFE Circular 37 requires PRC residents to register with local counterparties of SAFE in connection with their direct establishment or indirect control of an offshore entity, whose purpose is for overseas investment and financing using such PRC residents' legally owned, onshore or offshore, directly or indirectly, assets or equity interests, referred to in SAFE Circular 37 as a “special purpose vehicle” (the “**SPV**”). SAFE Circular 37 further requires prompt updates of the registration in the event of any significant changes with respect to the SPV, such as increase or decrease of capital contributions by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a SPV fails to fulfill the required SAFE registration, the PRC affiliates or associates of that SPV may be prohibited from distributing profits to their offshore SPV and from carrying out subsequent cross-border foreign exchange activities, and the SPV may be restricted in its ability to contribute additional capital into its PRC affiliates or associates. Furthermore, failure to comply with the abovementioned SAFE registration requirements could result in liability under PRC law for evasion of foreign exchange controls.

On 13 February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular 13**”). After SAFE Circular 13 became effective on 1 June 2015, rather than applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals will be required to register such foreign exchange with qualified banks. The qualified banks, under the supervision of the SAFE, will directly conduct the registration and oversee the foreign exchange activities.

In accordance with the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), was promulgated on 30 March 2015 by the SAFE, and became effective on 1 June 2015, the foreign exchange capital in the capital account of foreign-invested enterprises for which the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) has been handled can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is temporarily determined as 100%. The SAFE can adjust the aforementioned proportion in due time based on the situation of international balance of payments.

On 9 June 2016, the SAFE issued the Notice on Reforming and Regulating the Policies for the Administration of Settlement of Foreign Exchange under Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), which provided, among others, that the settlement of foreign exchange funds under capital accounts (including the foreign capital, debt financing and overseas listing repatriation of funds, and so on) that are subject to voluntary settlement explicitly implemented by relevant policies may be handled at banks based on the domestic institutions’ actual requirements for business operation. Where there are restrictive provisions in any current regulations on the settlement of foreign exchange funds under capital accounts of domestic institutions, such restrictive provisions shall prevail.

PRC TAXATION

Because the Issuer and the Guarantor are not incorporated in the PRC, investment in the Notes is largely exempt from PRC tax laws, except as disclosed in the section entitled “*Risk Factors — Risks Relating to the PRC — The Guarantor may be deemed a PRC resident enterprise under PRC Enterprise Income Tax (“EIT”) Law, which may subject it to PRC taxation on its worldwide income. In addition, if the Issuer is deemed as a PRC resident enterprise, it would be required to withhold taxes on interest it pays on the Notes and the investors of the Notes would be required to pay taxes on gains realised from the sale of the Notes*”. However, because a substantial part of the Guarantor’s business operations are in the PRC and it carries out these business operations through operating subsidiaries and joint ventures organised under the PRC law, its PRC operations and its operating subsidiaries and joint ventures in the PRC are subject to PRC tax laws and regulations, which indirectly affect an investor’s investment in the Notes. For information on taxation of a holder of Notes in other jurisdictions, see “*Taxation*”.

Dividends From The Group’s PRC Operations

Under the EIT Law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in China are treated as “resident enterprises” for PRC tax purposes and will be subject to PRC EIT on their worldwide income. For such PRC tax purposes, dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the EIT Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

Taxes Applicable to Property Developers

The Guarantor's subsidiaries and joint ventures through which it conducts the Group's business operations in the PRC are subject to PRC tax laws and regulations.

Deed Tax

Under the PRC Interim Regulation on Deed Tax, which will be replaced by Deed Law of the PRC from 1 September 2021, a deed tax is chargeable to transferees of land use rights or ownership in real properties within the territory of the PRC. These taxable transfers include:

- grant of use right of state-owned land;
- sale, gift and exchange of land use rights, other than transfer of right to manage rural collective land; and
- sale, gift and exchange of real properties.

Deed tax rate is between 3 per cent. to 5 per cent. subject to determination by local governments at the provincial level in light of the local conditions.

Corporate Income Tax

Under the EIT Law (《中華人民共和國企業所得稅法》), effective from 1 January 2008 and amended on February 2017 and December 2018, a unified EIT rate is set at 25 per cent. for both domestic enterprises and foreign-invested enterprises. In addition, dividends from PRC subsidiaries to their foreign shareholders will be subject to a withholding tax at a rate of 10 per cent. unless any lower treaty rate is applicable. However, under the new tax law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in China are treated as “resident enterprises” for PRC tax purposes and will be subject to PRC EIT on their worldwide income. Dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the EIT Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

On 6 March 2009, the State Administration of Taxation issued the Notice on the Measures for the Treatment of Enterprise Income Tax on Real Estate Development and Operation Businesses, regulating the revenue, cost of sales, fees deduction, accounting of costs and tax treatment of specific matters of enterprises engaging in the real property business in the PRC, in relation to the imposition of EIT.

Value-add Tax (“VAT”)

On 25 December 2024, the NPC issued the new value added tax law (the “**New VAT Law**”), which is effective on 1 January 2026. Pursuant to the New VAT Law, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the taxable sale of services by entities and individuals, such as financial services, shall be subject to VAT in the PRC, if the seller of the services is within the PRC or the services is consumed within the PRC (including services provided to the entities or individuals located within the PRC by the entities or individuals outside of the PRC). Accordingly, if the Issuer or the Guarantor is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the interest and other interest like earnings derived from such products and received by a non-PRC resident Noteholder from the Issuer or the Guarantor (in the event that the Guarantor is required to discharge its obligations under the Guarantee) may be subject to PRC VAT. The Issuer or the Guarantor (if applicable) may be required to withhold VAT on payments of interest and certain other amounts on the Notes paid to Noteholders that are non-resident enterprises or individuals.

Additionally, VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if the seller of Notes is located inside the PRC.

However, the New VAT Law and its implementation, together with other laws and regulations pertaining to VAT, are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

Land Appreciation Tax

Under the PRC Interim Regulation on Land Appreciation Tax of 1994, as amended in January 2011, and its implementation rules of 1995, LAT applies to both domestic and foreign investors in real properties in the PRC, irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the “deductible items” that include the following:

- payments made to acquire land use rights;
- costs and charges incurred in connection with the land development;
- construction costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of the land use rights, buildings or other facilities on such land; and
- other items allowed by the MOF.

The tax rate is progressive and ranges from 30 per cent. to 60 per cent. of the appreciation value as compared to the “deductible items” as follows:

Appreciation value	LAT rate
	(%)
Portion not exceeding 50 per cent. of deductible items	30
Portion over 50 per cent. but not more than 100 per cent. of deductible	40
Portion over 100 per cent. but not more than 200 per cent. of deductible	50
Portion over 200 per cent. of deductible items	60

Exemption from LAT is available to the following cases:

- Taxpayers constructing ordinary residential properties for sale (i.e. the residences built in accordance with the local standard for residential properties used by the general population, excluding deluxe apartments, villas, resorts and other high-end premises) where the appreciation amount does not exceed 20 per cent. of the sum of deductible items;
- Real estate taken over and repossessed according to laws due to the construction requirements of the state; and
- Due to redeployment of work or improvement of living standards, transfers by individuals of originally self-used residential properties, with five years or longer of self-used residence and with tax authorities’ approval.

According to a notice issued by the MOF in January 1995, the LAT regulation does not apply to the following transfers of land use rights:

- real estate transfer contracts executed before 1 January 1994; and
- first time transfers of land use rights or premises and buildings during the five years commencing on 1 January 1994 if the land grant contracts were executed or the development projects were approved before 1 January 1994 and the capital has been injected for the development in compliance with the relevant regulations.

After the enactment of the LAT regulations and the implementation rules in 1994 and 1995, respectively, due to the long period of time typically required for real estate developments and their transfers, many jurisdictions, while implementing these regulations and rules, did not require real estate development enterprises to declare and pay the LAT as they did other taxes. Therefore, in order to assist the local tax authorities in the collection of LAT, the MOF, State Administration of Taxation, Ministry of Construction and State Land Administration Bureau separately and jointly issued several notices to reiterate that, after the assignments are signed, the taxpayers should declare the tax to the local tax authorities where the real estate is located, and pay the LAT in accordance with the amount as calculated by the tax authority and within the time period as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority will not process the relevant title change procedures, and will not issue the property ownership certificates.

The State Administration of Taxation issued a further notice in July 2002 to require local tax authorities to require prepayment of LAT on the basis of proceeds from pre-sale of real estate.

In December 2006, the State Administration of Taxation issued a Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises, which came into effect on 1 February 2007. The notice required settlement of LAT liabilities by real estate developers. Provincial tax authorities are given authority to formulate their implementation rules according to the notice and their local situation.

To further strengthen LAT collection, in May 2009, the State Administration of Taxation released the Rules on the Administration of the Settlement of Land Appreciation Tax, which came into force on 1 June 2009.

On 19 May 2010, the State Administration of Taxation promulgated the Notice on Issues Regarding Land Appreciation Tax Settlement (《關於土地增值稅清算有關問題的通知》), which provides further clarifications and guidelines on LAT settlement, revenue recognition, deductible expenses, timing of assessment and other related issues.

On 25 May 2010, the State Administration of Taxation issued the Notice on Strengthening the Collection of Land Appreciation Tax (《關於加強土地增值稅徵管工作的通知》), which provides for a minimum LAT prepayment rate at 2 per cent. for provinces in eastern China region, 1.5 per cent. for provinces in the central and north eastern China regions, and 1 per cent. for provinces in the western China region. The notice also delegates to the local tax authorities the authority to determine the applicable LAT prepayment rates based on the types of the properties in their respective regions.

On 20 June 2013, the State Administration of Taxation issued the Notice on Further Improving the Collection and Administration of Land Appreciation Tax (according to which, the State Administration of Taxation will continue to strengthen the administration over the LAT liquidation, to conduct strict examination of deductible items, to reduce approved collection items, and so forth.

On 1 January, 2026, the SAT issued the Announcement on Several Matters Concerning the Administration of Land Value-Added Tax (關於土地增值稅徵管若干事項的公告), clarifying the core administration standards such as the connection between advance collection and settlement, tax basis, deduction items, and final management.

Urban Land Use Tax

Pursuant to the PRC Interim Regulations on Land Use Tax in respect of Urban Land, promulgated by the State Council in September 1988, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax rate on urban land was between RMB0.2 and RMB10 per square metre. Amendments by the State Council in December 2006 and December 2013 and March 2019 changed the annual tax rate to between RMB0.6 and RMB30 per square metre of urban land. Foreign-invested enterprises are no longer exempted from the land use tax.

Buildings Tax

Under the PRC Interim Regulations on Buildings Tax, promulgated by the State Council in September 1986 and amended in January 2011, buildings tax applicable to domestic enterprises is 1.2 per cent. if it is calculated on the basis of the residual value of a building and 12 per cent. if it is calculated on the basis of the rental. On 27 January 2011, the governments of Shanghai and Chongqing respectively issued measures for implementing pilot individual property tax schemes, which became effective on 28 January 2011.

And according to the Notice on Issues Relating to Assessment of Buildings Tax against Foreign-invested Enterprises and Foreign Individuals, the foreign-invested enterprises, foreign enterprises and foreign individuals are to be levied the same as domestic enterprises.

Stamp Duty

According to the Stamp Duty Law of the PRC, which came into effect on July 1, 2022, all units and individuals that create taxable documents and conduct securities transactions are taxpayers of stamp duty. Taxable documents include written contracts (loan contracts, financial lease contracts, purchase and sale contracts, contracts for work, construction contracts, transportation contracts, technology contracts, leasing contracts, warehousing contracts, custodial contracts, property insurance contracts), property rights transfer documents, business account books and securities transactions, etc.

Municipal Maintenance Tax

Under the PRC Interim Regulations on Municipal Maintenance Tax, promulgated by the Standing Committee of the NPC in 1985 and amended in 2011, which will be replaced by Municipal Maintenance Tax Law of the PRC from 1 September 2021, a taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax is required to pay municipal maintenance tax calculated on the basis of product tax, value-added tax and business tax. The tax rate is 7 per cent. for a taxpayer whose domicile is in an urban area, 5 per cent. for a taxpayer whose domicile is in a county or a town, and 1 per cent. for a taxpayer whose domicile is not in any urban area or county or town. According to the Circular Concerning Unification of Municipal Maintenance Tax and Education Surcharge for Foreign Investment and Domestic Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) issued by the State Council on 18 October 2010, the municipal maintenance tax is applicable to foreign invested enterprises, which came into effect from 1 December 2010. Pursuant to the Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises (《關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知》) promulgated by the MOF and the State Administration of Taxation in November 2010, foreign-invested enterprises must pay municipal maintenance tax on any value-added tax, consumption tax and business tax incurred on or after 1 December 2010. However, foreign-invested enterprises are exempted from municipal maintenance tax on any value-added tax, consumption tax and business tax incurred before 1 December 2010.

Education Surcharge

Under the Interim Provisions on Imposition of Education Surcharge, promulgated by the State Council in April 1986 and amended in June 1990, August 2005 and January 2011, any taxpayer, whether an individual or otherwise, of value-added tax, business tax or consumption tax is liable for an education surcharge, except as otherwise provided by the State Council. The Education Surcharge rate is 3 per cent. calculated on the basis of consumption tax, value-added tax and business tax. According to the Circular Concerning Unification of Municipal Maintenance Tax and Education Surcharge for Foreign Investment and Domestic Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) issued by the State Council on 18 October 2010, the education surcharge is applicable to foreign invested enterprises, which came into with effect from 1 December 2010.

Pursuant to the aforesaid Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises (《關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知》), foreign-invested enterprises must pay an education surcharge on any value-added tax, consumption tax and business tax incurred on or after 1 December 2010. However, foreign- invested enterprises are exempted from paying an education surcharge on any value-added tax, consumption tax and business tax incurred before 1 December 2010.

TAXATION

The following summary of certain Hong Kong and PRC tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Notes.

Cayman Islands

The Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of Notes.

Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Notes will not be subject to taxation in the Cayman Islands, no Cayman Islands withholding tax will be required on such payments to any holder of the Notes and gains derived from the sale of the Notes will not be subject to Cayman Islands capital gains tax.

No stamp duty is payable under the laws of the Cayman Islands in respect of the execution and issue of the Notes. However, an instrument of transfer in respect of the Notes is stampable if executed in or brought into the Cayman Islands.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “IRO”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of the Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the “**FSIE Amendments**”), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

PRC

Income Tax

Pursuant to the EIT Law which was amended on 29 December 2018 and took effect on the same date and its implementation regulations, enterprises that are established under the laws of foreign countries and regions whose “de facto management bodies” are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law. The EIT Laws provide that the “de facto management body” of an enterprise is the organisation that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of the PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and income or gains paid with respect to the Notes may be considered to be derived from sources within the PRC.

Taxation on Interest

The EIT Law and its implementation regulations impose withholding tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on PRC-source income paid to a “non-resident enterprise” that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law, in the event the Issuer is considered to be a PRC resident enterprise by the

PRC tax authorities in the future, interest payable to non-resident enterprise holders of the Notes may be treated as income derived from sources within the PRC and be subject to such PRC withholding tax at a rate of 10 per cent. Further, in accordance with the Individual Income Tax Law of the PRC which was amended on 30 June 2011 and 31 August 2018, and took effect on 1 January 2019 and its implementation regulations, if the Issuer is considered to be a PRC tax resident enterprise, interest payable to non-resident individual holders of the Notes may be treated as income derived from sources within the PRC and be subject to a 20 per cent. individual income tax which the Issuer would be obliged to withhold from payments of interests to non-resident individual holders of the Notes. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified holders of the Notes.

As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, non-resident enterprise holders of the Notes will not be subject to income tax imposed by any governmental authority in the PRC in respect of the holding of the Notes or any repayment of principal and payment of interest made thereon. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

In addition, given the fact that the Guarantor is a PRC tax resident enterprise for the purpose of the EIT Law and, in the event that the Guarantor is required to fulfil its obligations under the Guarantee by making interest payments on behalf of the Issuer, such interest payments under the Guarantee may be considered to be derived from sources within the PRC. In such case, the Guarantor may be obliged to withhold PRC tax at a rate of 10 per cent. on such payments to non-PRC resident enterprise holders of the Notes and 20 per cent. for non-resident individual holders of the Notes. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, which allows a lower rate of withholding tax, such lower rate may apply to qualified holders of the Notes.

Taxation on Capital Gains

The EIT Law and its implementation regulations impose a tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on income derived from sources within the PRC realised by a “non-resident enterprise” that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant gain is not effectively connected therewith. The Individual Income Tax Law and its implementation regulations impose a tax at the rate of 20 per cent. on income derived from sources within the PRC realised by non-resident individuals. If the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, and if the capital gains realised by holders of the Notes are treated as income derived from sources within the PRC, such gains will be subject to such PRC tax. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified non-resident holders of the Notes.

VAT

On 23 March 2016, MOF and SAT issued the Circular 36 which provides for that the VAT pilot programme will cover construction industry, real estate industry, finance industry and life service industry on a nation-wide basis from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, entities and individuals providing services within China are subject to VAT. The services are treated as being provided within China where either the service provider or the service

recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Notes may be regarded as financial services by holders of the Notes and the payments of the interest and other interest like earnings under the Notes received by a holder of the Notes from the Guarantor may be subject to VAT at the rate of 6 per cent. in the event that the Guarantor is required to discharge its obligations under the Guarantee.

Where a holder of the Notes who is an individual resells the Notes, the VAT may be exempted according to Circular 36 if the resale of Notes is treated as resale of financial products. Where a holder of the Notes who is an entity located outside of the PRC resells the Notes to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, Circular 36 should not apply and the Issuer does not have the obligation to withhold the VAT. However, where a holder of the Notes who is an entity resells the Notes, there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC.

Circular 36 has been issued quite recently, the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Stamp Duty

No PRC stamp duty will be imposed on non-PRC Noteholders either upon issuance of the Notes or upon a subsequent transfer of Notes to the extent that the register of holders of the Notes is maintained outside the PRC and the issuance and the sale of the Notes is made outside of the PRC.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman Islands, Hong Kong and the PRC) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional notes (as described under See “*Terms and Conditions of the Notes — Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

EU

The Proposed Financial Transactions Tax (“FTT”)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). The Proposed FTT has very broad scope and could, if introduced in its current form, apply to certain transactions relating to the Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain transactions relating to the notes where at least one party is a financial institution (as defined), and at least one party is established in a participating Member State. A party may be deemed to be “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is the subject of the transaction is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 30 January 2026 (the “**Subscription Agreement**”) pursuant to which, and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally, but not jointly, subscribe and pay for the aggregate principal amount of the Notes set forth opposite its name below:

Joint Lead Manager	Principal amount of the Notes to be subscribed
	(CNY)
1. CLSA Limited	450,000,000
2. DBS Bank Ltd.	450,000,000
3. The Hongkong and Shanghai Banking Corporation Limited	200,000,000
4. China International Capital Corporation Hong Kong Securities Limited	50,000,000
5. China Securities (International) Corporate Finance Company Limited	50,000,000
6. Guotai Junan Securities (Hong Kong) Limited	50,000,000
7. Haitong International Securities Company Limited	50,000,000
Total	1,300,000,000

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers and their affiliates against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

In connection with the issue of the Notes, the Joint Lead Managers acting as stabilisation manager(s) (the “**Stabilisation Manager(s)**”) (or persons acting on behalf of the Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the offering of the Notes, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trading of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

Furthermore, it is possible that a significant proportion of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Notes may be constrained. The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Notes and could adversely affect the trading price and liquidity of the Notes. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments of the Issuer or the Guarantor.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to CMIs (including private banks): This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “**X-orders**” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer and the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to ProjectUnionPlazaII@clsa.com; ficcsyndicate@citicclsa.com and DCMOmnibus@db.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that it and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint lead Manager with such evidence within the timeline requested.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes and the Guarantee may not be offered or sold within the United States.

The Notes and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantee, an offer or sale of the Notes or the Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in MiFID II; or
- (ii) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression “**retail investor**” means a person who is not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Cayman Islands

Each Joint Lead Manager has represented, warranted and agreed that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to offer or sell the Notes.

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

The PRC

Each Joint Lead Manager has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable laws of the PRC.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

GENERAL INFORMATION

1. **Clearing Systems:** The Notes have been accepted for clearance through CMU under CMU Instrument Number BOAKFB26003, Common Code 327179128 and the International Securities Identification Number HK0001249025.
2. **Legal Entity Identifier:** The Legal Entity Identifier (LEI) Code of the Issuer is 8368001GQ0IU3X2MRR23.
3. **Authorisations:** Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes, the Guarantee, the Trust Deed and the Agency Agreement. The issue of the Notes and the giving of the Guarantee have been approved and authorised by written resolutions of the Board of Directors of the Guarantor passed on 23 January 2026 and meeting of its Executive Committee held on 23 January 2026, and written resolutions of the Board of Directors of the Issuer passed on 23 January 2026.
4. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or otherwise), prospects, properties, results of operations, general affairs or business of the Issuer, the Guarantor or the Group since 31 December 2024.
5. **Litigation:** None of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings that (i) the Issuer or the Guarantor, as the case may be, believes are material in the context of the Notes, and the entry into the Deed of Guarantee, or (ii) may have, or have had, a significant effect on the business or financial position of the Issuer, the Guarantor or the Group, and so far as the Issuer and the Guarantor are aware, no such proceedings are pending or threatened.
6. **Available Documents:** Copies of the Guarantor's annual reports for the years ended 31 December 2023 and 2024, the Trust Deed, and the Agency Agreement relating to the Notes and the Memorandum and Articles of Association of the Issuer and the Articles of Association of the Guarantor will be available for inspection by Noteholders from the Issue Date at the principal office of the Guarantor at Suites 701-702, 7/F, Three Pacific Place, 1 Queen's Road East, Hong Kong.

So long as any of the Notes remain outstanding, copies of the Trust Deed and the Agency Agreement will be available (i) for inspection at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal office of the Trustee (being at the date of this Offering Circular at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and at the specified office for the time being of the CMU Lodging and Paying Agent, and (ii) electronically from the CMU Lodging and Paying Agent, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the CMU Lodging and Paying Agent.

The Guarantor prepares and publishes an annual report every year and an interim report semi-annually. Copies of the Guarantor's annual report in respect of the latest year can be obtained from the Guarantor's corporate website.

7. **Auditors:** The Group's 2023 Financial Statements, which are included elsewhere in this Offering Circular, have been audited by BDO Limited, Certified Public Accountants, as stated in their report appearing herein. The Group's 2024 Financial Statements, which are included elsewhere in this

Offering Circular, have been audited by PricewaterhouseCoopers, Certified Public Accountants, as stated in their report appearing herein.

8. **Listing:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. It is expected that the listing of, and permission to deal in, the Notes on the Hong Kong Stock Exchange will become effective on or about 9 February 2026.

INDEX TO FINANCIAL INFORMATION

Page

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023⁽¹⁾

Independent Auditor's Report	F-2
Consolidated Income Statement	F-7
Consolidated Statement of Comprehensive Income	F-8
Consolidated Statement of Financial Position	F-9
Consolidated Statement of Changes in Equity	F-11
Consolidated Statement of Cash Flows	F-13
Notes to the Consolidated Financial Statements	F-15

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024⁽²⁾

Independent Auditor's Report	F-155
Consolidated Income Statement	F-160
Consolidated Statement of Comprehensive Income	F-161
Consolidated Statement of Financial Position	F-162
Consolidated Statement of Changes in Equity	F-164
Consolidated Statement of Cash Flows	F-166
Notes to the Consolidated Financial Statements	F-168

Notes:

- (1) The consolidated financial statements of the Guarantor set out herein are derived from the Guarantor's annual report for the year ended 31 December 2023. Page references included in the audited consolidated financial statements as at and for the year ended 31 December 2023 set out herein refer to pages set out in such annual report.
- (2) The consolidated financial statements of the Guarantor set out herein are derived from the Guarantor's annual report for the year ended 31 December 2024. Page references included in the audited consolidated financial statements as at and for the year ended 31 December 2024 set out herein refer to pages set out in such annual report.

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.

BDO Limited
香港立信德豪會計師事務所有限公司

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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 HKSA's 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 HKSA's, 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.

Independent Auditor's Report

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
		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		
<i>Item that will not be reclassified to profit or loss</i>		
Changes in fair value of equity instruments at fair value through other comprehensive income	–	310
<i>Item that may be reclassified to profit or loss</i>		
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	Translation reserve*	Assets revaluation reserve*	Financial assets at fair value through other comprehensive income reserve*	Statutory reserve*	Retained profits*	Total	Non-controlling interests	Total equity
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(note 34)	(note 35)	(note 35)	(note 35)	(note 35)	(note 35)	(note 35)		(note 36)	
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								Total equity RMB'000				
	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*		Statutory reserve* RMB'000 (note 35)	Retained profits* RMB'000 (note 35)	Total RMB'000 (note 36)					
				Assets	through other								
										comprehensive	income		
												reserve*	reserve*
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

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the 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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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:

<i>Category of property, plant and equipment</i>	<i>Estimated useful life</i>
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).

Notes to the Consolidated Financial Statements

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:

<i>Category of right-of-use assets</i>	<i>Useful life</i>
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.

Notes to the Consolidated Financial Statements

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 through 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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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).

Notes to the Consolidated Financial Statements

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 contract 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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

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)

(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.

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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.

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 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.

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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					
<i>Executive directors</i>					
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
<i>Non-executive director</i>					
Mr. Guo Guanghui	–	–	–	–	–
	–	RMB4,784	RMB5,200	RMB288	RMB10,272
	'000	'000	'000	'000	'000
<i>Executive director</i>					
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)
<i>Non-executive director</i>					
Mr. Yung Kwok Kee, Billy*	HK\$400 (approximately RMB358)	–	–	–	HK\$400 (approximately RMB358)
<i>Independent non-executive directors</i>					
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					
<i>Executive directors</i>					
Mr. Zhuang Yong	–	RMB2,094	RMB3,087	RMB93	RMB5,274
Mr. Yang Lin	–	RMB1,777	RMB3,031	RMB93	RMB4,901
<i>Non-executive director</i>					
Mr. Guo Guanghui	–	–	–	–	–
	–	RMB3,871	RMB6,118	RMB186	RMB10,175
	'000	'000	'000	'000	'000
<i>Executive director</i>					
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)
<i>Non-executive director</i>					
Mr. Yung Kwok Kee, Billy*	HK\$400 (approximately RMB345)	–	–	–	HK\$400 (approximately RMB345)
<i>Independent non-executive directors</i>					
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.

Notes to the Consolidated Financial Statements

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 RMB'000	2022 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.

Notes to the Consolidated Financial Statements

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 ^⑥ : – 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 ^⑥ : – 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

^⑥ 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

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
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

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
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

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
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

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
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).

Notes to the Consolidated Financial Statements

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	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

Notes to the Consolidated Financial Statements

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).

Notes to the Consolidated Financial Statements

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).

Notes to the Consolidated Financial Statements

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).

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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 Hairui Real Estate Development Co., Ltd.* ("Hefei Hairui"), an indirect wholly-owned subsidiary of the Company, as borrower, established a real estate debt investment scheme (the "Hefei Hairui Real Estate Debt Investment Scheme").

The amount of investment funds raised under the Hefei Hairui Real Estate Debt Investment Scheme totalled RMB1,000,000,000 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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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	Carrying amount at 31 December	
					2023 ^(v) RMB'000	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.

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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 Bahao 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.

Notes to the Consolidated Financial Statements

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

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 (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

Notes to the Consolidated Financial Statements

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
<i>Changes from cash flows:</i>							
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)
<i>Exchange adjustment</i>	278,545	59,100	211	-	-	-	-
<i>Other changes:</i>							
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

Notes to the Consolidated Financial Statements

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
<i>Changes from cash flows:</i>							
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)
<i>Exchange adjustment</i>	1,287,990	304,514	1,162	-	-	-	-
<i>Other changes:</i>							
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).

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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 CPH entered into a framework agreement (the "Previous Carpark Framework Agreement") pursuant to which CPH 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 CPH 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 CPH 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 CPH entered into a new framework agreement (the "Carpark Framework Agreement") to renew the Previous Carpark Framework Agreement, pursuant to which the Group and CPH 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 CPH 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 CPH 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 CPH Group and the Group under the Previous Carpark Framework Agreement amounted to HK\$58,186,000, equivalent to RMB50,152,000.

Notes to the Consolidated Financial Statements

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 Huayi 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 Jinhe 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.

Notes to the Consolidated Financial Statements

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 Yiyuan 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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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).

Notes to the Consolidated Financial Statements

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 中建五局第二建设有限公司 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

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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

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		Principal activities
				Directly	Indirectly	
East Pacific (H.K.) Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Elite Way Developments Limited	British Virgin Islands	Ordinary	1 share of US\$1 each	–	100%	Investment holding
Ever United Development Limited	Hong Kong	Ordinary	HK\$1	100%	–	Financing and investment
Flourish Ray Developments Limited	British Virgin Islands	Ordinary	1 share of US\$1 each	–	100%	Investment holding
Global East Development Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Grand Marine Investment Limited	British Virgin Islands	Ordinary	1 share of US\$1 each	–	100%	Investment holding
Grand Success Group Holdings Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Grand Will Asia Pacific Limited (GWAP)	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Grandca International Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Grandwide (H.K.) Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Greatbo (H.K.) Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Great Kind Development Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Green Fortune Developments Limited	British Virgin Islands	Ordinary	1 share of US\$1 each	–	100%	Investment holding
Hai Jian International Limited	British Virgin Islands	Ordinary	1 share of US\$1 each	–	100%	Investment holding
Han Yang Limited	British Virgin Islands	Ordinary	1 share of US\$1 each	–	100%	Investment holding
Hero Path Investments Limited	British Virgin Islands	Ordinary	1 share of US\$1 each	–	100%	Investment holding

Notes to the 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		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

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		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

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		Principal activities
				Directly	Indirectly	
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

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		Principal activities
				Directly	Indirectly	
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

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		Principal activities
				Directly	Indirectly	
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
汕頭市潮瑋房地產有限公司	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
中海宏洋廬山山海(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
濰博中海海韻置業有限公司	PRC [^]	Paid up capital	RMB338,360,000	–	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		Principal activities
				Directly	Indirectly	
中海瀘博置業有限公司	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

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		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
吉林市中海海悅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
合肥中海宏洋海悅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
南寧中海宏洋海悅房地產有限公司	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

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		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

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		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
吉林省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
銀川中海海悅置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
吉林省海慧房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	51%	Property development
吉林省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

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		Principal activities
				Directly	Indirectly	
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

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		Principal activities
				Directly	Indirectly	
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
泉州市中海海悅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		Principal activities
				Directly	Indirectly	
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		Principal activities
				Directly	Indirectly	
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
贛州中海海悅房地產有限公司 [@]	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
鹽城悅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.

Independent Auditor's Report



羅兵咸永道

To the Members of China Overseas Grand Oceans Group Limited

(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of China Overseas Grand Oceans Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 98 to 206, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independent Auditor's Report

INDEPENDENCE

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

The key audit matter identified in our audit is related to the assessment of net realizable value of inventories of properties.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of net realizable value of inventories of properties	We have performed the following procedures to address this key audit matter:
Refer to notes 5.1(c) and 19 to the consolidated financial statements.	(i) Obtained an understanding of management's internal control and assessment process of the net realizable value of the inventories of properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.
Inventories of properties amounted to RMB84,369,988,000 as at 31 December 2024, accounting for approximately 65% of the Group's total assets. As at 31 December 2024, the provision for the write-down of inventories of properties to their net realizable value amounted to RMB3,470,568,000 and the amount as recognised in profit or loss for the year then ended amounted to RMB673,015,000.	(ii) Evaluated and tested, on a sample basis, the controls relating to management's assessment of the net realizable value of inventories of properties.
Inventories of properties are stated at the lower of cost and net realizable value. Management assessed the net realizable value based on the estimated selling prices, anticipated cost to completion for properties under development, and estimated selling expenses by referencing to the comparable market transactions, management's budget of estimated cost to completion and selling expenses to revenue ratio in previous projects respectively. The determination of net realizable value of the inventories of properties involved critical accounting estimates on the selling prices, the cost to completion for properties under development and selling expenses.	(iii) Evaluated the outcome of prior period assessments of the net realizable value of the inventories of properties to assess the effectiveness of management's estimation process.

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on this matter because of the magnitude of the inventories of properties balance and given that the management's estimation of net realizable value of the inventories of properties is subject to a high degree of estimation uncertainty.	<p>(iv) Assessed the reasonableness of the management's key estimates as adopted in determining the net realizable value of the inventories of properties including:</p> <ul style="list-style-type: none">• For the estimated selling prices, we compared these, on a sample basis, to the contracted selling prices of the underlying properties or prevailing market prices of properties with comparable conditions and locations, where applicable;• For the anticipated cost to completion for properties under development, we reconciled, on a sample basis, the anticipated cost to completion to the latest construction cost budget approved by management and compared the major cost compositions contained in these estimates with the actual cost compositions of similar type of completed properties of the Group in similar locations, where applicable; and• For the estimated selling expenses which are estimated based on a certain percentage of selling prices, we compared these estimated percentages with the historical average ratio of selling expenses to revenue of the Group. <p>Based on the above procedures performed, we found that the key estimates made by management in relation to the assessment of net realizable value of inventories of properties were supported by the available evidence.</p>

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

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

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Pong Fei Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2025

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	45,895,252	56,408,144
Cost of sales and services provided		(42,049,101)	(50,096,691)
Gross profit		3,846,151	6,311,453
Other income and gains, net	8	499,617	343,362
Distribution and selling expenses		(1,373,053)	(1,551,916)
Administrative expenses		(762,613)	(896,268)
Operating profit		2,210,102	4,206,631
Finance costs	10	(59,453)	(65,237)
Share of results of associates		27,588	1,450
Share of results of joint ventures		(17,493)	(20,131)
Profit before income tax	9	2,160,744	4,122,713
Income tax expense	11	(944,903)	(2,097,753)
Profit for the year		1,215,841	2,024,960
Profit/(Loss) for the year attributable to:			
Owners of the Company		954,050	2,301,686
Non-controlling interests		261,791	(276,726)
		1,215,841	2,024,960
		RMB Cents	RMB Cents
Earnings per share	13		
Basic		26.8	64.7
Diluted		26.8	64.7

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 RMB'000	2023 RMB'000
Profit for the year		1,215,841	2,024,960
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss</i>			
Exchange differences on translation of the Company's financial statements	35	284,242	151,953
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of subsidiaries' financial statements		(900,017)	(443,784)
Other comprehensive income for the year, net of tax		(615,775)	(291,831)
Total comprehensive income for the year		600,066	1,733,129
Total comprehensive income attributable to:			
Owners of the Company		338,275	2,009,855
Non-controlling interests		261,791	(276,726)
		600,066	1,733,129

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	15	4,536,748	4,621,513
Property, plant and equipment	16	808,564	817,233
Right-of-use assets	37(a)	327,305	353,686
Interests in associates	17	518,273	328,085
Interests in joint ventures	18	412,458	568,035
Deferred tax assets	33	1,376,844	1,707,562
		7,980,192	8,396,114
Current assets			
Inventories of properties	19	84,369,988	107,119,484
Other inventories	20	2,772	2,820
Contract costs	21	55,261	75,217
Trade and other receivables	22	748,410	777,512
Prepayments and deposits	23	3,282,159	4,017,266
Amounts due from associates	24	726,912	888,880
Amounts due from joint ventures	25	441,985	373,496
Amounts due from non-controlling shareholders	26	2,896,924	2,764,690
Tax prepaid		1,387,437	1,594,372
Cash and bank balances	28	27,290,854	26,020,603
		121,202,702	143,634,340
Current liabilities			
Trade and other payables	29	13,650,255	17,567,987
Pre-sales proceeds	30	27,803,620	40,829,178
Amounts due to associates	24	155,166	43,411
Amounts due to joint ventures	25	255,857	269,054
Amounts due to non-controlling shareholders	26	5,129,250	5,673,611
Amounts due to a related company – due within one year	27	186,119	186,119
Lease liabilities – due within one year	37(a)	9,133	11,664
Guaranteed notes and corporate bonds – due within one year	32	2,800,000	–
Taxation liabilities		2,048,482	3,169,088
Bank and other borrowings – due within one year	31	9,729,105	13,555,442
		61,766,987	81,305,554
Net current assets		59,435,715	62,328,786
Total assets less current liabilities		67,415,907	70,724,900

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Bank and other borrowings – due after one year	31	21,190,484	21,353,371
Lease liabilities – due after one year	37(a)	15,658	24,487
Amount due to a related company – due after one year	27	75,026	75,026
Guaranteed notes and corporate bonds – due after one year	32	5,982,049	8,655,350
Deferred tax liabilities	33	2,601,627	2,487,150
		29,864,844	32,595,384
Net assets		37,551,063	38,129,516
CAPITAL AND RESERVES			
Share capital	34	6,047,372	6,047,372
Reserves	35	25,348,495	25,256,160
Equity attributable to owners of the Company		31,395,867	31,303,532
Non-controlling interests	36	6,155,196	6,825,984
Total equity		37,551,063	38,129,516

On behalf of the directors

Zhuang Yong
Director

Zhou Hancheng
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Translation reserve*	Assets		Retained profits**	Total		
			revaluation reserve*	Statutory reserve*				
			RMB'000 (note 34)	RMB'000 (note 35)				
At 1 January 2024	6,047,372	(1,205,910)	30,075	2,527,146	23,904,849	31,303,532	6,825,984	38,129,516
Profit for the year	-	-	-	-	954,050	954,050	261,791	1,215,841
Exchange differences arising from translation into presentation currency	-	(615,775)	-	-	-	(615,775)	-	(615,775)
Total comprehensive income for the year	-	(615,775)	-	-	954,050	338,275	261,791	600,066
Transfer from retained profits to PRC statutory reserve	-	-	-	818,520	(818,520)	-	-	-
2024 interim dividend paid (note 12(a))	-	-	-	-	(97,730)	(97,730)	-	(97,730)
2023 final dividend paid (note 12(b))	-	-	-	-	(360,660)	(360,660)	-	(360,660)
Contributions from non-controlling shareholders	-	-	-	-	-	-	248,000	248,000
Return of capital to non-controlling shareholders	-	-	-	-	-	-	(248,000)	(248,000)
Dividend attributable to non-controlling shareholders	-	-	-	-	-	-	(202,020)	(202,020)
Acquisition of additional equity interests in subsidiaries while retaining control (note 39(a))	-	-	-	-	212,450	212,450	(730,559)	(518,109)
Transactions with owners	-	-	-	-	(245,940)	(245,940)	(932,579)	(1,178,519)
At 31 December 2024	6,047,372	(1,821,685)	30,075	3,345,666	23,794,439	31,395,867	6,155,196	37,551,063

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Translation reserve*	Assets		Retained profits**	Total		
			revaluation	Statutory				
			reserve*	reserve*				
			RMB'000	RMB'000				
	(note 34)	(note 35)	(note 35)	(note 35)	(note 35)		(note 36)	
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 39(b))	-	-	-	-	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

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

As at 31 December 2024, other reserves related to transactions with non-controlling shareholders which included in retained profits amounted to RMB515,195,000 (2023: RMB302,745,000).

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before income tax		2,160,744	4,122,713
Adjustments for:			
Share of results of associates		(27,588)	(1,450)
Share of results of joint ventures		17,493	20,131
Gain on disposal of property, plant and equipment		(1,908)	(221)
Loss on disposal of a joint venture		21,213	–
Depreciation		122,404	116,808
Impairment of property, plant and equipment		–	81,460
Write-off of property, plant and equipment		22	39,972
Write-down of inventories of properties	9(a)	673,015	1,452,605
Interest income		(222,817)	(372,321)
Finance costs		59,453	65,237
Net foreign exchange (gains)/losses		(212,484)	13,654
Operating cash flows before movements in working capital		2,589,547	5,538,588
Changes in working capital:			
Inventories of properties		23,676,001	24,842,089
Other inventories		48	1,345
Trade and other receivables, prepayments and deposits		684,361	900,713
Contract costs		19,956	53,307
Restricted bank balances		401,863	3,940,738
Trade and other payables		(3,902,681)	(3,390,439)
Pre-sales proceeds		(13,025,558)	(20,328,562)
Cash from operations		10,443,537	11,557,779
Income taxes paid		(1,414,341)	(2,460,145)
Net cash from operating activities		9,029,196	9,097,634
Investing activities			
Additions of investment properties	15	–	(58,000)
Purchases of property, plant and equipment	16	(5,407)	(29,510)
Capital injection in an associate		–	(144,000)
Dividends received from joint ventures and associates	40(c)	2,275	–
Proceeds from disposal of property, plant and equipment		3,823	482
Proceeds from disposal of a joint venture		6,095	–
Interest received		222,817	372,321
Advances to associates		(42,632)	(306,308)
Repayments from associates		–	271,195
Advances to joint ventures		(1,602)	(1,716)
Repayments from joint ventures		1,703	67,719
Net cash from investing activities		187,072	172,183

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Financing activities	40(a)		
Proceeds from bank and other borrowings		15,079,235	10,242,102
Repayments of bank and other borrowings		(19,314,402)	(18,616,996)
Proceeds from issue of corporate bonds		–	4,000,000
Advances from associates		92,508	86,191
Repayments to associates		(4,681)	(53,296)
Advances from joint ventures		3,837	254,072
Repayments to joint ventures		(2,045)	(173,606)
Cash advances from non-controlling shareholders		757,251	1,244,503
Repayments of cash advances from non-controlling shareholders		(1,274,573)	(1,800,900)
Advances to non-controlling shareholders		(520,285)	(1,763,730)
Repayments from non-controlling shareholders		22,060	64,305
Payment of principal element of leases		(18,038)	(16,018)
Payment of other interest		(1,629,999)	(2,050,931)
Dividends paid to owners of the Company		(458,390)	(654,718)
Dividends paid to non-controlling shareholders	40(b)	(102,763)	(36,602)
Contributions from non-controlling shareholders	40(b)	248,000	728,004
Return of capital to non-controlling shareholders		–	(8,400)
Acquisitions of additional equity interests in subsidiaries while retaining control	39	(425,282)	(106,739)
Net cash used in financing activities		(7,547,567)	(8,662,759)
Net increase in cash and cash equivalents		1,668,701	607,058
Cash and cash equivalents at 1 January		20,063,626	19,433,181
Effect of foreign exchange rate changes on cash and cash equivalents		3,413	23,387
Cash and cash equivalents at 31 December		21,735,740	20,063,626
Analysis of the balances of cash and cash equivalents			
Cash and bank balances as per consolidated statement of financial position		27,290,854	26,020,603
Less: restricted bank balances	28	(5,555,114)	(5,956,977)
		21,735,740	20,063,626

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 development and commercial property operations. 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 2024 were approved and authorized for issue by the directors on 26 March 2025.

2. BASIS OF PREPARATION

2.1 Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKAS”) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622 (“HKCO”).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group’s consolidated financial statements, are disclosed in note 5.

2.2 Historical cost convention

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.

2.3 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.

* English translation is for identification only

Notes to the Consolidated Financial Statements

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

3.1 New and amended standards adopted by the group

The Group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing 1 January 2024:

Amendments to HKAS 1	Classification of liabilities as current or non-current
Amendments to HKAS 1	Non-current liabilities with covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The amendments and interpretation listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

3.2 New and amended standards and interpretations not yet adopted

Certain new or amended accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

HKFRS 18 will replace HKAS 1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statements of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

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 all the years presented unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

4.1 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 4.2).

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting (see note 4.1(iv) below), after initially being recognized at cost.

(iii) Joint arrangements

Under HKFRS 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures.

Interests in joint ventures are accounted for using the equity method (see note 4.1(iv) below), after initially being recognized at cost in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Principles of consolidation and equity accounting (Continued)

(iv) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 4.10.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

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

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

4.4 Segment reporting

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

4.5 Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All foreign exchange gains and losses are presented in income statement within "Other income and gains, net".

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

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.5 Foreign currency translation (Continued)

(ii) Group companies

The results and statement of financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of financial position are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting currency translation differences are recognized in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

4.6 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 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 4.8). Rental income from investment properties is accounted for as described in note 4.17(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 4.7) up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with in assets revaluation reserve. On disposal of the property, the assets revaluation reserve is transferred to retained profits as a movement in reserves. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss. For a transfer from investment properties to inventories of properties, the property's deemed cost for subsequent accounting is its fair value at the date of change in use.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (note 4.9).

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.

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:

<i>Category of property, plant and equipment</i>	<i>Estimated useful life</i>
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
Ancillary facilities	5 to 10 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.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.8 Leasing

The Group as a lessee

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

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

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

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.8 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.

4.9 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets and interests in subsidiaries, associates and joint ventures are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.10 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)

4.10 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.

(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, 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.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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

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

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

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

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

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.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Financial instruments (Continued)

(iii) Financial liabilities

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

Financial liabilities at 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 and disclosed in finance costs.

(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 contract 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 4.10(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.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Financial instruments (Continued)

(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.

4.11 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 4.8), development expenditures including construction costs, borrowing costs capitalized (note 4.16) 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 unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

4.12 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

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.

4.13 Share capital

Ordinary shares are classified as equity.

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

4.14 Trade payables

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

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

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Borrowings

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

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

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

4.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in finance costs in the period in which they are incurred.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.17 Recognition of revenue and other income

Income is classified by the Group as revenue when it arises from the sales of properties, 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 properties 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 properties 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 properties or services may be transferred over time or at a point in time. Control of the properties or services is transferred over time if:

- the customers simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the properties 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 properties or services.

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

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)

4.17 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 (note 4.8).
- Interest income disclosed in other income and gains, net 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.

4.18 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 of properties.

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 4.17.

Contract liabilities

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue. 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.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.19 Current and deferred 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 recognised 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.

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.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.20 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.

4.21 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.

4.22 Dividend income

Dividend income is recognized when the right to receive payment is established.

4.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.24 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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 2024 were estimated by the directors mainly with reference to the property valuation as at 31 December 2024 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 2024 was RMB4,536,748,000 (2023: RMB4,621,513,000). Further details of the fair value measurement of investment properties are set out in note 15.

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

5.1 Key sources of estimation uncertainty (Continued)

(b) *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.

(c) *Net realizable value of inventories of properties*

Include in the consolidated statement of financial position at 31 December 2024 are inventories of properties with an aggregate carrying amount of RMB84,369,988,000 (2023: RMB107,119,484,000), 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 estimated selling prices of the inventories of properties with reference to recent market price of properties of comparable condition and location less anticipated costs to completion for properties under development and estimated selling expenses by referencing to the comparable market transactions, selling expenses to revenue ratio in previous projects and management's budget of estimated cost to completion respectively.

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 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 2024, a write-down of inventories of properties amounting to RMB673,015,000 (2023: RMB1,452,605,000) has been recognized 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 48.3.

(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 expenses 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. Certain investees have been accounted for as subsidiaries by the Group (note 49) 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 directors concluded that 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 2024, 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 following:

	2024 RMB'000	2023 RMB'000
Property development	45,410,942	56,003,458
Commercial property operations	484,310	404,686
Total revenue	45,895,252	56,408,144

The aggregate amount of transaction price allocated to the remaining performance obligations under the Group's outstanding contracts as at 31 December 2024 is RMB29,662,394,000 (2023: RMB40,528,785,000). 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 4.17, which is expected to occur over the next 12 to 30 months.

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

Notes to the Consolidated Financial Statements

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 management for the purposes of resources allocation and assessment of segment performance. Since the property leasing and other segment of the Group are mainly engaged in office and commercial unit leasing and hotel operations, and their operating results are combined for the performance assessment by management, the Group has changed the composition of its reportable segments in respect of the commercial property operation businesses for the year ended 31 December 2024, which mainly combined the property leasing segment and the other segment into commercial property operations segment during the current year.

For the year ended 31 December 2024, the two reportable segments of the Group and the type of revenue are as follows:

Property development	–	property development and sales
Commercial property operations	–	property rentals, hotel and other commercial property operations

The Group has restated segment information comparative figures to conform with the current year's presentation.

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 development RMB'000	Commercial property operations RMB'000	Consolidated RMB'000
For the year ended 31 December 2024			
Revenue from contracts with customers disaggregated by timing of revenue recognition			
– Recognition at point in time	45,410,942	–	45,410,942
– Recognition over time	–	186,113	186,113
	45,410,942	186,113	45,597,055
Revenue from other sources			
– Rental income from commercial properties	–	298,197	298,197
	45,410,942	484,310	45,895,252

	Property development RMB'000	Commercial property operations RMB'000	Consolidated RMB'000
For the year ended 31 December 2023			
Revenue from contracts with customers disaggregated by timing of revenue recognition			
– Recognition at point in time	56,003,458	–	56,003,458
– Recognition over time	–	132,504	132,504
	56,003,458	132,504	56,135,962
Revenue from other sources			
– Rental income from commercial properties	–	272,182	272,182
	56,003,458	404,686	56,408,144

Notes to the Consolidated Financial Statements

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 development RMB'000	Commercial property operations RMB'000	Consolidated RMB'000
For the year ended 31 December 2024			
Reportable segment revenue	45,410,942	484,310	45,895,252
Reportable segment profit	1,842,999	192,982	2,035,981
Corporate income			245,956
Finance costs			(59,453)
Other corporate expenses			(61,740)
Profit before income tax			2,160,744
As at 31 December 2024			
Reportable segment assets	118,447,057	7,004,278	125,451,335
Tax assets			2,764,281
Corporate assets*			967,278
Total consolidated assets			129,182,894
Reportable segment liabilities	47,035,617	93,799	47,129,416
Tax liabilities			4,650,109
Bank and other borrowings			30,919,589
Guaranteed notes and corporate bonds			8,782,049
Amount due to a related company			75,026
Other corporate liabilities			75,642
Total consolidated liabilities			91,631,831

Notes to the Consolidated Financial Statements

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property development RMB'000	Commercial property operations RMB'000	Consolidated RMB'000
For the year ended 31 December 2023			
Reportable segment revenue	56,003,458	404,686	56,408,144
Reportable segment profit	4,215,963	126,124	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	141,204,766	7,013,866	148,218,632
Tax assets			3,301,934
Corporate assets*			509,888
Total consolidated assets			152,030,454
Reportable segment liabilities	64,405,978	92,229	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

* Corporate assets as at 31 December 2024 mainly included property, plant and equipment of RMB71,087,000 (2023: RMB76,564,000), right-of-use assets of RMB89,516,000 (2023: RMB96,051,000) and cash and bank balances of RMB804,879,000 (2023: RMB335,150,000), respectively which are managed on a group basis.

Notes to the Consolidated Financial Statements

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property development RMB'000	Commercial property operations RMB'000	Corporate RMB'000	Consolidated RMB'000
Other information				
For the year ended 31 December 2024				
Interest income	(209,097)	(2,773)	(10,947)	(222,817)
Depreciation	29,611	79,189	13,604	122,404
Gain on disposal of property, plant and equipment	(1,908)	–	–	(1,908)
Write-off of property, plant and equipment	22	–	–	22
Write-down of inventories of properties	673,015	–	–	673,015
Share of profit of associates	(27,588)	–	–	(27,588)
Share of loss/(profit) of joint ventures	22,625	(5,132)	–	17,493
Additions to specified non-current assets [#]	3,896	260	1,250	5,406
As at 31 December 2024				
Interests in associates	518,273	–	–	518,273
Interests in joint ventures	285,830	126,628	–	412,458
	Property development RMB'000	Commercial property operations RMB'000	Corporate RMB'000	Consolidated RMB'000
Other information				
For the year ended 31 December 2023				
Interest income	(359,177)	(4,837)	(8,307)	(372,321)
Depreciation	27,244	72,977	16,587	116,808
Gain on disposal of property, plant and equipment	(208)	(13)	–	(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	85,984	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

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

Notes to the Consolidated Financial Statements

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:

	2024 RMB'000	2023 RMB'000
Hong Kong (place of domicile)	8,863	12,655
Other regions of the PRC	6,594,485	6,675,897
	6,603,348	6,688,552

Information about major customer

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2024 and 2023.

8. OTHER INCOME AND GAINS, NET

	2024 RMB'000	2023 RMB'000
Interest income on:		
– Bank deposits	222,817	371,283
– Amounts due from joint ventures	–	1,038
Total interest income on financial assets measured at amortized cost	222,817	372,321
Government grants (note (a))	–	14,483
Net foreign exchange gains/(losses) (note (b))	234,996	(66,514)
Others	41,804	23,072
	499,617	343,362

Notes:

- (a) The amount for the year ended 31 December 2023 mainly included subsidies received from local government to support the Group's business development amounting to RMB14,483,000. There were no unfulfilled conditions attaching to the subsidies recognized.
- (b) The amount mainly arose from the translation of borrowings denominated in RMB in offshore companies which use HK\$ as their functional currencies.

Notes to the Consolidated Financial Statements

9. PROFIT BEFORE INCOME TAX

	2024 RMB'000	2023 RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation		
Property, plant and equipment (note 16)	95,359	91,975
Right-of-use assets (note 37(a))		
Land use rights of properties with ownership interests held for own use	10,376	10,030
Other properties leased for own use	16,669	14,803
Total depreciation	122,404	116,808
Remuneration to auditor for audit services*		
– Current year	2,703	2,849
Cost of sales and services provided comprise		
– Amount of inventories recognized as cost of sales	40,979,014	48,222,140
– Write-down of inventories of properties (note (a))	673,015	1,452,605
– Impairment of property, plant and equipment (note 16)	–	81,460
Short-term leases expenses	4,253	4,046
Rental income from investment properties	260,040	227,808
Less: direct operating expenses from property that generated rental income	(121,544)	(92,455)
Net rental income	138,496	135,353
Staff costs (note (b))	966,527	961,613
Gain on disposal of property, plant and equipment^	(1,908)	(221)
Write-off of property, plant and equipment^	22	39,972
Loss on disposal of a joint venture^	21,213	–
Other taxes and levies	227,227	382,036

* excluded fees for non-audit services rendered by the auditor which amounted to RMB400,000 (2023: RMB143,000)

^ included in "Other income and gains, net" in the consolidated income statement

Notes to the Consolidated Financial Statements

9. PROFIT BEFORE INCOME TAX (CONTINUED)

Notes:

- (a) Management assessed the net realizable value of the Group's inventories of properties base 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 RMB673,015,000 (2023: RMB1,452,605,000) was recorded in profit or loss under "Cost of sales and services provided".
- (b) Staff costs (including directors' emoluments) comprise:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and other benefits	882,543	888,571
Contributions to defined contribution retirement plans (note 41)	83,984	73,042
	966,527	961,613

10. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings	1,406,826	1,975,222
Interest on corporate bonds	181,300	110,886
Imputed interest expense on guaranteed notes (note 32(a))	92,686	90,472
Interest on amounts due to non-controlling shareholders	7,193	30,666
Interest on amount due to a related company	3,564	3,564
Interest on lease liabilities (note 37(a))	870	1,161
Total interest expenses on financial liabilities measured at amortized cost	1,692,439	2,211,971
Less: Amount capitalized	(1,632,986)	(2,146,734)
	59,453	65,237

Borrowing costs capitalized during the year arose from the general borrowing pool are calculated by applying an average capitalization rate of 4.33% (2023: 5.01%) per annum to expenditure on qualifying assets.

Notes to the Consolidated Financial Statements

11. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax for the year		
Hong Kong profits tax	–	–
Other regions of the PRC		
– Enterprise income tax ("EIT")	740,485	1,676,152
– LAT	(224,891)	532,143
	515,594	2,208,295
Over-provision in prior years		
Other regions of the PRC	(358)	(130,987)
Deferred tax	429,667	20,445
	944,903	2,097,753

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. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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

EIT arising from other regions of the PRC is calculated at 25% (2023: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (2023: 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.

Notes to the Consolidated Financial Statements

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:

	2024 RMB'000	2023 RMB'000
Profit before income tax	2,160,744	4,122,713
Tax on profit at the rates applicable to profits in the respective jurisdictions concerned	612,347	1,085,860
Expenses not deductible for tax purpose	260,829	307,751
Income not taxable for tax purpose	–	(1,831)
Share of results of associates	(6,897)	(363)
Share of results of joint ventures	4,373	5,033
LAT deductible for calculation of income tax	56,223	(133,036)
Utilization of tax losses previously not recognized	(29,444)	(279)
Tax effect of tax losses not recognized	119,256	63,856
Other temporary differences not recognized	168,254	395,579
Over-provision in prior years	(358)	(130,987)
Others	739	(2,208)
	1,185,322	1,589,375
LAT	(240,419)	508,378
Income tax expense	944,903	2,097,753

12. DIVIDENDS

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

	2024 RMB'000	2023 RMB'000
Interim dividend – HK\$0.03 (2023: HK\$0.05) per ordinary share	97,730	163,454
Proposed final dividend – HK\$0.07 (2023: HK\$0.11) per ordinary share	233,884	355,517
	331,614	518,971

The final dividend in respect of 2024 of HK\$0.07 (2023: HK\$0.11) per ordinary share, amounting to HK\$249,156,000, equivalent to approximately RMB233,884,000 (2023: HK\$391,531,000, equivalent to approximately RMB355,517,000), has been proposed by the directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

The amount of the proposed final dividend, which was calculated based on the number of ordinary shares in issue at the date of approval of the consolidated financial statements, has not been recognized as dividend payable in the consolidated statement of financial position as at 31 December 2024.

Notes to the Consolidated Financial Statements

12. DIVIDENDS (CONTINUED)

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

	2024 RMB'000	2023 RMB'000
Final dividend in respect of previous financial year, approved and paid during the year of HK\$0.11 (2023: HK\$0.15) per ordinary share	360,660	491,264

13. EARNINGS PER SHARE

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

	2024 RMB'000	2023 RMB'000
Earnings		
Profit for the year attributable to owners of the Company	954,050	2,301,686

	2024 '000	2023 '000
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year	3,559,375	3,559,375

	2024 RMB cents	2023 RMB cents
Basic earnings per share attributable to the owners of the Company	26.8	64.7

Diluted earnings per share for the years ended 31 December 2024 and 2023 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.

Notes to the Consolidated Financial Statements

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 2024					
<i>Executive directors</i>					
Mr. Zhuang Yong	–	RMB2,100	RMB615	RMB102	RMB2,817
Mr. Yang Lin	–	RMB1,783	RMB900	RMB102	RMB2,785
Mr. Zhou Hancheng	–	RMB1,323	RMB1,000	RMB102	RMB2,425
<i>Non-executive directors</i>					
Mr. Guo Guanghui (note (a))	–	–	–	–	–
Ms. Liu Ping (note (a))	–	–	–	–	–
	–	RMB5,206	RMB2,515	RMB306	RMB8,027
	'000	'000	'000	'000	'000
<i>Non-executive director</i>					
Mr. Yung Kwok Kee, Billy*	HK\$400 (approximately RMB366)	–	–	–	HK\$400 (approximately RMB366)
<i>Independent non-executive directors</i>					
Dr. Chung Shui Ming, Timpson*	HK\$400 (approximately RMB366)	–	–	–	HK\$400 (approximately RMB366)
Mr. Lam Kin Fung, Jeffrey*	HK\$400 (approximately RMB366)	–	–	–	HK\$400 (approximately RMB366)
Mr. Fan Chun Wah, Andrew*	HK\$400 (approximately RMB366)	–	–	–	HK\$400 (approximately RMB366)
	HK\$1,600 (approximately RMB1,464)	–	–	–	HK\$1,600 (approximately RMB1,464)

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 2023					
<i>Executive directors</i>					
Mr. Zhuang Yong	–	RMB2,094	RMB2,700	RMB97	RMB4,891
Mr. Yang Lin	–	RMB1,777	RMB2,500	RMB97	RMB4,374
Mr. Zhou Hancheng (note (b))	–	RMB913	–	RMB94	RMB1,007
<i>Non-executive director</i>					
Mr. Guo Guanghui	–	–	–	–	–
	–	RMB4,784	RMB5,200	RMB288	RMB10,272
	'000	'000	'000	'000	'000
<i>Executive director</i>					
Mr. Wang Man Kwan, Paul* (note (b))	–	HK\$1,204 (approximately RMB1,077)	HK\$400 (approximately RMB358)	HK\$51 (approximately RMB46)	HK\$1,655 (approximately RMB1,481)
<i>Non-executive director</i>					
Mr. Yung Kwok Kee, Billy*	HK\$400 (approximately RMB358)	–	–	–	HK\$400 (approximately RMB358)
<i>Independent non-executive directors</i>					
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 (c))	HK\$307 (approximately RMB274)	–	–	–	HK\$307 (approximately RMB274)
Mr. Lo Yiu Ching, Dantes* (note (c))	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)

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

Notes to the Consolidated Financial Statements

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

Directors' emoluments (Continued)

Notes:

- (a) With effect from 22 April 2024, Mr. Guo Guanghui resigned as non-executive director and Ms. Liu Ping was appointed as non-executive director.
- (b) With effect from 21 April 2023, Mr. Wang Man Kwan, Paul retired as executive director and Mr. Zhou Hancheng was appointed as executive director.
- (c) 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 three (2023: two) directors, whose emoluments are included in the disclosures above. The emoluments of the remaining two (2023: three) highest paid individuals for the years ended 31 December 2024 and 2023 were as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and other benefits	2,491	3,443
Discretionary bonus	2,200	4,400
Retirement fund contributions	205	292
	4,896	8,135

Their emoluments were within the following bands:

	Number of individuals	
	2024	2023
HK\$2,500,001 – HK\$3,000,000	2	2
HK\$3,000,001 – HK\$3,500,000	–	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 (2023: nil).

Notes to the Consolidated Financial Statements

15. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
Fair value		
At 1 January	4,621,513	4,279,204
Additions	–	58,000
Transfer from inventories of properties (note (a))	19,676	633,248
Transfer to inventories of properties (note (a))	(104,441)	–
Transfer to property, plant and equipment (note (b) and 16)	–	(227,755)
Transfer to right-of-use assets (notes (b) and 37(a))	–	(121,184)
At 31 December	4,536,748	4,621,513

Notes:

- (a) During the years ended 31 December 2024 and 2023, the transfers mainly represented the reclassifications of certain residential, office and commercial units of certain property projects between inventories of properties and 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 2024 and 2023 is a Level 3 recurring fair value measurement, which uses significant unobservable inputs (i.e. inputs not derived from market data).

For the years ended 31 December 2024 and 2023, no material 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 2024 and 2023 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.

Notes to the Consolidated Financial Statements

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	Fair value at 31 December 2024 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
China Overseas International Center (comprising office units, shops and car parks)	2,325,000	Direct comparison approach	Selling price of direct market comparables	Office units and shops: RMB27,900 per square metre ("sq.m.") to RMB61,299 per sq.m. Car parks: RMB192,405 per unit	The higher the selling price, the higher the fair value
Other commercial units	2,109,839	Direct comparison approach	Selling price of direct market comparables	RMB4,704 per sq.m. to RMB22,400 per sq.m.	The higher the selling price, the higher the fair value
		Income approach	Term yield	4.5%-6.5%	The higher the term yield, the lower the fair value
			Reversionary yield	5%-7%	The higher the reversionary yield, the lower the fair value
			Monthly rent of direct market comparables	RMB46.5 per sq.m. to RMB129 per sq.m.	The higher the monthly rent, the higher the fair value
Residential units	101,909	Direct comparison approach	Selling price of direct market comparables	RMB6,255 per sq.m. to RMB6,516 per sq.m.	The higher the selling price, the higher the fair value
		Income approach	Term yield	2.75%	The higher the term yield, the lower the fair value
			Reversionary yield	2.85%	The higher the reversionary yield, the lower the fair value
			Monthly rent of direct market comparables	RMB16.7 per sq.m. to RMB20.3 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)

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

Properties	Fair value at 31 December 2023 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
China Overseas International Center (comprising office units, shops and car parks)	2,325,000	Direct comparison approach	Selling price of direct market comparables	Office units and shops: RMB29,550 per sq.m. to RMB60,630 per sq.m. Car parks: RMB192,595 per unit	The higher the selling price, the higher the fair value
Other commercial units	2,194,604	Direct comparison approach	Selling price of direct market comparables	RMB5,042 per sq.m. to RMB22,400 per sq.m.	The higher the selling price, the higher the fair value
		Income approach	Term yield	4.5%-6.5%	The higher the term yield, the lower the fair value
			Reversionary yield	5%-7%	The higher the reversionary yield, the lower the fair value
			Monthly rent of direct market comparables	RMB39.8 per sq.m. to RMB90.1 per sq.m.	The higher the monthly rent, the higher the fair value
		Residual approach	Average unit price	RMB20,537 per sq.m.	The higher the average unit price, the higher the fair value
			Estimated costs to completion	RMB2,178 per sq.m.	The higher the estimated costs to completion, the lower the fair value
Residential units	101,909	Direct comparison approach	Estimated developer's profit	15%	The higher the estimated developer's profit, the lower the fair value
			Selling price of direct market comparables	RMB6,402 per sq.m. to RMB6,405 per sq.m.	The higher the selling price, the higher the fair value
		Income approach	Term yield	2.75%	The higher the term yield, the lower the fair value
			Reversionary yield	2.85%	The higher the reversionary yield, the lower the fair value
			Monthly rent of direct market comparables	RMB16.6 per sq.m. to RMB17.4 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 2024 and 2023, 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 investment properties 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).
- (e) As at 31 December 2024, investment properties with aggregate carrying value of RMB3,809,482,000 (2023: nil) 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 42).

Notes to the Consolidated Financial Statements

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Ancillary facilities RMB'000	Total RMB'000
COST						
At 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 and 1 January 2024	1,078,489	3,952	109,642	25,859	–	1,217,942
Translation adjustment	–	133	7	85	–	225
Additions	–	–	1,792	3,615	–	5,407
Cost adjustment	(42,105)	–	–	–	–	(42,105)
Transferred to inventories of properties	(13,903)	–	–	–	–	(13,903)
Transferred from inventories of properties	32,619	–	–	–	103,888	136,507
Disposals	(2,228)	–	(663)	(7,640)	–	(10,531)
Write-off	–	–	(1,255)	(3,004)	–	(4,259)
At 31 December 2024	1,052,872	4,085	109,523	18,915	103,888	1,289,283
DEPRECIATION AND IMPAIRMENT						
At 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)	81,460	–	–	–	–	81,460
At 31 December 2023 and 1 January 2024	323,358	3,564	51,645	22,142	–	400,709
Translation adjustment	–	132	5	67	–	204
Depreciation provided	69,744	389	16,126	3,040	6,060	95,359
Transferred to inventories of properties	(2,700)	–	–	–	–	(2,700)
Disposals	(602)	–	(663)	(7,351)	–	(8,616)
Write-off	–	–	(1,233)	(3,004)	–	(4,237)
At 31 December 2024	389,800	4,085	65,880	14,894	6,060	480,719
NET CARRYING AMOUNT						
At 31 December 2024	663,072	–	43,643	4,021	97,828	808,564
At 31 December 2023	755,131	388	57,997	3,717	–	817,233

Note:

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. Accordingly, impairment provision was recognized as to RMB81,460,000 for the relevant property, plant and equipment for the year ended 31 December 2023.

Notes to the Consolidated Financial Statements

17. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	518,273	328,085

Details of the Group's associates as at 31 December 2024 are set out in note 50.

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

	2024 RMB'000	2023 RMB'000
For the year ended 31 December		
Share of the associates' net profit for the year	27,588	1,450
Share of the associates' other comprehensive income for the year	–	–
Share of the associates' total comprehensive income for the year	27,588	1,450
Dividend received from an associate	42,000	–
As at 31 December		
Aggregate carrying amount of the Group's interests in associates	518,273	328,085

18. INTERESTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	412,458	568,035

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 2024 are set out in note 51.

Notes to the Consolidated Financial Statements

18. INTERESTS IN JOINT VENTURES (CONTINUED)

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

	2024 RMB'000	2023 RMB'000
For the year ended 31 December		
Share of the joint ventures' net losses for the year	(17,493)	(20,131)
Share of the joint ventures' other comprehensive income for the year	–	–
Share of the joint ventures' total comprehensive income for the year	(17,493)	(20,131)
Dividend received from joint ventures	2,275	59,153
As at 31 December		
Aggregate carrying amount of the Group's interests in joint ventures	412,458	568,035

19. INVENTORIES OF PROPERTIES

	2024 RMB'000	2023 RMB'000
Properties under development	57,895,604	86,806,137
Properties held for sale	26,474,384	20,313,347
	84,369,988	107,119,484

All properties are located in the PRC. The normal operating cycle of the Group's property development generally ranges from 12 months to 24 months.

The Group's inventories of properties are carried at the lower of cost and net realizable value. As at 31 December 2024, provision of write-down of inventories of properties to net realizable value amounted to RMB3,470,568,000 (2023: RMB4,063,512,000).

Properties under development amounting to RMB23,598,906,000 as at 31 December 2024 (2023: RMB68,934,620,000) under normal operating cycle 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 RMB53,169,842,000 as at 31 December 2024 (2023: RMB71,684,431,000). The relevant land use rights are on leases of 40 to 70 years.

As at 31 December 2024, inventories of properties with aggregate carrying value of RMB7,196,481,000 (2023: RMB14,326,946,000) 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 42).

Notes to the Consolidated Financial Statements

20. OTHER INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials and consumables	2,772	2,820

21. CONTRACT COSTS

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

	2024 RMB'000	2023 RMB'000
Contract costs of obtaining contracts	55,261	75,217

Contract costs capitalized as at 31 December 2024 and 2023 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 2024 was RMB68,827,000 (2023: RMB205,211,000). There was no impairment provision in relation to the capitalized contract costs as at 31 December 2024 (2023: nil).

22. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	210,825	159,010
Less: Loss allowance for trade receivables	–	–
Trade receivables, net (note (a))	210,825	159,010
Other receivables (note (b))	537,585	618,502
	748,410	777,512

Notes to the Consolidated Financial Statements

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

The credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary for different agreements. Rentals receivable from tenants and service income receivable from customers are generally due on presentation of invoices.

The ageing analysis of the Group's trade receivables based on invoice date or when appropriate, date of transfer of property, is as follows:

	2024 RMB'000	2023 RMB'000
30 days or below	90,632	49,328
31–60 days	594	282
61–90 days	1,469	113
91–180 days	365	89,779
181–360 days	10,383	14,889
Over 360 days	107,382	4,619
	210,825	159,010

(b) The balance of other receivables as at 31 December 2024 and 2023 mainly included deposits for the purchases of construction materials and engagement of construction services.

(c) The Group recognizes loss allowance for trade and other receivables based on the accounting policies stated in note 4.10(ii). The provision of trade and other receivables was insignificant for the years ended 31 December 2024 and 2023. Further details of the Group's credit policy and credit risk arising from trade receivables are set out in note 48.3.

23. PREPAYMENTS AND DEPOSITS

The balance of prepayments and deposits as at 31 December 2024 mainly comprise prepayments for value added tax and other taxes amounting to RMB2,290,802,000 (2023: RMB2,596,305,000) and deposits and consideration amounting to RMB389,390,000 (2023: RMB871,000,000) in aggregate paid by the Group for the acquisition of lands in the PRC.

24. AMOUNTS DUE FROM/TO ASSOCIATES

The amounts due from/to associates as at 31 December 2024 and 2023 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 2024 are unsecured, repayable on demand and interest-free. The amounts due from joint ventures as at 31 December 2023 were unsecured, repayable on demand and interest-bearing at fixed rate of 8% per annum, except for a sum amounting to RMB13,678,000 which was interest-free.

The amounts due to joint ventures as at 31 December 2024 and 2023 are unsecured, repayable on demand and interest-free.

Notes to the Consolidated Financial Statements

26. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

The amounts due from non-controlling shareholders as at 31 December 2024 and 2023 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 2024 are unsecured, repayable on demand and interest-free except for a sum amounting to RMB120,400,000 which is interest bearing at 2.8% per annum. The amounts due to non-controlling shareholders as at 31 December 2023 were unsecured, repayable on demand and interest-free.

As at 31 December 2024, balances of RMB518,500,000 (2023: RMB514,000,000) were due to related companies of the Group. As at 31 December 2023, RMB51,390,000 were due from related companies of the Group.

27. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies as at 31 December 2024 and 2023 are unsecured, interest-free and repayable on demand except for a sum amounting to RMB75,026,000 (2023: RMB75,026,000) which is interest-bearing at 4.75% (2023: 4.75%) per annum and repayable on 18 October 2026 (2023: 18 October 2026).

28. CASH AND BANK BALANCES

At 31 December 2024, cash and bank balances included cash and cash equivalents of RMB21,735,740,000 (2023: RMB20,063,626,000) and other bank balances of RMB5,555,114,000 (2023: RMB5,956,977,000), which mainly represented pre-sales proceeds from sales of properties in the PRC and was subject to usage restrictions. In accordance with applicable prevailing government regulation, such bank balances can only be used for payments of construction cost of related property projects and will be released according to the completion stage of the related properties.

Cash balances denominated in RMB amounted to approximately RMB27,189,156,000 (2023: RMB25,747,067,000) as at 31 December 2024. The RMB is not freely convertible into other currencies.

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short-term time deposits are made for periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

As at 31 December 2024, the Group had short-term time deposits amounting to RMB519,697,000 (2023: RMB190,684,000), which had original maturity of seven days to two months (2023: seven days) and earned interest income at interest rates ranging from 1.20% to 4.36% (2023: 4.325% to 5.10%) per annum. The entire amount of short-term time deposits as of 31 December 2024 and 2023 were included in "Cash and cash equivalents".

Notes to the Consolidated Financial Statements

29. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables (note (a))	12,090,963	15,887,120
Other payables and accruals (note (b))	1,188,997	1,256,432
Deposits received	370,295	424,435
	13,650,255	17,567,987

Notes:

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

	2024 RMB'000	2023 RMB'000
30 days or below	4,368,642	5,916,179
31–60 days	601,722	644,730
61–90 days	284,335	335,179
91–180 days	1,054,726	1,769,715
181–360 days	2,272,931	2,554,464
Over 360 days	3,508,607	4,666,853
	12,090,963	15,887,120

- (b) The balance of other payables and accruals as at 31 December 2024 mainly included other taxes payable of RMB362,316,000 (2023: RMB464,387,000) and royalty fee payable of RMB187,741,000 (2023: RMB181,604,000) (note 45(a)).

30. PRE-SALES PROCEEDS

	2024 RMB'000	2023 RMB'000
Contract liabilities related to sales of properties	25,301,294	37,154,552
Value-added tax related to sales of properties as included in pre-sales proceeds	2,502,326	3,674,626
Total pre-sales proceeds	27,803,620	40,829,178

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. The decrease in contract liabilities during the year was in line with the decrease in the payments received from customers for the year.

An amount of revenue RMB29,941,107,000 was recognized for the year ended 31 December 2024 (2023: RMB40,049,606,000) out of the contract liabilities at the beginning of the year 2024 of RMB37,154,552,000 (2023: RMB55,653,543,000).

The amount of sales deposits and instalments received as at 31 December 2024 which is expected to be recognized as revenue after more than one year is RMB1,874,688,000 (2023: RMB6,944,389,000).

Notes to the Consolidated Financial Statements

31. BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank borrowings	30,119,589	31,308,813
Other borrowings (note (a))	800,000	3,600,000
	30,919,589	34,908,813

	2024 RMB'000	2023 RMB'000
Analysis into:		
Current liabilities	9,729,105	13,555,442
Non-current liabilities	21,190,484	21,353,371
	30,919,589	34,908,813

(a) Other borrowings

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

(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 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 中海宏洋地產集團有限公司 China Overseas Grand Oceans Properties Group Company Limited* ("COGO Properties"), an indirect wholly-owned subsidiary of the Company.

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 and bore interest at fixed coupon rate of 4.88% per annum.

During the year ended 31 December 2024, the outstanding debt under the Shantou Zhiye Real Estate Debt Investment Scheme was fully settled.

Notes to the Consolidated Financial Statements

31. BANK AND OTHER BORROWINGS (CONTINUED)

(a) Other borrowings (Continued)

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

In July 2021, 中海宏洋(深圳)投資有限公司 China Overseas Grand Oceans (Shenzhen) Investment Company Limited* (“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 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 COGO Properties.

As at 31 December 2024, the amortized cost of the outstanding debt under the CGOSIL Real Estate Debt Investment Scheme was RMB100,000,000 (2023: RMB1,600,000,000) and bore interest at fixed coupon rate of 4.88% (2023: 4.88%) per annum.

(iii) Hefei Hairui Real Estate Debt Investment Scheme

In April 2022, 合肥中海海瑞房地產開發有限公司 Hefei China Overseas Hairui Real Estate Development Co., Ltd.* (“Hefei Hairui”), an indirect wholly-owned subsidiary of the Company, as borrower, established a real estate debt investment scheme (the “Hefei Hairui Real Estate Debt Investment Scheme”).

The 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 or the sixth anniversary of the drawdown date. Hefei Hairui’s obligations to pay the principal and interest under the Hefei Hairui Real Estate Debt Investment Scheme were guaranteed by the Company and COGO Properties.

As at 31 December 2024, the amortized cost of the outstanding debt under the Hefei Hairui Real Estate Debt Investment Scheme was RMB200,000,000 (2023: RMB1,000,000,000) and bore interest at fixed coupon rate of 4.35% (2023: 4.65%) per annum.

(iv) Bohai Trust Scheme

On 11 December 2024, COGO Properties established a trust scheme in which 渤海國際信託股份有限公司 Bohai International Trust Co., Ltd.* is the trustee (the “Bohai Trust Scheme”).

According to the scheme, COGO Properties entered into the underlying assets transfer and repurchase agreement, pursuant to which COGO Properties agreed to dispose of the receivables owed to certain property project companies by property purchasers in the PRC (the “Underlying Assets”) to the Bohai Trust Scheme at a consideration of RMB500,000,000. On the 180th day after the transfer date, COGO Properties shall repurchase all the remaining Underlying Assets held under the Bohai Trust Scheme, plus a repurchase premium at an interest rate of 3.7% per annum.

As at 31 December 2024, the amortized cost of the outstanding debt under the Bohai Trust Scheme was RMB500,000,000.

* English translation is for identification only

Notes to the Consolidated Financial Statements

31. BANK AND OTHER BORROWINGS (CONTINUED)

(b) Bank and other borrowings were scheduled for repayment as follows:

	2024 RMB'000	2023 RMB'000
Bank borrowings		
On demand or within one year	8,929,105	10,255,442
More than one year, but not exceeding two years	9,490,157	11,179,212
More than two years, but not exceeding five years	9,667,259	9,560,827
Over five years	2,033,068	313,332
	30,119,589	31,308,813

	2024 RMB'000	2023 RMB'000
Other borrowings		
On demand or within one year	800,000	–
More than two years, but not exceeding five years	–	1,000,000
Over five years	–	2,600,000
	800,000	3,600,000

(c) As at 31 December 2024, bank and other borrowings amounting to RMB4,115,560,000 (2023: RMB3,583,120,000) were secured by certain properties of the Group (note 42).

	2024 RMB'000	2023 RMB'000
Analysis into:		
Secured	4,115,560	3,583,120
Unsecured	26,804,029	31,325,693
	30,919,589	34,908,813

Notes to the Consolidated Financial Statements

31. BANK AND OTHER BORROWINGS (CONTINUED)

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

	2024 RMB'000	2023 RMB'000
HK\$	3,773,585	10,528,466
RMB	27,146,004	24,380,347
	30,919,589	34,908,813

(e) As at 31 December 2024, the Group's bank and other borrowings have been arranged as follows:

- borrowings denominated in HK\$ amounting to RMB3,773,585,000 (2023: RMB10,528,466,000) are interest-bearing at floating rates ranging from 6.12% to 6.27% (2023: 6.72% to 7.62%) per annum; and
- borrowings denominated in RMB amounting to RMB14,283,774,000 (2023: RMB14,867,847,000) are interest-bearing at floating rates ranging from 2.45% to 4.30% (2023: 2.60% to 4.40%) per annum while the remaining balance of RMB12,862,230,000 (2023: RMB9,512,500,000) are interest-bearing at fixed rates ranging from 2.77% to 4.88% (2023: 3.45% to 4.88%) 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.

Notes to the Consolidated Financial Statements

32. GUARANTEED NOTES AND CORPORATE BONDS

	2024 RMB'000	2023 RMB'000
Guaranteed notes (note (a))	3,782,049	3,655,350
Corporate bonds (note (b))	5,000,000	5,000,000
	8,782,049	8,655,350

	2024 RMB'000	2023 RMB'000
Analysis into:		
Current liabilities	2,800,000	—
Non-current liabilities	5,982,049	8,655,350
	8,782,049	8,655,350

The guaranteed notes and corporate bonds were scheduled for repayment as follows:

	2024 RMB'000	2023 RMB'000
On demand or within one year	2,800,000	—
More than one year, but not exceeding two years	4,782,049	1,000,000
More than two years, but not exceeding five years	1,200,000	7,655,350
	8,782,049	8,655,350

(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.

Notes to the Consolidated Financial Statements

32. GUARANTEED NOTES AND CORPORATE BONDS (CONTINUED)

(a) Guaranteed notes (Continued)

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 2024, imputed interest of RMB92,686,000 (2023: RMB90,472,000) 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 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 and 1 January 2024	3,655,350
Imputed interest expense (note 10)	92,686
Finance costs paid	(89,592)
Translation adjustment	123,605
Carrying amount as at 31 December 2024	3,782,049

As at 31 December 2024, the fair value of the 2021 Guaranteed Notes was RMB3,581,468,000 (2023: RMB3,034,081,000), 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 2024 and 2023, 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 2024 ^(v) RMB'000	Carrying amount at 31 December 2024 RMB'000	2023 RMB'000
21 October 2022	1,000,000 ⁽ⁱ⁾	100%	3.40% ^(iv)	24 October 2025	1,009,100	1,000,000	1,000,000
24 February 2023	1,000,000 ⁽ⁱ⁾	100%	3.90% ^(iv)	27 February 2026	1,018,000	1,000,000	1,000,000
31 March 2023	1,200,000 ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	100%	3.80% ^(iv)	3 April 2028	1,219,080	1,200,000	1,200,000
6 June 2023	500,000 ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	100%	3.05% ^(iv)	7 June 2027	501,800	500,000	500,000
20 November 2023	1,300,000 ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	100%	3.65% ^(iv)	21 November 2027	1,314,560	1,300,000	1,300,000
Total					5,062,540	5,000,000	5,000,000

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 repricing 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 repricing 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 as at 31 December 2024 with an aggregate amount of RMB5,062,540,000 (2023: RMB4,995,140,000) 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.

During the year ended 31 December 2024, there was no redemption or issuance of corporate bonds by the Group. During the year ended 31 December 2023, there was no redemption and an amount of RMB4,000,000,000 of corporate bonds were issued by the Group.

Notes to the Consolidated Financial Statements

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:

Deferred tax liabilities/(assets)

	Fair value adjustment on properties RMB'000	Properties accrual RMB'000	Revaluation of investment properties RMB'000	Provision for LAT RMB'000	Withholding tax RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	914,194	(847,116)	629,289	(854,255)	1,297,663	(380,632)	759,143
(Credited)/Charged to profit or loss	(29,372)	12,251	(362)	165,974	(102,775)	(25,271)	20,445
At 31 December 2023 and 1 January 2024	884,822	(834,865)	628,927	(688,281)	1,194,888	(405,903)	779,588
Charged/(Credited) to profit or loss	61,311	(15,372)	(5,530)	231,779	(21,340)	194,347	445,195
At 31 December 2024	946,133	(850,237)	623,397	(456,502)	1,173,548	(211,556)	1,224,783

Represented by:

	2024 RMB'000	2023 RMB'000
Deferred tax liabilities	2,743,078	2,708,637
Set off	(141,451)	(221,487)
Deferred tax liabilities – after net off	2,601,627	2,487,150
Deferred tax assets	(1,518,295)	(1,929,049)
Set off	141,451	221,487
Deferred tax assets – after net off	(1,376,844)	(1,707,562)
	1,224,783	779,588

The two-tiered profits tax rates regime have no material impact on the deferred tax balances of the Group as at 31 December 2024 and 2023 as the qualifying entity nominated by the Group did not have material temporary differences as at 31 December 2024 and 2023. 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 2024, the Group has unused tax losses of RMB1,843,467,000 (2023: RMB2,261,607,000) available for offset against future profits. Deferred tax assets of RMB211,556,000 (2023: RMB405,903,000) have been recognized in respect of tax losses of approximately RMB846,224,000 (2023: RMB1,623,609,000). No deferred tax assets have been recognized in respect of the remaining tax losses of RMB997,243,000 (2023: RMB637,998,000) 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 2024, deferred tax liabilities of approximately RMB1,173,548,000 (2023: RMB1,194,888,000) have been recognized in respect of the undistributed earnings of certain PRC subsidiaries amounting to approximately RMB23,470,959,000 (2023: RMB23,897,767,000). Deferred tax liabilities of approximately RMB605,566,000 as at 31 December 2024 (2023: RMB513,753,000) 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 2024, 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 RMB12,111,328,000 as at 31 December 2024 (2023: RMB10,275,052,000).

34. SHARE CAPITAL

	Number of ordinary shares	Carrying amount RMB'000
Issued and fully paid – ordinary shares with no par:		
At 1 January 2023, 31 December 2023,		
1 January 2024 and 31 December 2024	3,559,374,732	6,047,372

Notes to the Consolidated Financial Statements

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 4.5.

Asset revaluation reserve

Asset revaluation reserve arises from revaluation of assets such as properties (excluding investment properties).

Statutory reserves

In accordance with the relevant PRC rules and regulations, certain subsidiaries of the Company are required to appropriate certain percentage of their profits after tax to the respective statutory reserves. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserves may be used to make good previous years' losses, if any, or to increase the paid-up capital of the respective subsidiaries, and may be used for capital expenditure on staff welfare facilities, as appropriate.

Retained profits

Retained profits of the Group comprise:

	2024 RMB'000	2023 RMB'000
Proposed final dividend for the year (note 12(a))	233,884	355,517
Retained profits after proposed dividend	23,560,555	23,549,332
Total retained profits as at 31 December	23,794,439	23,904,849

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 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 and 1 January 2024	703,135	1,541,591	2,244,726
Profit for the year	–	532,775	532,775
Other comprehensive income for the year			
Exchange differences arising from translation into presentation currency	284,242	–	284,242
2024 interim dividend paid (note 12(a))	–	(97,730)	(97,730)
2023 final dividend paid (note 12(b))	–	(360,660)	(360,660)
At 31 December 2024	987,377	1,615,976	2,603,353

Retained profits of the Company comprise:

	2024 RMB'000	2023 RMB'000
Final dividend proposed for the year (note 12(a))	233,884	355,517
Retained profits after proposed dividend	1,382,092	1,186,074
Total retained profits as at 31 December	1,615,976	1,541,591

Notes to the Consolidated Financial Statements

36. NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2024 were RMB6,155,196,000 (2023: RMB6,825,984,000), which are attributed to those non-wholly-owned subsidiaries of the Company.

The following table lists out the information relating to a non-wholly-owned subsidiary, namely 合肥啟盛房地產開發有限公司 Hefei Qisheng Properties Development Co., Ltd.* ("Hefei Qisheng"), which is considered to have material non-controlling interests as at 31 December 2024. Hefei Qisheng is 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.

	2024 RMB'000	2023 RMB'000
Percentage held by non-controlling shareholders		
– Equity interests	66%	66%
– Voting right	49%	49%
Profit/(loss) for the year attributable to non-controlling interests	334,516	(61,517)
Dividend attributable to non-controlling interests	–	–
Dividend paid to non-controlling shareholders	–	–
Carrying amount of non-controlling interests at the end of the reporting period	1,591,481	1,256,965
Summarized financial information of Hefei Qisheng		
As at 31 December		
Current assets	6,273,581	9,362,784
Non-current assets	116,088	206,289
Current liabilities	3,966,621	6,442,060
Non-current liabilities	11,670	1,222,478
For the year ended 31 December		
Revenue	3,298,797	–
Profit/(loss) for the year	506,843	(93,208)
Total comprehensive income for the year	506,843	(93,208)
Cash flows (used in)/from operating activities	(128,071)	2,894,360
Cash flows used in investing activities	–	(2,600,823)
Cash flows (used in)/from financing activities	(1,405,443)	163,028

* English translation is for identification only

Notes to the Consolidated Financial Statements

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 eleven months to five years (2023: 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 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 and 1 January 2024	318,366	35,320	353,686
Translation adjustment	–	320	320
Additions	–	5,473	5,473
Disposal	(5,129)	–	(5,129)
Depreciation provided	(10,376)	(16,669)	(27,045)
At 31 December 2024	302,861	24,444	327,305

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 31 December 2023	50,797
Translation adjustment	211
Interest expense (note 10)	1,161
Lease payments	(16,018)
At 31 December 2023 and 1 January 2024	36,151
Additions	5,473
Translation adjustment	335
Interest expense (note 10)	870
Lease payments	(18,038)
At 31 December 2024	24,791

Future lease payments are due as follows:

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2024			
Not later than one year	9,680	(547)	9,133
Later one year and not later than two years	8,349	(336)	8,013
Later than two years and not later than five years	7,908	(263)	7,645
	25,937	(1,146)	24,791
As at 31 December 2023			
Not later than one year	12,476	(812)	11,664
Later 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

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:

	2024 RMB'000	2023 RMB'000
Current liabilities	9,133	11,664
Non-current liabilities	15,658	24,487
	24,791	36,151

The total cash outflows included in the consolidated statement of cash flows within operating activities and financing activities for leases are RMB22,191,000 (2023: RMB20,064,000) and RMB18,038,000 (2023: RMB16,018,000), respectively.

(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 three months to twenty years (2023: six 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 2024 and 2023 are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	286,384	293,980
After one year but within two years	226,017	234,845
After two years but within three years	160,604	171,915
After three years but within four years	79,280	115,689
After four years but within five years	53,816	49,195
Over five years	99,717	95,044
	905,818	960,668

Notes to the Consolidated Financial Statements

38. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		34	455
Right-of-use assets		8,829	12,200
Interests in subsidiaries	49	1,824,911	1,765,257
		1,833,774	1,777,912
Current assets			
Other receivables, prepayments and deposits		1,792	2,117
Amounts due from subsidiaries		23,880,127	24,345,646
Cash and bank balances		804,362	334,717
		24,686,281	24,682,480
Current liabilities			
Other payables and accruals		65,811	88,806
Amounts due to subsidiaries		3,718,077	3,853,195
Lease liabilities – due within one year		3,933	3,724
Bank borrowings – due within one year		4,051,529	2,195,769
		7,839,350	6,141,494
Net current assets		16,846,931	18,540,986
Non-current liabilities			
Bank borrowings – due after one year		10,024,606	12,017,797
Lease liabilities – due after one year		5,374	9,003
		10,029,980	12,026,800
Net assets		8,650,725	8,292,098
CAPITAL AND RESERVES			
Share capital	34	6,047,372	6,047,372
Reserves	35	2,603,353	2,244,726
Total equity		8,650,725	8,292,098

On behalf of the directors

Zhuang Yong
Director

Zhou Hancheng
Director

Notes to the Consolidated Financial Statements

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

The Group entered into sale and purchase agreements in relation to acquisitions of additional equity interests in the subsidiaries as follows:

(a) For the year ended 31 December 2024

(i) Changzhou Haicheng Acquisition

南寧中海宏洋房地產有限公司 Nanning China Overseas Grand Oceans Real Estate Co., Ltd.* (“COGO Nanning”) (an indirect wholly-owned subsidiary of the Company), Citirich International Limited (“Citirich”) (an indirect wholly-owned subsidiary of the Company), COGO Properties, 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 an acquisition agreement, pursuant to which, among other things, COGO Nanning agreed to acquire, and Anhao Investment agreed to sell 49% of the equity interest in Changzhou Haicheng at a total consideration of approximately RMB258,980,000 (the “Changzhou Haicheng Acquisition”).

Changzhou Haicheng is a company established in the PRC with limited liability and is principally engaged in property development in Changzhou. Prior to the Changzhou Haicheng Acquisition, Changzhou Haicheng was owned as to 51% by the Group, and 49% by Anhao Investment, and was an indirect non-wholly-owned subsidiary of the Company. Upon the completion of the Changzhou Haicheng Acquisition, the Group’s equity interest in Changzhou Haicheng increased from 51% to 100% and Changzhou Haicheng became an indirect wholly-owned subsidiary of the Company.

The Changzhou Haicheng Acquisition was completed in June 2024.

(ii) Changzhou Haihong Acquisition

中海宏洋地產汕頭投資有限公司 China Overseas Grand Oceans Properties (Shantou) Investment Co., Ltd.* (“COGO Shantou”) (an indirect wholly-owned subsidiary of the Company), COGO Properties, Anhao Investment and 常州市中海海泓房地產有限公司 Changzhou China Overseas Haihong Real Estate Co., Ltd.* (“Changzhou Haihong”) entered into an acquisition agreement, pursuant to which, among other things, COGO Shantou agreed to acquire, and Anhao Investment agreed to sell 49% of the equity interest in Changzhou Haihong and shareholders loans at a total consideration of approximately RMB242,482,000 (the “Changzhou Haihong Acquisition”).

Changzhou Haihong is a company established in the PRC with limited liability and is principally engaged in property development in Changzhou. Prior to the Changzhou Haihong Acquisition, Changzhou Haihong was owned as to 51% by the Group and 49% by Anhao Investment, and was an indirect non-wholly-owned subsidiary of the Company. Upon the completion of the Changzhou Haihong Acquisition, the Group’s equity interest in Changzhou Haihong increased from 51% to 100% and Changzhou Haihong became an indirect wholly-owned subsidiary of the Company.

The Changzhou Haihong Acquisition was completed in June 2024.

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

(a) For the year ended 31 December 2024 (Continued)

(iii) Jinhua Haisheng Acquisitions

COGO Properties entered into separate equity transfer agreements with 金華市合濟企業管理諮詢有限公司 Jinhua Heji Business Management Consulting Co., Ltd.* (“Jinhua Heji”) and 杭州金地自在城房地產發展有限公司 Hangzhou Jindi Zizaicheng Real Estate Development Co., Ltd.* (“Hangzhou Jindi”) respectively, pursuant to which, among other things, COGO Properties agreed to acquire, Jinhua Heji agreed to sell 10% of the equity interest in 金華海盛置業有限公司 Jinhua Haisheng Real Estate Co., Ltd.* (“Jinhua Haisheng”) at a consideration of approximately RMB18,565,400 and Hangzhou Jindi agreed to sell 40% of the equity interest in Jinhua Haisheng at a consideration of approximately RMB74,261,600, respectively (the “Jinhua Haisheng Acquisitions”).

Jinhua Haisheng is a company established in the PRC with limited liability and is principally engaged in property development in Jinhua. Prior to the Jinhua Haisheng Acquisitions, Jinhua Haisheng was owned as to 50% by the Group, 10% by Jinhua Heji and 40% by Hangzhou Jindi, and was an indirect non-wholly-owned subsidiary of the Company. Upon the completion of the Jinhua Haisheng Acquisitions, the Group’s equity interest in Jinhua Haisheng increased from 50% to 100% and Jinhua Haisheng became an indirect wholly-owned subsidiary of the Company.

The Jinhua Haisheng Acquisitions were completed in September 2024.

平安不動產有限公司 Ping An Real Estate Co., Ltd.* (“Ping An Real Estate”) is the controlling shareholder of Anhao Investment and an indirect substantial shareholder of other subsidiaries of the Company. Therefore, each of Ping An Real Estate and Anhao Investment, a non wholly-owned subsidiary and an associate of Ping An Real Estate under Rule 14A.13 of the Listing Rules, is a connected person of the Company at the subsidiary level. Accordingly, each of the Changzhou Haicheng Acquisition and the Changzhou Hairong Acquisition as aforesaid constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Further details regarding the Changzhou Haicheng Acquisition and the Changzhou Haihong Acquisition have been set out in the announcement of the Company dated 28 May 2024.

Notes to the Consolidated Financial Statements

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

(a) For the year ended 31 December 2024 (Continued)

Changzhou Haicheng, Changzhou Hairong and Jinhua Haisheng remained as subsidiaries of the Company after the aforesaid acquisitions. The acquisitions of the additional equity interests in Changzhou Haicheng, Changzhou Haihong and Jinhua Haisheng were accounted for as equity transactions as follows:

	2024 RMB'000
Changzhou Haicheng Acquisition	
Consideration pursuant to sales and purchase agreement	(258,980)
Settlement of amount due to Anhao Investment	(42,327)
Net assets attributable to the additional 49% equity interest of Changzhou Haicheng	355,062
Increase in equity attributable to owners of the Company	53,755
Changzhou Haihong Acquisition	
Consideration pursuant to sales and purchase agreement	(242,482)
Settlement of amount due from Anhao Investment	118,507
Net assets attributable to the additional 49% equity interest of Changzhou Haihong	200,529
Increase in equity attributable to owners of the Company	76,554
Jinhua Haisheng Acquisitions	
Consideration pursuant to equity transfer agreements	(92,827)
Net assets attributable to the additional 50% equity interest of Jinhua Haisheng	174,968
Increase in equity attributable to owners of the Company	82,141
Aggregate increase in equity attributable to owners of the Company – included in retained profits	212,450

Notes to the Consolidated Financial Statements

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

(a) For the year ended 31 December 2024 (Continued)

An analysis of the cash flows in respect of above acquisitions:

	2024 RMB'000
Changzhou Haicheng Acquisition	
Consideration pursuant to sales and purchase agreement	(258,980)
Less: Settlement of amount due to Anhao Investment	(42,327)
Net cash outflow	(301,307)
Changzhou Haihong Acquisition	
Consideration pursuant to sales and purchase agreement	(242,482)
Less: Settlement of amount due from Anhao Investment	118,507
Net cash outflow	(123,975)
Jinhua Haisheng Acquisitions	
Consideration pursuant to equity transfer agreements	(92,827)
Less: Settlement of amounts due from Jinhua Heji and Hangzhou Jindi	92,827
Net cash outflow	–
Total net cash outflows included in cash flows from financing activities	(425,282)

(b) For the year ended 31 December 2023

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.

Notes to the Consolidated Financial Statements

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

(b) For the year ended 31 December 2023 (Continued)

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	
– included in retained profits	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 Shanghai Chuangying, former shareholder, to Huizhou Haiping Real Estate	373,359
Net cash outflow included in cash flows from financing activities	(106,739)

Notes to the Consolidated Financial Statements

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities:

	Bank and other borrowings RMB'000 (note 31)	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 2024	34,908,813	8,655,350	36,151	43,411	269,054	5,673,611	261,145
<i>Changes from cash flows:</i>							
Proceeds from new borrowings	15,079,235	-	-	-	-	-	-
Repayments of borrowings	(19,314,402)	-	-	-	-	-	-
Advances received	-	-	-	92,508	3,837	757,251	-
Repayments of advances	-	-	-	(4,681)	(2,045)	(1,274,573)	-
Capital element of lease payments	-	-	(17,168)	-	-	-	-
Interest element of lease payments	-	-	(870)	-	-	-	-
Other interest paid	(1,355,543)	(270,892)	-	-	-	-	(3,564)
	(5,590,710)	(270,892)	(18,038)	87,827	1,792	(517,322)	(3,564)
<i>Exchange adjustment</i>	245,269	123,605	335	-	-	-	-
<i>Other changes:</i>							
Interest expenses	1,406,826	273,986	870	-	-	7,193	3,564
Interest accruals	(50,609)	-	-	-	-	-	-
Increase in lease liabilities from entering into new leases	-	-	5,473	-	-	-	-
Dividend distributed by an associate (note (c))	-	-	-	(42,000)	-	-	-
Other non-cash movements	-	-	-	65,928	(14,989)	(34,232)	-
	1,356,217	273,986	6,343	23,928	(14,989)	(27,039)	3,564
As at 31 December 2024	30,919,589	8,782,049	24,791	155,166	255,857	5,129,250	261,145

Notes to the Consolidated Financial Statements

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

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

	Bank and other borrowings RMB'000 (note 31)	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
<i>Changes from cash flows:</i>							
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 payments	-	-	(14,857)	-	-	-	-
Interest element of lease payments	-	-	(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)
<i>Exchange adjustment</i>	<i>278,545</i>	<i>59,100</i>	<i>211</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Other changes:</i>							
Interest expenses	1,975,222	201,358	1,161	-	-	30,666	3,564
Interest accruals	(42,676)	(83,589)	-	-	-	-	-
Return of capital by a joint venture (note (c))	-	-	-	-	(39,577)	-	-
Dividend distributed by a joint venture (note (c))	-	-	-	-	(59,153)	-	-
	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

Notes to the Consolidated Financial Statements

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

- (b) During the year ended 31 December 2024, return of capital and dividends attributable to non-controlling shareholders amounting to RMB248,000,000 (2023: RMB123,000,000) and RMB99,257,000 (2023: RMB429,951,000) 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 2024, dividend distributed by an associate to the Company amounting to RMB42,000,000 were settled through the current account with the associate and the respective amount were included in "Amounts due to associates". During the year ended 31 December 2023, return of capital and dividend distributed by a joint venture to Company amounting to RMB39,577,000 and RMB59,153,000 were settled through the current account with the joint venture and the respective amount were included in "Amounts due to joint ventures".

41. 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 RMB83,984,000 (2023: RMB73,042,000) 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 2024, no forfeited contributions were utilized by the Group to reduce the contribution paid/payable to the MPF scheme (2023: nil).

As at 31 December 2024, no forfeited contribution under these schemes is available to reduce the contribution payable in future (2023: nil).

Notes to the Consolidated Financial Statements

42. PLEDGE OF ASSETS

As at 31 December 2024, the carrying amount of the assets pledged by the Group to secure for borrowings and banking facilities granted to the Group are analysed as follows:

	2024 RMB'000	2023 RMB'000
Pledge for borrowings and banking facilities of the Group		
– Investment properties (note 15)	3,809,482	–
– Inventories of properties (note 19)	7,196,481	14,326,946
	11,005,963	14,326,946

43. OTHER COMMITMENTS

As at 31 December 2024, the Group had other significant commitments as follows:

	2024 RMB'000	2023 RMB'000
Contracted for but not provided for in the consolidated financial statements:		
– Investment in equity interests	–	204,600
– Acquisition of land	1,085,156	1,188,800
– Property development	11,067,196	15,164,856
	12,152,352	16,558,256

Notes to the Consolidated Financial Statements

44. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE CONTRACTS

(a) Guarantees

As at 31 December 2024, 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 a joint venture and an associate. The amount of the guarantees provided by the Group as at 31 December 2024 and 2023 are as follows:

	2024 RMB'000	2023 RMB'000
Mortgage loans granted by banks and government agencies to certain purchasers of the Group's properties	15,861,129	23,856,137
Bank loan granted by a bank to a joint venture	218,419	357,266
Bank loan granted by a bank to an associate	72,030	73,010
	16,151,578	24,286,413

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 ventures 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 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.

Notes to the Consolidated Financial Statements

45. RELATED PARTY TRANSACTIONS

- (a) The table set forth below summarizes the name of the major related parties which are entities as defined in HKAS 24 (Revised) *Related Party Disclosures* and the nature of their relationship with the Group as at 31 December 2024:

Related Parties	Relationship with the Group/COLI
COLI	The Company is an associate of COLI
China State Construction Engineering Corporation Limited ("CSCECL")	Intermediate holding company of COLI
China Overseas Holdings Limited ("COHL")	Immediate holding company of COLI
China Overseas Property Holdings Limited ("COPH")	Fellow subsidiary of COLI
China State Construction International Holdings Limited ("CSC")	Fellow subsidiary of COLI
China State Construction Development Holdings Limited ("CSCD")	Fellow subsidiary of COLI

In addition to those balances and transactions disclosed elsewhere in the consolidated financial statements, the following material related party transactions have been entered into by the Group during the year:

	Notes	2024 RMB'000	2023 RMB'000
Nature of transactions			
COLI and its subsidiaries			
Royalty expenses [#]	(i)	183,133	178,907
Rental income [#]	(ii)	17,971	47,347
Rental payments [#]	(ii)	7,417	–
Design service expenses [#]	(iii)	2,816	2,394
Information technology service expenses [#]	(iii)	7,600	8,113
Purchase of materials [#]	(iv)	681,858	1,168,897
CSCECL and its subsidiaries (exclusive of COHL and its subsidiaries)			
Property construction costs [#]	(iv)	563,589	91,183
COHL			
License fee payments [#]	(ii)	3,991	3,899
Air-conditioning and management charge payments [#]	(ii)	585	555
COPH and its subsidiaries			
Property management expenses [#]	(iii)	322,283	384,518
Interest expenses (note 10)	(v)	3,564	3,564
CSC and its subsidiaries (exclusive of CSCD and its subsidiaries)			
Property construction costs [#]	(iv)	226,168	260,337
CSCD and its subsidiaries			
Construction supervision expenses [#]	(iii)	11,978	14,969
Joint ventures			
Interest income (note 8)	(vi)	–	1,038
Non-controlling shareholders			
Interest expenses (note 10)	(vii)	7,193	30,666

Notes to the Consolidated Financial Statements

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (Continued)

Notes:

- (i) Royalty fee is charged at annual fee as specified in the contracts.
 - (ii) Rental and utility income and rental payments are charged in accordance with respective tenancy agreements.
 - (iii) Design service fee, information technology service fee, property management fee and construction supervision fee are charged in accordance with respective contracts.
 - (iv) Purchase of materials and property construction fee are charged in accordance with respective contracts. The amounts represent aggregated transaction amounts recognized during the period in relation to contracts signed in the current and prior years.
 - (v) Interest expenses are charged at interest rates on the outstanding amounts as specified in note 27.
 - (vi) Interest income is charged at interest rates on the outstanding amounts as specified in note 25.
 - (vii) Interest expenses are charged at interest rates on the outstanding amounts as specified in note 26.
- # These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	9,185	12,851
Post-employment benefits	307	334
	9,492	13,185

(c) In addition to the above transactions and balances, details of the Group's other material balances with related parties are disclosed in consolidated statement of financial position and notes 24, 25, 26 and 27.

Notes to the Consolidated Financial Statements

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) 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 CSCECL, 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 2024, the Group acquired certain parcels of land from the PRC government departments through public tender at an aggregate consideration of approximately RMB5,229,180,000 (2023: RMB9,106,790,000).

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.

46. 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 2024 and 2023 were as follows:

	2024 RMB'000	2023 RMB'000
Bank and other borrowings	30,919,589	34,908,813
Guaranteed notes and corporate bonds	8,782,049	8,655,350
Less: cash and bank balances	(27,290,854)	(26,020,603)
Net debt	12,410,784	17,543,560
Capital represented by total equity	37,551,063	38,129,516
Net gearing ratio	33.1%	46.0%

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.

Notes to the Consolidated Financial Statements

47. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

47.1 Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortized cost [#]	32,105,085	30,825,181
Financial liabilities		
Financial liabilities at amortized cost [^]	58,346,520	66,426,956
Other financial liabilities [*]	24,791	36,151

[#] 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

47.2 Financial results by financial instruments

	2024 RMB'000	2023 RMB'000
Interest income or (expenses) on:		
Financial assets at amortized cost	222,817	372,321
Financial liabilities at amortized cost	(1,691,569)	(2,210,810)
Other financial liabilities	(870)	(1,161)

Notes to the Consolidated Financial Statements

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

47.3 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 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 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.

48. FINANCIAL RISK MANAGEMENT

48.1 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.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 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. 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 2024 and 2023 were as follows:

	2024 RMB'000	2023 RMB'000
Net financial liabilities		
US\$	(3,748,734)	(3,626,135)
RMB	(10,271,330)	(4,473,464)

As HK\$ is pegged to US\$, the Group does not have material exchange risk exposure on such currencies.

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 the HK\$ on the Group's net asset position denominated in RMB as at 31 December 2024 and 2023 (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	2024 RMB'000	2023 RMB'000
(Decrease)/Increase in profit for the year and retained profits		
RMB against HK\$		
– strengthen by 5%	(513,567)	(223,673)
– weaken by 5%	513,567	223,673

The changes in the exchange rates do not affect the Group's other components of equity.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Market risk (Continued)

(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 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.

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 trading results may differ from the sensitivity analysis below and the difference could be material):

	2024 RMB'000	2023 RMB'000
(Decrease)/Increase in profit after tax and retained profits		
+ 50 basis point ("bp") (2023: 50 bp)	(2,579)	(3,215)
– 10 bp (2023: 10 bp)	516	643

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.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 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 44(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 2024 and 2023, 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.

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 44(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 44(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.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Credit risk (Continued)

Impairment under ECL model

As disclosed in note 4.10(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.

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.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Credit risk (Continued)

Impairment under ECL model (Continued)

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.

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 2024 and 2023.

48.4 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 the PRC 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.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.4 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 2024						
Non-derivatives						
Bank borrowings	30,119,589	32,751,867	9,912,963	10,052,845	10,188,820	2,597,239
Other borrowings	800,000	813,393	813,393	–	–	–
Guaranteed notes and corporate bonds	8,782,049	9,156,551	3,052,684	4,846,523	1,257,344	–
Trade payables, other payables and accruals	12,843,464	12,843,464	12,843,464	–	–	–
Amounts due to associates	155,166	155,166	155,166	–	–	–
Amounts due to joint ventures	255,857	255,857	255,857	–	–	–
Amounts due to non- controlling shareholders	5,129,250	5,132,621	5,132,621	–	–	–
Amounts due to related companies	261,145	267,550	189,683	77,867	–	–
	58,346,520	61,376,469	32,355,831	14,977,235	11,446,164	2,597,239
Lease liabilities	24,791	25,936	9,680	8,348	7,908	–
	58,371,311	61,402,405	32,365,511	14,985,583	11,454,072	2,597,239
Financial guarantees issued – Maximum amount guaranteed	–	16,151,578	16,151,578	–	–	–

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.4 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 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	–	–	–

As disclosed in note 48.3, it is not probable that guarantees provided would result in significant financial impact to the Group including credit loss and liquidity risk.

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following are the particulars of the principal subsidiaries at 31 December 2024 which, in the opinion of the directors of the Company, principally affect the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Company's directors, result in particulars of excessive length.

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	
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
Capital Way Investment 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 (COGO Properties)	PRC*	Paid up capital	RMB6,007,630,879	–	100%	Investment holding and property development
China Overseas Yin Chuan Investments Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Citirich International Limited (Citirich)	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
East Pacific (H.K.) Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Ever United Development Limited	Hong Kong	Ordinary	HK\$1	100%	–	Financing and investment
Global East Development Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Grand Success Group Holdings Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL 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	
Grand Will Asia Pacific Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Grandca International Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Grandwide (H.K.) Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Greatbo (H.K.) Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Great Kind Development Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Jet Pacific 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
Max Pacific Investment Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Moonstar Development Limited	Hong Kong	Ordinary	HK\$1	–	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
Sino Global Development Limited	Hong Kong	Ordinary	HK\$1	–	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
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

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL 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	
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	–	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
中海宏洋地產(鹽城)有限公司	PRC [^]	Paid up capital	RMB1,086,339,800	–	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	–	100%	Property development
北京中京藝苑置業有限公司	PRC [#]	Paid up capital	RMB30,000,000	–	100%	Property investment and property leasing
北京快樂城堡購物中心有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property leasing
北京通惠房地產開發有限責任公司	PRC [#]	Paid up capital	RMB100,000,000	–	100%	Property development
呼和浩特光大環城建設開發有限公司	PRC [#]	Paid up capital	RMB120,000,000	–	80%	Property development
呼和浩特市中海宏洋地產有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
呼和浩特市榮城房地產開發有限公司	PRC [#]	Paid up capital	RMB15,000,000	–	100%	Property development
南寧中海宏洋房地產有限公司 (COGO Nanning)	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
深圳市建地投資有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Investment holding
廣州市光大花園房地產開發有限公司	PRC [*]	Paid up capital	RMB20,000,000	–	100%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
蘭州中海宏洋房地產開發有限公司	PRC [#]	Paid up capital	RMB1,000,000,000	–	100%	Property development
吉林省中海宏洋房地產開發有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
吉林省中海海華房地產開發有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	85%	Property development
南寧中海宏洋置業有限公司	PRC [^]	Paid up capital	RMB1,700,000,000	–	100%	Property development
紹興中海宏洋地產有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
揚州中海宏洋置業有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
揚州中潤置業有限公司	PRC [^]	Paid up capital	RMB758,000,000	–	100%	Property development
汕頭市中海宏洋地產有限公司	PRC [#]	Paid up capital	RMB230,000,000	–	100%	Property development
汕頭市中海宏洋置業有限公司 (Shantou Zhiye)	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
中海宏洋地產(徐州)有限公司	PRC [^]	Paid up capital	RMB238,650,000 (2023: 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	–	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%	Property development
中海瘦西湖房地產揚州有限公司	PRC [#]	Paid up capital	RMB240,000,000	–	70%	Property development
揚州市江都區信泰置業有限公司	PRC [#]	Paid up capital	RMB185,600,000	–	100%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
中海宏洋地產汕頭投資有限公司 (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
汕頭市潮理房地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	51%	Property development
汕頭市金平區中信房產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	70%	Property development
中海宏洋惠州控股有限公司	PRC [#]	Paid up capital	RMB200,000,000	–	100%	Property development
惠州市中海宏洋地產有限公司	PRC [#]	Paid up capital	RMB200,000,000	–	100%	Property development
中海宏洋惠州城市建設開發有限公司	PRC [#]	Paid up capital	RMB130,000,000	–	100%	Property development
惠州盈通投資有限公司	PRC [#]	Paid up capital	RMB60,000,000	–	100%	Property development
中海宏洋惠州湯泉開發有限公司	PRC [^]	Paid up capital	RMB60,000,000	–	100%	Property development and hotel operation
南昌宏洋地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
中海宏洋廬山西海(九江)投資 有限公司	PRC [#]	Paid up capital	RMB800,000,000	–	100%	Property development 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
淄博中海海韻置業有限公司	PRC [^]	Paid up capital	RMB338,360,000	–	100%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL 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	
中海濰博置業有限公司	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	RMB19,230,769 (2023: RMB10,000,000)	–	100%	Property development
中海海華南通地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
合肥中海宏洋海東房地產開發有限公司	PRC [^]	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海創房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
揚州海龍置業有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
揚州海富置業有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
包頭市中海宏洋地產有限公司	PRC [^]	Paid up capital	RMB10,000,000	–	60%	Property development
蘭州中海海富房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
包頭市宏洋海富地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
贛州中海海華房地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
鹽城潤洋置業有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
南通市華璽房地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	30% ⁺	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL 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	
吉林省中海海富房地產開發有限公司	PRC [^]	Paid up capital	RMB10,000,000	–	100%	Property development
吉林省中海海悅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
合肥中海宏洋海悅房地產開發 有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
呼和浩特市海巍地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海華房地產開發 有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海晟房地產開發 有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	60%	Property development
合肥中海宏洋海宸房地產開發 有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	60%	Property development
南寧中海宏洋海悅房地產有限公司	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
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	RMB10,000,000 (2023: RMB370,000,000)	–	60%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL 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	
南通市中海海通房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000 (2023: 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	RMB10,000,000 (2023: 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
濟寧中海宏洋置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
徐州海創置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
中海投資渭南有限公司	PRC [^]	Paid up capital	RMB300,000,000	–	100%	Property development
渭南中海興業置業有限公司	PRC [#]	Paid up capital	RMB400,000,000	–	100%	Property development
渭南中海興華置業有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
清遠市中海宏洋房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
揚州市海創房地產開發有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
桂林中海宏洋房地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
深圳市創史企業管理有限公司	PRC [#]	Paid up capital	RMB400,000,000	–	51%	Investment holding
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

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
中海宏洋地產(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
銀川中海海悅置業有限公司	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	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	RMB619,800,000 (2023: RMB573,000,000)	–	100%	Property development
丹陽海盛房地產開發有限公司	PRC [*]	Paid up capital	RMB410,000,000	–	100%	Property development
泰州市中海潤泰置業有限公司	PRC [*]	Paid up capital	RMB517,000,000	–	85%	Property development
鹽城匯海置業有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL 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	
鹽城潤海置業有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
汕頭市海學房地產開發有限公司	PRC [#]	Paid up capital	RMB510,000,000	–	100%	Property development
惠州市海平地產有限公司	PRC [#]	Paid up capital	RMB800,000,000	–	60%	Property development
惠州市海平置業有限公司 (Huizhou Haiping Real Estate)	PRC [#]	Paid up capital	RMB1,200,000,000	–	100%	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
中海宏洋海富(合肥)房地產開發有限公司	PRC [*]	Paid up capital	RMB100,000,000 (2023: RMB50,000,000)	–	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

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL 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	
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
泉州市中海海悅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
徐州海鑫置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
徐州潤耀地產有限公司	PRC [#]	Paid up capital	RMB450,000,000	–	67%	Property development
淮安潤欣置業有限公司	PRC [#]	Paid up capital	RMB10,000,000 (2023: Nil)	–	100%	Property development
淮安淮潤地產有限公司	PRC [*]	Paid up capital	RMB1,600,000,000	–	51%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL 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	
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	–	100% (2023: 50%)	Property development
義烏海創房地產開發有限公司	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	–	100% (2023: 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	–	100% (2023: 51%)	Property development
徐州威拓房地產開發有限公司	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	–	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	PRC [#]	Paid up capital	RMB600,000,000	–	100%	Property development
淄博中海宏洋房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000 (2023: Nil)	–	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	RMB10,000,000 (2023: Nil)	–	100%	Property development
贛州中海海悅房地產有限公司	PRC [#]	Paid up capital	RMB10,000,000 (2023: Nil)	–	100%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF PRINCIPAL 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	
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	–	60%	Property development
南通市海誠房地產開發有限公司	PRC [#]	Paid up capital	RMB580,000,000 (2023: 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
中宏海創(泉州)工程管理有限公司 [®]	PRC [^]	Paid up capital	RMB30,000,000	–	100%	Property development
合肥方啟環興置業有限責任公司 [®]	PRC [#]	Paid up capital	RMB400,000,000	–	50% ⁺	Property development

[®] These companies were newly established or invested during the year ended 31 December 2024.

[^] 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.

⁺ The Group directly or indirectly holds 50% or less of the equity interests in these companies, which have been accounted for as subsidiaries of the Company, as the Group exercises control to direct the relevant activities unilaterally in accordance with respective cooperation agreements and/or the articles of association of these companies.

None of the subsidiaries had any debt securities in issue as at 31 December 2024 and 2023 except for (i) Shantou Zhiye, CGOSIL, Hefei Hairui and COGO Properties which had issued instruments as set out in note 31(a); (ii) COGO Finance IV which had issued the 2021 Guaranteed Notes as set out in note 32(a); and (iii) COGO Properties which has issued several corporate bonds as set out in 32(b) respectively.

Notes to the Consolidated Financial Statements

50. PARTICULARS OF ASSOCIATES

The particulars of the associates as at 31 December 2024 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
鹽城悅宸房地產開發有限公司	PRC [#]	Paid up capital	RMB620,000,000 (2023: Nil)	–	33%	Property development
惠州市海巖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

[#] The companies are established in the PRC as limited liability companies.

Notes to the Consolidated Financial Statements

51. PARTICULARS OF JOINT VENTURES

The particulars of the joint ventures as at 31 December 2024 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	
上海金鵲數碼科技發展有限公司	PRC*	Paid up capital	US\$2,400,000	–	65% [^]	Property investment and property leasing
汕頭中海凱旋置業有限公司	PRC [#]	Paid up capital	RMB102,040,816	–	51% [^]	Property development
南京崇茂置業有限公司	PRC [#]	Paid up capital	RMB45,000,000	–	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

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

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

[^] The Group exercises joint control to direct the relevant activities which require unanimous consent with other joint venture partners in accordance with the respective joint venture agreements and/or the articles of association of these companies, and accordingly, these companies have been accounted for as joint ventures of the Group.

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