中國海外宏洋集團有限公司
CHINA OVERSEAS GRAND OCEANS GROUP LTD.
(incorporated in Hong Kong with limited liability)
(Stock Code: 00081)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

1. The contracted property sales of the Group and its associates and joint ventures for the year increased to RMB53,732.8 million (2018: RMB41,066.5 million), representing an increase of 30.8% against last year, which corresponded to an aggregated contracted area of 5,044,400 sq.m. (2018: 3,998,500 sq.m.).
2. For the year ended 31 December 2019, the Group recorded revenue of RMB28,590.9 million, 32.8% increase comparing with last year. Gross profit and margin for the year were RMB9,527.8 million and 33.3% respectively, comparing with RMB6,260.7 million and 29.1% respectively in last year.
3. Operating profit for the year amounted to RMB8,016.2 million, representing an increase of 54.7% against last year. Profit attributable to owners of the Company was RMB3,329.7 million, 63.0% higher than last year. Basic earnings per share were RMB97.3 cents (2018: RMB61.5 cents).
4. The Group completed the acquisition of properties projects in Weinan, Shaanxi province, in August 2019. Apart from the acquisition, the Group bagged a total of thirty one land parcels in eighteen cities, including two new cities (Quanzhou, Fujian province and Qingyuan, Guangdong province), with a total gross floor area of 6,192,100 sq.m. (attributable to the Group: 5,390,800 sq.m.) for total consideration of RMB27,860.4 million.
5. As at 31 December 2019, the gross floor area of total land bank of the Group and its joint ventures reached 24,009,300 sq.m., of which, 67,700 sq.m. was held by joint ventures. The gross floor area of land bank attributable to the Group (including the interests in joint ventures) was 21,941,700 sq.m..
6. Cash and bank balances plus restricted cash and deposits were RMB27,426.7 million (31 December 2018: RMB29,145.9 million) in total. As at 31 December 2019, the Group's net gearing ratio was 17.2% (31 December 2018: net cash).
7. The Board recommended the payment of final dividend of HK19.5 cents per share for the year ended 31 December 2019 (2018: HK11.2 cents).

The board of directors (the “Board”) of China Overseas Grand Oceans Group Limited (the “Company”) is pleased to announce the annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2019.

CHAIRMAN’S STATEMENT

INTRODUCTION

I am pleased to present the annual results of the Group for the year ended 31 December 2019.

For the year ended 31 December 2019, the Group’s revenue increased by 32.8% to RMB28,590.9 million comparing with last year, while profit attributable to owners of the Company was RMB3,329.7 million, 63.0% higher than last year. Basic earnings per share were RMB 97.3 cents.

Clouded with the uncertainties arising from the Sino- U.S. trade frictions and global economic slowdown, 2019 was another challenging year. Firmed up by on-going industrial structural upgrade, deepening of supply-side reform and strong economic fundamentals, the national economy, nevertheless, sustained the general stable momentum by pursuing progress while ensuring stability. The GDP of China still recorded a growth of 6.1% year-on-year in 2019. In view of the housing market in China, under the general principle of “housing is for living in, not speculation”, enormous efforts were made by the government to promote steady and healthy growth of the real estate market and sustainable urban development. Thus, the property market was generally stable during the year.

The Group continuously evolved innovative marketing strategies and sales tactics to boost property sales. Well-timed promotional campaigns were launched in different cities to seize the best window for property sales. Amid complex market conditions, with relentless and additional sales efforts, the Group still managed to achieve an outstanding sales performance. The contracted property sales attained by the Group, together with its associates and joint ventures for the year, was RMB53,732.8 million (2018: RMB41,066.5 million), representing an increase of 30.8% against last year, which corresponded to an aggregated contracted area of 5,044,400 square meters (sq.m.) (2018: 3,998,500 sq.m.), representing an increase of 26.2% year-on-year. Of the contracted sales, an amount of RMB347.8 million (2018: RMB791.8 million) for an aggregated contracted area of 32,200 sq.m. (2018: 45,600 sq.m.) was contributed by associates and joint ventures. Besides, the balance of preliminary sales at the year-end pending the completion of formal sales and purchase agreements in the pipeline was RMB1,409.3 million for an aggregated contracted area of 116,200 sq.m..

The strong sales performance could not be accomplished without quality products and best of the class customer services. The Group continued to exploit new designs of its property products, enrich its product offerings and improve the quality of its properties to meet the requirements of the increasingly demanding customers. Customer services were also enhanced to provide the customers with premium sales and after-sales experiences.

To support the rapid business growth, management information system and the operational structure have been reviewed and enhanced by the management continuously. The Group is well positioned to tackle the fierce competition in a dynamic business environment.

In line with the business development plan, the Group was active in land acquisition in the year so as to secure a solid foundation for sustainable growth of the business and expand its operating scale gradually. Firmly adhered to its prudent investment principle, the Group replenished and enlarged its land bank with high quality projects at reasonable costs. In a divided market, the Group has been cautious in picking the right cities and land pieces in good value for investment in order to generate good returns to its shareholders. The acquisition of property projects in Weinan, Shaanxi province from China Overseas Holdings Limited completed in August 2019 allowed the Group to extend its property development business to a new city with development potential. On top of that, the Group also extended its footprints to Quanzhou, Fujian province and Qingyuan, Guangdong province during the year. Apart from the projects in Weinan, the Group bagged a total of thirty one parcels of land with a total gross floor area of about 6,192,100 sq.m. (attributable to the Group: 5,390,800 sq.m.) in 2019 and other than the new cities mentioned above, the land pieces are located in Guilin, Shaoxing, Changzhou, Xuzhou, Lanzhou, Jilin, Hohhot, Nanning, Hefei, Nantong, Weifang, Jining, Yangzhou, Shantou, Jiujiang and Yancheng. As at 31 December 2019, the gross floor area of total land bank of the Group and its joint ventures in China reached about 24,009,300 sq.m., of which, about 67,700 sq.m. is held by joint ventures. The gross floor area of land bank attributable to the Group (including the interests in joint ventures) is about 21,941,700 sq.m.. The Group held a land bank distributed in 26 cities as at 31 December 2019.

DIVIDEND

The existing dividend policy remains unchanged that approximately 20-30% of the Group's consolidated net profit attributable to shareholders for each financial year will be distributed by the Company.

The interim dividend paid in October 2019 was HK6 cents per share (2018: HK3 cents per share). After reviewing the result performance for the year and working capital requirements for the Group's future expansion of its business, the Board of the Company recommended the payment of a final dividend of HK19.5 cents per share (2018: HK11.2 cents per share) for the year ended 31 December 2019. Total dividends for the financial year will, thus, amount to HK25.5 cents per share (2018: HK14.2 cents per share). The dividend payout ratio for the year is 23.0%.

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting 2020.

PROSPECTS

The Economy

Amid tumultuous changes and highly uncertain of political and economic environment whereas "black swans" and "grey rhinos" arrives unexpectedly and suddenly, the Group is committed to achieving a long-term sustainable and stable growth for its shareholders.

In 2020, the central government continued to ensure progress of economy with stability. After months of negotiations, China and the United States signed phase one trade agreement in January 2020, representing the moving forward of trade war to “win-win” situation, which has a positive impact on the long-term development of the Chinese economy.

At present, the outbreak of coronavirus is under control in China, but it is spreading in other countries around the world. The epidemic has dragged down China’s economic growth, and the possibility of dragging down global economic growth and triggering a greater crisis is increasing. The Group maintains the prudent financial strategy it has always pursued, with abundant funds, financial stability and significant counter-cyclical.

Real Estate Development

The property policies aiming at "stabilizing land prices, housing prices, and market expectations" lead the stable and healthy development of the market. The outbreak of coronavirus deferred the release of house purchases demands but would not eliminate it. The “city-specific policies” and “one city, one policy” are more targeted and flexible to address the property market of different locations, which would bring different opportunities for different markets.

In the short term, property sales in the period would be under pressure as a result of the epidemic. Nevertheless, with the measures supporting stable development of the real estate industry have been announced and implemented gradually, property sales are believed to pick up and stabilize progressively. In the medium and long term, while China's economy is progressing with stability, the foundation for a stable and healthy development of property market remains solid. On one hand, urbanization rate may further improve, thanks to the central government’s uplift of limits on household registration for cities with permanent resident population under three million, which would promote the growth of population in major third- and fourth-tier cities. Besides, the market orientation reform for interest rates would also further reduce home buyers' purchase costs and increase demand for home purchases. On the other hand, as notable achievements have been attained in the city-specific controlling policies on property market and land pieces have been supplied in a regulated manner, the risks of market volatility have been contained, facilitating the stable development of the property market.

After intensive cultivations in recent years, the Group has earned increasing brand influence and customer satisfaction in different regions. While market shares among the property developers are increasingly concentrated, the Group is confident in its future development and achieving sustainable and healthy growth.

Group Strategy

In the first quarter of 2020, the Group fought against the widespread of coronavirus with full force that ensured the safety protection of each employee, actively implemented the epidemic prevention and control in its properties and communities, donated anti-epidemic materials to relevant agencies and speeded up the resume of work and production orderly.

In the long-term, the Group is still confidence in the development of the property market in China and remains fully committed to achieve sustainable, stable and healthy growth with high quality.

In wake of continual progress of urbanization and government’s long-term housing policy, the Group has set its sight on the growth in promising emerging cities with the best investment value and high growth potentials in China. Popular cities and popular locations are the primary focus of the project development. Moreover, development of residential properties in the range of middle to high-end remains the core business of the Group.

The Group continues its efforts in soliciting new projects cautiously, as the management fully believes that it is of paramount importance to build up and maintain a scaled high quality land bank at competitive costs for sustainable growth and maximizing shareholders’ returns in long term. At appropriate and sustainable capital and debt structures, the Group will diligently seek for new development opportunities with good returns in an orderly manner.

The development pace of property markets in difference regions of China is not the same. Stick firmly to its prudent investment approach, the Group closely monitors operating environment and land acquisition opportunities in different regions. After undertaking comprehensive reviews and detailed assessments, qualified property projects in cities with high investment value will be selected for business expansion to support the growth of the Group. To further execute strategic development plan, the Group not only will replenish land in its well-performed cities, but will also actively explore to penetrate into some new cities, mainly regional economic centres closed to metropolitan areas and with high growth potential, and districts where synergies can be achieved with the existing cities being operated.

Open market land auction remains the major and most important source of land addition to the Group. However, the Group keeps on exploring diversified land acquisition channels to accelerate the development pace and maintain a balanced land bank with satisfactory investment returns. For right property projects, the Group will continue to develop jointly with reliable business partners, including but not limited to reputable local property developers and trustworthy financial institutions, to broaden its earnings base and balance its risks.

Realizing the importance of value creation to its customers in its long term development, the Group is determined to offer customers with good products and good services. The customer service team maintains close touch with property buyers and potential buyers and conducts market surveys regularly to identify areas for continuous improvement. Through the amelioration of customer experiences, the Group strikes to become the market leader in the area of customer satisfaction and accumulate loyal customers for sustainable business growth.

Developing popular products with high-quality, green, healthy, wisdom and technology remains the focus of product strategies of the Group, amidst keen market competition and growing customer demands on quality properties. The Group adheres to the spirit of excellence in craftsmanship by conducting multi-dimensional research in the aspects of functions and living experiences. The design team establishes research and development workshops to build model houses in the layouts of popular residential products to study and evaluate each product details. Taking into account the characteristics of the cities its projects located, the Group integrates the architectural aesthetics of the East with the West to build its property products with professionalism. With the development and introduction of new products, the Group taps into needs of different customer segments in order to lead the market and safeguard its profitability.

In the light of a complicated and ever-changing market condition, the Group pledges to further accelerate the sell-through rate of inventory. The Group continues to closely monitor the business environment and grasp the best timing to launch sales program to promote its products. Innovative marketing methodologies and strategies will continue to be adopted to speed up sales while project development cycle will be optimized to match the rhythm of property sales.

The operating environment is filled with challenges, but also opportunities. The Group will further enhance its management information system and digital platform to facilitate the decision making process so as to improve its competitiveness in this fast-changing industry. Built on the standardized operation systems, the Group will keep on streamlining its operating processes, reinforcing its internal controls, tightening its cost controls and strengthening its risk management system to raise efficiency and effectiveness, and extend its competitive edge and earning capability.

As a responsible corporation strictly observed financial disciplines, the Group maintains professional and prudent financial management of the financial resources and will continue to enhance its financial management capability. Liquidity is critical to a capital intensive business. With financial and capital market becoming more volatile nowadays, cashflow will be monitored closely while debt structure and profile will be reviewed regularly and will be maintained at a healthy level continuously. The Group will closely monitor the impacts from the external political and economic environment, volatility of exchange rate of Renminbi, and national policy changes to the business operations.

The Group realizes that talent capital is key to success and continuous development of its business. The Group will enhance the care services for staff as well as the training and development of diversified talents, maintain an open and inclusive system for recruitment and provide a diversified and customized career path for all level of staff members working in different areas. In addition, the Group will continue to optimize its competitive remuneration package for staff to maintain a professional, dedicated and highly effective team. The Group continues to grow together with its staff.

APPRECIATION

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

REVENUE AND OPERATING RESULTS

In 2019, the government maintained the city-specific policies in real estate regulation and controls. Although the property market was generally stable this year, the performances of property market in large, medium and small size cities were not the same, whereas the markets of the Group's property development projects located have been relatively stable. With the increasing scale of business, the Group together with its associates and joint ventures achieved contracted property sales of RMB53,732.8 million for the year (2018: RMB41,066.5 million), representing an increase of 30.8% against last year. Of the contracted sales, an amount of RMB347.8 million (2018: RMB791.8 million) was contributed by associates and joint ventures. For the year ended 31 December 2019, the Group recorded revenue of RMB28,590.9 million, 32.8% increase comparing with RMB21,524.7 million in last year. Gross profit for the year was RMB9,527.8 million, RMB3,267.1 million higher than last year. Gross margin for the year further improved and surged notably by 4.2% against last year to 33.3%, as driven by the increase on the average selling price of the recognised properties revenue.

The Group continued to increase its marketing activities and also made more use of electronic platforms in sales activities during the year in order to improve sales efficiency. The distribution and selling expenses increased by RMB439.9 million in the year, against the last year to RMB1,148.0 million, which was mainly due to more projects were launched. Nevertheless, the ratio of distribution and selling expenses to the Group's contracted property sales still maintained at the low level of 2.2%. Moreover, as the operating scale has been expanding gradually, administrative expenses for the year increased by RMB185.4 million year-on-year to RMB793.3 million. The ratio of the administrative expenses to revenue maintained at 2.8% compared to last year. The Group still maintained stringent controls over the expenses.

The other operating expenses decreased by RMB103.0 million in the year to RMB31.9 million, which was mainly due to the recognition of a net exchange loss arising from the repatriation of capital of certain projects of approximately RMB118.6 million in last year.

In August 2019, the Group completed the acquisition of a property project company located in Weinan City, Shaanxi province from China Overseas Holdings Limited (the "COHL"), an intermediate controlling shareholder of the Group, at a cash consideration of RMB490.0 million. The Group recorded a bargain purchase gain of approximately RMB4,000 in this acquisition. After the completion of the acquisition, the financial contribution of the project company has reflected in the Group's financial statements.

In respect of the investment properties, taking into consideration of market conditions, customer needs and its business plans, the Group at the end of the year, changed its original plan for a commercial project being constructed in Anning district, Lanzhou, namely China Overseas Plaza, from development for sales to investment property for leasing out to generate rental income in medium to long-term. The project is expected to have a total rentable area of approximately 46,300 square meters. Therefore, a fair value gain of RMB72.2 million from reclassification of inventories of properties to investment properties was recorded in the year. In addition, sales of the China Overseas Building located in Jilin, in form of sub-units, continued and the units were handover to buyers during the year. As such, the Group recognized a profit before taxation of RMB2.4 million (2018: RMB1.8 million) from the disposal.

The Group’s three-year term interest rate swap contract with maturity in January 2020 and notional amount of US$40.0 million (swap the interest rate from floating basis of 3-month London Interbank Offered Rate plus 1.515% to fixed rate at 3.2% per annum) recognized a fair value loss of a derivative financial instrument of RMB3.9 million (2018 gain: RMB2.1 million) in income statement for the year. The contract ended at the maturity date stipulated in the contract.

Driven by rise in gross profit, operating profit for the year amounted to RMB8,016.2 million, representing an increase of 54.7% against last year.

The share of profit of joint ventures for the year increased to RMB290.5 million (2018: RMB224.0 million), which was mainly driven by the recognition of profit from properties sales of two property development projects located in Shantou and Hefei respectively.

Share of profit of associates amounted to RMB22.7 million (2018: RMB10.3 million) for the year, which was mainly contributed by an associated company located in Shantou.

In the past year, the financial market was relatively stable that the base rate for RMB borrowing has not changed while the borrowing rates for HK dollar/US dollar increased slightly. The average total borrowings of the year also increased compared with last year and thus, total interest expense increased from RMB1,159.5 million of last year to RMB1,267.4

million this year. Finance costs, after capitalization of RMB1,233.6 million to the on-going development projects, was RMB33.8 million (2018: RMB77.7 million) for the year.

Income tax expense comprised enterprise income tax and land appreciation tax. Driven by the surge in profit, income tax expense increased by RMB1,565.4 million to RMB4,798.6 million in the year. The effective tax rate of the year decreased by 2.8% compared to last year to 57.8%.

In total, for the year ended 31 December 2019, profit attributable to owners of the Company increased by 63.0% against last year to RMB3,329.7 million (2018: RMB2,043.2 million). Basic earnings per share were RMB97.3 cents (2018 : RMB61.5 cents).

LAND BANK

The Group's management believes that a sizable and quality land bank is one of the most important assets to a property developer. During the year, the Group extended its business to three new cities with development potential, which were Quanzhou City (Fujian province), Qingyuan City (Guangdong province) and Weinan City (Shaanxi province). As aforesaid, the property projects in Weinan were acquired from COHL and mainly consisted of residential property development projects at different development stages. Sales of the properties continued in accordance with market conditions and has been generating revenue to the Group. Other than Weinan project, the Group bagged a total of thirty one land parcels in 2019, with a total gross floor area of 6,192,100 sq.m. (attributable to the Group: 5,390,800 sq.m.) for consideration of RMB27,860.4 million. Apart from the aforesaid newly entered cities, these land parcels locate in the districts of Guilin, Shaoxing, Changzhou, Xuzhou, Lanzhou, Jilin, Hohhot, Nanning, Hefei, Nantong, Weifang, Jining, Yangzhou, Shantou, Jiujiang and Yancheng.

As at 31 December 2019, the gross floor area of total land bank of the Group and its joint ventures in China reached 24,009,300 sq.m., of which, 67,700 sq.m. was held by joint ventures. The gross floor area of land bank attributable to the Group (including the interests in joint ventures) was 21,941,700 sq.m.. The Group held a land bank distributed in 26 cities as at 31 December 2019.

In January 2020, the Group entered into the property market of Taizhou City, Jiangsu province by acquiring a land piece. Under the current property market conditions, the Group, sticks firmly to its principle of prudent investment, continues to explore to penetrate into new cities proactively.

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

Leveraged with a quality driven national brand name, the Group worked tirelessly in the cities with high investment value and developed various grades of housing products. More renovated flats were built to suit the needs of different markets and customers. The Group aimed at maintaining its leading market position in these cities despite of challenging property market environment.

The Group remained focus at boosting contracted property sales. Riding on the strong sales momentum of last year and benefited from the relative stable market condition of the cities where it had operation, contracted property sales of the Group and its associates and joint ventures for the year ended 31 December 2019 amounted to RMB53,732.8 million (2018: RMB41,066.5 million), for an aggregated contracted area of 5,044,400 sq.m. (2018: 3,998,500 sq.m.), (in which, RMB347.8 million <2018: RMB791.8 million> for an aggregated contracted area of 32,200 sq.m. <2018: 45,600 sq.m.> was contributed by associates and joint ventures) representing an increase of 30.8% and 26.2% respectively against the last year. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB1,409.3 million for an aggregated contracted area of 116,200 sq.m..

Contracted Property sales from major projects during the year:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Yangzhou	Grand Polis	159,616	1,780.8
	Eternal Treasure	110,732	1,636.0
	Gorgeous Mansion	43,953	810.9
	Glory Manor	52,789	587.2
Yinchuan	International Community	411,584	2,772.9
	Mansion Yue	143,598	1,226.4
Nantong	Upper East	161,192	2,712.2
	Times Metropolis	34,348	696.9
	Central Mansion	22,714	443.4
Hefei	Lakeville	117,174	1,909.2
	Royal Villa	39,985	896.9
	Coli City	73,980	890.2
Ganzhou	The Cullinan	92,851	1,363.0
	The Riverside	87,823	859.3
	The Riverside	66,890	750.9
	One Riverside Park	43,332	579.5
Jilin	International Community	149,218	1,340.7
	Overlooking River Mansion	146,832	1,119.4
	The New Metropolis	95,860	614.2
Huizhou	Riverview Mansion	142,021	1,699.2
	Harbour City	82,227	828.6
	The Rosary	47,701	514.1
Nanning	International Community	255,253	2,397.3
	Harrow Community	48,812	539.3
Changzhou	Platinum Mansion	79,360	1,336.2
	Hai Hua Garden	163,407	1,197.2
Weifang	Da Guan Tian Xia	290,290	2,502.6
Hohhot	The Premier Mansion	178,318	2,389.9
Yancheng	Glory Mansion	112,111	1,218.0
	The Paragon	35,883	889.0
Xining	Glorioushire	215,166	2,046.0
Baotao	Glorioushire	256,635	1,984.9
Xuzhou	Treasure Mansion	108,975	1,202.7

Progress for all development projects was satisfactory and largely in line with the construction programs. During the year, gross floor area of nearly 3,256,200 sq.m. of construction sites were completed for occupation and of which, about 97% was sold out by year end. While the Group continuously accelerated the property sales, it also seized opportunities, after cautious assessment, to acquire quality land pieces with high investment potential at reasonable prices to safeguard its healthy financial position and achieve sustainable development scale.

For the year ended 31 December 2019, revenue from property sales increased by 33.1% against last year to RMB28,317.2 million (2018: RMB21,274.5 million). Same as last year, revenue for the year was mainly recognized from the sales of high-rise residential projects.

As a result of stable property market in the past few years, selling prices of the properties handed over and recognized in the year increased, leading to the growth of the gross profit margin from 28.6% of last year to 33.0% this year.

Following the recognition of profit from projects gradually, the net profits contribution from the associate and joint ventures was RMB309.0 million (2018: RMB230.1 million). The project development progress and returns are in line with expectation.

In addition, the segment result included a fair value gain of RMB 72.2 million on a reclassification of inventories of properties to investment properties as described above.

Hence, the segment result increased by 56.6% to RMB8,262.2 million (2018: RMB5,276.3 million) for the year.

Recognized revenue from major projects during the year:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Huizhou	Harbour City	181,291	2,185.8
	Triumph Town	125,824	1,468.0
	Huizhou Tangquan	5,481	160.4
Nantong	Central Mansion	66,906	1,550.0
	The Aqua	88,791	842.5
	Upper East	31,045	612.6
Yangzhou	Grand Polis	93,046	1,000.7
	Glory Manor	62,486	799.1
	Eternal Treasure	43,474	598.6
	Yangzhou Jiajing	35,341	431.1
Nanning	International Community	238,359	2,477.5
Shantou	La Cite	206,411	1,778.2
	Huating	70,255	472.6
Jilin	International Community	289,655	2,231.7
Ganzhou	International Community	180,835	1,803.5
Yancheng	The Glorious	143,266	1,644.4
Lanzhou	Dynasty Court	76,809	799.5
	China Overseas Plaza	74,286	761.6
Weifang	Da Guan Tian Xia	88,873	827.1
Changzhou	The Phoenix	76,860	796.4
Yinchuan	International Community	108,318	719.7
Hefei	Coli City	52,239	639.7

In addition to the above, the following project had commenced the construction work in the year:

City	Name of project	Construction commenced
Lanzhou	Platinum Pleased Mansion	January 2019
Yangzhou	Upper East	April 2019
Guilin	Patrimonial Mansion	June 2019
Quanzhou	Glorious	June 2019
Baotou	PT Hyatt (Previously named as “Xindoushi District Project #2”)	September 2019
Nanning	Celestial Heights	September 2019
Changzhou	Clouds Fairyland	October 2019
Jilin	Glorioushire	October 2019
Lanzhou	China Overseas Platinum Garden	November 2019
Nantong	Jade Park	November 2019
Qingyuan	One Lake Vision	November 2019
Shaoxing	The Central Mansion	November 2019
Hefei	Central Mansion	December 2019
Hohhot	He Shan Da Guan	December 2019
Quanzhou	River View Mansion	December 2019
Xuzhou	The Platinum Pleased Mansion	December 2019

At year end date, the gross floor area of properties under construction and stock of completed properties amounted to 14,341,400 sq.m. and 838,400 sq.m. respectively, totaling 15,179,800 sq.m.. Properties with gross floor area of 8,316,300 sq.m. had been contracted for sales and were pending for handover upon completion.

PROPERTY LEASING

As described above, sales of China Overseas Building, located in Jilin, in the form of sub-unit continued and approximate 95% of the gross floor area of the building was hand over to the buyers.

For the year ended 31 December 2019, rental income increased by RMB4.6 million year-on-year to RMB192.6 million (2018: RMB188.0 million). The leasing business remained stable in general. The contribution from the joint venture was RMB4.2 million (2018: RMB4.2 million). Therefore, the segment profit, after factoring in the gain on disposal of investment properties of RMB2.4 million, increased by RMB7.3 million year-on-year to RMB148.2 million (2018: RMB140.9 million).

At year end date, the occupancy rates for China Overseas International Center in Xicheng District, Beijing and the scientific research office building in Zhang Jiang High-tech Zone in Shanghai were 92% (31 December 2018: 88%) and 95% (31 December 2018: 87%) respectively. The construction works progress of China Overseas Plaza in Anning District, Lanzhou is in line with the plan. The leasing activities of the relevant commercial units have commenced and the pre-lease rate has reached 53%. The plaza is expected to open in late 2020. The Group wholly owns the Beijing and Lanzhou properties while it holds 65% of the Shanghai project.

FINANCIAL RESOURCES AND LIQUIDITY

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

As at 31 December 2019, net working capital amounted to RMB37,798.4 million (31 December 2018: RMB36,912.1 million), with a quick ratio of 0.5 (31 December 2018: 0.6).

During the year, the Group secured new credit facilities of approximately RMB15,301.5 million from leading financial institutions. After taking into account drawdowns of RMB13,115.5 million, repayment of loans of RMB8,457.2 million and increase of RMB239.6 million due to translation of RMB loan, total bank and other borrowings (exclude the guaranteed notes payable of RMB3,521.4 million) increased by RMB4,897.9 million to RMB27,268.2 million as compared to the end of last year

Of the total bank and other borrowings, RMB loan amounted to RMB16,026.6 million while the Hong Kong Dollar loan and US Dollar loan amounted to HK$12,235.0 million and US$40.0 million respectively (totally RMB11,241.6 million). As at year end, interests of borrowings amounted to RMB1,300.0 million were charged at fixed rate from 3.8% to 5.2% while the remaining borrowings of RMB25,968.2 million were charged at floating rates with a weighted average of 4.60% per annum. About 42.7% of bank and other borrowings is repayable within one year.

In respect of guaranteed notes, upon the redemption of the US$400 million 5.125% guaranteed notes on mature date in January 2019, the total amortized cost payable of the guaranteed note amounted to RMB3,521.4 million as at 31 December 2019.

Properties sales for the year increased significantly and sales deposits collection was satisfactory. Cash and bank balances plus restricted cash and deposits was RMB27,426.7 million in total as at 31 December 2019 (31 December 2018: RMB29,145.9 million). Of which, 99.1% is denominated in RMB while the remaining is in US Dollar and Hong Kong Dollar.

As at 31 December 2019, the Group's net gearing ratio was 17.2% (31 December 2018: net cash). The net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including the guaranteed notes, net of cash and bank balances and restricted cash and deposits) to equity attributable to owners of the Company. The management believed that maintaining a strong financial position was crucial in a complicated and uncertain market environment.

Taking into account of the unutilized bank credit facilities available to the Group of RMB8,522.7 million, the Group's total available funds (including restricted cash and deposits of RMB10,671.3 million) reached RMB35,949.4 million as at 31 December 2019. Observed financial disciplines strictly, the operational and financial position of the Group remains healthy. The Group would ensure continual fulfillment of the financial covenants as agreed with different financial institutions and maintain sufficient resources to satisfy its commitment and working capital needs.

In terms of capital management, the Group implements centralized financing and treasury policies to ensure efficient fund utilization.

The Group manages its capital structure with the objective to maximize its shareholders' returns in the long term by maintaining a healthy financial position, sustainable gearing structure and reasonable finance costs in the built-up of an optimal operation scale.

To support the growth of the business, the Group would closely monitor the financial market and explore opportunities to enter into appropriate long-term financing to further optimize its debt profile and strengthen its capital structure continuously.

Except for the aforesaid interest rate swap contract matured in January 2020, the Group did not have any financial derivatives either for hedging or speculative purpose as at 31 December 2019.

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

CHANGE TO RMB AS PRESENTATION CURRENCY

The Group's cash flows on revenues, cost and expenses are primarily generated in RMB, and are expected to remain principally denominated in RMB in the future business operation. The Group changed the currency in which it presents its consolidated financial statements for the year ended 2019 from HK dollars to RMB, in order to better reflect the underlying performance and position of the Group. The comparative figures in the consolidated financial statements have also been restated accordingly. For further details regarding the change of presentation currency, please refer to note 2.2 to the financial statements.

FOREIGN EXCHANGE EXPOSURE

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

The exchange rate of RMB to Hong Kong Dollar fell by 2.2% in the year and accordingly, the net asset value of the Group decreased by RMB302.8 million.

The Group would continue to closely monitor the volatility of the RMB exchange rate. In view of the current lower finance costs for borrowings in Hong Kong Dollar and the benefits of keeping diversified funding channels in business development, the management, after balancing the finance cost and foreign currency risks, would review its financing strategy regularly to optimize the ratio of RMB and Hong Kong Dollar/ US Dollar debt and also explore different financing tools to minimize the foreign exchange risk.

COMMITMENTS AND GUARANTEE

As at 31 December 2019, the Group had commitments totaling RMB17,721.1 million which related mainly to land costs, property development and construction works. In addition, the Group issued guarantees to banks totaling RMB30,453.6 million for facilitating end-user mortgages in connection with its property sales in China as a usual commercial practice.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling RMB95.8 million approximately during the year, mainly referred to additions in hotel construction in progress.

On the other hand, as at 31 December 2019, certain property assets in China with aggregate carrying value of RMB1,416.6 million were pledged to obtain RMB129.0 million of secured borrowings from certain banks in China for the projects.

EMPLOYEES

As at 31 December 2019, the Group has 2,516 employees (31 December 2018: 2,156). The increase in the number of employees was mainly due to business growth and expansion of operating scale.

The Group is keen to motivate and retain talent and reviews the remuneration policies and packages on a regular basis to recognize employee contributions and respond to changes in the employment market. The total staff costs incurred for the year ended 31 December 2019 was approximately RMB765.9 million (2018: RMB593.0 million). The pay levels of the employees are determined based on their responsibilities, performance and the prevailing market condition. Discretionary bonus was paid to employees based on individual performance while other remuneration and benefits, including the provident fund contributions/ retirement pension scheme, remained at appropriate levels. Different trainings and development opportunities continued to be offered to sharpen employees' capabilities to meet the pace of business growth.

KEY RISKS FACTORS AND UNCERTAINTIES

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

INVESTMENT RISK

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

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

DEBT REPAYMENT RISK

The financial market is complicated and fast-changing. Cash flow management is one of the major business risks of property development business, which is capital intensive in nature. The risk is mainly arising from lower than expected cash collection from sales and failure to refinance debt upon maturity.

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

FOREIGN EXCHANGE RISK

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

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

MARKET RISK

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

The Group is kept abreast with the changes in business environment and regulatory, and timely assesses the impacts on the operations in order to formulate the best strategy for persisted growth. Benefited from the national brand for excellence product, the Group would develop different types of properties tailored for different customers in different regions and enhance customer services. Moreover, the Group would alter the construction program of the projects to match the sales progress so that the stock level could be optimized while the supply of properties could still be warranted.

PRODUCT QUALITY RISK

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

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Notes	**2019 RMB'000**	2018 RMB'000 (Re-presented)
Revenue	*4*	**28,590,883**	21,524,668
Cost of sales and services provided		**(19,063,036)**	(15,263,950)
Gross profit		**9,527,847**	6,260,718
Other income		**390,937**	368,482
Distribution and selling expenses		**(1,147,953)**	(708,029)
Administrative expenses		**(793,301)**	(607,940)
Other operating expenses		**(31,917)**	(134,961)
Other gains or losses			
Fair value gain on reclassification of inventories of properties to investment properties		**72,179**	-
Gain on disposal of investment properties		**2,355**	1,829
Change in fair value of a derivative financial instrument		**(3,927)**	2,098
Gain on bargain purchase	*13*	**4**	-
Operating profit		**8,016,224**	5,182,197
Finance costs		**(33,843)**	(77,665)
Share of results of associates		**22,657**	10,302
Share of results of joint ventures		**290,534**	224,013
Profit before income tax	*6*	**8,295,572**	5,338,847
Income tax expense	*7*	**(4,798,611)**	(3,233,178)
Profit for the year		**3,496,961**	2,105,669
Profit for the year attributable to:			
Owners of the Company		**3,329,681**	2,043,204
Non-controlling interests		**167,280**	62,465
		3,496,961	2,105,669
		RMB Cents	RMB Cents (Re-presented)
Earnings per share	*9*		
Basic		**97.3**	61.5
Diluted		**97.3**	61.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	RMB'000	RMB'000
		(Re-presented)
Profit for the year	**3,496,961**	2,105,669
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising from translation into presentation currency	**(302,751)**	(366,561)
Other comprehensive income for the year, net of tax	**(302,751)**	(366,561)
Total comprehensive income for the year	**3,194,210**	1,739,108
Total comprehensive income attributable to:		
Owners of the Company	**3,026,930**	1,676,643
Non-controlling interests	**167,280**	62,465
	3,194,210	1,739,108

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	**31 December 2019 RMB'000**	31 December 2018 RMB'000 (Re-presented)	1 January 2018 RMB'000
Assets and liabilities				
Non-current assets				
Investment properties		**2,744,787**	2,337,314	2,369,977
Property, plant and equipment		**1,090,024**	1,020,577	992,590
Right-of-use assets		**348,544**	-	-
Prepaid lease rental on land		**-**	263,986	271,979
Intangible assets		**-**	2,908	6,785
Interests in associates		**46,299**	23,642	113,606
Interests in joint ventures		**901,626**	611,092	387,079
Amount due from a joint venture		-	-	255,000
Financial assets at fair value through other comprehensive income		**1,000**	1,000	1,000
A derivative financial instrument		**-**	3,914	1,650
Deferred tax assets		**609,534**	161,351	278,471
		5,741,814	4,425,784	4,678,137
Current assets				
Inventories of properties		**86,397,320**	59,303,130	44,188,016
Other inventories		**4,269**	1,631	1,722
Contract assets		**49,732**	14,007	5,963
Trade and other receivables, prepayments and deposits	*10*	**11,867,467**	8,894,882	8,188,368
Prepaid lease rental on land		**-**	7,993	7,993
Amount due from an associate		**60,436**	59,676	56,921
Amount due from a joint venture		**479**	255,000	**-**
Amounts due from non-controlling interests		**581,245**	408,250	295,643
Amount due from a related company		**171,543**	-	-
Tax prepaid		**1,796,235**	1,110,581	1,155,742
Restricted cash and deposits		**10,671,299**	6,924,235	6,313,640
Cash and bank balances		**16,755,435**	22,221,637	13,499,328
		128,355,460	99,201,022	73,713,336

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019

	Notes	**31 December 2019 RMB'000**	31 December 2018 RMB'000 (Re-presented)	1 January 2018 RMB'000
Current liabilities				
Trade and other payables	*11*	**11,989,788**	9,481,552	8,236,425
Contract liabilities		**54,618,728**	37,923,862	23,555,683
Amounts due to associates		**63,823**	23,334	147,853
Amounts due to joint ventures		**815,126**	1,179,244	1,031,684
Amounts due to non-controlling interests		**5,082,077**	2,044,260	512,768
Amounts due to related companies		**379,230**	303,364	4,056,314
Lease liabilities		**11,570**	-	-
Guaranteed notes payable		**-**	2,813,771	-
Taxation liabilities		**5,940,199**	3,034,456	1,902,597
Borrowings		**11,656,478**	5,485,101	4,105,199
		90,557,019	62,288,944	43,548,523
Net current assets		**37,798,441**	36,912,078	30,164,813
Total assets less current liabilities		**43,540,255**	41,337,862	34,842,950
Non-current liabilities				
Borrowings		**15,611,683**	16,885,207	16,133,737
Lease liabilities		**24,588**	-	-
Guaranteed notes payable		**3,521,449**	3,438,514	2,640,792
Amount due to a related company		**-**	75,026	75,026
Deferred tax liabilities		**2,869,227**	3,171,148	3,513,814
		22,026,947	23,569,895	22,363,369
Net assets		**21,513,308**	17,767,967	12,479,581
Capital and reserves				
Share capital	*12*	**5,579,100**	5,579,100	1,850,440
Reserves		**13,966,227**	11,461,276	9,957,615
Equity attributable to owners of the Company		**19,545,327**	17,040,376	11,808,055
Non-controlling interests		**1,967,981**	727,591	671,526
Total equity		**21,513,308**	17,767,967	12,479,581

1. GENERAL INFORMATION

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 Group mainly comprise property investment and development, property leasing and investment holding. The Group's business activities are principally carried out in certain regions in the PRC such as Ganzhou, Hefei, Huizhou, Jilin, Nanning, Nantong, Yangzhou and Yinchuan.

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

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

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of annual results 2019 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2019 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The financial statements for the year ended 31 December 2019 were approved and authorized for issue by the Board on 20 March 2020.

* English translation is for identification only.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of measurement

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

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

2.2 Functional and presentation currency

The functional currency of the Company is Hong Kong dollars ("HK$"). The presentation currency of the consolidated financial statements in the prior financial periods was HK$ and is changed to Renminbi ("RMB") in the current year.

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 the change in 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 have decided to change the presentation currency from HK$ to RMB for the preparation of the Group's consolidated financial statements.

The change in presentation currency of the consolidated financial statements has been accounted for in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The comparative figures in the consolidated statements of financial position as at 31 December 2018, 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 ended 31 December 2018 have been re-presented in RMB accordingly.

The following methodology was used to re-present the comparative figures which were originally reported in HK$:

(i) income and expenditure denominated in non-RMB currencies were translated at the average rates of exchange prevailing for the period;

(ii) assets and liabilities denominated in non-RMB currencies were translated at the rates of exchange at the beginning and the end of the period;

(iii) share capital and other reserves were translated at the applicable historical rates; and

(iv) all resulting exchange differences were recognized in other comprehensive income.

The change in presentation currency mainly impacted the carrying amount of translation reserve as at 31 December 2017 and 2018, changing it from HK$373,279,000 (debit balance) and HK$1,864,534,000 (debit balance) to RMB218,722,000 (debit balance) and RMB585,283,000 (debit balance) respectively.

Save as described in the above and in note 3 "Adoption of New or Revised HKFRSs", the accounting policies used in preparing the consolidated financial statements are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2018.

3. ADOPTION OF NEW OR REVISED HKFRSs

3.1 Adoption of new or revised HKFRSs – effective 1 January 2019

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2019:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations, HKFRS 11 Joint Arrangements, HKAS 12 Income Taxes and HKAS 23 Borrowing Costs

The Group considers that the adoption of these new standards, amendments and interpretations did not have any significant impact on the Group's results of operations and financial position except for HKFRS 16 *Leases* ("HKFRS 16") as described below.

<u>HKFRS 16 Leases</u>

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 *Leases* ("HKAS 17"), HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* ("HK(IFRIC)-Int 4"), HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. From a lessee's perspective, almost all leases are recognized in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17.

Details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies, the transition method adopted by the Group as allowed under HKFRS 16 and its impact on the Group's consolidated financial statements are set out below.

3. ADOPTION OF NEW OR REVISED HKFRSs (CONTINUED)

3.1 Adoption of new or revised HKFRSs – effective 1 January 2019 (Continued)

HKFRS 16 Leases (Continued)

(i) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(ii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognize the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognized in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalized in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalize (a) leases which are short-term leases and/or (b) leases for which the underlying asset is of low-value. The Group has elected not to recognize right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognized a right-of-use asset and a lease liability at the commencement date of a lease.

(iii) Accounting as a lessor

The Group has leased out its investment properties, the shopping mall and certain units of inventories of properties to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these financial statements.

3. ADOPTION OF NEW OR REVISED HKFRSs (CONTINUED)

3.1 Adoption of new or revised HKFRSs – effective 1 January 2019 (Continued)

HKFRS 16 Leases (Continued)

(iv) Transition

The Group has applied HKFRS 16 using the modified retrospective approach and recognized all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application, i.e. 1 January 2019. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has applied the transitional practical expedients to grandfather the previous assessment on leases. Accordingly, contracts that were previously identified as leases under HKAS 17 and HK(IFRIC)-Int 4 continue to be accounted for as leases under HKFRS 16 and HKFRS 16 is not applied to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

The Group has recognized the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognize all the right-of-use assets at 1 January 2019 for leases previously classified as operating leases under HKAS 17 at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to those leases recognized in the statement of financial position immediately before the date of initial recognition. For all these right-of-use assets, the Group has applied HKAS 36 *Impairment of Assets* at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the following practical expedients: (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and (b) applied the exemption of not to recognize right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application, i.e. 1 January 2019 and accounted for those leases as short-term leases.

3. ADOPTION OF NEW OR REVISED HKFRSs (CONTINUED)

3.1 Adoption of new or revised HKFRSs – effective 1 January 2019 (Continued)

HKFRS 16 Leases (Continued)

(v) Impact of adoption of HKFRS 16

The impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 is summarized as follows:

Consolidated statement of financial position as at 1 January 2019

	As previously reported RMB'000 (Re-presented)	HKFRS 16 Reclassification RMB'000 (note (a))	HKFRS 16 Contract capitalization RMB'000 (note (b))	As restated RMB'000
Assets				
Right-of-use assets	-	272,604	39,356	311,960
Prepaid lease rental on land (Non-current)	263,986	(263,986)	-	-
Trade and other receivables, prepayments and deposits	8,894,882	(625)	-	8,894,257
Prepaid lease rental on land (Current)	7,993	(7,993)	-	-
Liabilities				
Lease liabilities (Current)	-	-	17,309	17,309
Lease liabilities (Non-current)	-	-	22,047	22,047

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognized in the consolidated statement of financial position as at 1 January 2019:

	RMB'000
Operating lease commitment at 31 December 2018 (Re-presented)	48,817
Less: Short-term leases and other leases for which lease terms end within 31 December 2019	(4,932)
	43,885
Less: Future interest expenses *	(4,529)
Total lease liabilities as at 1 January 2019	39,356

* The weighted average of the incremental borrowing rates applied to the lease liabilities recognized in the consolidated statement of financial position as at 1 January 2019 is 3.06%.

3. ADOPTION OF NEW OR REVISED HKFRSs (CONTINUED)

3.1 Adoption of new or revised HKFRSs – effective 1 January 2019 (Continued)

HKFRS 16 Leases (Continued)

(v) Impact of adoption of HKFRS 16 (Continued)

Notes:

(a) Up-front payments made by the Group for leasehold land and land use rights which are held for own use were previously classified as prepaid lease rental on land and were measured at cost less accumulated amortization and any impairment losses. Upon initial adoption of HKFRS 16 on 1 January 2019, the up-front payments amounting to RMB271,979,000 in aggregate were reclassified to right-of-use assets.

(b) The Group has leased certain office premises, quarters and shopping mall, which were previously accounted for as operating leases under HKAS 17. The adoption of HKFRS 16 on 1 January 2019 resulted in the recognition of right-of-use assets of RMB39,356,000 and lease liabilities at the same amount.

(c) Under HKFRS 16, the Group is required to account for leasehold properties as investment properties under HKAS 40 *Investment Property* (“HKAS 40”) when these properties are held to earn rentals and/or for capital appreciation. The adoption of HKFRS 16 does not have significant impact on those right-of-use assets that meet the definition of investment properties and they would continue to be accounted for under HKAS 40 and would be carried at fair value.

3.2 New or revised HKFRSs that have been issued but not yet effective

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

Amendments to HKFRS 3	Definition of Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

[1] Effective for annual periods beginning on or after 1 January 2020

[2] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred or removed. Early application of the amendments continues to be permitted.

The above new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group’s results and financial position upon application.

4. REVENUE

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

	2019	2018
	RMB'000	RMB'000
		(Re-presented)
Revenue from contracts with customers within the scope of HKFRS 15		
- Sales of properties	**28,317,217**	21,274,471
- Hotel and other services income	**81,108**	62,183
	28,398,325	21,336,654
Revenue from other sources		
- Property rental income	**192,558**	188,014
Total revenue	**28,590,883**	21,524,668

5. 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 resource allocation and assessment of segment performance. The Group has identified two reportable segments and other segment for its operating segments as follows:

Property investment and development	—	This segment constructs residential and commercial properties in the PRC. Part of the business is carried out through associates and joint ventures.
Property leasing	—	This segment holds commercial units 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.

5. SEGMENT INFORMATION (CONTINUED)

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

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

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

Disaggregation of revenue by timing of revenue recognition

Disaggregation of revenue from contracts with customers 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 2019				
Revenue from contracts with customers disaggregated by timing of revenue recognition				
- Goods transferred over time	**5,857,234**	**-**	**-**	**5,857,234**
- Goods transferred at a point in time	**22,459,983**	**-**	**-**	**22,459,983**
- Services transferred over time	**-**	**-**	**81,108**	**81,108**
	28,317,217	**-**	**81,108**	**28,398,325**
Revenue from other sources				
- Rental income	**-**	**192,558**	**-**	**192,558**
	28,317,217	**192,558**	**81,108**	**28,590,883**

5. SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue by timing of revenue recognition (Continued)

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2018 (Re-presented)				
Revenue from contracts with customers disaggregated by timing of revenue recognition				
- Goods transferred over time	3,582,199	-	-	3,582,199
- Goods transferred at a point in time	17,692,272	-	-	17,692,272
- Services transferred over time	-	-	62,183	62,183
	21,274,471	-	62,183	21,336,654
Revenue from other sources				
- Rental income	-	188,014	-	188,014
	21,274,471	188,014	62,183	21,524,668

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, reconciliation to revenue, profit before income tax, total assets, total 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 2019				
Reportable segment revenue	**28,317,217**	**192,558**	**81,108**	**28,590,883**
Reportable segment profit/(loss)	**8,262,218**	**148,235**	**(24,357)**	**8,386,096**
Corporate income				**16,284**
Change in fair value of a derivative financial instrument				**(3,927)**
Finance costs				**(33,843)**
Other corporate expenses				**(69,038)**
Profit before income tax				**8,295,572**

5. 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
As at 31 December 2019				
Reportable segment assets	**126,820,483**	**2,945,112**	**1,086,185**	**130,851,780**
Tax assets				**2,405,769**
Corporate assets ^				**839,725**
Total consolidated assets				**134,097,274**
Reportable segment liabilities	**72,380,346**	**89,740**	**16,788**	**72,486,874**
Tax liabilities				**8,809,426**
Borrowings				**27,268,161**
Amounts due to related companies				**379,230**
Lease liabilities				**36,158**
Guaranteed notes payable				**3,521,449**
Other corporate liabilities				**82,668**
Total consolidated liabilities				**112,583,966**
For the year ended 31 December 2018 (Re-presented)				
Reportable segment revenue	21,274,471	188,014	62,183	21,524,668
Reportable segment profit/(loss)	5,276,326	140,860	(14,080)	5,403,106
Corporate income				74,688
Change in fair value of a derivative financial instrument				2,098
Finance costs				(77,665)
Other corporate expenses				(63,380)
Profit before income tax				5,338,847
As at 31 December 2018 (Re-presented)				
Reportable segment assets	95,605,493	2,583,655	1,030,115	99,219,263
Tax assets				1,271,932
Corporate assets ^				3,135,611
Total consolidated assets				103,626,806
Reportable segment liabilities	50,482,182	89,491	11,408	50,583,081
Tax liabilities				6,205,604
Borrowings				22,370,308
Amounts due to related companies				378,390
Guaranteed notes payable				6,252,285
Other corporate liabilities				69,171
Total consolidated liabilities				85,858,839

^ Corporate assets as at 31 December 2019 mainly included property, plant and equipment, right-of-use assets, prepaid lease rental on land and cash and bank balances of RMB114,851,000 (2018: RMB121,390,000 (Re-presented)), RMB100,137,000 (2018: nil), nil (2018: RMB99,672,000 (Re-presented)) and RMB471,055,000 (2018: RMB2,858,648,000 (Re-presented)) respectively which are managed on a group basis.

5. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

Other information

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Corporate RMB'000	Consolidated RMB'000
For the year ended 31 December 2019					
Interest income	**328,994**	**808**	**152**	**7,233**	**337,187**
Depreciation and amortization	**10,531**	**5,847**	**46,604**	**17,393**	**80,375**
Gain on bargain purchase	**4**	**-**	**-**	**-**	**4**
Fair value gain on reclassification of inventories of properties to investment properties	**72,179**	**-**	**-**	**-**	**72,179**
Gain on disposal of investment properties	**-**	**2,355**	**-**	**-**	**2,355**
Gain/(Loss) on disposal of property, plant and equipment	**263**	**136**	**(8)**	**-**	**391**
Write-off of property, plant and equipment	**32**	**-**	**-**	**-**	**32**
Change in fair value of a derivative financial instrument	**-**	**-**	**-**	**(3,927)**	**(3,927)**
Share of profit of associates	**22,657**	**-**	**-**	**-**	**22,657**
Share of profit of joint ventures	**286,322**	**4,212**	**-**	**-**	**290,534**
Additions to specified non-current assets #	**14,266**	**25**	**86,311**	**2,872**	**103,474**
As at 31 December 2019					
Interests in associates	**46,299**	**-**	**-**	**-**	**46,299**
Interests in joint ventures	**788,484**	**113,142**	**-**	**-**	**901,626**
For the year ended 31 December 2018 (Re-presented)					
Interest income	256,320	1,223	109	74,686	332,338
Depreciation and amortization	6,160	4,604	22,846	12,541	46,151
Gain on disposal of investment properties	-	1,829	-	-	1,829
Gain on disposal of property, plant and equipment	44	-	5	-	49
Write-off of property, plant and equipment	10	-	5	-	15
Change in fair value of a derivative financial instrument	-	-	-	2,098	2,098
Share of profit of associates	10,302	-	-	-	10,302
Share of profit of joint ventures	219,809	4,204	-	-	224,013
Additions to specified non-current assets #	5,458	350	55,356	1,022	62,186
As at 31 December 2018 (Re-presented)					
Interests in associates	23,642	-	-	-	23,642
Interests in joint ventures	502,162	108,930	-	-	611,092

Including additions to the Group's investment properties, other properties, plant and equipment, right-of-use assets, prepaid lease rental on land, intangible assets, interests in associates and joint ventures (i.e. "specified non-current assets"), but excluded those additions arising from the Acquisition as set out in note 13 and transfers from investment properties and inventories of properties to owner-occupied properties as well as transfer from inventories of properties to investment properties.

5. 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:

	2019	2018
	RMB'000	RMB'000
		(Re-presented)
Hong Kong	**7,155**	1,173
Other regions of the PRC	**5,124,125**	4,258,346
	5,131,280	4,259,519

Information about major customer

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2019 and 2018.

6. PROFIT BEFORE INCOME TAX

	2019	2018
	RMB'000	RMB'000
		(Re-presented)
Profit before income tax is arrived at after charging:		
Amortization:		
Prepaid lease rental on land	**-**	7,993
Intangible assets #	**2,908**	3,877
Depreciation:		
Right-of-use assets	**19,354**	-
Property, plant and equipment	**58,113**	34,281
Total amortization and depreciation	**80,375**	46,151

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

7. INCOME TAX EXPENSE

	2019	2018
	RMB'000	RMB'000
		(Re-presented)
Current tax for the year		
Hong Kong profits tax	**-**	-
Other regions of the PRC		
- Enterprise income tax ("EIT")	**2,458,164**	1,563,667
- Land appreciation tax ("LAT")	**3,096,771**	1,892,773
	5,554,935	3,456,440
Under provision in prior years		
Other regions of the PRC	**30,243**	2,284
Deferred tax	**(786,567)**	(225,546)
	4,798,611	3,233,178

7. INCOME TAX EXPENSE (CONTINUED)

No Hong Kong profits tax has been provided 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% (2018: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (2018: 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.

8. DIVIDENDS

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

	2019	2018
	RMB'000	RMB'000
		(Re-presented)
Interim dividend – HK$0.06 (2018: HK$0.03) per ordinary share	**184,465**	89,323
Proposed final dividend – HK$0.195 (2018: HK$0.112) per ordinary share *(note)*	**586,810**	322,741
	771,275	412,064

Note:
The final dividend of HK$0.195 (2018: HK$0.112) per ordinary share, amounting to HK$667,555,000, equivalent to approximately RMB586,810,000 (2018: HK$383,416,000, equivalent to approximately RMB322,741,000), 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:

	2019	2018
	RMB'000	RMB'000
		(Re-presented)
Final dividend in respect of previous financial year, approved and paid during the year of HK$0.112 (2018: HK$0.03) per ordinary share	**337,514**	83,659

9. EARNINGS PER SHARE

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

Earnings	**2019**	2018
	RMB'000	RMB'000
		(Re-presented)
Profit for the year attributable to owners of the Company	**3,329,681**	2,043,204

Weighted average number of ordinary shares	**2019**	2018
	'000	'000
Weighted average number of ordinary shares in issue during the year	**3,423,360**	3,322,354

9. EARNINGS PER SHARE (CONTINUED)

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the year ended 31 December 2018 represented the weighted average number of ordinary shares in issue in the year, after taking into account of the bonus element in the Rights Issue which was completed on 5 February 2018 as set out in note 12.

Diluted earnings per share was the same as the basic earnings per share for the year ended 31 December 2019 and 2018 as there were no dilutive potential ordinary shares in existence during both years.

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2019	2018
	RMB'000	RMB'000
		(Re-presented)
Trade receivables, net	**16,826**	64,911
Other receivables, net	**3,147,957**	2,214,023
Prepayments and deposits	**8,702,684**	6,615,948
	11,867,467	8,894,882

The ageing analysis of the Group's trade receivables net of loss allowance for impairment, based on invoice date or when appropriate, date of transfer of property, is as follows:

	2019	2018
	RMB'000	RMB'000
		(Re-presented)
30 days or below	**10,407**	62,528
31–60 days	**236**	54
61–90 days	**166**	71
91–180 days	**27**	1,192
181–360 days	**489**	107
Over 360 days	**5,501**	959
	16,826	64,911

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.

As at 31 December 2019, no material provision was made against the gross amount of trade receivables, other receivables and contract assets.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of unrelated customers.

11. TRADE AND OTHER PAYABLES

	2019 RMB'000	2018 RMB'000 (Re-presented)
Trade payables	**10,153,883**	8,028,524
Other payables and accruals	**1,573,573**	1,242,799
Deposits received	**262,332**	210,229
	11,989,788	9,481,552

The ageing analysis of the Group's trade payables based on invoice date is as follows:

	2019 RMB'000	2018 RMB'000 (Re-presented)
30 days or below	**2,919,207**	2,428,723
31–60 days	**695,632**	285,018
61–90 days	**317,989**	311,950
91–180 days	**1,128,954**	759,599
181–360 days	**1,350,838**	1,317,106
Over 360 days	**3,741,263**	2,926,128
	10,153,883	8,028,524

12. SHARE CAPITAL

	Number of ordinary shares '000	RMB'000 (Re-presented)
Issued and fully paid		
Balance at 1 January 2018	2,282,240	1,850,440
Issue of shares under Rights Issue *(Note)*	**1,141,120**	**3,728,660**
Balance at 31 December 2018, 1 January 2019 and 31 December 2019	**3,423,360**	**5,579,100**

Note:

On 5 February 2018, the Company completed the rights issue of approximately 1,141,120,000 rights shares on the basis of one rights share for every two existing shares of the Company at a subscription price of HK$4.08 per rights share (the "Rights Issue"). The gross proceeds from the Rights Issue was HK$4,655,769,000, equivalent to approximately RMB3,767,588,000, and after deducting direct transaction costs of RMB38,928,000 (Re-presented), net proceeds amounting to approximately RMB3,728,660,000 (Re-presented) were raised by the Company. The number of issued ordinary shares of the Company was increased to approximately 3,423,360,000 shares and the share capital of the Company was increased from RMB1,850,440,000 (Re-presented) to RMB5,579,100,000 (Re-presented).

13. BUSINESS COMBINATION

On 29 May 2019, China Overseas Grand Oceans Property Group Company Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with 深圳中海新城鎮發展有限公司 (Shenzhen China Overseas New Town Development Limited*)(the "Seller"), an indirect wholly-owned subsidiary of China Overseas Holdings Limited, in relation to the acquisition of the entire equity interests of 中海投資渭南有限公司 (China Overseas Investment Wei Nan Limited*)(the "Target Company") for an aggregate consideration of RMB490,000,000. The principal business of the Target Company and its subsidiaries is the development, sale, investment and management of properties in the PRC.

The abovementioned acquisition (the "Acquisition") was completed on 15 August 2019. Upon completion, the Target Company became a wholly-owned subsidiary of the Company and its financial results are consolidated into the financial statements of the Group.

* English translation, as the case may be, is for identification only.

The recognized amounts of identifiable assets and liabilities of Target Company and its subsidiaries on the date of the Acquisition are as follows:

	RMB'000	RMB'000
Cash consideration		**490,000**
Recognized amounts of identifiable assets acquired and liabilities assumed		
Property, plant and equipment	**94**	
Inventories of properties	**916,908**	
Amount due from a related company	**100,000**	
Trade and other receivables, prepayments and deposits	**88,905**	
Contract assets	**1,508**	
Tax prepaid	**11,126**	
Restricted cash and deposits	**25,501**	
Cash and bank balances	**311,643**	
Trade and other payables	**(234,704)**	
Contract liabilities	**(694,514)**	
Deferred tax liabilities	**(36,463)**	
Total identifiable net assets acquired at fair value		**490,004**
Gain on bargain purchase		**(4)**
Cash (outflow)/inflow on Acquisition:		
Purchase consideration settled during the year		**(490,000)**
Cash and bank balances acquired		**311,643**
Cash outflow included in cash flows from investing activities		**(178,357)**
Transaction costs included in cash flows from operating activities		**(341)**
		(178,698)

The Group recognized a gain on bargain purchase of RMB4,000 in "Other gains or losses – Gain on bargain purchase".

PROPOSED FINAL DIVIDEND

After reviewing the working capital requirements for the Group's future expansion of its business, the Board has recommended the payment of a final dividend of HK19.5 cents per share for the year ended 31 December 2019. Together with an interim dividend of HK6 cents per share, the total dividend for the whole year amounted to HK25.5 cents per share, HK11.3 cents increase compared with the total dividend of HK14.2 cents per share for the previous year.

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company (the "AGM") and the final dividend warrant is expected to be despatched to the shareholders of the Company on 16 July 2020.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the AGM, and entitlement to the proposed final dividend, the Company's Register of Members will be closed as set out below:

(i) For determining eligibility to attend and vote at the AGM:

- Latest time to lodge transfer documents for registration with the Company's share registrar	At 4:30 p.m. on 18 June 2020
- Closure of Register of Members	19 June 2020 to 24 June 2020 (both days inclusive)
- Record date	24 June 2020

(ii) For determining entitlement to the final dividend:

- Ex-dividend date	29 June 2020
- Latest time to lodge transfer documents for registration with the Company's share registrar	At 4:30 p.m. on 30 June 2020
- Closure of Register of Members	2 July 2020
- Record date	2 July 2020

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with Company's share registrar at Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than the aforementioned latest time.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 24 June 2020 at 10:00 a.m. at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong. The notice of the AGM, which constitutes part of a circular to shareholders of the Company, will be sent together with the 2019 Annual Report.

All shareholders of the Company are encouraged to attend the AGM and exercise their right to vote. Shareholders are invited to ask questions related to the business of the meeting, and will be able to meet with Directors and the senior management.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's external auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Audit Committee of the Company has discussed and reviewed with management the Group's annual results and consolidated accounts for the year ended 31 December 2019.

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

Save as disclosed below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2019 and up to the date of this announcement.

China Overseas Grand Oceans Finance II (Cayman) Limited, a wholly-owned subsidiary of the Company, redeemed the entire outstanding principal amount of the US$400,000,000 5.125 per cent. guaranteed notes on the maturity date. (i.e., 23 January 2019). The guaranteed notes were listed on the Stock Exchange prior to redemption at maturity.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a set of code of conduct for securities transactions by Directors (the “Code of Conduct”), the terms of which are not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

Having made specific inquiries to all Directors, the Company can reasonably confirm that the Directors have complied with the Code of Conduct throughout the year of 2019.

CORPORATE GOVERNANCE PRACTICE

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

Except for the deviation from code A.4.1, the Company has applied the corporate governance principles and complied with all the code provisions (where applicable, some of the recommended best practices) set out in Appendix 14 to the Listing Rules (the “CG Codes”) for the year ended 31 December 2019.

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

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE, THE COMPANY AND EQS TODAYIR LIMITED

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk under "Latest Information", the Company's website at http://www.cogogl.com.hk and the website of EQS TodayIR Limited at http://www.todayir.com/en/showcases.php?code=81.

The printed copy of the 2019 Annual Report will be sent to shareholders of the Company before end of April 2020 and the soft copy of the 2019 Annual Report will be published on websites of the Stock Exchange, the Company and EQS TodayIR Limited in due course.

By Order of the Board
China Overseas Grand Oceans Group Limited
Zhuang Yong
Chairman and Executive Director

Hong Kong, 20 March 2020

As at the date of this announcement, the Board comprises eight Directors, of which three are executive directors, namely Mr. Zhuang Yong, Mr. Yang Lin and Mr. Paul Wang Man Kwan; two non-executive directors, namely Mr. Yan Jianguo and Mr. Billy Yung Kwok Kee, and three independent non-executive directors, namely Dr. Timpson Chung Shui Ming, Mr. Jeffrey Lam Kin Fung and Mr. Dantes Lo Yiu Ching.