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

Stock Code: 00081

Together We Advance

Annual Report 2021

Contents

Corporate and Shareholders' Information

CORPORATE INFORMATION

REGISTERED OFFICE

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

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

COMPANY SECRETARY

Anita Wong

SHARE REGISTRAR

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

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

AUDITOR

BDO Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

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

SHAREHOLDERS' INFORMATION

SHARE LISTING

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

ORDINARY SHARES (AS AT 31 DECEMBER 2021)

Shares outstanding	3,423,359,841 shares

STOCK CODE

SHARES

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

INVESTOR RELATIONS

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

MEDIA ENQUIRY

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E-mail	:	cogo.pr@cohl.com

FINANCIAL CALENDAR

2021 annual results announcement	23 March 2022
Book closure period for annual general meeting	15 June 2022 to 20 June 2022 (both days inclusive)
Annual general meeting	20 June 2022
Book closure period for final dividend	24 June 2022
Despatch date of final dividend warrants and share certificates to be issued under the scrip dividend scheme	On or around 16 August 2022

Board of Directors and Committees

EXECUTIVE DIRECTORS

Zhuang Yong	*Chairman*
Yang Lin	*Chief Executive Officer*
Wang Man Kwan, Paul	*Chief Financial Officer*

NON-EXECUTIVE DIRECTORS

Yan Jianguo	*(resigned w.e.f. 22 April 2021)*
Guo Guanghui	*(appointed w.e.f. 22 April 2021)*
Yung Kwok Kee, Billy	*Vice Chairman*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Lo Yiu Ching, Dantes

AUTHORIZED REPRESENTATIVES

Zhuang Yong
Yang Lin

AUDIT COMMITTEE

Chung Shui Ming, Timpson*
Lam Kin Fung, Jeffrey
Lo Yiu Ching, Dantes

REMUNERATION COMMITTEE

Lam Kin Fung, Jeffrey*
Yung Kwok Kee, Billy
Chung Shui Ming, Timpson
Lo Yiu Ching, Dantes

NOMINATION COMMITTEE

Lo Yiu Ching, Dantes*
Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Zhuang Yong

* *Committee Chairman*

Financial Highlights

For the year ended 31 December	2021	2020	Change
Contracted property sales# *(RMB Million)*	**71,204.4**	64,709.5	10.0%
Key Consolidated Profit and Loss Items *(RMB Million)*			
Revenue	**53,830.5**	42,909.1	25.5%
Gross profit	**12,399.1**	11,641.4	6.5%
Gross margin[1]	**23.0%**	27.1%	-4.1%^
Profit attributable to owners of the Company	**5,050.6**	4,374.8	15.4%
Net margin[2]	**9.4%**	10.2%	-0.8%^
As at 31 December	**2021**	**2020**	**Change**
Key Consolidated Statement of Financial Position Items *(RMB Million)*			
Inventories of properties	**136,371.5**	107,721.2	26.6%
Contract liabilities	**81,803.7**	70,336.4	16.3%
Cash reserves[3]	**32,492.4**	28,069.1	15.8%
Total borrowings[4]	**45,222.0**	40,464.4	11.8%
Net debts[5]	**12,729.6**	12,395.3	2.7%
Total equity	**35,756.3**	27,236.4	31.3%
Equity attributable to owners of the Company	**28,727.9**	24,133.2	19.0%
Net gearing[6]	**35.6%**	45.5%	-9.9%^
Net asset per share[7] *(RMB)*	**8.39**	7.05	19.0%
Land Bank *(Thousand sq.m.)*			
Development land reserves#	**29,768.9**	30,106.6	-1.1%
Financial Year	**2021**	**2020**	**Change**
Return to Shareholders			
Return on equity[8]	**19.1%**	20.0%	-0.9%^
Earnings per share *(RMB cents)*	**147.5**	127.8	15.4%
Dividends per share *(HK cents)*	**38.0**	34.5	10.1%

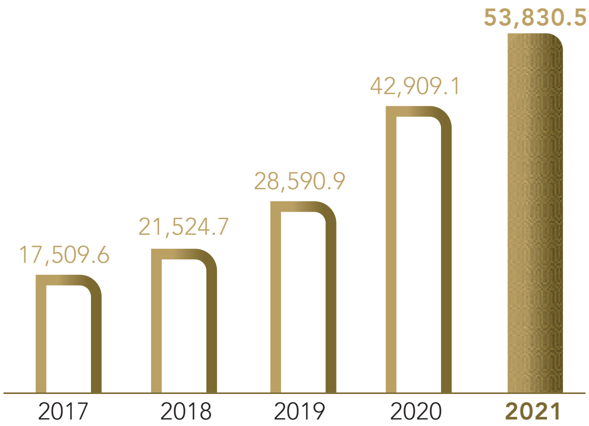
FORMULA OF FINANCIAL INFORMATION

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

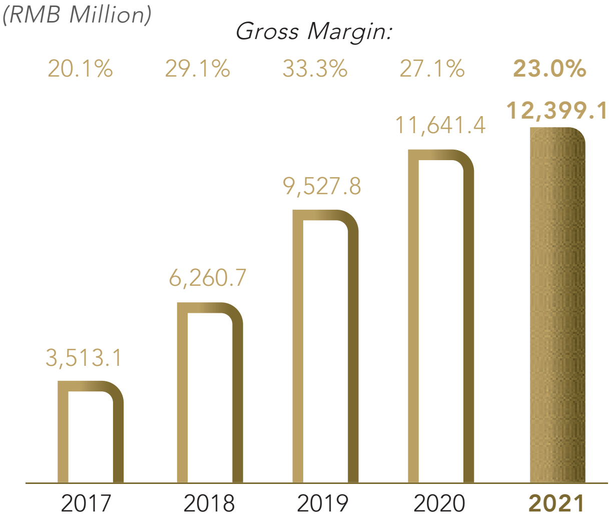
Included associates and joint ventures
^ Change in percentage points

Financial Highlights *(continued)*

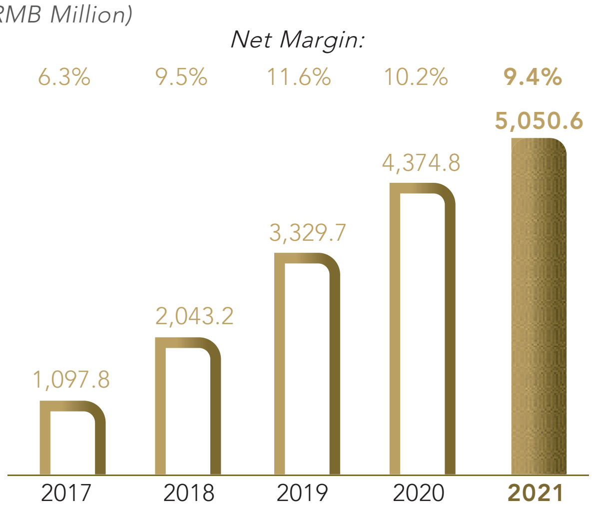
Revenue
(RMB Million)



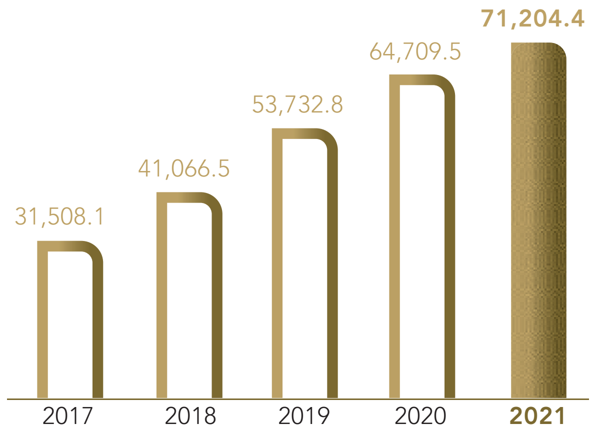
Gross Profit
(RMB Million)



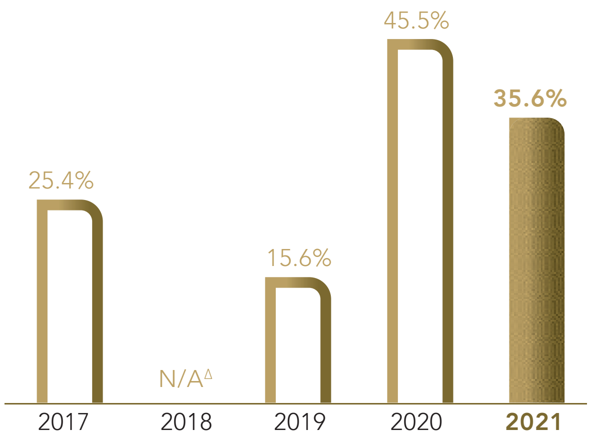
Profit Attributable to Owners of the Company
(RMB Million)



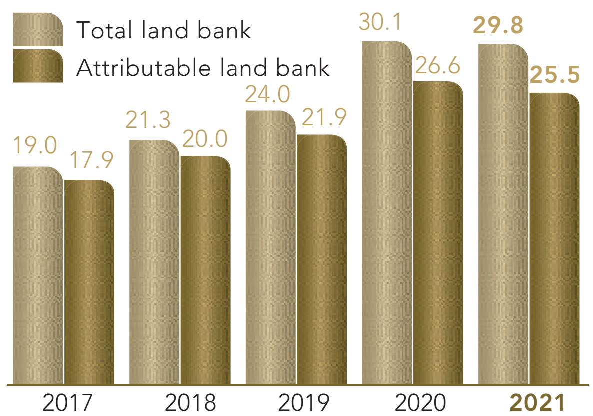
Contracted Property Sales#
(RMB Million)



Net Gearing (Net debts/total equity)



Land Bank#
(Million sq.m.)



Included associates and joint ventures
Δ Net cash

Chairman's Statement

Jinhua The Central Mansion

Chairman's Statement

INTRODUCTION

I am pleased to present the review of annual results for the year ended 31 December 2021 and the outlook in 2022 of the Company and its subsidiaries (collectively the "Group").

In 2021, the Group achieved a revenue of RMB53,830.5 million, representing a year-on-year increase of 25.5%. Profit attributable to owners of the Company amounted to RMB5,050.6 million, representing a year-on-year increase of 15.4%. Basic earnings per share recorded a year-on-year increase of 15.4% to RMB147.5 cents.

After a prudent review on the overall result performance and working capital requirements for the future expansion of its business, the Board of the Company recommended the payment of a final dividend of HK30 cents per share (2020: HK27.5 cents per share) for the year ended 31 December 2021, representing an increase of 9.1% against last year. Taking into account the interim dividend of HK8 cents per share (2020: HK7 cents per share) paid in October 2021, total dividends for the year will amount to HK38 cents per share (2020: HK34.5 cents per share), representing an increase of 10.1% against last year. The dividend payout ratio for the year is 21.1%.

For the final dividend distribution this year, the Board of the Company also proposes to offer a scrip dividend alternative to allow shareholders to elect to receive the final dividend wholly or partly in the form of new fully paid shares in lieu of cash.

Zhuang Yong
Chairman and Executive Director

Chairman's Statement *(continued)*

MARKET REVIEW

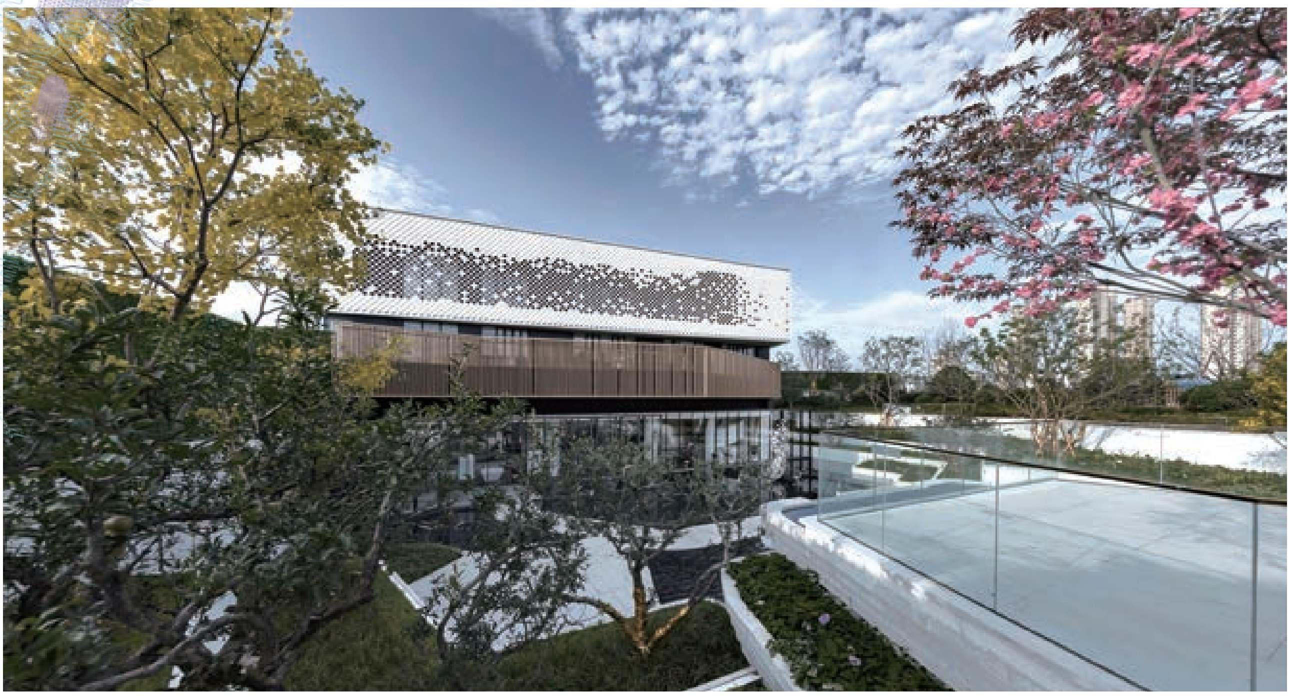
In 2021, with the global expansion of scope of vaccination against coronavirus and the implementation of large-scale fiscal stimulus and monetary easing policies among the countries, the recovery progress of the world economy has accelerated. However, at the same time, global imbalances have become more emergent. Inflation pressure has risen and the bottlenecks on supply chains continue to be prominent. The global economic growth rebounded to 5.5%, while China continued to be the largest contributor to global economic growth with a yearly growth rate of 8.1%.

2021 is the first year of China's 14th Five-Year Plan. By adhering to the guiding principle of seeking progresses while maintaining stability and scientific coordination on prevention and control of the coronavirus pandemic, the Chinese economy continued to recover. The construction of a new development environment has been accelerated and new achievements have been made in high-quality development. Among them, the export of goods has grown rapidly, the driving effect of domestic demand has strengthened economic development. Investment on fixed assets has also been continuously optimized. So, the 14th Five-Year Plan has achieved a good start.

The real estate industry, being the largest pillar in the Chinese economy, still drove the overall economic growth by 0.4% despite facing enormous pressure and challenges in 2021. Among them, the investment in real estate development amounted to RMB14.8 trillion, a year-on-year increase of 4.4%. The sales area for commercial housing was approximately 1.79 billion sq.m., a year-on-year increase of 1.9%. The commercial housing sales amounted to RMB18.2 trillion, a year-on-year increase of 4.8%.

In 2021, the development trend of the real estate market was at first going up and then going down. In the first half of the year, the sales volume and price of new housing both rose and returned to pre-coronavirus levels. Affected by the continuous tightening of multi-dimensional regulatory policies in the second half of the year, the sales of new housing sharply frozen and the demand turned to wait-and-see, which lead to the decrease in housing prices. At the same time, the Three Red Lines restrained the credit expansion for real estate enterprises. Some real estate enterprises exposed to operating risks with tight capital chains and credit defaults. Their commencement and progresses of construction work slowed down and even their housing qualities have deteriorated. These further exacerbated the pessimistic sentiment in the market.

Chairman's Statement *(continued)*



Taizhou The Central Mansion

2021 is the first year of the implementation of the new policy of Two Centralizations of Land Supply. Record-high prices were frequently recorded in the first round of land auctions. However, a surge in failed bids were seen in the second and third rounds of auctions. In order to maintain their own financial liquidity, the investment appetites of real estate enterprises have sharply lowered. Most of the key cities could not achieve the planned land supply for the year. The area of land purchased by real estate enterprises for the year was 220 million sq.m., representing a year-on-year decrease of 15.5%. The land transaction price was RMB1.8 trillion, representing a year-on-year increase of 2.8%; nevertheless, the premium rate of transaction price was significantly lower than the corresponding period last year.

Challenges and opportunities coexist. The overall trend of deleveraging in the real estate industry will help high-quality enterprises to gather resources, seize the market share, and stand out.

BUSINESS REVIEW

In 2021, despite the ups and downs in the real estate industry and the complicated internal and external environment, the Group reacted swiftly, moved forward against the obstacles, and responded proactively. The contracted property sales and cash collections for the year reached a new level and achieved steady growth in operations performance.

The Group seized opportunities and made flexible adjustments on supplies according to market conditions. In 2021, the Group together with its associates and joint ventures (collectively the "Group Series of Companies") achieved contracted property sales of RMB71,204.4 million, representing a year-on-year increase of 10.0%. The contracted sales area was 5,683,400 sq.m., representing a year-on-year increase of 7.2%. The Group Series of Companies realized an average selling price of approximately RMB12,528 per sq.m., representing a year-on-year increase of 2.7%. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB1,383.0 million for an aggregated contracted area of 101,300 sq.m..

Chairman's Statement *(continued)*

The Group's market share further increased. Among the 40 cities the Group has deployed, the Group ranked top three in 17 cities on sales, an increase of 8 cities compared to last year. Among them, Yinchuan, Taizhou and Jilin ranked top sales locally.

The Group prudently assessed the overall market condition and replenished its high-quality land bank at reasonable prices in a forward-looking manner according to its own development pace. In 2021, the Group Series of Companies acquired a total of 41 parcels of land with gross floor area of 8,385,100 sq.m. (of which 6,864,400 sq.m. was attributable to the Group) at a total consideration of RMB39,503.6 million (of which RMB31,271.9 million was attributable to the Group). The newly added land reserves were located in twenty two cities in ten provincial administrative region, of which Anqing, Huai'an and Chuzhou are the three new cities that the Group entered into in 2021.

As at 31 December 2021, the gross floor area of total land bank of the Group Series of Companies amounted to 29,768,900 sq.m., of which 25,530,700 sq.m. was attributable to the Group.

The Group's financial position is satisfactory with the cost of financing hitting a record low of 3.8%, cash and bank balances plus restricted cash and deposits exceeding RMB30 billion for the first time and achieving Green Category under the Three Red Lines. The Group seized the opportunity and successfully issued five-year United States Dollar ("USD") 512 million guaranteed notes in February 2021, with a coupon rate of 2.45%, which was enthusiastically subscribed by the market.

PROSPECTS

The real estate industry is the ballast of the Chinese economy. It has the characteristics of large scale, long supply chain and a wide range of coverage. It not only has an important impact on production, investment, consumption and people's livelihood, but also has an important systemic impact on economic and financial stability and risk prevention.

Through the continuous improvement and adherence to the long-effect mechanism for real estate industry and under the main tone of the regulatory policy of Housing is for Living in, not for Speculation with the city-specific policies, the goal of Stabilizing Land Prices, Housing Prices and Market Expectations can be sustainable and the principle of Guaranteeing Property Handover, People's Livelihood and Stability will be strengthened. As a result, these will encourage a virtuous circle and a healthy development within the real estate industry.

Hefei Upper East

Chairman's Statement *(continued)*

As the national real estate development enterprise focusing on the development of second-, third- and fourth-tier cities, the Group faces both a major challenge and a period of strategic opportunities in the face of profound changes in the real estate industry. In 2022, the Group will actively uphold the 14th Five-Year Plan strategic development goal of One Body with Two Wings by insisting on focusing on the main business, deepening the professional development, and expanding the deployment. By comprehensively enhancing the product strength and competitiveness, moving forward with determination and bucking the trend, the development of the Group will be advanced in a high-quality, sustainable and healthy manner.

The Group believes that the fundamentals of the real estate market have not changed and the rigid and improving demand for housing remains strong. In 2021, the level of urbanization increased steadily to 64.72%, an increase of 0.83% against last year. China is still in the stage of rapid urbanization and the residents have an increasingly strong demand for improving their living conditions.

The differentiation among cities is becoming more and more obvious. City-specific policies on control measures and land supply will be adopted thoroughly by each city. The Group will continue to deepen its development in the existing cities. Relying on the "1+N+n" organizational management model and diversified land acquisition channels, the Group will actively expand into high-quality cities surrounding the urban area. At the same time, the Group will pay close attention to the merger and acquisition opportunities with great development potential in the market.

The Group adheres to customer orientation, value creation and quality assurance. Guided by the "12345" good product system, the Group insists on creating good products and upholds the concept of What You See is What You Get to enhance customer experience. By gradually promoting the three-year action plan of Craftsmanship in Zhonghai, strengthening safety management, promoting smart construction sites and establishing a full evaluation cycle system in construction, the project quality and delivery quality should be ensured and thus, customer satisfaction continued to maintain at a high level among the industry.

The Group has made significant breakthroughs in the field of the green and intelligent buildings. He Shan Da Guan (previously named "Hohhot Glorioushire") in Hohhot, Inner Mongolia Autonomous Region is the first large-scale ultra-low energy consumption demonstration project in the severe cold region of China. Through the adoption of refined design, construction and passive technical methodologies, the heating and cooling demand in the construction processes was significantly reduced and the efficiency of energy equipment and system was enhanced, thereby provided a more comfortable and healthier indoor living environment with less energy consumption. The project obtained four national pioneer technology patents and established the Design Standard for Passive Ultra-low Energy Green Residential Buildings. The project is expected to be completed and delivered by 2023. The Group will continue to promote the development of ultra-low energy consumption buildings from small-scale practices to widespread applications to ensure the realization of the goal of the Carbon Peaking and Carbon Neutrality strategy in the real estate industry.

Chairman's Statement *(continued)*

Facing the stringent regulatory environment and the ever-changing financial capital market, the Group has always adhered to sound and prudent financial management as well as continues to improve its cost management and risk and control management capabilities in order to reduce costs and increase efficiency. By closely monitoring the financial returns and cash collections of property projects, it ensures that the progress of development and investment is in line with the business plan. The Group regularly reviews the debt structure and cost of financing to maintain a healthy level of financial position and the Green Category status under the Three Red Lines.

Talent is an important factor for the success and sustainable development of an enterprise. The Group is committed to cultivating employees with potentials, and through the talent development plan, reserving manpower for the rapid development of the Group. At the same time, the Group actively explores talents in the open market and provides competitive salaries and benefits among the industries and growth opportunities.

APPRECIATION

Finally, I would like to express my heartfelt thanks to all fellow Directors, management team and every colleague for their hard work and selfless dedication, and stakeholders, customers, business partners and all sectors of the society for their continued confidence and support to the Group. The Group will definitely live up to the high expectations, work hard with perseverance and strive to create greater value.

Zhuang Yong
Chairman and Executive Director

Hohhot He Shan Da Guan

Management
Discussion and Analysis

Shantou The Rivera

Management Discussion and Analysis

Hefei Central Park

BUSINESS REVIEW

REVENUE AND OPERATING RESULTS

In 2021, the real estate market of Mainland China has experienced a change in sentiment from optimistic stabilization in the first half of the year to cautious wait-and-see in the second half of the year. The Group seized the opportunities in the first half of the year to continue to enhance its operational efficiency, expand its online sales promotional campaigns and optimize its sales rhythm. The contracted property sales was satisfactory in the first half of the year. In the second half of the year, the Group strengthened the strategic alignment between the head office and local offices and therefore the local offices could respond quickly to the swift changes in market conditions. Backed by continuous improvement in project operation efficiency and productivity, the sales activities maintained its momentum. The Group Series of Companies achieved contracted property sales of RMB71,204.4 million for the year (2020: RMB64,709.5 million), representing an increase of 10.0% against last year, in which, an amount of RMB2,506.7 million (2020: RMB1,019.2 million) was contributed by associates and joint ventures. Contracted property sales attributable to the Group Series of Companies amounted to RMB63,598.3 million. For the year ended 31 December 2021, the Group recorded revenue of RMB53,830.5 million (2020: RMB42,909.1 million), representing an increase of 25.5% against last year. Gross profit for the year was RMB12,399.1 million (2020: RMB11,641.4 million), RMB757.7 million higher than last year. Gross profit margin for the year was 23.0% (2020: 27.1%).

Over the past two years, by making more use of electronic platforms in sales activities, including online customers registration and reservation, launch of property sales and properties selections, the sales efficiency has been effectively enhanced. With the number of new projects launched kept at a high level, distribution and selling expenses for the year increased by RMB266.1 million against last year to RMB1,634.9 million (2020: RMB1,368.8 million). Nevertheless, the ratio of distribution and selling expenses to the Group's contracted property sales for the year maintained at a low level of 2.4%. In addition, as the operating scale has been expanding gradually, administrative expenses for the year increased by RMB26.5 million against last year to RMB1,096.4 million (2020: RMB1,069.9 million). However, the ratio of administrative expenses to revenue for the year dropped from 2.5% in last year to 2.0%, as the Group still maintained stringent controls over the expenses.

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW (CONTINUED)

REVENUE AND OPERATING RESULTS (CONTINUED)

In respect of the investment properties, fair value gain of RMB20.0 million (2020: Nil) was recognized during the year, which was arisen from the increase in fair value of China Overseas International Center in Beijing. Besides, during the year, taking into account of the local market condition, the Group decided to change the use of area in office building, excluding the part held for self-used, in China Overseas Plaza in Lanzhou and shop area in City Plaza in Huizhou from inventories of properties under development for sales to investment properties for leasing out to generate rental income. Therefore, a fair value gain on such reclassification of RMB80.7 million (2020: RMB8.1 million) was reported for the year. The revision of the usage of the properties aligns with the Group's corporate strategic development plan to maintain a portfolio of high-quality investment properties to provide a stable income stream for the Group.

Driven by the growth in revenue and gross profit, operating profit for the year amounted to RMB10,210.7 million (2020: RMB9,564.3 million), representing an increase of 6.8% against last year.

Due to the overall business growth and the increase in non-wholly-owned investment projects, the average total borrowings of the Group and the interest-bearing amounts due to non-controlling interests increased during the year. As a result, the total interest expense increased from RMB1,371.7 million of last year to RMB1,844.5 million of this year. Finance costs, after capitalization of RMB1,790.4 million (2020: RMB1,328.6 million) to the on-going property development projects, was RMB54.1 million (2020: RMB43.1 million) for the year.

Currently, the property projects held by the Group through associates and joint ventures are in the development stage and the progress is in line with the expectation. It is anticipated that they could make contribution to the Group's profit in the coming future. Share of profit of associates for the year amounted to RMB8.1 million (2020: RMB12.0 million), while the share of loss of joint ventures for the year amounted to RMB15.3 million (2020: profit of RMB6.7 million).

Yinchuan Patrimonial Mansion

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW (CONTINUED)

REVENUE AND OPERATING RESULTS (CONTINUED)

Income tax expense comprised enterprise income tax and land appreciation tax. Income tax expense for the year decreased by RMB431.2 million against last year to RMB4,504.5 million (2020: RMB4,935.7 million), mainly due to the decrease in effective tax rate on land appreciation tax as driven by the drop in gross profit margin. Therefore, the effective tax rate for the year dropped 7.3% against last year to 44.4% (2020: 51.7%).

Overall, for the year ended 31 December 2021, profit attributable to owners of the Company increased by 15.4% against last year to RMB5,050.6 million (2020: RMB4,374.8 million). Basic earnings per share were RMB147.5 cents (2020: RMB127.8 cents).

LAND BANK

The management believes that a sizable and high-quality land bank can ensure the sustainable growth of the Group's business and is also one of the most important assets to a property developer. Over the past year, in response to the rapidly-changing market conditions, the Group prudently acquired land parcels at reasonable prices for maintaining a sustainable land bank. Since conduct business with entering new cities is an important business expansion strategy, we further extended its operations to three new cities with high growth potential, namely Anqing and Chuzhou (Anhui province) and Huai'an (Jiangsu province) during the year. Apart from the newly entered cities, the Group also prudently replenished its land bank in cities with presence during the year. In 2021, the Group Series of Companies bagged land parcels with gross floor area of 1,576,700 sq.m. in the three cities newly expanded into at a consideration of RMB7,080.7 million. Together with the land pieces added in the cities with presence, the Group Series of Companies acquired a total of 41 parcels of land at a total consideration of RMB39,503.6 million (2020: RMB46,233.1 million) with gross floor area of 8,385,100 sq.m. (2020: 11,569,200 sq.m.), of which 6,864,400 sq.m. (2020: 9,724,000 sq.m.) was attributable to the Group (including the interests in associates and joint ventures).

Yangzhou La Rive Gauche

Changzhou South Halcyon

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW (CONTINUED)

LAND BANK (CONTINUED)

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

No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
1	Anqing	Yingjiang District Project (The Metropolis)	100%	640,300
2	Jiujiang	Lianxi District Project #1 (International Community)	100%	221,800
3	Jiujiang	Lianxi District Project #2 (International Community)	100%	220,000
4	Jiujiang	Lianxi District Project #3 (International Community)	100%	381,300
5	Jiujiang	Lianxi District Project #4 (International Community)	100%	318,300
6	Shaoxing	Yuecheng District Project (Marina One)	100%	136,200
7	Zhenjiang	Danyang City Huanan Gaoxin District Project #1 (Zhenru Mansion)	100%	2,900
8	Zhenjiang	Danyang City Huanan Gaoxin District Project #2 (Zhenru Mansion)	100%	4,500
9	Hefei	Xinzhan District Project (Halo Park)	100%	155,900
10	Xining	Economic and Technological Development Zone Nanchuan Industrial Park District Project (Elite Palace)	100%	651,500
11	Quanzhou	Taiwanese Investment Zone Project (Elegance Mansion)	100%	305,700
12	Shantou	Longhu District Project #1 (The Rivera East City)	100%	98,300
13	Shantou	Longhu District Project #2 (Guan Lan Fu)	100%	119,200
14	Weifang	Weicheng District Project (Mansion)	100%	61,000
15	Yangzhou	Hanjiang District Project (The Paragon)	100%	169,400
16	Xuzhou	Tongshan District Project #1 (Future Land)	100%	149,000
17	Jinhua	Wucheng District Project #1 (Central Park)	50%	258,500
18	Jinhua^	Yiwu City Project (Central Mansion)	76%	138,400
19	Yancheng	Yandu District Project #1 (Mansion One)	45%	194,300
20	Weinan	Gaoxin District Project (Master Mansion)	100%	350,400
21	Zhanjiang	Xiashan District Project #1 (Zhonghai Jindi Duhui Garden)	50%	114,100
22	Huizhou	Huicheng District Project #1 (Sage Mansion)	50%	70,700
23	Huai'an	Huai'an District Project #1 (Central Mansion)	100%	114,300
24	Hefei	Feidong County Project (Vitality City)	100%	142,200
25	Xuzhou	Tongshan District Project #2 (Lake City Mansion)	34%	180,500

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW (CONTINUED)

LAND BANK (CONTINUED)

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

No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
26	Taizhou	Hailing District Project #1 (Royal Mansion)	70%	222,500
27	Chuzhou	Nanqiao District Project (Royal Mansion)	100%	366,900
28	Huizhou	Huicheng District Project #2 (Unique Palace)	50%	89,700
29	Taizhou	Hailing District Project #2 (Graceful Mansion)	85%	108,100
30	Huai'an	Huai'an District Project #2 (Honor Mainstays)	51%	455,200
31	Yangzhou	Guangling New Town District Project (Jiangnan Countryard)	99.5%	170,200
32	Zhanjiang	Xiashan District Project #2 (Jindi Zhonghai Jincheng Garden)	50%	272,000
33	Yancheng	Yandu District Project #2	33%	178,800
34	Shantou	Longhu District Project #3 (Guan Yun Fu)	100%	161,500
35	Changzhou	Tianning District Project (World Masterpiece)	100%	95,200
36	Changzhou	Economic Development Zone Project (Jiang Nan Mansion)	100%	131,200
37	Yinchuan	Jinfeng District Project (Master Mansion)	100%	143,600
38	Zibo	Zichuan District Project (Jade Park)	49%	355,000
39	Xuzhou	Economic Development Zone Project (Upper East)	33%	173,700
40	Jinhua	Wucheng District Project #2 (The Halo)	50%	174,000
41	Yancheng	Tinghu District Project (Chen Yang Fu)	46%	88,800
Total				**8,385,100**

^ In the 2021 Interim Report, Yiwu was stated as a new city that the Group entered into this year. At the year end, the management of the Group recomputed the statistics of land bank in cities. Yiwu was included under Jinhua for presentation, and not considered as a new city entered into.

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW (CONTINUED)

LAND BANK (CONTINUED)

As at 31 December 2021, the gross floor area of total land bank of the Group Series of Companies in Mainland China reached 29,768,900 sq.m. (2020: 30,106,600 sq.m.), of which 2,319,700 sq.m. (2020: 1,085,500 sq.m.) was held by associates and joint ventures collectively. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) was 25,530,700 sq.m. (2020: 26,617,100 sq.m.). The Group Series of Companies held a land bank distributed in 39 cities as at 31 December 2021.

In January 2022, the Group acquired additional equity interests and the shareholder loans in the project companies primarily engaged in property development in Yiwu (subsequently summarized in Jinhua for city description and statistics) and Xuzhou from a business partner at total consideration of RMB1.0 billion. Besides, in March 2022, the Group acquired 100% equity interests and the shareholder loan in the project company primarily engaged in property development in Shantou from an independent third party at consideration of approximately RMB1.0 billion. Upon the completion of the abovementioned acquisitions, the gross floor area of land bank attributable to the Group will be further increased by 362,500 sq.m.. Further details regarding these acquisitions are set out in the announcements of the Company dated 28 January 2022 and 8 March 2022 respectively.

The Group will continue to pay close attention to the market conditions and explore merger and acquisition opportunities for expanding the Group's land bank. If a large-scale project is encountered, joint investment and development model with a reliable business partner will be considered, including but not limited to a platform with China Overseas Land & Investment Company Limited ("COLI") on joint investment in real estate development, so as to achieve a balance of risk and reward management.

Changzhou Clouds Fairyland

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW (CONTINUED)

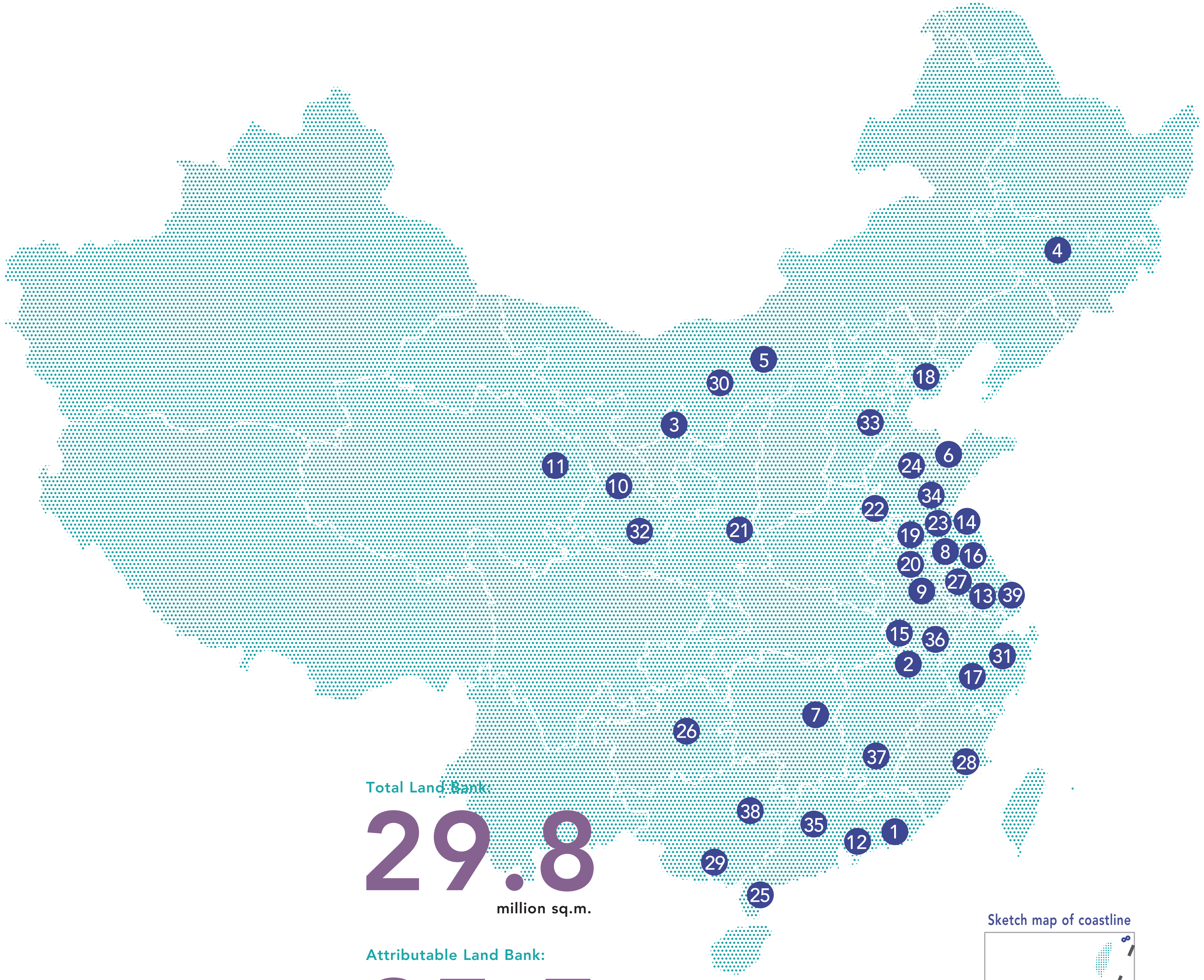
LAND BANK (CONTINUED)

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

No.	City	Total GFA ('000 sq.m.)	%	Attributable GFA ('000 sq.m.)	%
1	Shantou	3,047.3	10.2%	3,047.3	11.9%
2	Jiujiang*	1,920.6	6.5%	1,920.6	7.5%
3	Yinchuan	1,550.8	5.2%	1,430.6	5.6%
4	Jilin	1,378.6	4.6%	1,313.8	5.1%
5	Hohhot	1,301.3	4.4%	1,301.3	5.1%
6	Weifang	1,121.5	3.8%	1,121.5	4.4%
7	Zhuzhou	1,494.7	5.0%	1,046.3	4.1%
8	Yangzhou	1,046.5	3.5%	1,045.6	4.1%
9	Hefei	1,293.3	4.3%	1,008.5	4.0%
10	Lanzhou	1,184.2	4.0%	991.0	3.9%
11	Xining	924.9	3.1%	924.9	3.6%
12	Huizhou	1,147.9	3.9%	886.4	3.5%
13	Changzhou	855.4	2.9%	855.4	3.4%
14	Yancheng	1,117.6	3.8%	761.5	3.0%
15	Anqing	640.3	2.2%	640.3	2.5%
16	Taizhou	1,245.6	4.2%	610.2	2.4%
17	Jinhua	792.0	2.7%	542.5	2.1%
18	Tangshan	516.2	1.7%	516.2	2.0%
19	Xuzhou	691.2	2.3%	455.7	1.8%
20	Chuzhou	366.9	1.2%	366.9	1.4%
21	Weinan	350.4	1.2%	350.4	1.4%
22	Jining	347.3	1.2%	347.3	1.4%
23	Huai'an	569.5	1.9%	346.5	1.4%
24	Zibo	517.1	1.7%	336.1	1.3%
25	Zhanjiang	667.1	2.2%	333.5	1.3%
26	Zunyi	457.5	1.5%	332.3	1.3%
27	Zhenjiang	317.4	1.1%	317.4	1.2%
28	Quanzhou	305.7	1.0%	305.7	1.2%
29	Nanning	548.7	1.8%	278.2	1.1%
30	Baotou	284.5	1.0%	262.7	1.0%
31	Shaoxing	242.8	0.8%	242.8	1.0%
32	Tianshui	225.6	0.8%	225.6	0.9%
33	Langfang	200.4	0.7%	200.4	0.8%
34	Linyi	195.3	0.7%	195.3	0.8%
35	Qingyuan	180.0	0.6%	180.0	0.7%
36	Huangshan	249.5	0.8%	137.2	0.5%
37	Ganzhou	131.8	0.4%	131.8	0.5%
38	Liuzhou	161.6	0.5%	113.1	0.4%
39	Nantong	179.9	0.6%	107.9	0.4%
Total		29,768.9	100.0%	25,530.7	100.0%

* During the year, in relation to a land project in Lushan Xihai, Jiujiang for future development, according to a notice from the relevant local government authorities, the gross floor area available for development is adjusted from approximately 1,887,900 sq.m. to approximately 656,300 sq.m..

Management Discussion and Analysis *(continued)*



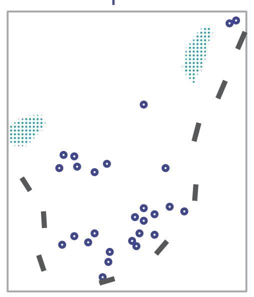
Total Land Bank:

29.8 million sq.m.

Attributable Land Bank:

25.5 million sq.m.

Sketch map of coastline



Management Discussion and Analysis *(continued)*

PROPORTION OF CONTRACTED PROPERTY SALES# BY CITIES

TOTAL PROPERTY SALES:

2021

RMB71.2 billion

6.2%	Changzhou
11.6%	Hefei
2.9%	Hohhot
3.8%	Huizhou
2.5%	Jilin
7.2%	Jinhua
4.7%	Lanzhou
5.2%	Nantong
3.0%	Quanzhou
7.5%	Shantou
4.9%	Taizhou
2.1%	Xining
2.1%	Xuzhou
3.0%	Yancheng
3.9%	Yangzhou
10.3%	Yinchuan
19.1%	Others

2020

RMB64.7 billion

4.1%	Changzhou
11.3%	Hefei
4.1%	Hohhot
8.3%	Huizhou
4.7%	Jilin
4.1%	Lanzhou
3.5%	Nantong
4.7%	Quanzhou
4.0%	Shantou
3.6%	Weifang
9.4%	Yancheng
8.7%	Yangzhou
8.1%	Yinchuan
21.4%	Others

PROPORTION OF CONTRACTED AREA SOLD# BY CITIES

TOTAL CONTRACTED AREA SOLD:

2021

5,683,400 sq.m.

5.1%	Changzhou
6.9%	Hefei
2.9%	Hohhot
4.1%	Huizhou
4.6%	Jilin
3.1%	Jinhua
4.4%	Lanzhou
2.8%	Nantong
3.0%	Quanzhou
9.0%	Shantou
3.7%	Taizhou
2.9%	Xining
2.1%	Xuzhou
2.8%	Yancheng
4.1%	Yangzhou
13.4%	Yinchuan
25.1%	Others

2020

5,303,400 sq.m.

3.5%	Changzhou
6.7%	Hefei
4.0%	Hohhot
7.9%	Huizhou
7.7%	Jilin
3.6%	Lanzhou
1.7%	Nantong
4.9%	Quanzhou
5.4%	Shantou
6.7%	Weifang
6.5%	Yancheng
8.2%	Yangzhou
12.1%	Yinchuan
21.1%	Others

\# Included associates and joint ventures

Management Discussion and Analysis *(continued)*

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

The Group has been focusing on the development of second-, third- and fourth-tier cities, and comprehended the differences in the rigid and improving demand for housing among various cities, and thus provides suitable products, such as the renovated flats and the green and intelligent residential buildings, according to the market conditions in each city. As such, the Group is able to meet the needs of different markets and customers, enhance the rate of return, maximize the benefits of national brand and maintain its leading market position.

The contracted property sales of the Group Series of Companies for the year ended 31 December 2021 amounted to RMB71,204.4 million (2020: RMB64,709.5 million), for an aggregated contracted area of 5,683,400 sq.m. (2020: 5,303,400 sq.m.), (in which, RMB2,506.7 million <2020: RMB1,019.2 million> for an aggregated contracted area of 135,000 sq.m. <2020: 85,900 sq.m.> was contributed by associates and joint ventures) representing an increase of 10.0% and 7.2% respectively against last year. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB1,383.0 million for an aggregated contracted area of 101,300 sq.m..

Contracted property sales from major projects during the year ended 31 December 2021:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Hefei	Central Mansion	83,954	1,996.8
	Upper East	72,851	1,695.4
	The Halo	75,876	1,316.9
	Royal Villa	35,827	1,135.9
	Halo Park	51,101	869.8
	Central Park	34,753	861.2
Yinchuan	International Community	420,393	3,584.3
	The Royal Peninsula	195,754	1,782.2
	Patrimonial Mansion	90,550	1,280.6
	The New Metropolis	50,615	605.2
Shantou	The Rivera	210,665	2,442.3
	The Rivera North City	84,567	941.8
	Platinum Mansion	71,035	689.9
	Golden Coast	70,575	650.3
	La Cite	52,872	501.0
Jinhua	The Central Mansion	156,181	4,847.3
	Central Park	18,884	273.8
Changzhou	Clouds Fairyland	124,708	2,149.2
	South Halcyon	136,248	2,117.4
Nantong	Jade Park	159,850	3,709.6
Taizhou	Central Mansion	97,446	1,317.7
	Gorgeous Mansion*	69,633	1,244.7
	Jinmao Palace*	36,662	835.5
Lanzhou	La Cite	154,912	2,161.5
	China Overseas Platinum Garden	57,799	740.4
	China Overseas Platinum Pleased Mansion	29,218	370.6

Management Discussion and Analysis *(continued)*

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Contracted property sales from major projects during the year ended 31 December 2021: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Yangzhou	La Rive Gauche	156,877	2,206.2
	Upper East	29,775	317.0
	Glory Manor	21,920	117.9
Huizhou	Riverview Mansion	107,227	1,372.7
	Glorious Palace	42,102	540.8
	Huizhou Tangquan	32,036	514.8
Quanzhou	Elegance Mansion	61,046	880.1
	River View Mansion	56,159	624.9
	Glorious	55,193	600.8
Hohhot	Zhonghai Shi Li Qing Chuan	46,825	613.4
	Zhonghai He Shan Sheng Jing	35,536	386.4
	Zhonghai Zhen Ru Fu	20,871	293.2
	He Shan Da Guan (previously named "Hohhot Glorioushire")	19,958	257.2
	Zhonghai He Shan Guan Lan	21,680	244.7
Yancheng	Gorgeous Mansion	77,469	1,283.4
	The Central Mansion	37,675	444.5
Jilin	La Cité	128,916	952.2
	Glorioushire	83,486	498.9
Jining	ColiCity	108,356	1,161.5
	Coli Phoenix Community	22,922	232.9
Tangshan	Maple Palace	38,796	828.0
	The Pogoda	27,632	513.9
Xining	Mountain and Lake	80,104	875.2
	Elite Palace	53,831	432.1
Xuzhou	The Central Mansion	100,338	1,305.4
Baotou	Wang Jing Mansion	101,773	888.7
	PT Hyatt	36,091	298.2
Jiujiang	Central Mansion	53,094	630.9
	International Community	66,895	473.1
Weifang	Da Guan Tian Xia	106,358	610.9
	Royal Villa	61,645	440.0
Zunyi	New City of China	79,896	460.0
	The Central Mansion	28,331	338.3
Anqing	The Metropolis	82,818	796.0
Nanning	Celestial Heights	36,978	429.0
	Harrow Community	26,412	282.6

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

Management Discussion and Analysis *(continued)*

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Progress for all development projects was satisfactory and largely in line with the construction programs. During the year, gross floor area of nearly 7,512,000 sq.m. (2020: 5,630,000 sq.m.) of construction sites were completed for occupation and of which, about 96% (2020: 93%) was sold out by year end. While the Group continues to aim at speeding up the property sales, responding to sudden changes in the property market in a timely manner to ensure sustainable expansion of business scale at healthy financial position.

For the year ended 31 December 2021, revenue from property sales increased by 25.5% against last year to RMB53,594.0 million (2020: RMB42,701.3 million). Gross profit margin narrowed to approximately 22.8% (2020: 26.9%) when compared to last year, as the gross profit margin of projects recognized in last year was higher. Same as last year, revenue for the year was mainly recognized from the sales of high-rise residential projects.

In addition, regarding the land project in Lushan Xihai, Jiujiang, of which the Group holds 100% equity interest for future development (the "Project"), the project company of the Group received a notice from the relevant local government authorities. The notice stated that the content of development plan of the Project is re-adjusted and clarified in accordance with the requirements of the law and regulations of 5A-level tourist attractions and the ecological and environmental protection policies. Such adjustment is mainly on the gross floor area available for development, which is adjusted from approximately 1,887,900 sq.m. to approximately 656,300 sq.m.. There is no change in the land area of the Project. The management has performed an evaluation on the carrying amount of the Project and made a provision for impairment for inventories of properties of the Project. The provision for impairment of the Project was RMB244.6 million and included in the segment result for the year.

During the year, the Group jointly developed new property development projects with reliable business partners under the business model of associates in four cities (Yancheng, Huizhou, Xuzhou and Zibo) and under the business model of joint ventures in three cities (Zhanjiang, Taizhou and Jinhua). The Group's share of net loss from the associates and joint ventures included in the segment result for the year amounted to RMB11.6 million (2020: net profit of RMB14.9 million).

Furthermore, the segment result for the year also included a fair value gain on reclassification of inventories of properties to investment properties of RMB80.7 million (2020: RMB8.1 million) as aforesaid.

Overall, the segment profit for the year increased by 6.5% to RMB10,181.4 million (2020: RMB9,564.5 million).

Management Discussion and Analysis *(continued)*

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

Recognized revenue from major projects during the year ended 31 December 2021:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Huizhou	Riverview Mansion	341,793	4,103.3
	Huizhou Tangquan	30,994	502.2
Nantong	Jade Park	133,454	3,555.4
	Upper East	47,439	896.5
Yinchuan	International Community	495,026	3,310.4
	Mansion Yue	106,675	1,135.5
Quanzhou	Glorious	251,188	2,863.6
	River View Mansion	123,333	1,494.8
Hefei	Lakeville	124,890	1,926.8
	Royal Villa	61,297	1,581.6
	Coli City	59,432	711.3
Xuzhou	Treasure Mansion	136,920	1,568.6
	The Platinum Pleased Mansion	99,358	1,309.3
Ganzhou	Jardin De Rive Gauche	147,556	1,373.6
	The Riverside	89,999	935.9
	The Cullinan	41,569	540.5
Jilin	OverLooking River Mansion	261,032	1,906.5
	Royal Villa	95,322	802.3
Weifang	Da Guan Tian Xia	334,476	2,529.3
Baotou	Glorioushire	277,134	1,998.0
	PT Hyatt	65,028	507.9
Nanning	International Community	155,320	1,646.4
	Harrow Community	69,246	699.5
Lanzhou	China Overseas Platinum Pleased Mansion	167,970	2,047.0
Yancheng	Glory Mansion	177,448	2,045.2
Shantou	Platinum Mansion	137,632	1,285.7
	Golden Coast	96,888	751.9
Xining	Glorioushire	224,120	1,981.9
Yangzhou	Gorgeous Mansion	63,948	1,107.6
	Glory Manor	67,467	685.5
Changzhou	Hai Hua Garden	165,867	1,149.9

Management Discussion and Analysis *(continued)*

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

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

City	Name of project	Commenced by
Yinchuan	COGO City	February
Taizhou	Jinmao Palace*	March
Yancheng	Gorgeous Mansion	March
Zhenjiang	Danyang City Huanan Gaoxin District Project #1 (Zhenru Mansion)	March
Zhenjiang	Danyang City Huanan Gaoxin District Project #2 (Zhenru Mansion)	March
Changzhou	South Halcyon	April
Ganzhou	One City South	April
Hefei	Central Park	April
Hohhot	Zhonghai Shi Li Qing Chuan	April
Hohhot	Zhonghai He Shan Guan Lan	April
Huizhou	Megacity Times	April
Jilin	La Cité	April
Tangshan	The Pogoda	April
Taizhou	Gorgeous Mansion*	April
Tianshui	The Platinum Pleased Mansion	April
Weifang	Royal Villa	April
Weifang	The Rivera	April
Jiujiang	Lianxi District Project #3 (International Community)	May
Linyi	Cozy Land	May
Quanzhou	Taiwanese Investment Zone Project (Elegance Mansion)	May
Zhanjiang	We Love City*	May
Anqing	Yingjiang District Project (The Metropolis)	June
Hohhot	Zhonghai Zhen Ru Fu	June
Shantou	The Rivera North City	June
Shaoxing	Yuecheng District Project (Marina One)	June
Hefei	Xinzhan District Project (Halo Park)	July
Jilin	Dong Shan Fu (previously named "Fengman District Project #1-2")	July
Weifang	Weicheng District Project (Mansion)	July
Xining	Economic and Technological Development Zone Nanchuan Industrial Park District Project (Elite Palace)	July
Yinchuan	COGO City	July

Management Discussion and Analysis *(continued)*

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

The following projects had commenced the construction work in the year: (Continued)

City	Name of project	Commenced by
Shantou	Longhu District Project #1 (The Rivera East City)	August
Zhuzhou	International Community	August
Huai'an	Huai'an District Project #1 (Central Mansion)	September
Jinhua	Wucheng District Project #1 (Central Park)	September
Shantou	Longhu District Project #2 (Guan Lan Fu)	September
Weinan	Gaoxin District Project (Master Mansion)	September
Xuzhou	Tongshan District Project #1 (Future Land)	September
Zhenjiang	Zhenru Mansion (previously named "Danyang City Huanan Gaoxin District Project #2")	September
Taizhou	Hailing District Project #1 (Royal Mansion)	October
Yangzhou	Hanjiang District Project (The Paragon)	October
Jinhua	Yiwu City Project (Central Mansion)	October
Hefei	Feidong County Project (Vitality City)	November
Huizhou	Huicheng District Project #1 (Sage Mansion)^	November
Jinhua	Wucheng District Project #2 (The Halo)*	November
Taizhou	Hailing District Project #2 (Graceful Mansion)	November
Yinchuan	Jinfeng District Project (Master Mansion)	November
Zhanjiang	Xiashan District Project #2 (Jindi Zhonghai Jincheng Garden)*	November
Changzhou	Economic Development Zone Project (Jiang Nan Mansion)	December
Changzhou	Tianning District Project (World Masterpiece)	December
Chuzhou	Nanqiao District Project (Royal Mansion)	December
Huai'an	Huai'an District Project #2 (Honor Mainstays)	December
Huizhou	Huicheng District Project #2 (Unique Palace)	December
Xuzhou	Tongshan District Project #2 (Lake City Mansion)	December
Yancheng	Yandu District Project #1 (Mansion One)	December
Yangzhou	Guangling New Town District Project (Jiangnan Countryard)	December

* These projects are held by the joint ventures of the Group
^ The project is held by an associate of the Group

Further details of the respective projects are shown in the Particulars of Major Properties & Property Interests on page 218 to page 246 in the annual report.

Management Discussion and Analysis *(continued)*

SEGMENT INFORMATION (CONTINUED)

PROPERTY SALES AND DEVELOPMENT (CONTINUED)

At year end date, the gross floor area of properties under construction and stock of completed properties amounted to 20,803,600 sq.m. (2020: 18,220,900 sq.m.) and 1,413,400 sq.m. (2020: 1,187,700 sq.m.) respectively, totaling 22,217,000 sq.m. (2020: 19,408,600 sq.m.). Properties with gross floor area of 9,133,700 sq.m. (2020: 9,299,800 sq.m.) had been contracted for sales and were pending for handover upon completion.

PROPERTY LEASING

In respect of the business of property leasing, apart from the properties reclassified from inventories of properties during the year, majority of the investment properties of the Group were leased out to COLI entirely. For the year ended 31 December 2021, rental income amounted to RMB217.7 million (2020: RMB186.1 million). The increase is mainly attributable by the increase in rental income from certain commercial area of Universal City in China Overseas Plaza in Lanzhou since its opening by end of 2020.

The Group holds 65% of equity interests of the scientific research office building in Zhang Jiang High-tech Zone in Shanghai and it has been leased out to COLI as a whole. The Group's share of profit from the joint venture, which holds the above research office building, was RMB4.4 million (2020: RMB3.7 million) for the year and included in the segment result for the year.

Besides, the segment results for the year included the fair value gain on investment properties of RMB20.0 million (2020: Nil) as aforesaid.

Overall, the segment profit for the year increased by RMB21.2 million against last year to RMB180.6 million (2020: RMB159.4 million).

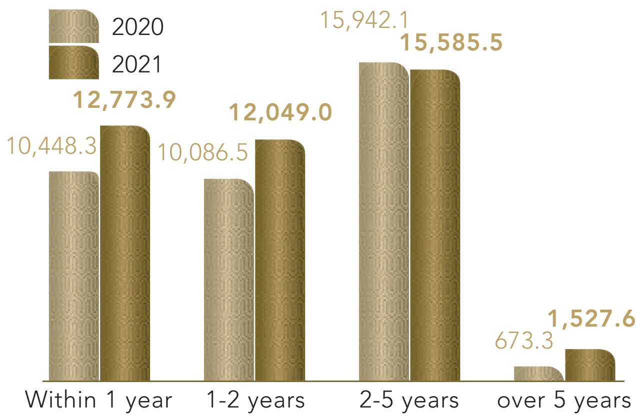
FINANCIAL RESOURCES AND LIQUIDITY

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

As at 31 December 2021, net working capital of the Group amounted to RMB63,056.2 million (2020: RMB50,796.7 million), with a current ratio of 1.5 (2020: 1.5).

Debt# Maturity Profile

(RMB Million)



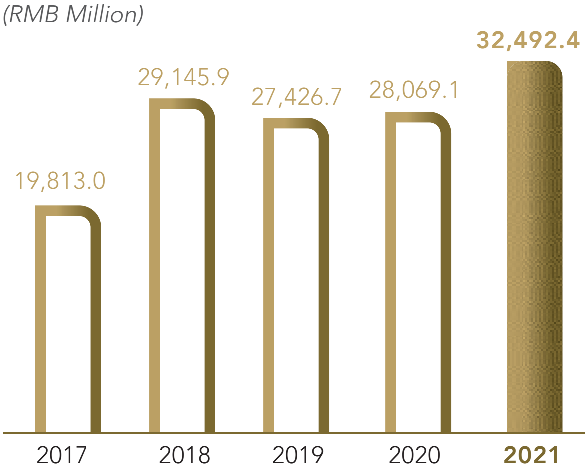
excluding guaranteed notes payable

During the year, the Group secured new credit facilities of approximately RMB29,091.5 million from leading financial institutions. After taking into account drawdowns of RMB24,234.0 million, repayment of loans of RMB19,056.6 million and decrease of RMB391.6 million due to translation of Hong Kong Dollar ("HKD") loan, total bank and other borrowings (exclude the guaranteed notes payable of RMB3,286.0 million) increased by RMB4,785.8 million as compared to the end of last year to RMB41,936.0 million (2020: RMB37,150.2 million).

Management Discussion and Analysis *(continued)*

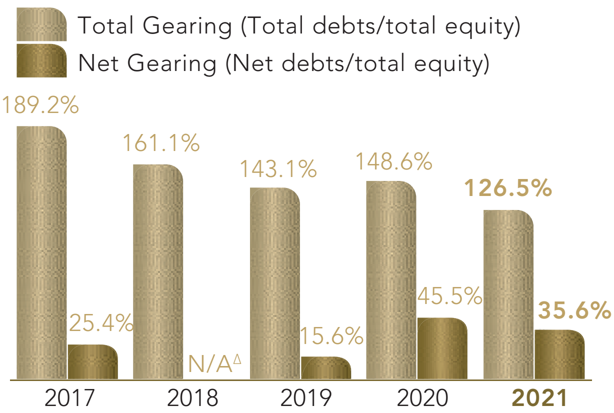
Cash Reserves

(RMB Million)



The Group has unutilized bank credit facilities of RMB10,342.6 million as at 31 December 2021

Gearing Ratio



Δ Net cash

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

The total amount of new loan drawdowns and loan repayments mentioned above included two newly explored final payment of properties asset-backed securities of aggregate nominal value of RMB1,025.0 million during the year. The plans were closed and fully repaid before the year end.

Of the total bank and other borrowings, RMB loan amounted to RMB28,151.3 million (2020: RMB23,962.2 million) while the HKD loan amounted to HK$16,860.0 million (equivalent to RMB13,784.7 million) (2020: HK$15,670.0 million <equivalent to RMB13,188.0 million>). As at year end, interests of borrowings amounted to RMB4,910.0 million (2020: RMB3,142.9 million) were charged at fixed rate ranging from 4.15% to 5.23% (2020: 3.80% to 5.23%) while the remaining borrowings of RMB37,026.0 million (2020: RMB34,007.3 million) were charged at floating rates with a weighted average of 3.72% (2020: 3.81%) per annum. About 30.5% (2020: 28.1%) of bank and other borrowings is repayable within one year.

For certain non-wholly-owned investment projects, the Group and its business partners have to finance the projects in proportion to their equity interests, including in form of the interest-bearing amounts due to non-controlling interests. At year end date, the interest-bearing amounts due to non-controlling interests was RMB2,765.8 million with fixed interest rate ranging from 4.75% to 8.00%.

In respect of guaranteed notes, the Group successfully completed the issuance of 5-year USD512 million 2.45% guaranteed notes in February 2021 and the proceeds was used for redemption of USD500 million 4.875% guaranteed notes in June 2021. The total amortized cost payable of the guaranteed note due in February 2026 amounted to RMB3,286.0 million as at 31 December 2021.

Sales deposits collection from properties sales remained satisfactory during the year. Cash and bank balances plus restricted cash and deposits was RMB32,492.4 million (2020: RMB28,069.1 million) in total as at 31 December 2021, which increased significantly by RMB4,423.3 million against last year end. Of which, 99.5% (2020: 99.5%) is denominated in RMB while the remaining are in HKD and USD.

As at 31 December 2021, 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 total equity, was 35.6% (2020: 45.5%), which showed an improvement from last year end. The management closely monitors the financial position of the Group to ensure healthy development of the operation scale and business.

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

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

Taking into account of the unutilized bank credit facilities available to the Group of RMB10,342.6 million (2020: RMB9,002.2 million), the Group's total available funds (including restricted cash and deposits of RMB12,616.3 million <2020: RMB7,525.8 million>) reached RMB42,835.0 million (2020: RMB37,071.3 million) as at 31 December 2021.

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

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

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

FOREIGN EXCHANGE EXPOSURE

As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings in RMB for its property development business in Mainland China, the management considered a natural hedge mechanism existed in that operations. However, as at 31 December 2021, about 62% and 38% (2020: 59% and 41%) of the Group's total borrowings (including the guaranteed notes) were denominated in RMB and HKD/USD respectively. Hence, by taking into account of the debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

The exchange rate of RMB to HKD raised by approximately 2.9% (2020: 6.4%) during the year and accordingly, the net asset value of the Group increased by RMB555.3 million (2020: RMB1,035.3 million) which arose from currency translation.

The Group continued to enhance its risk management on foreign currency. After balancing the finance cost and risks, the management optimized the proportion of different currencies in its loan portfolio, in response to changes in market environment. The Group continues to closely monitor the volatility of the RMB exchange rate and, if necessary, will further fine-tune the ratio of RMB and HKD/USD debt to minimize the foreign exchange risk.

COMMITMENTS AND GUARANTEE

As at 31 December 2021, the Group had commitments totaling RMB28,521.1 million (2020: RMB26,121.0 million) which mainly related to land premium, property development and construction works. In addition, the Group issued guarantees to banks totaling RMB38,723.1 million (2020: RMB34,685.9 million) for facilitating end-user mortgages in connection with its property sales in Mainland China as a usual commercial practice and for a credit facility granted to a joint venture.

Management Discussion and Analysis *(continued)*

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling RMB67.0 million (2020: RMB231.7 million) during the year, mainly included additions of investment properties, right-of-use assets, as well as additions of land and buildings, vehicles and furniture, fixtures and office equipment within property, plant and equipment. Besides, the use of two properties was changed from development for sales to owner-occupied properties during the year, and thus, the Group has reclassified inventory of properties of carrying value of RMB11.8 million and RMB3.8 million to property, plant and equipment and right-of-use assets respectively during the year.

On the other hand, as at 31 December 2021, certain properties in Mainland China with aggregate carrying value of RMB7,935.4 million (2020: RMB10,454.0 million) were pledged to obtain RMB2,187.3 million (2020: RMB5,502.9 million) of secured borrowings from certain banks in Mainland China for the property development projects.

EMPLOYEES

As at 31 December 2021, the Group has 3,505 employees (2020: 2,974). 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 2021 was approximately RMB1,082.9 million (2020: RMB979.8 million). The pay levels of the employees are determined based on their responsibilities, performance and the prevailing market condition. Discretionary bonus was paid to employees based on individual performance while other remuneration and benefits, including the provident fund contributions/retirement pension scheme, remained at appropriate levels. Different trainings and development opportunities continued to be offered to sharpen employees' capabilities to meet the pace of business growth.

KEY RISKS FACTORS AND UNCERTAINTIES

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

DEBT REPAYMENT RISK

The financial market is complicated and fast-changing. Cash flow management is one of the major business risks of property development business, which is capital intensive in nature. The risk is mainly arising from lower than expected cash collection from sales and failure to refinance debt upon maturity. In addition, credit performance of industry peers, regulatory requirement, the development of geopolitics and international political and economic landscape may affect the financing capability of the Group and increase the pressure on capital fund flow.

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

MARKET RISK

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

Management Discussion and Analysis *(continued)*

KEY RISKS FACTORS AND UNCERTAINTIES (CONTINUED)

MARKET RISK (CONTINUED)

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 will further strengthen product research and development, improve standardization and gradually increase the supply of renovated flats in its product offerings to meet the changes in customer needs. This strategy will also expedite the development of projects and thus increase the return on investment. 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.

INVESTMENT RISK

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

FOREIGN EXCHANGE RISK

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

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

PRODUCT QUALITY RISK

Property developer has to manage the risk of work quality of major contractors. Reputation of the developer would be 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.

Corporate Governance Report

Hefei Central Mansion

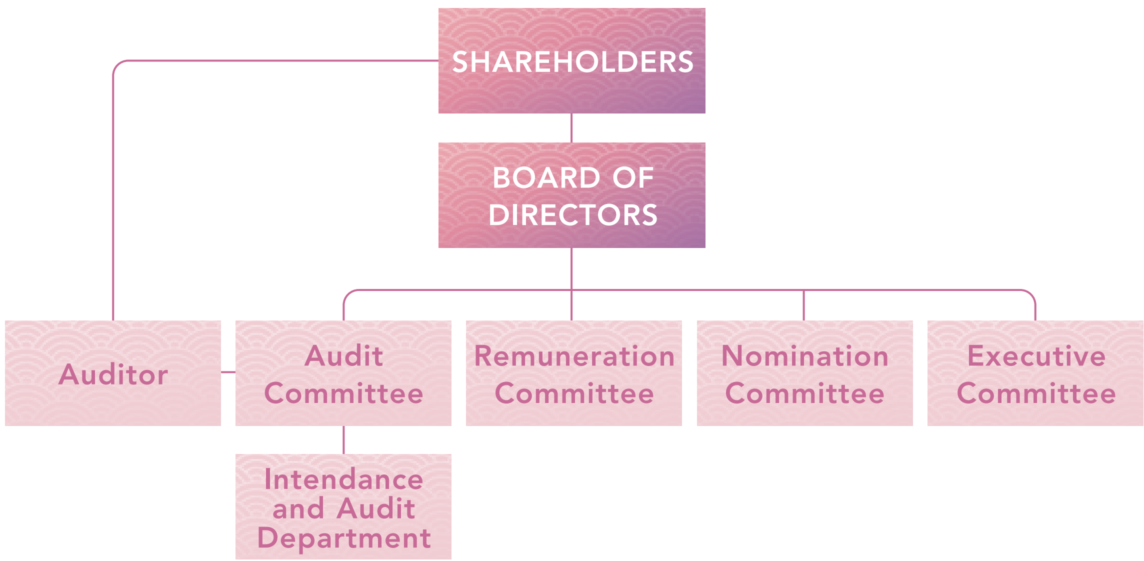
Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

CORPORATE GOVERNANCE STRUCTURE

The following are the key players involved in ensuring the application of good governance practices and policies within the Group and their major roles and explanations of their corporate governance practices and policies are set out in this report:



BOARD OF DIRECTORS

MANAGEMENT FUNCTIONS

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

BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION

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

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

Mr. Yan Jianguo resigned as Non-executive Director with effect from 22 April 2021 due to his intention to focus and devote more time on his other work commitments. On 22 April 2021, the Board accepted the recommendation of the Nomination Committee and appointed Mr. Guo Guanghui as Non-executive Director with effect from 22 April 2021.

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

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

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

Corporate Governance Report *(continued)*

BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION (CONTINUED)

Pursuant to the Code A.4.3 of CG Code (renumbered as Code B.2.3 of new CG Code which comes into effect on 1 January 2022), serving more than nine years could be relevant to the determination of a non-executive director's independence. Although Mr. Lo Yiu Ching, Dantes has been serving as Independent Non-executive Director for more than nine years, the Directors opined that he still has the required character, integrity, independence and experience to fulfill the role of an Independent Non-executive Director. The Directors consider that there is no evidence that length of tenure has an adverse impact on independence of the Independent Non-executive Directors and the Directors are not aware of any circumstances that might influence Mr. Lo in exercising his independent judgement. Based on the aforesaid, the Directors concluded that despite his length of service, he will continue to maintain an independent view of the Company's affairs and bring his relevant experience and knowledge to the Board.

CHAIRMAN AND CEO

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

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

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

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

APPOINTMENTS, RE-ELECTION AND REMOVAL

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

All Directors have entered into service contracts with the Company. All Independent Non-executive Directors are appointed for a term of three years commencing from 1 August 2020 and the other Directors are not appointed for a specific term of office.

Code A.4.1 of CG Code 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.

BOARD OF DIRECTORS (CONTINUED)

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, the Company can reasonably confirm that the Directors had complied with the Code of Conduct throughout the year of 2021.

DIRECTORS AND OFFICERS LIABILITIES INSURANCE

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

SUPPLY OF AND ACCESS TO INFORMATION

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

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

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

DIRECTORS' TRAINING

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

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

* *Resigned as Non-executive Director with effect from 22 April 2021*

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

In addition, every newly appointed Director will receive an induction on the first occasion of his appointment, so as to ensure that he has a proper understanding of the operations and business of the Company, and his responsibilities under laws, regulations and especially the governance policies of the Company.

Corporate Governance Report *(continued)*

CORPORATE STRATEGY AND BUSINESS MODEL

Being the nationwide real estate development company focusing on second-, third- and fourth-tier cities, the Group has been actively pursuing "One Body with Two Wings", the strategic development goals under the "14th Five-Year Plan", by focusing on the main business, competence building and market expansion so as to continuously enhance its product development capabilities and competitiveness comprehensively and overcome adversity in pursuit of its high-quality, sustainable and healthy development. The Group will not only continue to develop in the cities where it has operations, but will also proactively expand into the quality cities in the surrounding areas of the city clusters and metropolitan coordinating regions by its efficient organisation management system (1+N+n) and diversified land acquisition methods. Simultaneously, the Group keeps close watch on any merger and acquisition opportunities with enormous development potential in the market. The Group adheres firmly to customer centricity, value creation and quality assurance. With the "12345" best product system, the Group is keen on developing best products, upholds the belief of "You Get What You See" and enhances customer experience. The Group gradually implements its three-year action plan (Craftsmanship in China Overseas) which includes improving safety management system, promoting smart construction sites, establishing an evaluation mechanism for the full cycle of construction works, assuring the quality of both construction works and product delivery, and maintaining the high customer satisfaction level.

Details of the Group's business review and financial review for the year 2021 are set out in the "Chairman's Statement" and "Management Discussion and Analysis" sections on pages 7 to 35 of this annual report.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Company has established the Intendance and Audit Department (the "Department") so as to enhance a good internal control environment. The Department provides risk management and internal control assessment reports to the management on a regular or ad hoc basis.

Corporate Governance Report *(continued)*

ACCOUNTABILITY AND AUDIT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

During the year, the Company carried out special actions on improving the basic management, established a task force on modifying policies and modified the following management policies to improve its internal control systems:

- Financial Management Policy
- Planning and Design Management Policy
- Investment Management Policy
- Operation Management Policy
- Marketing Management Policy
- Business Management Policy
- Cost and Contract Management Policy
- Project Management Policy
- Management Measures for Related Party Transactions
- Management Measures for Joint Venture Companies

According to the annual internal audit schedule, the Department has completed eight term-end accountability audits for Shantou Company, Nanning Company, Nantong Company, Yancheng Company (merged with Nantong Company and became Yantong Company after the audit), Yangzhou Company, Xuzhou Company, Weifang Company and Jilin Company. The Department prepared the respective audit reports and the audited companies have rectified the issues in a timely manner in accordance with the opinion set out in the audit reports.

In addition to carrying out the routine audit, the Department has carried out a special audit on the business management of the Company in association with the business management department for all district companies, and on-site review inspections for seven district companies in seven cities, including Hohhot, Yinchuan, Lanzhou, Hefei, Nanning, Ganzhou (Jiujiang) and Huizhou, and provided advice and recommendations on various issues discovered during the audit process.

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

The Company has established a comprehensive risk management system and implemented a risk management responsibility system. The Department regularly organises various departments of the Company and the risk management units of its subsidiaries to carry out annual risk assessment. Risk assessment covers all business links of the Company, and the risk contents cover corporate risks including strategic risk, market risk, operational risk, financial risk, compliance risk, etc. and any changes in the risks.

Corporate Governance Report *(continued)*

ACCOUNTABILITY AND AUDIT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

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

The Board is responsible for and has reviewed the efficiency of risk management and internal control systems of the Company and its subsidiaries in aspects such as financial reporting, operation and regulatory compliance throughout the year of 2021 and the Board considers that these systems are effective and efficient. No significant system weaknesses have been identified in the reviews during the year and appropriate actions are also taken to rectify any control deficiencies, if any. The Directors believe that these systems are efficient and effectively control the risks that may have impacts on the Company in achieving its goals.

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

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

DELEGATION BY THE BOARD

BOARD PROCEEDINGS

The Board held four meetings during the year and meetings were also held as and when necessary to discuss significant transactions, including material acquisitions, disposals and connected transactions, if any. All Directors can give notice to the Chairman or Company Secretary if they intend to include matters in the agenda for Board meetings. Before each Board meeting, notice of at least 14 days or reasonable notice of meeting was sent to each Director to promote better attendance.

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

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

Corporate Governance Report *(continued)*

DELEGATION BY THE BOARD (CONTINUED)

BOARD PROCEEDINGS (CONTINUED)

To safeguard their independence, Directors are required to declare their interest, if any, in any business proposals to be considered by the Board and, where appropriate, they are required to abstain from voting. In 2021, due to a potential conflict of interest, Mr. Zhuang Yong had abstained from voting in two Board meetings and Mr. Guo Guanghui in one Board meeting. In addition, physical Board meetings will be held to consider all material connected transactions or any transactions in which a substantial shareholder or a Director has material interest.

BOARD COMMITTEES

Currently, the Board has set up four committees, namely, Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee to implement internal supervision and control on each relevant aspect of the Company.

EXECUTIVE COMMITTEE

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

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

The Executive Committee comprises all Executive Directors of the Company.

During the year, the Executive Committee held 27 meetings (amongst other matters):

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

AUDIT COMMITTEE

The principal duties of the Audit Committee are as follows:

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

The Audit Committee comprises three members, namely Dr. Chung Shui Ming, Timpson, Mr. Lam Kin Fung, Jeffrey and Mr. Lo Yiu Ching, Dantes, all of whom are Independent Non-executive Directors. The Audit Committee is chaired by Dr. Chung Shui Ming, Timpson. For the purpose of reinforcing their independence, there should be at least one member of the Audit Committee with appropriate professional qualifications, accounting or related financial management experience referred to in the Listing Rules.

Corporate Governance Report *(continued)*

DELEGATION BY THE BOARD (CONTINUED)

AUDIT COMMITTEE (CONTINUED)

During the year, the Audit Committee held four meetings and has reviewed:

- the Group's financial reports for the year ended 31 December 2020, interim and quarterly results;
- the audit plans from the external auditor;
- the internal and independent audit results;
- the connected transactions entered into by the Group;
- risk management, internal control and financial reporting systems; and
- the re-appointment of the external auditor and their remuneration.

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

REMUNERATION AND NOMINATION OF DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION COMMITTEE

The principal duties of the Remuneration Committee are as follows:

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

The remuneration of the Directors approved by the shareholders of the Company is determined by the Board with reference to certain factors such as salaries paid by comparable companies, time commitment, responsibilities of the Directors and employment conditions.

The Remuneration Committee has the following members, majority of whom are Independent Non-executive Directors:

- Mr. Lam Kin Fung, Jeffrey (Chairman)
- Mr. Yung Kwok Kee, Billy
- Dr. Chung Shui Ming, Timpson
- Mr. Lo Yiu Ching, Dantes

During the year, the Remuneration Committee held two meetings and has reviewed:

- the remuneration policy of the Group and Directors' remunerations; and
- the remuneration package of individual Directors.

NOMINATION COMMITTEE

The following are major responsibilities and duties of the Nomination Committee:

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board;
- To identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships;

Corporate Governance Report *(continued)*

DELEGATION BY THE BOARD (CONTINUED)

NOMINATION COMMITTEE (CONTINUED)

- To assess the independence of Independent Non-executive Directors; and
- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Board has adopted a board diversity policy effective on 29 July 2013 (the "Diversity Policy") to achieve diversity of the Board, and hence supporting the attainment of the Company's strategic objectives and sustainable developments. The Diversity Policy requires that all Board appointments shall be based on merit and selection of candidates shall be based on a range of diversity factors. The Nomination Committee is responsible for developing measurable objectives to implement the Diversity Policy and for monitoring progress towards the achievement of these objectives.

As at the date of this annual report, the Board comprises eight Directors and three of them are Independent Non-executive Directors, thereby promoting critical review and control of the management process.

In addition, a proposal for the appointment of a new Director will be considered and reviewed by the Nomination Committee. Candidates to be selected and recommended are experienced and high calibre individuals. All candidates must be able to meet the standards and criteria set out in the Listing Rules and the Company's nomination policy (the "Nomination Policy") which has been adopted by the Board in October 2018.

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

The Nomination Committee has the following members, majority of whom are Independent Non-executive Directors:

- Mr. Lo Yiu Ching, Dantes (Chairman)
- Mr. Zhuang Yong
- Dr. Chung Shui Ming, Timpson
- Mr. Lam Kin Fung, Jeffrey

During the year, the Nomination Committee held two meetings and has reviewed the rotation and appointment of Directors.

DIVIDEND POLICY

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

COMPANY SECRETARY

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

Corporate Governance Report *(continued)*

COMMUNICATION WITH SHAREHOLDERS

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

A shareholders' communication policy was adopted throughout the year pursuant to the CG Code which aims at establishing a two-way relationship and communication between the Company and its shareholders.

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

Save as disclosed above, the Company has strictly complied with all code provisions set out in the CG Code in 2021.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A GENERAL MEETING ("GM")

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

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

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

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT GM

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

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

ENQUIRIES TO THE BOARD

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

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

ATTENDANCE RECORDS

Details of Directors' attendance at the Board meetings, Board committee meetings and annual general meeting held in 2021 are set out in the following table:

Name of Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Executive Committee Meetings	Annual General Meeting
Mr. Zhuang Yong	4/4	N/A	N/A	2/2	27/27	1/1
Mr. Yang Lin	4/4	N/A	N/A	N/A	27/27	1/1
Mr. Wang Man Kwan, Paul	4/4	N/A	N/A	N/A	27/27	1/1
Mr. Yan Jianguo *(Resigned in April 2021)*	0/2	N/A	N/A	N/A	N/A	N/A
Mr. Guo Guanghui *(Appointed in April 2021)*	1/2	N/A	N/A	N/A	N/A	1/1
Mr. Yung Kwok Kee, Billy	4/4	N/A	2/2	N/A	N/A	1/1
Dr. Chung Shui Ming, Timpson	4/4	4/4	2/2	2/2	N/A	1/1
Mr. Lam Kin Fung, Jeffrey	4/4	4/4	2/2	2/2	N/A	1/1
Mr. Lo Yiu Ching, Dantes	4/4	4/4	2/2	2/2	N/A	1/1

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

AUDITOR'S REMUNERATION

For the year ended 31 December 2021, fees for audit services and non-audit services payable to the auditor of the Company amounted to approximately HK$3,800,000 and HK$425,000 respectively. The fee for non-audit services payable was mainly for professional services rendered in connection with the Group's issuance of the 2021 Guaranteed Notes and continuing connected transactions in 2021.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 December 2021.

Directors and Organization

EXECUTIVE DIRECTORS

MR. ZHUANG YONG, *Chairman*

Aged 45, graduated from Chongqing University majoring in construction project management, real estate development and corporate management in 2000, and obtained a Master of Architecture and Civil Engineering in 2007 from Chongqing University. Mr. Zhuang joined China Overseas Development Group Co., Ltd.* ("CODG", a wholly-owned subsidiary of COLI) in 2000 and since then, he worked in various business units within CODG, such as, human resources department, sales and marketing management department, and acted as the deputy general manager of the Shanghai branch, general manager of the Nanjing branch, general manager of the Suzhou branch and assistant general manager of the Western China regional companies. From 2015 to 2017, Mr. Zhuang served as the assistant president of COLI and general manager of Northern China regional companies, vice president of COLI, and since October 2018, as general manager of South China regional companies of COLI. With effect from 11 February 2020, Mr. Zhuang has been appointed as Chairman of the Board, Executive Director and member of Nomination Committee of the Company, as well as non-executive director and vice chairman of the board of directors of COLI. Currently, he is also a director of COHL and certain subsidiaries of the Company. He has about 21 years' experience in construction project management, real estate development and corporate management. COLI and COHL are the substantial shareholders of the Company within the meaning of the SFO.

MR. YANG LIN, *Chief Executive Officer*

Aged 48, graduated from the Peking University with a Master of Business Administration. He joined a subsidiary of COHL in 1995 and since 2006, he served in different positions, such as, the deputy general manager and general manager of the marketing and planning department of CODG and the general manager of China Overseas Xingye (Xi'an) Limited*. Mr. Yang has been appointed as Assistant President of the Company since March 2015 and appointed as Executive Director and Vice President of the Company with effect from 21 March 2017. With effect from 11 February 2020, he has also been appointed as Chief Executive Officer and member of Remuneration Committee of the Company. With effect from 26 June 2020, Mr. Yang has ceased to be a member of Remuneration Committee of the Company. Mr. Yang is currently also a director of certain subsidiaries of the Company. He has 26 years' experience in property development and corporate management. COHL is the substantial shareholder of the Company within the meaning of the SFO.

Directors and Organization *(continued)*

EXECUTIVE DIRECTORS (CONTINUED)

MR. WANG MAN KWAN, PAUL, *Chief Financial Officer*

Aged 65, graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Wang is a fellow member of The Hong Kong Institute of Certified Public Accountants and an associate member of The Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute) and The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute). Mr. Wang joined COLI as general manager, Finance & Treasury Department in December 2004. Between February 2005 and August 2009, he was appointed as executive director, deputy financial controller and qualified accountant of COLI. Prior to joining COLI, Mr. Wang was director and chief financial officer of Guangdong Investment Limited. Mr. Wang has extensive experience in corporate restructuring and corporate financial services. His previous experience includes working in the Hong Kong Inland Revenue Department, Jardine Matheson (Company Secretary's Department and JMS Finance), Deloitte (Hong Kong and Toronto offices) and as a director and chief operating officer of a South East Asian Group in charge of operations in China, Philippines, Indonesia, Singapore, Dubai and Germany. Mr. Wang was appointed an Executive Director and Chief Financial Officer of the Company in July 2011.

NON-EXECUTIVE DIRECTORS

MR. GUO GUANGHUI

Aged 49, graduated from Nanjing University of Science & Technology, holder of a master's degree, and is a senior accountant and a non-practising member of The Chinese Institute of Certified Public Accountants. He joined COLI and its subsidiaries (together the "COLI Group") in 2006 and is currently the vice president of COLI and a director of certain subsidiaries of the COLI Group and was appointed executive director of COLI with effect from 12 June 2018. With effect from 22 April 2021, Mr. Guo has been appointed as a Non-executive Director of the Company. Mr. Guo has about 27 years' management experience in corporate finance and accounting. COLI is the substantial shareholder of the Company within the meaning of the SFO.

Directors and Organization *(continued)*

NON-EXECUTIVE DIRECTORS (CONTINUED)

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

Aged 68, received a bachelor's degree in Electrical Engineering from University of Washington and a master's degree in Industrial Engineering from Stanford University. Mr. Yung has over 40 years of experience in managing manufacturing, retailing, transportation, semi-conductor, computer hardware and software business in China, Hong Kong and US. He has also over 40 years of experience in real-estate investment and development in USA, Canada, Holland, Hong Kong, Taiwan, Macau and China. Mr. Yung resigned as the Group Chairman and Chief Executive of the Company with effect from 10 February 2010 and has been re-designated from Chairman of the Board and Executive Director to Vice Chairman of the Board and Non-executive Director of the Company with effect from 27 February 2010. He is now the Vice Chairman of the Board, Non-executive Director and member of the Remuneration Committee of the Company. He is also the chairman of the board and non-executive director of PFC Device Inc. and the chairman of the board and non-executive director of SMC Electric Limited. Mr. Yung is currently the Permanent Honorary President of Friends of Hong Kong Association Ltd. and the Honorary President of Shun Tak Fraternal Association, and was awarded the Honorary Citizen of the City of Guangzhou and the Honorary Citizen of the City of Foshan.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Aged 70, holds a Bachelor of Science degree from the University of Hong Kong, a master's degree in business administration from the Chinese University of Hong Kong and a Doctor of Social Sciences honoris causa from the City University of Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants. Dr. Chung is currently a member of the National Committee of the 13th Chinese People's Political Consultative Conference. Besides, Dr. Chung is an independent non-executive director of China Unicom (Hong Kong) Limited, Miramar Hotel and Investment Company, Limited, China Everbright Limited, China Railway Group Limited, Orient Overseas (International) Limited and Postal Savings Bank of China Co., Ltd. (all listed on the Stock Exchange). From 8 January 2018, Dr. Chung ceased to be an independent director of CSCECL (listed on the Shanghai Stock Exchange and is the substantial shareholder of the Company within the meaning of the SFO). From October 2004 to November 2008, Dr. Chung served as an independent non-executive director of China Netcom Group Corporation (Hong Kong) Limited. Formerly, Dr. Chung was an independent director of China Everbright Bank Company Limited, an independent non-executive director of Henderson Land Development Company Limited, Nine Dragons Paper (Holdings) Limited, China Construction Bank Corporation, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited and Glorious Sun Enterprises Limited, a director of Hantec Investment Holdings Limited, the chairman of China Business of Jardine Fleming Holdings Limited, the deputy chief executive officer of BOC International Limited, the independent non-executive director of Tai Shing International (Holdings) Limited, and the chairman of the Council of the City University of Hong Kong. He was also the chairman of the Hong Kong Housing Society, a member of the Executive Council of the Hong Kong Special Administrative Region, the vice chairman of the Land Fund Advisory Committee of Hong Kong Special Administrative Region Government, a member of the Managing Board of the Kowloon-Canton Railway Corporation, a member of the Hong Kong Housing Authority, a member of the Disaster Relief Fund Advisory Committee and a vice-chairman, director and deputy general manager of Nanyang Commercial Bank Limited and the chief executive officer of the Hong Kong Special Administrative Region Government Land Fund Trust. In addition, Dr. Chung has been appointed as Pro-Chancellor of the City University of Hong Kong with effect from August 2016. Since May 2010, Dr. Chung has been appointed as an Independent Non-executive Director of the Company, the Chairman of the Audit Committee, and members of both the Remuneration Committee and Nomination Committee of the Company.

Directors and Organization *(continued)*

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

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

Aged 70, holds a bachelor's degree from Tufts University in USA. He has over 30 years of experience in the toy industry and is currently the managing director of Forward Winsome Industries Limited which is engaged in toy manufacturing. He is also a member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Lam also holds a number of other public and community service positions including non-official member of the Executive Council, member of the Legislative Council in Hong Kong, general committee member of Hong Kong General Chamber of Commerce, chairman of Independent Commission Against Corruption (ICAC) Complaints Committee and a director of Heifer International – Hong Kong and Hong Kong Mortgage Corporation Limited (HKMC). In addition, he is an independent non-executive director of CC Land Holdings Limited, Wynn Macau, Limited, Chow Tai Fook Jewellery Group Limited, CWT International Limited (formerly known as HNA Holding Group Co. Limited), i-CABLE Communications Limited, Wing Tai Properties Limited, Analogue Holdings Limited and China Strategic Holdings Limited, and an executive director of Hong Kong Aerospace Technology Group Limited. Since May 2010, Mr. Lam has been appointed as an Independent Non-executive Director of the Company, and he is currently the members of the Audit Committee and Nomination Committee and the Chairman of the Remuneration Committee of the Company.

MR. LO YIU CHING, DANTES *GBS, JP*

Aged 76, graduated in London in 1970 and further obtained his Master of Science degree in Civil Engineering from the University of Hong Kong in 1980. He is a fellow of the Institution of Civil Engineers, a fellow of the Institution of Structural Engineers and a fellow of the Hong Kong Institution of Engineers.

Mr. Lo had been engaged both in Hong Kong and overseas in the administration, planning, design and supervision of major capital works projects in civil and structural engineering, including multi-storey buildings, slope works, construction of roads and bridges, reclamations and port works and new town development. In 1970, Mr. Lo started his career with Ove Arup & Partners in London as a project engineer. He joined the Hong Kong Government in 1974 as an engineer and was promoted to director of Civil Engineering Department in 1999 and then director of Highways Department in 2000. In 2002, Mr. Lo was appointed the permanent secretary for the Environment, Transport and Works (Works). He retired from the civil service in 2006. Before his retirement, Mr. Lo was awarded the Gold Bauhinia Star (GBS) in recognition of his loyal and distinguished service to the Government and the Hong Kong Community. In particular, he had made valuable contribution in steering forward major public works projects and in promoting quality improvements in the construction industry.

Mr. Lo is a Justice of the Peace. Mr. Lo had been a senior consultant to the Hospital Authority on capital planning and an advisor to CEO of The Airport Authority Hong Kong. He has been appointed as a distinguished adjunct professor in the Department of Civil Engineering, The University of Hong Kong since 2003. Since May 2010, Mr. Lo has been appointed as an Independent Non-executive Director of the Company, members of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He has also been appointed as the Chairman of the Nomination Committee of the Company with effect from 17 March 2016. In addition, Mr. Lo has been appointed as an independent non-executive director of Build King Holdings Limited with effect from 30 November 2018.

SENIOR MANAGEMENT STAFF

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

* *English translation is for identification only.*

Directors' Report

Nantong Jade Park

Directors' Report

The Board presents the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

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

BUSINESS REVIEW

A fair review of the business of the Company as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing by the Group and an indication of likely future developments in the Group's business, can be found in the "Chairman's Statement" and "Management Discussion and Analysis" sections set out on pages 7 to 35 of this annual report. These sections form part of this Directors' Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated income statement on page 84.

The Board has recommended the payment of final dividend of HK30 cents per ordinary share for the year ended 31 December 2021 with a total amount of approximately HK$1,027,008,000 (2020: HK$941,424,000), subject to the approval by the shareholders at the forthcoming annual general meeting.

The eligible shareholders of the Company shall have an option to elect to receive the final dividend all in new Shares or partly in new Shares and partly in cash or all in cash (the "Scrip Dividend Scheme"). The Scrip Dividend Scheme is subject to the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued pursuant thereto. A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the shareholders of the Company around July 2022.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 217.

SHARE CAPITAL

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

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

Save as disclosed below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2021 and up to the date of this report.

On 26 January 2021, 中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Limited* ("COGOP")), a wholly-owned subsidiary of the Company, issued RMB525,000,000 3.9 per cent. 2020 Phase I final payment of properties asset-back securities due February 2022 (the "ABS"), which are guaranteed by the Company and listed on the Shenzhen Stock Exchange. RMB25,000,000 and RMB10,000,000 of the ABS were subordinate securities and preferred securities purchased by COGOP as original equity holder. The net proceeds, after deducting the expenses in connection with the issuance of the ABS, amounted to approximately RMB522,670,000, were used to repay the existing indebtedness and outstanding liabilities of the Group. On 11 November 2021, the ABS were fully settled.

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

On 1 June 2021 (i.e. the maturity date of 2018 Guaranteed Notes), COGO Cayman IV redeemed the 2018 Guaranteed Notes in whole at par, which were issued on 1 June 2018 and listed on the Stock Exchange prior to redemption.

Details of the 2018 Guaranteed Notes and 2021 Guaranteed Notes are set out in note 32 to the financial statements.

RESERVES

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

DISTRIBUTABLE RESERVE

The reserve of the Company available for distribution to shareholders at 31 December 2021 was HK$2,186,721,000 (2020: HK$2,324,527,000).

PROPERTY, PLANT AND EQUIPMENT

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

MAJOR PROPERTIES

Particulars of the major properties and property interests of the Group as at 31 December 2021 are set out on pages 218 to 246.

DIRECTORS OF THE COMPANY

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

EXECUTIVE DIRECTORS

Mr. Zhuang Yong *(Chairman)*
Mr. Yang Lin *(Chief Executive Officer)*
Mr. Wang Man Kwan, Paul *(Chief Financial Officer)*

NON-EXECUTIVE DIRECTORS

Mr. Yan Jianguo *(resigned w.e.f. 22 April 2021)*
Mr. Guo Guanghui *(appointed w.e.f. 22 April 2021)*
Mr. Yung Kwok Kee, Billy *(Vice Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Chung Shui Ming, Timpson
Mr. Lam Kin Fung, Jeffrey
Mr. Lo Yiu Ching, Dantes

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

Directors' Report *(continued)*

DIRECTORS OF THE COMPANY (CONTINUED)

In accordance with article 107 of the Company's articles of association, Mr. Zhuang Yong, Mr. Wang Man Kwan, Paul and Mr. Lo Yiu Ching, Dantes shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

Each of the Directors (including Non-executive Directors) is subject to retirement by rotation in accordance with the Company's articles of association.

DIRECTORS OF SUBSIDIARIES

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

DIRECTORS AND ORGANIZATION

Brief biographical details of Directors and senior management as at the date of this report are set out on pages 50 to 53.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

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

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS (CONTINUED)

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

PERMITTED INDEMNITY PROVISION

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES BY DIRECTORS

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

EQUITY-LINKED AGREEMENTS

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

Directors' Report *(continued)*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2021, the Directors, the chief executive of the Company and their respective associates had the following interests in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of Directors	Capacity	Nature of interests	Number of ordinary shares held	Aggregate long position	Percentage of shares in issue [(1)]
Mr. Zhuang Yong	Beneficial owner	Personal	500,000	500,000	0.01%
Mr. Yang Lin	Beneficial owner	Personal	2,550,000	2,896,125	0.08%
	Interest of spouse	Family	346,125		
Mr. Yung Kwok Kee, Billy	Beneficial owner	Personal	17,849,999	463,045,980	13.53%
	Beneficiary of a trust [(2)]	Other	382,617,689		
	Interest of controlled corporation [(3)]	Interest in controlled corporation	62,578,292		
Dr. Chung Shui Ming, Timpson	Beneficial owner	Personal	544,875	544,875	0.02%

Notes:

(1) *The percentage is based on the total number of shares of the Company in issue as at 31 December 2021 (i.e. 3,423,359,841 Shares).*

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

(3) *These Shares are held by Extra-Fund investment Limited, a wholly-owned subsidiary of Shell Electric Holdings Limited, which in turn is owned as to 80.5572% by Red Dynasty Investments Limited, a company wholly owned by Mr. Yung Kwok Kee, Billy.*

Save as disclosed above, as at 31 December 2021, no interests and short positions were held or deemed or taken to be held by any Directors or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Save as disclosed above, at no time during the year ended 31 December 2021, none of the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in, or had been granted any rights to subscribe for the shares, options and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2021, the following persons (other than Directors or the chief executive of the Company) had interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of substantial shareholders	Capacity	Nature of interests	Number of ordinary shares held	Aggregate long position	Percentage of shares in issue (1)
CSCEC	Interest of controlled corporation (2)	Interest in controlled corporation	1,311,965,566	1,311,965,566	38.32%
Diamond Key Enterprises Inc. ("Diamond Key")	Beneficial owner (3)	Beneficial	200,910,903	200,910,903	5.87%
On Fat Profits Corporation ("On Fat")	Beneficial owner (3)	Beneficial	181,706,786	181,706,786	5.31%
UBS TC (Jersey) Ltd. ("UBS TC")	Trustees of trusts (3)	Other	382,617,689	382,617,689	11.18%
Mitsubishi UFJ Financial Group, Inc. ("Mitsubishi Group")	Interest of controlled corporation (4)	Interest in controlled corporation	174,009,500	174,009,500	5.08%

Notes:

(1) The percentage is based on the total number of shares of the Company in issue as at 31 December 2021 (i.e. 3,423,359,841 Shares).

(2) CSCEC is interested in 1,311,965,566 Shares, of which 1,262,211,316 Shares are held by Star Amuse Limited ("Star Amuse") and 49,754,250 Shares are held by Chung Hoi Finance Limited ("Chung Hoi"). Star Amuse is a wholly-owned subsidiary of Big Crown Limited ("Big Crown"). Big Crown and Chung Hoi are wholly-owned subsidiaries of COLI which in turn is a non-wholly owned subsidiary of COHL. COHL is a subsidiary of CSCECL which in turn is a non-wholly owned subsidiary of CSCEC.

(3) 382,617,689 Shares held by UBS TC (including 200,910,903 Shares and 181,706,786 Shares held by Diamond Key and On Fat respectively) are disclosed in the section headed "Directors' and Chief Executive's Interests in Securities" above as being held under a trust with Mr. Yung Kwok Kee, Billy and his family members as the beneficiaries. None of the Directors are directors or employees of On Fat and Diamond Key.

(4) Mitsubishi Group is interested in 174,009,500 shares of the Company, of which 5,307,000 shares are held by First Sentier Investors (Singapore) ("First Sentier Singapore") and 168,702,500 shares are held by First Sentier Investors (Hong Kong) Limited ("First Sentier Hong Kong"). First Sentier Singapore is a wholly-owned subsidiary of First Sentier Investors (Singapore) Holdings Limited which in turn is a wholly-owned subsidiary of FSIB Ltd ("FSIB"). First Sentier Hong Kong and FSIB are wholly-owned subsidiaries of First Sentier Investors Asia Holdings Ltd which in turn is a wholly-owned subsidiary of First Sentier Investors Holdings Pty Ltd ("First Sentier Holdings"). First Sentier Holdings is a wholly-owned subsidiary of Mitsubishi UFJ Trust and Banking Corporation which in turn is a wholly-owned subsidiary of Mitsubishi Group.

Save as disclosed above, the Company had not been notified by any other person (other than Directors or the chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2021.

Directors' Report *(continued)*

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP

(A) CONNECTED TRANSACTION

SPAs with 中海宏洋海富（合肥）房地產開發有限公司 (China Overseas Grand Oceans Haifu (Hefei) Properties Development Co., Ltd.* (the "Vendor"))

On 8 March 2021, 中海宏洋地產（合肥）有限公司 (China Overseas Grand Oceans Properties (Hefei) Co., Ltd.*, a wholly-owned subsidiary of the Company), and the Vendor (a joint venture indirectly owned as to 45% by each of the Company and CSC, respectively, and as to 10% by SAIF XINGHE Investment Fund L.P.) entered into the sale and purchase agreements (the "SPAs") to formalise a series of acquisitions of 18 office units located in Tower S1, Wanjin Garden, North of Longchuan Road, East of Xidi Road, Baohe District, Hefei, the PRC for its own use under a series of provisional agreements between the parties in April 2020 at an aggregate consideration of RMB19,538,726.

COHL is the controlling shareholder of both the Company and CSC; and therefore, the Vendor is a connected person of the Company, and the entering into of the SPAs and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

(B) CONTINUING CONNECTED TRANSACTIONS

(1) Framework Agreement with CSCD

CSCD acquired the entire equity interests in 中海監理有限公司 (China Overseas Supervision Limited*) from a wholly-owned subsidiary of CSC (the "Acquisition"), completion of which took place on 26 June 2018. As mentioned in the announcement of CSCD dated 14 March 2018, prior to the completion of the Acquisition, China Overseas Supervision Limited entered into certain transactions with the Group to provide the construction supervision services in respect of the prevailing projects which would subsist after the completion of the Acquisition (i.e., 26 June 2018). Following the completion of the Acquisition, China Overseas Supervision Limited has become a subsidiary of CSCD and these subsisting transactions have become connected transactions for both the Company and CSCD.

On 26 June 2018, there are 17 subsisting contracts in respect of the prevailing projects with the outstanding aggregate amount of not more than HK$72 million and payable by the Group to China Overseas Supervision Limited. The principal terms of the subsisting contracts in respect of the prevailing projects are set out as follows:

Parties:	(i) China Overseas Supervision Limited (as a service provider); and (ii) Members of the Group (as owner of the relevant property development).
Scope of Services:	Provision of construction supervision services by China Overseas Supervision Limited to members of the Group for the property development projects of the Group in the PRC, which include supervision of quality, progress and measurements, contracts management, safety, information management and relationship coordination work.
Payment Term:	All outstanding amount is expected to be settled upon completion of final accounts of the prevailing projects by the Company.

In addition, it is expected that the Group may continue to engage China Overseas Supervision Limited, which is now a member of the CSCD Group, for the provision of construction supervision services for its property development projects in PRC.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(1) Framework Agreement with CSCD (Continued)

On 26 June 2018, the Company and CSCD entered into a framework agreement (the "CSCD Framework Agreement"), pursuant to which the Group may engage the members of the CSCD Group to provide the project management, supervision and consultancy services for the Group's property development projects in the PRC from time to time for the period of three years commenced from 1 July 2018. The maximum total contract sum that may be awarded to the CSCD Group for each period or year is subject to the following caps:

For the period from 1 July 2018 to 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020	For the period from 1 January 2021 to 30 June 2021
HK$30 million	HK$60 million	HK$60 million	HK$30 million

The Group will go through a competitive tender process to select and appoint a service provider for the provision of the above services to the Group. Further details of the standard and systematic tender process of the Group are set out in the paragraph headed "Pricing Basis" in the Company's announcement dated 26 June 2018. In the event that the expected contract amount involved is relatively small or no tender is available, and it will not be appropriate for the Group to go through the tendering procedures, the Group will seek quotations from at least three different service providers.

COHL is a controlling shareholder of the Company, CSC and CSCD. CSC is the indirect holding company of CSCD. Hence, CSCD is a connected person of the Company, and the transactions contemplated under the CSCD Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 24 March 2021, the Company and CSCD renewed the CSCD Framework Agreement, details of which are set out in paragraph "(B)(11) New Framework Agreement with CSCD".

(2) CSCECL Group Engagement Agreement with CSCECL

On 27 June 2019, the Company and CSCECL entered into a CSCECL group engagement agreement (the "CSCECL Group Engagement Agreement") whereby, during the term of three years commenced from 1 July 2019 and ending on 30 June 2022, the Group will go through its standard and systematic tender procedures as set out in the Company's announcement dated 27 June 2019, and upon successful tender, engage the CSCECL Group as construction contractor in the PRC. The maximum total contract sum that may be awarded to the CSCECL Group for each period or year is subject to the following caps:

For the period from 1 July 2019 to 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021	For the period from 1 January 2022 to 30 June 2022
HK$300 million	HK$600 million	HK$600 million	HK$300 million

CSCECL is an intermediate holding company of COLI, which is a controlling shareholder of the Company. Accordingly, CSCECL is a connected person of the Company, and the transactions contemplated under the CSCECL Group Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Directors' Report *(continued)*

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(3) Framework Agreement for Car Parking Spaces with COPH

On 23 October 2019, the Company and COPH entered into a framework agreement (the "Carpark Framework Agreement"), pursuant to which the COPH Group may from time to time enter into transactions with the Group for the acquisition of rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire). Such car parking spaces are those situated in the developments or properties built, developed or owned by the Group and managed by the COPH Group.

The Carpark Framework Agreement has a term of three years commenced from 1 December 2019 and ending on 30 November 2022 (both dates inclusive) and the maximum total agreement sum payable by the COPH Group to the Group for each period or year for the acquisition of rights-of-use of car parking spaces is subject to the following caps:

For the period from 1 December 2019 to 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021	For the period from 1 January 2022 to 30 November 2022
Nil	HK$400 million	HK$300 million	HK$300 million

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

COHL is the controlling shareholder of both the Company and COPH, COPH is hence a connected person of the Company, and the transactions contemplated under the Carpark Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

On 27 February 2020, the Company and Huayi Design (a wholly-owned subsidiary of COLI) entered into a framework agreement (the "Huayi Framework Agreement") for a term of period commenced from 1 March 2020 and ending on 31 December 2022. Pursuant to the Huayi Framework Agreement, the Group may engage Huayi Design and its subsidiaries (the "Huayi Design Group") to provide scheme design, preliminary design and construction drawing design services in each construction stage to the Group's property development projects in PRC upon successful tender awarded to the Huayi Design Group. The maximum total contract sum that may be awarded to the Huayi Design Group for each period or year is subject to the following caps:

For the period from 1 March 2020 to 31 December 2020	For the year ended 31 December 2021	For the year ending 31 December 2022
RMB30 million	RMB40 million	RMB50 million

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

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

Pursuant to the Huayi Framework Agreement, the Group will go through a competitive tender process to select and appoint a service provider for the Group's property development projects in PRC. In the event that the expected contract amount involved is relatively small or no tenderer is available, and it will not be appropriate for the Group to go through the above tendering procedures, the Group will seek quotations from at least three different service providers, among which the lowest quotation will be selected on the condition that the selected service provider also satisfies the selection criteria as set out in the tendering procedures. In any event, the price and terms of the tender awarded by the Group to the Huayi Design Group shall be no more favourable than those awarded to the independent third parties. Further details of the standard and systematic tender procedures of the Group are set out in the paragraph headed "Pricing Basis" in the Company's announcement dated 27 February 2020.

Huayi Design is a wholly-owned subsidiary of COLI, which is a controlling shareholder of the Company. Accordingly, Huayi Design is a connected person of the Company, and the transactions contemplated under the Huayi Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(5) Renewal Trademark Licence Agreement with COLI

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

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

COLI is a controlling shareholder of the Company and therefore a connected person of the Company, and the entering into of the 2020 Renewal Trademark Licence Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(6) Property Lease Agreements with the COLI Group

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

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

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

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

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

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

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(6) Property Lease Agreements with the COLI Group (Continued)

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

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

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

Notes:

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

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

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

COLI is the controlling shareholder of the Company and accordingly, each of the lessees, being a subsidiary of COLI, is a connected person of the Company, and the transactions contemplated under each of the Property Lease Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Directors' Report *(continued)*

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(7) Master Engagement Agreement with CSC

On 24 April 2020, the Company and CSC entered into a master engagement agreement (the "Master Engagement Agreement") whereby (i) the CSC Group may tender for the Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the Group from time to time for a term of one year commenced from 1 July 2020 and ended on 30 June 2021 subject to the caps as set out in the table below; and (ii) the Group may engage the CSC Group as construction contractor for the Group's construction works in the PRC upon the CSC Group's successful tender. The maximum total contract sum that may be awarded to the CSC Group for each period is subject to the following caps:

For the period from 1 July 2020 to 31 December 2020	For the period from 1 January 2021 to 30 June 2021
HK$1,000 million	HK$500 million

Pursuant to the Master Engagement Agreement, the Group will normally invite construction contractors to participate in competitive tenders for the Group's construction works in the PRC in accordance with its standard and systematic tendering procedures. In any event, the price and terms of the tender awarded by the Group to the CSC Group are no more favourable than those awarded to independent third parties. Further details of the tender procedures of the Group are set out in the paragraph headed "Pricing Basis" in the Company's announcement dated 24 April 2020.

All rights and obligations under the Master Engagement Agreement had been replaced and superseded by a new master engagement agreement, details of which are set out in paragraph "(B)(9) New Master Engagement Agreement with CSC".

COHL is the controlling shareholder of both the Company and CSC; and therefore, CSC is a connected person of the Company, and the transactions contemplated under the Master Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(8) ***Renewal Framework Agreement with COPH***

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

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

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

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

COHL is the controlling shareholder of both the Company and COPH; and therefore, COPH is a connected person of the Company, and the entering into of the Renewal Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(9) ***New Master Engagement Agreement with CSC***

On 19 November 2020, the Company and CSC entered into a new master engagement agreement (the "New Master Engagement Agreement") to replace and supersede all rights and obligations of the parties under the Master Engagement Agreement (together with the caps contemplated thereunder) starting from 1 January 2021 with effect from the date of the satisfaction of the conditions precedent set out in the New Master Engagement Agreement. Pursuant to the New Master Engagement Agreement, (i) the CSC Group may tender for the Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the Group from time to time for a term of three years commenced from 1 January 2021 and ending on 31 December 2023 subject to the caps as set out in the table below; and (ii) the Group may engage the CSC Group as construction contractor for the Group's construction works in the PRC upon the CSC Group's successful tender. The maximum total contract sum that may be awarded to the CSC Group for each year is subject to the following caps:

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

Directors' Report *(continued)*

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(9) New Master Engagement Agreement with CSC (Continued)

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

COHL is the controlling shareholder of both the Company and CSC; and therefore, CSC is a connected person of the Company, and the transactions contemplated under the New Master Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(10) Supplies Framework Agreement with COLI

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

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

COLI is the controlling shareholder of the Company and accordingly, COLI is a connected person of the Company, and the transactions contemplated under the Supplies Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(11)New Framework Agreement with CSCD

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

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

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

COHL is a controlling shareholder of the Company, CSC and CSCD. CSC is the indirect holding company of CSCD. Hence, CSCD is a connected person of the Company, and the transactions contemplated under the New CSCD Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Directors' Report *(continued)*

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

(B) CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(12)Framework Agreement with Shenzhen Haizhichuang Technology Limited*

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

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

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

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

COLI is the controlling shareholder of the Company. Accordingly, Haizhichuang, being a wholly-owned subsidiary of COLI, is a connected person of the Company. The transactions contemplated under the Haizhichuang Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

* *English translation is for identification only.*

REVIEW BY AUDIT COMMITTEE MEMBERS AND AUDITOR

The Independent Non-executive Directors have reviewed the continuing connected transactions during the year disclosed by the Group in paragraphs (B)(1) to (B)(12) of the section "Connected Transactions Entered into by the Group" above and confirmed that the transactions were entered into:

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

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

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2021 disclosed by the Group in paragraphs (B)(1) to (B)(12) of the section "Connected Transactions Entered into by the Group" above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

INTEREST IN CONTRACTS OF SIGNIFICANCE

The transactions set out in paragraphs (B)(2), (B)(3) and (B)(5) to (B)(10) of the section "Connected Transactions Entered into by the Group" above are considered as contracts of significance under paragraph 16 of Appendix 16 to the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The facility agreements/letters, which have been entered into by the Company in the following terms and conditions and continue to subsist at 31 December 2021 are set out below:

(1)	Date:	10 March 2017
	Amount:	Loan facility up to HK$600 million, which can be increased to HK$1 billion in accordance with the facility agreement
	Term:	60 months commencing from the date of the facility agreement
(2)	Date:	14 December 2017
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the date of the facility letter
(3)	Date:	31 December 2018
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the date of the first drawdown
(4)	Date:	30 December 2019
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the first utilisation date
(5)	Date:	11 March 2020
	Amount:	Loan facilities up to (a) HK$935 million and (b) RMB500 million
	Term:	(a) 60 months and (b) 36 months commencing from the date of the facility agreement respectively

Directors' Report *(continued)*

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES (CONTINUED)

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

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

As at the date of this report, COLI owns approximately 38.32% of the total number of shares of the Company in issue.

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2021, sales to the Group's five largest customers together represented less than 30% of the Group's total turnover and purchases from the Group's five largest suppliers together represented less than 30% of the Group's total purchases.

DESCRIPTIONS OF MAJOR RISKS AND UNCERTAINTIES FACED BY THE GROUP

OCCUPATIONAL SAFETY

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

ENVIRONMENTAL POLICY AND PERFORMANCE

As a leading real estate developer in the PRC, the Group is committed to the implementation of new urbanization and dual-carbon strategic goals, as well as developing high-quality property projects that promote green, healthy, smart and comfortable living. Green building construction is a comprehensive construction system. The Group takes into account the possible impacts of the project on the environment throughout its life cycle including supply chain, architectural design, construction and operation. The Group has actively participated in academic research, applied innovative technology and explored the future of green building development with stakeholders in order to contribute in the realization of carbon neutrality in the PRC. The Group's "Environmental Policy" details the management rules for different environmental aspects such as emission management, resource utilization management, and environment and natural resource management. The Group is pleased to witness the increased awareness of customers on green buildings in recent years. The Group will review and revise relevant strategies and policies for green buildings in a timely manner in accordance with national development strategies and industry standards.

ENVIRONMENTAL POLICY AND PERFORMANCE (CONTINUED)

To mitigate the risks of climate change, the Group strives to combine its strategy in response to climate change with the green building development strategy, and will examine the reporting requirements and assessment methods for climate scenario analysis, in preparation of future assessment on any extreme and chronic risks under different climate scenarios. During the year, the Group developed 71 new projects, all of which have obtained green building design certification – basic level or above. Among them, the Group's ultra-low energy building project of Zhonghai He Shan Da Guan in Hohhot, Inner Mongolia is the most emblematic. This project is the first large-scale ultra-low energy commercial housing demonstration project built in the cold area, with a heating and energy saving rate of 92%. It has been awarded the "Ultra-low Energy Building" certificate ("超低能耗建築"認證證書) by the China Association of Building Energy Efficiency (中國建築節能協會) and is to be submitted for applying for the "3–star green buildings" rating.

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

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

The following table lists out the environmental laws and regulations which may have significant impacts on the Group's operations and management measures to help the Group comply with such laws and regulations. In 2021, there was no case of non-compliance with such environmental laws and regulations.

Project phase	Environmental laws and regulations that have major impacts on the Group	Compliance measures
Planning	• Environmental Impact Assessment Law of the People's Republic of China • Administrative Regulation on Environmental Protection for Construction Projects	Environmental impact assessment was undertaken in all new property development projects of the Group to ensure comprehensive review was carried out before they were constructed to prevent adverse environmental impact of the planning and construction project. The Group compiled environmental impact assessment reports, reporting spreadsheets, or registers according to the degree of environmental impact of the new projects. These documents are submitted to the administrative authorities of environmental protection in the local government for approval before the construction commences.

Directors' Report *(continued)*

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

Project phase	Environmental laws and regulations that have major impacts on the Group	Compliance measures
Construction	• Environmental Protection Law of the People's Republic of China • Administrative Regulations on Environmental Protection for Construction Projects • Interim Methods for Endorsement of Environmental Protection for Completed Construction Projects • Technical Guidelines of Environmental Protection Inspections for Completed Construction Projects – Pollution Impacts Category • Water Pollution Prevention and Control Law of the People's Republic of China • Prevention and Control of Noise Pollution Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste	The Group has appointed third-party supervisory units to provide supervision services for its property development projects in PRC. The Group has obtained environmental protection acceptance and inspection approvals for all its completed projects.

RELATIONSHIPS WITH KEY STAKEHOLDERS

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

Employees

The Group is committed to establishing a workplace environment with high level of safety, fairness, trust and development capacity for all employees. The Group believes that all employees should be treated with respect regardless of age, gender, family status, disability, race, ethnic background and nationality, and have equal opportunities to develop their potentials. Through information technology and interactive learning platforms, online training courses are actively provided with more newly developed functions such as live broadcasts, Q&A and discussion to meet the progress and needs of employees. During the year, the total number of employees of the Group was 3,505, of which more than 76% participated in the courses under "Endless Ocean Training System", with an average training hour of 6.5 hours.

RELATIONSHIPS WITH KEY STAKEHOLDERS (CONTINUED)

Customers

The Group plays an active role in building long-term and close relationships with customers. In order to meet the increasing public expectations for the products and services, the Group has proactively assumed its responsibilities as a property developer at different stages such as planning, construction, acceptance, sales and after-sales service, in order to gain the trust of customers and maintain a good reputation. In addition to the formulation of the "Guidelines for Customer Review" and "Customer Complaint and Claims Management Methods", the Group solicits customers' feedback through various channels including the mobile application "China Overseas e-Family" in order to continuously enhance service quality.

Suppliers and Contractors

When dealing with suppliers and partners, the Group adheres to the principle of fairness and impartiality, and maintain the most rigorous ethical and professional conduct. At present, the Group is partnered with approximately 930 suppliers and approximately 3,500 contractors which are located across all project cities.

Despite the ongoing pandemic condition and its disruption to the global supply chain, with the Group's effective supply chain management, daily business operations have not been significantly affected. The Group has built a long-term relationship with different suppliers and contractors for one to ten years. The Group's major suppliers and contractors granted credit terms of 42 to 56 days to the Group. Construction work of the Group's property development projects was outsourced to different suppliers and contractors.

Industry Associations and Government Departments

During the year, the Group continued to strengthen its ties with industry associations, research institutions and government authorities. With the development of Zhonghai He Shan Da Guan ultra-low energy building project, the Group pioneered four national patented technologies, published three research papers, and established an ultra-low energy consumption enterprise standard, bringing breakthrough progress in the development of passive ultra-low energy buildings in the PRC.

Community

The Group has always maintained a good relationship with the local community with a sincere and open attitude. Before the construction of the project, the Group invites the local residents to participate in the project survey to widely collect their opinions on the project and to meet their needs for various recreational facilities such as parks, jogging trails and gymnasiums. In addition, the Group provides rental subsidies to shops that are beneficial to people's livelihood such as convenience stores or restaurants, thereby reducing the cost of living for residents. "China Overseas Club" also organizes regular customer care activities such as door-to-door inspections for electrical safety, maintenance of air-conditioning facilities and other professional services.

Directors' Report *(continued)*

RELATIONSHIPS WITH KEY STAKEHOLDERS (CONTINUED)

The Group has started to formulate sustainable development strategies since the end of 2021, and will set the scope of sustainability development work based on business development, including green buildings. For the progress of the strategy planning, please refer to the "Environmental, Social and Governance Report" to be published by the Group around April 2022.

SUFFICIENCY OF PUBLIC FLOAT

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

DONATIONS

During the year, the Group made charitable and other donations amounted to approximately HK$3,612,300 (2020: nil).

CHANGE IN DIRECTORS' INFORMATION

Change in Directors' information since the date of the 2021 interim report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Mr. Guo Guanghui has waived his director's fee for the period from 22 April 2021 (date of appointment) to 31 December 2021.

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

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2021 have been audited by BDO Limited who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Zhuang Yong
Chairman and Executive Director

Hong Kong, 23 March 2022

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of China Overseas Grand Oceans Group Limited (the "Company") and its subsidiaries (together the "Group") set out on page 84 to page 216, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditor's Report *(continued)*

KEY AUDIT MATTERS (CONTINUED)

Determining net realisable value of inventories of properties

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

The carrying value of the Group's inventories of properties as at 31 December 2021 was RMB136,371,481,000.

Inventories of properties are stated at the lower of cost and net realisable value. In assessing net realisable value, management has to determine the selling prices of inventories of properties which is based on management's judgment and expectation of property market in Mainland China. Future selling prices could fluctuate significantly subject to factors including market conditions and government measures on controlling property market and policies such as urbanisation policy and monetary policy. In addition, due to the unique nature of individual properties, estimation of selling prices is highly subjective which requires management's judgment on customer preferences.

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

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

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

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

– Independently assessing management's judgment in estimating the impact of those government measures and policies on the selling prices of properties.

– Assessing whether there is evidence of management bias on determining net realisable value by considering the consistency of judgment made by the management year on year through discussion with the management to understand their rationale.

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

Independent Auditor's Report *(continued)*

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Independent Auditor's Report *(continued)*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Hong Kong, 23 March 2022

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	6	**53,830,471**	42,909,060
Cost of sales and services provided		**(41,431,335)**	(31,267,644)
Gross profit		**12,399,136**	11,641,416
Other income	8	**463,279**	381,381
Distribution and selling expenses		**(1,634,858)**	(1,368,847)
Administrative expenses		**(1,096,364)**	(1,069,885)
Other operating expenses		**(21,222)**	(27,845)
Other gains			
Fair value gain on reclassification of inventories of properties to investment properties	15(a)	**80,683**	8,123
Fair value gain on investment properties	15(c)	**20,000**	–
Operating profit		**10,210,654**	9,564,343
Finance costs	10	**(54,100)**	(43,125)
Share of results of associates		**8,110**	11,955
Share of results of joint ventures		**(15,278)**	6,662
Profit before income tax	9	**10,149,386**	9,539,835
Income tax expense	11	**(4,504,484)**	(4,935,694)
Profit for the year		**5,644,902**	4,604,141
Profit for the year attributable to:			
Owners of the Company		**5,050,575**	4,374,765
Non-controlling interests		**594,327**	229,376
		5,644,902	4,604,141

	Notes	RMB Cents	RMB Cents
Earnings per share	13		
Basic		**147.5**	127.8
Diluted		**147.5**	127.8

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 RMB'000	2020 RMB'000
Profit for the year	**5,644,902**	4,604,141
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising from translation into presentation currency	**555,319**	1,035,288
Other comprehensive income for the year, net of tax	**555,319**	1,035,288
Total comprehensive income for the year	**6,200,221**	5,639,429
Total comprehensive income attributable to:		
Owners of the Company	**5,605,894**	5,410,053
Non-controlling interests	**594,327**	229,376
	6,200,221	5,639,429

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021

	Notes	**2021 RMB'000**	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	15	**3,978,235**	3,355,235
Property, plant and equipment	16	**839,080**	869,409
Right-of-use assets	37	**256,478**	239,150
Interests in associates	17	**277,416**	19,056
Interests in joint ventures	18	**908,170**	701,038
Financial assets at fair value through other comprehensive income	19	**1,000**	1,000
Deferred tax assets	33	**1,883,460**	1,242,877
		8,143,839	6,427,765
Current assets			
Inventories of properties	20	**136,371,481**	107,721,167
Other inventories	21	**11,309**	16,429
Contract assets	22	**153,582**	94,732
Trade and other receivables, prepayments and deposits	23	**15,076,202**	19,451,556
Amounts due from associates	24	**994,964**	124,838
Amounts due from joint ventures	25	**752,391**	2,091,043
Amounts due from non-controlling interests	26	**2,215,461**	871,139
Tax prepaid		**2,574,823**	2,545,737
Restricted cash and deposits	28	**12,616,346**	7,525,826
Cash and bank balances	28	**19,876,023**	20,543,265
		190,642,582	160,985,732
Current liabilities			
Trade and other payables	29	**19,928,604**	15,699,347
Contract liabilities	30	**81,803,731**	70,336,424
Amounts due to associates	24	**2,069**	13,136
Amounts due to joint ventures	25	**84,928**	584,458
Amounts due to non-controlling interests	26	**5,510,332**	2,834,726
Amounts due to related companies	27	**186,119**	189,482
Lease liabilities	37	**14,534**	11,196
Guaranteed notes payable	32	**–**	3,314,214
Taxation liabilities		**7,282,145**	6,757,759
Borrowings	31	**12,773,873**	10,448,303
		127,586,335	110,189,045
Net current assets		**63,056,247**	50,796,687
Total assets less current liabilities		**71,200,086**	57,224,452

Consolidated Statement of Financial Position *(continued)*

AS AT 31 DECEMBER 2021

	Notes	**2021 RMB'000**	2020 RMB'000
Non-current liabilities			
Borrowings	31	**29,162,103**	26,701,867
Lease liabilities	37	**28,199**	21,819
Guaranteed notes payable	32	**3,286,018**	–
Amount due to a related company	27	**75,026**	75,026
Deferred tax liabilities	33	**2,892,481**	3,189,358
		35,443,827	29,988,070
Net assets		**35,756,259**	27,236,382
CAPITAL AND RESERVES			
Share capital	34	**5,579,100**	5,579,100
Reserves	35	**23,148,789**	18,554,125
Equity attributable to owners of the Company		**28,727,889**	24,133,225
Non-controlling interests	36	**7,028,370**	3,103,157
Total equity		**35,756,259**	27,236,382

On behalf of the directors

Zhuang Yong
Director

Wang Man Kwan, Paul
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company							
	Share capital RMB'000 (note 34)	Translation reserve* RMB'000 (note 35)	Assets revaluation reserve* RMB'000 (note 35)	Statutory reserve* RMB'000 (note 35)	Retained profits* RMB'000 (note 35)	Total RMB'000	Non-controlling interests RMB'000 (note 36)	Total equity RMB'000
At 1 January 2020	5,579,100	(888,034)	30,075	1,370,803	13,453,383	19,545,327	1,967,981	21,513,308
Profit for the year	–	–	–	–	4,374,765	4,374,765	229,376	4,604,141
Exchange differences arising from translation into presentation currency	–	1,035,288	–	–	–	1,035,288	–	1,035,288
Total comprehensive income for the year	–	1,035,288	–	–	4,374,765	5,410,053	229,376	5,639,429
Transfer to PRC statutory reserve	–	–	–	187,120	(187,120)	–	–	–
2020 interim dividend paid (note 12(a))	–	–	–	–	(214,458)	(214,458)	–	(214,458)
2019 final dividend paid (note 12(b))	–	–	–	–	(607,697)	(607,697)	–	(607,697)
Contributions from non-controlling interests	–	–	–	–	–	–	1,280,300	1,280,300
Return of capital to non-controlling interests	–	–	–	–	–	–	(9,600)	(9,600)
Dividends attributable to non-controlling interests (note 26)	–	–	–	–	–	–	(364,900)	(364,900)
Deemed disposal of interests in subsidiaries (note 40)	–	26,173	–	(5,086)	(21,087)	–	–	–
Transactions with owners	–	26,173	–	(5,086)	(843,242)	(822,155)	905,800	83,645
At 31 December 2020	5,579,100	173,427	30,075	1,552,837	16,797,786	24,133,225	3,103,157	27,236,382

Consolidated Statement of Changes in Equity *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company							
	Share capital RMB'000 (note 34)	Translation reserve* RMB'000 (note 35)	Assets revaluation reserve* RMB'000 (note 35)	Statutory reserve* RMB'000 (note 35)	Retained profits* RMB'000 (note 35)	Total RMB'000	Non-controlling interests RMB'000 (note 36)	Total equity RMB'000
At 1 January 2021	5,579,100	173,427	30,075	1,552,837	16,797,786	24,133,225	3,103,157	27,236,382
Profit for the year	–	–	–	–	5,050,575	5,050,575	594,327	5,644,902
Exchange differences arising from translation into presentation currency	–	555,319	–	–	–	555,319	–	555,319
Total comprehensive income for the year	–	555,319	–	–	5,050,575	5,605,894	594,327	6,200,221
Transfer to PRC statutory reserve	–	–	–	561,526	(561,526)	–	–	–
2021 interim dividend paid (note 12(a))	–	–	–	–	(228,472)	(228,472)	–	(228,472)
2020 final dividend paid (note 12(b))	–	–	–	–	(782,758)	(782,758)	–	(782,758)
Contributions from non-controlling interests (note 26)	–	–	–	–	–	–	3,059,013	3,059,013
Return of capital to non-controlling interests	–	–	–	–	–	–	(8,000)	(8,000)
Dividends attributable to non-controlling interests	–	–	–	–	–	–	(10,323)	(10,323)
Acquisition of a subsidiary (note 39)	–	–	–	–	–	–	290,196	290,196
Transactions with owners	–	–	–	–	(1,011,230)	(1,011,230)	3,330,886	2,319,656
At 31 December 2021	5,579,100	728,746	30,075	2,114,363	20,275,605	28,727,889	7,028,370	35,756,259

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 RMB'000	2020 RMB'000
Operating activities			
Profit before income tax		10,149,386	9,539,835
Adjustments for:			
Share of results of associates		(8,110)	(11,955)
Share of results of joint ventures		15,278	(6,662)
Gain on disposal of property, plant and equipment		(272)	(22,553)
Depreciation		90,578	94,405
Fair value gain on reclassification of inventories of properties to investment properties		(80,683)	(8,123)
Fair value gain on investment properties		(20,000)	–
Write-off of property, plant and equipment		936	750
Write-down of inventories of properties		244,600	–
Interest income		(353,695)	(270,202)
Finance costs		54,100	43,125
Exchange difference		27,085	54,021
Operating cash flows before movements in working capital		10,119,203	9,412,641
Increase in inventories of properties		(26,951,922)	(20,146,214)
Decrease/(Increase) in other inventories		5,120	(12,160)
Decrease/(Increase) in trade and other receivables, prepayments and deposits		4,390,991	(7,585,448)
Increase in contract assets		(58,850)	(45,000)
(Increase)/Decrease in restricted cash and deposits		(5,089,530)	3,145,473
Increase in trade and other payables		4,201,314	3,715,435
Increase in contract liabilities		11,458,598	15,717,696
Cash (used in)/from operations		(1,925,076)	4,202,423
Income taxes paid		(4,937,381)	(5,177,921)
Net cash used in operating activities		(6,862,457)	(975,498)
Investing activities			
Additions of investment properties	15	(30,000)	(214,371)
Purchase of property, plant and equipment	16	(25,621)	(17,315)
Purchase of right-of-use assets		(11,411)	(940)
Capital injections in associates		(257,000)	(7,000)
Capital injections in joint ventures		(695,250)	–
Dividends received from joint ventures		181,242	3,250
Proceeds from disposal of property, plant and equipment		276	25,604
Proceeds from disposal of an associate		6,750	–
Acquisition of a subsidiary, net of cash acquired	39	105,674	–
Interest received		340,097	270,191
Advances to associates		(1,103,376)	(221,138)
Repayments from associates		233,250	156,736
Advances to joint ventures		(1,807,979)	(2,091,134)
Repayments from joint ventures		3,146,631	570
Advances to non-controlling interests		(1,406,451)	(2,750,323)
Repayments from non-controlling interests		206,129	2,095,529
Repayment from a related company		–	171,543
Net cash used in investing activities		(1,117,039)	(2,578,798)

Consolidated Statement of Cash Flows *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 RMB'000	2020 RMB'000
Financing activities	41		
New borrowings		**24,234,005**	21,941,349
Repayment of borrowings		**(19,056,624)**	(11,233,419)
Net proceeds from issue of guaranteed notes	32	**3,310,714**	–
Redemption of guaranteed notes	32	**(3,215,085)**	–
Advances from associates		**–**	255
Repayments to associates		**(11,067)**	(4,744)
Advances from joint ventures		**10,925**	205,000
Repayments to joint ventures		**(366,455)**	(231,668)
Advances from non-controlling interests		**5,998,816**	1,758,357
Repayments to non-controlling interests		**(3,330,210)**	(4,005,708)
Advances from related companies		**–**	186,118
Repayments to related companies		**(3,363)**	(300,000)
Payment of capital element of leases		**(16,266)**	(12,967)
Payment of interest element of leases		**(1,393)**	(1,021)
Payment of other interest		**(1,811,941)**	(1,365,310)
Dividends paid		**(1,011,230)**	(822,155)
Dividends paid to non-controlling interests		**(10,323)**	–
Contributions from non-controlling interests		**2,606,913**	1,280,300
Return of capital to non-controlling interests		**(8,000)**	(9,600)
Net cash from financing activities		**7,319,416**	7,384,787
Net (decrease)/increase in cash and cash equivalents		**(660,080)**	3,830,491
Cash and cash equivalents at 1 January		**20,543,265**	16,755,435
Effect of foreign exchange rate changes on cash and cash equivalents		**(7,162)**	(42,661)
Cash and cash equivalents at 31 December		**19,876,023**	20,543,265
Analysis of balances of cash and cash equivalents			
Cash and bank balances as stated in the consolidated statement of financial position		**19,876,023**	20,543,265

Notes to the Financial Statements

1. GENERAL INFORMATION

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

The principal activities of the Company and its subsidiaries (collectively, the "Group") mainly comprise property investment and development, property leasing and investment holding.

The Group's business activities are principally carried out in certain regions in the PRC such as Changzhou, Hefei, Jinhua, Lanzhou, Nantong, Shantou, Taizhou 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* ("CSCEC"), an entity established in the PRC.

The financial statements for the year ended 31 December 2021 were approved and authorized for issue by the directors on 23 March 2022.

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

2.1 Adoption of new or revised HKFRS – effective 1 January 2021

In the current year, the Group has applied for the first time the following new amendments issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2021:

Amendment to HKFRS 16	COVID-19 – Related Rent Concessions
Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

* English translation is for identification only

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

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

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[4]
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[4]
Amendments to HKAS 8	Definition of Accounting Estimates[4]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021[1]
Annual Improvements to HKFRS 2018-2020	Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Leases[2]

1 Effective for annual periods beginning on or after 1 April 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022
4 Effective for annual periods beginning on or after 1 January 2023
5 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Notes to the Financial Statements *(continued)*

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

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

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

3.2 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. The measurement basis are fully described in the accounting policies below.

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

3.3 Functional and presentation currencies

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

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

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Business combination and basis of consolidation

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Business combination and basis of consolidation (Continued)

Any contingent consideration to be transferred by the acquirer is recognized at acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration are recognized against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent changes to contingent consideration classified as an asset or a liability are recognized in profit or loss.

Goodwill or bargain purchases arising on business combination is accounted for according to the policies in notes 4.5 and 4.6 respectively.

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

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests, and also the cumulative translation differences recorded in equity. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Subsidiaries

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

– power over the investee;

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

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

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

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

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

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

– other contractual arrangements; and

– historic patterns in voting attendance.

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

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Associates

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

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

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

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

4.4 Joint arrangements

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

The Group classifies its interests in joint arrangements as either:

– joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

– joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

– the structure of the joint arrangement;

– the legal form of joint arrangements structured through a separate vehicle;

– the contractual terms of the joint arrangement agreement; and

– any other facts and circumstances (including any other contractual arrangements).

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Joint arrangements (Continued)

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

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

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

Joint operations are accounted for by recognizing the Group's share of assets, liabilities, revenue and expenses in accordance with its contractually conferred rights and obligations.

4.5 Goodwill

Goodwill arising from the acquisition of subsidiaries, associates and joint ventures represents the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree, over the Group's interest in the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities as at the date of acquisition.

Goodwill arising on acquisition is initially recognized in the consolidated statement of financial position as an asset at cost and subsequently measured at cost less any accumulated impairment losses. In case of associates and joint ventures, goodwill is included in the carrying amount of the interests in associates and joint ventures rather than recognized as a separate asset in the consolidated statement of financial position.

Goodwill is reviewed for impairment annually at the end of the reporting period or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may be impaired (note 4.11). Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Bargain purchases in business combinations

Any excess of the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree is recognized immediately in profit or loss.

4.7 Investment properties

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

Investment property is initially stated at cost, including directly attributable costs, and subsequently stated at fair value. Any gain or loss resulting from either a change in the fair value or disposal of an investment property is immediately recognized in profit or loss. Right-of-use assets that meet the definition of investment properties are carried at fair value and presented in the statement of financial position as investment properties (note 4.10). Rental income from investment properties is accounted for as described in note 4.15(iv).

For a transfer from investment property carried at fair value to owner-occupied property, the property's deemed cost for subsequent accounting is its fair value at the date of change in use. For property occupied by the Group as an owner-occupied property which becomes an investment property, the Group accounts for such property in accordance with the policy of property, plant and equipment (note 4.8) up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with in assets revaluation reserve. On disposal of the property, the assets revaluation reserve is transferred to retained profits as a movement in reserves. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

4.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (note 4.11).

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Property, plant and equipment (Continued)

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

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

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

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalized during the periods of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

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

4.9 Intangible assets (Other than goodwill)

Intangible assets are recognized initially at cost. After initial recognition, intangible assets with finite useful life are amortized over their estimated useful life and assessed for impairment (note 4.11) whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful life are not amortized but reviewed for impairment at least annually (note 4.11) either individually or at the cash-generating unit level. The useful life of an intangible asset with indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Leasing

The Group as a lessee

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

The Group accounts for land and buildings that are held to earn rentals and/or for capital appreciation under HKAS 40 *Investment Property* ("HKAS 40") and those assets are carried at fair value (note 4.7). Right-of-use assets that meet the definition of investment properties are carried at fair value and presented in the statement of financial position as investment properties. The Group accounts for the building portion of leasehold land and buildings which the Group has ownership interests and are held for own use under HKAS 16 *Property, Plant and Equipment* and those assets are carried at cost less accumulated depreciation and any impairment losses (note 4.8), whereas the land portion of those leasehold land and buildings is classified as right-of-use assets and are stated at cost less accumulated depreciation and any impairment losses. Other than the above, the Group has also leased some properties under tenancy agreements and those leases are also classified as right-of-use assets and are measured according to the policies as set out below. Right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realizable value (note 4.13).

Right-of-use asset

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

Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis at the following rate per annum:

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

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Leasing (Continued)

The Group as a lessee (Continued)

Lease liability

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

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

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group as a lessor

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

4.11 Impairment of non-financial assets

Goodwill, other intangible assets, property, plant and equipment, right-of-use assets and interests in subsidiaries, associates and joint ventures are subject to impairment testing. Goodwill and other intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

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

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Impairment of non-financial assets (Continued)

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognized for cash-generating units to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value-in-use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods including impairment losses recognized in an interim period. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized.

A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

4.12 Financial instruments

(i) Financial assets

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

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

Financial assets with embedded derivatives are considered at their entirety when determining whether their cash flows are solely payments of principal and interest on the principal outstanding.

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(i) Financial assets (Continued)

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

– Financial assets at amortized cost

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

– Financial assets at fair value through profit or loss

The classification is generally based on two criteria:

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

– the contractual cash flow characteristics of the financial asset.

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

Debt instruments

There are three measurement categories into which the Group classifies its debt instruments:

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

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

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

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(i) Financial assets (Continued)

Equity instruments

– Fair value through profit or loss

Equity investments at fair value through profit or loss are subsequently measured at fair value. Changes in fair value, dividend income and interest income are recognized in profit or loss.

– Fair value through other comprehensive income

For equity investment which is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income, they are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Dividend income is recognized in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognized in other comprehensive income and are not reclassified to profit or loss. On disposal of the investment, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. Equity instruments at fair value through other comprehensive income are not subject to impairment assessment.

(ii) Impairment loss on financial assets

The Group recognizes an allowance for expected credit losses ("ECL") on debt instruments carried at amortized cost (including trade and other receivables, amounts due from associates, joint ventures, other related parties and non-controlling interest, restricted cash and deposits and cash and bank balances) and debt instruments measured at fair value through other comprehensive income.

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

The ECL are measured on either of the following bases:

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

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

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

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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

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

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

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

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

For investments in debt instruments that are measured at fair value through other comprehensive income, the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve without reducing the carrying amounts of those debt instruments.

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

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(iii) Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognized in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities.

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortized cost

Financial liabilities at amortized cost including trade payables, other payables and accruals, amounts due to associates, joint ventures, other related parties and non-controlling interests, borrowings and guaranteed notes payable are subsequently measured at amortized cost, using the effective interest method. The related interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (note 4.22).

Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

(iv) Effective interest method

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

(v) Equity instruments

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

(vi) Financial guarantee contracts

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

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 4.12(ii); and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15").

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (Continued)

(vi) Financial guarantee contracts (Continued)

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

(vii) Derecognition

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

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

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognized initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognized in profit or loss for the year.

4.13 Inventories of properties

Inventories of properties comprise properties under development and completed properties held for sale. Properties under development are investments in land and buildings on which construction work has not been completed and which, upon completion, management intends to hold for sale purposes. Inventories of properties are stated at the lower of cost and net realizable value. Cost is determined on a specific identification basis and consist of interests in leasehold land (note 4.10), development expenditures including construction costs, borrowing costs capitalized (note 4.22) and other direct costs attributable to the development of such properties. Net realizable value is determined on the basis of anticipated sales proceeds less estimated cost to completion and estimated selling expenses.

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Cash and cash equivalents

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

4.15 Recognition of revenue and other income

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Recognition of revenue and other income (Continued)

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

(i) Sales of properties

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

When the property unit has no alternative use to the Group and the Group has an enforceable right to payment from the customer for performance completed to date, control over the property is regarded as transferred over time. In other cases, control over the property is regarded as transferred at a point in time.

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

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

(ii) Hotel operation and other ancillary services

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

(iii) Other services income

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

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Recognition of revenue and other income (Continued)

(iv) Other sources of income

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

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

4.16 Contract costs, contract assets and contract liabilities

Contract costs

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

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

Costs to fulfil a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to subcontractors). Other costs of fulfilling a contract, which are not capitalized as inventories, or property, plant and equipment, are expensed as incurred.

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

Amortization of capitalized contract costs is charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of goods or services to which the costs relate. The accounting policy for revenue recognition is set out in note 4.15.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Contract costs, contract assets and contract liabilities (Continued)

Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see note 4.15) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 4.12(ii). Loss allowance for contract assets is measured at an amount equal to lifetime ECL. Contract assets are reclassified to receivable when the right to the consideration has become unconditional (note 4.17).

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue (see note 4.15). A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

4.17 Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as contract assets (see note 4.16). Receivables are stated as amortized cost using the effective interest method less allowance for credit losses (see note 4.12(ii)).

4.18 Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with notes 4.12(vi), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Retention monies represent amounts of progress billings which are payable to contractors/subcontractors and are due for settlement at the time specified in the contracts. They are classified as current liabilities as the Group expects to settle them within its normal operating cycle.

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.19 Foreign currencies

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

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

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

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognized in the translation reserve.

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Income tax

Income taxes for the year comprise current tax and deferred tax.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognized assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realized or settled and that have been enacted or substantively enacted at the end of the reporting period and reflects any uncertainty related to income taxes.

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

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

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Income tax (Continued)

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

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

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

4.21 Employee benefits

Short-term employee benefits

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

Defined contribution retirement plan

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

Termination benefits

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

4.22 Borrowing costs

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

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

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.23 Government grant

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Grants that compensate the Group for expenses incurred are recognized as income or deducted in the related expenses, as appropriate, in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful life of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable and are recognized as other income, rather than reducing the related expense.

4.24 Dividends

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

4.25 Provisions and contingent liabilities

Provision is recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. When the effect of discounting is material, provision is stated at the present value of the expenditure expected to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss. All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.26 Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

Notes to the Financial Statements *(continued)*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.27 Segment reporting

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

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

5.1 Key sources of estimation uncertainty

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

(a) Fair value of investment properties

As disclosed in note 15, the fair values of the investment properties as at 31 December 2021 were estimated by the directors of the Company with reference to the property valuation as at 31 December 2021 conducted by independent professional valuers. The valuation was based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. In making the estimates, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

The carrying amount of investment properties as at 31 December 2021 was RMB3,978,235,000 (2020: RMB3,355,235,000). Further details of the fair value measurement of investment properties are set out in note 15.

Notes to the Financial Statements *(continued)*

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

5.1 Key sources of estimation uncertainty (Continued)

(b) Net realizable value of inventories of properties

Include in the consolidated statement of financial position at 31 December 2021 is inventories of properties with an aggregate carrying amount of RMB136,371,481,000 (2020: RMB107,721,167,000), which are stated at lower of cost and net realizable value. Management determines the net realizable value of the underlying properties which involves, inter-alia, considerable estimation based on analysis of current market price of properties of comparable quality and location, and for properties under development, estimations of construction costs to be incurred to complete the development based on existing asset structure, contractor fees and construction material price lists and a forecast of future sales taking into account market and economic factors and government measures. If the actual net realizable values of the underlying properties are less than the previous estimations as a result of change in market condition, government measures and policies and/or significant variation in the budgeted development cost, significant amount of allowance for inventories of properties may result.

During the year ended 31 December 2021, the carrying value of a development project was written-down by RMB244,600,000, details of which are set out in note 9(b).

(c) Loss allowance for financial assets

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

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

Details of the key assumptions and inputs used for impairment assessment under ECL model are set out in note 49.3.

(d) Estimates of current tax and deferred tax

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

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

5.2 Critical judgments in applying accounting policies

(a) Joint arrangement

As at 31 December 2021, the Group held certain percentage of the registered capital/paid up capital and voting rights of certain joint arrangements. The contractual arrangements confer joint control over the relevant activities of the joint arrangements to the Group and the other venturers. In addition, the joint arrangements are structured as limited companies and provide the Group and the other venturers to the arrangements with rights to the net assets of the limited companies under the arrangements. Therefore, based on the judgment of the management, these arrangements are classified as joint ventures. Further details of the Group's joint arrangements are set out in note 18.

6. REVENUE

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

	2021 **RMB'000**	2020 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of properties	**53,594,028**	42,701,339
– Hotel and other services income	**18,770**	21,585
	53,612,798	42,722,924
Revenue from other sources		
– Property rental income	**217,673**	186,136
Total revenue	**53,830,471**	42,909,060

The aggregate amount of transaction price allocated to the remaining performance obligations under the Group's outstanding contracts as at 31 December 2021 is RMB83,711,444,000 (2020: RMB74,775,091,000). This amount represents revenue expected to be recognized in future from the sales contracts for properties entered into by the customers with the Group. The Group will recognize the expected revenue in future in accordance with the accounting policies stated in note 4.15, which is expected to occur over the next 12 to 36 months.

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

Notes to the Financial Statements *(continued)*

7. SEGMENT INFORMATION

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

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

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

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

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

Notes to the Financial Statements *(continued)*

7. SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue by timing of revenue recognition

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

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

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2020				
Revenue from contracts with customers disaggregated by timing of revenue recognition				
– Goods transferred over time	5,754,388	–	–	5,754,388
– Goods transferred at a point in time	36,946,951	–	–	36,946,951
– Services transferred over time	–	–	21,585	21,585
	42,701,339	–	21,585	42,722,924
Revenue from other sources				
– Rental income	–	186,136	–	186,136
	42,701,339	186,136	21,585	42,909,060

Notes to the Financial Statements *(continued)*

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities

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

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2021				
Reportable segment revenue	53,594,028	217,673	18,770	53,830,471
Reportable segment profit/(loss)	10,181,426	180,569	(48,912)	10,313,083
Corporate income				7,527
Finance costs				(54,100)
Other corporate expenses				(117,124)
Profit before income tax				10,149,386
As at 31 December 2021				
Reportable segment assets	189,185,833	4,182,650	611,595	193,980,078
Tax assets				4,458,283
Corporate assets^				348,060
Total consolidated assets				198,786,421
Reportable segment liabilities	107,479,679	58,992	933	107,539,604
Tax liabilities				10,174,626
Borrowings				41,935,976
Amount due to a related company				75,026
Guaranteed notes payable				3,286,018
Other corporate liabilities				18,912
Total consolidated liabilities				163,030,162

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
For the year ended 31 December 2020				
Reportable segment revenue	42,701,339	186,136	21,585	42,909,060
Reportable segment profit/(loss)	9,564,456	159,379	(65,732)	9,658,103
Corporate income				22,257
Finance costs				(43,125)
Other corporate expenses				(97,400)
Profit before income tax				9,539,835
As at 31 December 2020				
Reportable segment assets	158,720,700	3,550,957	647,765	162,919,422
Tax assets				3,788,614
Corporate assets^				705,461
Total consolidated assets				167,413,497
Reportable segment liabilities	89,279,244	130,520	1,151	89,410,915
Tax liabilities				9,947,117
Borrowings				37,150,170
Amounts due to related companies				264,508
Guaranteed notes payable				3,314,214
Other corporate liabilities				90,191
Total consolidated liabilities				140,177,115

^ Corporate assets as at 31 December 2021 mainly included property, plant and equipment, right-of-use assets and cash and bank balances of RMB95,910,000 (2020: RMB105,282,000), RMB92,185,000 (2020: RMB99,538,000) and RMB158,688,000 (2020: RMB499,329,000) respectively which are managed on a group basis.

Notes to the Financial Statements *(continued)*

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

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

Notes to the Financial Statements *(continued)*

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Corporate RMB'000	Consolidated RMB'000
Other information					
For the year ended 31 December 2020					
Interest income	259,238	598	56	10,310	270,202
Depreciation	18,427	2,953	55,425	17,600	94,405
Fair value gain on reclassification of inventories of properties to investment properties	8,123	–	–	–	8,123
Gain on disposal of property, plant and equipment	22,538	–	15	–	22,553
Write-off of property, plant and equipment	101	–	649	–	750
Share of profit of associates	11,955	–	–	–	11,955
Share of profit of joint ventures	2,920	3,742	–	–	6,662
Additions to specified non-current assets#	22,877	214,748	4,233	7,961	249,819
As at 31 December 2020					
Interests in associates	19,056	–	–	–	19,056
Interests in joint ventures	587,403	113,635	–	–	701,038

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

Notes to the Financial Statements *(continued)*

7. SEGMENT INFORMATION (CONTINUED)

Geographical information

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

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

	2021 RMB'000	2020 RMB'000
Hong Kong (place of domicile)	**3,786**	8,755
Other regions of the PRC	**6,255,593**	5,175,133
	6,259,379	5,183,888

Information about major customer

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2021 and 2020.

8. OTHER INCOME

	2021 RMB'000	2020 RMB'000
Interest income on:		
– Bank deposits	**275,160**	257,890
– Amounts due from joint ventures	**72,015**	–
– Amounts due from non-controlling interests	**6,520**	12,312
Total interest income on financial assets measured at amortized cost	**353,695**	270,202
Sundry income	**109,584**	111,179
	463,279	381,381

9. PROFIT BEFORE INCOME TAX

	2021 **RMB'000**	2020 RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation		
Property, plant and equipment	**66,722**	73,924
Right-of-use assets		
Land use rights of properties with ownership interests held for own use	**6,600**	6,855
Other properties leased for own use	**17,256**	13,626
Total depreciation	**90,578**	94,405
Remuneration to auditor for audit services*		
– Current year	**3,156**	2,869
Cost of sales and services provided comprise		
– Amount of inventories recognized as expense	**41,139,011**	31,195,662
– Write-down of inventories of properties (note (b))	**244,600**	–
Net foreign exchange loss/(gain)	**18,408**	(14,019)
Short-term leases expenses	**8,228**	8,801
Outgoings in respect of:		
– investment properties	**70,088**	51,987
– other properties	**6,891**	7,415
	76,979	59,402
Net rental income from:		
– investment properties	**(128,783)**	(115,410)
– other properties	**(11,911)**	(11,324)
	(140,694)	(126,734)
Staff costs (note (a))	**1,082,864**	979,783
Gain on disposal of property, plant and equipment^	**(272)**	(22,553)
Write-off of property, plant and equipment	**936**	750
Other taxes and levies	**384,834**	296,868

* excluded fees for non-audit services rendered by the auditor which amounted to RMB353,000 (2020: RMB378,000)
^ included in "Other income" in the consolidated income statement

Notes to the Financial Statements *(continued)*

9. PROFIT BEFORE INCOME TAX (CONTINUED)

Notes:

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

	2021 RMB'000	2020 RMB'000
Salaries, allowances and other benefits	**1,028,950**	945,545
Contributions to defined contribution retirement plans (note 42)	**53,914**	34,238
	1,082,864	979,783

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

10. FINANCE COSTS

	2021 RMB'000	2020 RMB'000
Interest on bank borrowings, overdrafts and other borrowings	**1,526,423**	1,191,146
Interest on amounts due to non-controlling interests	**169,072**	–
Interest on amount due to a related company	**3,362**	3,362
Imputed interest expense on guaranteed notes payable (note 32)	**144,258**	176,141
Interest on lease liabilities (note 37(a))	**1,393**	1,021
Total interest expense on financial liabilities measured at amortized cost	**1,844,508**	1,371,670
Less: Amount capitalized	**(1,790,408)**	(1,328,545)
	54,100	43,125

Borrowing costs capitalized during the year arose from the general borrowing pool are calculated by applying an average capitalization rate of 3.49% (2020: 3.72%) per annum to expenditure on qualifying assets.

Notes to the Financial Statements *(continued)*

11. INCOME TAX EXPENSE

	2021 RMB'000	2020 RMB'000
Current tax for the year		
Hong Kong profits tax	–	–
Other regions of the PRC		
– Enterprise income tax ("EIT")	3,486,296	2,223,335
– LAT	1,911,083	2,997,195
	5,397,379	5,220,530
(Over)/Under provision in prior years		
Other regions of the PRC	(17,036)	28,376
Deferred tax (note 33)	(875,859)	(313,212)
	4,504,484	4,935,694

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

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

EIT arising from other regions of the PRC is calculated at 25% (2020: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (2020: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

Notes to the Financial Statements *(continued)*

11. INCOME TAX EXPENSE (CONTINUED)

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

	2021 RMB'000	2020 RMB'000
Profit before income tax	**10,149,386**	9,539,835
Tax on profit at the rates applicable to profits in the jurisdictions concerned	**2,585,947**	2,458,131
Expenses not deductible for tax purpose	**108,519**	37,079
Income not taxable for tax purpose	**(1,116)**	(3,514)
Share of results of associates	**(2,028)**	(2,989)
Share of results of joint ventures	**3,819**	(1,666)
LAT deductible for calculation of income tax	**(395,504)**	(749,299)
Utilization of tax losses previously not recognized	**(3,245)**	(9,875)
Tax effect of tax losses not recognized	**36,608**	90,457
(Over)/Under provision in prior years	**(17,036)**	28,376
Deferred tax provided for withholding tax on distributable profits of the Group's PRC subsidiaries	**656,282**	195,657
Others	**31,624**	(44,539)
	3,003,870	1,997,818
LAT	**1,500,614**	2,937,876
Income tax expense	**4,504,484**	4,935,694

12. DIVIDENDS

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

	2021 RMB'000	2020 RMB'000
Interim dividend – HK$0.08 (2020: HK$0.07) per ordinary share	**228,472**	214,458
Proposed final dividend – HK$0.30 (2020: HK$0.275) per ordinary share	**839,676**	836,227
	1,068,148	1,050,685

The final dividend of HK$0.30 (2020: HK$0.275) per ordinary share, amounting to HK$1,027,008,000, equivalent to approximately RMB839,676,000 (2020: HK$941,424,000, equivalent to approximately RMB836,227,000), has been proposed by the directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting ("AGM").

Shareholders of the Company will be given an option to elect to receive the proposed final dividend in cash or an allotment of new and fully paid shares in lieu of cash in whole or in part under the scrip dividend scheme (the "Scrip Dividend Scheme"). The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the AGM and the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme.

Notes to the Financial Statements *(continued)*

12. DIVIDENDS (CONTINUED)

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

	2021 RMB'000	2020 RMB'000
Final dividend in respect of previous financial year, approved and paid during the year of HK$0.275 (2020: HK$0.195) per ordinary share	**782,758**	607,697

13. EARNINGS PER SHARE

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

	2021 RMB'000	2020 RMB'000
Earnings		
Profit for the year attributable to owners of the Company	**5,050,575**	4,374,765

	2021 '000	2020 '000
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year	**3,423,360**	3,423,360

Diluted earnings per share for the years ended 31 December 2021 and 2020 are same as the basic earnings per share as there have been no dilutive potential ordinary shares in existence during the year or prior year.

Notes to the Financial Statements *(continued)*

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

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

Directors' emoluments

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonus RMB'000	Retirement fund contribution RMB'000	Total RMB'000
For the year ended 31 December 2021					
Executive directors					
Mr. Zhuang Yong	–	2,094	6,600	197	8,891
Mr. Yang Lin	–	1,777	5,200	174	7,151
Non-executive directors					
Mr. Guo Guanghui (note (a))	–	–	–	–	–
Mr. Yan Jianguo (note (a))	–	–	–	–	–
	–	3,871	11,800	371	16,042

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

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

Directors' emoluments (Continued)

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonus RMB'000	Retirement fund contribution RMB'000	Total RMB'000
For the year ended 31 December 2020					
Executive directors					
Mr. Zhuang Yong (note (b))	–	1,785	8,000	201	9,986
Mr. Zhang Guiqing (note (b))	–	310	2,000	38	2,348
Mr. Yang Lin	–	1,741	7,000	207	8,948
Non-executive director					
Mr. Yan Jianguo	–	–	–	–	–
	–	3,836	17,000	446	21,282

	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive director					
Mr. Wang Man Kwan, Paul (note (c))	–	3,119 (approximately RMB2,771)	2,200 (approximately RMB1,954)	156 (approximately RMB138)	5,475 (approximately RMB4,863)
Non-executive director					
Mr. Yung Kwok Kee, Billy (note (c))	400 (approximately RMB355)	–	–	–	400 (approximately RMB355)
Independent non-executive directors					
Dr. Chung Shui Ming, Timpson (note (c))	400 (approximately RMB355)	–	–	–	400 (approximately RMB355)
Mr. Lam Kin Fung, Jeffrey (note (c))	400 (approximately RMB355)	–	–	–	400 (approximately RMB355)
Mr. Lo Yiu Ching, Dantes (note (c))	400 (approximately RMB355)	–	–	–	400 (approximately RMB355)
	1,600 (approximately RMB1,420)	3,119 (approximately RMB2,771)	2,200 (approximately RMB1,954)	156 (approximately RMB138)	7,075 (approximately RMB6,283)

Notes to the Financial Statements *(continued)*

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

Directors' emoluments (Continued)

Notes:

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

(b) With effect from 11 February 2020, Mr. Zhang Guiqing resigned as executive director and Mr. Zhuang Yong was appointed as executive director.

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

For the year ended 31 December 2021, Mr. Guo Guanghui, being non-executive director of the Company, had waived his director's fee amounting to HK$278,000 (equivalent to approximately RMB231,000). For the year ended 31 December 2020, there was no arrangement under which a director waived or agreed to waive any emoluments.

Five highest paid individuals

The five individuals with the highest emoluments in the Group include two (2020: two) directors, whose emoluments are included in the disclosures above. The emoluments of the remaining three (2020: three) highest paid individuals for the years ended 31 December 2021 and 2020 were as follows:

	2021 RMB'000	2020 RMB'000
Salaries, allowances and other benefits	**3,703**	3,524
Discretionary bonus	**13,200**	16,450
Retirement fund contributions	**328**	356
	17,231	20,330

Their emoluments were within the following bands:

	Number of individuals	
	2021	2020
HK$6,500,001- HK$7,000,000	**2**	1
HK$7,000,001- HK$7,500,000	**1**	–
HK$7,500,001- HK$8,000,000	**–**	1
HK$8,000,001- HK$8,500,000	**–**	1

No emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2020: nil).

Notes to the Financial Statements *(continued)*

15. INVESTMENT PROPERTIES

	2021 RMB'000	2020 RMB'000
Fair value		
At 1 January	**3,355,235**	2,744,787
Additions	**30,000**	214,371
Reclassification from inventories of properties (note (a))	**573,000**	48,738
Reclassification from owner-occupied properties (note (b))	**–**	347,339
Change in fair value (note (c))	**20,000**	–
At 31 December	**3,978,235**	3,355,235

Notes:

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

During the year ended 31 December 2020, the Group leased the commercial units of China Overseas Plaza (Shopping Street) (University City) located in Lanzhou to a related company. The Group reclassified the net carrying value of these commercial units of RMB40,615,000 from inventories of properties to investment properties and recognized fair value gain of RMB8,123,000 in profit of loss on the date of reclassification. Details of the lease arrangement are set out in note 46(i).

(b) During the year ended 31 December 2020, the Group leased the hotel resort and facilities located in Huizhou and Shantou to the related companies. The Group reclassified the land portion and the building portion of these hotel properties of RMB124,651,000 and RMB222,688,000 respectively from right-of-use assets and buildings within property, plant and equipment to investment properties. Details of the lease arrangements are set out in note 46(i).

(c) The fair value of the investment properties as at 31 December 2021 and 2020 is a Level 3 recurring fair value measurement, which uses significant unobservable inputs (i.e. inputs not derived from market data).

The fair value gain arising from remeasurement of the Group's investment properties for the year ended 31 December 2021 amounting to RMB20,000,000 represents an unrealized gain relating those investment properties at the end of the reporting period. No fair value gain or loss arose from remeasurement of the Group's investment properties for the year ended 31 December 2020.

The fair values of the Group's investment properties as at 31 December 2021 and 2020 were estimated by the directors with reference to the property valuation at that dates conducted by CHFT Advisory and Appraisal Limited.

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

Notes to the Financial Statements *(continued)*

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation:

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
China Overseas International Center (comprise office units, shops and car parks)	Beijing	Direct comparison approach: — For office units, shops and car parks	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	Office units and shops: RMB34,096 to RMB60,972 per square metre ("sq.m.") (2020: RMB31,958 to RMB60,529 per sq.m.) Car parks: RMB222,310 per unit (2020: RMB211,709 per unit)	The higher the selling price per unit, the higher the fair value
		Income approach: — For office units and shops	Market yield, taking into account of yield generated from comparable properties and adjustment to reflect differences in property characteristics	6.0% to 7.3% (2020: 6.0% to 7.3%)	The higher the market yield, the lower the fair value
			Annual growth rate	2% to 3% (2020: 2% to 3%)	The higher the annual growth rate, the higher the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB184 to RMB316 per sq.m. (2020: RMB183 to RMB309 per sq.m.)	The higher the monthly rent, the higher the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
CITIC Building (office units)	Shantou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB6,049 per sq.m. (2020: RMB6,049 per sq.m.)	The higher the selling price per unit, the higher the fair value
Jin Xin Building (office units)	Shantou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB6,653 per sq.m. (2020: RMB6,653 per sq.m.)	The higher the selling price per unit, the higher the fair value
China Overseas Plaza — Mall (Universal City) (commercial units)	Lanzhou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB9,934 per sq.m. (2020: RMB9,934 per sq. m.)	The higher the selling price per unit, the higher the fair value
China Overseas Plaza — Shopping Street (Universal City) (commercial units)	Lanzhou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB8,688 per sq.m. (2020: RMB8,688 per sq.m)	The higher the selling price per unit, the higher the fair value
China Overseas Plaza — Office Building (office units)	Lanzhou	Direct comparison approach	Selling price per unit of market comparables, taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB8,301 per sq.m.	The higher the selling price per unit, the higher the fair value

Notes to the Financial Statements *(continued)*

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
China Overseas Plaza — Office Building (Office units)	Lanzhou	Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	6%	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	6.25%	The higher the reversionary yield, the lower the fair value
			Monthly rent, using direct market comparables and taking into account differences such as age, location and individual factors including road frontage, size of property and design	RMB50 per sq.m.	The higher the monthly rent, the higher the fair value
Huizhou Tangquan Hotel	Huizhou	Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	6.5% (2020: 6.5%)	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	6.7% (2020: 6.7%)	The higher the reversionary yield, the lower the fair value
			Annual growth rate	2.65% (2020: 2.65%)	The higher the annual growth rate, the higher the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shantou Nanbin Hotel	Shantou	Income approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	5.2% (2020: 5.1%)	The higher the term yield, the lower the fair value
			Reversionary yield, taking into account annual unit market rental and unit market value of comparable properties	5.4% (2020: 5.3%)	The higher the reversionary yield, the lower the fair value
			Annual growth rate	2.65% (2020: 2.65%)	The higher the annual growth rate, the higher the fair value
City Plaza (commercial units)	Huizhou	Residual approach	Average unit price	RMB20,231 per sq.m.	The higher the average unit price, the higher the fair value
			Estimated costs to completion	RMB7,951 per sq.m.	The higher the estimated costs to completion, the lower the fair value
			Estimated developer's profit	15%	The higher the estimated developer's profit, the lower the fair value

Fair value measurements are based on the highest and best use of the investment properties, which does not differ from their actual use.

During the years ended 31 December 2021 and 2020, there were no transfers into or out of Level 3 or any other level.

Under the direct comparison approach, fair value is estimated by reference to the selling prices of comparable properties in close proximity which have been adjusted for differences in key attributes of the properties being valued and the comparable properties such as property age, size, characteristics and facilities.

Under the income approach, fair value is estimated by taking into account the current and future market rents that the property is likely able to fetch in the open market on vacant possession basis and capitalized such rents in the remaining land use right term with appropriate property yield(s).

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

(d) The investment properties are leased to third parties and related companies under operating leases to earn rental income, further details of which are included in note 37(b).

Notes to the Financial Statements *(continued)*

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST					
At 1 January 2020	1,134,824	3,897	71,846	25,294	1,235,861
Translation adjustment	–	(236)	(6)	(109)	(351)
Additions	–	–	12,900	4,415	17,315
Reclassification to investment properties (note 15(b))	(321,440)	–	–	–	(321,440)
Reclassification from inventories of properties (note)	62,655	–	–	–	62,655
Disposals	(5,209)	–	(1,033)	(892)	(7,134)
Write-off	(1,128)	–	(9,071)	(3,264)	(13,463)
At 31 December 2020 and 1 January 2021	**869,702**	**3,661**	**74,636**	**25,444**	**973,443**
Translation adjustment	**–**	**(104)**	**(3)**	**(48)**	**(155)**
Additions	**8,057**	**–**	**10,032**	**7,532**	**25,621**
Acquisition of a subsidiary (note 39)	**–**	**–**	**13**	**–**	**13**
Reclassification from inventories of properties (note)	**11,761**	**–**	**–**	**–**	**11,761**
Disposals	**–**	**–**	**(9)**	**(1,445)**	**(1,454)**
Write-off	**–**	**–**	**(1,613)**	**(2,440)**	**(4,053)**
At 31 December 2021	**889,520**	**3,557**	**83,056**	**29,043**	**1,005,176**
DEPRECIATION					
At 1 January 2020	103,796	398	20,372	21,271	145,837
Translation adjustment	–	(65)	(5)	(109)	(179)
Depreciation provided	61,787	773	9,932	1,432	73,924
Reclassification to investment properties (note 15(b))	(98,752)	–	–	–	(98,752)
Disposals	(2,170)	–	(1,033)	(880)	(4,083)
Write-off	(489)	–	(9,005)	(3,219)	(12,713)
At 31 December 2020 and 1 January 2021	**64,172**	**1,106**	**20,261**	**18,495**	**104,034**
Translation adjustment	**–**	**(43)**	**(2)**	**(48)**	**(93)**
Depreciation provided	**50,466**	**723**	**12,190**	**3,343**	**66,722**
Disposals	**–**	**–**	**(5)**	**(1,445)**	**(1,450)**
Write-off	**–**	**–**	**(1,611)**	**(1,506)**	**(3,117)**
At 31 December 2021	**114,638**	**1,786**	**30,833**	**18,839**	**166,096**
NET CARRYING AMOUNT					
At 31 December 2021	**774,882**	**1,771**	**52,223**	**10,204**	**839,080**
At 31 December 2020	805,530	2,555	54,375	6,949	869,409

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Note:

During the year ended 31 December 2021, the Group occupied certain commercial units and office units as office premises. These units were previously held for sale and classified as inventories of properties with carrying value of RMB15,559,000 (2020: RMB71,492,000). The Group reclassified the respective land and the building portion of these commercial and office units amounting to RMB3,798,000 (2020: RMB24,979,000) and RMB11,761,000 (2020: RMB62,655,000) as right-of-use assets and buildings within property, plant and equipment respectively.

17. INTERESTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Share of net assets	**277,416**	19,056

Details of the Group's associates as at 31 December 2021 are set out in note 52.

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

	2021 RMB'000	2020 RMB'000
For the year ended 31 December		
Share of the associates' profit for the year	**8,110**	11,955
Share of the associates' other comprehensive income for the year	**–**	–
Share of the associates' total comprehensive income	**8,110**	11,955
Dividends received from associates	**–**	46,198
As at 31 December		
Aggregate carrying amount of the Group's interests in associates	**277,416**	19,056

Notes to the Financial Statements *(continued)*

18. INTERESTS IN JOINT VENTURES

	2021 RMB'000	2020 RMB'000
Share of net assets	**908,170**	701,038
Less: Impairment	**–**	–
	908,170	701,038

The Group has equity interests in certain joint arrangements, which are separate structured vehicles established in the PRC. The Group has joint control over these arrangements as either unanimous consent is required from all parties to the arrangements for the relevant activities or having regard to the voting power in the shareholders' or directors' meeting, as appropriate.

The contractual arrangements provide the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for the liabilities of the joint arrangements resting primarily with the project companies. Accordingly, these joint arrangements are classified as joint ventures and accounted for in the financial statements using the equity method.

Details of the Group's joint ventures as at 31 December 2021 are set out in note 53.

In the opinion of the directors, none of the joint ventures is material to the Group for the years ended 31 December 2021 and 2020.

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

	2021 RMB'000	2020 RMB'000
For the year ended 31 December		
Share of the joint ventures' (loss)/profit for the year	**(15,278)**	6,662
Share of the joint ventures' other comprehensive income	**–**	–
Share of the joint ventures' total comprehensive income	**(15,278)**	6,662
Dividends received from joint ventures	**181,242**	207,250
As at 31 December		
Aggregate carrying amount of the Group's interests in joint ventures	**908,170**	701,038

Notes to the Financial Statements *(continued)*

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 RMB'000	2020 RMB'000
Unlisted equity instruments	**1,000**	1,000

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

20. INVENTORIES OF PROPERTIES

	2021 RMB'000	2020 RMB'000
Properties under development	**127,191,024**	100,186,677
Properties held for sale	**9,180,457**	7,534,490
	136,371,481	107,721,167

The Group's inventories of properties are carried at the lower of cost and net realizable value.

As at 31 December 2021, properties under development amounting to RMB74,852,064,000 (2020: RMB62,498,915,000) are not expected to be recovered within twelve months from the end of the reporting period.

As at 31 December 2021, leasehold interests in land included in inventories of properties amounted to RMB100,449,079,000 (2020: RMB76,055,000,000).

As at 31 December 2021, inventories of properties with aggregate carrying value of RMB7,935,375,000 (2020: RMB10,454,003,000) were pledged as securities for the borrowings and banking facilities of the Group, which will be released upon the Group's settlement of the borrowings and banking facilities (note 43).

21. OTHER INVENTORIES

	2021 RMB'000	2020 RMB'000
Raw materials and consumables	**11,309**	16,429

Notes to the Financial Statements *(continued)*

22. CONTRACT ASSETS

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

	2021 RMB'000	2020 RMB'000
Contract costs of obtaining contracts	**153,582**	94,732

Contract costs capitalized as at 31 December 2021 and 2020 related to the incremental costs incurred in obtaining the contracts, primarily sale commission and stamp duty paid/payable. Contract costs are recognized in profit or loss in the period in which revenue from the related property sales is recognized. The amount of capitalized contract costs recognized in profit or loss for the year ended 31 December 2021 was RMB183,917,000 (2020: RMB160,794,000). There was no impairment provision in relation to the capitalized contract costs as at 31 December 2021 (2020: nil).

23. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2021 RMB'000	2020 RMB'000
Trade receivables	**69,505**	24,335
Less: Loss allowance for trade receivables	**–**	–
Trade receivables, net	**69,505**	24,335
Other receivables	**1,170,491**	2,889,519
Prepayments and deposits	**13,836,206**	16,537,702
	15,006,697	19,427,221
	15,076,202	19,451,556

Notes to the Financial Statements *(continued)*

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

(a) Trade receivables

The credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary for different agreements. Rentals receivable from tenants and service income receivable from customers are generally due on presentation of invoices.

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

	2021 RMB'000	2020 RMB'000
30 days or below	**61,660**	5,270
31–60 days	**393**	310
61–90 days	**192**	417
91–180 days	**2,567**	538
181–360 days	**2,162**	16,758
Over 360 days	**2,531**	1,042
	69,505	24,335

The Group recognizes loss allowance for trade receivables based on the accounting policies stated in note 4.12(ii). Further details of the Group's credit policy and credit risk arising from trade receivables are set out in note 49.3.

(b) Other receivables

The movement in the loss allowance for other receivables during the year is as follows:

	2021 RMB'000	2020 RMB'000
At beginning of the year	**–**	6,000
Amounts written off as uncollectible	**–**	(6,000)
At end of the year	**–**	–

The Group recognizes loss allowance for other receivables based on the accounting policies stated in note 4.12(ii). Further details of the Group's credit policy and credit risk arising from other receivables are set out in note 49.3.

(c) Prepayments and deposits

The balance of prepayments and deposits mainly comprise deposits amounting to RMB8,531,483,000 (2020: RMB11,684,082,000) in aggregate paid by the Group for the acquisition of lands in the PRC. At the end of the reporting period, the application of the land certificates of certain land parcels was still in progress, in particular for those land parcels acquired by the Group near the reporting date. As assessed by the directors, the land certificates of those land parcels will be issued to the Group in due course upon completion of the relevant administrative procedures without encountering significant difficulty.

Notes to the Financial Statements *(continued)*

24. AMOUNTS DUE FROM/TO ASSOCIATES

The amounts due as at 31 December 2021 and 2020 are unsecured, interest-free and repayable on demand.

During the year ended 31 December 2020, the entire amount of dividend received from an associate of RMB46,198,000 was settled through the current account with the associate and included in "Amounts due to associates".

25. AMOUNTS DUE FROM/TO JOINT VENTURES

The amounts due from joint ventures as at 31 December 2021 and 2020 are unsecured and repayable on demand. The outstanding balance as at 31 December 2021 is interest-bearing at fixed rate ranging from 6% to 8% per annum. The outstanding balance as at 31 December 2020 was interest-free except for a sum of RMB1,031,043,000, which represented loans granted to the joint venture and was interest-bearing at fixed rate of 8% per annum.

The amounts due to joint ventures as at 31 December 2021 and 2020 are unsecured, interest-free and repayable on demand.

During the year ended 31 December 2020, the Group derived dividend income of RMB207,250,000 from joint ventures, of which RMB3,250,000 was settled in cash whereas the remaining amount of RMB204,000,000 was settled through the current account with the joint venture and included in "Amounts due to joint ventures".

26. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

The amounts due as at 31 December 2021 and 2020 are unsecured and repayable on demand. Among the respective amounts due from non-controlling interests as at 31 December 2021 and amounts due to non-controlling interests as at 31 December 2021, RMB144,000,000 (2020: nil) and RMB2,765,759,000 (2020: nil) are interest-bearing at fixed rate of 6% per annum and ranging from 4.75% to 8% per annum, respectively; and the remaining balances of RMB2,071,461,000 (2020: RMB871,139,000) and RMB2,744,573,000 (2020: RMB2,834,726,000) are interest-free.

As at 31 December 2021, balances of RMB195,390,000 (2020: nil) and RMB538,738,000 (2020: RMB34,563,000) respectively were due from and due to related companies of the Group.

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

Dividends attributable to the non-controlling interests for the year ended 31 December 2020 amounting to RMB364,900,000 as included in "Amounts due from non-controlling interests" were settled through the current accounts with the non-controlling interests.

27. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies as at 31 December 2021 and 2020 are unsecured, interest-free and repayable on demand except for a sum amounting to RMB75,026,000 (2020: RMB75,026,000) which is interest-bearing at 4.75% (2020: 4.75%) per annum and repayable on 18 October 2023 (2020: 18 October 2023).

Notes to the Financial Statements *(continued)*

28. RESTRICTED CASH AND DEPOSITS/CASH AND BANK BALANCES

	2021 RMB'000	2020 RMB'000
Cash at banks and in hand	32,492,369	28,069,091
Less: Restricted cash and deposits	(12,616,346)	(7,525,826)
Cash and bank balances	19,876,023	20,543,265

Certain bank balances are restricted as follows:

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

– In relation to the mortgage agreements entered into by the buyers and the banks, certain subsidiaries are required to place a portion of proceeds received from sales of properties as deposits in designated bank accounts maintained with the banks. These deposits can only be used to settle construction fees of the relevant property projects and for certain other cases, these deposits could be used to settle the project loans arranged with the banks to finance the relevant property projects. Balances deposited in these designated bank accounts are subject to monitoring by the banks.

The amount of cash restricted for the above purposes as at 31 December 2021 was RMB12,616,346,000 (2020: RMB7,525,826,000).

Cash balances denominated in RMB amounted to approximately RMB32,341,613,000 (2020: RMB27,935,439,000) as at 31 December 2021. The RMB is not freely convertible into other currencies.

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short-term time deposits are made for periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

As at 31 December 2021, the Group did not have short-term time deposits. As at 31 December 2020, the Group had short-term time deposits amounting to RMB390,993,000, which had original maturity of seven days and earned interest income at interest rates ranged from 0.40% to 2.60% per annum. The entire amount of short-term time deposits as of 31 December 2020 were included in "cash and bank balances".

Notes to the Financial Statements *(continued)*

29. TRADE AND OTHER PAYABLES

	2021 RMB'000	2020 RMB'000
Trade payables	**16,766,887**	13,727,103
Other payables and accruals	**2,659,299**	1,783,047
Deposits received	**502,418**	189,197
	19,928,604	15,699,347

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

	2021 RMB'000	2020 RMB'000
30 days or below	**4,963,403**	3,524,340
31–60 days	**980,182**	1,156,814
61–90 days	**332,051**	554,139
91–180 days	**2,414,362**	2,679,008
181–360 days	**3,493,279**	1,607,619
Over 360 days	**4,583,610**	4,205,183
	16,766,887	13,727,103

30. CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Property development – Sales deposits and instalments received	**81,803,731**	70,336,424

The Group receives payments of the contract sum (VAT inclusive) from customers based on billing schedule as set out in the contracts for sales of properties. Payments are usually received in advance of the performance under the sales contracts.

Revenue recognized for the year ended 31 December 2021 that was included in contract liabilities at the beginning of the year was RMB41,060,171,000 (2020: RMB28,574,044,000).

The amount of sales deposits and instalments received as at 31 December 2021 which is expected to be recognized as revenue after more than one year is RMB23,153,498,000 (2020: RMB23,789,233,000).

31. BORROWINGS

	2021 RMB'000	2020 RMB'000
Current liabilities		
Bank borrowings	**12,053,873**	9,628,303
Other loans	**720,000**	820,000
	12,773,873	10,448,303
Non-current liabilities		
Bank borrowings	**26,162,103**	26,231,867
Other loans	**3,000,000**	470,000
	29,162,103	26,701,867
	41,935,976	37,150,170

	2021 RMB'000	2020 RMB'000
Analysis into:		
Bank borrowings		
Secured	**2,187,300**	5,502,900
Unsecured	**36,028,676**	30,357,270
	38,215,976	35,860,170
Other loans		
Unsecured	**3,720,000**	1,290,000
	41,935,976	37,150,170

During the year, the Group entered into the following financing arrangements, the outstanding balances of which are included in "Other loans":

(i) Asset-backed securities

In January 2021, China Overseas Grand Oceans Property Group Company Limited ("COGOP", an indirect wholly-owned subsidiary of the Company), issued properties asset-backed securities ("ABS") for the purpose of raising funds for the operation and development of the businesses of the Group.

Notes to the Financial Statements *(continued)*

31. BORROWINGS (CONTINUED)

(i) Asset-backed securities (Continued)

The ABS, with an aggregate nominal value of RMB525,000,000, include: (i) preferred securities which together constitute a senior debt in the aggregate principal amount of RMB500,000,000 bearing interest at a fixed coupon rate of 3.9% per annum, and are tradeable on the trading platform of the Shenzhen Stock Exchange; and (ii) subordinated securities in the aggregate principal amount of RMB25,000,000 with no fixed coupon rate. The expected maturity date of the ABS is 16 February 2022. Redemption of the ABS are secured by the sales proceeds expected to be collected from the unit sales of certain property projects as specified in the agreements of the ABS in the estimated aggregate sum of RMB703,000,000 (the "Sales Proceeds"). Upon maturity, the holders of the preferred securities are entitled to be redeemed at full face value whereas the holders of the subordinated securities are entitled to the residual amount of the Sales Proceeds after paying off the entitlements of the preferred securities and the related costs and taxes including remuneration of the manager for the ABS issue.

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

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

The ABS were fully settled in November 2021.

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

The funds raised and accrued interest were fully settled in September 2021.

(ii) Real estate debt investment schemes

During the year, 汕頭市中海宏洋置業有限公司 ("Shantou Zhiye") and 中海宏洋(深圳) 投資有限公司 ("China Overseas (Shenzhen)"), indirect wholly-owned subsidiaries of the Company, as borrowers, established real estate debt investment schemes for the purpose of raising investment funds to finance the development of their property projects. The schemes involve respective trust whereby trust units are sold to raise fund which have been placed under the management of independent asset management companies as trustee of the respective schemes. Further details of the schemes are set out below.

31. BORROWINGS (CONTINUED)

(ii) Real estate debt investment schemes (Continued)

Shantou Zhiye Real Estate Debt Investment Scheme

Shantou Zhiye Real Estate Debt Investment Scheme was established in June 2021 and the amount of investment funds raised under the scheme totalled RMB1,500,000,000, which bear interest at fixed coupon rate of 4.98% per annum. The funds raised has a maturity of five years on which date the amount drawdown plus interest accrued thereon would be repayable, subject to (i) recall at the option of the trustee; or (ii) early repayment at the option of Shantou Zhiye, both of which right could be exercised on the date falling 36 months after the drawdown date. Shantou Zhiye's obligations to pay the principal and interest under the scheme are guaranteed by the Company and COGOP.

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

China Overseas (Shenzhen) Real Estate Debt Investment Scheme

China Overseas (Shenzhen) Real Estate Debt Investment Scheme was established in July 2021 and the amount of investment funds raised under the scheme totalled RMB1,500,000,000, which bear interest at fixed coupon rate of 4.98% per annum. The funds raised has a maturity of nine years on which date the amount drawdown plus interest accrued thereon would be repayable, subject to (i) recall at the option of the trustee; or (ii) early repayment at the option of China Overseas (Shenzhen), both of which right could be exercised on the date of the third or the sixth anniversary of the drawdown date. China Overseas (Shenzhen)'s obligations to pay the principal and interest under the scheme are guaranteed by the Company and COGOP.

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

As at 31 December 2021, borrowings amounting to RMB2,187,300,000 (2020: RMB5,502,900,000) were secured by properties of the Group (note 43).

* English transaction is for identification only

Notes to the Financial Statements *(continued)*

31. BORROWINGS (CONTINUED)

Bank borrowings were scheduled for repayment as follows:

	2021 RMB'000	2020 RMB'000
On demand or within one year	**12,053,873**	9,628,303
More than one year, but not exceeding two years	**12,048,971**	9,616,499
More than two years, but not exceeding five years	**14,085,526**	15,942,081
Over five years	**27,606**	673,287
	38,215,976	35,860,170

Other loans were scheduled for repayment as follows:

	2021 RMB'000	2020 RMB'000
On demand or within one year	**720,000**	820,000
More than one year, but not exceeding two years	**–**	470,000
More than two years, but not exceeding five years	**1,500,000**	–
Over five years	**1,500,000**	–
	3,720,000	1,290,000

The above analysis is based on scheduled repayment dates as set out in the loan agreements or the repayment schedules agreed with the banks and other lenders.

Notes to the Financial Statements *(continued)*

31. BORROWINGS (CONTINUED)

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

	2021 RMB'000	2020 RMB'000
HK$	**13,784,646**	13,187,931
RMB	**28,151,330**	23,962,239
	41,935,976	37,150,170

The Group's borrowings have been arranged as follows:

– borrowings denominated in HK$ as at 31 December 2021 are interest-bearing at annual floating rates ranged from 1.52% to 2.26% (2020: 1.89% to 2.84%); and

– borrowings denominated in RMB as at 31 December 2021 amounting to RMB23,241,330,000 (2020: RMB20,819,339,000) are interest-bearing at annual floating rates ranged from 3.90% to 5.13% (2020: 3.90% to 5.23%) while the remaining balance of RMB4,910,000,000 (2020: RMB3,142,900,000) are interest-bearing at annual fixed rates ranged from 4.15% to 5.23% (2020: 3.80% to 5.23%)

In respect of those borrowings which have been arranged to finance property development projects, the Group is required to place the sales proceeds received from the buyers, and the rental income received and fund raised in relation to those projects into designated bank accounts. These bank accounts are subject to monitoring by the banks and the financial institutions which have priority to claim repayment for the borrowings from these designated accounts.

32. GUARANTEED NOTES PAYABLE

	2021 RMB'000	2020 RMB'000
Current liabilities		
Guaranteed notes payable	**–**	3,314,214
Non-current liabilities		
Guaranteed notes payable	**3,286,018**	–
	3,286,018	3,314,214

Notes to the Financial Statements *(continued)*

32. GUARANTEED NOTES PAYABLE (CONTINUED)

(a) Guaranteed notes issued in 2018

On 24 May 2018, the Company and China Overseas Grand Oceans Finance IV (Cayman) Limited ("COGO Finance IV"), a wholly-owned subsidiary of the Company incorporated in the Cayman Islands, entered into a subscription agreement (the "2018 Notes Subscription Agreement") regarding the issue of guaranteed notes in aggregate principal amount of US$500,000,000 (the "2018 Guaranteed Notes"). The completion of the 2018 Notes Subscription Agreement took place and the 2018 Guaranteed Notes were issued on 1 June 2018. The 2018 Guaranteed Notes were issued at 99.917% of the principal amount and were listed on the Stock Exchange.

The 2018 Guaranteed Notes are unsecured and unsubordinated obligations of COGO Finance IV, and are unconditional and irrevocably guaranteed by the Company.

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

COGO Finance IV may at any time upon giving not less than 30 or more than 60 days' notice to the noteholders, redeem the 2018 Guaranteed Notes, in whole but not in part, at the early redemption amount as defined in the 2018 Notes Subscription Agreement. The 2018 Guaranteed Notes are also subject to redemption at the option of the noteholders under certain conditions.

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

The net proceeds from the issue of the 2018 Guaranteed Notes at 99.917% of the principal amount after deducting the direct transaction costs of RMB13,906,000 were RMB3,189,059,000. The guaranteed notes payable are initially measured at fair value, net of directly attributable costs incurred and subsequently, measured at amortized cost using the effective interest rate of 5.063% per annum. For the year ended 31 December 2021, imputed interest of RMB68,701,000 was incurred (2020: RMB176,141,000).

With reference to the average quotation of the 2018 Guaranteed Notes published by a leading global financial market data provider, the fair value of the 2018 Guaranteed Notes as at 31 December 2020 was RMB3,342,724,000 and it is within Level 1 of the fair value hierarchy.

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

Notes to the Financial Statements *(continued)*

32. GUARANTEED NOTES PAYABLE (CONTINUED)

(b) Guaranteed notes issued in 2021

On 9 February 2021, the Company and COGO Finance IV entered into a subscription agreement (the "2021 Notes Subscription Agreement") regarding the issue of guaranteed notes in aggregate principal amount of US$512,000,000 (the "2021 Guaranteed Notes"). The completion of the 2021 Notes Subscription Agreement took place and the 2021 Guaranteed Notes were issued on 9 February 2021. The 2021 Guaranteed Notes were issued at 99.916% of the principal amount and were listed on the Stock Exchange.

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

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

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

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

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

With reference to the quotation of the 2021 Guaranteed Notes published by a leading global financial market data provider, the fair value of the 2021 Guaranteed Notes as at 31 December 2021 was RMB3,165,624,000 and it is within Level 1 of the fair value hierarchy.

Notes to the Financial Statements *(continued)*

32. GUARANTEED NOTES PAYABLE (CONTINUED)

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

	RMB'000
Carrying amount as at 1 January 2020	3,521,449
Imputed interest expense (note 10)	176,141
Finance costs paid	(169,962)
Translation adjustment	(213,414)
Carrying amount as at 31 December 2020 and 1 January 2021	**3,314,214**
Redemption of 2018 Guaranteed Notes (note (a))	**(3,215,085)**
Fair value on initial recognition of 2021 Guaranteed Notes (note (b))	**3,321,680**
Direct transaction costs of issuing 2021 Guaranteed Notes (note (b))	**(10,966)**
Imputed interest expense (note 10)	**144,258**
Finance costs paid	**(120,084)**
Translation adjustment	**(147,999)**
Carrying amount as at 31 December 2021	**3,286,018**

33. DEFERRED TAX

Details of the deferred tax liabilities and assets recognized by the Group and movements during the current and prior years are as follows:

	Inventories of properties RMB'000	Revaluation of properties RMB'000	Provision for LAT RMB'000	Withholding tax RMB'000	Tax losses RMB'000	Recognition of revenue over time RMB'000	Total RMB'000
At 1 January 2020	1,641,248	552,741	(1,103,917)	745,541	(93,033)	517,113	2,259,693
(Credited)/Charged to profit or loss (note 11)	(649,347)	3,089	128,198	87,547	(51,821)	169,122	(313,212)
At 31 December 2020 and 1 January 2021	**991,901**	**555,830**	**(975,719)**	**833,088**	**(144,854)**	**686,235**	**1,946,481**
Acquisition of a subsidiary (note 39)	**(10,522)**	**–**	**(51,079)**	**–**	**–**	**–**	**(61,601)**
(Credited)/Charged to profit or loss (note 11)	**(368,819)**	**4,689**	**(149,060)**	**572,430**	**(248,864)**	**(686,235)**	**(875,859)**
Reclassification upon change in use of the properties	**(69,800)**	**69,800**	**–**	**–**	**–**	**–**	**–**
At 31 December 2021	**542,760**	**630,319**	**(1,175,858)**	**1,405,518**	**(393,718)**	**–**	**1,009,021**

Notes to the Financial Statements *(continued)*

33. DEFERRED TAX (CONTINUED)

Represented by:

	2021 RMB'000	2020 RMB'000
Deferred tax liabilities	**2,892,481**	3,189,358
Deferred tax assets	**(1,883,460)**	(1,242,877)
	1,009,021	1,946,481

The two-tiered profits tax rates regime have no material impact on the deferred tax balances of the Group as at 31 December 2021 and 2020 as the qualifying entity nominated by the Group did not have material temporary differences as at 31 December 2021 and 2020. Deferred tax assets and liabilities of other group entities that are subject to Hong Kong profits tax continue to be measured using a flat rate of 16.5%.

As at 31 December 2021, the Group has unused tax losses of RMB1,721,310,000 (2020: RMB1,019,088,000) available for offset against future profits. Deferred tax assets of RMB393,718,000 (2020: RMB144,854,000) have been recognized in respect of tax losses of approximately RMB1,574,872,000 (2020: RMB579,416,000). No deferred tax assets have been recognized in respect of the remaining tax losses of RMB146,438,000 (2020: RMB439,672,000) due to unpredictability of future profit streams. The tax losses incurred by the relevant subsidiaries may be carried forward for five years from the financial year when the corresponding loss was incurred.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated by the subsidiaries from 1 January 2008 and the applicable tax rates are 5% or 10%.

As at 31 December 2021, deferred tax liabilities of approximately RMB1,405,518,000 (2020: RMB833,088,000) have been recognized in respect of the undistributed earnings of certain PRC subsidiaries amounting to approximately RMB28,110,367,000 (2020: RMB16,577,166,000). Deferred tax liabilities of approximately RMB2,258,000 as at 31 December 2021 (2020: RMB264,609,000) have not been established for the withholding and other taxation that would be payable on the unremitted earnings of other relevant PRC subsidiaries as at 31 December 2021, as in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. Such unremitted earnings amounted to approximately RMB45,164,000 as at 31 December 2021 (2020: RMB5,376,767,000).

Notes to the Financial Statements *(continued)*

34. SHARE CAPITAL

	Number of ordinary shares '000	Carrying amount RMB'000
Issued and fully paid – ordinary shares with no par:		
Balance at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	**3,423,360**	**5,579,100**

35. RESERVES

THE GROUP

Details of the movements in the Group's reserves are set out in the consolidated statement of changes in equity. The nature and purpose of the reserves are as follows:

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities into the presentation currency in accordance with the accounting policy set out in note 4.19.

Asset revaluation reserve

Asset revaluation reserve arises from revaluation of assets such as properties (excluding investment properties).

Statutory reserves

In accordance with the relevant PRC rules and regulations, certain subsidiaries of the Company are required to appropriate certain percentage of their profits after tax to the respective statutory reserves. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserves may be used to make good previous years' losses, if any, or to increase the paid-up capital of the respective subsidiaries, and may be used for capital expenditure on staff welfare facilities, as appropriate.

Retained profits

Retained profits of the Group comprise:

	2021 RMB'000	2020 RMB'000
Proposed final dividend for the year (note 12(a))	**839,676**	836,227
Retained profits after proposed dividend	**19,435,929**	15,961,559
Total retained profits as at 31 December	**20,275,605**	16,797,786

Notes to the Financial Statements *(continued)*

35. RESERVES (CONTINUED)

THE COMPANY

Details of the movements in the Company's reserves are as follows:

	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2020	565,977	1,900,284	2,466,261
Profit for the year	–	890,357	890,357
Other comprehensive income for the year			
Exchange differences arising from translation into presentation currency	(474,943)	–	(474,943)
2020 interim dividend paid (note 12(a))	–	(214,458)	(214,458)
2019 final dividend paid (note 12(b))	–	(607,697)	(607,697)
At 31 December 2020 and 1 January 2021	**91,034**	**1,968,486**	**2,059,520**
Profit for the year	**–**	**894,848**	**894,848**
Other comprehensive income for the year			
Exchange differences arising from translation into presentation currency	**(214,248)**	**–**	**(214,248)**
2021 interim dividend paid (note 12(a))	**–**	**(228,472)**	**(228,472)**
2020 final dividend paid (note 12(b))	**–**	**(782,758)**	**(782,758)**
At 31 December 2021	**(123,214)**	**1,852,104**	**1,728,890**

Retained profits of the Company comprise:

	2021 RMB'000	2020 RMB'000
Final dividend proposed for the year (note 12(a))	**839,676**	836,227
Retained profits after proposed dividend	**1,012,428**	1,132,259
Total retained profits as at 31 December	**1,852,104**	1,968,486

36. NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2021 were RMB7,028,370,000 (2020: RMB3,103,157,000), which are attributed to those subsidiaries not wholly-owned by the Company. In the opinion of the directors, none of the non-controlling interests of these subsidiaries are material to the Group.

Notes to the Financial Statements *(continued)*

37. LEASES

(a) The Group as lessee

Nature of leasing activities

The Group has interests in leasehold land and buildings where the Group is the registered owner of those property interests. In addition, the Group leases various properties including office premises, quarters and shopping mall. For certain leases, the periodic rent is fixed over the lease term whereas for other leases, rental is adjusted periodically at predetermined rate. Leases of these properties are negotiated for periods ranging from nineteen months to five years (2020: twelve months to six years).

Right-of-use assets

The carrying amounts of right-of-use assets recognized and the movements during the current and prior years are as follows:

	Land use rights of properties with ownership interests held for own use RMB'000	Other properties leased for own use RMB'000	Total RMB'000
At 1 January 2020	312,133	36,411	348,544
Translation adjustment	–	(374)	(374)
Additions	–	11,133	11,133
Reclassification to investment properties (note 15(b))	(124,651)	–	(124,651)
Reclassification from inventories of properties (note 16)	24,979	–	24,979
Depreciation provided	(6,855)	(13,626)	(20,481)
At 31 December 2020 and 1 January 2021	**205,606**	**33,544**	**239,150**
Translation adjustment	**–**	**(113)**	**(113)**
Additions	**11,411**	**26,088**	**37,499**
Reclassification from inventories of properties (note 16)	**3,798**	**–**	**3,798**
Depreciation provided	**(6,600)**	**(17,256)**	**(23,856)**
At 31 December 2021	**214,215**	**42,263**	**256,478**

During the year ended 31 December 2021, the Group derived income from subleasing right-of-use assets amounting to RMB14,789,000 (2020: RMB12,920,000).

37. LEASES (CONTINUED)

(a) The Group as lessee (Continued)

Lease liabilities

The movements of lease liabilities during the current and prior years are as follows:

	Other properties leased for own use RMB'000
At 1 January 2020	36,158
Translation adjustment	(369)
Additions	10,193
Interest expense (note 10)	1,021
Lease payments	(13,988)
At 31 December 2020 and 1 January 2021	**33,015**
Translation adjustment	**(104)**
Additions	**26,088**
Interest expense (note 10)	**1,393**
Lease payments	**(17,659)**
At 31 December 2021	**42,733**

Future lease payments are due as follows:

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

Notes to the Financial Statements *(continued)*

37. LEASES (CONTINUED)

(a) The Group as lessee (Continued)

Lease liabilities (Continued)

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2020			
Not later than one year	12,029	(833)	11,196
Later than one year and not later than two years	7,303	(561)	6,742
Later than two years and not later than five years	7,931	(1,117)	6,814
Later than five years	8,750	(487)	8,263
	36,013	(2,998)	33,015

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

	2021 RMB'000	2020 RMB'000
Current liabilities	**14,534**	11,196
Non-current liabilities	**28,199**	21,819
	42,733	33,015

For the year ended 31 December 2021, the Group had total cash outflows for leases of RMB25,887,000 (2020: RMB22,789,000).

(b) The Group as lessor

The Group leases out its investment properties (note 15), the shopping mall and certain units of inventories of properties under operating lease arrangements with leases negotiated for period ranging from eleven months to twenty years (2020: six months to twenty years). Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2021 and 2020 are as follows:

	2021 RMB'000	2020 RMB'000
Within one year	**385,119**	339,151
After one year but within two years	**208,805**	345,508
After two years but within three years	**84,729**	174,016
After three years but within four years	**61,667**	58,608
After four years but within five years	**48,149**	41,169
Over five years	**117,472**	153,090
	905,941	1,111,542

Notes to the Financial Statements *(continued)*

38. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,780**	2,560
Right-of-use assets		**2,006**	6,195
Interests in subsidiaries	51	**1,589,467**	1,636,153
		1,593,253	1,644,908
Current assets			
Other receivables, prepayments and deposits		**1,275**	1,312
Amounts due from subsidiaries		**23,174,317**	22,154,798
Cash and bank balances		**158,414**	499,042
		23,334,006	22,655,152
Current liabilities			
Other payables and accruals		**12,954**	77,115
Amounts due to subsidiaries		**4,383,040**	3,984,380
Lease liabilities		**1,502**	4,559
Borrowings		**3,229,499**	1,641,138
		7,626,995	5,707,192
Net current assets		**15,707,011**	16,947,960
Non-current liabilities			
Borrowings		**9,992,274**	10,952,702
Lease liabilities		**–**	1,546
		9,992,274	10,954,248
Net assets		**7,307,990**	7,638,620
CAPITAL AND RESERVES			
Share capital	34	**5,579,100**	5,579,100
Reserves	35	**1,728,890**	2,059,520
Total equity		**7,307,990**	7,638,620

On behalf of the directors

Zhuang Yong
Director

Wang Man Kwan, Paul
Director

Notes to the Financial Statements *(continued)*

39. ACQUISITION OF A SUBSIDIARY

On 24 December 2021, the Group entered into a share transfer agreement (the "Agreement") for the acquisition of 10% equity interest in 中海宏洋海富(合肥)房地產開發有限公司 ("Hefei Haifu") at purchase price of RMB63,085,000 (the "Acquisition"). Before the Acquisition, the Group held 45% equity interest in Hefei Haifu and Hefei Haifu was accounted for as a joint venture. Upon completion of the Acquisition, the Group's equity interest in Hefei Haifu has increased from 45% to 55% and the Group has obtained control of Hefei Haifu. Hefei Haifu is a limited liability company established in the PRC and is principally engaged in property development in Hefei. The Acquisition was completed in December 2021.

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

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

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

39. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Notes:

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

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

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

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

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

	2021 RMB'000
Cash paid	**(63,085)**
Cash and bank balances acquired	**168,759**
Net inflow of cash and cash equivalents in cash flows from investing activities	**105,674**

For the year ended 31 December 2021, Hefei Haifu did not contribute any revenue or profit or loss to the Group since the acquisition date. Had the Acquisition been occurred on 1 January 2021, the Group's revenue and profit for the year would have been RMB53,870,724,000 and RMB5,655,641,000 respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 January 2021, nor is it intended to be a projection of future performance.

Notes to the Financial Statements *(continued)*

40. DEEMED DISPOSAL OF INTERESTS IN SUBSIDIARIES

On 11 August 2020, the Company, COLI and Ocean Continent Investments Limited ("Ocean Continent") entered into a shareholder's agreement. As at the date of the agreement, Ocean Continent was a direct wholly-owned subsidiary of China Overseas Grand Oceans Investments Limited ("COGOIL") whereas COGOIL is a direct wholly-owned subsidiary of the Company.

Ocean Continent is an investment holding company and its subsidiaries including Big Leader International Limited and 中海宏洋置地(鹽城)有限公司 are principally engaged in investment holding and property development in the PRC respectively.

Pursuant to the agreement, the Company agreed to procure COGOIL and COLI agreed to procure its indirect wholly-owned subsidiary namely Ling Feng Limited, to subscribe for 50 additional shares of Ocean Continent ("Ocean Continent Shares") and 49 Ocean Continent Shares, respectively, at subscription price of US$1 per Ocean Continent Share.

The transaction was completed in September 2020 and the Group's equity interest in Ocean Continent was diluted from 100% to 51%.

Ocean Continent remains a subsidiary of the Company and the difference arising from the dilution of equity interest in Ocean Continent as a result of the transaction was accounted for as equity transaction.

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

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

Notes to the Financial Statements *(continued)*

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

Reconciliation of liabilities arising from financing activities: (Continued)

	Borrowings RMB'000	Guaranteed notes payable RMB'000 (note 32)	Lease liabilities RMB'000 (note 37(a))	Amounts due to associates RMB'000	Amounts due to joint ventures RMB'000	Amounts due to non-controlling interests RMB'000	Amounts due to related companies RMB'000
As at 1 January 2020	27,268,161	3,521,449	36,158	63,823	815,126	5,082,077	379,230
Changes from cash flows:							
Proceeds from new borrowings	21,941,349	–	–	–	–	–	–
Repayments of borrowings	(11,233,419)	–	–	–	–	–	–
Advances received	–	–	–	255	205,000	1,758,357	186,118
Repayments of advances	–	–	–	(4,744)	(231,668)	(4,005,708)	(300,000)
Capital element of lease payment	–	–	(12,967)	–	–	–	–
Interest element of lease payment	–	–	(1,021)	–	–	–	–
Other interest paid	(1,191,146)	(169,962)	–	–	–	–	(4,202)
	9,516,784	(169,962)	(13,988)	(4,489)	(26,668)	(2,247,351)	(118,084)
Exchange adjustment	(825,921)	(213,414)	(369)	–	–	–	–
Other changes:							
Interest expenses	1,191,146	176,141	1,021	–	–	–	3,362
Increase in lease liabilities from entering into new leases	–	–	10,193	–	–	–	–
Dividend income debited to the current account with an associate (note 24)	–	–	–	(46,198)	–	–	–
Dividend income debited to the current account with joint ventures (note 25)	–	–	–	–	(204,000)	–	–
	1,191,146	176,141	11,214	(46,198)	(204,000)	–	3,362
As at 31 December 2020	37,150,170	3,314,214	33,015	13,136	584,458	2,834,726	264,508

Notes to the Financial Statements *(continued)*

42. RETIREMENT BENEFITS SCHEMES

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

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

The total expenses recognized in profit or loss of RMB53,914,000 (2020: RMB34,238,000) represent contributions paid/payable to these schemes by the Group in the year.

Under the MPF Scheme, the Group's existing level of contributions can be reduced by contributions forfeited by the Group on behalf of those employees who leave the scheme prior to vesting fully in such contributions. During the year ended 31 December 2021, forfeited contributions amounting to RMB92,000 (2020: nil) were utilized by the Group to reduce the contribution paid/payable to the MPF scheme.

As at 31 December 2021, no forfeited contribution under these schemes is available to reduce the contribution payable in future (2020: nil).

43. PLEDGE OF ASSETS

As at 31 December 2021, the carrying amount of the assets pledged by the Group to secure for borrowings and banking facilities granted to the Group are analyzed as follows:

	2021 **RMB'000**	2020 RMB'000
Pledge for borrowings and banking facilities of the Group – Inventories of properties (note 20)	**7,935,375**	10,454,003

Notes to the Financial Statements *(continued)*

44. OTHER COMMITMENTS

As at 31 December 2021, the Group had other significant commitments as follows:

	2021 RMB'000	2020 RMB'000
Contracted for but not provided for in the financial statements:		
– Investment in equity interests	**509,850**	1,213,393
– Acquisition of land	**198,415**	5,091,421
– Property development	**27,368,859**	19,372,194
	28,077,124	25,677,008
Authorized but not contracted for:		
– Acquisition of land	**444,010**	444,010

45. CONTINGENT LIABILITIES

(a) Guarantees

The Group provided guarantees to banks and government agencies for mortgage loans granted to certain purchasers of the Group's properties. As at 31 December 2021, the Group also provided guarantee to a bank in respect of the banking facilities granted to a joint venture. The amount of the relevant facilities utilized and outstanding as at 31 December 2021 and 2020 are as follows:

	2021 RMB'000	2020 RMB'000
Mortgage loans granted by banks and government agencies to certain purchasers of the Group's properties	**38,338,464**	34,685,883
Bank loan granted by a bank to a joint venture	**384,615**	–

In the opinion of the directors, if the purchasers default payment of the mortgage loans during the period of guarantee, the net realizable value of the related properties can cover the repayment of the outstanding loans together with the accrued interest thereon. In addition, as assessed by the directors, the risk of default of payment of the outstanding bank loan together with the accrued interest thereon by the joint venture is low. Accordingly, no provision has been made in the financial statements in respect of these guarantees.

Notes to the Financial Statements *(continued)*

45. CONTINGENT LIABILITIES (CONTINUED)

(b) The Group, being a property developer in the PRC, is subject to extensive government requirements in many aspects of its property development operations, including but not limited to land acquisition and transfer, planning and construction works, etc. In the ordinary course of business, certain development projects of the Group are behind the development timeline as stipulated in the land transfer agreements or approved by the local authorities. According to the regulation "Measures for Disposal of Unused Land" and other relevant regulations, the government is empowered to levy idle land penalty and, in extreme cases, confiscate the undeveloped land depending on circumstances. In addition, the delay in development may constitute default in contract terms of the underlying land transfer agreements, of which the transferor can claim for liquidated damages.

The Group's exposure to the aforementioned penalties and liquidated damages mainly related to the Jiujiang Project. The directors formerly estimated that the maximum exposure of the Jiujiang Project to penalty and liquidated damages as at 31 December 2020 at no more than RMB513 million. However, taking into account the revaluation of the Jiujiang Project to reflect the change in land zoning and the resulted write-down of the relevant land parcels as mentioned in note 9(b), the directors consider that the exposure to further adverse financial impact has become remote. The net carrying amount of the concerned land parcels as of 31 December 2021 was RMB1,819 million (2020: RMB2,039 million).

Having regard to their past experiences in handling similar matters, the latest local development and the latest project status, the legal advice and the recent communications with relevant local government authorities on the updated position of the project, the directors considered that the risk of confiscation of the concerned land parcels as well as penalty and liquidated damages to which Jiujiang project companies are exposed is low.

Save for the adjustment already made to derive the net carrying amount of the Jiujiang land parcels, the directors are of the opinion that no non-conformity instance would have a material impact on the result and financial position of the Group.

Notes to the Financial Statements *(continued)*

46. RELATED PARTY TRANSACTIONS

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

(a) On 31 March 2017, the Company and COLI entered into a trademark licence agreement (the "2017 Trademark Licence Agreement"), pursuant to which COLI grants a non-exclusive right to the Company, its subsidiaries and the member company as defined in the 2017 Trademark Licence Agreement, a licence to use the trademark "中海地產" (the "Trademark") in the PRC for a term commenced from 1 April 2017 and ended on 31 March 2020 (both days inclusive). The Trademark is registered in the PRC and owned by a subsidiary of COLI.

Pursuant to the 2017 Trademark Licence Agreement, the Company agrees to pay 1% of its audited annual consolidated turnover for each financial year ended 31 December 2017, 2018 and 2019 as royalty. The royalty payments are to be made in arrears on or before 31 March each succeeding year until the expiry or earlier termination of the 2017 Trademark Licence Agreement. The total royalty payable under the 2017 Trademark Licence Agreement for each of the twelve-month period between 1 April 2017 and 31 March 2020 shall not exceed HK$200,000,000.

The 2017 Trademark Licence Agreement expired on 31 March 2020. On 26 March 2020, the Company and COLI entered into a new trademark licence agreement (the "2020 Trademark Licence Agreement"), pursuant to which COLI grants the Company, its subsidiaries and the member company as defined in the 2020 Trademark Licence Agreement to use the Trademark in the PRC for a term of three years commenced from 1 April 2020 and ending on 31 March 2023 (both days inclusive).

Pursuant to the 2020 Trademark Licence Agreement, the Company agrees to pay COLI in cash 1% of its audited annual consolidated turnover for each financial year ending 31 December 2020, 2021 and 2022 as royalty. The royalty payments are to be made in arrears on or before 31 March each succeeding year until the expiry or earlier termination of the 2020 Trademark Licence Agreement. The total royalty payable under the 2020 Trademark Licence Agreement for each of the twelve-month period between 1 April 2020 and 31 March 2023 shall not exceed HK$200,000,000.

Royalty incurred by the Group under the aforementioned trademark licence agreements in respect of financial year ended 31 December 2021 amounted to HK$200,000,000, equivalent to RMB166,820,000 (2020: HK$200,000,000, equivalent to RMB177,651,000).

As at 31 December 2021, the royalty payable to COLI amounted to HK$200,000,000, equivalent to RMB163,519,000 (2020: HK$200,000,000, equivalent to RMB168,322,000) which was included in "Trade and other payables" in the consolidated statement of financial position. The amount due to COLI is unsecured, interest-free and repayable based on terms stipulated in the relevant trademark licence agreements.

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) On 28 July 2017, the Group entered into tenancy agreements (the "2017 Tenancy Agreements") with subsidiaries of COLI, 北京仁和燕都房地產開發有限公司 and 北京中信新城逸海房地產開發有限公司, in relation to leasing of office premises for a term of three years commenced from 1 August 2017 and ended on 31 July 2020. The annual rent payable by 北京仁和燕都房地產開發有限公司 and 北京中信新城逸海房地產開發有限公司 are RMB10,260,000 and RMB5,145,000 respectively. The total rental payable under the 2017 Tenancy Agreements for each of the twelve-month period between 1 August 2017 to 31 July 2020 shall not exceed RMB15,405,000.

The leases of the subject properties under the 2017 Tenancy Agreements were consolidated into the Second Property Lease Agreement which was effective on 1 April 2020 as mentioned in note (i).

Total rental income generated under the 2017 Tenancy Agreements for the period from 1 January 2020 to 31 March 2020 amounted to RMB3,668,000. As at 31 December 2020, no rental income was received in advance from these leases.

(c) On 20 October 2017, the Company and China Overseas Property Holdings Limited ("COPH") entered into a framework agreement ("Prevailing Projects Framework Agreement") for the provision of property management services and engineering services by COPH and its subsidiaries ("COPH Group") to the Group for property development projects in the PRC, Hong Kong, Macau and other locations (excluding the New Projects under the New Projects Framework Agreement as defined below). The Prevailing Projects Framework Agreement commenced on 1 January 2018 and ended on 30 June 2020. COPH is a fellow subsidiary of COLI.

According to the Prevailing Projects Framework Agreement, the total service fee payable by the Group for the years ended 31 December 2018 and 2019 and for the period commenced on 1 January 2020 and ended on 30 June 2020 shall not exceed HK$115,600,000, HK$96,500,000 and HK$57,900,000 respectively.

On 20 October 2017, the Company and COPH entered into another framework agreement ("New Projects Framework Agreement") pursuant to which any member of COPH Group may provide property management services and engineering services to the Group for certain property development projects in emerging third-tier cities in the PRC acquired by the Group from COLI Group in December 2016 which were not managed by COPH Group at the date of entering into the New Projects Framework Agreement (the "New Projects"). The New Projects Framework Agreement commenced on 1 January 2018 and ended on 30 June 2020.

According to the New Projects Framework Agreement, the total service fee payable by the Group for the years ended 31 December 2018 and 2019 and for the period commenced on 1 January 2020 and ended on 30 June 2020 shall not exceed HK$47,800,000, HK$45,900,000 and HK$25,800,000 respectively.

For the year ended 31 December 2020, property management services and engineering services fee incurred by the Group under the Prevailing Projects Framework Agreement and the New Projects Framework Agreement amounting to HK$47,579,000, equivalent to RMB42,262,000 and HK$13,643,000, equivalent to RMB12,118,000 respectively.

Notes to the Financial Statements *(continued)*

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) (Continued)

The Prevailing Projects Framework Agreement and New Projects Framework Agreement expired on 30 June 2020. On 28 April 2020, the Company and COPH entered into a new framework agreement (the "2020 Property Management Services Agreement") for the provision of property management services and value-added services by COPH Group to the Group for the property development projects or properties (including residential communities, commercial properties and other properties) owned or held by the Group in PRC, Macau, Hong Kong and other locations (including the New Projects as defined in New Projects Framework Agreement). The 2020 Property Management Services Agreement is for a term of three years commenced from 1 July 2020 and ending on 30 June 2023.

According to the 2020 Property Management Services Agreement, the Group will go through a standard and systematic tender process to select and appoint a service provider for the provision of property management services and value-added services to the Group. In addition, the total service fee payable by the Group for the period from 1 July 2020 to 31 December 2020, for the years ending 31 December 2021 and 2022 and for the period from 1 January 2023 to 30 June 2023 shall not exceed HK$166,000,000, HK$321,000,000, HK$386,000,000 and HK$224,000,000 respectively. The fees payable by the Group to COPH Group will be settled pursuant to the payment terms prescribed under the provisions of the specific tender or contract.

For the year ended 31 December 2021, services fee incurred by the Group under the 2020 Projects Framework Agreement amounting to HK$245,672,000, equivalent to RMB204,029,000 (2020: HK$122,737,000, equivalent to RMB109,022,000).

As at 31 December 2021, services fee payable to COPH Group amounted to RMB11,108,000 (2020: RMB7,453,000) in aggregate, which were included in "Trade and other payables" in the consolidated statement of financial position and services fee prepaid to COPH Group amounted to RMB728,000 (2020: RMB4,198,000). The services fee payable by the Group to COPH Group are unsecured, interest-free and will be settled pursuant to the payment terms set out in the specific tender or contract.

(d) During the year ended 31 December 2020, 中海監理有限公司 ("China Overseas Supervision") provided construction supervision services to the Group in respect of the prevailing projects of the Group. Previously, China Overseas Supervision was a wholly-owned subsidiary of China State Construction International Holdings Limited ("CSC"). Following the completion of acquisition of the entire equity interests in China Overseas Supervision by China State Construction Development Holdings Limited ("CSCD") on 26 June 2018, China Overseas Supervision becomes a wholly-owned subsidiary of CSCD. CSC and CSCD are fellow subsidiaries of COLI.

For the year ended 31 December 2021, total management fee charged by China Overseas Supervision against the Group amounted to RMB3,041,000 (2020: RMB14,158,000).

Notes to the Financial Statements *(continued)*

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) On 26 June 2018, the Company and CSCD entered into a framework agreement ("COGO Framework Agreement") pursuant to which the Group may appoint CSCD and its subsidiaries ("CSCD Group") to provide project management, supervision and consultancy services for the property development projects of the Group in the PRC. The COGO Framework Agreement covers a period commenced from 1 July 2018 and ended on 30 June 2021 (both days inclusive).

According to the COGO Framework Agreement, the maximum total contract sum that may be awarded by the Group to CSCD Group for the period from 1 July 2018 to 31 December 2018, each of the two years ended 31 December 2020 and for the period from 1 January 2021 to 30 June 2021 shall not exceed HK$30 million, HK$60 million, HK$60 million and HK$30 million respectively. The management services fee payable by the Group to CSCD Group will be settled pursuant to the payment terms set out in the tender documents or specific contracts.

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

According to the New COGO Framework Agreement, the maximum total contract sum that may be awarded by the Group to CSCD Group for the period from 1 July 2021 to 31 December 2021, for the years ending 31 December 2022 and 2023 and for the period from 1 January 2024 to 30 June 2024 shall not exceed HK$30 million, HK$60 million, HK$60 million and HK$30 million respectively. The management services fee payable by the Group to CSCD Group will be settled pursuant to the payment terms as set out in the specific contracts.

For the year ended 31 December 2021, contracts with contract sum amounting to HK$41,484,000, equivalent to RMB34,452,000 (2020: HK$44,333,000, equivalent to RMB39,379,000) were awarded by the Group under the COGO Framework Agreement and the New COGO Framework Agreement and management service fee of HK$29,325,000, equivalent to RMB24,355,000 (2020: HK$12,603,000, equivalent to RMB11,195,000) was incurred by the Group under the aforementioned framework agreements.

Notes to the Financial Statements *(continued)*

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) On 27 June 2019, the Company and China State Construction Engineering Corporation Limited ("CSCECL") entered into an agreement ("CSCECL Group Engagement Agreement") whereby CSCECL and its subsidiaries, excluding COHL, COLI, CSC and COPH and their subsidiaries ("CSCECL Group") may tender for the Group's construction works in the PRC and if tender is awarded, CSCECL Group may act as construction contractor for the Group. CSCECL is an intermediate holding company of COLI.

The CSCECL Group Engagement Agreement has a term of three years from 1 July 2019 and ending on 30 June 2022.

According to the CSCECL Group Engagement Agreement, the maximum total contract sum that may be awarded by the Group to CSCECL Group for the period between 1 July 2019 and 31 December 2019, each of the two years ended 31 December 2021 and for the period from 1 January 2022 to 30 June 2022 shall not exceed HK$300 million, HK$600 million, HK$600 million and HK$300 million respectively. The construction fees payable by the Group to CSCECL Group will be settled pursuant to the payment terms set out in the tender documents for the relevant construction contracts.

For the year ended 31 December 2021, contracts with contract sum amounting to HK$572,048,000, equivalent to RMB475,083,000 were awarded by the Group and construction fee of HK$219,876,000, equivalent to RMB182,606,000 was incurred by the Group under the CSCECL Group Engagement Agreement. For the year ended 31 December 2020, no contract was awarded by the Group under the CSCECL Group Engagement Agreement.

(g) On 23 October 2019, the Company and COPH entered into a framework agreement ("Framework Agreement for Car Parking Spaces") pursuant to which COPH Group may from time to time enter into transactions with the Group for the acquisition of right-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) (the "Transactions"), such car parking spaces being car parking spaces of developments or properties built, developed or owned by the Group and managed by COPH Group as property manager.

The Framework Agreement for Car Parking Spaces has a term of three years commenced from 1 December 2019 and ending on 30 November 2022 (both dates inclusive).

The aggregate amount of the Transactions to be entered into between COPH Group and the Group for the period from 1 December 2019 to 31 December 2019, for the financial years ended 31 December 2020 and 2021 and for the period from 1 January 2022 to 30 November 2022 shall not exceed nil, HK$400 million, HK$300 million and HK$300 million respectively.

For the year ended 31 December 2021, the aggregate amount of the Transactions entered into between COPH Group and the Group amounted to HK$100,910,000, equivalent to RMB83,805,000 (2020: HK$101,462,000, equivalent to RMB90,125,000).

Notes to the Financial Statements *(continued)*

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(h) On 27 February 2020, the Company and Huayi Design Consultants Limited ("Huayi Design") entered into a framework agreement ("Design Framework Agreement"), pursuant to which the Group may engage Huayi Design and its subsidiaries ("Huayi Design Group") to provide scheme design, preliminary design and construction drawing design services in each construction stage to the Group's property development projects in the PRC upon successful tender by Huayi Design Group. Huayi Design is a subsidiary of COLI.

The Design Framework Agreement is for a term commenced from 1 March 2020 and ending 31 December 2022.

The maximum total contract sum that may be awarded by the Group to Huayi Design Group for the period between 1 March 2020 and 31 December 2020 and for the years ending 31 December 2021 and 2022 shall not exceed RMB30 million, RMB40 million and RMB50 million respectively. The services fees payable will be settled pursuant to the payment terms set out in the relevant service contracts.

For the year ended 31 December 2021, contracts with contract sum amounting to RMB2,984,000 (2020: RMB12,128,000) were awarded by the Group whereas service fee amounting to RMB5,497,000 (2020: RMB8,777,000) was incurred by the Group under the Design Framework Agreement.

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

– 上海金鶴數碼科技發展有限公司 ("Shanghai Jinhe"), a joint venture of the Group, entered into a lease agreement (the "First Property Lease Agreement") as landlord with 上海堂友里商業管理有限公司 ("Shanghai Tang Youli"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of a commercial building located in Shanghai, the PRC for a term of three years from 1 April 2020 to 31 March 2023. The annual rent payable by Shanghai Tang Youli are RMB7,860,000 for the first year, RMB8,100,000 for the second year and RMB8,340,000 for the third year. The rent is payable every two months. The maximum rent that may be received under the First Property Lease Agreement for the financial years ending 31 December 2020, 2021, 2022 and 2023 are RMB5,895,000, RMB8,040,000, RMB8,280,000 and RMB2,085,000 respectively.

– 北京中京藝苑置業有限公司 Beijing Zhongjing Yiyuan Real Estate Company Limited* ("Beijing Zhongjing Yiyuan"), an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "Second Property Lease Agreement") as landlord with 北京中海廣場商業發展有限公司 Beijing China Overseas Plaza Commercial Development Company Limited* ("Beijing China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of a commercial building (including offices) located in Beijing, the PRC for a term of three years from 1 April 2020 to 31 March 2023. The annual rent payable by Beijing China Overseas are RMB160,200,000 for the first year, RMB165,000,000 for the second year and RMB169,950,000 for the third year. The rent is payable quarterly. The maximum rent that may be received under the Second Property Lease Agreement for the financial years ending 31 December 2020, 2021, 2022 and 2023 are RMB120,150,000, RMB163,800,000, RMB168,712,500 and RMB42,487,500 respectively.

Notes to the Financial Statements *(continued)*

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(i) (Continued)

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

– 蘭州中海宏洋房地產開發有限公司 Lanzhou China Overseas Grand Oceans Real Estate Development Limited* ("Lanzhou COGO"), an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "Third Property Lease Agreement") as landlord with 蘭州中海海通商業管理有限公司 Lanzhou China Overseas Business Management Limited* ("Lanzhou China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of Universal City in China Overseas Plaza, which comprises the mall and shopping street located in Lanzhou, the PRC for a term of three years commencing from the date of commencement of business of the subject properties, which was expected to be from 25 December 2020 to 24 December 2023. The annual rent payable by Lanzhou China Overseas are RMB40,800,000 for the first year, RMB44,000,000 for the second year and RMB48,000,000 for the third year. There is rent free period of two months at the beginning of the lease term and the rent is payable quarterly. The maximum rent that may be received under the Third Property Lease Agreement for the financial years ending 31 December 2020, 2021, 2022 and 2023 are nil, RMB34,000,000, RMB44,000,000 and RMB48,000,000 respectively.

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

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

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

Notes to the Financial Statements *(continued)*

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(i) (Continued)

– 中海宏洋惠州湯泉開發有限公司 China Overseas Grand Oceans Huizhou Tangchuan Development Company Limited*, an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "Fourth Property Lease Agreement") as landlord with 惠州中海湯泉酒店管理有限公司 Huizhou China Overseas Tangquan Hotel Management Limited* ("Huizhou China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of the hotel resort and facilities located in Huizhou, the PRC for a term of three years commencing from the date of delivery of the subject properties, which was expected to be from 1 May 2020 to 30 April 2023. The annual rent payable by Huizhou China Overseas are RMB7,200,000 for the first year, RMB7,400,000 for the second year and RMB7,600,000 for the third year. The rent is payable quarterly. The maximum rent that may be received under the Fourth Property Lease Agreement for each of the financial years ending 31 December 2020, 2021, 2022 and 2023 are RMB4,800,000, RMB7,333,300, RMB7,533,300 and RMB2,533,300 respectively.

– 中海宏洋地產汕頭投資有限公司 China Overseas Grand Oceans Shantou Investment Company Limited*, an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "Fifth Property Lease Agreement") as landlord with 汕頭市南濱中海酒店管理有限公司 Shantou Nanbin China Overseas Hotel Management Limited* ("Shantou China Overseas"), an indirect wholly-owned subsidiary of COLI, as tenant in relation to leasing of the hotel resort and facilities located in Shantou, the PRC for a term of three years commencing from the date of delivery of the subject properties, which was expected to be from 1 May 2020 to 30 April 2023. The annual rent payable by Shantou China Overseas are RMB9,170,000 for the first year, RMB9,450,000 for the second year and RMB9,730,000 for the third year. The rent is payable quarterly. The maximum rent that may be received under the Fifth Property Lease Agreement for each of the financial years ending 31 December 2020, 2021, 2022 and 2023 are RMB6,113,000, RMB9,356,700, RMB9,636,700 and RMB3,243,300 respectively.

For the year ended 31 December 2021, total rental income generated by the Group from the Second Property Lease Agreement as modified, the Third Property Lease Agreement as modified, the Fourth Property Lease Agreement and the Fifth Property Lease Agreement (excluded VAT) was RMB192,725,000 (2020: RMB124,822,000) and the total rental income generated by Shanghai Jinhe from the First Property Lease Agreement (excluded VAT) was RMB7,657,000 (2020: RMB5,614,000).

As at 31 December 2021, rental income received in advance and rental receivables from these leases amounted to RMB675,000 (2020: nil) and RMB4,760,000 (2020: nil) respectively.

Notes to the Financial Statements *(continued)*

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(j) On 24 April 2020, the Company and CSC entered into an agreement ("Master Engagement Agreement") whereby (i) CSC and its subsidiaries (excluding any subsidiary(ies) listed on any stock exchange) ("CSC Group") may tender for the construction works of the Group in the PRC as construction contractor in accordance with the tendering procedures of the Group; and (ii) the Group may engage CSC Group as construction contractor for the construction works of the Group in the PRC upon successful tender by CSC Group. The Master Engagement Agreement has a term of one year commenced from 1 July 2020 and ended on 30 June 2021.

The total contract sums that may be awarded by the Group to CSC Group under the Master Engagement Agreement for the period from 1 July 2020 to 31 December 2020 and for the period from 1 January 2021 to 30 June 2021 shall not exceed HK$1,000 million and HK$500 million respectively. The fees in respect of the construction works payable by the Group to CSC Group will be settled pursuant to the payment terms set out in the tender documents for the relevant construction contracts.

For the year ended 31 December 2020, contracts with contract sum amounting to HK$969,985,000, equivalent to RMB861,596,000 were awarded by the Group under the Master Engagement Agreement and the Group incurred service fee amounting to HK$101,262,000, equivalent to RMB89,946,000.

On 19 November 2020, the Company and CSC entered into new agreement ("New Master Engagement Agreement") in respect of the engagement by the Group of CSC Group as construction contractor for the construction works of the Group in the PRC from time to time for a term of three years commenced from 1 January 2021 and ending on 31 December 2023.

The total contract sums that may be awarded by the Group to CSC Group under the New Master Engagement Agreement for the year commenced from 1 January 2021 and ended on 31 December 2021, for the year commencing from 1 January 2022 and ending on 31 December 2022 and for the year commencing from 1 January 2023 and ending on 31 December 2023 shall not exceed RMB2,000 million, RMB2,500 million and RMB3,000 million respectively.

The New Master Engagement Agreement (together with the new caps) will replace and supersede all rights and obligations of the parties under the Master Engagement Agreement (together with the caps) starting from 1 January 2021 with effect from the date of the satisfaction of the conditions precedent set out in the New Master Engagement Agreement.

For the year ended 31 December 2021, no contract was awarded under the Master Engagement Agreement and the Group incurred service fee amounting to RMB535,709,000 under the Master Engagement Agreement.

For the year ended 31 December 2021, contracts with contract sum amounting to RMB1,847,286,000 were awarded by the Group under the New Master Engagement Agreement and the Group incurred service fee amounting to RMB336,086,000 under the New Master Engagement Agreement.

As at 31 December 2021, service fee payable to CSC Group under the Master Engagement Agreement and the New Master Engagement Agreement was RMB238,970,000.

Notes to the Financial Statements *(continued)*

46. RELATED PARTY TRANSACTIONS (CONTINUED)

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

According to the Supplies Framework Agreement, the maximum total contract sums in respect of the supply of the Materials for the Projects may be awarded by the Group to COLI Group for each of the financial years ending on 31 December 2021, 2022 and 2023 shall not exceed RMB1,600 million. The amounts payable by the Group in respect of supply of the Materials will be settled pursuant to the payment terms set out in the tender documents for the relevant contracts for the supply of such Materials.

For the year ended 31 December 2021, contracts with contract sum amounting to RMB1,585,135,000 were awarded by the Group under the Supplies Framework Agreement and the Materials purchased by the Group amounted to RMB173,179,000.

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

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

For the year ended 31 December 2021, services fee incurred by the Group under the Information Technology Services Agreement amounting to RMB18,250,000.

* English translation is for identification only

Notes to the Financial Statements *(continued)*

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(m) In April 2020, 中海宏洋地產(合肥)有限公司 (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into a series of provisional agreements with Hefei Haifu pursuant to which the Purchaser agreed to purchase and Hefei Haifu agreed to sell 18 office units in total for an aggregate consideration of RMB19,539,000. Hefei Haifu was a joint venture of the Group which was owned as to 45% by the Group at the date of the transaction. The consideration was fully settled by the Purchaser in 2020 and was included in "Trade and other receivables, prepayments and deposits" in the consolidated statement of financial position as at 31 December 2020.

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

(n) For the year ended 31 December 2021, the Group received interest income from non-controlling interests of a subsidiary of the Company amounting to RMB6,520,000 (2020: RMB12,312,000) and joint ventures amounting to RMB72,015,000 (2020: nil) (note 8).

For the year ended 31 December 2021, the Group incurred interest expense on amounts due to related companies amounting to RMB3,362,000 (2020: RMB3,362,000) and amounts due to non-controlling interests amounting to RMB169,072,000 (2020: nil) (note 10).

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

	2021 **RMB'000**	2020 RMB'000
Short-term employee benefits	**21,377**	26,981
Post-employment benefits	**501**	584
	21,878	27,565

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(p) Transactions with other state-controlled entities in the PRC

The Group is not controlled by the PRC government. However, the Group is an associated company of COLI while the ultimate holding company of COLI is CSCEC, a company controlled by the PRC government, as such, the PRC government is regarded as a related party of the Group. Apart from the transactions already disclosed above, the Group also conducts business with other state-controlled entities. The directors consider the transactions with those state-controlled entities are conducted on an arms' length basis.

In connection with its property development activities, other than those disclosed in the notes above, the Group awards construction and other works contracts to PRC entities, some of which, to the best knowledge of management, are state-controlled entities. The Group has also entered into various transactions with the PRC government departments or agencies, mainly regarding acquisition of land through tendering to those government departments or agencies. During the year ended 31 December 2021, the Group acquired certain parcels of land from the PRC government departments through public tender at an aggregate consideration of approximately RMB35,531,456,000 (2020: RMB36,181,503,000).

In addition, in the normal course of business, the Group entered into various deposits and lending transactions with banks and financial institutions which are state-controlled entities.

The Group is active in property sale and property leasing in various provinces in the PRC. The directors are of the opinion that it is impracticable to ascertain the identity of all the counterparties and accordingly whether the transactions are with state-controlled entities. However, the directors are of the opinion that the transactions with state-controlled entities are entered into in the normal course of business of the Group.

In addition to the above transactions and balances, details of the Group's other balances with related parties are disclosed in consolidated statement of financial position and notes 24, 25, 26 and 27.

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

* English translation is for identification only.

Notes to the Financial Statements *(continued)*

47. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to support the Group's financial stability and growth.

The Group monitors its capital structure on the basis of net gearing ratio (i.e. net debt to equity). Net debt includes borrowings and guaranteed notes payable less restricted cash and deposits and cash and bank balances. Equity represents total equity. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The net gearing ratios of the Group as at 31 December 2021 and 2020 were as follows:

	2021 **RMB'000**	2020 RMB'000
Borrowings	**41,935,976**	37,150,170
Guaranteed notes payable	**3,286,018**	3,314,214
Less: restricted cash and deposits	**(12,616,346)**	(7,525,826)
Less: cash and bank balances	**(19,876,023)**	(20,543,265)
Net debt	**12,729,625**	12,395,293
Capital represented by total equity	**35,756,259**	27,236,382
Net gearing ratio	**35.6%**	45.5%

The Group targets to maintain a net gearing ratio to be in line with the expected changes in economic and financial conditions. The Group's overall strategy on capital management remains unchanged throughout the year.

Notes to the Financial Statements *(continued)*

48. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

48.1 Categories of financial instruments

	2021 RMB'000	2020 RMB'000
Financial assets		
Financial assets at fair value through other comprehensive income@	**1,000**	1,000
Financial assets at amortized cost#	**37,695,181**	34,070,238
Financial liabilities		
Financial liabilities at amortized cost^	**69,577,387**	58,691,841
Other financial liabilities*	**42,733**	33,015

@ unlisted equity investments

* lease liabilities

including trade and other receivables, amounts due from associates, joint ventures and non-controlling interests and bank balances including restricted cash and deposits.

^ including trade payables, other payables and accruals, amounts due to associates, joint ventures, non-controlling interests and other related companies, borrowings and guaranteed notes payable.

48.2 Financial results by financial instruments

	2021 RMB'000	2020 RMB'000
Interest income or (expenses) on:		
Financial assets at amortized cost	**353,695**	270,202
Financial liabilities at amortized cost	**(1,844,508)**	(1,371,670)

Notes to the Financial Statements *(continued)*

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

48.3 Fair value measurement

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade and other receivables, balances with associates, joint ventures, non-controlling interests and other related companies, bank balances including restricted cash and deposits, trade payables, other payables and accruals, lease liabilities, borrowings and guaranteed notes payable.

Due to their short-term nature, the carrying values of trade and other receivables, amounts due from/to associates, joint ventures, non-controlling interests and other related companies, bank balances including restricted cash and deposits, trade payables, other payables and accruals approximate their fair values.

For disclosure purpose, the fair values of amount due to a related company, borrowings and guaranteed notes payable are not materially different from their carrying values. Those fair values have been determined by using discounted cash flow model and are classified as Level 3 in the fair value hierarchy. Significant inputs include the discount rates used to reflect the credit risks of the Group.

(b) Financial instruments measured at fair value

The following table provides an analysis of financial instruments carried at fair value as at 31 December 2021 and 2020 by level of fair value hierarchy.

– Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments

– Level 2: Inputs other than quoted prices included in Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2021				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Unlisted equity investments	–	–	1,000	1,000

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

48.3 Fair value measurement (Continued)

(b) Financial instruments measured at fair value (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2020				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Unlisted equity investments	–	–	1,000	1,000

During the years ended 31 December 2021 and 2020, there were no transfers between levels.

The fair value of the unlisted equity investments as at 31 December 2021 and 2020 was estimated by the directors using discounted cash flow method which is a Level 3 fair value measurement.

There are no movements in fair value measurement for the unlisted equity investments for the current year and prior year.

49. FINANCIAL RISK MANAGEMENT

49.1 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks which comprise market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors and senior management of the Group meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Market risk

(a) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong and the PRC. The functional currency of the Company and its subsidiaries are HK$ and RMB. The Group is exposed to currency risk arising from fluctuations on foreign currencies against the functional currencies of the group entities. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group continues to conduct its sales mainly in RMB and make payments in RMB. In addition, the Group's borrowings were mainly denominated in HK$, US$ and RMB. The directors consider that a natural hedge mechanism existed to certain extent and the Group's exposure on foreign currency risk is not significant. The Group would, however, closely monitor the volatility of the RMB exchange rate.

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from lease liabilities, borrowings, guaranteed notes payable and certain balances with associates, joint ventures, non-controlling interests and other related companies. Balances arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. Details of the Group's lease liabilities, borrowings, guaranteed notes payable and balances with associates, joint ventures, non-controlling interests and other related companies at the end of the reporting period are disclosed in notes 37(a), 31, 32, 24, 25, 26 and 27 respectively.

The Group's bank balances also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors consider the Group's exposure on bank deposits is not significant as interest-bearing deposits are within short maturity periods in general.

The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Market risk (Continued)

(b) Interest rate risk (Continued)

The following sensitivity demonstrates the Group's exposure to a reasonably possible change in interest rates on its floating rate borrowings with all other variables held constant at the end of the reporting period (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	2021 RMB'000	2020 RMB'000
(Decrease)/Increase in profit after tax and retained profits		
+ 50 basis point ("bp") (2020: 50 bp)	**(4,578)**	(4,537)
– 10 bp (2020: 10 bp)	**916**	907

The changes in interest rates do not affect the Group's other components of equity. The above sensitivity analysis is prepared based on the assumption that the borrowing period of the balances outstanding at the end of the reporting period resembles that of the corresponding financial year.

49.3 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities. The Group is also exposed to credit risk arising from the provision of financial guarantees.

The carrying amounts of trade and other receivables, amounts due from associates, joint ventures, non-controlling interests and restricted cash and deposits and cash and bank balances represent the Group's maximum exposure to credit risk in respect of these items. The maximum exposure to credit risk in respect of the financial guarantees provided by the Group at the end of the reporting period is disclosed in note 45(a).

The Group limits its exposure to credit risk by rigorously selecting the counterparties and to deal with creditworthy counterparties. Credit risk on restricted cash and deposits as well as cash and bank balances (note 28) is mitigated as cash is deposited with reputable banks and financial institutions. The credit and investment policies have been consistently applied and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

For the years ended 31 December 2021 and 2020, the Group did not have significant concentration of credit risk as its trade and other receivables consist of a large number of customers and debtors. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in note 23.

Notes to the Financial Statements *(continued)*

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.3 Credit risk (Continued)

In respect of trade receivables, the Group closely monitors the payments from customers in accordance with the payment terms and schedules agreed with the customers. The Group also has other monitoring procedures to ensure follow up action is taken to recover overdue debts. Accordingly, management considers that recoverability concern over those receivables is remote.

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

The Group typically provides guarantees to banks or government agencies in connection with the customers' borrowing of mortgage loans to finance their purchase of properties (note 45(a)). If a purchaser defaults on the payment of the mortgage during the period of guarantee, the bank or government agency holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. As the mortgage loans are generally secured by the properties with current market price higher than the guaranteed amounts, management considers the Group would recover any loss incurred arising from the guarantee provided by the Group.

Impairment under ECL model

As disclosed in note 4.12(ii), the Group recognizes loss allowance for ECL on debt instruments carried at amortized cost and measured at fair value through other comprehensive income. The Group applies simplified approach to measure ECL on trade receivables; and general approach to measure ECL on other receivables, amounts due from associates, joint ventures and non-controlling interests, restricted cash and deposits and cash and bank balances. Under the simplified approach, the Group measures loss allowance at an amount equal to lifetime ECL. Under the general approach, the Group applies the "3-stage" impairment model for ECL measurement based on change in credit risk since initial recognition as follows:

– Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

– Stage 2: If the credit risk of the financial instrument has increased significantly since initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECL for financial instruments in Stage 1 are measured at an amount equal to 12-month ECL whereas the ECL for financial instruments in Stage 2 or Stage 3 are measured at an amount equal to lifetime ECL.

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.3 Credit risk (Continued)

Impairment under ECL model (Continued)

When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit risk assessment and including forward-looking information.

Having regard to industry practice, relevant regulation and government measures, as well as the background and behavior of the debtors/counterparties, the Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. In addition, the Group considers that a financial asset to be in default when: (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is more than 180 days past due.

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

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is considered credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the debtor;

(b) a breach of contract, such as a default or past due event;

(c) granting a concession to the debtors that the lender would not otherwise consider for economic or contractual reasons relating to the debtor's financial difficulty; or

(d) it is becoming probable that the debtor will enter bankruptcy or other financial reorganization.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to the Financial Statements *(continued)*

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.3 Credit risk (Continued)

Impairment under ECL model (Continued)

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure of default. The assessment of the probability of default and loss given default is based on historical data and adjusted for forward-looking information through the use of industry trend and experienced credit judgment to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios.

In respect of trade receivables, they are subject to collective assessment using a provision matrix for which the ECL rate is considered to be minimal.

In respect of other receivables, amounts due from associates, joint ventures and non-controlling interests, the Group considers the background and regularly monitors the financial condition of the counterparties to assess the recoverability of the outstanding balances. Management does not expect any loss allowance from non-performance by the counterparties and assessed that the ECL in respect of these balances was immaterial. Accordingly, no loss allowance was provided for these balances as at 31 December 2021 and 2020.

49.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables including amounts due to related companies and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain prudent liquidity risk management which is to maintain sufficient cash and bank balances as well as to make available of fund through adequate amounts of committed credit facilities and the ability to close out market positions. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group has gained multiple accesses to funds from both investors and financial institutions in Mainland China and international market to meet its requirements in working capital, refinancing and project development. As disclosed in note 32, in February 2021, the Group seized the opportunity and successfully issued guaranteed notes with aggregate principal amount of US$512 million with a coupon rate of 2.45% due in 2026. The proceeds were mainly applied for repayment of the 2018 Guaranteed Notes due in June 2021. In addition, during the year ended 31 December 2021, the Group explored new sources of fundings, details of which are disclosed in note 31. The liquidity policies have been consistently applied and are considered to have been effective in managing liquidity risk.

Notes to the Financial Statements *(continued)*

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.4 Liquidity risk (Continued)

The following tables summarize the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on agreed scheduled repayment dates set out in the agreements or the repayment schedules agreed with the banks and other lenders.

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2021						
Non-derivatives						
Bank borrowings	38,215,976	40,649,367	13,341,086	12,785,355	14,486,175	36,751
Other loans	3,720,000	4,570,021	886,260	149,400	1,764,213	1,770,148
Guaranteed notes payable	3,286,018	3,625,128	79,996	79,996	3,465,136	–
Trade payables, other payables and accruals	18,496,919	18,496,919	18,496,919	–	–	–
Amounts due to associates	2,069	2,069	2,069	–	–	–
Amounts due to joint ventures	84,928	84,928	84,928	–	–	–
Amounts due to non-controlling interests	5,510,332	5,510,332	5,510,332	–	–	–
Amounts due to related companies	261,145	267,550	189,683	77,867	–	–
Lease liabilities	42,733	45,765	15,582	10,680	13,253	6,250
	69,620,120	73,252,079	38,606,855	13,103,298	19,728,777	1,813,149
Financial guarantees issued						
– Maximum amount guaranteed	–	38,723,079	38,723,079	–	–	–

Notes to the Financial Statements *(continued)*

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.4 Liquidity risk (Continued)

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2020						
Non-derivatives						
Bank borrowings	35,860,170	38,330,864	10,854,007	10,402,697	16,396,024	678,136
Other loans	1,290,000	1,355,503	871,732	483,771	–	–
Guaranteed notes payable	3,314,214	3,383,834	3,383,834	–	–	–
Trade payables, other payables and accruals	14,530,629	14,530,629	14,530,629	–	–	–
Amounts due to associates	13,136	13,136	13,136	–	–	–
Amounts due to joint ventures	584,458	584,458	584,458	–	–	–
Amounts due to non-controlling interests	2,834,726	2,834,726	2,834,726	–	–	–
Amounts due to related companies	264,508	274,477	193,046	3,564	77,867	–
Lease liabilities	33,015	36,013	12,029	7,303	7,931	8,750
	58,724,856	61,343,640	33,277,597	10,897,335	16,481,822	686,886
Financial guarantees issued						
– Maximum amount guaranteed	–	34,685,883	34,685,883	–	–	–

As disclosed in note 49.3, it is not probable that guarantees provided would result in significant financial impact to the Group including credit loss and liquidity risk.

Notes to the Financial Statements *(continued)*

50. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) On 28 January 2022, COGOP entered into the following sales and purchase agreements in relation to acquisitions of additional equity interests in two subsidiaries and an associate:

(i) COGOP entered into an sales and purchase agreement with 上海濱湖旅遊發展有限公司 Shanghai Binhu Tourism Development Co., Ltd.* ("Shanghai Binhu"), pursuant to which COGOP conditionally agreed to acquire, and Shanghai Binhu conditionally agreed to sell, 24% equity interest in 義烏海創房地產開發有限公司 Yiwu Haichuang Property Development Co., Ltd.* ("Yiwu Haichuang") and the loan due by Yiwu Haichuang to Shanghai Binhu in the amount of approximately RMB492,237,000 at the date of the sales and purchase agreement at a total consideration of approximately RMB423,386,000. Yiwu Haichuang is a limited liability company established in the PRC and is principally engaged in property development in Yiwu. At the date of the sales and purchase agreement, Yiwu Haichuang was owned as to 76% by COGOP and 24% by Shanghai Binhu, and Yiwu Haichuang was an indirect non-wholly owned subsidiary of the Company. Upon completion of the acquisition, the Group's equity interest in Yiwu Haichuang would increase from 76% to 100% and Yiwu Haichuang would become an indirect wholly-owned subsidiary of the Company.

(ii) COGOP entered into an sales and purchase agreement with 徐州雅建企業管理有限公司 Xuzhou Yajian Enterprise Management Co., Ltd.* ("Xuzhou Yajian"), pursuant to which COGOP conditionally agreed to acquire, and Xuzhou Yajian conditionally agreed to sell, 33% equity interest in 徐州威拓房地產開發有限公司 Xuzhou Weituo Property Development Co., Ltd.* ("Xuzhou Weituo") and the loan due by Xuzhou Weituo to Xuzhou Yajian in the amount of approximately RMB154,118,000 at the date of the sales and purchase agreement at a total consideration of approximately RMB271,401,000. Xuzhou Weituo is a limited liability company established in the PRC and is principally engaged in property development in Xuzhou. At the date of the sales and purchase agreement, Xuzhou Weituo was owned as to 33% by COGOP, 33% by Xuzhou Yajian and 34% by an independent third party, and Xuzhou Weituo was an associate of the Company. Upon completion of the acquisition, the Group's equity interest in Xuzhou Weituo would increase from 33% to 66% and Xuzhou Weituo would become an indirect non-wholly owned subsidiary of the Company.

(iii) COGOP entered into an sales and purchase agreement with Xuzhou Yajian, pursuant to which COGOP conditionally agreed to acquire, and Xuzhou Yajian conditionally agreed to sell, 33% equity interest in 徐州潤耀地產有限公司 Xuzhou Runyao Property Co., Ltd.* ("Xuzhou Runyao") and the loan due by Xuzhou Runyao to Xuzhou Yajian in the amount of approximately RMB173,208,000 at the date of the sales and purchase agreement at a total consideration of approximately RMB305,213,000. Xuzhou Runyao is a limited liability company established in the PRC and is principally engaged in property development in Xuzhou. At the date of the sales and purchase agreement, Xuzhou Runyao was owned as to 34% by COGOP, 33% by Xuzhou Yajian and 33% by an independent third party, and Xuzhou Runyao was an indirect non-wholly owned subsidiary of the Company. Upon completion of the acquisition, the Group's equity interest in Xuzhou Runyao would increase from 33% to 67%.

Notes to the Financial Statements *(continued)*

50. EVENTS AFTER THE END OF THE REPORTING PERIOD (CONTINUED)

(a) (Continued)

The above transactions were completed in January 2022, further details of which are set out in the announcement published by the Company on 28 January 2022.

Up to the date of approval of these financial statements, the Group is still in the process of finalizing the accounting and assessment of the financial impact of the above transactions and the relevant disclosures could not be made.

(b) On 8 March 2022, COGOP entered into an sales and purchase agreement with 汕頭市龍光博皓投資諮詢有限公司 Shantou Longguang Bohao Investment Consultant Co., Ltd.* ("Longguang Bohao"), pursuant to which COGOP conditionally agreed to acquire, and Shantou Longguang conditionally agreed to sell, 100% interest in 汕頭市龍光景耀房地產有限公司 Shantou Longguang Jingyao Real Estate Co., Ltd.* ("Longguang Jingyao") and the loan due by Longguang Jingyao to Longguang Bohao in the amount of approximately RMB975,708,000 at the date of the sales and purchase agreement at a total consideration of approximately RMB1,024,038,000. Longguang Jingyao is a limited liability company established in the PRC and is principally engaged in property development in Shantou. At the date of the sales and purchase agreement, Longguang Jingyao was a wholly-owned subsidiary of Longguang Bohao. Upon completion of the acquisition, Longguang Jingyao will become an indirect wholly-owned subsidiary of the Company.

Details of the above transaction are set out in the announcement published by the Company on 8 March 2022.

Up to the date of approval of these financial statements, the Group is still in the process of finalizing the accounting and assessment of the financial impact of the above transactions and the relevant disclosures could not be made.

* English translation is for identification only

51. PARTICULARS OF SUBSIDIARIES

The particulars of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Be Affluent Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Best Beauty Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Big Leader International Limited	Hong Kong	Ordinary	HK$1	–	51%	Investment holding
Bliss China Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Bliss Depot Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Capital Way Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Celestial Wealth Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
China Grand (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
China Overseas Grand Oceans Finance IV (Cayman) Limited	Cayman Islands	Ordinary	1 share of US$1 each	100%	–	Fund-raising
China Overseas Grand Oceans Investments Limited	Hong Kong	Ordinary	HK$1	100%	–	Investment holding
China Overseas Grand Oceans Property Group Company Limited	PRC^	Paid up capital	RMB4,100,000,000 (2020: RMB2,800,000,000)	–	100%	Investment holding and property development
China Overseas Yin Chuan Investments Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Citirich International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
City Glory Holdings Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
East Pacific (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Elite Way Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Ever United Development Limited	Hong Kong	Ordinary	HK$1	100%	–	Financing and investment
Flourish Ray Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Global East Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grand Marine Investment Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Grand Success Group Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grand Will Asia Pacific Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grandca International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Grandwide (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Greatbo (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Great Kind Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Green Fortune Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hai Jian International Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Han Yang Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hero Path Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
High Faith Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hongbo Global Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Hong Bao Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Jet Pacific Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Long Capital Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Longwide Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Main Lucky International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Marine Key Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Max Pacific Investment Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Moonstar Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Ocean Continent Investments Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	–	51%	Investment holding
Ocean Ease Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Ocean Empire Developments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Oceanic Roc Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Pacific King Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Pandue Investments Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	100%	–	Investment holding
Precious Joy Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
Qiangfa Holdings Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Rainbow Hero Investments Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Sea Coral Enterprises Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Sino Global Development Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Sure Shine International Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Talent Race Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Top Wonder International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Unibo Holdings Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
Wan Chang International Limited	British Virgin Islands	Ordinary	1 share of US$1 each	–	100%	Investment holding
Well Great (H.K.) Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
World Dynasty Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
World United International Limited	Hong Kong	Ordinary	HK$1	–	100%	Investment holding
上海中海宏洋置業有限公司	PRC[#]	Paid up capital	RMB15,000,000	–	100%	Investment holding
中海宏洋地產(合肥)有限公司	PRC^	Paid up capital	RMB580,000,000	–	100%	Property development
中海宏洋地產(銀川)有限公司	PRC*	Paid up capital	RMB840,000,000	–	85%	Property development
中海宏洋地產(贛州)有限公司	PRC*	Paid up capital	RMB20,000,000	–	88%	Property development
中海宏洋地產(揚州)有限公司	PRC^	Paid up capital	RMB1,720,000,000	–	100%	Property development

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
中海宏洋地產(鹽城)有限公司	PRC^	Paid up capital	RMB1,056,339,800	–	100%	Property development
中海宏洋置地(鹽城)有限公司	PRC^	Paid up capital	RMB350,000,000	–	51%	Property development
中海宏洋置業(常州)有限公司	PRC^	Paid up capital	RMB1,000,000,000	–	100%	Property development
中海宏洋(南通)投資開發有限公司	PRC^	Paid up capital	RMB600,000,000	–	100%	Property development
北京中海宏洋地產有限公司	PRC#	Paid up capital	RMB28,000,000	–	100%	Investment holding and property development
北京中京藝苑置業有限公司	PRC#	Paid up capital	RMB30,000,000	–	100%	Property investment and property leasing
北京華世柏利房地產開發有限公司	PRC#	Paid up capital	RMB60,000,000	–	90%	Property development
北京快樂城堡購物中心有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property leasing
北京通惠房地產開發有限責任公司	PRC#	Paid up capital	RMB100,000,000	–	100%	Property development
呼和浩特光大環城建設開發有限公司	PRC#	Paid up capital	RMB120,000,000	–	80%	Property development
呼和浩特市中海宏洋地產有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
呼和浩特市榮城房地產開發有限公司	PRC#	Paid up capital	RMB15,000,000	–	100%	Property development
南寧中海宏洋房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
深圳市建地投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Investment holding
廣州市光大花園房地產開發有限公司	PRC*	Paid up capital	RMB800,000,000	–	100%	Property development

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
蘭州中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB1,000,000,000	–	100%	Property development
吉林市中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市怡恒偉業房地產開發有限公司	PRC#	Paid up capital	RMB200,000,000	–	70%	Property development
吉林市中海海華房地產開發有限公司	PRC#	Paid up capital	RMB50,000,000	–	85%	Property development
南寧中海宏洋置業有限公司	PRC^	Paid up capital	RMB1,700,000,000	–	100%	Property development
紹興中海宏洋地產有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
揚州中海宏洋置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
揚州中潤置業有限公司	PRC^	Paid up capital	RMB758,000,000	–	100%	Property development
汕頭市中海宏洋地產有限公司	PRC#	Paid up capital	RMB230,000,000	–	100%	Property development
汕頭市中海宏洋置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
中海宏洋地產(徐州)有限公司	PRC^	Paid up capital	RMB126,150,000	–	100%	Property development
中海宏洋(鹽城)房地產開發有限公司	PRC*	Paid up capital	RMB344,375,000	–	100%	Property development
中海宏洋地產(黃山)有限公司	PRC*	Paid up capital	US$2,500,000	–	55%	Property development
中海潤洋置業(揚州)有限公司	PRC^	Paid up capital	US$60,000,000	–	100%	Property development
中海宏洋(深圳)投資有限公司	PRC^	Paid up capital	RMB600,000,000	–	100%	Property development
中海瘦西湖房地產揚州有限公司	PRC#	Paid up capital	RMB240,000,000	–	70%	Property development

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
揚州市江都區信泰置業有限公司	PRC#	Paid up capital	RMB185,600,000	–	100%	Property development
中海宏洋地產汕頭投資有限公司	PRC#	Paid up capital	RMB370,000,000	–	100%	Property development
汕頭中海宏洋南濱大酒店有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Hotel operation
汕頭中信南烽房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	51%	Property development
汕頭市金平區中信房產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	70%	Property development
中海宏洋惠州控股有限公司	PRC#	Paid up capital	RMB200,000,000	–	100%	Property development
惠州市中海宏洋地產有限公司	PRC#	Paid up capital	RMB200,000,000	–	100%	Property development
中海宏洋惠州城市建設開發有限公司	PRC#	Paid up capital	RMB130,000,000	–	100%	Property development
惠州盈通投資有限公司	PRC#	Paid up capital	RMB60,000,000	–	100%	Property development
中海宏洋惠州湯泉開發有限公司	PRC^	Paid up capital	RMB60,000,000	–	100%	Hotel operation
南昌宏洋地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
中海宏洋廬山西海(九江)投資有限公司	PRC#	Paid up capital	RMB800,000,000	–	100%	Property development
九江市深水灣投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
九江市桃花里投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
九江市溪谷投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
九江市納帕谷投資有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
淄博中海海頤置業有限公司	PRC^	Paid up capital	RMB338,360,000	–	100%	Property development

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
中海淄博置業有限公司	PRC^	Paid up capital	HK$770,000,000	–	100%	Property development
濰坊中海興業房地產有限公司	PRC^	Paid up capital	RMB50,000,000	–	100%	Property development
中海宏洋置業(徐州)有限公司	PRC#	Paid up capital	RMB60,000,000	–	34%	Property development
西寧中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
贛州中海地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
中海海華南通地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
合肥中海宏洋海東房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海創房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
揚州海龍置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
揚州海富置業有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
包頭市中海宏洋地產有限公司	PRC^	Paid up capital	RMB10,000,000	–	60%	Property development
蘭州中海海富房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
包頭市宏洋海富地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
贛州中海海華房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
鹽城潤洋置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
南通市華璽房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	30%	Property development
南通市中海海富房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
吉林市中海海富房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
吉林市中海海悦房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海華置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
柳州中海宏洋房地產有限公司	PRC#	Paid up capital	RMB28,571,429	–	70%	Property development
蘭州中海環宇商業運營管理有限公司	PRC#	Paid up capital	RMB1,000,000 (2020: nil)	–	100%	Provision of property management services
濟寧中海宏洋地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
合肥中海宏洋海悦房地產開發有限公司	PRC#	Paid up capital	RMB50,000,000	–	100%	Property development
呼和浩特市海巍地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海華房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海晟房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	60%	Property development
合肥中海宏洋海宸房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	60%	Property development
南寧中海宏洋海悦房地產有限公司	PRC#	Paid up capital	RMB33,333,333	–	60%	Property development
蘭州中海海通房地產開發有限公司	PRC#	Paid up capital	RMB16,666,667	–	60%	Property development
蘭州中海海創房地產開發有限公司	PRC#	Paid up capital	RMB50,000,000 (2020: RMB10,000,000)	–	100%	Property development
揚州市海盛房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
南通市中海海盛房地產開發有限公司	PRC#	Paid up capital	RMB700,000,000	–	60%	Property development

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
南通市中海海通房地產開發有限公司	PRC#	Paid up capital	RMB800,000,000	–	60%	Property development
南通市中海海潤房地產開發有限公司	PRC#	Paid up capital	RMB650,000,000	–	60%	Property development
常州市海盛房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
中海宏洋恒華置業(常州)有限公司	PRC*	Paid up capital	RMB625,000,000	–	100%	Property development
濰坊中海海翔地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
濟寧中海宏洋置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
徐州海創置業有限公司	PRC#	Paid up capital	RMB10,000,000 (2020: nil)	–	100%	Property development
中海投資渭南有限公司	PRC^	Paid up capital	RMB300,000,000	–	100%	Property development
渭南中海興業置業有限公司	PRC#	Paid up capital	RMB400,000,000	–	100%	Property development
渭南中海興華置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
清遠市中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
揚州市海創房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
桂林中海宏洋房地產有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
深圳市創史企業管理有限公司	PRC#	Paid up capital	RMB400,000,000	–	51%	Property development
南寧市平德房地產開發有限公司	PRC*	Paid up capital	RMB500,000,000	–	41%	Property development
徐州海麗置業有限公司	PRC^	Paid up capital	RMB270,000,000	–	100%	Property development
泉州市中海宏洋海創房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
吉林市中海海盛房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
中海宏洋地產(九江)有限公司	PRC^	Paid up capital	RMB360,000,000	–	100%	Property development
呼和浩特市宏洋海江地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
呼和浩特市宏洋海川地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
包頭市宏洋海創地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海盛置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海悦置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市海慧房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	51%	Property development
吉林市海通房地產開發有限公司	PRC#	Paid up capital	–	–	100%	Property development
合肥中海海榮房地產有限責任公司	PRC#	Paid up capital	RMB1,100,000,000	–	60%	Property development
合肥中海海瑞房地產開發有限公司	PRC#	Paid up capital	RMB100,000,000	–	100%	Property development
合肥中海海惠房地產有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
金華中海宏洋地產有限公司	PRC^	Paid up capital	RMB500,000,000	–	100%	Property development
天水中海宏洋房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
中海海富地產(九江)有限公司	PRC^	Paid up capital	RMB573,000,000 (2020: RMB70,000,000)	–	100%	Property development
丹陽海盛房地產開發有限公司	PRC*	Paid up capital	RMB410,000,000	–	100%	Property development
泰州市中海潤泰置業有限公司	PRC*	Paid up capital	RMB433,666,667 (2020: RMB190,000,000)	–	85%	Property development
中海海澄置業(南通)有限公司	PRC^	Paid up capital	–	–	100%	Property development

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
鹽城匯海置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
鹽城潤海置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
汕頭市海學房地產開發有限公司	PRC#	Paid up capital	RMB510,000,000	–	100%	Property development
惠州市海平地產有限公司	PRC#	Paid up capital	RMB800,000,000	–	60%	Property development
惠州市海平置業有限公司	PRC#	Paid up capital	RMB1,200,000,000	–	60%	Property development
濰坊中海海盛地產有限公司	PRC^	Paid up capital	RMB10,000,000 (2020: nil)	–	100%	Property development
唐山市中海宏洋房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000	–	100%	Property development
唐山市中海海富房地產開發有限公司	PRC^	Paid up capital	RMB400,000,000	–	100%	Property development
廊坊市宏洋房地產開發有限公司	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
遵義海盛置業有限公司	PRC#	Paid up capital	–	–	70%	Property development
遵義中海海潤置業有限公司	PRC#	Paid up capital	RMB10,000,000	–	80%	Property development
株洲中海宏洋地產有限公司	PRC^	Paid up capital	RMB500,000,000 (2020: RMB350,000,000)	–	70%	Property development
株洲中海宏洋商業發展有限公司	PRC^	Paid up capital	RMB14,285,715 (2020: RMB10,000,000)	–	70%	Property development
常州市中海海潤房地產開發有限公司	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
惠州市海盛房地產開發有限公司	PRC^	Paid up capital	RMB10,000,000 (2020: nil)	–	100%	Property development
中海宏洋海富(合肥)房地產開發有限公司	PRC*	Paid up capital	RMB550,000,000	–	55% (2020: 45%)	Property development

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
合肥中海海飛房地產有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海海駿房地產有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
安慶中海宏洋房地產開發有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
滁州中海宏洋房地產有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
蘭州中海海潤房地產開發有限公司 (note)	PRC#	Paid up capital	–	–	100%	Property development
西寧中海海潤房地產開發有限公司 (note)	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development
贛州中海海富房地產有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
揚州海發地產置業有限公司(note)	PRC#	Paid up capital	RMB200,000,000	–	99.5%	Property development
泰州潤通房地產開發有限公司 (note)	PRC#	Paid up capital	RMB1,573,656,263	–	70%	Property development
鹽城海洲置業有限公司(note)	PRC#	Paid up capital	RMB700,000,000	–	45%	Property development
鹽城旭邦置業有限公司(note)	PRC#	Paid up capital	RMB200,000,000	–	46%	Property development
泉州市中海海悦房地產開發有限公司(note)	PRC#	Paid up capital	RMB210,000,000	–	100%	Property development
惠州市海盛房地產開發有限公司 (note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
惠州市海嘉房地產開發有限公司 (note)	PRC#	Paid up capital	RMB310,000,000	–	50%	Property development

Notes to the Financial Statements *(continued)*

51. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
湛江市海通房地產開發有限公司(note)	PRC#	Paid up capital	RMB300,000,000	–	50%	Property development
濰坊海慧地產有限公司(note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
臨沂海晟地產有限公司(note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
徐州海鑫置業有限公司(note)	PRC#	Paid up capital	–	–	100%	Property development
徐州潤耀地產有限公司(note)	PRC#	Paid up capital	RMB450,000,000	–	34%	Property development
淮安潤欣置業有限公司(note)	PRC#	Paid up capital	–	–	100%	Property development
淮安淮潤地產有限公司(note)	PRC*	Paid up capital	RMB1,600,000,000	–	51%	Property development
紹興中海海富置業有限公司(note)	PRC#	Paid up capital	RMB10,000,000	–	100%	Property development
金華海盛置業有限公司(note)	PRC#	Paid up capital	RMB600,000,000	–	50%	Property development
義烏海創房地產開發有限公司(note)	PRC#	Paid up capital	RMB900,000,000	–	76%	Property development
常州市中海海澄房地產開發有限公司(note)	PRC#	Paid up capital	RMB215,000,000	–	100%	Property development
常州市中海海泓房地產有限公司(note)	PRC#	Paid up capital	RMB20,000,000	–	100%	Property development

Note: These subsidiaries were newly established or invested during the year ended 31 December 2021.

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

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

\# The companies are incorporated in the PRC as limited liability companies.

None of the subsidiaries had any debt securities in issue as at 31 December 2021 and 2020 except for COGO Finance IV which had issued the 2021 Guaranteed Notes and the 2018 Guaranteed Notes as set out in note 32 and Shantou Zhiye and China Overseas (Shenzhen) which had issued instruments as set out in note 31. None of these notes and instruments were held by the Group.

52. PARTICULARS OF ASSOCIATES

The particulars of the associates as at 31 December 2021 are as follows:

Name of associates	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
中信房地產汕頭華鑫有限公司	PRC#	Paid up capital	RMB10,000,000	–	30%	Property development
汕頭市金城花園房地產有限公司 (Formerly known as 中信房地產汕頭金城有限公司)	PRC#	Paid up capital	RMB10,000,000	–	45%	Property development
鹽城海建置業有限公司	PRC#	Paid up capital	RMB20,000,000	–	35%	Property development
鹽城悦宸房地產開發有限公司 (note)	PRC#	Paid up capital	–	–	24.5%	Property development
惠州市海瓏房地產開發有限公司 (note)	PRC#	Paid up capital	RMB250,000,000	–	50%	Property development
徐州威拓房地產開發有限公司 (note)	PRC#	Paid up capital	RMB400,000,000	–	33%	Property development
淄博海創置業有限公司(note)	PRC#	Paid up capital	RMB35,294,100	–	49%	Property development

Note: These associates were newly invested during the year ended 31 December 2021.

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

Notes to the Financial Statements *(continued)*

53. PARTICULARS OF JOINT VENTURES

The particulars of the joint ventures as at 31 December 2021 are as follows:

Name of joint ventures	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
上海金鶴數碼科技發展有限公司	PRC*	Paid up capital	US$2,400,000	–	65%	Property investment and property leasing
汕頭中海凱旋置業有限公司	PRC#	Paid up capital	RMB102,040,816	–	51%	Property development
南京崇茂置業有限公司	PRC#	Paid up capital	–	–	49.5%	Investment holding
湛江海創房地產開發有限公司	PRC#	Paid up capital	RMB600,000,000 (2020: nil)	–	50%	Property development
湛江市金順房地產開發有限公司 (note)	PRC#	Paid up capital	RMB370,000,000	–	50%	Property development
泰州城茂房地產開發有限公司 (note)	PRC#	Paid up capital	RMB225,000,000	–	50%	Property development
金華市萬赫建築裝飾有限公司 (note)	PRC#	Paid up capital	RMB500,000	–	50%	Property development
金華市金築房地產開發有限公司 (note)	PRC#	Paid up capital	RMB420,000,000	–	50%	Property development

Note: These joint ventures were newly invested during the year ended 31 December 2021.

* The companies are incorporated in the PRC as sino-foreign equity joint venture.

\# The companies are incorporated in the PRC as limited liability companies.

Five Year Financial Summary

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**53,830,471**	42,909,060	28,590,883	21,524,668	17,509,568
Profit before income tax	**10,149,386**	9,539,835	8,295,572	5,338,847	2,747,734
Income tax expense	**(4,504,484)**	(4,935,694)	(4,798,611)	(3,233,178)	(1,658,248)
Profit for the year	**5,644,902**	4,604,141	3,496,961	2,105,669	1,089,486
Profit/(Loss) for the year attributable to:					
Owners of the Company	**5,050,575**	4,374,765	3,329,681	2,043,204	1,097,831
Non-controlling interests	**594,327**	229,376	167,280	62,465	(8,345)
	5,644,902	4,604,141	3,496,961	2,105,669	1,089,486

CONSOLIDATED ASSETS AND LIABILITIES

	At 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**198,786,421**	167,413,497	134,097,274	103,626,806	79,682,142
Total liabilities	**(163,030,162)**	(140,177,115)	(112,583,966)	(85,858,839)	(67,592,393)
	35,756,259	27,236,382	21,513,308	17,767,967	12,089,749
Equity attributable to owners of the Company	**28,727,889**	24,133,225	19,545,327	17,040,376	11,432,831
Non-controlling interests	**7,028,370**	3,103,157	1,967,981	727,591	656,918
	35,756,259	27,236,382	21,513,308	17,767,967	12,089,749

Particulars of Major Properties & Property Interests

(A) PROPERTY HELD FOR OWN USE

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Room 05-08, 23F, No.1 Building, China Overseas International Center No. 28 Pinganlixi Avenue, Xicheng District, Beijing, the PRC	Office	1,128	100%	Medium
2F, 3F, 3AF and 23F, CITIC City Plaza 1093 Shennan Zhong Road, Futian District, Shenzhen, Guangdong Province, the PRC	Office	6,603	100%	Medium
18F and 19F, CITIC City Plaza 2 Wenming Yi Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Office	3,065	100%	Medium
Commercial Tower, Central Mansion No. 150, Qingnian Zhong Road, Chongchuan District, Nantong, Jiangsu Province, the PRC	Office	3,234	100%	Medium
Room 2307, 2501-2506 and 2508 China Overseas Building (No. 9 Office Building) No. 139 Jilin Street, Jilin, Jilin Province, the PRC	Office	1,319	100%	Medium

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

(A) PROPERTY HELD FOR OWN USE (CONTINUED)

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Room 501, 502, 601 and 602 **The Azure-Cai Fu Plaza** Annan road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Office	2,081	100%	Medium
The Arch East of Fengzhou Road, North of Binhe Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Office	608	100%	Medium
China Overseas Plaza (Office Building) Floor 33, No. 1129 Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Office	2,277	100%	Medium
Zhonghai Longcheng Garden Building 19, Junction of Longcheng Avenue and Songshan Road, Xinbei District, Changzhou, Jiangsu Province, the PRC	Office	1,478	100%	Medium
Wanjin Garden Building S1, Wanjin Garden, Northeast Corner of Junction of Longchuan Road and Xidi Road, Baohe District, Hefei, Anhui Province, the PRC	Office	1,889	100%	Medium

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

(A) PROPERTY HELD FOR OWN USE (CONTINUED)

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

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

(B) PROPERTY HELD FOR INVESTMENT

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Office units, No. 1 Building, China Overseas International Center No. 28 Pinganlixi Avenue, Xicheng District, Beijing, the PRC	Office	39,795	100%	Medium
China Overseas Building (No. 9 Office Building) No. 139 Jilin Street, Jilin, Jilin Province, the PRC	Office	123	100%	Medium
CITIC Building (Room 102 and 1502) Jinsha East Road, Longhu District, Shantou, Guangdong Province, the PRC	Office	278	100%	Medium
Jin Xin Building (Room 204, 207 and 208) Jinsha Road, Longhu District, Shantou, Guangdong Province, the PRC	Office	1,326	100%	Medium
China Overseas Plaza – Mall (Universal City) Anning District, Lanzhou, Gansu Province, the PRC	Commercial	66,300	100%	Medium

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

(B) PROPERTY HELD FOR INVESTMENT (CONTINUED)

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
China Overseas Plaza – Shopping Street (Universal City) No. 1131-1149 Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Commercial	10,960	100%	Medium
Huizhou Tangquan Hotel No. 298 Huizhou Avenue Tangquan Section, Huicheng District, Huizhou, Guangdong Province, the PRC	Commercial	31,720	100%	Medium
Shantou Nanbin Hotel Haojiang District, Shantou, Guangdong Province, the PRC	Commercial	24,850	100%	Medium
China Overseas Plaza Office No. 1129, Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Office	55,129	100%	Medium
China Overseas Plaza No. 7 Community, Jiangbei, Jiangbei Street, Huicheng District, Huizhou, Guangdong Province, the PRC	Commercial	21,838	100%	Medium

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

(C) PROPERTY HELD AS INVENTORIES

(I) Properties Under Development

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
City Plaza Huicheng District, Huizhou, Guangdong Province, the PRC	Commercial	36,800	228,300	100%	Superstructure in progress	2018.01	2nd half of 2024
The Paragon East of Daizhuang Road, Chengnan New District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	500	1,500	100%	Superstructure in progress	2018.03	2nd half of 2022
Glorioushire West of Jingjiu Road, North of Qingsha Road, Baotou, Inner Mongolia Autonomous Region, PRC	Residential/ Commercial	20,000	54,600	60%	Superstructure in progress	2018.10	1st half of 2022
Cullinan No.38 Jinglan Road, Yufeng District, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	56,800	161,600	70%	Superstructure in progress	2018.12	2nd half of 2022
Huizhou Tangquan 298 Huizhou Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	107,200	138,700	100%	Superstructure in progress	2019.01	2nd half of 2023
ColiCity West of Dianhua Road, Jining, Shandong Province, the PRC	Residential/ Commercial	109,800	235,100	100%	Superstructure in progress	2019.03	2nd half of 2022
Upper East North of Beicheng Road, West of Wudong Road, Yangzhou, Jiangsu Province, the PRC	Residential	101,600	229,300	100%	Superstructure in progress	2019.04	1st half of 2022

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Gorgeous Mansion North of Kaifa Road, West of Hongda Road, Yangzhou, Jiangsu Province, the PRC	Residential	36,500	97,100	100%	Superstructure in progress	2019.04	1st half of 2022
Tai Ping Guan Zhi Taiping Lake Town, Huangshan District, Anhui Province, the PRC	Residential/ Commercial	415,300	249,500	55%	Superstructure in progress	2019.05	1st half of 2025
The Premier Mansion South of Erhuan Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	80,400	260,600	100%	Superstructure in progress	2019.08	1st half of 2022
Celestial Heights North of Shangzhou Road, East of Xianhu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential	212,500	283,100	60%	Superstructure in progress	2019.09	1st half of 2024
He Shan Da Guan (previously named "Hohhot Glorioushire") West of Tianjiao Road, South of Fengzhou Bei Road, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	69,500	166,600	100%	Superstructure in progress	2019.10	1st half of 2023
Glorioushire North of Wenhu Road, Fengman District, Jilin City, Jilin Province, the PRC	Residential/ Commercial	167,500	521,700	100%	Superstructure in progress	2019.10	2nd half of 2022

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Harrow Community East of Lunggang Avenue, South of Sanhe Road, Yining District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	93,700	265,600	41%	Superstructure in progress	2019.10	2nd half of 2024
Clouds Fairyland East of West Heng Tang River Road, South of West Dong Fang Road, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	95,500	283,400	100%	Superstructure in progress	2019.10	1st half of 2022
Glorioushire West of Shiyi Street, South of Shiwu Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	163,200	416,200	85%	Superstructure in progress	2019.11	2nd half of 2022
China Overseas Platinum Garden 66 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	107,300	482,800	60%	Superstructure in progress	2019.11	1st half of 2025
Jade Park East of Xiluan Road, North of Guanchang Road, Nantong, Jiangsu Province, the PRC	Residential	59,500	179,900	60%	Superstructure in progress	2019.11	1st half of 2022
Central Mansion Yuecheng District, Shaoxing, Zhejiang Province, the PRC	Residential	40,400	106,600	100%	Superstructure in progress	2019.11	1st half of 2022

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
One Lake Vision Feilai Road, Qingxin District, Qingyuan, Guangdong Province, the PRC	Residential/ Commercial	54,600	180,000	100%	Superstructure in progress	2019.11	1st half of 2023
Riverview Mansion No. 7 Anchang Road, Maan Town, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	35,500	143,300	60%	Superstructure in progress	2020.03	2nd half of 2022
Zhonghai He Shan Ya Song South of 40M Kuihua Street, West of Fengzhou Bei Street, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	28,500	73,000	100%	Superstructure in progress	2020.03	1st half of 2022
Platinum Mansion 02-03-05 Zhongxin Binhaixincheng Nanbinpian District, Haojiang District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	47,000	204,300	100%	Superstructure in progress	2020.04	2nd half of 2022
Zhonghai He Shan Yuan Zhu North of 18M Kuihau Street, East of 24M Kuihau Street, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	44,800	108,300	100%	Superstructure in progress	2020.04	1st half of 2022
La Rive Gauche Guangling District, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	161,900	380,500	100%	Superstructure in progress	2020.05	2nd half of 2022
Coli Phoenix Community Rencheng District, Jining, Shandong Province, the PRC	Residential/ Commercial	39,500	112,200	100%	Superstructure in progress	2020.05	1st half of 2022

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Central Mansion No. 309, Nantong Road, Hailing District, Taizhou, Jiangxi Province, the PRC	Residential/ Commercial	99,000	225,800	85%	Superstructure in progress	2020.06	2nd half of 2022
La Cite Jingyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC	Residential/ Commercial	72,100	245,100	100%	Superstructure in progress	2020.06	2nd half of 2022
The Central Mansion No. 28 Xiwang Road, Gaoxin District, Yancheng, Jiangsu Province, the PRC	Residential	50,200	171,400	100%	Superstructure in progress	2020.06	2nd half of 2022
Golden Coast Hepu Longhutan, Haojiang District, Shantou, Guangdong Province, the PRC	Residential	684,400	1,593,000	100%	Superstructure in progress	2020.06	2nd half of 2029
Central Mansion North of Sanli Street, East of Xunyang Road East, Xunyang District, Jiujiang, Jiangxi Province, the PRC	Residential/ Commercial	57,800	110,700	100%	Superstructure in progress	2020.07	1st half of 2022
Glory Lake The Pu Yue West of Yingbin Road Central, East of Zhengyang Road, Wenchang Lake District, Zibo, Shandong Province, the PRC	Residential	77,400	162,100	100%	Superstructure in progress	2020.07	2nd half of 2023
Platinum Garden East of Longxiang Road, South of Ludong Road, No. 1 Anci District, Langfang, Hebei Province, the PRC	Residential/ Commercial	74,700	200,400	100%	Superstructure in progress	2020.07	1st half of 2025

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Upper East East of Susong Road, North of Fanhua Avenue, Jingkai District, Hefei, Anhui Province, the PRC	Residential	106,100	293,600	60%	Superstructure in progress	2020.08	2nd half of 2022
The Central Mansion West of Xinweihai Road, Quanshan District, Xuzhou, Jiangsu Province, the PRC	Residential	55,700	188,000	100%	Superstructure in progress	2020.08	2nd half of 2022
Da Guan Tian Xia No. 5716, Dongfang Road, Gaoxin District, Weifang, Shandong Province, the PRC	Residential/ Commercial	163,000	648,000	100%	Superstructure in progress	2020.08	1st half of 2026
Central Mansion South of Chengdu Road, West of Guizhou Road, Binhu District, Hefei, Anhui Province, the PRC	Residential/ Commercial	150,500	418,500	60%	Superstructure in progress	2020.09	2nd half of 2022
Epochal Mansion South of Zhongnan Jun Fu, West of Huanan Road, Huananxin District, Danyang, Jiangsu Province, the PRC	Residential/ Commercial	48,800	128,600	100%	Superstructure in progress	2020.09	2nd half of 2022
Wang Jing Mansion East of Minzu Road West, South of Wenhua Road, Kundulun District, Baotou, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	79,400	229,900	100%	Superstructure in progress	2020.09	2nd half of 2023
The Platinum Mansion Jianxi Road West, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	13,100	84,400	100%	Superstructure in progress	2020.09	2nd half of 2022

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Central Mansion East of Dongmenkou Road, Xunyang District, Jiujiang, Jiangxi Province, the PRC	Residential	9,800	12,200	100%	Superstructure in progress	2020.10	2nd half of 2022
The Rivera Xincheng Xinxipian District, East Coast, Longhu District, Shantou, Guangdong Province, the PRC	Residential	66,200	302,000	100%	Superstructure in progress	2020.10	1st half of 2022
The Central Mansion South of Jiefang Road West, East of Shuanglong Road North, Wucheng District, Jinhua, Zhejiang Province, the PRC	Residential/ Commercial	76,200	221,100	100%	Superstructure in progress	2020.10	1st half of 2023
The Royal Peninsula South of Guihua Road, West of Lingshui Street Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	120,400	328,100	100%	Superstructure in progress	2020.10	1st half of 2023
Mountain and Lake 74 Ningzhang Road, Chengbei District, Xining, Qinghai Province, the PRC	Residential/ Commercial	85,600	273,400	100%	Superstructure in progress	2020.10	1st half of 2023
Zhonghai He Shan Sheng Jing South of Hong Shan Street, West of 24M Kuihau Street, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	45,200	128,900	100%	Superstructure in progress	2020.10	2nd half of 2022

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
New City of China Xinpuxin District, Zunyi, Guizhou Province, the PRC	Residential/ Commercial	114,000	337,100	70%	Superstructure in progress	2020.10	2nd half of 2024
Glorious Palace Tangcun Huangbeikeng Road, Xiaojinkou Street Office, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	77,700	310,000	60%	Superstructure in progress	2020.11	2nd half of 2023
Maple Palace Junction of Zhengtong Road and Xueyuan Road, Lunan District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	157,500	322,200	100%	Superstructure in progress	2020.11	2nd half of 2024
The New Metropolis South of Shenyang Road, West of Ningan Road North, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	23,500	65,800	100%	Superstructure in progress	2020.11	2nd half of 2022
Patrimonial Mansion South of Tuanjie Road, East of Sihao Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	94,400	211,600	100%	Superstructure in progress	2020.11	2nd half of 2022
The Central Mansion Renmin Road, Huichuan District, Zunyi, Guizhou Province, the PRC	Residential/ Commercial	40,200	120,400	80%	Superstructure in progress	2020.12	2nd half of 2023
The Halo Xinzhan District, Hefei, Anhui Province, the PRC	Residential	61,200	128,300	100%	Superstructure in progress	2020.12	2nd half of 2022

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
La Cite (previously named "Chengguan District Project") Jingyuan Road, Chengguan District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	82,000	371,900	100%	Superstructure in progress	2020.12	2nd half of 2024
Zhonghai Xue Fu Li Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential/ Commercial	74,800	290,100	70%	Superstructure in progress	2020.12	2nd half of 2022
COGO City West of Jinfeng Shier Street, North of Jinfeng Shiliu Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	99,000	224,000	85%	Superstructure in progress	2021.02	2nd half of 2022
Gorgeous Mansion East of Kaichuang Road, North of Yandu Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential	102,800	357,500	100%	Superstructure in progress	2021.03	2nd half of 2023
Zhenru Mansion (previously named "Danyang City Huanan Gaoxin District Project #2") West of Huanan Road, South of Zhenxing Road, Huanan Xin District, Danyang, Jiangsu Province, the PRC	Residential/ Commercial	72,000	188,800	100%	Superstructure in progress	2021.03	2nd half of 2023

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
South Halcyon Jingui Road, Jintan District, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	115,200	345,600	100%	Superstructure in progress	2021.04	2nd half of 2023
One City South East of Xingnong Road, North of Chengnan Avenue, Ganxuan District, Ganzhou, Jiangxi Province, the PRC	Residential/ Commercial	49,400	131,800	100%	Superstructure in progress	2021.04	2nd half of 2022
Central Park Baohe District, Hefei, Anhui Province, the PRC	Residential/ Commercial	48,000	154,800	100%	Superstructure in progress	2021.04	2nd half of 2022
Zhonghai Shi Li Qing Chuan South of Erhuannan Road, West of Hada Road, Saihai District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	39,000	120,700	100%	Superstructure in progress	2021.04	1st half of 2024
Zhonghai He Shan Guan Lan North of Erjing Road, East of Xinyuan Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	75,000	187,400	100%	Superstructure in progress	2021.04	1st half of 2023
Megacity Times Raolibei Road, Tongqiao Town, Zhongkai District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	45,000	167,200	100%	Superstructure in progress	2021.04	2nd half of 2023

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
La Cité Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	106,200	312,000	100%	Superstructure in progress	2021.04	1st half of 2023
The Pogoda Lubei District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	61,000	194,000	100%	Superstructure in progress	2021.04	2nd half of 2023
The Platinum Pleased Mansion Qinzhou District, Tianshui, Gansu Province, the PRC	Residential/ Commercial	62,800	225,600	100%	Superstructure in progress	2021.04	1st half of 2025
Royal Villa West of Weixiannan Road, North of FengHuang Street, Fangzi District, Weifang, Shandong Province, the PRC	Residential	91,700	276,200	100%	Superstructure in progress	2021.04	2nd half of 2023
The Rivera South of Baisha River, East of Fengshan Road, Fangzi District, Weifang, Shandong Province, the PRC	Residential/ Commercial	50,700	136,300	100%	Superstructure in progress	2021.04	2nd half of 2023
International Community West of Guihua Second Road, North of Lianxi Avenue, Lianxi District, Jiujiang, Jiangxi Province, the PRC	Residential/ Commercial	147,500	381,300	100%	Superstructure in progress	2021.05	2nd half of 2023
Cozy Land Luozhuang District, Linyi, Shandong Province, the PRC	Residential/ Commercial	58,000	195,300	100%	Superstructure in progress	2021.05	2nd half of 2023

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Elegance Mansion Jinfeng Village, Dongyuan Town, Taiwanese Investment Zone, Quanzhou, Fujian Province, the PRC	Residential/ Commercial	90,100	305,700	100%	Superstructure in progress	2021.05	2nd half of 2023
The Metropolis Junction of Huazhong East Road and Duxiu Avenue, Yingjiang District, Anqing, Anhui Province, the PRC	Residential/ Commercial	198,600	640,300	100%	Superstructure in progress	2021.06	2nd half of 2024
Zhonghai Zhen Ru Fu North of Eerduosi Road East, West of Manzhouli Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	56,200	135,500	100%	Superstructure in progress	2021.06	2nd half of 2023
The Rivera North City Longhu District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	105,400	569,000	100%	Superstructure in progress	2021.06	2nd half of 2023
Marina One Yuecheng District, Shaoxing, Zhejiang Province, the PRC	Residential/ Commercial	40,000	136,200	100%	Superstructure in progress	2021.06	2nd half of 2023
Halo Park West of Xinghaiyuan (Phase 3), Huainan Road, Yaohai District, Hefei, Anhui Province, the PRC	Residential	59,600	155,900	100%	Superstructure in progress	2021.07	1st half of 2023

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Dong Shan Fu (previously named "Fengman District Project #1-2") Fengman District Jilin, Jilin Province, the PRC	Residential/ Commercial	52,600	132,300	51%	Superstructure in progress	2021.07	2nd half of 2023
Mansion East of Yiyuan Road, North of Yuqing West Street, Weicheng District, Weifang, Shandong Province, the PRC	Residential	19,000	61,000	100%	Superstructure in progress	2021.07	2nd half of 2023
Elite Palace No.94, Shidai Avenue, Chengzhong District, Xining, Qinghai Province, the PRC	Residential/ Commercial	204,100	651,500	100%	Superstructure in progress	2021.07	2nd half of 2025
COGO City West of Shi Street, South of Liu Pan Shan Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	65,600	145,800	85%	Superstructure in progress	2021.07	2nd half of 2023
The Rivera East City Xincheng Xinxipian District, East Coast, Shantou, Guangdong Province, the PRC	Residential/ Commercial	21,000	98,300	100%	Superstructure in progress	2021.08	2nd half of 2023
International Community Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential/ Commercial	90,200	264,100	70%	Superstructure in progress	2021.08	2nd half of 2024

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Central Mansion No.57, Fuqian Road, Huaian District, Huai'an, Jiangsu Province, the PRC	Residential/ Commercial	34,300	114,300	100%	Superstructure in progress	2021.09	2nd half of 2023
Central Park East of Longhua South Street, North of Linjiang East Road, Wucheng Xincheng District, Jinhua, Zhejiang Province, the PRC	Residential/ Commercial	93,500	258,500	50%	Superstructure in progress	2021.09	2nd half of 2023
Guan Lan Fu Xincheng Xinxipian District, East Coast, Shantou, Guangdong Province, the PRC	Residential/ Commercial	25,700	119,200	100%	Superstructure in progress	2021.09	2nd half of 2023
Master Mansion East of Chongye Second Road, South of Gaoxin North Street, Hi-and-New Tech Park Weinan, Shaanxi Province, the PRC	Residential/ Commercial	87,400	350,400	100%	Superstructure in progress	2021.09	2nd half of 2023
Future land Gulou District, Xuzhou, Jiangsu Province, the PRC	Residential/ Commercial	49,600	149,000	100%	Superstructure in progress	2021.09	2nd half of 2023
Royal Mansion South of Fenghuang West Road, West of Jiangzhou South Road, Taizhou Economic and Technological Development Zone, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	72,700	222,500	70%	Superstructure in progress	2021.10	2nd half of 2024

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
The Paragon South of Jiangyang Middle Road, West of Zongsan Road, Yangzhou Economic and Technological Development Zone, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	71,800	169,400	100%	Superstructure in progress	2021.10	2nd half of 2023
Central Mansion Plot C, Central District, Yiwu City Economic and Technological Development Zone, Zhejiang Province, the PRC	Residential/ Commercial	43,800	138,400	76%	Superstructure in progress	2021.10	1st half of 2024
Vitality City Southwest Corner of Junction of Huang Li Shu Lu and Xinshijie Road, Feidong County, Hefei, Anhui Province, the PRC	Residential	50,500	142,200	100%	Superstructure in progress	2021.11	2nd half of 2023
Graceful Mansion East of Gulou Road, North of Haiyang East Road, Hailing District, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	42,000	108,100	85%	Superstructure in progress	2021.11	2nd half of 2023

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Master Mansion North of Shuangqukou Road, East of Fuzhou South Street Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	57,600	143,600	100%	Superstructure in progress	2021.11	1st half of 2024
Jiang Nan Mansion North of Planning Road, East of Wancheng North Road, Changzhou Economic Development Zone, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	48,300	131,200	100%	Superstructure in progress	2021.12	2nd half of 2023
World Masterpiece South of Changrong Road, East of Hengtanghe East Road, Qinglong Street, Tianning District, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	35,000	95,200	100%	Superstructure in progress	2021.12	2nd half of 2023
Royal Mansion Southwest of Junction of Ba Zhong Nan Road and Daoxiang Road, Nanqiao District, Chuzhou, Anhui Province, the PRC	Residential/ Commercial	134,000	366,900	100%	Superstructure in progress	2021.12	2nd half of 2023

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) Properties Under Development (Continued)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Honor Mainstays No.219, Chengde North Road, Qingjiangpu District, Huai'an, Jiangsu Province, the PRC	Residential/ Commercial	142,100	455,200	51%	Superstructure in progress	2021.12	1st half of 2025
Unique Palace Jinshanhu Area, Henan'an Street, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	21,700	89,700	50%	Superstructure in progress	2021.12	2nd half of 2023
Lake City Mansion New Huaihai Road, Quanshan District, Xuzhou, Jiangsu Province, the PRC	Residential	61,000	180,500	34%	Superstructure in progress	2021.12	2nd half of 2023
Mansion One South of Longwei Road, West of Baoxing Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	63,700	194,300	45%	Superstructure in progress	2021.12	2nd half of 2024
Jiangnan Countryard South of Binhe Road, West of Shu'an Road, Guangling District, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	76,500	170,200	100%	Superstructure in progress	2021.12	1st half of 2025

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(II) Land held for Future Development

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Lushan Xihai Jinkou Tourist Town, Jiujiang, Jiangxi Province, the PRC	Residential/ Commercial	1,432,100	656,300	100%	Land under development
Glorioushire North of Wenhu Road, Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	27,900	110,300	100%	Land under development
Fengman District Project #1-2 Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	109,800	302,300	100%	Land under development
River View Mansion South of 40M Kuihua Road, East of Hadaxin Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	47,700	120,300	100%	Land under development
COGO City East of Jinfeng Shiyi Street, North of Jinfeng Shiliu Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	15,600	15,700	85%	Land under development
Zhonghai Xue Fu Li Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential	255,900	940,500	70%	Land under development
International Community West of Guihua Second Road, North of Lianxi Avenue, Lianxi District, Jiujiang, Jiangxi Province, the PRC	Residential/ Commercial	337,500	760,100	100%	Land under development
Guan Yun Fu Xinxipian District, East Coast, Shantou, Guangdong Province, the PRC	Residential/ Commercial	34,700	161,500	100%	Land under development

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) Completed Properties held for Sale/Occupation

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
The Phoenix West of Fenghuang Road, North of Zhongwu Avenue, Tianning District, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	15,000	100%
Glorioushire Junction of Menyuan Road and Haihu Avenue, Chengbai District, Xining, Qinghai Province, the PRC	Residential/ Commercial	23,300	100%
The Azure East of Xingan South Road, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	11,800	100%
Left Bank West of Fu Bilie Road, North of Yinhe North Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Commercial	20,400	100%
Harbour City Xuri Yi Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	29,200	100%
International Community – Around the World Huizhan Street, Fengman District, Jilin, Jilin Province, the PRC	Commercial	25,000	100%
Lushan Xihai Jinkou Tourist Town, Jiujiang, Jiangxi Province, the PRC	Residential	67,600	100%
International Community South of Jinqiao Road, Xingning District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	56,800	100%

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) Completed Properties held for Sale/Occupation (Continued)

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
La Cite Haojiang District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	105,200	100%
Da Guan Tian Xia East of Dongfang Road, West of Jinma Road, Gaoxin District, Weifang, Shandong Province, the PRC	Residential/ Commercial	19,900	100%
Glory Manor North of Pujiang Road, West of Long Chuan Nan Road, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	26,000	100%
International Community North of Liu Pan Mountain Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	25,000	85%
COGO City East of Jinfeng Shiyi Street, South of Liu Pan Mountain Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	38,800	85%
Lakeside Style Town Wenchang Lake Tourist Town, Zibo, Shandong Province, the PRC	Residential	56,800	100%
The Crown East of Dongyue Road, Huayang District, Weinan, Shaanxi Province, the PRC	Residential/ Commercial	102,700	100%
Cullinan No. 38, Jianlan Road, Yufeng District, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	15,300	70%

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

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) Completed Properties held for Sale/Occupation (Continued)

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
China Overseas Platinum Pleased Mansion No. 8 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	75,400	100%
Patrimonial Mansion Jiuhua Road, Guilin, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	10,000	100%
Hai Hua Garden West of West Heng Tang River Road, South of West Dong Fang Road, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	46,900	100%
PT Hyatt South of Shahe West Street, Baotou, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	23,400	100%
Glorioushire West of Jingjiu Road, North of Qingsha Road, Baotou, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	12,500	60%
Platinum Mansion 02-03-05 Zhongxin, Binhaixincheng Nanbinpian District, Haojiang District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	17,800	100%
Golden Coast Hepu Longhutan, Haojiang District, Shantou, Guangdong Province, the PRC	Residential	67,100	100%
Harrow Community East of Lunggang Avenue, South of Sanhe Road, Yining District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	19,600	41%

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

(D) PROPERTY HELD UNDER JOINT VENTURE

(I) Property held for Investment

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
China Overseas Jinhe Information Technology Park No. 10, Lane 198, Zhangheng Road, Shanghai Zhangjiang Hi-tech Park, Pudong District, Shanghai, the PRC	Office	16,381	65%	Medium

(II) Properties Under Development

Name/Location	Category	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Jinmao Palace (Previously named "Guangling District Project") North of Zhoushanhe Road, East of Hailingnan Road, Gaoxin District, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	253,000	506,100	24.75%	Superstructure in progress	2021.03	2nd half of 2023
Gorgeous Mansion (Previously named "Guangling District Project") North of Zhoushanhe Road, East of Hailingnan Road, Gaoxin District, Taizhou, Jiangsu Province, the PRC	Residential	54,800	183,100	24.75%	Superstructure in progress	2021.04	1st half of 2023
We Love City No. 1, Zhongjin Road, Haitou Street, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	66,400	281,000	50%	Superstructure in progress	2021.05	2nd half of 2023

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

(D) PROPERTY HELD UNDER JOINT VENTURE (CONTINUED)

(II) Properties Under Development (Continued)

Name/Location	Category	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
The Halo East of Jinjiang South Street, North of Binhong West Road, Wucheng Xincheng District, Jinhua, Zhejiang Province, the PRC	Residential	69,200	174,000	50%	Superstructure in progress	2021.11	2nd half of 2023
Jindi Zhonghai Jincheng Garden No.7, Jichang Road, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	76,300	272,000	50%	Superstructure in progress	2021.11	2nd half of 2025

(III) Land held for Future Development

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Zhonghai Jindi Duhui Garden South of Huguang Fast Track, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	26,800	114,100	50%	Land under development

(IV) Completed Properties held for Sale/Occupation

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
The Arch Xincheng Xinjinpian District, East Coast, Shantou, Guangdong Province, the PRC	Residential	13,300	51%

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

(E) PROPERTY HELD UNDER ASSOCIATE

(I) Properties Under Development

Name/Location	Category	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Haifu Garden No. 19 Xiwang Road, Gaoxin District, Yancheng, Jiangsu Province, the PRC	Residential	33,700	125,300	35%	Superstructure in progress	2020.09	2nd half of 2022
Sage Mansion No. 11, Kanhu Third Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	17,600	70,700	50%	Superstructure in progress	2021.11	2nd half of 2023

(II) Land held for Future Development

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Jade Park East of Binhe Road, Zichuan District, Zibo, Shandong Province, the PRC	Residential/ Commercial	112,100	355,000	49%	Land under development
Chen Yang Fu West of Yingbin Road, South of Yulong Road, Tinghu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	23,300	88,800	46%	Land under development
Yandu District Project #2 South of Yandu Road, West of Kaichuang Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	45,000	178,800	33%	Land under development
Upper East East of Chengdong Avenue, South of Kunpeng Road, Xuzhou, Jiangsu Province, the PRC	Residential/ Commercial	54,000	173,700	33%	Land under development

Glossary

2018 Guaranteed Notes	the US$500,000,000 4.875 per cent. guaranteed notes due 2021 issued by the Group and guaranteed by the Company
2021 Guaranteed Notes	the US$512,000,000 2.45 per cent. guaranteed notes due 2026 issued by the Group and guaranteed by the Company
Board	the board of Directors
CG Code	Corporate Governance Code in Appendix 14 to the Listing Rules
COHL	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of COLI
COLI	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688), being a controlling shareholder of the Company
COLI Group	COLI and its subsidiaries from time to time
Companies Ordinance	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
Company	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 81)
Company Secretary	the company secretary of the Company
COPH	China Overseas Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 2669), being a subsidiary of COHL
COPH Group	COPH and its subsidiaries from time to time
CSC	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311), being a subsidiary of COHL
CSC Group	CSC and its subsidiaries (excluding listed subsidiary(ies)) from time to time
CSCD	China State Construction Development Holdings Limited (formerly known as Far East Global Group Limited), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 830), being a subsidiary of CSC

Glossary *(continued)*

CSCD Group	CSCD and its subsidiaries from time to time
CSCEC	中國建築集團有限公司 (China State Construction Engineering Corporation), a state-owned corporation organized and existing under the laws of the PRC, which is the holding company of CSCECL
CSCECL	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company incorporated in the PRC which is an intermediate holding company of COLI
CSCECL Group	CSCECL and its subsidiaries (excluding COHL, COLI, CSC, CSCD, COPH and their respective subsidiaries) from time to time
Director(s)	the director(s) of the Company
GFA	gross floor area
Group	the Company and its subsidiaries from time to time
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
PRC	the People's Republic of China
SFO	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
Share(s)	the ordinary share(s) of the Company
sq.m.	square meter
Stock Exchange	The Stock Exchange of Hong Kong Limited
%	per cent.

Note: This section is not applicable to the section "Independent Auditor's Report" and the consolidated financial statements of the Group set out on pages 79 to 216 of this annual report.

* English or Chinese translations are for identification only (as the case may be).

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