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

*(incorporated in Hong Kong with limited liability)*
**(Stock Code: 81)**

# ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

## FINANCIAL HIGHLIGHTS

1. The contracted property sales of the Group and its associates and joint ventures for the year decreased to RMB40,316.6 million (2021: RMB71,204.4 million), representing a decrease of 43.4% against last year, which corresponded to an aggregated contracted area of 3,725,200 sq.m. (2021: 5,683,400 sq.m.).
2. For the year ended 31 December 2022, the Group recorded revenue of RMB57,492.0 million, 6.8% increase comparing with last year. Operating profit for the year amounted to RMB6,265.6 million, representing a decrease of 38.6% against last year. Profit attributable to owners of the Company was RMB3,150.4 million, 37.6% lower than last year. Basic earnings per share were RMB90.7 cents (2021: RMB147.5 cents).
3. The Group performed a review on the carrying amount of property projects during the year and made a write-down of inventories of properties. The write-down of inventories of properties has reduced the gross profit for the year by approximately RMB2,673.2 million. The gross profit margin for the year has also reduced from 19.0% (before such provision for impairment) to 14.4% (after such provision for impairment).
4. The total gross floor area of the land acquired of the Group and its associates and joint ventures during the year was about 2,212,500 sq.m. (attributable to the Group: 1,787,200 sq.m.) for a total consideration of approximately RMB10,150.3 million. After further taking into account of the acquisitions of additional partial equity interests in respect of the development projects situated in Jinhua and Xuzhou by the Group during the year, the total acquired gross floor area attributable to the Group during the year amounted to approximately 1,937,300 sq.m. with a total attributable consideration of RMB8,261.9 million.
5. As at 31 December 2022, the gross floor area of total land bank of the Group and its associates and joint ventures reached 24,532,600 sq.m., of which, 2,022,800 sq.m. was held by associates and joint ventures collectively. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) was 20,754,100 sq.m..
6. As at 31 December 2022, cash and bank balances plus restricted cash and deposits were RMB29,330.9 million (2021: RMB32,492.4 million) in total. The ratio of net debts to total equity was 48.8% (2021: 35.6%).
7. The Board recommended the payment of final dividend of HK15 cents per share for the year ended 31 December 2022 (2021: HK30 cents).

The board of directors (the "Board") of China Overseas Grand Oceans Group Limited (the "Company") is pleased to announce the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022.

## CHAIRMAN'S STATEMENT

## INTRODUCTION

I am pleased to present the review of annual results for the year ended 31 December 2022 and the outlook in 2023 of the Group.

In 2022, the Group achieved a revenue of RMB57,492.0 million, representing a year-on-year increase of 6.8%. Profit attributable to owners of the Company amounted to RMB3,150.4 million, representing a year-on-year decrease of 37.6%. Basic earnings per share was RMB90.7 cents.

After a prudent review on the overall result performance and working capital requirements for the future operations of its business, the Board of the Company recommended the payment of a final dividend of HK15 cents per share (2021: HK30 cents per share) for the year ended 31 December 2022. Taking into account the interim dividend of HK6 cents per share (2021: HK8 cents per share) paid in October 2022, total dividends for the year will amount to HK21 cents per share (2021: HK38 cents per share). The dividend payout ratio for the year is 21.2%.

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting 2023.

## MARKET REVIEW

The world in 2022 faced a series of complex challenges. High global inflation, sharp interest rate hikes by the US Federal Reserve, and the Russo-Ukrainian war kept global energy and food prices elevated, and were raising geopolitical and financial stability risks.

The outbreak of COVID-19 pandemic had brought upon unprecedented challenges to economic development of China. According to the National Bureau of Statistics, China's GDP had grown by 3% in 2022. Despite the slowdown, stabilization policies were striking a balance in managing economic risks and growth. The economic growth is stable and keeping its momentum.

During the year, China's real estate market had underwent a deep adjustment. According to the National Bureau of Statistics, China home sales fell 28.3% by value and 26.8% by area respectively in 2022. According to CRIC data, home sales fell 35% by value and 41% by area respectively in the "Top 100 Cities in China".

2022 was a year full of challenges for the real estate industry, and the market was in the process of bottoming out. Regulators have unveiled a raft of measures, including easing curbs on home purchases and sales, making home loans, making provident fund loans, lower down payment ratios, tax reductions, home purchase subsidies, etc. to shore up market sentiment and buoy the real estate sector.

Despite the market downturn, the real estate industry is still a major contributor to the Chinese economy. Albeit with this backdrop, the market is on its recovering track and the fundamentals of the housing sector remain strong. In 2022, urbanization rate of China was at 65%, lower than those in developed countries, which were generally at about 80%. The unfinished urbanization process laid a solid foundation for the development of real estate market on the demand side. Besides, policymakers are continuing to roll out support measures, which also help the property market set for demand recovery.

**BUSINESS REVIEW**

It had been a turbulent year for the property market in 2022. Despite ups and downs of the market, the Group's solid financial results have demonstrated the resilience of its business. We adapted to the new market norm and navigated with agility, paving the way for future.

The Group reacted fast to market downturn and focused on promoting sales. In 2022, the Group together with its associates and joint ventures (collectively the "Group Series of Companies") achieved contracted property sales of RMB40,316.6 million, representing a year-on-year decrease of 43.4%. The contracted sales area was 3,725,200 sq.m., representing a year-on-year decrease of 34.5%. The Group realized average selling price of approximately RMB10,800 per sq.m.. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB797.0 million for an aggregated contracted area of 59,400 sq.m..

Despite facing headwinds in the market, the Group further increased its market share. Among the 40 cities the Group has deployed, the Group's contracted sales ranked in top three in 17 cities. Among them, in 9 cities we ranked first, namely, Yinchuan, Zunyi, Jilin, Anqing, Zhuzhou, Taizhou, Danyang, Yancheng and Tangshan, an increase of 6 cities compared to those of 2021.

Whilst the market remained soft during the year, the Group seized opportunities to replenish its high-quality land bank at reasonable prices to boost future project returns. In 2022, the Group Series of Companies acquired thirteen projects through mergers and acquisitions, as well as public auctions, adding attributable gross floor area of 1,937,300 sq.m., with attributable land cost amounting to RMB8,261.9 million.

As of 31 December 2022, the gross floor area of the total land bank of the Group Series of Companies was 24,532,600 million sq.m., of which 20,754,100 million sq.m. were attributable to the Group.

To ensure housing delivery as scheduled was the Group's top priority in 2022. All projects under construction were on schedule, with construction area of more than 16 million sq.m. Approximately 46,100 units of new homes had been delivered during the year, with no delayed occupancy. Customer satisfaction rating was 90%, leading among industry peers. Our proven track record to ensure timely and high quality delivery of new homes is highly recognized and makes us a top brand in the sector.

Our strong financial position has stood the Group in good stead. During the year, the Group strengthened its operating cash flow management to reduce operational risks. Cash and bank balances plus restricted cash and deposits totalled over RMB29 billion. None of the "three red lines" was breached and the weighted average financing cost remained at an industry low of 4.8%.

**PROSPECTS**

Looking forward to 2023, the Group is mindful of the ongoing volatility in the operating environment from complex global geopolitical issues and increasing stagflation risks. Slow domestic demand growth, supply chain disruption, and slowdown in expected economic growth put further pressures on the economic outlook. Nevertheless, the Chinese economy enjoys strong resilience, tremendous potential and great vitality. The fundamentals sustaining its long-term growth have remained strong. As China enters new phase of post-COVID-19 era, life is moving forward again, and economic activities are reviving. China's economy will see a robust improvement in 2023.

The real estate industry is a major contributor to the Chinese economy, and is a significant driver in upstream and downstream industries. A healthy real estate sector is pivotal to the overall economic growth.

Although the real estate industry is now undergoing an adjustment, many factors are flavouring the market. In 2022, local authorities across the country have unveiled a raft of policy measures to support the housing market. Mortgage interest rates were lowered; dubbed "three arrows", policy tools providing liquidities to real estate companies via three channels: namely credit, bonds, and equity have been introduced; down payment requirements on home purchase have been relaxed. These policy impacts will be felt and seen in 2023. Having been in a downturn for one and a half year, the market is gathering momentum and is more likely to bottom out. We expect the sales volume will rise again with unit price stable in 2023, especially in the second half of the year.

The Group believes that underlying long term fundamentals of the real estate market have not changed. China is still urbanizing. Urbanization rate of China is lower than those in developed countries, offering growth opportunities for the real estate sector. Housing demand will be gradually picking up in 2023, as consumer sentiment is improving with a good progress in housing delivery. Furthermore, easing measures at local level will help boost housing demands, arising from demographic and income conditions.

The real estate market is making adjustments, and we see this both a challenge and an opportunity. Taking into account the volatile market conditions, the Group will continue to closely monitor the land market; whilest abiding by fiscal discipline, the Group will seize opportunities when they arise. Utilising its diversified land acquisition channels, the Group has established a presence in premium cities in urban clusters and metropolitan areas such as Beijing-Tianjin-Hebei area, Yangtze River Delta and the Greater Bay Area. The Group also closely monitors the market for merger and acquisition opportunities with great development potential.

Comparing to past years, the Group had achieved relatively more delivered area in 2022. The Group sorts out and monitors projects that are ready for occupation within the next 12 months in advance by adopting an rolling and inspection mechanism, in order to ensure project delivery on schedule. Upholding the principle of "what you see is what you get", the Group creates quality products based on its "12345" quality product system to provide customers with the best experience. The three-year action plan of "Craftsmanship in COGO" is well implemented as planned, to enhance safety management, to promote the intelligent operation at construction sites, to establish an evaluation system for the whole construction cycle, and to ensure project quality and delivery on time. The Group's customer satisfaction rating remains at the top among industry peers. Our quality homes delivered will help the Group build its reputation and strengthen the influence of the "China Overseas Properties" brand in the cities where it operates.

The Group has been adopting a sound and prudent approach in financial management under the industry's adjustment and volatile financial market. The Group will continue to enhance its cash flow management, cost and risk control capabilities to reduce costs and improve efficiency. By closely monitoring the financial returns and cash collections of property projects, the Group ensures that the progress of development and investment is in line with its business plan. The Group regularly reviews its debt structure and financing costs to ensure that it has sufficient cash on hand to maintain a healthy financial position and does not breach the "three red lines" policy. Being a corporation that values financial efficiency, the Group will keep a close eye on the impacts from the external political and economic environments, inflation, interest rates, and exchange rates to the business.

Talents are vital to the success and sustainable development of an enterprise. The Group is committed to train and develop high-potential employees through its talent development programme, to build talented and productive workforce with leadership and expertise for the Group's future development. Meanwhile, the Group actively seeks talents in open market, offering competitive remunerations and benefits with development opportunities. The Group has established a strong foundation in human resources and talent management, with a focus on improving human resources policies and building a positive work culture. We strive to align employees' personal goals to the Group's long-term development, resulting in a transparent and positive working environment. By continuously improving the performance evaluation and compensation systems, as well as enhancing the office environment, the Group has developed and sustained high-performance and dedicated work teams.

Going into 2023, the real estate market, together with the economy, are showing signs of recovery after the COVID-19 pandemic. Leveraging on its solid development, the Group continues to be forward-thinking in preparation for further resurgence and sustainable growth of the market, while as the same time closely monitors the volatility of the market. The Group's solid financial position, together with our sustainable growth strategy, will enable us to navigate well through ups and downs and seize opportunities.

**APPRECIATION**

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

## REVENUE AND OPERATING RESULTS

In 2022, China's economic growth had slowed down, weighed down by the COVID-19 pandemic as well as the global economic slowdown. At the same time, the confidence of property buyers waned amid the financial turmoil of certain real estate companies, and buyers were adapting a conservative and wait-and-see attitude towards property purchases. Except for first-tier and certain popular cities in Mainland China, property sales in most cities had been declining. The real estate market was in the process of bottoming out.

In order to promote the stable and healthy development of the real estate market in Mainland China, local governments continue to introduce policies to support the development of the real estate industry. Throughout the year, many cities have successively lowered the mortgage interest rates and down payment ratios. In the fourth quarter of 2022, the pandemic prevention and control in Mainland China entered a new stage and economic activities began to pick up momentum. At the same time, the central government implemented the "Three Arrows" policies to assist real estate companies to open up refinancing channels and help the real estate market to pick up considerable momentum to bottom out.

The Group had reacted fast to market downturn and focused on promoting sales. The Group Series of Companies achieved contracted property sales of RMB40,316.6 million for the year (2021: RMB71,204.4 million), representing a decrease of 43.4% against last year, in which, an amount of RMB3,478.1 million (2021: RMB2,506.7 million) was contributed by associates and joint ventures. Contracted property sales attributable to the Group for the year amounted to RMB34,187.4 million (2021: RMB63,598.3 million). For the year ended 31 December 2022, the Group recorded revenue of RMB57,492.0 million (2021: RMB53,830.5 million), representing an increase of 6.8% against last year.

Gross profit for the year was RMB8,276.2 million (2021: RMB12,399.1 million), representing a decrease of 33.3% against last year, which was mainly due to the write-down of inventories of properties of RMB2,673.2 million recognized in cost of sales during the year. The overall gross profit margin for the year had also reduced from 19.0% (2021: 23.5%) (before such write-down of inventories of properties) to 14.4% (2021: 23.0%) (after such write-down of inventories of properties).

In terms of expenses, distribution and selling expenses for the year decreased by RMB2.7 million against last year to RMB1,632.2 million (2021: RMB1,634.9 million). The ratio of distribution and selling expenses to the Group's revenue dropped from 3.0% for last year to 2.8% for the year and the ratio of such expenses to the Group's contracted property sales increased by a certain proportion when compared with last year. In addition, administrative expenses for the year decreased by RMB170.5 million against the last year to RMB925.9 million (2021: RMB1,096.4 million). The Group continued to maintain stringent cost control throughout the year. As a result, the ratio of the administrative expenses to revenue dropped from 2.0% in last year to 1.6% for the year.

Other operating expenses for the year increased by RMB69.9 million against last year to RMB91.1 million (2021: RMB21.2 million), which was mainly due to the recognition of an exchange loss of approximately RMB56.3 million arising from repatriation of capital of a project invested in RMB in previous years.

In respect of the investment properties, no fair value adjustment was recognized (2021: gain of RMB20.0 million) for the year. Besides, taking into consideration of market conditions and its business plans, the Group changed its original plan for certain residential and commercial properties in Hefei from inventories of properties held for sale to investment properties for leasing out to generate rental income during the year. No fair value adjustment on such reclassification was recognized (2021: gain of RMB80.7 million) for the year.

Due to a decrease in gross profit, operating profit for the year amounted to RMB6,265.6 million (2021: RMB10,210.7 million), representing a decrease of 38.6% against last year.

The total interest expense for the year increased by RMB299.3 million against last year to RMB2,143.8 million (2021: RMB1,844.5 million), which was mainly due to the increase in borrowing costs for Hong Kong Dollar (“HKD”) loans during the year. Finance costs, after capitalization of RMB2,080.4 million (2021: RMB1,790.4 million) to the on-going property development projects, was RMB63.4 million (2021: RMB54.1 million) for the year.

Currently, the majority of the property projects held by the Group through associates and joint ventures are in the development stage and the progress is in line with the expectation. Share of profits of associates for the year amounted to RMB18.8 million (2021: RMB8.1 million), which was mainly driven by the recognition of profit from property sales of the property development project of an associate. The share of losses of joint ventures for the year amounted to RMB242.3 million (2021: RMB15.3 million), which was mainly attributable by the share of losses from write-down of inventories of properties of certain joint ventures with an aggregate amount of RMB196.5 million during the year.

In addition, the Group completed the acquisition of 45% equity interest of a project company located in Hefei from China State Construction International Holdings Limited, a connected person of the Group, at a cash consideration of RMB291.8 million in November 2022. No profit or loss impact had arisen from this acquisition. The above project is located in the core area of Hefei with great potential. The full ownership of the aforesaid profitable project company and its assets brought stable revenue for the Group.

Income tax expense comprised enterprise income tax and land appreciation tax ("LAT"). Income tax expense for the year decreased by RMB1,581.9 million against last year to RMB2,922.6 million (2021: RMB4,504.5 million), mainly due to the decrease in operating profit for the year and the adjustments upon the settlements of LAT for certain projects. The effective tax rate for the year was 48.9% (2021: 44.4%).

Overall, for the year ended 31 December 2022, profit attributable to owners of the Company decreased by 37.6% against last year to RMB3,150.4 million (2021: RMB5,050.6 million). Basic earnings per share were RMB90.7 cents (2021: RMB147.5 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. Whilst the market remained soft during the year, the Group seized opportunities to replenish its high-quality land bank at reasonable prices with prudent valuations to provide quality land resources for future development. For the year ended 31 December 2022, the Group Series of Companies acquired ten parcels of land at an aggregate consideration of RMB10,150.3 million with gross floor area of approximately 2,212,500 sq.m., of which approximately 1,787,200 sq.m. was attributable to the Group (including the interests in associates and joint ventures).

In addition, by further including the acquisitions of additional partial equity interests in respect of three development projects situated in Jinhua and Xuzhou by the Group in January 2022, the total acquired gross floor area attributable to the Group during the year amounted to approximately 1,937,300 sq.m. with a total attributable consideration of RMB8,261.9 million.

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 | Shantou | Longhu District Project (The Peninsula) | 100% | 286,800 |
| 2 | Yinchuan | Jinfeng District Project #1 (Gorgeous Mansion) | 100% | 133,900 |
| 3 | Nantong | Chongchuan District Project (Hills Scenery) | 60% | 200,300 |
| 4 | Yinchuan | Jinfeng District Project #2 (Glory Mansion) | 100% | 190,100 |
| 5 | Nanning | Liangqing District Project (Lake Palace) | 100% | 123,700 |
| 6 | Nanning | Qingxiu District Project (One Sino Residences) | 100% | 79,600 |
| 7 | Lanzhou | Qilihe District Project (The Platinum Pleased Mansion) | 100% | 181,900 |
| 8 | Zibo | Economic Development Zone Project (Genius Garden) | 100% | 425,700 |
| 9 | Ganzhou | Zhangjiang New District Project (The Paragon) | 100% | 67,600 |
| 10 | Hefei | Economic Development Zone Project (Skyline) | 34% | 522,900 |
| | **Total** | | | **2,212,500** |

*Note: The above table does not include the acquisitions of partial equity interests in respect of the development projects of three plots of land situated in Jinhua and Xuzhou as disclosed in the announcement of the Company dated 28 January 2022.*

As at 31 December 2022, the gross floor area of total land bank of the Group Series of Companies in Mainland China reached 24,532,600 sq.m. (2021: 29,768,900 sq.m.), of which 2,022,800 sq.m. (2021: 2,319,700 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 20,754,100 sq.m. (2021: 25,530,700 sq.m.). The Group Series of Companies held a land bank distributed in 39 cities as at 31 December 2022.

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

| | City | Total GFA (sq.m) | Attributable GFA (sq.m.) |
|---|---|---|---|
| 1 | Shantou | 2,592,400 | 2,592,400 |
| 2 | Jiujiang | 1,788,300 | 1,788,300 |
| 3 | Zhuzhou | 1,491,400 | 1,044,000 |
| 4 | Weifang | 925,800 | 925,800 |
| 5 | Xining | 925,000 | 925,000 |
| 6 | Hefei | 1,427,200 | 913,800 |
| 7 | Hohhot | 859,300 | 859,300 |
| 8 | Lanzhou | 944,300 | 821,800 |
| 9 | Jilin | 856,900 | 792,100 |
| 10 | Zibo | 945,200 | 764,100 |
| 11 | Yinchuan | 761,900 | 737,700 |
| 12 | Huizhou | 862,000 | 697,400 |
| 13 | Anqing | 640,300 | 640,300 |
| 14 | Yancheng | 887,600 | 613,000 |
| 15 | Xuzhou | 704,300 | 584,300 |
| 16 | Jinhua | 776,100 | 567,800 |
| 17 | Tangshan | 516,200 | 516,200 |
| 18 | Changzhou | 572,500 | 461,300 |
| 19 | Taizhou | 1,019,800 | 418,200 |
| 20 | Chuzhou | 366,900 | 366,900 |
| 21 | Weinan | 350,400 | 350,400 |
| 22 | Huai’an | 569,200 | 346,100 |
| 23 | Yangzhou | 340,800 | 340,000 |
| 24 | Zhanjiang | 667,100 | 333,500 |
| 25 | Nanning | 452,600 | 330,300 |
| 26 | Quanzhou | 310,600 | 310,600 |
| 27 | Baotou | 229,900 | 229,900 |
| 28 | Tianshui | 225,600 | 225,600 |
| 29 | Langfang | 200,400 | 200,400 |
| 30 | Linyi | 195,300 | 195,300 |

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

| | City | Total GFA (sq.m) | Attributable GFA (sq.m.) |
|---|---|---:|---:|
| 31 | Zhenjiang | 181,400 | 181,400 |
| 32 | Shaoxing | 144,600 | 144,600 |
| 33 | Huangshan | 249,500 | 137,200 |
| 34 | Zunyi | 186,900 | 134,000 |
| 35 | Nantong | 200,300 | 120,200 |
| 36 | Ganzhou | 68,200 | 68,200 |
| 37 | Liuzhou | 65,500 | 45,800 |
| 38 | Qingyuan | 29,500 | 29,500 |
| 39 | Jining | 1,400 | 1,400 |
| **Total** | | **24,532,600** | **20,754,100** |

**SEGMENT INFORMATION**

**PROPERTY SALES AND DEVELOPMENT**

The Group has been focusing on the developments in relatively large-scale second- and third-tier cities in Mainland China. With thorough understandings on home buyers from different demographic and household income groups, the Group caters to different needs of customers in different cities. Niche products such as renovated flats, as well as green and smart residential buildings, continue to meet the various needs of customers in different markets, whilst bring better returns to the Group at the same time. The Group is set on continuing to differentiate our brand from other developers' by creating fantastic places and continues to play a leading role in the market.

The contracted property sales of the Group Series of Companies for the year ended 31 December 2022 amounted to RMB40,316.6 million (2021: RMB71,204.4 million), for an aggregated contracted area of 3,725,200 sq.m. (2021: 5,683,400 sq.m.), (in which, RMB3,478.1 million <2021: RMB2,506.7 million> for an aggregated contracted area of 259,600 sq.m. <2021: 135,000 sq.m.> was contributed by associates and joint ventures) representing a decrease of 43.4% and 34.5% respectively against last year. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB797.0 million for an aggregated contracted area of 59,400 sq.m..

Contracted property sales from major projects during the year ended 31 December 2022:

| City | Name of project | Contracted Area (sq.m.) | Amount (RMB Million) |
|---|---|---|---|
| Yinchuan | Patrimonial Mansion | 74,058 | 1,024.1 |
| | International Community | 116,541 | 925.6 |
| | Master Mansion | 107,420 | 846.1 |
| | The Royal Peninsula | 61,241 | 538.1 |
| | Gorgeous Mansion | 41,367 | 514.6 |
| | Glory Mansion | 50,946 | 427.6 |
| Hefei | Skyline | 40,368 | 1,002.5 |
| | Central Park | 36,303 | 550.2 |
| | Halo Park | 27,013 | 474.3 |
| | Vitality City | 49,750 | 414.1 |
| | Central Mansion | 24,306 | 247.2 |
| Quanzhou | Elegance Mansion | 175,838 | 2,560.5 |
| Jinhua | Central Mansion | 20,173 | 812.4 |
| | Central Park | 39,916 | 566.0 |
| | The Halo* | 39,409 | 538.3 |
| Tangshan | The Pogoda | 51,922 | 952.4 |
| | Maple Palace | 52,541 | 928.4 |
| Shantou | The Rivera North City | 48,341 | 575.6 |
| | The Peninsula | 31,420 | 410.4 |
| | Platinum Mansion | 39,123 | 360.1 |
| | La Cite | 26,201 | 266.2 |
| | Golden Coast | 26,590 | 230.1 |
| Taizhou | Jinmao Palace* | 56,075 | 996.5 |
| | Graceful Mansion | 23,199 | 358.7 |
| | Royal Mansion | 25,273 | 352.5 |
| Lanzhou | La Cite | 73,998 | 956.0 |
| | China Overseas Platinum Pleased Mansion | 27,341 | 318.8 |
| | China Overseas Platinum Garden | 18,750 | 237.3 |
| Nantong | Jade Park | 75,085 | 1,487.7 |
| Xuzhou | Upper East | 49,588 | 625.7 |
| | Lake City Mansion | 31,952 | 398.3 |
| | Future land | 18,773 | 214.9 |

Contracted property sales from major projects during the year ended 31 December 2022: (Continued)

| **City** | **Name of project** | **Contracted Area (sq.m.)** | **Amount (RMB Million)** |
|---|---|---:|---:|
| Changzhou | South Halcyon | 69,067 | 769.0 |
| | Jiang Nan Mansion | 23,098 | 414.3 |
| Hohhot | Zhonghai Zhen Ru Fu | 42,612 | 540.1 |
| | Zhonghai He Shan Guan Lan | 29,911 | 306.1 |
| | Zhonghai He Shan Sheng Jing | 23,636 | 233.2 |
| Zhanjiang | We Love City* | 75,660 | 831.5 |
| | Glorious City* | 23,356 | 217.6 |
| Yancheng | Gorgeous Mansion | 54,926 | 769.9 |
| | Mansion One | 17,290 | 212.4 |
| Anqing | The Metropolis | 99,205 | 919.8 |
| Yangzhou | The Paragon | 25,922 | 516.6 |
| | La Rive Gauche | 37,116 | 329.5 |
| Zhuzhou | Zhonghai Xue Fu Li | 73,660 | 534.1 |
| | International Community | 23,289 | 217.6 |
| Huai'an | Honor Mainstays | 51,441 | 727.6 |
| Weinan | The Crown | 84,323 | 385.2 |
| | Master Mansion | 34,690 | 216.1 |
| Zhenjiang | Epochal Mansion | 33,924 | 376.3 |
| | Zhenru Mansion | 14,929 | 196.9 |
| Zunyi | New City of China | 62,196 | 350.6 |
| | The Central Mansion | 18,258 | 205.2 |
| Xining | Elite Palace | 42,941 | 311.6 |
| | Mountain and Lake | 26,241 | 238.4 |
| Huizhou | Sage Mansion^ | 19,855 | 539.1 |
| Qingyuan | One Lake Vision | 66,348 | 492.8 |
| Ganzhou | One City South | 48,536 | 431.1 |
| Weifang | Royal Villa | 59,553 | 417.9 |
| Shaoxing | Marina One | 12,115 | 414.1 |
| Liuzhou | The Cullinan | 25,062 | 357.7 |
| Baotou | Wang Jing Mansion | 40,703 | 355.8 |
| Jiujiang | International Community | 51,937 | 346.2 |
| Linyi | Cozy Land | 33,959 | 318.1 |
| Jilin | La Cite | 37,710 | 245.9 |

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

All development projects were progressing well and generally on schedule. During the year, gross floor area of nearly 7,319,100 sq.m. (2021: 7,512,000 sq.m.) of construction sites were completed for occupation and of which, about 85% (2021: 96%) had been sold at year end. The Group continued to focus on promoting sales in this turbulent market, and placed financial strength and resilience at its core to ensure sustainable business growth.

For the year ended 31 December 2022, the recognized revenue of the Group for this segment was RMB57,244.2 million (2021: RMB53,594.0 million), representing an increase of 6.8% against last year. The revenue recognized for the year was mainly from the sales of high-rise residential projects.

For the year ended 31 December 2022, the cost of sales of this segment included a write-down of inventories of properties of RMB2,673.2 million (2021: RMB244.6 million). The Group performed a review based on the market conditions and made such provision for impairment of inventories of properties whose net realisable values were lower than costs. The Group estimated the net realisable value of inventories of properties as at year end mainly based on the prevailing selling prices and market conditions.

Due to higher gross profit margin of projects recognized in previous year and the aforesaid recognition of write-down of inventories of properties, the gross profit margin of this segment for the year narrowed to 14.2% (2021: 22.8%) when compared to that of last year. Excluding the effect of such write-down of inventories of properties, the gross profit margin of this segment for the year was 18.8% (2021: 23.2%).

The Group jointly developed property development projects with reliable business partners under the business model of associates and joint ventures in various cities. The Group’s share of net losses from the associates and joint ventures included in the segment result for the year amounted to RMB226.7 million (2021: RMB11.6 million), which was mainly attributable by the share of losses from write-down of inventories of properties of certain joint ventures with an aggregate amount of RMB196.5 million during the year.

Overall, due to the aforesaid recognition of write-down of inventories of properties, the segment profit for the year decreased by 41.2% to RMB5,991.2 million (2021: RMB10,181.4 million).

Recognized revenue from major projects during the year ended 31 December 2022:

| **City** | **Name of project** | **Contracted Area (sq.m.)** | **Amount (RMB Million)** |
|---|---|---|---|
| Yinchuan | International Community | 520,546 | 3,988.3 |
| | Patrimonial Mansion | 154,443 | 1,981.9 |
| | The Royal Peninsula | 148,395 | 1,243.2 |
| | The New Metropolis | 50,659 | 560.0 |
| Yangzhou | La Rive Gauche | 236,461 | 3,455.6 |
| | Upper East | 151,796 | 2,005.8 |
| | Gorgeous Mansion | 68,654 | 1,085.1 |
| Hefei | Central Mansion | 163,696 | 3,295.2 |
| | The Halo | 83,363 | 1,323.3 |
| Changzhou | Clouds Fairyland | 202,824 | 4,016.5 |
| Shantou | The Rivera | 216,836 | 2,431.0 |
| | Golden Coast | 118,220 | 1,003.4 |
| | Platinum Mansion | 60,544 | 533.7 |
| Hohhot | The Premier Mansion | 180,643 | 2,367.3 |
| | Zhonghai He Shan Yuan Zhu | 72,487 | 822.9 |
| | Zhonghai He Shan Ya Song | 42,327 | 467.7 |
| Nantong | Jade Park | 125,411 | 3,005.1 |
| Lanzhou | La Cite | 151,024 | 2,048.3 |
| | China Overseas Platinum Garden | 72,160 | 854.4 |
| Jining | ColiCity | 158,783 | 1,565.3 |
| | Coli Phoenix Community | 84,939 | 749.6 |
| Taizhou | Central Mansion | 163,926 | 2,208.8 |
| Huizhou | Riverview Mansion | 101,239 | 1,388.2 |
| | Glorious Palace | 45,739 | 525.9 |
| Shaoxing | Central Mansion | 65,840 | 1,813.1 |
| Jilin | Glorioushire | 255,064 | 1,518.5 |
| Nanning | Celestial Heights | 56,643 | 864.1 |
| | Harrow Community | 51,792 | 521.6 |
| Yancheng | The Central Mansion | 53,283 | 1,211.5 |
| Jiujiang | Central Mansion | 82,292 | 932.5 |
| Zhenjiang | Epochal Mansion | 83,899 | 856.5 |
| Ganzhou | One City South | 74,836 | 681.2 |
| Zunyi | New City of China | 121,377 | 650.5 |

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

| City | Name of project | Commenced by |
|---|---|---|
| Xuzhou | Upper East | February |
| Huizhou | Huizhou Tangquan | March |
| Yinchuan | Master Mansion | March |
| Zunyi | New City of China | April |
| Chuzhou | Royal Mansion | June |
| Langfang | Platinum Garden | June |
| Lanzhou | China Overseas Platinum Garden | June |
| Shantou | Guan Yun Fu | June |
| Shantou | The Peninsula | June |
| Yinchuan | Glory Mansion | June |
| Zibo | Jade Park^ | June |
| Nanning | Lake Palace | August |
| Nantong | Hills Scenery | August |
| Yinchuan | Gorgeous Mansion | September |
| Weifang | Royal Villa | October |
| Zibo | Genius Garden | October |
| Hefei | Skyline | November |
| Nanning | One Sino Residences | November |
| Anqing | The Metropolis | December |
| Ganzhou | The Paragon | December |
| Lanzhou | The Platinum Pleased Mansion | December |

^ The project is held by an associate of the Group

At the year end, the gross floor area of properties under construction and stock of completed properties amounted to 16,080,100 sq.m. (2021: 20,803,600 sq.m.) and 2,114,700 sq.m. (2021: 1,413,400 sq.m.) respectively, totaling 18,194,800 sq.m. (2021: 22,217,000 sq.m.). Properties with gross floor area of 6,991,800 sq.m. (2021: 9,133,700 sq.m.) had been contracted for sales and were pending for handover upon completion.

## PROPERTY LEASING

In respect of the property leasing business, the majority of the investment properties of the Group were leased out to China Overseas Land & Investment Limited ("COLI") en bloc. The Group's strategy to maintain a high-quality investment property portfolio generated stable recurring income to the Group. For the year ended 31 December 2022, rental income amounted to RMB233.5 million (2021: RMB217.7 million).

The Group holds 65% of equity interest of a scientific research office building in Zhang Jiang High-tech Zone in Shanghai and it has been leased out en bloc to COLI. The Group's share of profit from the joint venture, which holds the above research office building, was RMB3.3 million (2021: RMB4.4 million) for the year and was included in the segment result for the year.

Overall, the segment profit for the year decreased by RMB28.2 million against that for last year to RMB152.4 million (2021: RMB180.6 million), which was mainly due to the inclusion of a fair value gain on investment properties of RMB20.0 million in the segment result for last year.

## 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.

Besides, under the favourable corporate financing environment in Mainland China, the Group has been actively exploring new financing channels during the year. In October 2022, the Group had successfully issued the first tranche of RMB 5 billion onshore corporate bond, amounting to RMB 1 billion. Such tranche of bond had a maturity of three years with a coupon rate of 3.4% per annum. The net proceeds were intended to be used mainly for mergers and acquisitions. In addition, the Group also completed the issuance of property-final-payments asset-backed securities of aggregate principal amount of RMB737.0 million during the year, with an interest rate of 2.7% per annum. Diversified financing channels help support the Group's sustainable business development and lower its financing costs.

As at 31 December 2022, net working capital of the Group amounted to RMB67,438.3 million (2021: RMB63,056.2 million), with a current ratio of 1.6 (2021: 1.5).

During the year, the Group secured an aggregate amount of RMB20,696.3 million of new credit facilities from leading financial institutions and fund raised from the aforesaid issuance of asset-backed securities. After taking into account drawdowns of RMB16,320.7 million, repayment of loans of RMB16,539.5 million and increase of RMB1,288.0 million due to translation of HKD loans, total bank and other borrowings (excluding guaranteed notes and corporate bonds) increased by RMB1,069.2 million as compared to that at last year end to RMB43,005.2 million (2021: RMB41,936.0 million).

The total bank and other borrowings included RMB loans of RMB27,630.9 million (2021: RMB28,151.3 million) and HKD loans of HK$17,210.0 million (equivalent to RMB15,374.3 million) (2021: HK$16,860.0 million <equivalent to RMB13,784.7 million>). As at 31 December 2022, bank and other borrowings amounted to RMB5,940.0 million (2021: RMB4,910.0 million) were charged at fixed interest rates ranging from 2.70% to 5.07% (2021: 4.15% to 5.23%) per annum, while the remaining bank and other borrowings of RMB37,065.2 million (2021: RMB37,026.0 million) were charged at floating interest rates with a weighted average of 5.1% (2021: 3.7%) per annum. About 28.3% (2021: 30.5%) of bank and other borrowings is repayable within one year.

As at 31 December 2022, guaranteed notes and corporate bonds amounted to RMB3,593.3 million (2021: RMB3,286.0 million) and RMB1,000.0 million (2021: Nil), respectively, totaling RMB4,593.3 million (2021: RMB3,286.0 million).

As at 31 December 2022, the overall weighted average interest rate for the total borrowing (including guaranteed notes and corporate bonds) of the Group was 4.8% (2021: 3.8%) per annum. The increase in such interest rate was mainly attributable by the increase in Hong Kong Interbank Offered Rate ("HIBOR") during the year, resulting in the increase in weighted average interest rate for HKD loan of the Group from 2.0% per annum as at last year end to 6.3% per annum as at current year end, which offset the effect of the decrease in weighted average interest rate of RMB loan of the Group in Mainland China from 4.8% per annum as at last year end to 4.4% per annum as at current year end.

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. As at 31 December 2022, the interest-bearing amounts due to non-controlling interests was RMB1,837.1 million (2021: RMB2,765.8 million) with fixed interest rate ranging from 4.75% to 8.00% (2021: 4.75% to 8.00%) per annum.

Sales deposits collection from properties sales remained satisfactory during the year. Cash and bank balances plus restricted cash and deposits was RMB29,330.9 million (2021: RMB32,492.4 million) in total as at 31 December 2022, which decreased by RMB3,161.5 million against that as at last year end but remained at a high level. Of which, 98.8% (2021: 99.5%) was denominated in RMB while the remaining were in HKD and United States Dollar ("USD").

As at 31 December 2022, the net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including guaranteed notes and corporate bonds, net of cash and bank balances and restricted cash and deposits) to total equity, was 48.8% (2021: 35.6%). The management closely monitors the financial position of the Group to ensure healthy development of the operation scale and business.

Besides, according to the "Three Red Lines" real estate financial supervision policy in Mainland China, as at 31 December 2022, the liabilities-to-assets ratio (excluding receipts in advances) was 68.7% (2021: 69.4%); net gearing ratio was 48.8% (2021: 35.6%) and cash-to-short-term debt ratio was 1.6 times (2021: 1.6 times). Therefore, the Group did not breach any of the red lines and maintained as a "Green Category" enterprise.

Taking into account of the unutilized bank credit facilities available to the Group of RMB10,971.4 million (2021: RMB10,342.6 million), the Group's total available funds (including restricted cash and deposits of RMB9,897.7 million <2021: RMB12,616.3 million>) reached RMB40,302.3 million (2021: RMB42,835.0 million) as at 31 December 2022.

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

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

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

**FOREIGN EXCHANGE EXPOSURE**

As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings in RMB for its property development business in Mainland China, the management considered a natural hedge mechanism existed in that operation. However, as at 31 December 2022, about 60% and 40% (2021: 62% and 38%) of the Group's total borrowings (including guaranteed notes and corporate bonds) 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 depreciated by approximately 8.5% (2021: appreciated by 2.9%) during the year and accordingly, the net asset value of the Group decreased by RMB1,642.8 million (2021: increased by RMB555.3 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 2022, the Group had commitments totaling RMB26,489.2 million (2021: RMB28,521.1 million) which mainly related to land premium, property development and construction works. In addition, the Group issued guarantees to banks for facilitating end-user mortgages in connection with its property sales in Mainland China as a usual commercial practice with an amount of RMB32,901.6 million (2021: RMB38,338.5 million) and for a credit facility granted to a joint venture with an amount of RMB455.5 million (2021: RMB384.6 million).

## CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling RMB25.3 million (2021: RMB67.0 million) during the year, mainly included additions of investment properties, right-of-use assets (land use rights), as well as additions of land and buildings, vehicles and furniture, fixtures and office equipment within property, plant and equipment. Besides, the use of one property 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 RMB1.2 million and RMB0.9 million to property, plant and equipment and right-of-use assets respectively during the year.

On the other hand, as at 31 December 2022, certain properties in Mainland China with aggregate carrying value of RMB11,783.2 million (2021: RMB7,935.4 million) were pledged to obtain RMB3,764.0 million (2021: RMB2,187.3 million) of secured borrowings from certain banks in Mainland China for the property development projects.

## EMPLOYEES

As at 31 December 2022, the Group has 3,061 employees (2021: 3,505). The decrease in the number of employees was mainly due to the streamline of organizational structure and staffing to meet the requirements of different development stages of the Group during the year.

The Group is keen to motivate and nourish talent and reviews the remuneration policies and packages on a regular basis to recognize employee contributions and respond to changes in the employment market. The total staff costs incurred for the year ended 31 December 2022 was approximately RMB1,013.9 million (2021: RMB1,082.9 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.

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. At the same time, 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 to further improve the quality of project development. Moreover, the Group would alter the construction program of the projects to match the sales progress so that the potential pressure on inventory obsolescence could be minimized 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 sustainable growth.

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

## FOREIGN EXCHANGE RISK

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 affected by sub-standard housing products arising from improper work procedures and poor site management.

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

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

| | *Notes* | **2022** **RMB'000** | 2021 RMB'000 |
|---|---|---|---|
| **Revenue** | *4* | **57,492,018** | 53,830,471 |
| Cost of sales and services provided | | **(49,215,834)** | (41,431,335) |
| Gross profit | | **8,276,184** | 12,399,136 |
| Other income | | **638,570** | 463,279 |
| Distribution and selling expenses | | **(1,632,182)** | (1,634,858) |
| Administrative expenses | | **(925,921)** | (1,096,364) |
| Other operating expenses | | **(91,079)** | (21,222) |
| Other gains | | | |
| Fair value gain on reclassification of inventories of properties to investment properties | | **-** | 80,683 |
| Fair value gain on investment properties | | **-** | 20,000 |
| **Operating profit** | | **6,265,572** | 10,210,654 |
| Finance costs | | **(63,400)** | (54,100) |
| Share of results of associates | | **18,853** | 8,110 |
| Share of results of joint ventures | | **(242,314)** | (15,278) |
| **Profit before income tax** | *6* | **5,978,711** | 10,149,386 |
| Income tax expense | *7* | **(2,922,587)** | (4,504,484) |
| **Profit for the year** | | **3,056,124** | 5,644,902 |
| | | | |
| **Profit/(Loss) for the year attributable to:** | | | |
| Owners of the Company | | **3,150,440** | 5,050,575 |
| Non-controlling interests | | **(94,316)** | 594,327 |
| | | **3,056,124** | 5,644,902 |
| | | | |
| | | **RMB Cents** | RMB Cents |
| **Earnings per share** | *9* | | |
| Basic | | **90.7** | 147.5 |
| Diluted | | **90.7** | 147.5 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

| | **2022**<br>**RMB'000** | 2021<br>RMB'000 |
|---|---|---|
| **Profit for the year** | **3,056,124** | 5,644,902 |
| **Other comprehensive income** | | |
| ***Items that will not be reclassified to profit or loss*** | | |
| Changes in fair value of equity instruments at fair value through other comprehensive income | **310** | - |
| ***Items that may be reclassified to profit or loss*** | | |
| Exchange differences arising from translation into presentation currency | **(1,642,825)** | 555,319 |
| **Other comprehensive income for the year, net of tax** | **(1,642,515)** | 555,319 |
| **Total comprehensive income for the year** | **1,413,609** | 6,200,221 |
| **Total comprehensive income attributable to:** | | |
| Owners of the Company | **1,507,925** | 5,605,894 |
| Non-controlling interests | **(94,316)** | 594,327 |
| | **1,413,609** | 6,200,221 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

| | Notes | **2022** RMB'000 | 2021 RMB'000 |
|---|---|---|---|
| **Assets and liabilities** | | | |
| **Non-current assets** | | | |
| Investment properties | | **4,279,204** | 3,978,235 |
| Property, plant and equipment | | **773,627** | 839,080 |
| Right-of-use assets | | **257,133** | 256,478 |
| Interests in associates | | **182,635** | 277,416 |
| Interests in joint ventures | | **686,896** | 908,170 |
| Financial assets at fair value through other comprehensive income | | **-** | 1,000 |
| Deferred tax assets | | **1,876,676** | 1,883,460 |
| | | **8,056,171** | 8,143,839 |
| **Current assets** | | | |
| Inventories of properties | | **131,891,355** | 136,371,481 |
| Other inventories | | **4,165** | 11,309 |
| Contract costs | | **128,524** | 153,582 |
| Trade and other receivables, prepayments and deposits | *10* | **5,695,458** | 15,076,202 |
| Amounts due from associates | | **853,767** | 994,964 |
| Amounts due from joint ventures | | **439,499** | 752,391 |
| Amounts due from non-controlling interests | | **1,991,575** | 2,215,461 |
| Tax prepaid | | **2,390,421** | 2,574,823 |
| Restricted cash and deposits | | **9,897,715** | 12,616,346 |
| Cash and bank balances | | **19,433,181** | 19,876,023 |
| | | **172,725,660** | 190,642,582 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2022

| | Notes | 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade and other payables | *11* | **20,830,621** | 19,928,604 |
| Contract liabilities | | **61,157,740** | 81,803,731 |
| Amounts due to associates | | **10,516** | 2,069 |
| Amounts due to joint ventures | | **287,318** | 84,928 |
| Amounts due to non-controlling interests | | **6,199,342** | 5,510,332 |
| Amounts due to related companies | | **261,145** | 186,119 |
| Lease liabilities | | **14,852** | 14,534 |
| Taxation liabilities | | **4,348,917** | 7,282,145 |
| Bank and other borrowings | | **12,176,911** | 12,773,873 |
| | | **105,287,362** | 127,586,335 |
| **Net current assets** | | **67,438,298** | 63,056,247 |
| **Total assets less current liabilities** | | **75,494,469** | 71,200,086 |
| **Non-current liabilities** | | | |
| Bank and other borrowings | | **30,828,251** | 29,162,103 |
| Lease liabilities | | **35,945** | 28,199 |
| Guaranteed notes and corporate bonds | | **4,593,302** | 3,286,018 |
| Amount due to a related company | | **-** | 75,026 |
| Deferred tax liabilities | | **2,635,819** | 2,892,481 |
| | | **38,093,317** | 35,443,827 |
| **Net assets** | | **37,401,152** | 35,756,259 |
| **Capital and reserves** | | | |
| Share capital | *12* | **6,047,372** | 5,579,100 |
| Reserves | | **23,894,824** | 23,148,789 |
| Equity attributable to owners of the Company | | **29,942,196** | 28,727,889 |
| Non-controlling interests | | **7,458,956** | 7,028,370 |
| **Total equity** | | **37,401,152** | 35,756,259 |

## 1. GENERAL INFORMATION

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

The principal activities of the Group mainly comprise property investment and development, property leasing and investment holding. The Group's business activities are principally carried out in certain regions in the PRC, in which Hefei, Jinhua, Nantong, Quanzhou, Shantou, Taizhou, Tangshan and Yinchuan had significant contribution to the contracted property sales for the year.

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

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

The financial information relating to the years ended 31 December 2022 and 2021 included in this preliminary announcement of annual results 2022 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2022 in due course.

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

The financial statements for the year ended 31 December 2022 were approved and authorized for issue by the Board on 27 March 2023.

* *English translation is for identification only*

## 2. PRINCIPAL ACCOUNTING POLICIES

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

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

Save as described in note 3 “Adoption of HKFRS”, the accounting policies used in preparing the consolidated financial statements are consistent with those followed in the Group’s annual financial statements for the year ended 31 December 2021.

## 3. ADOPTION OF HKFRS

### 3.1 Adoption of new or revised HKFRS – effective 1 January 2022

In the current year, the Group has applied for the first time the following new amendments issued by the HKICPA, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2022:

| | |
|---|---|
| Amendments to HKAS 16 | Property, Plant and Equipment - Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts - Cost of Fulfilling a Contract |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKFRS 16 | COVID-19 - Related Rent Concessions Beyond 30 June 2021 |
| Annual Improvements to HKFRSs 2018-2020 | Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Leases |

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

## 3. ADOPTION OF HKFRS (CONTINUED)

### 3.2 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 consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

| | |
|---|---|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current[2] |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants[2] |
| HK-Int 5 (2022) | Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2] |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to HKAS 8 | Definition of Accounting Estimates[1] |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback[2] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The above 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.

## 4. REVENUE

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

| | **2022** | 2021 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| **Revenue from contracts with customers within the scope of HKFRS 15** | | |
| - Sales of properties | **57,244,150** | 53,594,028 |
| - Hotel and other services income | **14,340** | 18,770 |
| | **57,258,490** | 53,612,798 |
| **Revenue from other sources** | | |
| - Property rental income | **233,528** | 217,673 |
| **Total revenue** | **57,492,018** | 53,830,471 |

## 5. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's most senior management for the purposes of 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 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. |

## 5. SEGMENT INFORMATION (CONTINUED)

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment revenue represents revenue from external customers and there were no inter-segment sales between different operating segments during the year or in prior year. Segment profit/loss includes the Group's share of profit/loss arising from the activities of the Group's associates and joint ventures. Reportable segment profit/loss excludes corporate income and expenses 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 bank and other borrowings, certain amounts due to related companies, guaranteed notes and corporate bonds that are managed on a group basis.

**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 2022*** | | | | |
| **Revenue from contracts with customers disaggregated by timing of revenue recognition** | | | | |
| - Goods transferred over time | **322,624** | **-** | **-** | **322,624** |
| - Goods transferred at a point in time | **56,921,526** | **-** | **-** | **56,921,526** |
| - Services transferred over time | **-** | **-** | **14,340** | **14,340** |
| | **57,244,150** | **-** | **14,340** | **57,258,490** |
| **Revenue from other sources** | | | | |
| - Rental income | **-** | **233,528** | **-** | **233,528** |
| | **57,244,150** | **233,528** | **14,340** | **57,492,018** |

## 5. SEGMENT INFORMATION (CONTINUED)

**Disaggregation of revenue by timing of revenue recognition (Continued)**

| | Property investment and development RMB'000 | Property leasing RMB'000 | Other segment RMB'000 | Consolidated RMB'000 |
|---|---|---|---|---|
| *For the year ended 31 December 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 |

**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 2022*** | | | | |
| Reportable segment revenue | **57,244,150** | **233,528** | **14,340** | **57,492,018** |
| Reportable segment profit/(loss) | **5,991,235** | **152,404** | **(56,796)** | **6,086,843** |
| Corporate income | | | | **54,804** |
| Finance costs | | | | **(63,400)** |
| Other corporate expenses | | | | **(99,536)** |
| Profit before income tax | | | | **5,978,711** |

## 5. SEGMENT INFORMATION (CONTINUED)

**Segment results, segment assets and segment liabilities (Continued)**

| | Property investment and development RMB'000 | Property leasing RMB'000 | Other segment RMB'000 | Consolidated RMB'000 |
|---|---|---|---|---|
| ***As at 31 December 2022*** | | | | |
| Reportable segment assets | **170,887,294** | **4,509,552** | **564,006** | **175,960,852** |
| Tax assets | | | | **4,267,097** |
| Corporate assets^ | | | | **553,882** |
| Total consolidated assets | | | | **180,781,831** |
| Reportable segment liabilities | **88,619,360** | **56,164** | **450** | **88,675,974** |
| Tax liabilities | | | | **6,984,736** |
| Bank and other borrowings | | | | **43,005,162** |
| Guaranteed notes and corporate bonds | | | | **4,593,302** |
| Amount due to a related company | | | | **75,026** |
| Other corporate liabilities | | | | **46,479** |
| Total consolidated liabilities | | | | **143,380,679** |
| *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 |
| Bank and other borrowings | | | | 41,935,976 |
| Guaranteed notes and corporate bonds | | | | 3,286,018 |
| Amount due to a related company | | | | 75,026 |
| Other corporate liabilities | | | | 18,912 |
| Total consolidated liabilities | | | | 163,030,162 |

^ Corporate assets as at 31 December 2022 mainly included property, plant and equipment of RMB86,352,000 (2021: RMB95,910,000), right-of-use assets of RMB102,619,000 (2021: RMB92,185,000) and cash and bank balances of RMB363,761,000 (2021: RMB158,688,000), which are managed on a group basis.

## 5. SEGMENT INFORMATION (CONTINUED)

**Segment results, segment assets and segment liabilities (Continued)**

**Other information**

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

# 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 inventories of properties to investment properties.

## 5. SEGMENT INFORMATION (CONTINUED)

**Geographical information**

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

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

| | **2022** | 2021 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Hong Kong | **16,840** | 3,786 |
| Other regions of the PRC | **6,162,655** | 6,255,593 |
| | **6,179,495** | 6,259,379 |

**Information about major customer**

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2022 and 2021.

## 6. PROFIT BEFORE INCOME TAX

| | **2022** | 2021 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Profit before income tax is arrived at after charging: | | |
| Depreciation: | | |
| Right-of-use assets | **25,548** | 23,856 |
| Property, plant and equipment | **69,155** | 66,722 |
| Total depreciation | **94,703** | 90,578 |
| Write-down of inventories of properties* | **2,673,218** | 244,600 |

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

## 7. INCOME TAX EXPENSE

| | **2022** | 2021 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Current tax for the year | | |
| Hong Kong profits tax | **-** | - |
| Other regions of the PRC | | |
| - Enterprise income tax ("EIT") | **2,447,618** | 3,486,296 |
| - Land appreciation tax ("LAT") | **725,857** | 1,911,083 |
| | **3,173,475** | 5,397,379 |
| Over provision in prior years | | |
| Other regions of the PRC | **(3,943)** | (17,036) |
| Deferred tax | **(246,945)** | (875,859) |
| | **2,922,587** | 4,504,484 |

## 7. INCOME TAX EXPENSE (CONTINUED)

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

EIT arising from other regions of the PRC is calculated at 25% (2021: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (2021: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

## 8. DIVIDENDS

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

| | **2022** | 2021 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Interim dividend – HK$0.06 (2021: HK$0.08) per ordinary share | **184,871** | 228,472 |
| Proposed final dividend – HK$0.15 (2021: HK$0.30) per ordinary share *(note)* | **476,957** | 839,676 |
| | **661,828** | 1,068,148 |

Note:
The final dividend of HK$0.15 (2021: HK$0.30) per ordinary share, amounting to HK$533,906,000, equivalent to approximately RMB476,957,000 (2021: HK$1,027,008,000, equivalent to approximately RMB839,676,000), has been proposed by the directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

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

| | **2022** | 2021 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Final dividend in respect of previous financial year, approved and paid during the year of HK$0.30 (2021: HK$0.275) per ordinary share | **878,160** | 782,758 |

In respect of the 2021 proposed final dividend, shareholders of the Company were 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 was conditional upon the passing of the resolution relating to the payment of the final dividend at the annual general meeting and the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued under the scrip dividend scheme.

The proposed final dividend in respect of 2021 of HK$0.30 per ordinary share was approved in the annual general meeting of the Company on 20 June 2022. The approved 2021 final dividend totalling HK$1,027,008,000, equivalent to approximately RMB878,160,000 at the date of the annual general meeting, has been settled partly by new shares of the Company and partly in cash in August 2022. The number of ordinary shares issued as scrip dividend was 136,014,891 and the total amount paid as scrip dividend was HK$541,883,000, equivalent to approximately RMB468,272,000, while cash dividend amounted to HK$485,125,000, equivalent to approximately RMB409,888,000.

## 9. EARNINGS PER SHARE

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

| **Earnings** | **2022** | 2021 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Profit for the year attributable to owners of the Company | **3,150,440** | 5,050,575 |

| **Weighted average number of ordinary shares** | **2022** | 2021 |
|---|---|---|
| | **'000** | '000 |
| Weighted average number of ordinary shares in issue during the year | **3,474,785** | 3,423,360 |

Diluted earnings per share for the years ended 31 December 2022 and 2021 are same as the basic earnings per share as there have been no dilutive potential ordinary shares in existence during both years.

## 10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

| | **2022** | 2021 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Trade receivables, net | **45,138** | 69,505 |
| Other receivables, net | **658,407** | 1,170,491 |
| Prepayments and deposits | **4,991,913** | 13,836,206 |
| | **5,695,458** | 15,076,202 |

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

| | **2022** | 2021 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| 30 days or below | **15,343** | 61,660 |
| 31–60 days | **548** | 393 |
| 61–90 days | **297** | 192 |
| 91–180 days | **6,552** | 2,567 |
| 181–360 days | **291** | 2,162 |
| Over 360 days | **22,107** | 2,531 |
| | **45,138** | 69,505 |

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

As at 31 December 2022, no material provision was made against the gross amount of trade receivables, other receivables and contract costs.

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

## 11. TRADE AND OTHER PAYABLES

| | **2022** | 2021 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Trade payables | **18,748,443** | 16,766,887 |
| Other payables and accruals | **1,723,560** | 2,659,299 |
| Deposits received | **358,618** | 502,418 |
| | **20,830,621** | 19,928,604 |

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

| | **2022** | 2021 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| 30 days or below | **7,190,923** | 4,963,403 |
| 31–60 days | **591,383** | 980,182 |
| 61–90 days | **755,721** | 332,051 |
| 91–180 days | **2,375,782** | 2,414,362 |
| 181–360 days | **3,110,061** | 3,493,279 |
| Over 360 days | **4,724,573** | 4,583,610 |
| | **18,748,443** | 16,766,887 |

## 12. SHARE CAPITAL

| | **Number of ordinary shares** | **Carrying amount RMB'000** |
|---|---|---|
| **Issued and fully paid – ordinary shares with no par** | | |
| **Balance at 1 January 2021, 31 December 2021, 1 January 2022** | **3,423,359,841** | **5,579,100** |
| **Issuance of shares in respect of scrip dividend of 2021 final dividend (note 8(b))** | **136,014,891** | **468,272** |
| **Balance at 31 December 2022** | **3,559,374,732** | **6,047,372** |

## 13. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 24 February 2023, 中海宏洋地產集團有限公司 China Overseas Grand Oceans Property Group Company Limited*, a wholly-owned subsidiary of the Company, completed the issuance of the first tranche of 2023 corporate bond due February 2026 (the "2023 Corporate Bond") in the principal amount of RMB1,000,000,000 with the interest rate of 3.9% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the 2023 Corporate Bond, amounted to approximately RMB998,600,000, which are used for repaying the interest-bearing debts and replenishing working capital.

* *English translation is for identification only*

## PROPOSED FINAL DIVIDEND

After reviewing the working capital requirements for the Group's future expansion of its business, the Board has recommended the payment of a final dividend of HK15 cents per share for the year ended 31 December 2022. Together with an interim dividend of HK6 cents per share, the total dividend for the whole year amounted to HK21 cents per share, HK17 cents decrease compared with the total dividend of HK38 cents per share for the previous year.

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company (the "AGM") and the final dividend warrant is expected to be despatched to the shareholders of the Company at their own risk on or around 18 July 2023.

## CLOSURE OF REGISTER OF MEMBERS

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

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

| | |
|---|---|
| - Latest time to lodge transfer documents for registration with the Company's share registrar | At 4:30 p.m. on 20 June 2023 |
| - Closure of Register of Members | 21 June 2023 to 26 June 2023 (both days inclusive) |
| - Record date | 26 June 2023 |

(ii) For determining entitlement to the final dividend:

| | |
|---|---|
| - Ex-dividend date | 28 June 2023 |
| - Latest time to lodge transfer documents for registration with the Company's share registrar | At 4:30 p.m. on 29 June 2023 |
| - Closure of Register of Members | 30 June 2023 |
| - Record date | 30 June 2023 |

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar at Tricor Standard Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than the aforementioned latest time.

## ANNUAL GENERAL MEETING

The AGM will be held on Monday, 26 June 2023 at 10:00 a.m. The notice of the AGM, which constitutes part of a circular to shareholders of the Company, will be sent to the shareholders of the Company in due course.

## REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's external auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on this announcement.

## AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Audit Committee of the Company has discussed with management and reviewed the Group's annual results and consolidated accounts for the year ended 31 December 2022.

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

Save as disclosed below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2022 and up to the date of this announcement.

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

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

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

**MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct for securities transactions by directors of the Company (the "Code of Conduct"), on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

Having made specific inquiries to all directors of the Company, they confirmed that they have complied with the Code of Conduct throughout the year of 2022.

## CORPORATE GOVERNANCE PRACTICE

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

The Company has applied the corporate governance principles and complied with all the code provisions (where applicable, some of the recommended best practices) set out in the Corporate Governance Code in Appendix 14 to the Listing Rules for the year ended 31 December 2022.

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

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

The annual report for the year ended 31 December 2022 of the Company will be published on the websites of the Stock Exchange, the Company and EQS TodayIR Limited and will be sent to the shareholders of the Company in due course.

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

Hong Kong, 27 March 2023

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