

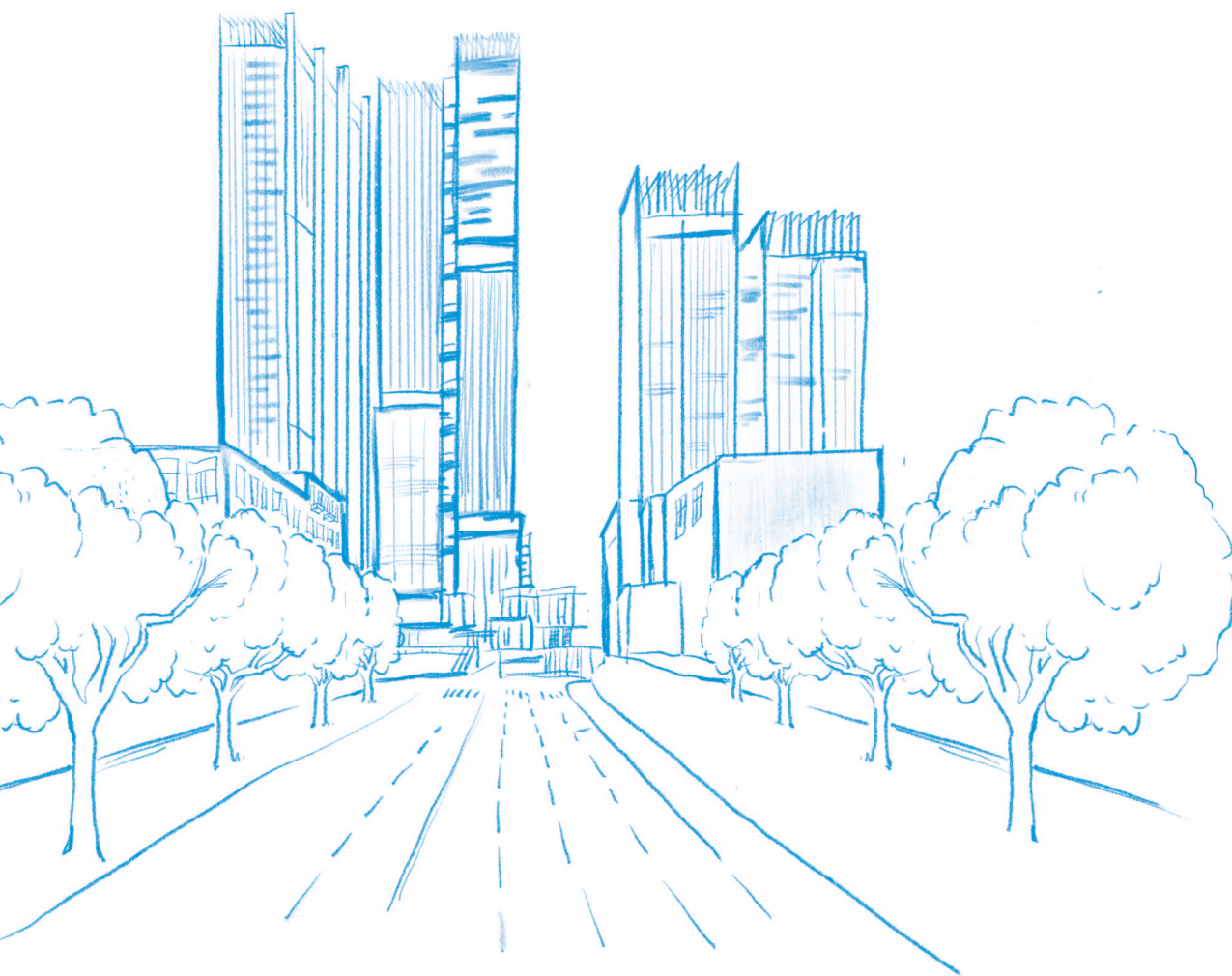


2020
ANNUAL
REPORT

遠洋集團控股有限公司
SINO-OCEAN GROUP HOLDING LIMITED

(Incorporated in Hong Kong with limited liability)

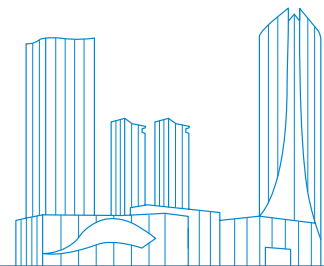
Stock Code: 03377.HK



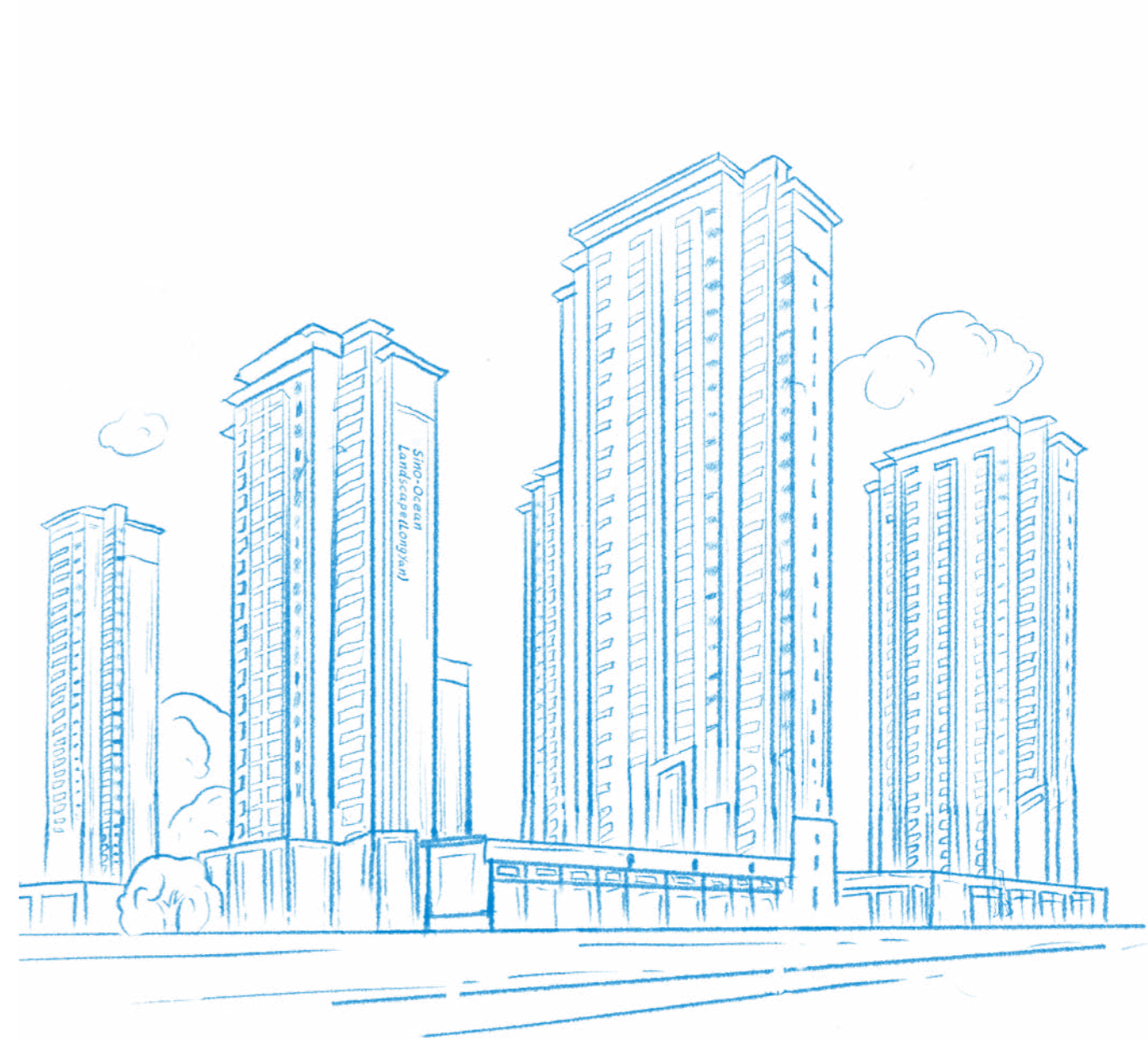
SINO-OCEAN

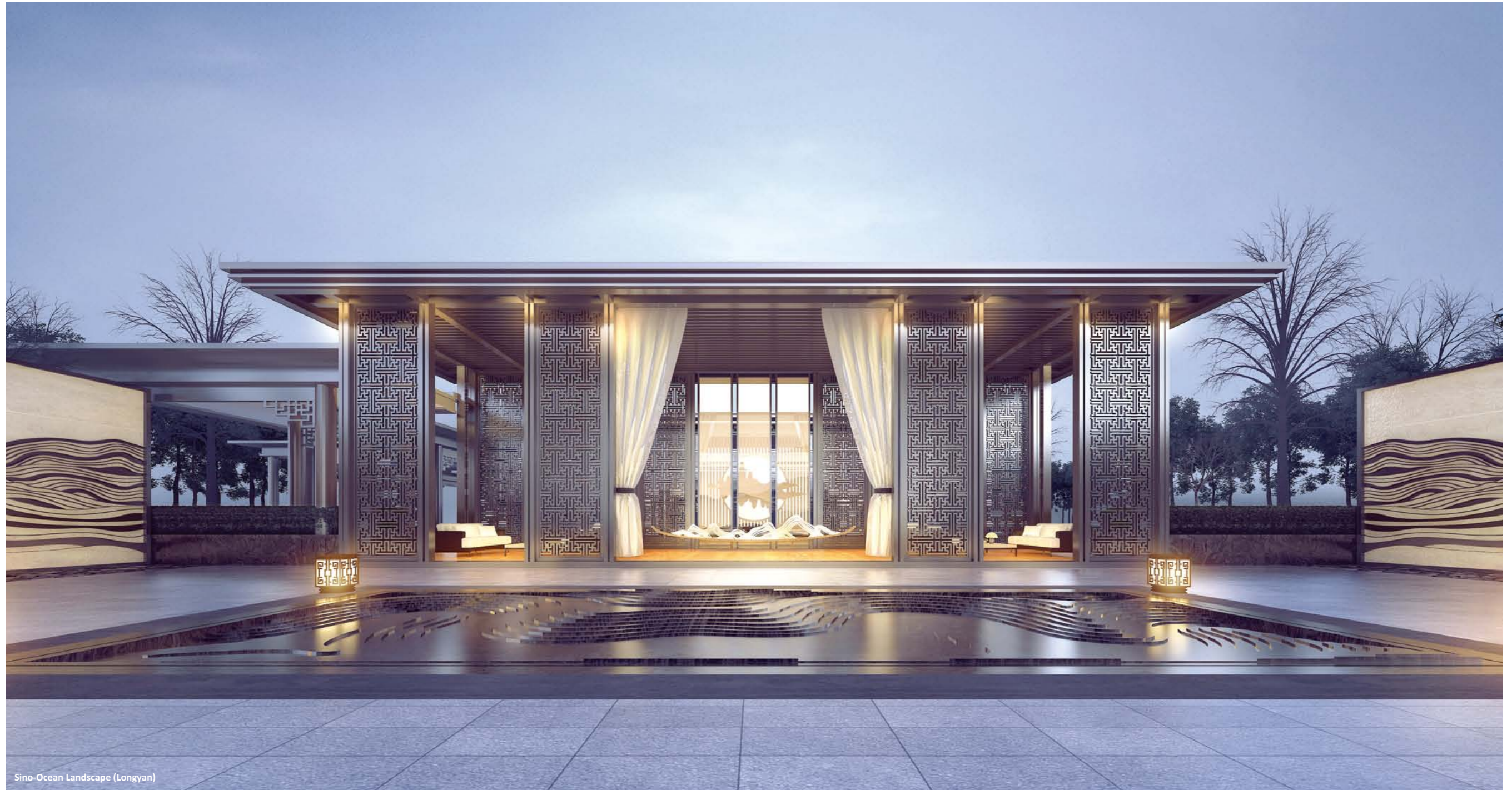
ARTISANAL · EXCELLENT · **USER-ORIENTED**

Artistry is the mainstay of our expertise, professionalism and undertakings.
Catering to clients' needs is the motivation for our continuous pursuit of excellence.
Clients' satisfaction is our foremost and ultimate goal.
Catering to clients' needs with artistry to win their satisfaction is the cornerstone
of survival and sustainable development.



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Sino-Ocean Landscape (Longyan)

Sino-Ocean Group Holding Limited (“Sino-Ocean Group”) was founded in 1993 and has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 28 September 2007 (stock code: 03377.HK), whose major shareholders include China Life Insurance Company Limited and Dajia Life Insurance Co., Ltd.

Sino-Ocean Group has been selected as a constituent of Hang Seng Composite Index (HSCI), Hang Seng Composite Industry Indexes — Properties and Construction Index, Hang Seng Stock Connect Hong Kong Index, Hang Seng Composite LargeCap & MidCap Index, Hang Seng SCHK High Dividend Low Volatility Index and Hang Seng Corporate Sustainability Benchmark Index.

In pursuit of the strategic vision of being the creator of “building health and creating social value”, Sino-Ocean Group is committed to becoming a pragmatic comprehensive corporation focusing on investment and development while exploring related diversified new businesses. Our core businesses include development of residential property, investment property development and operation, customer service and product construction, while non-core businesses cover real estate financing, logistics property, internet data center, senior living service, etc. “Sino-Ocean” is a brand name with nationwide reputation as a provider of consistent quality products and professional services.

Sino-Ocean Group currently owns more than 210 projects in different stages in rapidly growing Chinese cities and metropolitan regions, such as Beijing, Langfang, Qinhuangdao and Shijiazhuang in the Beijing Region; Tianjin, Dalian, Jinan and Qingdao in the Bohai Rim Region; Shanghai, Suzhou, Wuxi and Nanjing in the Eastern Region; Shenzhen, Zhongshan, Zhanjiang and Guangzhou in the Southern Region; Wuhan, Zhengzhou, Changsha and Hefei in the Central Region; Chengdu, Xi’an, Chongqing and Kunming in the Western Region. In addition, the company’s business territory has expanded abroad to Indonesia, Singapore, etc. As at 31 December 2020, we had a land reserve of over 38 million sq.m..

The corporate information of Sino-Ocean Group Holding Limited as of 30 March 2021, being the latest practicable date prior to the issue of this annual report, is as follows:

Directors

Executive Directors

Mr. LI Ming (*Chairman*)
Mr. WANG Honghui (appointed on 25 March 2020)
Mr. CUI Hongjie (appointed on 5 June 2020)
Mr. WEN Haicheng (resigned on 5 June 2020)
Mr. SUM Pui Ying (resigned on 25 March 2020)

Non-executive Directors

Ms. HUANG Xiumei (appointed on 19 March 2021)
Mr. FU Fei
Mr. HOU Jun (appointed on 14 April 2020)
Ms. LI Liling
Mr. ZHAO Peng (resigned on 19 March 2021)
Mr. FANG Jun (resigned on 14 April 2020)

Independent Non-executive Directors

Mr. HAN Xiaojing
Mr. SUEN Man Tak
Mr. WANG Zhifeng
Mr. JIN Qingjun
Ms. LAM Sin Lai Judy

Audit committee

Ms. LAM Sin Lai Judy (*Chairman*)
Ms. HUANG Xiumei (appointed on 19 March 2021)
Ms. LI Liling
Mr. SUEN Man Tak
Mr. JIN Qingjun
Mr. ZHAO Peng (resigned on 19 March 2021)

Nomination committee

Mr. LI Ming (*Chairman*)
Mr. HAN Xiaojing
Mr. WANG Zhifeng

Remuneration committee

Mr. HAN Xiaojing (*Chairman*)
Mr. SUEN Man Tak
Mr. WANG Zhifeng

Strategic and investment committee

Mr. LI Ming (*Chairman*)
Mr. WANG Honghui (appointed on 25 March 2020)
Mr. FU Fei
Mr. HOU Jun (appointed on 14 April 2020)
Mr. JIN Qingjun
Ms. LAM Sin Lai Judy
Mr. FANG Jun (resigned on 14 April 2020)

Company secretary

Mr. CHUNG Kai Cheong (appointed on 25 March 2020)
Mr. SUM Pui Ying (resigned on 25 March 2020)

Authorized representatives

Mr. LI Ming
Mr. CHUNG Kai Cheong (appointed on 25 March 2020)
Mr. SUM Pui Ying (resigned on 25 March 2020)

Registered office

Suite 601, One Pacific Place
88 Queensway
Hong Kong

Principal place of business

31–33 Floor, Tower A
Ocean International Center
56 Dongsihuanzhonglu
Chaoyang District
Beijing PRC

Principal bankers

(in alphabetical order)

Agricultural Bank of China, Ltd.
Bank of Beijing Co., Ltd
Bank of China (Hong Kong) Limited
Bank of China Limited
Bank of Shanghai Co., Ltd.
China Bohai Bank Co., Ltd.
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Everbright Bank Co., Ltd.
China Merchants Bank Co., Ltd.
China Zheshang Bank Co., Ltd.
CMB Wing Lung Bank Limited
DBS Bank (Hong Kong) Ltd.
Hang Seng Bank Limited
Industrial and Commercial Bank of China, Ltd.
Industrial Bank Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Legal advisor

Paul Hastings

Share registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Listing information

The Stock Exchange of Hong Kong Limited
Stock Code: 03377

Company website

www.sinooceangroup.com

Investor relations contact

ir@sinooceangroup.com

BEIJING REGION

Beijing, Langfang, Qinhuangdao, Shijiazhuang, Taiyuan, Zhangjiakou
 Total GFA: 12,454,000 sq.m.
 Total landbank: 10,618,000 sq.m.

Number of projects: **47**

EASTERN REGION

Shanghai, Suzhou, Wuxi, Nanjing, Hangzhou, Jiaxing, Wenzhou, Huzhou, Yangzhou, Chuzhou, Ningbo, Changzhou, Shaoxing
 Total GFA: 6,591,000 sq.m.
 Total landbank: 3,881,000 sq.m.

Number of projects: **45**

CENTRAL REGION

Wuhan, Zhengzhou, Changsha, Hefei, Nanchang
 Total GFA: 6,029,000 sq.m.
 Total landbank: 4,146,000 sq.m.

Number of projects: **17**

OTHER REGION

Jakarta, Singapore
 Total GFA: 70,000 sq.m.
 Total landbank: 70,000 sq.m.

Number of projects: **2**

BOHAI RIM REGION

Tianjin, Dalian, Jinan, Qingdao, Shenyang, Yantai
 Total GFA: 16,844,000 sq.m.
 Total landbank: 10,203,000 sq.m.

Number of projects: **34**

SOUTHERN REGION

Shenzhen, Zhongshan, Zhanjiang, Guangzhou, Fuzhou, Jiangmen, Maoming, Zhangzhou, Longyan, Foshan, Sanya, Hong Kong, Xiamen
 Total GFA: 10,862,000 sq.m.
 Total landbank: 5,477,000 sq.m.

Number of projects: **43**

WESTERN REGION

Chengdu, Xi'an, Chongqing, Kunming, Guiyang
 Total GFA: 4,652,000 sq.m.
 Total landbank: 3,648,000 sq.m.

Number of projects: **27**

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Sino-Ocean Group Focuses on Acquiring Quality Land Resources, with Landbank Coverage Extended to 50 Cities all Over the PRC and Overseas



Financial Highlights (RMB million)	2020	2019	Change
Contracted Sales	131,040	130,030	1%
Revenue	56,511	50,926	11%
Gross profit	10,457	10,222	2%
Profit for the year	4,683	4,166	12%
Profit attributable to owners of the Company	2,866	2,656	8%
Core profit	2,227	2,084	7%
Total assets	259,689	243,699	7%
Equity attributable to owners of the Company	53,649	49,907	7%
Cash resources ¹	43,929	33,566	31%

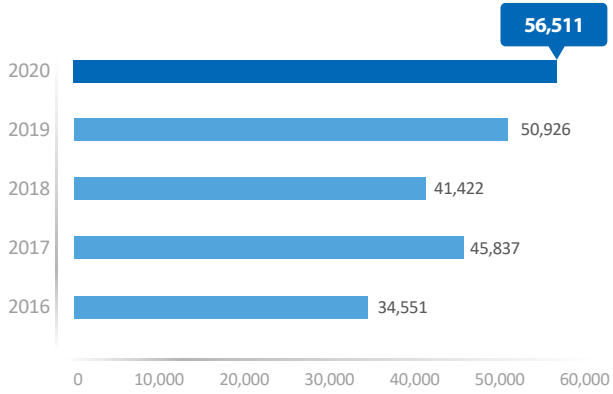
Financial Information per share	2020	2019	Change
Earnings per share (RMB)			
— Basic	0.376	0.349	8%
— Diluted	0.376	0.349	8%
Dividend per share (RMB)	0.131	0.122	7%

Financial Ratios	2020	2019	Change
Gross profit margin (%)	19%	20%	-1 pt
Core profit margin (%)	4%	4%	-
Net profit margin (%)	8%	8%	-
Net gearing ratio (%) ²	55%	77%	-22 pts
Current ratio (times)	1.5	1.8	-17%

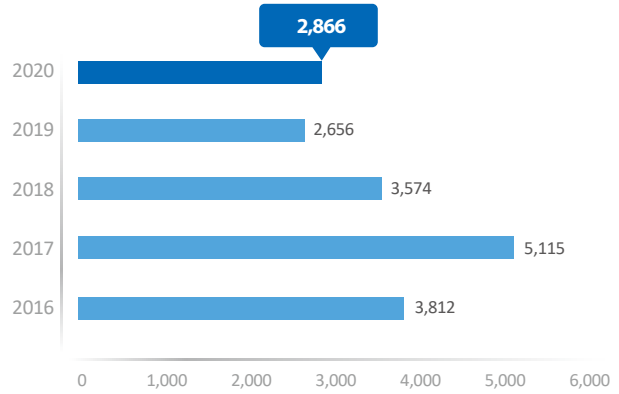
Notes:

¹ Including the restricted bank deposits² Total borrowings minus cash resources divided by total equity

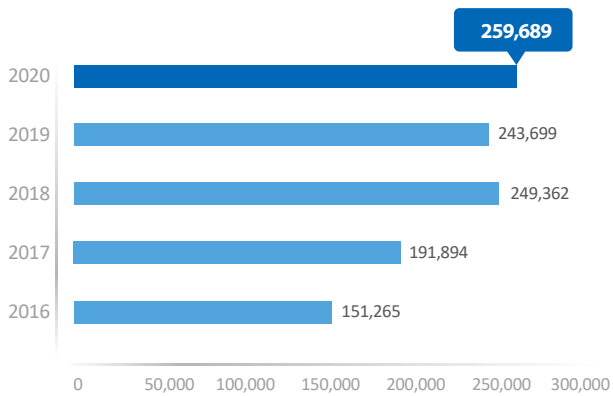
Revenue
(RMB million)



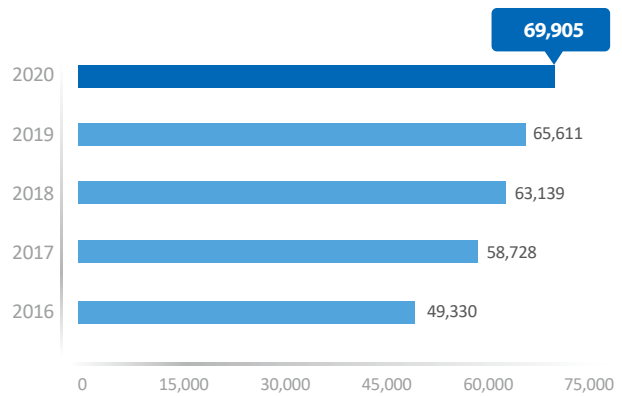
Profit Attributable to Owners of the Company
(RMB million)



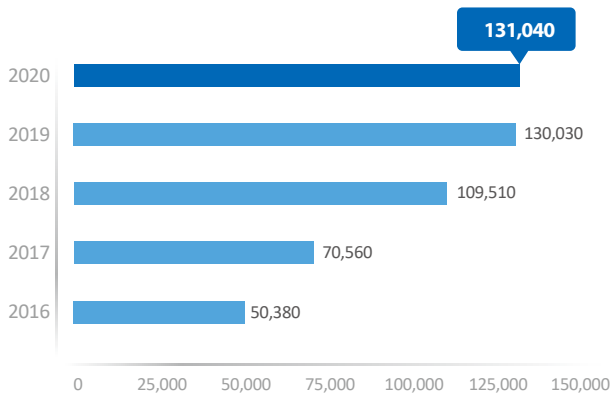
Total Assets
(RMB million)



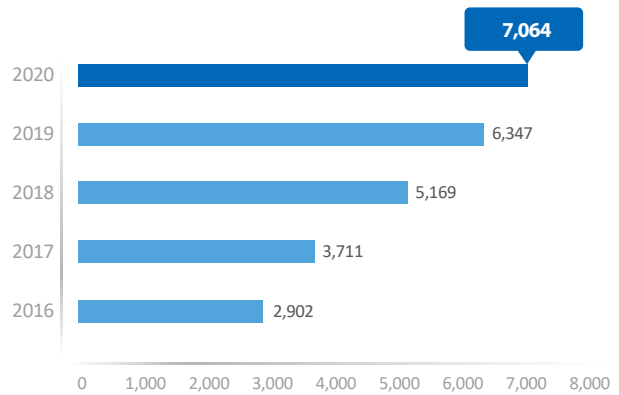
Total Equity
(RMB million)



Contracted Sales
(RMB million)



Saleable GFA Sold
('000 sq.m.)



On behalf of our board of directors (“the Board”), I have the pleasure in presenting the results of Sino-Ocean Group Holding Limited (“Sino-Ocean Group” or the “Company”) and its subsidiaries (together referred to as “our Group”, the “Group” or “We”) for the twelve months ended 31 December 2020.

RESULTS OF 2020

For the twelve months ended 31 December 2020, the Group recorded RMB56,511 million in revenue, an increase of 11% as compared to the previous year. Benefiting from the increase of revenue and effective cost control measures during the year, profit attributable to owners of the Company and earnings per share in 2020 increased to RMB2,866 million and RMB0.376 respectively, both of which have increased by 8% as compared to the previous year. Based on the profit attributable to owners of the Company in 2020, the Board is pleased to propose a final dividend of RMB0.075 per share for the year ended 31 December 2020. Together with the interim dividend of RMB0.056 per share, total dividend per share for 2020 was RMB0.131 (2019: HKD0.136, equivalent to RMB0.122, rounded to the nearest three decimal places). The payment of the 2020 final dividend would be subject to the approval of the shareholders of the Company (the “Shareholders”) at the Company’s annual general meeting (the “AGM”).

2020 BUSINESS REVIEW

As the fifth phase of strategic development commenced in 2020, the Group was steadfast in the deployment of the set strategies. Based on the positioning of ‘a comprehensive real estate enterprise that principally develops residential property and related diversified businesses’, we focused on residential development, efficiency and expansion, promoted related businesses, continued to streamline management, raised all key capabilities and improved business operations.

Residential development enjoyed stable growth, operation efficiency gradually recovered

Despite a hostile environment, the Group spared no efforts in expanding residential development. Through classified management of businesses, initiating on-line sales, enhancing sales techniques and adjusting supply distribution and tempo, contracted sales in the year reached RMB131.04 billion, achieving growth year-on-year (“YoY”) against all odds in the pandemic. Frontline teams’ tireless hard-work pushed the Group’s market share to the top in Tianjin, Langfang and etc. Projects including Oriental World View (Wuhan), Neo-metropolis (Tianjin), Xixi Mansion (Hangzhou), Ocean Palace (Shenzhen) were ahead of competitors and the market. The contribution from residential development increased to 88% of the Group’s total revenue in the year, proof of a successful focus. At the same time, profit margin gradually recovered and recorded a rise of 8% YoY in profit attributable to the owners of the Company.

Purchased quality land at the right time to optimize location planning

In 2020, the Group grasped windows through diverse channels to acquire an abundance of quality land resource. The new landbank worth a saleable value of RMB102.8 billion was acquired in 2020, laying a firm foundation for future expansion. In accordance with the fifth phase of strategic development, the Group took advantage of its solid position in the core regions of Beijing-Tianjin-Hebei to shift the location planning further towards ‘the south and west’, including high value regions such as the Yangtze River Delta, Great Bay Area, the middle reaches of Yangtze River and the central cities in the Western Region. During the year, 64% of newly acquired projects were in ‘the south and west’ areas and 48% of new attributable saleable value was in the major city clusters of the Yangtze River Delta and Great Bay Area. To speed up turnover, the Group purchased mainly small land plots suitable for quick turnover. At the same time, we deepened city cultivation by engaging all new investments in key penetrated cities. This will enhance the Group’s future performance.

Key investment property projects achieved break-through, synergy with the principal business promoted growth

As the second largest driving force in raising the competitiveness of the Group's residential development, the investment property business continued to perform well with key projects achieving break-through. The retail trade in Grand Canal Place (Hangzhou) and Sino-Ocean Taikoo Li Chengdu (Chengdu) rose against all odds in the pandemic by 11% and 6% YoY respectively; Grand Canal Place (Beijing) was officially debuted in the Tongzhou sub-center; CBD Plot Z6 (Beijing) located in the CBD core district in Beijing commenced construction in October 2020, a benchmark super A grade healthy office block is in the making; in December 2020, the Group and Swire Properties, working together for the third time, will jointly develop INDIGO II (Beijing), which promises to be a benchmark major commercial complex of the region.

At the same time, synergy between property investment business and residential property development continued to interpromote business and stimulate the Group's performance. Offices for sale and residential/commercial composite buildings helped to boost the value of residential blocks; land acquisition was also driven by specific features such as retail, offices and art and culture. At the moment, there are more than 10 related projects in progress, of which Citylane (Wuhan), acquired through the synergy of property investment and property development, was officially launched.

Sino-Ocean Service successfully listed, future growth within reach

In 2020, the Group's property management business — Sino-Ocean Service (06677.HK) grew rapidly both in business line and profitability. As its service capabilities in mid-to-high-end properties continued to expand, the company managed to cover all the prosperous core areas in China. Currently Sino-Ocean Service has reached over 60 cities in China with more than 300 projects and contracted GFA exceeding 70 million sq.m. In May 2020, it was recognized as the "Potential Unicorn of Property Management Service", "Top 100 Most Valuable Brand of Property Management Service" by China Property Management Institute, E-house China R&D Institute and China Real Estate Appraisal Centre and ranked 13th among the Top 100 Property Management Companies in China according to China Index Academy. In December 2020, Sino-Ocean Service was officially listed on the Main Board of The Stock Exchange of Hong Kong Limited, proof of recognition of its corporate value by the equity market. Going forward, Sino-Ocean Service will consistently optimize property management services, augment customer satisfaction and brand awareness, and promote synergy with property development and property investment to boost the Group's business.

Financial position enhanced, international investment grade rating retained

Asset structure continued to improve. The Group actively disposed of low efficiency assets, sped up residential development turnover and settlement, and expanded non-residential businesses on a lighter and better mode. As a result, overall asset and liability structure was more balanced and total asset turnover rate was higher. At the end of 2020, the scale of the Group's projects under development increased, accounts receivable dropped, borrowings fell approximately RMB1.7 billion YoY, net gearing ratio was 55%, 22 percentage points lower than that at the end of 2019, a new low in recent years.

Funds remained good, cost of fund reduced steadily. In 2020, the Group tightened budget management across the board, persisted on cash collection, pushed for integrated investment and finance, actively backed projects with supply chain assets, and gradually recovered previous investments, resulting in visible cash flow improvement. Taking advantage of a robust condition, the Group succeeded in grasping windows to make several low interest rate financing issues. In January 2020, the Group issued the 10-year offshore guaranteed notes at 4.75% under exceptionally volatile conditions offshore. In April 2020, the Group issued PPN for a total of RMB2 billion, 3-year maturity at 3.35%, a record low cost. During the same period, the Group issued the first tranche of accounts receivable assets linked note at a coupon rate of 3.00%, the lowest among the same product during that period. Cost of funding in 2020 was approximately 5.10%, 0.4 percentage point lower than in 2019 and remained at the low end.

In August and December 2020, the Group maintained the international investment grade rating with stable outlook by Moody's and Fitch respectively.

Initiated an all-round cost control system to raise competitiveness

In 2020, the Group initiated an all-round cost control system. By establishing an all-cost target, contract planning, and active closure management procedures and principles, we aimed to account for liability cost, to guarantee the full-cycle functionality of projects and to reveal the completeness of budgets, with the ultimate goal of raising the Group's cost competitiveness. This system was rolled out in the residential development business.

Continued to consolidate management system to achieve further streamlining

The Group began management streamlining in the previous year. The '4+8' system, revolved round projects and businesses, significantly raised the quality of internal management and efficiency in decision making. In 2020, the Group consolidated the system. Through optimizing personnel allocation and key items approval processes, and active appraisals of project top-tier personnel, the system delivered results consistently. All project heads became more alert of the financial indicators and more efficient at decision-making.

Resolute with the concept of 'building • health' and constructed benchmark projects

In 2020, the Group broke new grounds in the promotion and implementation of 'building • health'. In response to the rapidly rising demand by residents for health, we repeatedly upgraded 'Sino-Ocean Healthy Building System 1.1'. The system was implemented in all newly acquired projects creating numerous benchmark healthy buildings and providing a healthy and comfortable living environment for customers. As at December 2020, the healthy building system was applied in over 90 projects in more than 40 cities nationwide, covering approximately 15 million sq.m. In addition, the Group applied stringent delivery quality standard, planned exquisitely furnished units in batches to test the market and initiated joint-scrutiny of delivery samples to ensure the highest level of quality. This won us recognition and approval from numerous authorities and customers including 'China Healthy Building Quality Model' and '2020 China Outstanding Real Estate Product Brand'.

Vigorously applied preventive measures to ensure normal business operation

COVID-19 brought serious effects to the property market in 2020. The Group rolled out a series of measures 'to tackle the problem without delay'. Responding swiftly, the Group set up a task force in January 2020 to carry out pandemic preventive measures across the board, and dispatch materials to Wuhan and other hard-hit areas. At the beginning of the pandemic, we were able to lock in labor resources and materials to encourage early resumption of construction. Thorough antiseptic and inspection work was carried out in the first instance in all investment properties. Rents were reduced to help business partners during hard times. The Group's Sino-Ocean Charity Foundation set up the 'Special Fund for Prevention and Control of COVID-19' to coordinate frontline relief in the hard hit areas. The Foundation provided over 400,000 items of medical supplies, over RMB20 million in cash donation and special expenditure. In May 2020, the Group's seven major commercial projects, in support of the public announcements initiated by People's Daily, played videos of medical groups in Hubei to express gratitude to 42,000 relief workers.

Our pandemic preventive work has now become a norm to ensure normal operations and practice our new culture of 'responsibility, sharing, health' set out in the fifth phase of strategic development.

MARKET REVIEW AND OUTLOOK

As the pandemic ravaged the world in 2020, global economy suffered a historic setback. Economy in China first declined then rose and became the only in the world's major economies to record a positive growth. Central government persisted with 'housing for accommodation not speculation' and regulatory measures of the industry's finance by laying down 'three red lines' and implementing policies to centralize credit management of banks. More stringent measures were also applied to cities where property prices rose rapidly. The Group predicts that the 'three red lines' will have far-reaching impact on the industry's development and competition strategies among enterprises.

The pandemic eased off since the second quarter of 2020 and the market picked up continually as a result of the various supportive measures by the Central and local governments. Data from the National Bureau of Statistics showed that sales of commercial housing in China in 2020 reached RMB17.36 trillion, a record high, rising 8.7% YoY.

Faced with severe challenges differentiation of property enterprises in different echelons deepened. The edge enjoyed by national brands in sales, product quality, cost control and financing capabilities became even more apparent and these enterprises garnered even greater market share. Under the 'three red lines' investments by property enterprises were tightened and geared towards high-energy cities. More resources were invested in product quality, user services and digitalization. Streamlined operation and internal efficiency were accentuated.

Looking ahead, 2021 is the year in which China's 14th Five-Year Plan commences. In view of the uncertain international circumstance and the pandemic situation, China's macro policies will seek a balance between 'stabilizing growth, controlling risks, encouraging reforms'. Macro policies regarding real estate will therefore maintain that 'housing is for accommodation not speculation' and 'stability' is the priority, city-specific policies are also in place to curb undue fluctuations. As the effects of the 'three red lines' and bank credit red line are gradually felt, it is expected that the industry's funding will remain tight in the entire year. As the unusual monetary policies gradually fade out and control policies for core cities remain stringent, market demand is expected to remain stable.

In the mid to long term, the industry will still face many trials. Though there is still room for market expansion, the industry's growth rate will slacken and go into a 'slow growth' cycle, moving from a rapid growth driven by financial leverage to one that is more stable, balanced and of quality. Users' demands for high quality real estate products and services are more substantial all the time, urging the industry to become increasingly similar to 'manufacturing', 'servicing' and 'financing'. As the tendency of industry concentration and profitability decline in stages becomes apparent, enterprises that are cash rich and enjoy a robust financial position will have better access to market resources and opportunities. Those who possess inner strength, maintain solid operation, build excellent products and offer exceptional services will stand out from the rest.

2021 COMPANY STRATEGIES

In 2021, the Group will be in the second year of the fifth phase of strategic development. It will also be the first year for the various units and businesses to implement the sub-strategies. The Group will continually remain determined in streamlining management, consolidating key capabilities in management and optimizing the management system. We will serve customers and users in an artisan's spirit and implement the necessary way of survival and sustainability.

Remain focused on residential development, raise key capabilities and secure quality expansion

Strengthen sales system and capabilities. In an environment of increasingly fierce competition in the industry, the Group will continue to deepen the building up of its own sales teams, stiffen frontline enthusiasm, create the marketing culture of Sino-Ocean, use digital marketing to improve marketing efficiency and effectiveness, and enhance marketing expertise in multiple dimensions. We will also adopt flexible marketing strategies throughout the year to accelerate sales and cash collection.

Expand investments and enhance resource structure. The Group will actively respond to the “two centralizations” policy of land bidding, auction and listing, enhance city and project research capabilities, improve the accuracy of project positioning, and control investment risks. Adhere to the strategies of ‘the south and west’ and city penetration, there will be breakthrough in the quantity, quality and acquisition methods of new projects and land in 2021. Investments will drive adjustments in the Group’s asset structure. Relevant support mechanisms will be improved to dispose of low efficiency assets and optimize resource structure.

Implement an all-round cost control system to raise competitiveness. This system will be implemented in all the Group’s newly acquired and constructed projects. It will be extended to cover all businesses to control all costs and full-cycle expenses of projects with the ultimate goal of enhancing our cost competitiveness.

To be user-oriented, elevate quality of products and services all round. In 2021, the Group will reinforce quality management to ensure their full-cycle functionality and excellence. We will also continue with research work to create standardized, intelligent and visionary products. Combined with the idea of ‘building health’, we will build ‘health’ as the Group’s brand label and highlight. Extending ‘customer service’ to ‘user service’, we aim to promote awareness of users and provision of services to them to augment product quality, service standards and internal management.

Accelerate growth of other businesses. The investment property business will accelerate construction of landmark commercial and office buildings, raise operating efficiency and management capabilities. Sino-Ocean services will also advance in scope and quality to boost customer satisfaction. Construction will synergize with residential development to build high quality products for customers.

Explore growth momentum for non-residential businesses

Senior living business will focus on raising occupancy rates, improving cash flow, boosting capabilities in building, operation and sales. Real estate finance will become even more specialized, set up more funds and platforms to raise funds. Internet data centers and logistics real estate will also build more platforms and increase investments to propel business onto the fast track.

Ensure execution of strategies, activate organizational prowess

In compliance with the demand to ‘focus on major markets, major products, major teams’ as set out in the fifth phase of strategic development, the Group will build professional teams to ‘specialize in one type of product and one type of market’, and allocate specific human resources accordingly. Outstanding teams are encouraged to split to maximize competitiveness. The Group will also encourage talents to move between different areas and businesses for optimal resource allocation, to promote self-motivation and organizational vitality to ensure completion of the fifth phase strategies.

APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude to all Shareholders, investors, local authorities, business partners and customers who have been most supportive; also to our directors (the “Directors”), management and the entire staff for their dedicated hard work. Our sustainable and stable development could not be achieved without their unreserved support.

LI Ming
Chairman

Hong Kong, 23 March 2021






A discussion and analysis of Sino-Ocean Group Holding Limited (“Sino-Ocean Group” or the “Company”) and its subsidiaries (together referred to as “our Group”, the “Group” or “We”) for the year ended 31 December 2020 is set out below:

FINANCIAL REVIEW

Sino-Ocean Group is a pragmatic comprehensive corporation focusing on investment and development while exploring related diversified new businesses. We have secured a leading position in major city clusters including the Beijing Region, the Bohai Rim Region, the Eastern Region, the Southern Region, the Central Region and the Western Region. The Group will continue to stay focused on acquiring quality projects. On 17 December 2020, Sino-Ocean Service Holding Limited (06677.HK) was officially listed on the Main Board of The Stock Exchange of Hong Kong Limited. We believe that the spin-off and listing of our property management business will not only benefit the development of the property management business, but also help release the potential value of the Group’s assets.

The Group’s contracted sales amount for the year 2020 (including its joint ventures and associates) reached a record high of RMB131,040 million (2019: RMB130,030 million) with total saleable GFA sold of approximately 7,063,500 sq.m. (2019: 6,346,600 sq.m.). We recorded an increase in revenue of RMB5,585 million, or 11%, to RMB56,511 million (2019: RMB50,926 million). The profit attributable to owners of the Company increased to RMB2,866 million (2019: RMB2,656 million), representing an increase of 8% as compared to 2019. Basic earnings per share increased accordingly by 8% to RMB0.376 (2019: RMB0.349).

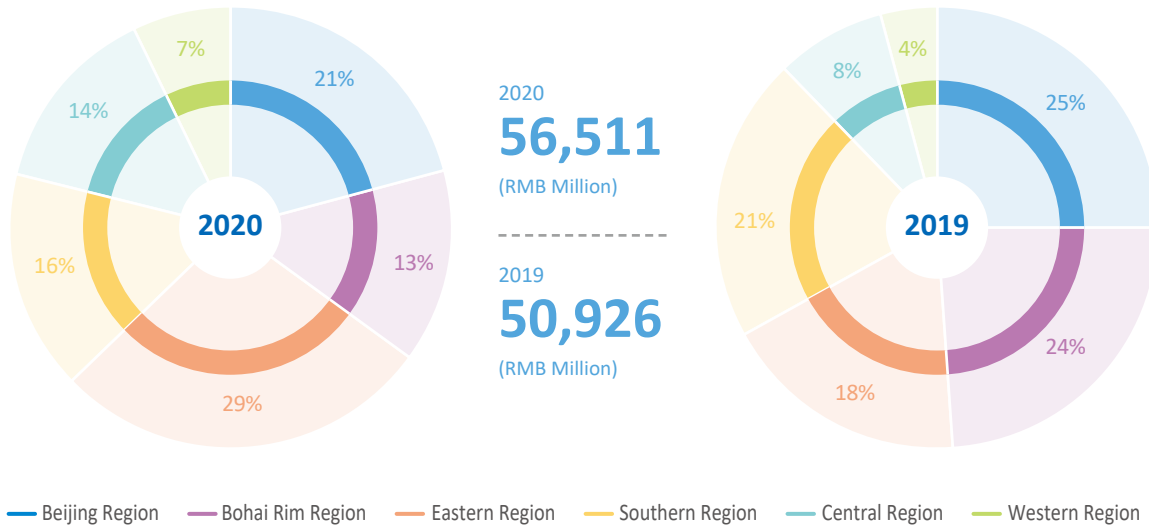
The components of the revenue are analyzed as follows:

(RMB million)	2020	2019	Change
 Property development	49,617	43,100	15%
 Property investment	494	678	-27%
 Property management and related services ¹	1,763	1,579	12%
 Other real estate related businesses	4,637	5,569	-17%
 Total	56,511	50,926	11%

Note:

- Property management and related services represent property management services, community value-added services and value-added services to non-property owners only.

Revenue contributions by geographical locations are analyzed below:



Revenue

The Group's revenue in 2020 increased by 11% to RMB56,511 million, from RMB50,926 million in 2019. Property development segment remained the largest contributor, which accounted for about 88% of total revenue. The Group pursues the 'south and west' strategic planning. During 2020, 74% of revenue from property development was contributed by the Eastern, Southern, Central and Western Regions (2019: 59%). We will persistently maintain a balanced project portfolio for mitigating the risk from single market fluctuations and enabling more effective usage of resources, allowing the Group to stay focus of our future development plan.

Cost of sales

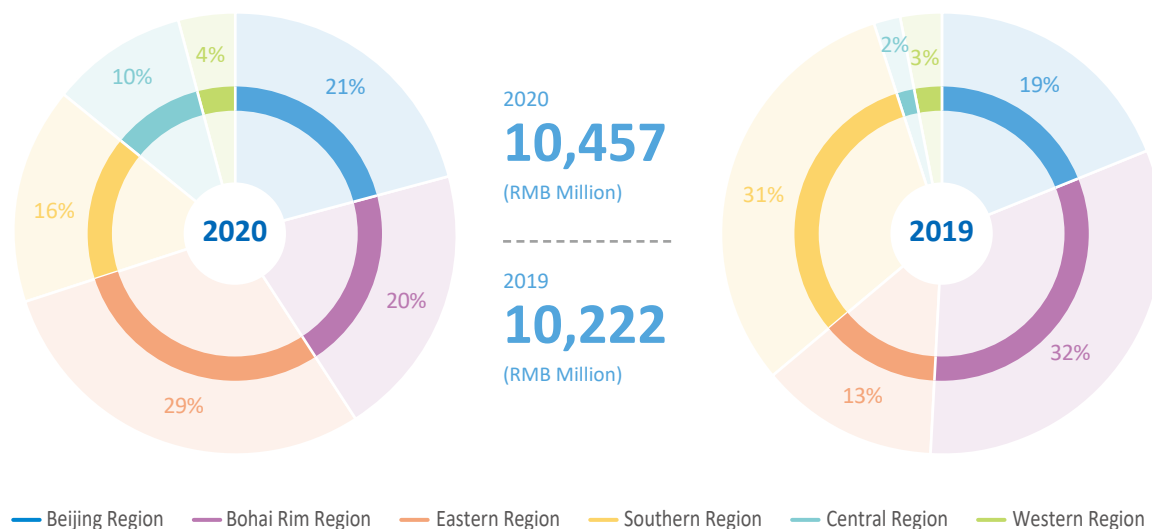
In line with the increase in the recognised sales of property development, the Group's total cost for the year increased to RMB46,053 million accordingly (2019: RMB40,704 million).

The Group's total cost of sales was mainly the cost of property development, which mainly consisted of land cost and construction cost.

Excluding carparks, average land cost per sq.m. of property development business in 2020 increased to approximately RMB6,200 compared to RMB5,400 in 2019. This was mainly due to more projects in tier-one cities being delivered, such as Ocean Palace and Ocean Seafront Towers in Shenzhen, which were at relatively higher land cost. Average construction cost per sq.m. (excluding carparks) for property development business decreased by 5% to approximately RMB5,400 for the year, compared to RMB5,700 in 2019. The decrease in average construction cost was mainly because the Group further strengthened its cost competitiveness by optimizing the project cost control and management system.

Gross profit

Gross profit by geographical locations is analyzed below:



Gross profit for the year was RMB10,457 million, representing an increase of 2% compared to that of 2019. Gross profit margin slightly decreased to 19% (2019: 20%).

Interest and other income and other gains (net)

Interest and other income decreased by 14% to RMB2,394 million in 2020, compared to RMB2,771 million in 2019. Such decrease was mainly due to the decrease in entrusted loan interest income, which was brought by the overall decline in the entrusted loan balance during the year.

The Group recorded other gains (net) of RMB1,335 million in 2020 (2019: RMB699 million). Other gains (net) were mainly comprised of exchange gains, gains on revaluation of financial assets and financial liabilities at fair value through profit or loss and losses on disposal of subsidiaries during the year.

Revaluation of investment properties

Due to the adverse impact caused by the novel coronavirus pandemic, the Group recognized fair value losses on its investment properties (before tax and non-controlling interests) of RMB156 million for 2020 (2019: fair value gains of RMB373 million).

Operating expenses

Selling and marketing expenses for 2020 was RMB1,293 million (2019: RMB1,270 million), which increased by 2% as compared to 2019. These costs accounted for approximately 1.0% of the total contracted sales amount for 2020 (2019: 1.0%). It mainly reflected that the Group put more resources in its sales and marketing activities during 2020.

Under the Group's strict cost control policy, despite the incurrence of the one-off listing expense of Sino-Ocean Service Holding Limited ("Sino-Ocean Service"), an indirect non-wholly owned subsidiary of the Company and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 17 December 2020, in the amount of approximately RMB38 million, administrative expenses incurred for 2020 decreased to RMB1,816 million (2019: RMB1,919 million), representing 3.2% of the total revenue for 2020 (2019: 3.8%). The Group will continue to adopt strict cost control measures to maintain these costs at a relatively stable and lower level.

Finance costs

Our weighted average interest rate decreased to 5.10% for the year of 2020 (2019: 5.50%). As we obtained lower cost of financing during the year, the total interest expenses paid or accrued amounted to RMB4,832 million in 2020 (2019: RMB5,236 million), of which RMB2,111 million (2019: RMB2,394 million) was not capitalized and charged through consolidated income statement during the year.

Taxation

The aggregate of enterprise income tax and deferred tax slightly increased to RMB2,550 million in 2020 (2019: RMB2,536 million), reflecting an effective tax rate of 35% (2019: 38%). The decrease in the effective tax rate is mainly due to the decrease of non-deductible expenses recognized in 2020, which affected the calculation basis. In addition, land appreciation tax in 2020 decreased to RMB2,817 million (2019: RMB3,715 million).

Profit attributable to owners of the Company

Benefiting from the increase in revenue and effective cost control measures, profit attributable to owners of the Company in 2020 increased by 8% to RMB2,866 million, compared to RMB2,656 million in 2019. The Group's core profit increased by 7% to RMB2,227 million in 2020 (2019: RMB2,084 million). Our management will continue to focus on the improvement of our shareholders' return as their on-going task.

Financial resources and liquidity

During 2020, the Group continued to refine our funding structure, liquidity and credit policies to minimize its risk exposure under the everchanging financial market and global economic environment. With overwhelming support from investors, the Group successfully issued guaranteed notes of USD400 million, private placement note of RMB2,000 million and accounts receivables asset-backed facilities from Shanghai Stock Exchange of RMB327 million in the first half of 2020. We are committed to managing the borrowings at an appropriate level, the borrowings decreased from RMB83,907 million at the end of 2019 to RMB82,204 million as at the year end of 2020, of which 53% of the borrowings were denominated in RMB. The remaining borrowings were denominated in other currencies, such as HKD and USD. Approximately 67% of the borrowings were made at fixed interest rate.

As at 31 December 2020, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB43,929 million, of which 92% (2019: 85%) of the Group's cash resources were denominated in RMB with the remaining balances denominated in other currencies, and a current ratio of 1.5 times (2019: 1.8 times). Together with unutilized credit facilities of about RMB242,150 million, the Group is confident with its liquidity. We have ample financial resources and an adaptable financial management policy to support our business expansion in the coming years.

As at 31 December 2020, the Group maintained financial soundness with the net gearing ratio (i.e. total borrowings less total cash resources divided by total equity) of approximately 55% (31 December 2019: approximately 77%). Given that the Group still had cash resources of RMB43,929 million as at 31 December 2020, we are satisfied with our current gearing position. And we expect the net gearing ratio to remain healthy in 2021.

The maturities of the Group's total borrowings are set out as follows:

(RMB million)	As at 31 December 2020	As a percentage of total borrowings	As at 31 December 2019	As a percentage of total borrowings
Within 1 year	25,934	32%	9,295	11%
1 to 2 years	17,459	21%	29,766	35%
2 to 5 years	27,005	33%	29,580	35%
Over 5 years	11,806	14%	15,266	19%
Total	82,204	100%	83,907	100%

Other investments

As at 31 December 2020, the Group owned a diversified investment portfolio, such as investments in joint ventures and associates for property development projects, investments in property funds, financial derivatives for hedging purposes, equity and debt financial investments in real estate.

The results of the above investments have been properly reflected in the audited financial information for the year ended 31 December 2020.



Ocean Lake Mansion (Jiaying)

Financial guarantees and charge on assets

As at 31 December 2020, the value of the guarantees provided by the Group to banks for mortgages extended to property buyers before completion of their mortgage registration was RMB9,800 million (2019: RMB9,595 million).

In 2020, the Group had pledged some of plant and equipment, land use rights, properties under development, completed properties held for sale, investment properties and equity interest to secure short-term borrowings (including the current portion of long-term borrowings) of RMB4,724 million (2019: RMB1,849 million) and long-term borrowings of RMB4,485 million (2019: RMB7,377 million). As at 31 December 2020, total pledged assets accounted for approximately 5% of the total assets of the Group (2019: 7%).

Capital commitments

The Group entered into certain agreements in respect of land acquisition, property development and investment in a joint venture. As at 31 December 2020, the Group had a total capital commitment of RMB21,833 million (2019: RMB8,434 million). The increase was mainly for the commitments to provide funding to a joint venture for its investment property development.

Contingent liabilities

In line with the prevailing commercial practice in the Mainland China, the Group provides guarantees for mortgages extended to property buyers before completion of their mortgage registration. As at 31 December 2020, the total amount of the aforesaid guarantees provided by the Group was RMB9,800 million (2019: RMB9,595 million). In the past, the Group had not incurred any material loss from providing such guarantees, as the guarantees were given as a transitional arrangement that would be terminated upon the completion of the mortgage registration and were secured by the buyers' properties.

As at 31 December 2020, the Group provided guarantees amounted to approximately RMB3,308 million for borrowings of joint ventures and third party (31 December 2019: RMB1,059 million).

Material acquisitions and disposals of subsidiaries, associates and joint ventures

• Deemed disposal of interest in a subsidiary — spin-off and separate listing of Sino-Ocean Service Holding Limited

On 7 September 2020, the Company announced its proposal relating to the spin-off and separate listing of its subsidiary, Sino-Ocean Service on the Main Board of the Stock Exchange (the "Spin-off"). Sino-Ocean Service conducted a global offering (the "Global Offering") of 296,000,000 shares comprising the public offering in Hong Kong and the international offering (including the preferential offering of shares to the qualifying shareholders of the Company) at an offer price of HKD5.88 per share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

Sino-Ocean Service and its subsidiaries are principally engaged in property management services, community value-added services and value-added services to non-property owners.

Following the completion of the Global Offering (including the preferential offering), (i) listing of Sino-Ocean Service on the Main Board of the Stock Exchange took place on 17 December 2020; and (ii) dealings in the shares of Sino-Ocean Service on the Main Board of the Stock Exchange commenced at 9:00 a.m. on 17 December 2020.

Upon completion of the Global Offering (including the preferential offering) and the capitalization issue of 887,889,000 shares, the Company, through its wholly-owned subsidiary, indirectly controls in aggregate approximately 67.57% of the total issued share capital of Sino-Ocean Service, remains as a subsidiary of the Company.

The Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Rules Governing the Listing of Securities on the Stock Exchange.

Details of the Spin-Off have been disclosed in the announcements of the Company dated 7 September 2020, 13 November 2020, 22 November 2020, 23 November 2020, 7 December 2020, 16 December 2020, 17 December 2020 and 9 January 2021.

• Investment in a property development company

On 18 December 2020, Beijing Yingyu Enterprise Management Consulting Co., Ltd.* (北京穎煜企業管理諮詢有限公司) and Tianjin Yigangtong Enterprise Management Co., Ltd.* (天津頤港通企業管理有限公司) (collectively known as the “Subsidiaries”, both being wholly-owned subsidiaries of the Company) and Shiny Harbour Limited (the “JV Partner”, being a wholly-owned subsidiary of Swire Properties Limited 太古地產有限公司) were notified of their successful joint bidding in the public listing-for-sale conducted on the Beijing Rural Area Equity Exchange* (北京農村產權交易所) for a 99.79% equity interest in Beijing Xingtaitonggang Properties Company Limited* 北京星泰通港置業有限公司 (the “Target Company”) (the “Investment”). Prior to the Investment, the Target Company was wholly-owned by Beijing Xingtai Hongxin Asset Management Co., Ltd.* (北京星泰泓信資產管理有限公司) (the “Existing Shareholder”). The principal asset of the Target Company is the land use rights of two parcels of land of 34,000 square meters and 44,298.68 square meters respectively located at Tuofangying Village, Jiangtai Township, Chaoyang Prefecture, Beijing (北京朝陽區將台鄉駝房營村). A property comprising shopping complex, office buildings and a hotel is intended to be constructed on the land.

The total contribution for the Investment shall be RMB23,000,000,000, of which RMB14,934,540,000 is to be contributed by the Group.

Upon completion of the Investment, the Target Company is owned as to 64.79% by the Group, 35.00% by the JV Partner and 0.21% by the Existing Shareholder, and the Target Company was accounted for as a joint venture of the Company in the consolidated financial statements of the Group.

Details of the transactions have been disclosed in the announcements of the Company dated 18 December 2020 and 17 March 2021 and the circular of the Company dated 24 February 2021.

* for identification purposes only

BUSINESS REVIEW

Property development

Recognized sales

Revenue from property development business increased by 15% in 2020, amounting to RMB49,617 million (2019: RMB43,100 million). Saleable GFA delivered increased by 15% from approximately 2,975,000 sq.m. in 2019 to approximately 3,412,000 sq.m. in 2020. Excluding carparks sales, the average selling price recognized in 2020 slightly increased to RMB15,900 per sq.m. (2019: RMB15,700 per sq.m.).

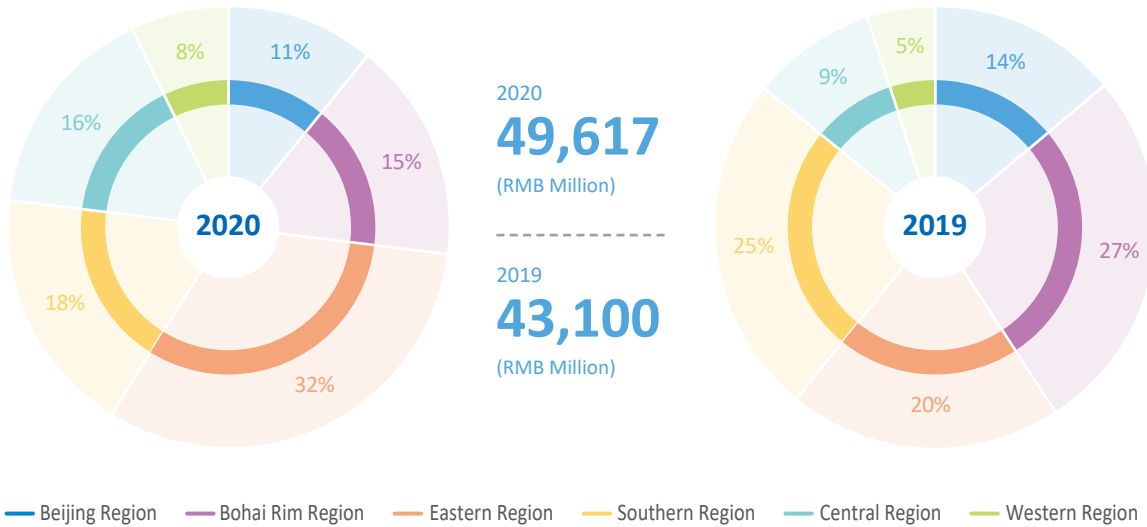
Revenue and saleable GFA delivered by cities during 2020 are set out as follows:

Regions	Cities	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)
Beijing Region	Beijing	2,768	48,585	57,000
	Qinhuangdao	1,425	68,440	20,800
	Shijiazhuang	1,054	63,773	16,500
	Taiyuan	83	6,995	11,900
		5,330	187,793	28,400
Bohai Rim Region	Tianjin	2,975	148,232	20,100
	Dalian	721	55,385	13,000
	Jinan	597	68,053	8,800
	Qingdao	123	7,740	15,900
	Shenyang	1,547	161,867	9,600
	Yantai	317	25,040	12,700
		6,280	466,317	13,500
Eastern Region	Shanghai	121	4,538	26,700
	Suzhou	972	93,586	10,400
	Wuxi	177	11,906	14,900
	Nanjing	2,337	199,880	11,700
	Hangzhou	5,654	178,744	31,600
	Jiaxing	1,993	134,947	14,800
	Wenzhou	1,589	73,433	21,600
	Changzhou	156	11,823	13,200
	Shaoxing	1,068	70,955	15,100
Taizhou	1,086	65,132	16,700	
		15,153	844,944	17,900

Regions	Cities	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)
Southern Region	Shenzhen	4,439	64,337	69,000
	Zhongshan	525	69,496	7,600
	Zhanjiang	981	122,385	8,000
	Guangzhou	307	18,303	16,800
	Zhangzhou	443	63,861	6,900
	Foshan	2,023	180,289	11,200
	Sanya	46	990	46,500
		8,764	519,661	16,900
Central Region	Wuhan	6,648	399,627	16,600
	Changsha	73	4,888	14,900
	Hefei	1,257	126,057	10,000
		7,978	530,572	15,000
Western Region	Chengdu	1,021	53,707	19,000
	Chongqing	1,761	159,675	11,000
	Kunming	477	66,686	7,200
	Guiyang	349	34,943	10,000
			3,608	315,011
	Other projects	1,080	171,565	6,300
Subtotal (excluding carparks)		48,193	3,035,863	15,900
Carparks (various projects)		1,424	376,357	3,800
Total		49,617	3,412,220	14,500

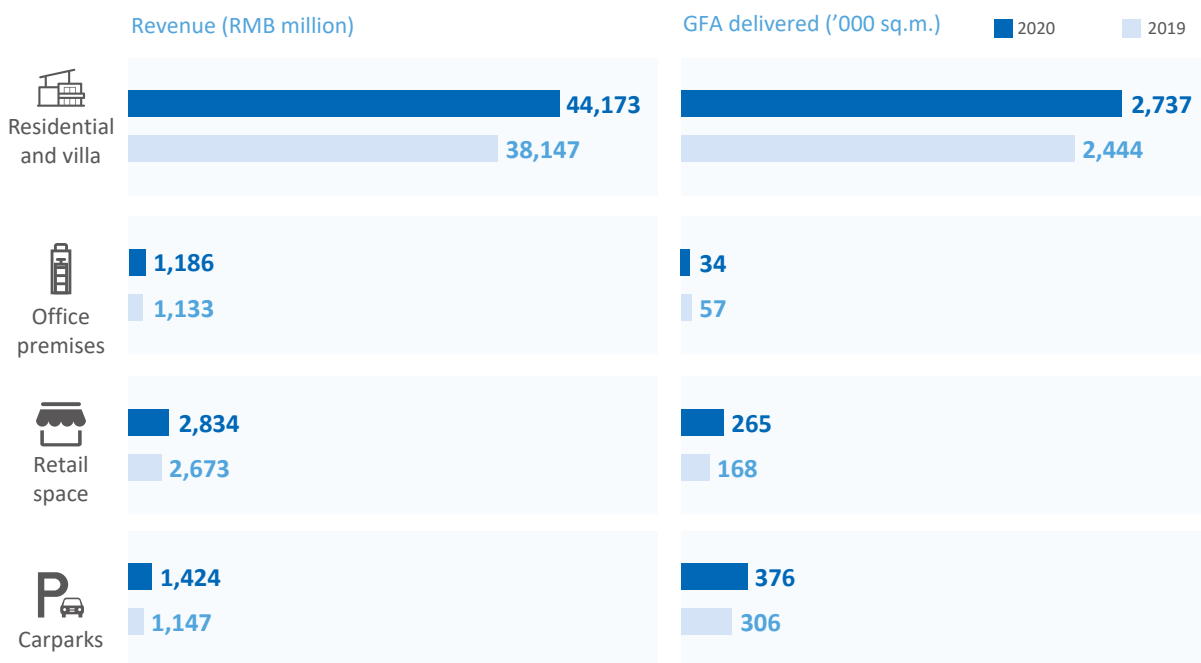
During 2020, the Group's total revenue from property development business for Beijing Region decreased to 11% (2019: 14%). Meanwhile, the Group developed a more balanced mix of contribution from the six regions on its revenue from property development business during the year.

Revenue from property development by geographical locations are analyzed below:



In terms of property types, residential properties (including villa) continued to contribute the largest portion of property development revenue, accounting for 89% in 2020 (2019: 89%). The average selling price recognized for the revenue from residential properties (including villa) in 2020 increased by 3% to RMB16,100 per sq.m. (2019: RMB15,600 per sq.m.) while corresponding total saleable GFA delivered increased by 12% from approximately 2,444,000 sq.m. in 2019 to approximately 2,737,000 sq.m. in 2020.

Revenue from property development in terms of property types are analyzed below:



Ocean Epoch (Beijing)

Contracted sales

The contracted sales of the Group, together with its joint ventures and associates, for the twelve months ended 31 December 2020 amounted to a record high of RMB131,040 million, representing approximately 1% increase compared to RMB130,030 million in 2019. Contracted saleable GFA sold in 2020 increased by 11% to 7,063,500 sq.m. (2019: 6,346,600 sq.m.). The average selling price (excluding car parks) decreased by 4% to RMB20,800 per sq.m. (2019: RMB21,700 per sq.m.).

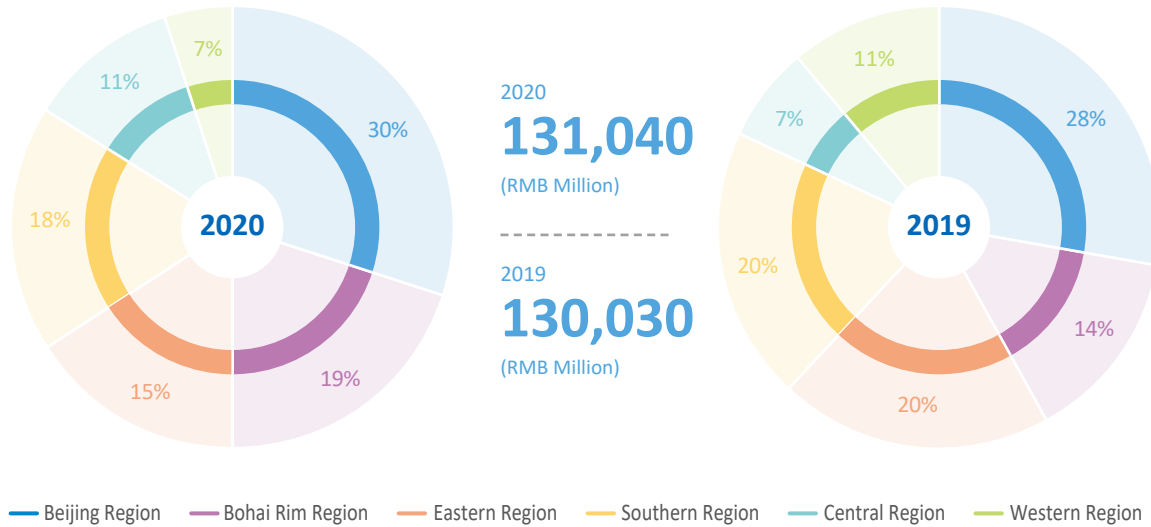
The contracted sales amounts and saleable GFA sold by cities in 2020 are set out below:

Regions	Cities	Contracted sales (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)
Beijing Region	Beijing	29,080	761,100	38,200
	Langfang	1,038	61,900	16,800
	Qinhuangdao	3,719	199,600	18,600
	Shijiazhuang	3,269	240,300	13,600
	Taiyuan	1,460	127,400	11,500
	Zhangjiakou	314	35,600	8,800
		38,880	1,425,900	27,300
Bohai Rim Region	Tianjin	8,954	414,400	21,600
	Dalian	3,636	209,400	17,400
	Jinan	3,847	282,700	13,600
	Qingdao	6,285	239,300	26,300
	Shenyang	347	36,900	9,400
	Yantai	130	16,000	8,100
		23,199	1,198,700	19,400
Eastern Region	Shanghai	2,528	79,300	31,900
	Suzhou	1,941	96,000	20,200
	Wuxi	1,270	96,300	13,200
	Nanjing	651	45,000	14,500
	Hangzhou	9,708	272,400	35,600
	Jiaxing	1,174	112,900	10,400
	Wenzhou	272	10,200	26,700
	Yangzhou	300	17,900	16,800
	Chuzhou	96	6,800	14,100
	Changzhou	201	13,000	15,500
	Shaoxing	234	14,300	16,400
	Taizhou	245	9,600	25,500
		18,620	773,700	24,100

Regions	Cities	Contracted sales (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)
Southern Region	Shenzhen	11,882	190,300	62,400
	Zhongshan	2,515	261,400	9,600
	Zhanjiang	586	54,200	10,800
	Guangzhou	988	43,000	23,000
	Fuzhou	1,048	64,800	16,200
	Maoming	95	13,400	7,100
	Zhangzhou	421	32,700	12,900
	Foshan	992	92,800	10,700
	Hong Kong	238	1,400	170,000
	Xiamen	1,210	75,100	16,100
		19,975	829,100	24,100
Central Region	Wuhan	9,615	428,300	22,400
	Zhengzhou	1,564	174,200	9,000
	Changsha	569	113,800	5,000
	Hefei	1,016	94,200	10,800
	Nanchang	852	85,500	10,000
		13,616	896,000	15,200
Western Region	Chengdu	1,469	93,500	15,700
	Xi'an	3,113	260,600	11,900
	Chongqing	1,288	109,800	11,700
	Kunming	546	37,700	14,500
	Guiyang	560	46,900	11,900
			6,976	548,500
	Other projects	1,669	236,300	7,100
Subtotal (excluding carparks)		122,935	5,908,200	20,800
Carparks (various projects)		8,105	1,155,300	7,000
Total		131,040	7,063,500	18,600

In terms of geographical distribution, there were over 170 projects available for sale during 2020 (2019: over 150 projects). Contracted sales from first and second-tier cities accounted for over 90% (2019: over 90%).

Contracted sales amounts by geographical locations are analyzed below:



In terms of property types, residential properties (including villa) continued to contribute the largest portion of contracted sales amount and accounted for 87% in 2020 (2019: 83%). The average selling price for residential properties (including villa) in 2020 increased by 3% to approximately RMB21,700 per sq.m. (2019: about RMB21,000 per sq.m.) and the saleable GFA sold for residential use increased by 2% from approximately 5,125,000 sq.m. in 2019 to approximately 5,246,000 sq.m. in 2020.

Contracted sales amount in terms of property types are analyzed below:



Construction Progress and Developing Projects

The Group's total GFA and total saleable GFA (including its joint ventures and associates) completed in 2020 were approximately 6,354,900 sq.m. and 5,152,700 sq.m. respectively, both of which increased by 44% as compared to that in 2019. The Group will maintain the current construction scale in order to have enough GFA available for sale and for delivery to support the growth in 2021.

The details of construction progress and development progress are set out below:

Regions	Cities	Projects	GFA completed in 2020 (sq.m.)	Targeted GFA to be completed in 2021 (sq.m.)	
Beijing Region	Beijing	Grand Canal Place	–	129,500	
		Grand Harmony Emerald Residence	–	224,000	
		Ocean Metropolis	100,300	–	
		Ocean Wulieepoch	118,700	476,300	
		Royal River Villa	–	132,000	
		Xinchi Tower	–	67,000	
	Qinhuangdao	Seatopia	95,000	144,200	
	Shijiazhuang	Vigorous Mansion	139,000	85,300	
	Taiyuan	Ocean Seasons		220,400	14,700
			Sino-Ocean Oriental Mansion	–	104,600
		Villa Epoch	54,300	–	
		Zhangjiakou	Centrality Mansion	–	190,500
Bohai Rim Region	Tianjin	Happy Light Year	11,500	97,000	
		Neo-metropolis	–	425,500	
		Ocean Epoch	35,000	–	
		Sino-Ocean Brilliant Courtyard	201,400	97,100	
		The Great Habitat Mansion House	215,700	180,200	
	Dalian	Diamond Bay	87,600	–	
		Ocean The Piedmont Epoch	37,800	4,500	
		The Place of Glory	800	–	
	Jinan	Ocean Epoch	138,900	216,100	
		Ocean Mansion	45,700	67,200	
	Qingdao	Ocean Great Harmony	–	160,800	
	Shenyang	The Mountain Echo	65,900	–	
	Yantai	Sino-Ocean Donglai County	43,400	–	

Regions	Cities	Projects	GFA completed in 2020 (sq.m.)	Targeted GFA to be completed in 2021 (sq.m.)
Eastern Region	Shanghai	Chongming Dongtan Project	–	178,500
		Wellness Masterpiece	49,000	–
	Suzhou	Easy Town	103,700	–
		Mansion Yue	150,000	–
		Ocean Melody	13,400	–
		Rocker Park	–	125,300
	Wuxi	Meicun Plot, Xinwu District	–	207,600
		Scenery Mansion	–	109,000
	Nanjing	Ocean Landscape	81,200	–
		Sino-Ocean Tangyue Landscape	30,200	–
	Hangzhou	Neo 1	43,000	–
		Xixi Mansion	395,000	–
	Jiaxing	East Lake	109,300	–
		Lakeside Wonderland	134,000	–
		Ocean Lake Mansion	91,000	–
		Ultimate Joy Mansion	116,800	–
	Wenzhou	Ocean Century Mansion	117,400	–
	Yangzhou	Grand Canal Milestone	–	56,000
	Chuzhou	Ocean Mansion	108,100	–
	Shaoxing	Ocean Yue Masterpiece	91,000	–
	Taizhou	Mansion	79,000	–

Regions	Cities	Projects	GFA completed in 2020 (sq.m.)	Targeted GFA to be completed in 2021 (sq.m.)
Southern Region	Shenzhen	Ocean Palace	–	196,000
		Ocean Seafront Towers	–	115,000
	Zhongshan	Blossoms Valley	261,700	–
		Leader Mountain	134,000	–
		SCity (formerly known as Suixicun 163 Project, Nantou)	–	33,600
		Sino-Ocean Landscape	–	209,500
		Zhonghui City (formerly known as Suixicun 135 Project, Nantou)	–	43,500
		Zhonghui City (formerly known as Suixicun 136 Project, Nantou)	82,800	–
		Zhonghui City (formerly known as Suixicun 137 Project, Nantou)	107,000	–
	Guangzhou	East Bay	123,300	146,200
		Hibiscus Villa	22,900	80,300
	Zhanjiang	Ocean City	28,000	–
	Fuzhou	East Bay	–	81,600
		Sino-Ocean Landscape	–	89,000
	Zhangzhou	Sino-Ocean Scenery	77,500	–
	Foshan	Delight River	162,200	800
Elite Palace		185,700	31,300	
Hong Kong	LP6	137,000	–	
Xiamen	The Only One	52,000	–	
	Top Mansion	75,000	–	

Regions	Cities	Projects	GFA completed in 2020 (sq.m.)	Targeted GFA to be completed in 2021 (sq.m.)
Central Region	Wuhan	Heart of Hankow	–	234,900
		Oriental World View	305,300	372,200
	Zhengzhou	Ocean Landscape Courtyard	–	38,300
		Ocean Melody	43,500	–
		Ocean Prospect	–	169,000
	Hefei	Ocean Glory	110,600	49,900
		Ocean Landscape	41,400	103,900
	Nanchang	Ocean Palace	7,800	26,100
	Western Region	Chengdu	Ocean Crown	73,700
Ocean Habitat			123,000	–
Ocean Sky Glory			71,000	–
Xi'an		Sino-Ocean Royal Landscape	–	69,600
Chongqing		Fenghua Melody	102,100	–
		Ocean Ninth Prince	240,100	–
		Poetry of Landscape	100,700	–
		Sino-Ocean Garden	5,600	–
Kunming		In Galaxy	174,400	51,000
		Sino-Ocean Esthetics Mansion	83,100	81,200
Guiyang		Sino-Ocean Prospect	100,000	–
Total			6,354,900	5,715,800

Landbank

As at 31 December 2020, the landbank of the Group (including its joint ventures and associates) increased by 2% to approximately 38,043,000 sq.m. (31 December 2019: 37,243,000 sq.m.); while landbank with attributable interest slightly decreased by 1% to 19,945,000 sq.m. (31 December 2019: 20,119,000 sq.m.). In 2020, we acquired 51 plots of land and 2 developed projects, total GFA and attributable interest GFA were 7,914,000 sq.m. and 3,969,000 sq.m. respectively. The average acquisition cost per sq.m. of the newly acquired land plots was RMB11,000. In terms of saleable GFA, the average land cost per sq.m. for our landbank as at 31 December 2020 was approximately RMB7,900 (31 December 2019: RMB7,500).

Details of the newly acquired land plots during 2020 are set out as follows:

Cities	Projects	Total GFA acquired ('000 sq.m.)	GFA attributable to the Group ('000 sq.m.)	Interest attributable to the Group (%)
Landbank				
Beijing	Captain House	131	67	51.00%
Beijing	INDIGO II	565	366	64.79%
Beijing	Liuniangfu Plot A2, Shijingshan District	249	77	31.00%
Beijing	Sino-Ocean Apple Garden No.6	69	35	50.00%
Beijing	World View	71	11	16.00%
Langfang	Plot I, Guangyang Logistics Project	41	12	28.21%
Langfang	Plot II, Guangyang Logistics Project	144	28	19.75%
Shijiazhuang	Family Park, Phase II	84	43	51.00%
Shijiazhuang	Jade Mansion, Phase II	48	19	40.00%
Tianjin	Harmony Mansion	102	59	58.00%
Tianjin	Sino-Fusion Baodi Logistics Park	32	16	49.00%
Dalian	Glory Mansion	36	36	100.00%
Jinan	Beihu Plot A-6, Tianqiao District	97	58	60.00%
Jinan	Jing 11 Road Plot B4, Huaiyin District	103	98	95.00%
Jinan	Plots in East of Tangye Middle Road and South of Hengsi Road	544	228	42.00%
Jinan	Sino-Ocean Metropolis	379	229	60.31%
Jinan	Zhaojiazhuang Project, Licheng District	226	46	20.52%
Shenyang	Ocean Elite River Prospect	400	240	60.00%
Shanghai	Hongqiao Origin	75	45	60.00%
Suzhou	Taicang Shaxi Logistics Project II	124	61	49.00%
Suzhou	Zhangjiagang Internet Data Center	24	12	49.00%
Suzhou	Zhangjiagang Logistics Project	59	10	16.66%
Wuxi	Life in Park	196	98	50.00%
Wuxi	Meicun Plot, Xinwu District	211	42	20.00%
Nanjing	The One	213	128	60.00%
Hangzhou	Ocean New Masterpiece	44	22	51.00%
Hangzhou	Xixi Mansion	395	395	100.00%
Wenzhou	Harbor Heart	87	74	84.70%
Wenzhou	Shan Hai One	123	123	100.00%
Huzhou	Anji Internet Data Center	135	46	34.30%

Cities	Projects	Total GFA acquired ('000 sq.m.)	GFA attributable to the Group ('000 sq.m.)	Interest attributable to the Group (%)
Yangzhou	Sino-Ocean Grand Canal Milestone	63	63	100.00%
Ningbo	Sino-Fusion Yuyao Simen Logistics Park	56	16	28.21%
Guangzhou	Ocean Prospect	133	133	100.00%
Fuzhou	East Bay Upgrade	51	17	33.50%
Fuzhou	Plot 2020-65, Cangshan District	128	65	51.00%
Jiangmen	Cloud Mansion	176	90	51.00%
Jiangmen	Top Mansion	131	131	100.00%
Zhangzhou	Sea and Star	266	136	51.00%
Wuhan	Dongxihu Logistics Project	47	13	28.21%
Wuhan	Huazhong Big Data Industrial Park	89	44	49.00%
Zhengzhou	Fontaine Polaris	176	43	24.50%
Zhengzhou	Grand Apartment	172	49	28.26%
Zhengzhou	Ocean Landscape Courtyard	204	112	55.00%
Zhengzhou	Rong Fu	156	28	17.84%
Changsha	Special Mansion	482	118	24.50%
Chengdu	Qingbaijiang Internet Data Center	193	46	24.01%
Chengdu	Yuanyunxinfei Internet Data Center	38	9	24.01%
Xi'an	Sino-Ocean Jinghe New Town Internet Data Center	60	29	49.00%
Chongqing	Liangjiang New Town Internet Data Center	40	20	49.00%
Chongqing	Tanzikou Plot, Jiulongpo District	52	18	34.00%
Jakarta	Alam Sutera Project	66	18	28.00%
Subtotal		7,786	3,922	
Developed Project				
Shanghai	H88 Yuehong Plaza	62	15	24.36%
Suzhou	Wangting Logistics Project	66	32	49.00%
Total		7,914	3,969	

The landbank by stages of development as at 31 December 2020 are set out as follows:

	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)
Completed properties held for sales	23,379	17,332	3,920
Properties under development	24,591	18,443	24,591
Properties held for future development	9,532	7,149	9,532
Total	57,502	42,924	38,043

The landbank details of the Group and its joint ventures and associates as at 31 December 2020 are set out as follows:

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Beijing Region	Beijing	26 Block	Shunyi District, Beijing	249	223	145	23.00%
		Anzhen Project	Chaoyang District, Beijing	46	–	46	12.06%
		Captain House	Fengtai District, Beijing	131	100	131	51.00%
		CBD Plot Z6	Chaoyang District, Beijing	27	21	27	100.00%
		Changping Sci-tech Park F2 Project	Changping District, Beijing	256	193	251	50.00%
		Gold Mansion	Daxing District, Beijing	118	99	118	25.00%
		Grand Canal Place	Tongzhou District, Beijing	479	334	379	50.00%
		Grand Harmony Emerald Residence	Daxing District, Beijing	224	165	224	40.00%
		Jasper Epoch	Daxing District, Beijing	92	78	51	49.00%
		Jialihua Project, Shunyi District	Shunyi District, Beijing	277	206	277	100.00%
		Liangxiang Project	Fangshan District, Beijing	126	102	126	11.10%
		Liuniangfu Plot A2, Shijingshan District	Shijingshan District, Beijing	249	187	249	31.00%
		Mentougou Tanzhe Temple Project	Mentougou District, Beijing	430	344	430	10.00%
		Ocean Epoch	Shijingshan District, Beijing	264	198	6	100.00%
		Ocean LA VIE	Chaoyang District, Beijing	318	305	46	85.72%
		Ocean Metropolis	Mentougou District, Beijing	330	276	154	51.00%
		Ocean Rayzone	Fengtai District, Beijing	441	331	441	17.25%
		Ocean Wulieepoch	Shijingshan District, Beijing	595	458	547	21.00%
		Our New World	Fangshan District, Beijing	109	91	14	100.00%
		Plot 6002, Mentougou New Town	Mentougou District, Beijing	125	97	75	21.00%
		Royal River Villa	Chaoyang District, Beijing	132	118	132	20.00%
		Senior Living L'Amore•He Yuan CLRC	Shunyi District, Beijing	49	–	49	60.00%
		Sino-Ocean Apple Garden No.6	Shijingshan District, Beijing	69	50	69	50.00%
		The CBD's Private Palace	Daxing District, Beijing	436	383	49	100.00%
		World View	Chaoyang District, Beijing	71	52	71	16.00%
		Xanadu & Ocean Epoch	Chaoyang District, Beijing	230	193	230	50.00%
		Xanadu & Ocean Palace	Daxing District, Beijing	300	207	300	50.00%
Xiji Plot E, Tongzhou District	Tongzhou District, Beijing	139	136	139	50.00%		
Xinchi Tower	Daxing District, Beijing	67	41	67	100.00%		
Yongjingtaoyuan Project	Chaoyang District, Beijing	692	554	692	12.82%		
				7,071	5,542	5,535	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Langfang	Canal Bay	Xianghe County, Langfang	269	180	269	20.00%
		Plot I, Guangyang Logistics Project	Guangyang District, Langfang	41	–	41	28.21%
		Plot II, Guangyang Logistics Project	Guangyang District, Langfang	144	–	144	19.75%
		Sino-Ocean Brilliant Courtyard	Guangyang District, Langfang	1,897	954	1,897	30.24%
				2,351	1,134	2,351	
	Qinhuangdao	Seatopia	Funing District, Qinhuangdao	1,438	1,243	1,226	100.00%
	Shijiazhuang	Ande Life Memorial Park	Jingxing County, Shijiazhuang	18	3	18	40.00%
		Chang'an District Redevelopment Project	Chang'an District, Shijiazhuang	147	94	147	51.00%
		Family Park	Chang'an District, Shijiazhuang	132	108	132	51.00%
		Family Park, Phase II	Chang'an District, Shijiazhuang	84	66	84	51.00%
		Harmony Palace	Zhengding New District, Shijiazhuang	152	140	152	38.35%
		Jade Mansion, Phase II	Gaocheng District, Shijiazhuang	48	43	48	40.00%
		Sino-Ocean No. 7	Chang'an District, Shijiazhuang	115	103	115	20.00%
		Vigorous Mansion	Chang'an District, Shijiazhuang	228	171	151	51.00%
				924	728	847	
	Taiyuan	Ocean Seasons	Wanbailin District, Taiyuan	308	254	308	100.00%
		Sino-Ocean Oriental Mansion	Yingze District, Taiyuan	105	81	105	80.00%
		Villa Epoch	Yangqu County, Taiyuan	54	34	43	44.00%
				467	369	456	
	Zhangjiakou	Centrality Mansion	Qiaodong District, Zhangjiakou	203	163	203	60.00%
				12,454	9,179	10,618	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)		
Bohai Rim Region	Tianjin	Beichen Logistics Project	Beichen District, Tianjin	124	–	124	14.19%		
		Boda Logistics Project	Wuqing District, Tianjin	285	–	285	24.50%		
		Elegant Prestige	Jinnan District, Tianjin	285	194	31	25.00%		
		Happy Light Year	Wuqing District, Tianjin	504	317	494	49.98%		
		Harmony Mansion	Binhai New Area, Tianjin	102	78	102	58.00%		
		Longfor Mansion	Jinnan District, Tianjin	227	171	98	33.00%		
		Neo-metropolis	Beichen District, Tianjin	3,034	2,615	2,828	51.00%		
		Ocean City	Binhai New Area, Tianjin	2,137	1,929	41	100.00%		
		Ocean Epoch	Binhai New Area, Tianjin	35	25	22	100.00%		
		Ocean Great Harmony	Xiqing District, Tianjin	350	290	47	100.00%		
		Ocean Prospect	Dongli District, Tianjin	321	309	50	100.00%		
		Royal River	Wuqing District, Tianjin	349	333	22	100.00%		
		Sino-Fusion Baodi Logistics Park	Baodi District, Tianjin	32	–	32	49.00%		
		Sino-Ocean Brilliant Courtyard	Binhai New Area, Tianjin	675	488	208	64.28%		
		The Great Habitat Mansion House	Dongli District, Tianjin	562	385	122	6.00%		
		Xanadu	Binhai New Area, Tianjin	185	135	185	42.86%		
					9,207	7,269	4,691		
			Dalian	Diamond Bay	Ganjingzi District, Dalian	1,497	1,345	1,064	100.00%
				Glory Mansion	Shahekou District, Dalian	36	25	36	100.00%
Joy of Mountain and Sea	Ganjingzi District, Dalian			189	150	186	51.00%		
Ocean The Piedmont Epoch	Lushunkou District, Dalian			68	46	31	100.00%		
Ocean Worldview	Jinzhou District, Dalian			1,902	1,645	353	100.00%		
Sino-Ocean Technopole	Jinzhou District, Dalian			922	540	922	100.00%		
Zhonghua Road Plot #2	Ganjingzi District, Dalian			111	52	111	100.00%		
					4,725	3,803	2,703		
	Jinan	Beihu Plot A-6, Tianqiao District	Tianqiao District, Jinan	97	83	97	60.00%		
		Jing 11 Road Plot B4, Huaiyin District	Huaiyin District, Jinan	103	87	103	95.00%		
		Ocean Epoch	Lixia District, Jinan	390	371	318	50.00%		
		Ocean Mansion	Huaiyin District, Jinan	228	190	228	54.35%		
		Plots in East of Tangye Middle Road and South of Hengsi Road	Licheng District, Jinan	544	422	544	42.00%		
		Sino-Ocean Metropolis	Tianqiao District, Jinan	379	255	379	60.31%		
		Zhaojiazhuang Project, Licheng District	Licheng District, Jinan	226	172	226	20.52%		
			1,967	1,580	1,895				

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Qingdao	Ocean Crown	Fushan New District, Qingdao	125	95	123	59.50%
		Ocean Great Harmony	Shibei District, Qingdao	377	270	377	43.00%
				502	365	500	
	Shenyang	Ocean Elite River Prospect	Shenbei District, Shenyang	400	313	400	60.00%
	Yantai	Sino-Ocean Donglai County	Laishan District, Yantai	43	42	14	100.00%
				16,844	13,372	10,203	
Eastern Region	Shanghai	Chongming Dongtan Project	Chongming District, Shanghai	1,072	672	832	41.03%
		Hongqiao Origin	Qingpu District, Shanghai	75	53	75	60.00%
		Ocean Fortune Center	Pudong New Area, Shanghai	59	45	20	100.00%
		Ocean Melody	Pudong New Area, Shanghai	323	279	55	100.00%
		Wellness Masterpiece	Qingpu District, Shanghai	49	41	16	50.00%
		Yuanbo Hotel Project	Putuo District, Shanghai	54	-	54	24.12%
				1,632	1,090	1,052	
	Suzhou	Easy Town	Huqiu District, Suzhou	104	85	21	16.50%
		Mansion Yue	Wujiang District, Suzhou	150	147	72	70.00%
		Ocean Melody	Taicang City, Suzhou	105	77	92	34.00%
		Rocker Park	Huqiu District, Suzhou	240	198	240	30.00%
		Shihu Project	Wuzhong District, Suzhou	49	-	49	100.00%
		Taicang Shaxi Logistics Project I	Taicang City, Suzhou	56	-	56	16.66%
		Taicang Shaxi Logistics Project II	Taicang City, Suzhou	124	-	124	49.00%
		Zhangjiagang Internet Data Center	Zhangjiagang City, Suzhou	24	-	24	49.00%
		Zhangjiagang Logistics Project	Zhangjiagang City, Suzhou	59	-	59	16.66%
				911	507	737	
	Wuxi	Life in Park	Xinwu District, Wuxi	196	157	196	50.00%
		Meicun Plot, Xinwu District	Xinwu District, Wuxi	211	154	211	20.00%
		Scenery Mansion	Yixing City, Wuxi	109	79	109	100.00%
		Taihu Milestone (formerly known as Yuqin Project)	Xinwu District, Wuxi	116	93	6	80.00%
				632	483	522	
	Nanjing	Ocean Landscape	Jiangning District, Nanjing	147	121	31	70.00%
		Ocean Seasons	Lishui District, Nanjing	234	184	50	100.00%
		Sino-Ocean Tangyue Landscape	Liuhe District, Nanjing	54	52	30	100.00%
		The One	Jiangning District, Nanjing	213	153	213	60.00%
				648	510	324	

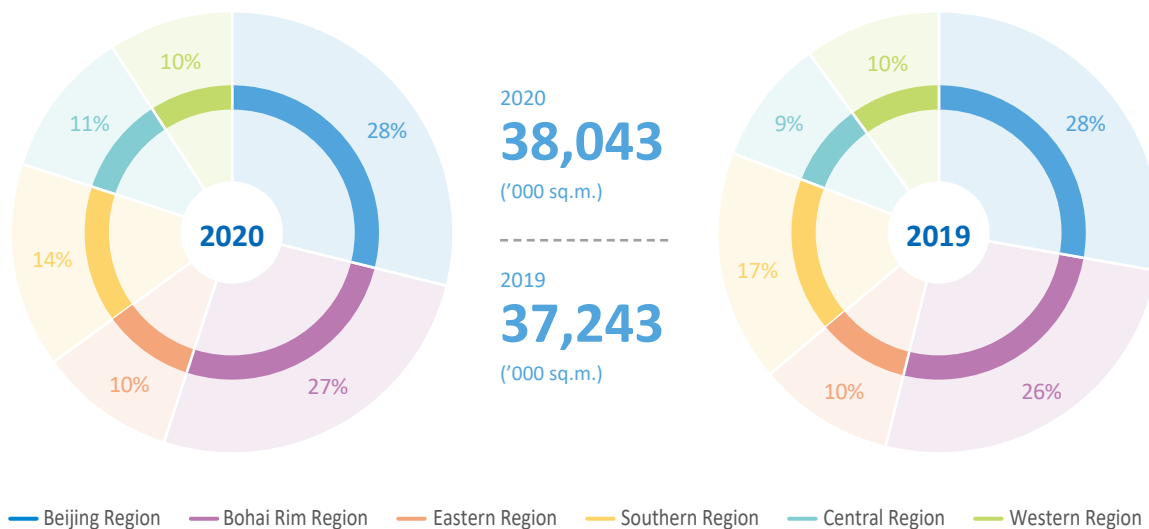
Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Hangzhou	Canal Business Center Project	Gongshu District, Hangzhou	609	292	10	60.00%
		Jiulongwan Project	West Lake District, Hangzhou	20	–	20	100.00%
		Neo 1	Gongshu District, Hangzhou	43	40	21	50.00%
		Ocean New Masterpiece	Gongshu District, Hangzhou	44	33	44	51.00%
		Ocean River Masterpiece	Yuhang District, Hangzhou	107	73	13	51.00%
		Xixi Mansion	Yuhang District, Hangzhou	395	285	177	100.00%
				1,218	723	285	
	Jiaxing	East Lake	Haining City, Jiaxing	109	73	109	33.00%
		Lakeside Wonderland	Xiuzhou District, Jiaxing	134	124	31	33.00%
		Ocean Lake Mansion	Haining City, Jiaxing	91	69	9	100.00%
		Pinghu Logistics Project	Pinghu City, Jiaxing	72	–	72	16.10%
		Ultimate Joy Mansion	Jiashan County, Jiaxing	122	106	18	30.00%
		Zhapu Logistics Center	Pinghu City, Jiaxing	44	–	44	27.82%
				572	372	283	
	Wenzhou	Harbor Heart	Ouhai District, Wenzhou	87	66	87	84.70%
		Ocean Century Mansion	Longwan District, Wenzhou	153	107	22	100.00%
		Shan Hai One	Leqing City, Wenzhou	123	100	123	100.00%
				363	273	232	
	Huzhou	Anji Internet Data Center	Anji County, Huzhou	135	–	135	34.30%
	Yangzhou	Grand Canal Milestone	Guangling District, Yangzhou	56	43	56	89.00%
		Sino-Ocean Grand Canal Milestone	Guangling District, Yangzhou	63	47	63	100.00%
				119	90	119	
	Chuzhou	Ocean Mansion	Chahe Town, Chuzhou	108	82	108	30.00%
	Ningbo	Sino-Fusion Yuyao Simen Logistics Park	Yuyao City, Ningbo	56	–	56	28.21%
	Changzhou	Sky Peninsula	Yanshan New Area, Changzhou	106	76	26	40.00%
	Shaoxing	Ocean Yue Masterpiece	Keqiao District, Shaoxing	91	71	2	100.00%
				6,591	4,277	3,881	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)	
Southern Region	Shenzhen	Lishan Project	Nanshan District, Shenzhen	156	70	156	60.00%	
		Longhua District De Ai Industrial Park	Longhua District, Shenzhen	533	282	533	80.00%	
		Ocean Express	Longgang District, Shenzhen	556	437	145	84.70%	
		Ocean Palace	Nanshan District, Shenzhen	196	82	148	63.25%	
		Ocean Seafont Towers	Nanshan District, Shenzhen	115	52	77	60.00%	
		Sino-Ocean Dream Land	Longgang District, Shenzhen	401	292	10	100.00%	
					1,957	1,215	1,069	
	Zhongshan	Blossoms Valley	Shenwan Town, Zhongshan	1,172	1,037	1,039	75.00%	
		King Realm	Dongsheng Town, Zhongshan	181	134	7	75.00%	
		Leader Mountain	Wuguishan Town, Zhongshan	187	137	42	50.00%	
		Ocean City	Eastern District, Zhongshan	2,083	1,736	94	100.00%	
		Ocean Emerald	Nantou Town, Zhongshan	437	412	49	100.00%	
		Ocean Longshire	Henglan Town, Zhongshan	96	85	13	100.00%	
		SCity (formerly known as Suixicun 162 Project, Nantou)	Nantou Town, Zhongshan	90	68	90	34.00%	
		SCity (formerly known as Suixicun 163 Project, Nantou)	Nantou Town, Zhongshan	34	26	34	34.00%	
		Sino-Ocean Aristocratic Family	Eastern District, Zhongshan	103	78	25	24.50%	
		Sino-Ocean Landscape	Minzhong Town, Zhongshan	210	159	210	51.00%	
		Zhonghui City (formerly known as Suixicun 135 Project, Nantou)	Nantou Town, Zhongshan	43	33	43	34.00%	
		Zhonghui City (formerly known as Suixicun 136 Project, Nantou)	Nantou Town, Zhongshan	83	62	29	30.00%	
		Zhonghui City (formerly known as Suixicun 137 Project, Nantou)	Nantou Town, Zhongshan	107	102	64	45.00%	
					4,826	4,069	1,739	
Zhanjiang	Ocean City	Xiashan District, Zhanjiang	612	493	460	67.50%		
Guangzhou	East Bay	Zengcheng District, Guangzhou	141	96	141	40.00%		
	Elite Palace	Tianhe District, Guangzhou	310	279	41	100.00%		
	Hibiscus Villa	Huadu District, Guangzhou	179	87	118	51.00%		
	Ocean Prospect	Zengcheng District, Guangzhou	133	96	133	100.00%		
	Purple Cloud	Baiyun District, Guangzhou	285	198	14	16.66%		
				1,048	756	447		
Fuzhou	East Bay	Mawei District, Fuzhou	82	65	82	50.00%		
	East Bay Upgrade	Mawei District, Fuzhou	51	42	51	33.50%		
	Plot 2020-65, Cangshan District	Cangshan District, Fuzhou	128	97	128	51.00%		
	Sino-Ocean Landscape	Mawei District, Fuzhou	89	74	89	55.00%		
				350	278	350		
Jiangmen	Cloud Mansion	Pengjiang District, Jiangmen	176	133	176	51.00%		
	Top Mansion	Pengjiang District, Jiangmen	131	101	131	100.00%		
				307	234	307		

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Maoming	Sino-Ocean Landscape	Maonan District, Maoming	299	249	299	51.00%
	Zhangzhou	Sea and Star	Longwen District, Zhangzhou	266	210	266	51.00%
		Sino-Ocean Scenery	Zhao'an County, Zhangzhou	81	79	15	70.00%
				347	289	281	
	Longyan	Sino-Ocean Landscape	Xinluo District, Longyan	203	160	203	51.00%
	Foshan	Delight River	Sanshui District, Foshan	207	192	64	50.00%
		Elite Palace	Sanshui District, Foshan	259	191	107	100.00%
				466	383	171	
	Sanya	Ocean Hill	Jiyang District, Sanya	177	111	75	100.00%
	Hong Kong	LP6	Tseung Kwan O, Hong Kong	137	136	37	40.00%
		Mt. La Vie	Islands District, Hong Kong	3	3	3	100.00%
		Uptify	Yau Tsim Mong District, Hong Kong	3	3	3	100.00%
				143	142	43	
	Xiamen	The Only One	Xiang'an District, Xiamen	52	35	9	50.00%
		Top Mansion	Xiang'an District, Xiamen	75	53	24	50.00%
				127	88	33	
				10,862	8,467	5,477	
Central Region	Wuhan	Citylane	Hanyang District, Wuhan	450	-	450	40.25%
		Dongxihu Logistics Project	Dongxihu District, Wuhan	47	-	47	28.21%
		Heart of Hankow	Jiangnan District, Wuhan	1,054	997	404	55.90%
		Huazhong Big Data Industrial Park	Jiangxia District, Wuhan	89	-	89	49.00%
		Oriental World View	Hanyang District, Wuhan	1,917	1,430	983	40.25%
		Yanyangtian Project, Jiang'an District	Jiang'an District, Wuhan	178	80	178	70.00%
				3,735	2,507	2,151	
	Zhengzhou	Fontaine Polaris	Zhongmu County, Zhengzhou	176	141	176	24.50%
		Grand Apartment	Jinshui District, Zhengzhou	172	133	172	28.26%
		Ocean Landscape Courtyard	Yingyang District, Zhengzhou	204	150	204	55.00%
		Ocean Melody	Zhongmu County, Zhengzhou	43	38	43	69.30%
		Ocean Prospect	Xinzheng City, Zhengzhou	169	158	169	38.00%
		Rong Fu	Xinzheng City, Zhengzhou	156	101	156	17.84%
				920	721	920	
	Changsha	Special Mansion	Wangcheng District, Changsha	482	384	482	24.50%
	Hefei	Metropolis 1907	Binhu New Area, Hefei	322	242	170	25.00%
		Ocean Glory	Feidong County, Hefei	197	186	107	100.00%
		Ocean Landscape	Feidong County, Hefei	200	180	154	59.29%
				719	608	431	
	Nanchang	Ocean Palace	Wanli District, Nanchang	173	122	162	51.00%
				6,029	4,342	4,146	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Western Region	Chengdu	Foothill City	Longquanyi District, Chengdu	320	263	320	8.00%
		Ocean Habitat	Chongzhou City, Chengdu	123	98	113	100.00%
		Ocean Luxury City	Qinyang District, Chengdu	122	106	122	24.26%
		Ocean Sky Glory	Jinniu District, Chengdu	71	38	71	7.35%
		Qingbaijiang Internet Data Center	Qingbaijiang District, Chengdu	193	-	193	24.01%
		Qingbaijiang Logistics Project	Qingbaijiang District, Chengdu	276	-	276	28.21%
		Royal Mansion	Pidu District, Chengdu	139	99	139	36.75%
		Sino-Ocean Taikoo Li Chengdu	Jinjiang District, Chengdu	417	362	126	50.00%
		Yuanyunxinfei Internet Data Center	Qingbaijiang District, Chengdu	38	-	38	24.01%
				1,699	966	1,398	
	Xi'an	Emperor Chic	Weiyang District, Xi'an	321	316	321	24.50%
		Fontaine Island	Chanba Ecological District, Xi'an	147	111	147	24.50%
		Qinhan Logistics Center	Xianyang City, Xi'an	67	-	67	27.82%
		Sino-Ocean Jinghe New Town Internet Data Center	Xixian New Area, Xi'an	60	-	60	49.00%
		Sino-Ocean Royal Landscape	Chanba Ecological District, Xi'an	292	208	292	56.00%
				887	635	887	
	Chongqing	Fenghua Melody	Shapingba District, Chongqing	102	71	102	24.26%
		Fontaine Island	Nan'an District, Chongqing	178	132	178	24.50%
		Jiangjin Logistics Project	Jiangjin District, Chongqing	60	-	60	16.66%
Liangjiang New Town Internet Data Center		Liangjiang New Area, Chongqing	40	-	40	49.00%	
Ocean City (formerly known as Gaomiao Project, Jiulongpo)		Jiulongpo District, Chongqing	126	125	95	50.00%	
Poetry of Landscape		Shapingba District, Chongqing	166	119	60	100.00%	
Sino-Ocean Garden		Banan District, Chongqing	592	480	192	42.50%	
Tanzikou Plot, Jiulongpo District		Jiulongpo District, Chongqing	52	37	52	34.00%	
			1,316	964	779		
Kunming	In Galaxy (formerly known as Chenggong Project)	Chenggong District, Kunming	222	218	142	39.80%	
	In Galaxy (formerly known as Chenggong Project, Phase II)	Chenggong District, Kunming	99	88	99	39.80%	
	Sino-Ocean Esthetics Mansion	Panlong District, Kunming	164	145	125	37.15%	
			485	451	366		
Guiyang	Sino-Ocean Aristocratic Family	Shuanglong New District, Guiyang	165	135	165	100.00%	
	Sino-Ocean Prospect	Yunyan District, Guiyang	100	75	53	89.80%	
			265	210	218		
			4,652	3,226	3,648		
Other Region	Indonesia	Alam Sutera Project	Greater Jakarta, Indonesia	66	57	66	28.00%
	Singapore	Cairnhill 16	Area 9, Singapore	4	4	4	30.00%
			70	61	70		
Total				57,502	42,924	38,043	

The landbank by geographical locations as at 31 December 2020 and 2019 are analyzed below:



Property investment

Investment properties provide a steady and reliable income and cash flow to the Group in addition to the possible capital gains from appreciation in value. They also help us to diversify our risk from market turbulence in the property development business. In 2020, revenue from property investment decreased by 27% to RMB494 million (2019: RMB678 million), which was mainly due to the adverse impact caused by the novel coronavirus pandemic. As at 31 December 2020, the Group held more than 18 operating investment properties, in which the majority were office units. Our investment properties are mainly A-grade office premises, shopping malls and commercial complex at good locations. With the completion of certain logistics projects in 2020, the total leasable area was approximately amounted to 2,146,000 sq.m..



The investment properties of the Group and its joint ventures and associates as at 31 December 2020 is set out as follows:

Projects	Districts	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail space (sq.m.)	Logistics projects (sq.m.)	Others (sq.m.)	Occupancy rate (%)	Interest attributable to the Group (%)
Ocean International Center (Beijing)	Chaoyang District, Beijing	103,000	76,000	9,000	–	18,000	82%	100%
Ocean Plaza (Beijing)	Xicheng District, Beijing	30,000	26,000	–	–	4,000	91%	72%
Ocean We-life (Tianjin)	Binhai New District, Tianjin	28,000	–	28,000	–	–	91%	100%
San Francisco Project (USA)	Financial District, San Francisco	7,000	7,000	–	–	–	90%	100%
Other projects		90,000	–	41,000	–	49,000		
Subtotal		258,000	109,000	78,000	–	71,000		
Other								
China Life Financial Center (Beijing)	Chaoyang District, Beijing	111,000	111,000	–	–	–	48%	10%
Diamond Plaza (Beijing)	Haidian District, Beijing	22,000	20,000	–	–	2,000	100%	24%
E-wing Center (Beijing)	Haidian District, Beijing	12,000	12,000	–	–	–	91%	69%
INDIGO (Beijing)	Chaoyang District, Beijing	181,000	52,000	48,000	–	81,000	83%	50%
Ocean International Center, Phase II (Beijing)	Chaoyang District, Beijing	70,000	46,000	13,000	–	11,000	87%	35%
Ocean Office Park (Beijing)	Chaoyang District, Beijing	107,000	81,000	12,000	–	14,000	88%	50%
Ocean We-life Plaza (Beijing)	Chaoyang District, Beijing	31,000	–	31,000	–	–	97%	64%
Ocean International Center (Tianjin)	Hedong District, Tianjin	53,000	53,000	–	–	–	70%	69%
Ocean We-life Plaza (Tianjin)	Hedong District, Tianjin	42,000	–	42,000	–	–	97%	64%
H88 Yuehong Plaza (Shanghai)	Xuhui District, Shanghai	56,000	56,000	–	–	–	48%	24%
Haixing Plaza (Shanghai)	Huangpu District, Shanghai	14,000	10,000	–	–	4,000	71%	28%
Sino-Ocean Tower (Shanghai)	Huangpu District, Shanghai	64,000	46,000	4,000	–	14,000	81%	15%
Grand Canal Place (Hangzhou)	Gongshu District, Hangzhou	69,000	–	68,000	–	1,000	92%	60%
Sino-Ocean Taikoo Li Chengdu (Chengdu)	Jinjiang District, Chengdu	174,000	–	84,000	–	90,000	95%	50%
Other projects		882,000	224,000	81,000	444,000	133,000		
Subtotal		1,888,000	711,000	383,000	444,000	350,000		
Total		2,146,000	820,000	461,000	444,000	421,000		

Commercial properties in progress

The Group has built a sound foundation for office complex operation and management since the development of commercial properties in 2010. The Group has cultivated strengths in commercial project positioning, planning and design, development and construction, investment attraction and project operation. Currently, the Group has several commercial property projects in progress across China, including grade A offices, high-class shopping centers, five-star hotels and high-quality serviced apartments.

The Group (including its joint ventures and associates) currently has over 18 operating investment properties. During 2020, the Group newly acquired 3 investments in the PRC, which added to our list of diversified portfolio.

The Group now has approximately 2,146,000 sq.m. commercial real estate resources in operation, with office developments and the others including commercial complexes, logistics projects, carparks and etc. accounting for about 38% and 62% respectively. In addition, the Group has commercial property resources pending for development and operation by stages by 2025. These include CBD Plot Z6 — an office building located in Beijing CBD, Grand Canal Place (Beijing), INDIGO II (Beijing) and other high-end commercial complexes. Going forward, the commercial property brand will boast a strong portfolio of cross-regional and diversified products. They will provide a sound foundation for favourable investment yield and profitability level in the future.

Property Management and related services

Since the establishment of the first property management company in 1997, our property management service has experienced more than 20 years of development. By building its own capabilities and integrating high-quality resources from third parties, our property management services have now covered 62 cities across the country. On 17 December 2020, Sino-Ocean Service (06677: HK), which primarily providing property management services, community value-added services and value added services to non-property owners, was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Sino-Ocean Service is a comprehensive service provider for customers and cover the entire property management value chain. We always adhere to the customer-oriented and service-first philosophy, and are committed to creating a high-quality life for customers with excellent service capabilities.

For the year ended 31 December 2020, the Group's revenue from property management and related services was RMB1,763 million, an increase of 12% from RMB1,579 million in 2019, which was mainly due to the improvement in operating capacity and synergy with the principal business.

OTHER INFORMATION

Key risk factors and uncertainties

The following lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Risks pertaining to the property market and operation

The Group's businesses and prospects are largely dependent on the performance of the property market in mainland China. The property market in mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and environmental conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences.

The Group's operations are subject to a number of risk factors distinctive to property development, property investment, and property-related businesses. Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of operations.

The Group continues to monitor the above factors and works together with those stakeholders to deliver sustainable development of economic, social and environmental values.

Risk of exposure to interest rate fluctuations and related hedging

Certain of the Group's borrowings are with floating interest rates. The weighted average interest rate of the Group for 2020 was 5.10%, which remained stable as compared with that for 2019. The Group has implemented certain interest rate management which includes, among others, close monitoring of interest rate movements and acquiring certain interest rate swap hedging instruments.

Risk of exposure to exchange rate fluctuations and related hedging

As at 31 December 2020, approximately 47% of the Group's total borrowings were denominated in USD and HKD. As a result, the Group had a net currency exposure to fluctuation in foreign exchange rates. As non-RMB currency borrowings are subject to fluctuations of exchange rates, the Group is careful in having borrowings in non-RMB currencies and has entered into certain forward contracts so as to hedge against the potential exchange loss in future years. The Group has never engaged in the dealing of any financial derivative instruments for speculative purpose. In view of the potential RMB exchange rate fluctuations, the Group will continuously consider appropriate measures including matching non-RMB borrowings with corresponding non-RMB assets and arranging appropriate level of hedging instruments.

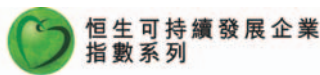
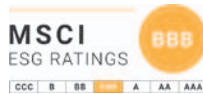
EMPLOYEES AND HUMAN RESOURCES

As at 31 December 2020, the Group had 13,201 employees (31 December 2019: 12,613 employees). The increase in the number of employees was mainly due to the expansion of construction, property management and senior living business.

At the same time, the Group also focused on improving operational efficiency and strictly controlled various costs during the year. Together with the above measures, reduction in amortization from share options granted and the social insurance policy relief, the Group's staff cost in 2020 was reduced by 14% to approximately RMB2,617 million (2019: RMB3,044 million). The Group will always keep pace with the times and strive to improve human resource efficiency and corporate governance capabilities, and provide different training and development programmes to achieve the effect of attracting, motivating and retaining talented staff, so that these talented staff can ultimately bring in higher return to our shareholders and investors.

MAJOR AWARDS AND RECOGNITIONS

- Award time: July 2020
Award received: Ranked 202 in “Fortune” China 500, on the list for 11 consecutive years
- Award time: July 2020
Award received: Rated BBB by MSCI-ESG
- Award time: August 2020
Award received: 2020 ARC Awards
2019 Annual Report — Traditional Annual Report: Real Estate Integrated Development & Investment — Bronze
2019 Annual Report — Traditional Annual Report: Real Estate Development/SVC: Commercial/Industrial — Honors
2019 Annual Report — Traditional Annual Report: Real Estate Development/SVC: Residential Properties — Honors
2019 Annual Report — Interior Design: Real Estate Development/SVC: Commercial/Industrial — Honors
- Award time: August 2020
Award received: China Healthy Building Quality Model
- Award time: September 2020
Award received: “2020 China Real Estate Company Brand Value TOP10 (Mixed Ownership)”, “2020 China Outstanding Real Estate Product Brand”
- Award time: September 2020
Award received: “Golden Intelligence Award”: “Financial Soundness Award” for Real Estate Enterprises
- Award time: September 2020
Award received Constituent of: 2020 China’s Top 10 Boutique Residential Products
- Award time: September 2020
Award received: Constituent of Hang Seng Corporate Sustainability Benchmark Index, Public disclosure level A+



- Award time: October 2020
Award received: 2020 Galaxy Awards
2019 Annual Report — Annual Reports — Print: Real Estate Dev. Svcs. — Gold
2019 Annual Report — Annual Reports — Print: Diversified Business — Asia/Pacific — Silver
2019 Annual Report — Design — Annual Reports: Traditional — Hong Kong — Silver
2019 Annual Report — Annual Reports — Print: Conglomerate — Bronze
2019 Annual Report — Annual Reports — Print: Real Estate Holding Co. — Bronze
- Award time: November 2020
Award received: Outstanding Operator of Urban Renewal in 2020
- Award time: November 2020
Award received: Top 10 Financial Health Role Models of Listed Real Estate Companies in 2020
- Award time: November 2020
Award received: GRESB Public Disclosure Level A
- Award time: November 2020
Award received: Listed Enterprises of the Year 2020
- Award time: December 2020
Award received: Listed Company Awards of Excellence 2020
- Award time: December 2020
Award received: Sino-Ocean Group ranked 25th in the “Top 30 Super Product Power of Chinese Real Estate Companies in 2020”, Eastern Region of Sino-Ocean Group won the “2020 China Real Estate Enterprise Builders Benchmarking Regional Top 5”
- Award time: December 2020
Award received: “2020 China’s Best Real Estate Employer Enterprise”, “2020 China Real Estate Enterprises Organization Effectiveness TOP100” (ranked 26th)



Sino-Ocean Group Holding Limited (“Sino-Ocean Group” or the “Company”) and its subsidiaries (collectively known as the “Group” or “we”) adhere to the best practice in information disclosure in terms of accuracy, transparency and consistency. We are committed to maintaining highly honest, sincere and effective communication with the financial community and other stakeholders. Our goals are to deepen investors’ understanding and approval of the Company’s strategies, to raise the quality of internal management and to maximize the Company’s value.



PROMOTING COMPANY VALUE THROUGH MEANINGFUL COMMUNICATION

The rising pressure of an economic downturn in 2020 and the impact of COVID-19 on the property market dragged the growth of large-scale property enterprises. The Central Government reiterated the principles of ‘properties for accommodation not speculation’ and city-specific housing policies to achieve the long-term objective of stability. On the other hand, finance was further tightened by the ‘Three Red Lines’ thus disabling the operating model of high leverage and high gearing. Property enterprises were encouraged to de-leverage and raise product quality and operating capacity. The property market should see a healthier and more stable future.

In light of the changing economic environment and the development of the industry, we were agile in response and maintained continuous communication with our investors. In 2020, the Group overcame the impact of the pandemic and continued to focus on the principal business of residential development. Both residential development and other businesses sustained stable growth. The Group’s refined management produced results and we enjoyed a solid financial position that was widely recognized by investors. In 2021, the Group will work to the theme of ‘artisan•service•user’, to focus on residential development following a concept of high calibre, steadiness and sustainability.

In 2020, despite the limited mobility of people due to the pandemic, the Group remained connected with the capital market. In a timely manner the Group shared our views on the impact on the overall market brought about by the pandemic and informed it of our various response measures. These active communication efforts boosted the confidence of the capital market and gained their recognition and praises. At the same time, our on-line live results announcement, video-conferences and conference-calls with analysts and investors were rewarded with very positive feedback. These communication channels served to reinforce understanding and trust between the Group and the capital market. Furthermore, the Group continued to generate opportunities to interact with analysts and investors individually. On the one hand, we participated in securities firms' investors activities and kept a continuous dialogue. In 2020, we attended virtual conferences organized by several securities firms. We also conducted in-depth one-on-one discussions with over 100 institutional and individual investors. On the other hand, in view of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, we actively explored new channels of communication with funds and securities firms in mainland China.

Through various communication formats and channels, we were able to foster a deeper understanding and appreciation of the Group's progress, business policies and strategic development among fund managers, institutional and individual investors, analysts and other interested parties. Meanwhile our management also gained better knowledge of the expectations and demands of the capital market on the Group. We will seriously consider and put into practice all constructive suggestions.

ENSURING FAIR DISCLOSURE AND MAINTAINING TRANSPARENCY

In 2020, we maintained our high standards of information disclosure to ensure the timely dissemination of relevant corporate information via our official website and other channels. In addition, we published our monthly unaudited operating statistics on the Stock Exchange website (www.hkexnews.hk) and share information on the Group's latest development via investors groups to boost transparency and to ensure proper and fair access to relevant data for all parties in the capital market.

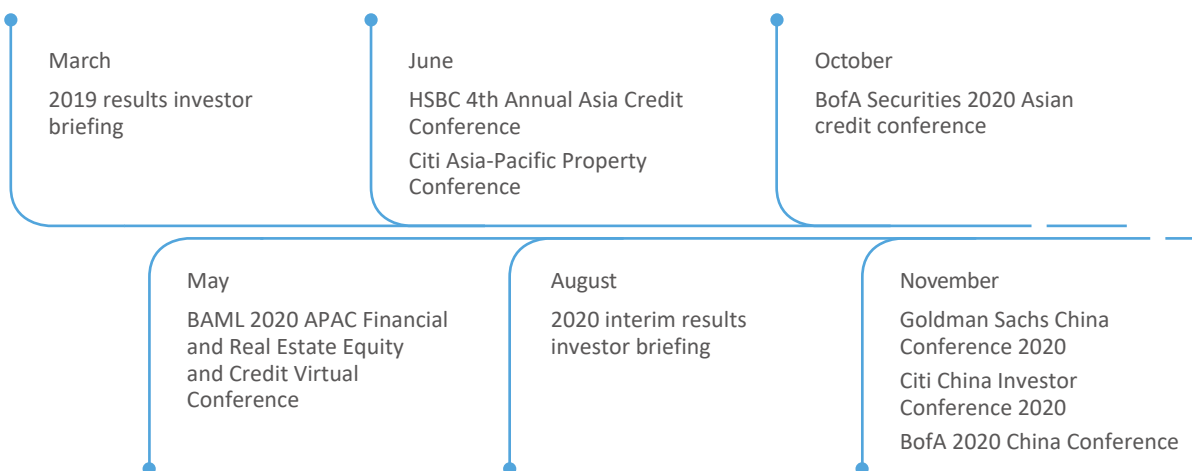
In 2020, we enjoyed coverage from 17 securities firms, including Citi, CICC, Goldman Sachs, HSBC, BOCI and Nomura, the majority of which rated Sino-Ocean Group as 'buy' or 'hold'.

LISTENING ATTENTIVELY AND RECEPTIVELY FROM A WIDE SPECTRUM

We listened carefully to our shareholders' concerns and addressed them efficiently. In May 2020, the Group held the Annual General Meeting. As always, after each meeting management representatives reserved time for individual shareholders to voice their opinions and concerns, ensuring all parties present were given opportunity to discuss the key issues with our representatives.

We will continue with our efforts to gain more coverage and obtain more recommendations from securities firms, with the goal of promoting investors' approval, confidence and loyalty, as well as protecting their interests. We are grateful to all stakeholders for their remarkable support. If you have any questions or comments with regards to our work, please contact us at ir@sinooceangroup.com. We promise to provide answers to the extent permitted by applicable laws, regulations and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2020 Investor Relations Activities



As a pioneer of the “Building • Health” concept, Sino-Ocean Group Holding Limited (“Sino-Ocean Group” or the “Company”) and its subsidiaries (together referred to as the “Group” or “We”) strive to achieve management health, product health, environmental health, employee health and community health by upholding the philosophy of “jointly promoting the sustainable development of mankind, buildings, the environment and society in collaboration with stakeholders”, following the guidance of the “United Nations 2030 Sustainable Development Goals (SDGs)”, and shouldering the responsibility of “creating value for its stakeholders”. We promote the sustainable and healthy development of the Company by undertaking our responsibilities.

On 22 April 2020, we issued Dedicated Projects and Building • Health — Sustainable Development Report 2019 of Sino-Ocean Group, which, in addition to receiving a 5-star rating from the Chinese Academy of Social Sciences for the fifth consecutive year, enabled the Company to receive consecutive upgrade of MSCI ESG rating from BB in 2019 to BBB. The Company’s shares continued to be included in the constituent stocks of Hang Seng Corporate Sustainability Benchmark Index with the public disclosure rating rising to A+.

CULTIVATING COHERENCE TO STREAMLINE MANAGEMENT

In 2020, the Group initiated and pushed forward its fifth-phase of strategic development with a focus on developing its principal business and achieving stable growth. The fifth-phase of strategic development fully integrated sustainability into the strategic goals of the Group, aiming to boost the synergetic development of new business initiatives while maintaining the quality and sustainable development of its principal business, thereby achieving sustainable development in a systematic and efficient manner. On this basis, we formulated the sustainable development strategy of Sino-Ocean Group, which laid out the strategic vision of becoming “the creator of building health and social value”, set up the strategic goals of “creating sustainable value together with stakeholders and becoming an exemplary enterprise in China’s real estate industry”, and established five strategic pillars covering corporate governance, products and services, the environment, employees, and the community and society. In addition, we issued the “Sustainable Development Policy of Sino-Ocean Group” during the year to guide and regulate our sustainable development undertakings.



BUILDING ARTISTRY TO ENHANCE QUALITY AND HEALTH

In 2020, Sino-Ocean Group continued to uphold the brand concept of “Building • Health” while breaking new ground in its promotion and implementation. The “Sino-Ocean Healthy Building System”, independently developed by Sino-Ocean Group, was granted copyright certification by the National Copyright Administration of the People’s Republic of China, and applied to over 90 projects in more than 40 cities across China, covering an area of over 14.93 million sq.m.. With 11 WELL-certified projects under its belt, including residential and office premises, Sino-Ocean Group became the enterprise with the largest number and area of WELL-certified projects in China. Moreover, we participated in the compilation of “Evaluation Standard for Healthy Towns” and the final review of “Active House Assessment Standard” to promote health concepts and quality development of products with health features in the industry.

Upholding its customer-based principle, the Group is dedicated to developing premium projects and providing excellent quality. In 2020, Sino-Ocean raised the management and control standards for process quality and delivery quality, and implemented and vigorously monitored management and control actions such as delivery quality planning, bulk luxurious decoration planning, and joint acceptance of delivered sample apartments, with an aim to producing “defect-free products”. Riding on its dedication to quality and health, Sino-Ocean Group gained acclaim from authoritative certification agencies and users alike, receiving titles including “Model of Quality for Healthy Building in China” and “2020 Excellent Brand of Product Strength in Chinese Real Estate Industry”.

STAYING TRUE TO ORIGINAL ASPIRATIONS TO BUILD A GREENER PLANET

The year 2020 marked the fifth anniversary of the Paris Agreement, when addressing climate change and promoting green and low-carbon circular development became paramount. Sino-Ocean Group actively responds to domestic and foreign initiatives and undertakes its environmental obligations. During the year, it published the “Declaration of Sino-Ocean Group on Climate Change”, committing to achieve “net zero emission” by 2050. To achieve this long-term goal, the Group made relentless efforts to fully implement green construction, green operations, and green office, achieving initial results. In particular, Sino-Ocean Taikoo Li Chengdu (Chengdu) became the first project to use 100% renewable electricity power, achieving zero carbon emission; Grand Canal Place (Hangzhou) carried out multifarious energy-saving reforms, cutting energy consumption by over 10%; Mansion Yue (Suzhou) adopted a solar water heater system to provide 48% of hot water, cutting energy consumption by up to 65%. In terms of water resource usage, a number of projects applied the “Sponge City” concept and the rainwater recycling system to enhance water resource efficiency. Due to its persistent promotion of green building, Sino-Ocean Group received accolades and recognitions such as “Top 10 Green Real Estate Developers of China” in 2020.





FOSTERING DEDICATION TO CREATE A POSITIVE WORKING ENVIRONMENT

Sino-Ocean's health gene also pervades the construction and development of its human resources structure. In 2020, the Group forged a new corporate culture featuring "responsibility", "sharing", and "health", which created a cultural atmosphere that values accountability, unity, and stability, and fostered a safe, healthy, open, and pro-sharing working environment for employees. Following the WELL platinum-class certification (the highest in Asia) of the new office area in Sino-Ocean Group's headquarters in 2019, another office project of Sino-Ocean Group was certified WELL silver-class in June 2020, reflecting a continuous improvement of the working environment. Furthermore, the Group values talent cultivation and empowerment, devoting a wide variety of learning channels and institutional efficiency evaluation to building an upbeat, healthy, and sustainable career development platform. In light of its outstanding performance in operational health, institutional health and employee health, Sino-Ocean Group was named "Best Employer of Chinese Real Estate Enterprises in 2020", "Top 100 Real Estate Enterprises for Institutional Efficiency in China in 2020", and "Exceptional Employer of Campus Recruitment on Liepin.com in 2020" during the year.

SPREADING LOVING CARE TO JOINTLY CREATE SOCIAL VALUE

Sino-Ocean Group performs its responsibility through the Sino-Ocean Charity Foundation ("Sino-Ocean Charity"). In addition to producing healthy products, the Group disseminates health concepts and contributes to building a healthy society. Over the past 12 years, Sino-Ocean Charity, in collaboration with its charity partners, has donated over RMB200 million in aggregate to various causes such as earthquake relief, anti-COVID-19 pandemic efforts, calibrated poverty alleviation, educational poverty alleviation for regions inhabited by ethnic minorities, and post-disaster aid and construction, with over 505,000 beneficiaries in over 10 provinces, municipalities and autonomous regions across China.



In 2020, the final year for the country's battle against poverty, Sino-Ocean Charity joined hands with its charity partner, Industrial and Commercial Bank of China Beijing Branch, to provide support for Wanyuan County of Sichuan Province, donating RMB10 million for the construction of the exemplary project for rural poverty alleviation through tourism at Shuiwozi Village, Taiping Town, Wanyuan City on 24 April in support of the nationwide battle against poverty. During the year, Sino-Ocean Charity proactively explored and experimented new forms of charity practices, adopting the "online + offline" model for Ocean Marathon, "Micro Class for Little Citizens", and "Building • Healthy Future" Undergraduate Architectural Design Competition. This garnered the attention and support from more partners, demonstrating the power of jointly creating social value.

To encourage more people to participate in charity undertakings, Sino-Ocean Charity established an institutional system named "Sino-Ocean Young Volunteer Alliance" during the year, and created a "Volunteer Working Department" in the institutional structure of the foundation tasked with overall arrangement of volunteer activities and facilitation of the establishment of volunteer teams in various cities. Throughout 2020, the total number of volunteer activity participants reached 8,082, with 92,880 hours of volunteer services.

In the pandemic-ravaged year of 2020, the importance of "health" became self-evident. "Health" is the sustainable inner value of Sino-Ocean Group, the future gene that carries the torch of hope, and an eternal topic for human beings. Sino-Ocean Group adheres to its brand concept of "Building • Health" and incorporates "health" into its product DNA. It will serve and cater for customers with artistry and constantly enhance healthy living experience. It will build a health ecosystem with like-minded partners to jointly create social value and embark on a journey of survival and sustainable development.

The Group believes that sustainable development is crucial to the development of the enterprise, and actively promulgates the sustainable development philosophy in every aspect of its business to shoulder its responsibilities and share the benefits of health. The Group will issue a separate Sustainable Development Report 2020 in accordance with the Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules. The Sustainable Development Report 2020 will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.sinooceangroup.com) within the time limit stipulated by the Listing Rules.

Residential and Integrated Development

Residential and integrated development is the cornerstone of the Group's business development and the core component of its business operations. With more than 20 years of development, Sino-Ocean has long been focusing on China's core city clusters with the greatest potential to provide safe and healthy products for Chinese families. In the future, facing a considerable market size, the Company will concentrate resources input on the key markets to seek city penetration, and focus on rigid demand for housing and mid-end demand for better housing in cities to create a healthy and quality living environment for cities and customers.

In early 2020, Sino-Ocean Group officially released the plan for the fifth phase of strategic development, proposing to focus on the development of principal business, consolidate fundamentals and strengthen the “south and west” strategy. For this end, Sino-Ocean Group established six business divisions in Beijing, Bohai Rim, Eastern China, Southern China, Central China and Western China. Based on its core product strength of “Building • Health”, Sino-Ocean Group has acquired a “long-distance runner” advantage in its product areas by starting early, looking far, working hard and exerting stamina.

STRONG FUNDAMENTALS AND LEADING MARKET SHARE IN BEIJING AND BOHAI RIM MARKETS

Sino-Ocean Group continued to have a strong brand influence and a leading market position in Beijing (where it started its business) and Bohai Rim (its stronghold). In Beijing, with multiple projects sought after by home buyers, Sino-Ocean remained in the list of top 10 players in terms of sales, highlighting its strong fundamentals in the city. In the Bohai Rim region, Sino-Ocean Group’s key projects in Tianjin, Dalian and Qingdao are the local best-selling products with great popularity.

ACHIEVING REMARKABLE RESULTS IN “SOUTH AND WEST” IN LINE WITH NATIONAL STRATEGIES

In recent years, the central government successively put forward a series of national initiatives including the “Yangtze River Delta Integration”, “Development of Guangdong-Hong Kong-Macao Greater Bay Area” and “Development of the Yangtze River Economic Belt”. In order to closely follow the national strategies, Sino-Ocean Group, while consolidating its advantages in the core regions such as the Beijing-Tianjin-Hebei Region, further promoted the “south and west” strategy with a focus on the key urban agglomerations in Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, and the middle reaches of the Yangtze River and Western China, and achieved remarkable results in this regard.

In Eastern Region, Sino-Ocean Group focused on three cities — Shanghai, Hangzhou and Nanjing and actively expanded to other key cities in Yangtze River Delta to pursue ripple effect. Now Eastern Region has become a key contributor to the Group’s revenue, demonstrating the aggregation effect of urban agglomeration development. In Southern Region, Sino-Ocean Group has been establishing footholds in cities such as Shenzhen and Zhongshan for more than 16 years, and has a significant influence among real estate companies in the Greater Bay Area. In addition, it continued to establish presence in emerging cities such as Longyan and Zhanjiang. The number of projects of the Group in Southern Region has exceeded 40. In Central Region and Western Region into which it ventured in 2020, the Group also had prominent performance, and such regions will become new growth drivers of the Group. In Wuhan, the landmark healthy housing project Oriental World View (Wuhan) once again won market recognition by achieving high customer satisfaction and secured the first place among Wuhan’s residential projects in terms of transaction amount for the third consecutive year. The Group also performed well in such cities as Nanchang, Xi’an, Chongqing and Kunming.

In 2020, the increment of Sino-Ocean Group’s landbank rose year on year by 76%, and “south and west” projects accounted for up to 64% of the increase. The Group accelerated the acquisition of smaller sized projects with high turnover. The further optimization of land bank distribution and structure has laid a solid foundation for Sino-Ocean to create new growth engines and achieve steady growth.

SERVING USERS WITH ARTISTRY AND SEEKING SUBSISTENCE AND SUSTAINABLE DEVELOPMENT

In 2021, Sino-Ocean Group will continue to focus on development of principal business. Under the strategies of “south and west” and “city penetration”, the Group will proactively acquire high-quality projects, accelerate asset turnover, focus on developing key markets and products and build backbone teams to achieve steady, large-scale growth. Moreover, the Group will pursue fine management to enhance operating efficiency with improved operating quality; and leverage the product strength of “Building • Health” to serve users with artistry, in an effort to realise subsistence and sustainable development.



Beijing Region



Captain House (Beijing)

Project location: Fengtai District, Beijing
Total GFA: 131,000 sq.m.



Sino-Ocean Brilliant Courtyard (Langfang)

Project location: Guangyang District, Langfang
Total GFA: 1,897,000 sq.m.



Ocean Seasons (Taiyuan)

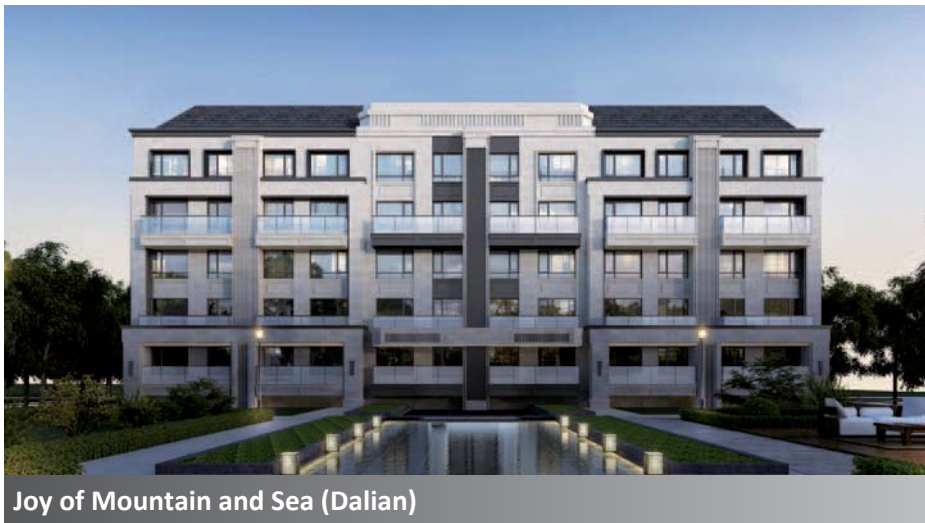
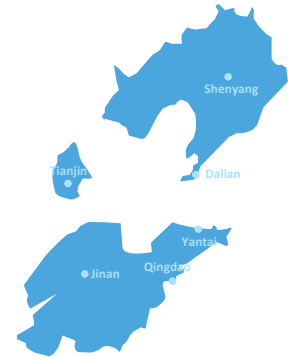
Project location: Wanbailin District, Taiyuan
Total GFA: 308,000 sq.m.



Neo-metropolis (Tianjin)

Project location: Beichen District, Tianjin
Total GFA: 3,034,000 sq.m.

Bohai Rim Region



Joy of Mountain and Sea (Dalian)

Project location: Ganjingzi District, Dalian
Total GFA: 189,000 sq.m.



Ocean Epoch (Jinan)

Project location: Lixia District, Jinan
Total GFA: 390,000 sq.m.



Ocean Crown (Qingdao)

Project location: Fushan New District, Qingdao
Total GFA: 125,000 sq.m.

Eastern Region



Harbor Heart (Wenzhou)

Project location: Ouhai District, Wenzhou
Total GFA: 87,000 sq.m.



Scenery Mansion (Wuxi)

Project location: Yixing City, Wuxi
Total GFA: 109,000 sq.m.



Ocean Lake Mansion (Jiaxing)

Project location: Haining City, Jiaxing
Total GFA: 91,000 sq.m.



Xixi Mansion (Hangzhou)

Project location: Yuhang District, Hangzhou
Total GFA: 395,000 sq.m.



Blossoms Valley (Zhongshan)

Project location: Shenwan District, Zhongshan

Total GFA: 1,172,000 sq.m.

Southern Region



Ocean Palace (Shenzhen)

Project location: Nanshan District, Shenzhen

Total GFA: 196,000 sq.m.



Ocean City (Zhanjiang)

Project location: Xiashan District, Zhanjiang

Total GFA: 612,000 sq.m.

Central Region



Ocean Palace (Nanchang)

Project location: Wanli District, Nanchang
Total GFA: 173,000 sq.m.



Heart of Hankow (Wuhan)

Project location: Jiangnan District, Wuhan
Total GFA: 1,054,000 sq.m.



Oriental World View (Wuhan)

Project location: Hanyang District, Wuhan
Total GFA: 1,917,000 sq.m.



Poetry of Landscape (Chongqing)

Project location: Shapingba District, Chongqing
Total GFA: 166,000 sq.m.

Western Region



Sino-Ocean Royal Landscape (Xi'an)

Project location: Chanba Ecological District, Xi'an
Total GFA: 292,000 sq.m.



Sino-Ocean Aristocratic Family (Guiyang)

Project location: Shuanglong New District, Guiyang
Total GFA: 165,000 sq.m.

PROPERTY DEVELOPMENT AND OPERATION

As the strategic business line of the Group, property development and operation are coordinated with the development of principal business and is being advanced in an orderly manner.

After years of exploration, Sino-Ocean has achieved fruitful results in property development and operation. The Group's urban complexes including Sino-Ocean Taikoo Li Chengdu (Chengdu), INDIGO (Beijing), and the self-operated Grand Canal Place (Hangzhou); "We-life" series urban complexes; and high-end office building in core areas such as Ocean Plaza (Beijing), Ocean Rayzone (Beijing) and Ocean International Center (Beijing), have won good reputation in the market.

In the future, the Group will adopt the asset-medium strategy to develop commercial properties and office buildings with a focus on landmark urban complex projects. For existing projects, the Group will accumulate fine operation and management capabilities and build an excellent commercial management team; for incremental projects, the Group will strengthen the influence of its real estate brand and build excellent capabilities in asset management, so as to establish closed-loop asset management capabilities for its real estate business. By doing so, the Group aims to create a second growth curve along with the liberalization of policies and the arrival of the extensive asset management era.

Grand Canal Place (Beijing)

SINO-OCEAN COMMERCIAL

In 2020, the Group's landmark works such as Citylane (Wuhan), INDIGO II (Beijing), and Grand Canal Place (Beijing) by the Beijing-Hangzhou Grand Canal were officially unveiled, showing the strong vitality of Sino-Ocean Commercial Property.

Unveiling of Multiple Landmark Projects

In July 2020, the Group officially announced the Citylane (Wuhan) project, which is another masterpiece of Sino-Ocean Group to revitalise historical building structures in commercial operations. Sino-Ocean's Guiyuan Temple Project in Wuhan is a one-million sq.m. urban complex jointly built by Sino-Ocean Group and Wuhan 2049 Group, covering residential buildings, commercial properties, office buildings, apartments, etc. Among them, Citylane (Wuhan) is the commercial complex part of Guiyuan Temple Project with low-density blocks as the core. In the process of project development, Sino-Ocean Group skilfully combined the classic culture of Jingchu with modern design, thus preserving the style of ancient streets of Wuhan and embodying the modern design elements of urban renewal. In December 2020, Sino-Ocean Group and Swire Properties successfully acquired a complex development project covering approximately 78,000 sq.m. in Jiangtai, Chaoyang District, Beijing for the development of INDIGO II (Beijing). This is another large commercial complex project to be co-developed by Sino-Ocean and Swire Properties following INDIGO (Beijing) and Sino-Ocean Taikoo Li Chengdu (Chengdu). In the same month, the brand launch conference for Grand Canal Place (Beijing), a Beijing sub-centre complex project of Sino-Ocean Group, was successfully held. With a total GFA of approximately 370,000 sq.m., the project is positioned to feature "fashion, fun and LOHAS" and consists of office buildings and high-quality shopping malls. At both sides of the Beijing-Hangzhou Grand Canal, Grand Canal Place (Beijing) echoes Grand Canal Place (Hangzhou) from afar, showing Sino-Ocean's increasingly mature capabilities in commercial property development.



INDIGO II (Beijing)

Joining the Fight Against COVID-19 to Honour Social Responsibility

The Group promptly joined the fight against COVID-19 to waive rent and interest for merchants, and embraced innovations when epidemic prevention and control were normalised to quickly reopen shopping malls, thereby delivering a precious report card of Sino-Ocean Commercial Property for 2020. During the COVID-19 pandemic, Sino-Ocean Commercial Property demonstrated strong resilience and the increasingly mature commercial operation capabilities of Sino-Ocean Group, which serves as a foundation for Sino-Ocean Group's ongoing expansion. While seeking rapid business growth, Sino-Ocean Commercial Property vigorously undertook social responsibility by supporting epidemic prevention and control efforts with concrete actions, winning praise from people inside and outside the industry.

Creating a Happy Life and Building the Future of Cities

Sino-Ocean Commercial Property has long been upholding the strategy of making steady progress rather than simply pursuing scale. In addition to bringing shopping centers to cities, Sino-Ocean Commercial Property values the deep integration of local culture into projects and develops urban "roots" through projects to achieve common growth with cities.

Sino-Ocean Group's commercial capabilities are getting more and more attention and recognition, and the influence of its commercial brand is also growing. Focusing on commercial development and operation, the Group has developed commercial complex projects represented by Citylane and INDIGO in the core areas of many first- and second-tier cities, and such projects have become an important driving force to lead the urban trends and enhance the influence of the Sino-Ocean brand. Its community-based commercial properties represented by We-life Plaza and We-life play an important role in reshaping the local commercial structure while facilitating the lives of residents.

People gather and live in cities for a better life. Looking at the evolution of the business landscape of Sino-Ocean Commercial Property, it is a consistent development philosophy of Sino-Ocean Group to develop a quality urban environment, create a happy urban life and build future-oriented urban scenarios.



Grand Canal Place (Beijing)



Grand Canal Place (Hangzhou)



Sino-Ocean Taikoo Li Chengdu (Chengdu)



Citylane (Wuhan)

SINO-OCEAN PROPERTY

Since 2020, for the real estate segment as one of its traditional principal business lines, Sino-Ocean Group fully leveraged its advantages and experience in the field of office buildings to intensify the expansion of asset-light and asset-medium business and the provision of asset management services, thus steadily improving its brand awareness and influence. As its real estate business became mature over time, Sino-Ocean Group introduced and unveiled an independent brand called “Sino-Ocean Property”.

Upgrade to Create Competitive Strengths and Continuously Witness Urban Development

After years of development, the office building market has passed the period of disorder and barbaric growth and ushered in a new era driven by fine operations and extensive asset management. Focusing on improving office experience, upgrading assets and capital appreciation, Sino-Ocean Property continued to make efforts to build an office experience upgrading system, promote asset transformation and upgrading, and strengthen its core capabilities in the asset-light and asset-medium model. As a pioneer of “Building • Health”, Sino-Ocean Group also reshaped and enhanced the office experience with “health” in its office products, thus achieving a shift from demand-driven to value-oriented development.

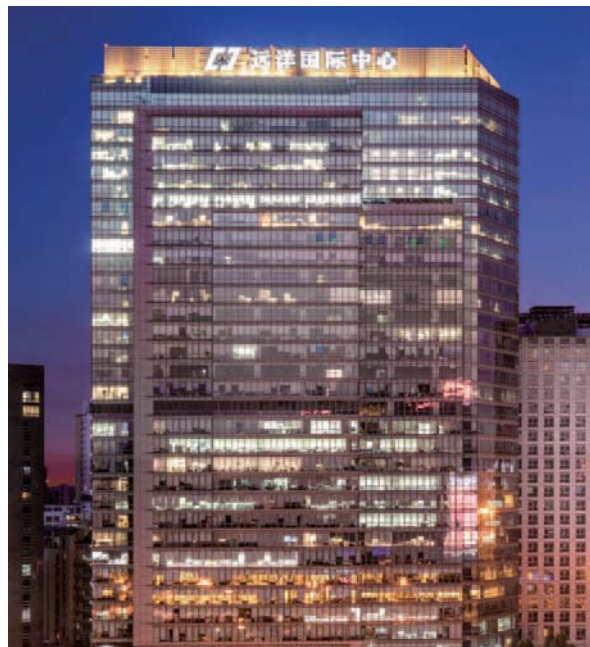
The China Life Financial Center (Beijing) project, which was formally delivered in May 2019, has created a new experience of modern and healthy office through the integration of many health elements and much artisan design, and thus has become a celebrity building in the core area of Beijing CBD. The Ocean Rayzone (Beijing) project in Beijing Lize Financial Business District has passed two international authoritative certifications — LEED Gold certification and WELL Gold certification as a new office building species with an organic integration of sharing, health, art and humanism.

As a representative asset renewal project of Sino-Ocean Property, Ocean International Center (Beijing) in Dongsihuan, Beijing has been put into operation for more than 10 years. Sino-Ocean keenly grasped asset renewal opportunities, resolved the difficulty of “in-lease renovation” on the basis of balancing building renovation and normal office activities of users through precise positioning, in-depth research, careful arrangement and good coordination, practiced the concept of “Building Health”, and constantly innovated in design, construction, materials and services, thus enabling Ocean International Center (Beijing) to take on a new look and be well received by tenants and employees.

In October 2020, the ground-breaking ceremony of Sino-Ocean’s CBD Plot Z6 (Beijing) project was successfully held. The project is to further explore innovations in “health & sharing” in an upscale office building on the basis of Ocean Rayzone



China Life Financial Center (Beijing)



Ocean International Center (Beijing)

(Beijing) and develop another landmark product embodying the concept of “Building Health”, with a view to further improving the brand value of Sino-Ocean Property.

At present, Sino-Ocean has developed and holds a number of office building projects in key first-and second-tier cities such as Beijing, Shanghai, and Wuhan, and stands in the forefront of the industry in terms of scale and expertise. Its office buildings have attracted many Fortune 500 tenants. As the asset manager, Sino-Ocean also operates and manages an array of high-quality projects including Sino-Ocean Tower (Shanghai) and Diamond Plaza (Beijing), which have attracted certain emerging internet giants.

Scientific Epidemic Prevention to Tide over Difficulties Together

In early 2020, faced with the unprecedented challenge of COVID-19, the office buildings operated and managed by Sino-Ocean Group promptly implemented the anti-COVID-19 requirements and facilitated enterprises to safely resume work and production with great results. For example, given the scientific and rigorous anti-COVID-19 measures and high-quality tenants, Ocean Office Park (Beijing) had over 90% of its corporate tenants resume work in mid-April, reflecting its excellent management capabilities and property services.

Creating a New Growth Engine with Asset-medium Model

The office building market targeted by Sino-Ocean Property has always been at the forefront of real estate finance. Based on the its extensive experience in the development, operation and renovation of upscale office buildings, Sino-Ocean Property has developed a business model revolving around asset-medium projects to pursue asset preservation and appreciation while serving investors, in an effort to gradually create a new growth engine for Sino-Ocean Group.

From the early development and operation of office buildings to the establishment of an asset management platform, Sino-Ocean Group has accumulated extensive asset management experience and rich real estate resources, and developed market acumen and strong resilience. Nowadays, in order to maintain its leading position in the office building industry, Sino-Ocean Group is speeding up capacity building for future business through differentiated competition. In the future, Sino-Ocean Group will continue to target scarce resources in first- and second-tier cities, focus on core customers, and develop more landmark products to carry forward the advantages of the Sino-Ocean brand. Meanwhile, Sino-Ocean will continue to improve its capabilities in fine operation of office buildings, and maintain a stable growth in asset-light business expansion and provision of asset management services.



CBD Plot Z6 (Beijing)



Ocean Rayzone (Beijing)

SINO-OCEAN SERVICE

Sino-Ocean Service Holding Limited (06677.HK, “Sino-Ocean Service”) was listed on the Main Board of the Stock Exchange of Hong Kong on 17 December 2020 with an issue price of HK\$5.88 per share and a total of 296 million shares issued. Li Ming, Chairman of the Board and Chief Executive Officer of Sino-Ocean Group, and Yang Deyong, joint chairman, chief executive officer and executive director of Sino-Ocean Service, among others, participated in the listing ceremony.

As a mid-to-high-end comprehensive property management service provider among the top 100 property management companies, the offering of Sino-Ocean Service was heavily over-subscribed many times by institutional investors, with staunch support from premium cornerstone investors including Springs Capital (Hong Kong), Guohua Life Insurance, Hillhouse Funds, OP Capital, Franchise Fund LP, Winland Foundation, Keltic and Mr. Zheng Xianfang. Upon successful listing, Sino-Ocean Service will further demonstrate its long-term investment value on the back of its edge in high-end commercial and office building property service and sustainable high growth.

Sino-Ocean Service is a comprehensive property management service provider with extensive geographic coverage in the PRC. According to China Index Academy. It ranked 13th and 11th among the Top 100 Property Management Companies in China in terms of overall strength and growth potential in 2019 respectively, it was also rated as one of the eight 2020 Excellent Property Management Companies for Commercial Property Management.

The history of Sino-Ocean Service can be traced back to 1997 and after striving for 23 years with its hard work, it has grown into a comprehensive property management service provider with outstanding principal business, stable performance improvement, diverse service operations, extensive regional presence, capable management team and excellent professional reputation. Currently, the service operations of Sino-Ocean Service cover the five major core regions in Beijing-Tianjin-Hebei, Bohai Rim, Eastern China, Southern China, Central and Western China regions. As at 31 December 2020, Sino-Ocean Service managed a total of 238 property projects in the PRC, including 184 residential communities and 54 non-residential properties, with total GFA under management of 45.5 million sq.m..



NATIONAL PRESENCE WITH CONTINUED ETERNAL EXPANSION

Superior city layout



Percentage of GFA under management in first- and second-tier cities

90.7%



Number of cities

62



Number of contracted property management projects in portfolio

318



Number of provinces, autonomous regions and municipalities

24

Large increase in reserve scale



Contracted GFA

71.1 million m²



GFA under management

45.5 million m²



Newly increased contracted GFA through external expansion

9.1 million m²



CAGR of total reserved GFA

61.3%

DIVERSIFIED BUSINESSES WITH OPTIMIZED STRUCTURE FOR RAPID GROWTH DRIVEN BY ACCUMULATED STRENGTH

Broad sources of revenue from diversified managed properties



Residential communities



Shopping malls



Office buildings



Multi-purpose complexes



Government buildings



Public facilities



Expressway service stations



Hospitals

Commercial properties grow rapidly driven by accumulated strength

Proportionate share of property management services income from commercial properties

26.9%

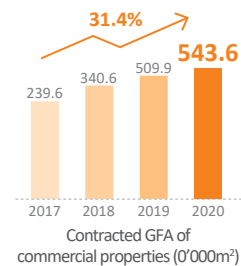
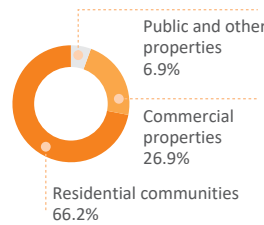
CAGR of contracted GFA of commercial properties

31.4%

Average property management fee of commercial properties under management

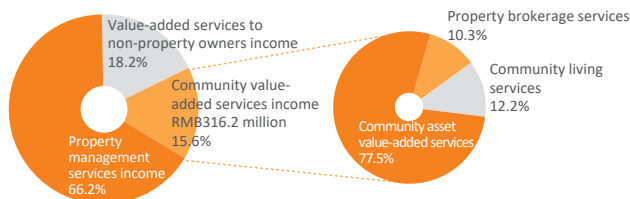
RMB **17.6** month/m²

Proportionate share of property management services income by type of properties



VALUE-ADDED SERVICES TO EXPLOIT POTENTIAL, ENHANCE QUALITY AND INCREASE INCOME

Proportionate share of income from community value-added services



Vigorous deployment

Space resource, rent and sales service, pleasant housing service, community service

Exploration direction

In-house service, future education, community elderly service, warehouse service

The biographies of Directors and senior management of Sino-Ocean Group Holding Limited (the “Company”) as of 30 March 2021, being the latest practicable date prior to the issue of this annual report, are as follows:



Executive Director / Mr. LI Ming (李明)

Mr. LI Ming (李明), aged 57, is the Chairman of the Board, an Executive Director, the Chief Executive Officer, Chairman of the Nomination Committee and Chairman of the Strategic and Investment Committee (formerly the Investment Committee) (the “Strategic and Investment Committee”) of the Board. Mr. Li joined the Company as a general manager in July 1997 and became the Chief Executive Officer in August 2006 before serving as the Chairman of the Board since March 2010. Mr. Li was a non-executive director, honorary chairman of the board and chairman of the nomination committee of Gemini Investments (Holdings) Limited, a company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. Li has extensive experience in corporate governance, property development and investment and management of listed companies. Mr. Li graduated from Jilin University of Technology (now known as “Jilin University”) and obtained a bachelor’s degree of Engineering in 1985, graduated from the Graduate School of Chinese Academy of Social Sciences in 1996, and graduated from the China Europe International Business School and obtained a master’s degree in Business Administration in 1998. Mr. Li is currently a member of the 13th National Committee of the Chinese People’s Political Consultative Conference, the honorary vice-president of the China Real Estate Association, a Chartered Builder of The Chartered Institute of Building, UK and also a senior engineer. Mr. Li was a member of the 10th and 11th Beijing Municipal Committees of the Chinese People’s Political Consultative Conference and deputy to the 13th, 14th and 15th People’s Congress of Chaoyang District of Beijing. He was an advisory expert of the Ministry of Housing and Urban-Rural Development at real estate market regulation.



Executive Director / Mr. WANG Honghui (王洪輝)

Mr. WANG Honghui (王洪輝), aged 41, is an Executive Director, a member of the Strategic and Investment Committee of the Board, the Executive President of the Company and also the general manager of Sino-Ocean Capital Limited, an associated company of the Company. Mr. Wang joined the Company in July 2005 and had served as the investment head for the Beijing region, general manager of the secretarial administration department, general manager of the CEO management centre and general manager of capital operation department of the Company. Mr. Wang was a non-executive director as well as a member of the nomination committee and strategic investment committee of Beijing Capital Grand Limited, a company listed on the Stock Exchange, during the period from December 2016 to October 2020. Mr. Wang has extensive experience in real estate investment, equity investment and capital operation. Mr. Wang graduated from Renmin University of China and obtained a bachelor’s degree in Real Estate Operation and Management in 2002 and graduated from the Chinese Academy of Social Sciences and obtained a master’s degree in Regional Economics in 2004. Mr. Wang is the vice president of the China Real Estate Association, a senior economist, specialises in real estate economy, and a registered real estate appraiser in China.



Executive Director / Mr. CUI Hongjie (崔洪杰)

Mr. CUI Hongjie (崔洪杰), aged 48, is an Executive Director, the Executive President and also the general manager of the product construction centre of the Company. Mr. Cui joined the Company in August 1996 and has served as general manager of costing and engineering department, general manager of technology and cost department, assistant to CEO and vice president of the Company. Mr. Cui has been the joint chairman, a non-executive director and a member of each of the audit committee and nomination committee of Sino-Ocean Service Holding Limited, a subsidiary of the Company listed on the Stock Exchange on 17 December 2020. Mr. Cui has extensive experience in operation and development of real estate, product creation and management. Mr. Cui graduated from Beijing University of Technology and obtained a bachelor’s degree in Engineering in 1996, and graduated from Beijing University of Technology and obtained a master’s degree in Engineering in 2001. Mr. Cui is a member of the Royal Institution of Chartered Surveyors, a national registered first-class constructor and a senior engineer.

Non-Executive Director / Ms. HUANG Xiumei (黃秀美)

Ms. HUANG Xiumei (黃秀美), aged 53, is a Non-Executive Director of the Company and a member of the Audit Committee of the Board. Ms. Huang joined the Group in March 2021. Ms. Huang has been the vice president and the person in charge of finance of China Life Insurance Company Limited (“China Life”) since May 2020. From 2016 to 2020, she was the vice president, the board secretary and the person in charge of finance of China Life Pension Company Limited. From 2014 to 2016, she served as the financial controller and the general manager of the financial management department of China Life. From 2005 to 2014, Ms. Huang held various positions at China Life’s Fujian branch, including the assistant to the general manager, the deputy general manager, the branch head, the deputy general manager (responsible for daily operations) and the general manager. From 1999 to 2005, she served as the deputy division chief of the planning and finance division, the manager of the planning and finance department and the manager of the finance department of China Life’s Fujian branch. During the period from 2004 to 2005, she concurrently served as the deputy general manager of China Life’s Fuzhou branch. Ms. Huang graduated from Fuzhou University, majoring in accounting with a bachelor’s degree. Ms. Huang is a senior accountant. Ms. Huang is nominated by China Life, a substantial shareholder of the Company.

Non-Executive Director / Mr. FU Fei (符飛)

Mr. FU Fei (符飛), aged 49, is a Non-Executive Director of the Company and a member of the Strategic and Investment Committee of the Board. Mr. Fu joined the Group in May 2018 and is a PhD graduate. Mr. Fu is currently the director of risk resolution and legal affairs department of China Insurance Security Fund Co., Ltd. Mr. Fu has extensive experience in insurance, banking and legal aspects. Mr. Fu is nominated by Dajia Life Insurance Co., Ltd. (“Dajia Life Insurance”), a substantial shareholder of the Company.

Non-Executive Director / Mr. HOU Jun (侯俊)

Mr. HOU Jun (侯俊), aged 43, is a Non-Executive Director of the Company and a member of the Strategic and Investment Committee of the Board. Mr. Hou joined the Group in April 2020. Mr. Hou is currently the deputy general manager of the investment management department of China Life Insurance (Group) Company (“China Life Insurance Group”). Mr. Hou had served in various departments of China Life Insurance Group including finance department, asset management department and investment management department. Mr. Hou is currently a non-executive director of Town Health International Medical Group Limited, a company listed on the Stock Exchange. Mr. Hou graduated from Shanxi University of Finance and Economics in July 2000, majoring in investment economics with a bachelor’s degree in economics, and graduated from Central University of Finance and Economics in June 2004, majoring in finance with a master’s degree in Economics. Mr. Hou is nominated by China Life, a substantial shareholder of the Company.



Non-Executive Director / Ms. LI Liling (栗利玲)

Ms. LI Liling (栗利玲), aged 48, is a Non-Executive Director of the Company and a member of the Audit Committee of the Board. Ms. Li joined the Group in August 2018. Ms. Li is currently a non-independent director of Dashang Co., Ltd., a company listed on the Shanghai Stock Exchange. Ms. Li obtained a doctorate degree in Accounting and is a member of The Chinese Institute of Certified Public Accountants. Ms. Li has extensive experience in accounting and financial management. Ms. Li is nominated by Dajia Life Insurance, a substantial shareholder of the Company.



Independent Non-Executive Director / Mr. HAN Xiaojing (韓小京)

Mr. HAN Xiaojing (韓小京), aged 66, is an Independent Non-Executive Director of the Company, the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Board. Mr. Han joined the Group in June 2007. Mr. Han is the founding partner of the Commerce & Finance Law Offices. He has over 30 years' experience in the practice of corporate and securities laws in China, especially in the restructuring of large scale state-owned enterprises and private companies and offshore listing of Chinese companies. Mr. Han is currently an independent non-executive director of each of Far East Horizon Limited and Vital Innovations Holdings Limited, companies listed on the Stock Exchange, and has been a supervisor of Ping An Bank Co., Ltd. ("Ping An"), a company listed on the Shenzhen Stock Exchange, since September 2020. Mr. Han has ceased to act as an independent director of Ping An and Beijing Sanju Environmental Protection and New Material Co., Ltd., a company listed on the Shenzhen Stock Exchange, from September 2020. Mr. Han graduated from China University of Political Science and Law and obtained a master's degree in Law in 1985.



Independent Non-Executive Director / Mr. SUEN Man Tak (孫文德)

Mr. SUEN Man Tak (孫文德), aged 62, is an Independent Non-Executive Director of the Company and a member of the Audit Committee and the Remuneration Committee of the Board. Mr. Suen joined the Group in December 2015. Mr. Suen has extensive experience in the enforcement of securities and futures related legislation as well as commercial crime investigations. Mr. Suen had served with the Securities and Futures Commission of Hong Kong (the "SFC") for more than 17 years. He is now a practicing barrister-at-law specialising in litigation and advisory work on the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Buy-backs, the Rules Governing the Listing of Securities on the Stock Exchange, the Code of Conduct for Persons Licensed by or Registered with the SFC, market misconduct, white collar crimes and anti-money laundering activities. Mr. Suen is an independent non-executive director of Zijin Mining Group Co., Ltd., a company listed on the Stock Exchange, and has been appointed as an independent non-executive director and a member of the audit committee of China Jinmao Holdings Group Limited, a company listed on the Stock Exchange, since November 2020. Mr. Suen received his master's degree in Accountancy from the Charles Sturt University, Australia in September 1996. He further obtained a degree of Juris Doctor in July 2010 and a postgraduate certificate in Laws in July 2011, both from the City University of Hong Kong. He was called to the Hong Kong Bar in February 2013. Mr. Suen has been a member of the Hong Kong Institute of Certified Public Accountants since July 1998 and a member of the Hong Kong Securities and Investment Institute since April 1999.

Independent Non-Executive Director / Mr. WANG Zhifeng (王志峰)



Mr. WANG Zhifeng (王志峰), aged 65, is an Independent Non-Executive Director of the Company and a member of the Nomination Committee and the Remuneration Committee of the Board. Mr. Wang joined the Group in March 2016. He is currently the retired cadre of the head office of Agricultural Bank of China Limited (the “Agricultural Bank”, and together with its subsidiaries, the “Agricultural Bank Group”). Mr. Wang joined the Agricultural Bank Group in August 1978 and has over 37 years’ experience in finance and management. Mr. Wang also served as the deputy head of Shenyang Branch, the deputy head of Liaoning Branch, the head and the secretary of the Communist Party Committee of Inner Mongolia Branch and the head and the secretary of the Communist Party Committee of Dalian Branch of the Agricultural Bank and a supervisor of Agricultural Bank of China Financial Leasing Co., Ltd. Mr. Wang currently serves as an independent supervisor of Liaoning Port Co., Ltd. (formerly known as Dalian Port (PDA) Company Limited before 28 January 2021) (“Liaoning Port”), a company listed on the Stock Exchange and the Shanghai Stock Exchange. He was an independent non-executive director of Liaoning Port. Mr. Wang graduated from Shenyang Agricultural College with master’s degree in Economic Management. Mr. Wang is a senior economist.

Independent Non-Executive Director / Mr. JIN Qingjun (靳慶軍)



Mr. JIN Qingjun (靳慶軍), aged 63, is an Independent Non-Executive Director of the Company and a member of the Audit Committee and the Strategic and Investment Committee of the Board. Mr. Jin joined the Group in March 2016. Mr. Jin is currently the senior partner of King & Wood Mallesons, Beijing. His major areas of practice include securities, finance, investment, corporate and insolvency, as well as foreign-related legal affairs. Mr. Jin currently serves as an independent non-executive director of each of Times China Holdings Limited, Bank of Tianjin Co., Ltd., Central Development Holdings Limited and Goldstream Investment Limited, companies listed on the Stock Exchange. Mr. Jin is also an independent non-executive director of Guotai Junan Securities Co., Ltd., a company listed on the Stock Exchange and the Shanghai Stock Exchange. He is an independent director of Shenzhen Cheng Chung Design Co., Ltd, and a director of Shenzhen Kingkey Smart Agriculture Times Co., Ltd, companies listed on the Shenzhen Stock Exchange. Mr. Jin was a director of Konka Group Co., Ltd., a company listed on the Shenzhen Stock Exchange. Mr. Jin graduated from China University of Political Science and Law and obtained a master’s degree in Law.

Independent Non-Executive Director / Ms. LAM Sin Lai Judy (林倩麗)



Ms. LAM Sin Lai Judy (林倩麗), aged 66, is an Independent Non-Executive Director of the Company, the Chairman of the Audit Committee and a member of the Strategic and Investment Committee of the Board. Professor Lam joined the Group in August 2017. Professor Lam is currently a senior consultant of the Institute of New Economic Thinking, board director of Wuhan College and senior advisor of Enrichment Education Group Limited. Professor Lam is the first scholar in Hong Kong who was awarded a PhD in accounting at The Chinese University of Hong Kong and is the first Cheung Kong chair professor in accounting engaged by the Ministry of Education of the PRC in Xiamen University. Professor Lam also holds positions as honorary professor and visiting professor at several universities in Mainland China. Professor Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants, a chartered professional accountant and chartered accountant of the Chartered Professional Accountants of British Columbia, a fellow member of The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators), a fellow member of The Hong Kong Institute of Chartered Secretaries, a fellow member of CPA Australia, a fellow member of The Institute of Chartered Accountants in England and Wales and the vice-chairman of its Chinese committee. In 2018, Professor Lam was awarded the Honorary Member of the Chinese Institute of Certified Public Accountants in Shenzhen. In 2019, Professor Lam was invited by the Chinese Institute of Certified Public Accountants as an editorial member of its professional journal *Chinese Certified Public Accountant*. Professor Lam is the vice chairman of the Organizing Committee of Greater Bay Area Impact Forum and senior advisor of the Greater Bay Area Impact Forum Foundation. She is also the chairman of Steering Committee on Research Study on Ranking of GBA cities using United Nations Sustainable Development Goals.

SENIOR MANAGEMENT

Mr. SUM Pui Ying (沈培英)

Mr. SUM Pui Ying, aged 59, is the Chief Financial Officer of the Company. Mr. Sum joined the Company in May 2007. Mr. Sum is also the chairman of the board, an executive director, the chairman of the investment committee and the chairman of the nomination committee of Gemini Investments (Holdings) Limited, an associated company of the Company. He has extensive experience in corporate management of listed companies, investment and financing and financial management. Mr. Sum graduated from the Hong Kong Polytechnic University and obtained a professional diploma in Accounting in 1988, graduated from the University of Wales and obtained a master's degree in Business Administration in 1991, and graduated from the University of Hong Kong and obtained a diploma in Legal Studies in 1996. Mr. Sum is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England & Wales.

Mr. DING Hui (丁暉)

Mr. DING Hui, aged 45, is the Vice President of the Company and also the general manager of the commercial property department and the deputy general manager of the product construction centre of the Company. Mr. Ding joined the Company in August 2002, and has served as the general manager of Beijing Yuan Hao Company, general manager of the development management department, general manager of the operational management centre, general manager of the commercial property department and general manager of the data procedure centre of the Company, with extensive experience in development and management of real estate and commercial property operation. Mr. Ding graduated from Tongji University and obtained a bachelor's degree in Engineering in 1996 and graduated from Tsinghua University and obtained a master's degree in Structural Engineering in 2002.

Mr. LI Zesheng (李澤生)

Mr. LI Zesheng, aged 57, is the Vice President of the Company. Mr. Li joined the Company in September 2019. Mr. Li was the general manager of the brand promotion department of China Life Insurance Group. He has extensive experience in brand marketing and market research. Mr. Li is a PhD graduate in Business Management. He graduated from Beijing Technology and Business University with a bachelor's degree in Accounting in 1987. Mr. Li has studied in Japan for many years and is engaged in studies and research in international business and marketing.

COMPANY SECRETARY

Mr. CHUNG Kai Cheong (鍾啟昌)

Mr. CHUNG Kai Cheong, aged 43, has been appointed as the Company Secretary of the Company since March 2020. Mr. Chung obtained a bachelor's degree majoring in Accountancy from The City University of Hong Kong. He is currently a fellow of each of the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. Mr. Chung gained extensive experience in auditing, accounting, financial management, financing, compliance of Listing Rules and related regulations in Hong Kong through his works in an international accounting firm, companies listed on the Stock Exchange and a licensed corporation defined under the Securities and Futures Commission.

The board of directors (the “Board”) of Sino-Ocean Group Holding Limited (the “Company” or “Sino-Ocean”) is pleased to present its report and the audited financial statements of the Company and its subsidiaries (the “Group” or “Sino-Ocean Group”) for the year ended 31 December 2020.

PRINCIPAL OPERATIONS AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. Its subsidiaries are mainly engaged in development of residential property, investment property development and operation, customer service and product construction. The Group is one of the leading property developers with developments in key economic regions in the People’s Republic of China (the “PRC”).

The analysis of the Group’s revenue and operating results in its major operating activities is set out in note 6 to the consolidated financial statements of this annual report.

RESULTS AND APPROPRIATIONS

Results of the Group for the year ended 31 December 2020 are set out in the consolidated income statement and the consolidated statement of comprehensive income on pages 130 and 131 of this annual report respectively.

During the year under review, a final dividend in respect of the financial year ended 31 December 2019 of HKD0.026 per ordinary share and an interim dividend in respect of the six months ended 30 June 2020 of RMB0.056 per ordinary share (equivalent to HKD0.062 per ordinary share, rounded to the nearest three decimal places) were paid respectively.

The Board proposed to recommend at the forthcoming annual general meeting of the Company (the “AGM”) to be held on Friday, 21 May 2021 the payment of a final dividend of RMB0.075 per ordinary share (equivalent to HKD0.090 per ordinary share, rounded to the nearest three decimal places) for the year ended 31 December 2020. The final dividend will be paid in cash. The final dividend is subject to the approval of the shareholders of the Company (the “Shareholders”) at the AGM. The final dividend will be paid to the Shareholders whose names are standing in the register of members of ordinary shares of the Company on Wednesday, 26 May 2021. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited (the “Share Registrar”) at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 26 May 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of ordinary shares of the Company will be closed from Monday, 17 May 2021 to Friday, 21 May 2021 (both dates inclusive), during which period no transfer of ordinary shares will be registered. In order to qualify for attending the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar no later than 4:30 p.m. on Friday, 14 May 2021.

DIVIDEND POLICY

The Company has adopted a dividend policy which sets out the basic principles and factors for considerations by the Board for the distribution of dividends. The Company strives to maintain a stable dividend payout ratio in order to enhance the Company's long-term investors' confidence in the Company's stock and strengthen the momentum of the Company's future share price. The Company intends to pay dividends twice a year in an aggregate amount of not less than 20% of the annual consolidated profit attributable to the owners of the Company.

On the premise that a stable dividend payout ratio shall be maintained, the Company is required to balance the Group's profit, capital plan, operational development requirements and other relevant factors such as financial position of the Group, the capital requirements of the Company and the prevailing economic climate to determine the distribution of dividends to the Shareholders. The Company determines the final dividend payout ratio also with reference to the industry's dividend payout level and stock price performance, as well as the capital market and Shareholders' expectations of the Company.

RESERVES

Movements in the reserves of the Group and the Company during the year under review are set out in note 28 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

The Company's total distributable reserves as at 31 December 2020 amounted to approximately RMB589 million.

SHARE CAPITAL

Movements in the share capital of the Company during the year under review and as at 31 December 2020 are set out in note 26 to the consolidated financial statements of this annual report.

FIXED ASSETS

Movements in the Group's fixed assets are set out in note 7 to the consolidated financial statements of this annual report.

BORROWINGS

In January 2020, the USD400,000,000 guaranteed notes due 2030 (the "2030 Guaranteed Notes") were issued by a wholly-owned subsidiary of the Company by way of debt issue to professional investors only and unconditionally and irrevocably guaranteed by the Company. The 2030 Guaranteed Notes bear interest at a rate of 4.75% per annum. The net proceeds from the issue of the 2030 Guaranteed Notes amount to approximately USD391,300,000 and were used primarily by the Group for repayment of indebtedness of the Group in accordance with applicable laws and regulations.

The reasons for the issues of the 2030 Guaranteed Notes are to expand finance channels, reduce cost of funding and improve debt structure of the Group.

Details of borrowings are set out in note 32 to the consolidated financial statements of this annual report. Details of the Group's capitalized interest expenses and other borrowing costs during the year under review are set out in note 41 to the consolidated financial statements of this annual report.

DONATIONS

For the year ended 31 December 2020, the Group's donations to charity and other purposes were approximately RMB21.13 million (2019: RMB5.74 million).

BUSINESS REVIEW

During the year, the Company successfully spun off and listed the shares of Sino-Ocean Service Holding Limited ("Sino-Ocean Service") (Stock Code: 06677.hk), a subsidiary of the Company, on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Sino-Ocean Service and its subsidiaries are principally engaged in property management services, value-added services to non-property owners and community value-added services. Details of the spin-off and separate listing of Sino-Ocean Service on the Main Board of the Stock Exchange are set out in the section headed "Management Discussion & Analysis" in this annual report.

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in the paragraphs headed "2020 Business Review" and "2021 Company Strategies" under the section headed "Chairman's Statement" in this annual report, respectively. The description of possible risks and uncertainties that the Group may be facing are set out in the paragraphs headed "Market Review and Outlook" under the section headed "Chairman's Statement", note 4 to the consolidated financial statements and the paragraphs headed "Other Information" under the section headed "Management Discussion & Analysis" in this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section headed "Financial & Operation Highlights" on pages 10 and 11 of this annual report.

ENVIRONMENTAL POLICY AND PERFORMANCE

Sino-Ocean Group has been taking proactive measures in response to domestic and foreign advocacy while undertaking its environmental responsibilities. In 2020, we formulated the “Policy of Sino-Ocean Group on Addressing Climate Change”, “Policy of Sino-Ocean Group on Energy”, “Policy of Sino-Ocean Group on Environmental Protection” and “Policy of Sino-Ocean Group on Green Procurement”, and issued the “Declaration of Sino-Ocean Group on Addressing Climate Change”, as we steadfastly charted our course to low-carbon development.

The Group has a long history of implementing of green health standards. On the business front, we conduct feasibility assessment and environmental impact assessment for new projects in stringent adherence to environmental assessment procedures in accordance with relevant regulations of local governments, and make arrangements and investment decisions accordingly. Sino-Ocean Group has continued to take the lead among industry players in constructing healthy and green buildings, and launched “Sino-Ocean Healthy Building System 1.1” in 2020 as a continuing effort to vigorously promote the concept of “Building • Health” and advocate it in the industry. In addition, Sino-Ocean has put into practice the adoption of WELL standard nationwide to build more healthy buildings. Meanwhile, we place a strong emphasis on environmental protection and green health. Green office management has been actively promoted in internal corporate management. Meetings are held by way of telephone and video conference wherever practicable, while arrangements have been made for all employees to receive training in energy conservation and environmental protection, in a bid to create an eco-friendly and healthy workplace and foster a strong sense of environmental and health awareness among our staff.

For more details, please refer to the paragraphs headed “Building artistry to enhance quality and health” and “Staying true to original aspirations to build a greener planet” in the section headed “Sustainability Report” in this annual report.

STAKEHOLDER RELATIONS

Based on its review on past efforts in the fulfilment of relevant responsibilities and judgment on the current international and domestic situations, Sino-Ocean stays committed to the communication and collaboration with the seven major groups of stakeholders, namely investors, government, employees, customers, environment, business partners and communities, striving to achieve sustainable development in economic, social and environmental values with these stakeholders together.

The Board believes that the support of Shareholders and investors is essential. The Group adheres to the best practice in information disclosure in terms of accuracy, transparency and consistency. The Group is committed to maintaining highly honest, sincere and effective communication with the financial community and other stakeholders. The Group also made proactive communication with investors. Apart from results presentations and roadshows, the Group attended investors’ conferences and communicated constantly. After each general meeting, management reserved time for individual Shareholders to voice their opinions and concerns, ensuring all parties present were given opportunity to discuss the key issues with our representatives. For further information, please refer to the section headed “Investor Relations” in this annual report.

An enterprise should form initiatives in support of national policies as a means to respond to government expectations and demands. Over the years, Sino-Ocean has not only actively echoed and conscientiously fulfilled the government’s demand for “real estate market’s continuous and healthy development”, but also closely followed national policies by strictly observing new regulations on real estate financing, while showing a persistent concern and support for people’s livelihood. We have never ceased to bring the strengths of our special skills into full play in developing projects for our market segments. Meanwhile, we have fulfilled the pledge of social responsibility of a property developer, and strived to improve people’s living standard, satisfy their material and cultural needs and help families make their dreams come true.

The sustainable development of Sino-Ocean is dependent upon the dedication and mutual progress of all employees. In 2020, Sino-Ocean Group shaped its new corporate culture with responsibility, sharing and health as core elements, and the garnering of the titles such as “2020 China’s Best Real Estate Employer” has fully demonstrated the powerful brand influence of Sino-Ocean Group as an employer in terms of six key dimensions: corporate image, institutional management, brand strategy, training and development, remuneration and work environment. For more details, please refer to the paragraph headed “Fostering dedication to create a positive working environment” in the section headed “Sustainability Report” in this annual report.

At Sino-Ocean, we treasure our customers as one of our most important groups of stakeholders, adhere to the user-oriented principle for our dedicated projects to produce quality products through artistry, and promote healthy lifestyles, quality life, amicable fellow relations and a civil atmosphere in our communities. For more details, please refer to the section headed “Sustainability Report” in this annual report.

On the environmental front, please refer to “Environmental Policy and Performance” above and the paragraph headed “Staying true to original aspirations to build a greener planet” in the section headed “Sustainability Report” in this annual report.

Committed to mutual growth and benefit with its business partners, the Group drives them to develop in a sustainable manner while undertaking social responsibility at the same time. Sino-Ocean has over 10,000 business partners across the nation. The Group gives priority to local suppliers based on the locations of relevant projects, and engages in regular discussion with business partners. Strategic suppliers are assessed and classified (based on the results of the assessment) on a semi-annual basis, while feedback on cooperation in strategic procurement is collected every other two months to ensure timely understanding of the partners’ business activities and developments. The Group updated and amended the Sino-Ocean Group Supplier Code of Conduct and established a supplier ESG assessment system during the year to ensure that the suppliers of Sino-Ocean hold and put into practice the Group’s views on accountability. In the meantime, Sino-Ocean has also shared the idea of “micro-charity and co-participation for sustainability” with its partners. Under the proposition of “shared benefits”, an increasing number of them have joined hands with Sino-Ocean through concerted charity efforts and initiatives.

Sino-Ocean’s corporate responsibility on the social and civic fronts is performed and completed primarily through “Sino-Ocean Charity Foundation” set up and funded by Sino-Ocean Group, which serves as the hub for a network of charitable resources with special emphasis on education support and environmental protection. Its special platform has effectively integrated the resources of Sino-Ocean and provided the most professional and compliant channel for the charitable donations and joint charity ventures of the Group and its partners.

For further details, please refer to the Sustainable Development Report 2020 of Sino-Ocean Group, which will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinooceangroup.com) within the period as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

CHANGE OF COMPANY LOGO

To further develop the Company’s brand cognition, the Company has recently enhanced the Company logo to allow better recognition of the Group’s pursuance of quality of residential and integrated development, property development and operation, business collaboration and customer service.

COMPLIANCE WITH LAWS AND REGULATIONS

The real estate industry in China is the core industry which PRC laws, regulations and policies pay much attention to. There are laws and regulations of different levels restricting various aspects of the real estate industry, such as the transfer of land use rights, the establishment of property development enterprises, the development and construction of real estate projects, environmental protection and foreign exchange control. The Group recognises the importance of the compliance with the laws and regulations in commercial activities, and the failure to comply with the above could result in serious risk and consequences. The Group has reasonably allocated legal, corporate governance, financial and human resources, in particular, the setting up of the compliance and risk management team, to ensure ongoing compliance with respective requirements of the laws and regulations and the policies. Meanwhile, the Group maintains good relationships with Government regulators through effective communication. During the year under review, to the best of our knowledge, the Group has complied with the following salient PRC laws and regulations, namely the Foreign Investment Law, the Company Law, the Property Law, the Land Administration Law, the Law of the Administration of Urban Real Estate, the Regulations on Administration of Urban Real Estate Development, the Construction Law, the Environmental Protection Law, Control of Foreign Exchange Regulations and other relevant laws and regulations.

The Group is also committed to the compliance with the following salient laws and regulations in Hong Kong, including but not limited to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, "SFO") and has been working with external professionals to develop internal guidelines and educating its employees so as to ensure that the Group and its employees will adopt business practices that are compliant with the relevant laws from time to time.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 108 to 120 of this annual report.

REMUNERATION POLICY AND RETIREMENT BENEFITS OF THE GROUP

The Group's remuneration system has been determined by reference to the corporate business performance, the efficiency and accomplishments of the staff, and the remuneration level of the same industry in the market. The Company offers share options and restricted shares to competitive staff at appropriate times so as to provide staff remuneration package with market competitiveness and to ensure availability of human resources for the sustained development of the Company.

Details of the Group's retirement benefit plans are set out in note 40 to the consolidated financial statements of this annual report.

BASIS OF DETERMINING REMUNERATION TO DIRECTORS

The Group's remuneration policy is also applicable to the directors of the Company (the "Directors"). Apart from benchmarking against the market, the Company looks at individual experience, qualification and responsibilities involved in the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Directors, including the share option schemes and the restricted share award scheme, similar to those offered to other employees of the Group.

FIVE-YEAR FINANCIAL SUMMARY

A five-year financial summary of the Group is set out on page 271 of this annual report.

RESTRICTED SHARE AWARD SCHEME

The Restricted Share Award Scheme (the “Award Scheme”) was adopted by the Board on 22 March 2010 (the “Adoption Date”) as an incentive to retain and encourage employees for the continual operation and development of our Group. The Award Scheme, which shall continue in full force and effect from the Adoption Date for a term of 10 years, had expired on 22 March 2020. Although the Award Scheme had expired, the restricted shares already awarded under such scheme before its expiration remain valid.

According to the Award Scheme, the maximum number of shares to be awarded under the Award Scheme is 169,104,822 shares, representing 3% of the issued share capital of the Company as at the Adoption Date. The restricted shares will be purchased by the trustee from the market out of cash contributed by our Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Award Scheme. The shares awarded to the directors and employees of the Group at no consideration will be vested in three years in which 40% of awarded shares will be vested after one year from the date of award and 7.5% of awarded shares will be vested quarterly thereafter.

During the year under review, the trustee of the Award Scheme, pursuant to the terms of the rules and trust deed of the Award Scheme, acquired 5,221,555 shares of the Company by way of acquisition at an aggregate consideration of approximately RMB14,830,985 (including transaction costs). Up to 31 December 2020, accumulated 154,806,297 shares of the Company had been acquired from the market, and from receiving scrip shares in lieu of cash dividend by the trustee, at an aggregate consideration of approximately RMB527,652,548 (including transaction costs), representing approximately 2.75% of the issued share capital of the Company as at the Adoption Date.

Details of the number of shares awarded under the Award Scheme and the shares vested during the year under review are set out below:

Restricted shares

Date of award	Awarded Shares			Balance as at 31 December 2020
	Balance as at 1 January 2020	No. of shares awarded during the year	No. of shares vested during the year	
31 March 2017	657,450	–	(657,450)	–
20 March 2020	–	68,663,270	–	68,663,270
Total	657,450	68,663,270	(657,450)	68,663,270

SHARE OPTION SCHEMES

Share option schemes of the Company

The former share option scheme of the Company as adopted by the Shareholders' written resolutions dated 3 September 2007 (the "2007 Option Scheme") was valid and effective for a period of 10 years and had expired on 27 September 2017. Although the 2007 Option Scheme had expired, the share options already granted under such scheme before its expiration remain valid.

On 6 August 2018, the Shareholders approved a new share option scheme (the "2018 Option Scheme"), which is valid and effective for a period of 10 years until 5 August 2028, unless it is terminated early in accordance with the provisions of the 2018 Option Scheme.

A summary of the principal terms of each of the 2007 Option Scheme and the 2018 Option Scheme (collectively, the "Share Option Schemes") is set out below:

The 2007 Option Scheme

Under the 2007 Option Scheme, the Board may grant share options to eligible employees and directors of the Group. The purpose of the 2007 Option Scheme is to provide an incentive for employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of our shareholders, and to compensate employees of the Group for their contribution based on their individual performance and that of the Company.

As at 31 December 2020, the total number of shares of the Company which may be issued upon exercise of all outstanding share options granted under the 2007 Option Scheme is 127,790,500, representing approximately 1.68% of the issued shares of the Company as at the date of this annual report. Without prior approval from the Shareholders, the number of shares in respect of which share options were granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue.

The share options granted under the 2007 Option Scheme are exercisable within five years period in which 40% of share options become exercisable after one year from the grant date, 70% of share options become exercisable after two years from the grant date, and all share options become exercisable after three years from the grant date. A consideration of HKD1.00 is payable by each grantee accepting on the grant of share options. Options are exercisable at a price that is determined by the Board, which will not be less than the higher of the closing price of the Company's shares on the respective date of grant, and the average closing prices of the shares for the five business days immediately preceding the respective date of grant.

Particulars of share options outstanding under the 2007 Option Scheme at the beginning and at the end of the financial year ended 31 December 2020 and share options granted, exercised, cancelled or lapsed under the 2007 Option Scheme during the year were as follows:

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2020	Transferred from other category during the year	Transferred to other category during the year	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2020
Directors								
Mr. LI Ming	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	540,000	-	-	(540,000)	-
	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	6,000,000	-	-	-	6,000,000
Mr. WANG Honghui (Appointed on 25 March 2020)	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	-	180,000	-	(180,000)	-
	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	-	2,400,000	-	-	2,400,000
	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	-	2,000,000	-	-	2,000,000
Mr. CUI Hongjie (Appointed on 5 June 2020)	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	-	210,000	-	(210,000)	-
	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	-	2,670,000	-	-	2,670,000
	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	-	2,000,000	-	-	2,000,000
Mr. HAN Xiaojing	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	350,000	-	-	(350,000)	-
	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	500,000	-	-	-	500,000
Mr. SUEN Man Tak	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	500,000	-	-	-	500,000
Mr. WANG Zhifeng	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	500,000	-	-	-	500,000
Mr. JIN Qingjun	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	500,000	-	-	-	500,000

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2020	Transferred from other category during the year	Transferred to other category during the year	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2020
Ms. LAM Sin Lai Judy	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	500,000	–	–	–	500,000
Mr. WEN Haicheng (Resigned on 5 June 2020)	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	240,000	–	(240,000)	–	–
	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	3,000,000	–	(3,000,000)	–	–
	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	2,000,000	–	(2,000,000)	–	–
Mr. FANG Jun (Resigned on 14 April 2020)	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	350,000	–	(350,000)	–	–
	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	500,000	–	(500,000)	–	–
Mr. SUM Pui Ying (Resigned on 25 March 2020)	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	800,000	–	(800,000)	–	–
	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	5,000,000	–	(5,000,000)	–	–
Subtotal				21,280,000	9,460,000	(11,890,000)	(1,280,000)	17,570,000
Employees	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	29,234,500	800,000	(390,000)	(29,644,500)	–
	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	76,290,500	5,000,000	(5,070,000)	(4,800,000)	71,420,500
	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	43,600,000	–	(4,000,000)	(800,000)	38,800,000
Subtotal				149,125,000	5,800,000	(9,460,000)	(35,244,500)	110,220,500
Former Directors	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	–	590,000	–	(590,000)	–
	13 Apr 2016	13 Apr 2017– 12 Apr 2021	3.80	–	3,500,000	–	(3,500,000)	–
	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	–	2,000,000	–	(2,000,000)	–
Subtotal				–	6,090,000	–	(6,090,000)	–
Total				170,405,000	21,350,000	(21,350,000)	(42,614,500)	127,790,500

Note: During the year ended 31 December 2020, no share option was granted, exercised or cancelled with respect to the 2007 Option Scheme.

The 2018 Option Scheme

The scope of the participants applicable to the 2018 Option Scheme shall be determined by the Board. In general, the participants of the 2018 Option Scheme are the formal employees (i.e. who have signed valid employment contracts with the Company for one year or more) of the Group. The Board may decide to grant share options to other persons who, in the opinion of the Board, are critical to the development of the Company. The purposes of the 2018 Option Scheme are to provide an incentive for employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of our shareholders, to enhance the competitiveness of the Company's remuneration structure, to attract and retain talents required to achieve the Company's long-term strategic targets, and to compensate directors and employees of the Group for their contribution based on their individual performance and the performance of the Company.

The total number of shares in respect of which share options may be granted under the 2018 Option Scheme is not permitted to exceed 761,528,565 shares, representing approximately 10% of the total number of issued shares of the Company as at the date of this report. As at 31 December 2020, the total number of shares of the Company which may be issued upon exercise of all outstanding share options granted under the 2018 Option Scheme is 745,328,565, representing approximately 9.79% of the issued shares of the Company as at the date of this annual report. Without prior approval from the Shareholders, the number of shares in respect of which share options were granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue.

The share options granted under the 2018 Option Scheme are exercisable within five years period in which 50% of share options become exercisable after 12 months from the grant date and all share options become exercisable after 24 months from the grant date. A consideration of HKD1.00 is payable by each grantee accepting on the grant of share options. Options are exercisable at a price that is determined by the Board, which will not be less than the higher of the closing price of the Company's shares on the respective date of grant, and the average closing prices of the shares for the five business days immediately preceding the respective date of grant.

Particulars of share options outstanding under the 2018 Option Scheme at the beginning and at the end of the financial year ended 31 December 2020 and share options granted, exercised, cancelled or lapsed under the 2018 Option Scheme during the year were as follows:

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2020	No. of share options granted during the year	Transferred from other category during the year	Transferred to other category during the year	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2020
Directors									
Mr. Li Ming	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	25,000,000	-	-	-	-	25,000,000
	27 Mar 2019	27 Mar 2020–26 Mar 2024	3.37	50,000,000	-	-	-	-	50,000,000
Mr. FU Fei	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	-	-	-	-	600,000
Ms. Li Lilong	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	-	-	-	-	600,000
Mr. HAN Xiaojing	4 Sep 2018	4 Sep 2019–3 Sep 2023	3.96	600,000	-	-	-	-	600,000
	27 Mar 2019	27 Mar 2020–26 Mar 2024	3.37	600,000	-	-	-	-	600,000
	25 Mar 2020	25 Mar 2021–24 Mar 2025	2.106	-	600,000	-	-	-	600,000

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2020	No. of share options granted during the year	Transferred from other category during the year	Transferred to other category during the year	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2020
Mr. SUEN Man Tak	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	600,000	–	–	–	–	600,000
	27 Mar 2019	27 Mar 2020– 26 Mar 2024	3.37	600,000	–	–	–	–	600,000
	25 Mar 2020	25 Mar 2021– 24 Mar 2025	2.106	–	600,000	–	–	–	600,000
Mr. WANG Zhifeng	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	600,000	–	–	–	–	600,000
	27 Mar 2019	27 Mar 2020– 26 Mar 2024	3.37	600,000	–	–	–	–	600,000
	25 Mar 2020	25 Mar 2021– 24 Mar 2025	2.106	–	600,000	–	–	–	600,000
Mr. JIN Qingjun	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	600,000	–	–	–	–	600,000
	27 Mar 2019	27 Mar 2020– 26 Mar 2024	3.37	600,000	–	–	–	–	600,000
	25 Mar 2020	25 Mar 2021– 24 Mar 2025	2.106	–	600,000	–	–	–	600,000
Ms. LAM Sin Lai Judy	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	600,000	–	–	–	–	600,000
	27 Mar 2019	27 Mar 2020– 26 Mar 2024	3.37	600,000	–	–	–	–	600,000
	25 Mar 2020	25 Mar 2021– 24 Mar 2025	2.106	–	600,000	–	–	–	600,000
Mr. WEN Haicheng (Resigned on 5 June 2020)	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	15,000,000	–	–	(15,000,000)	–	–
Mr. FANG Jun (Resigned on 14 April 2020)	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	600,000	–	–	(600,000)	–	–
Mr. SUM Pui Ying (Resigned on 25 March 2020)	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	10,000,000	–	–	(10,000,000)	–	–
Subtotal				107,800,000	3,000,000	–	(25,600,000)	–	85,200,000
Employees	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	194,600,000	–	10,000,000	–	–	204,600,000
	27 Mar 2019	27 Mar 2020– 26 Mar 2024	3.37	455,528,565	–	–	–	–	455,528,565
Subtotal				650,128,565	–	10,000,000	–	–	660,128,565
Former Directors	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	–	15,600,000	–	(15,600,000)	–
Subtotal				–	–	15,600,000	–	(15,600,000)	–
Total				757,928,565	3,000,000	25,600,000	(25,600,000)	(15,600,000)	745,328,565

Note: During the year ended 31 December 2020, no share option was exercised or cancelled with respect to the 2018 Option Scheme.

The average fair value of the 3,000,000 share options granted on 25 March 2020 is HKD0.4965 per option. In determining the fair value of share options, the Binomial Model has been used and the following variables have been applied to the model:

Measurement date	25 March 2020
Variables	
— the expected volatility	38.534%
— the annual risk-free interest rate	0.720%
— the expected dividend yield	3.668%
— the expected life from the measurement date	5 years

Notes:

- (i) The closing price per share immediately before 25 March 2020, the date of granting the options, was HKD2.09.
- (ii) The expected volatility is the annualized standard deviation of daily return of the Company's share price with reference to Bloomberg.
- (iii) Risk-free rate represents the yields to maturity of Hong Kong Sovereign Curve with respective terms to maturity as at the valuation date.
- (iv) The expected dividend yield is with reference to the historical dividend.

The values of share options are subject to (i) the subjectivity and uncertainty relating to the assumptions to which such values are subject; and (ii) the limitation of the model used to estimate such values.

Share option scheme of Gemini Investments (Holdings) Limited (“Gemini”), a former subsidiary of the Company

At an extraordinary general meeting of Gemini (a former subsidiary of the Company) held on 23 June 2011, a share option scheme of Gemini (the “Gemini Scheme”) was approved by its shareholders. Subject to early termination by Gemini in its general meeting or by the board of directors of Gemini (the “Gemini Board”), the Gemini Scheme shall be valid and effective for a period of 10 years commencing from the date of adoption of the Gemini Scheme (i.e. 23 June 2011) and will remain in force until 22 June 2021.

The purpose of the Gemini Scheme is to provide Gemini with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the employees (whether full-time or part-time) of each member of Gemini and its subsidiaries (the “Participants”) and for such other purposes as the Gemini Board may approve from time to time. The Gemini Board may from time to time grant options under the Gemini Scheme to the Participants to subscribe for new shares of Gemini. In determining the basic of eligibility of each Participant, the Gemini Board may have absolute discretion to determine whether or not one falls within the meaning of Participants and would take into account such factors as it considers appropriate.

As at 29 July 2020, the date immediately before the date on which Gemini ceased to be a subsidiary of the Company, the total number of shares of Gemini which may be issued upon exercise of all outstanding share options granted under the Gemini Scheme is 34,010,000, representing approximately 5.38% of the issued shares of Gemini as at 29 July 2020, and Gemini may further grant share options under the Gemini Scheme to subscribe for 39,550,000 shares of Gemini, representing approximately 6.26% of the issued shares of Gemini as at 29 July 2020. Without prior approval from the shareholders of Gemini, the number of shares in respect of which share options were granted and may be granted to a Participant in any 12-month period is not permitted to exceed 1% of the shares of Gemini in issue.

Options may be exercised by the grantees at any time during a period as notified by the Gemini Board to each grantee at the time of offer of the share options, such period shall not be more than 10 years from the date of grant of the options. Unless otherwise determined by the Gemini Board, there is no general requirement on the minimum period for which an option must be held before the option can be exercised. A consideration of HKD1.00 is payable by each grantee accepting on the grant of share options. Options are exercisable at a price that is determined by the Gemini Board, which will not be less than the higher of the closing price of Gemini's shares on the respective date of grant, and the average closing prices of the shares of Gemini for the five business days immediately preceding the respective date of grant.

Particulars of share options outstanding under the Gemini Scheme at the beginning and at the end of the period from 1 January 2020 to 29 July 2020 (the "Relevant Period") and share options granted, exercised, cancelled or lapsed under the Gemini Scheme during the Relevant Period were as follows:

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2020	No. of share options lapsed during the Relevant Period	No. of share options outstanding as at 29 July 2020
Directors of the Company and Gemini						
Mr. Li Ming (Resigned as a director of Gemini on 30 July 2020)	9 Aug 2013	9 Aug 2013– 22 Jun 2021	0.96	4,000,000	–	4,000,000
Mr. SUM Pui Ying (Resigned as a director of the Company on 25 March 2020)	26 Aug 2011	26 Aug 2011– 22 Jun 2021	1.40	2,000,000	–	2,000,000
	9 Aug 2013	9 Aug 2013– 22 Jun 2021	0.96	16,000,000	–	16,000,000
Subtotal				22,000,000	–	22,000,000
Other director of Gemini						
	9 Aug 2013	9 Aug 2013– 22 Jun 2021	0.96	3,000,000	–	3,000,000
	9 Mar 2015	9 Mar 2015– 22 Jun 2021	1.27	500,000	–	500,000
Subtotal				3,500,000	–	3,500,000
Employees of Gemini and its subsidiaries						
	26 Aug 2011	26 Aug 2011– 22 Jun 2021	1.40	300,000	–	300,000
	9 Aug 2013	9 Aug 2013– 22 Jun 2021	0.96	4,420,000	–	4,420,000
	9 Mar 2015	9 Mar 2015– 22 Jun 2021	1.27	2,790,000	(500,000)	2,290,000
Subtotal				7,510,000	(500,000)	7,010,000
Former director of Gemini						
	9 Aug 2013	9 Aug 2013– 22 Jun 2021	0.96	1,000,000	–	1,000,000
	9 Mar 2015	9 Mar 2015– 22 Jun 2021	1.27	500,000	–	500,000
Subtotal				1,500,000	–	1,500,000
Total				34,510,000	(500,000)	34,010,000

Note: During the Relevant Period, no share option was granted, exercised or cancelled with respect to the Gemini Scheme.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save as disclosed in the paragraphs headed "Restricted share award scheme" in this section, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

DIRECTORS

The table below sets out certain information on the members of the Board during the year under review and up to the date of this report:

Name	Position
Mr. LI Ming	Chairman and Executive Director
Mr. WANG Honghui	Executive Director (appointed on 25 March 2020)
Mr. CUI Hongjie	Executive Director (appointed on 5 June 2020)
Ms. HUANG Xiumei	Non-executive Director (appointed on 19 March 2021)
Mr. FU Fei	Non-executive Director
Mr. HOU Jun	Non-executive Director (appointed on 14 April 2020)
Ms. LI Liling	Non-executive Director
Mr. HAN Xiaojing	Independent Non-executive Director
Mr. SUEN Man Tak	Independent Non-executive Director
Mr. WANG Zhifeng	Independent Non-executive Director
Mr. JIN Qingjun	Independent Non-executive Director
Ms. LAM Sin Lai Judy	Independent Non-executive Director
Mr. ZHAO Peng	Non-executive Director (resigned on 19 March 2021)
Mr. WEN Haicheng	Executive Director (resigned on 5 June 2020)
Mr. FANG Jun	Non-executive Director (resigned on 14 April 2020)
Mr. SUM Pui Ying	Executive Director (resigned on 25 March 2020)

Brief biographical details of the Directors and senior management are set out on pages 76 to 80 of this annual report.

DIRECTORS OF SUBSIDIARIES

List of directors of subsidiaries of the Company during the year ended 31 December 2020 is kept at the Company's registered office.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY

The Articles of Association of the Company (the "Articles") provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected transaction and continuing connected transactions" in this report and contracts amongst group companies, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director or any entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of year or at any time during the year under review.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save for the share options granted pursuant to the Share Option Schemes and the restricted shares awarded pursuant to the Award Scheme as set out above, at no time during the year under review, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18, were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2020, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules were as follows:

Long position in the shares and the underlying shares of the Company

Name of Directors	Nature of interest	As at 31 December 2020			
		No. of ordinary shares held (long position)	No. of underlying shares comprised in share options (note i)	Total	Percentage in the Company's issued share capital (note iv)
Mr. LI Ming	Founder of discretionary trust	127,951,178 (note ii)	–	127,951,178	1.680%
	Beneficiary of trust	14,914,200 (note iii)	–	14,914,200	0.196%
	Beneficial owner	65,445,000	81,000,000	146,445,000	1.923%
Mr. WANG Honghui	Beneficial owner	273,295	4,400,000	4,673,295	0.061%
Mr. CUI Hongjie	Beneficial owner	369,571	4,670,000	5,039,571	0.066%
Mr. ZHAO Peng (resigned on 19 March 2021)	–	–	–	–	–
Mr. FU Fei	Beneficial owner	–	600,000	600,000	0.008%
Mr. HOU Jun	–	–	–	–	–
Ms. LI Liling	Beneficial owner	–	600,000	600,000	0.008%
Mr. HAN Xiaojing	Beneficial owner	460,000	2,300,000	2,760,000	0.036%
Mr. SUEN Man Tak	Beneficial owner	120,000	2,300,000	2,420,000	0.032%
Mr. WANG Zhifeng	Beneficial owner	120,000	2,300,000	2,420,000	0.032%
Mr. JIN Qingjun	Beneficial owner	120,000	2,300,000	2,420,000	0.032%
Ms. LAM Sin Lai Judy	Beneficial owner	–	2,300,000	2,300,000	0.030%

Notes:

- (i) The share options were granted pursuant to the Share Option Schemes, details of which are set out as above in the paragraphs headed “Share Option Schemes” in this section.
- (ii) The 127,951,178 shares are held by a discretionary trust of which Mr. LI Ming is the founder.
- (iii) The 14,914,200 shares are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.
- (iv) Calculated based on the Company's total number of issued ordinary shares of 7,616,095,657 as of 31 December 2020.

Long position in the shares of the associated corporation

Name of Director	Name of associated corporation	Nature of interest	No. of ordinary shares of associated corporation held as at 31 December 2020 (long position)	Percentage of total issued share capital of associated corporation as at 31 December 2020 (note)
Mr. WANG Honghui	Gemini Investments (Holdings) Limited	Beneficial owner	132,000	0.021%

Note: Calculated based on Gemini Investments (Holdings) Limited's total number of issued ordinary shares of 635,570,000 as of 31 December 2020.

Save as disclosed above, as at 31 December 2020, none of the Directors nor the chief executives of the Company or their associates had any interest or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders required to be kept by the Company under section 336 of Part XV of the SFO shows that as at 31 December 2020, the Company had been notified of the following substantial shareholders' interests and short positions in the shares of the Company, being interests of 5% or more, in addition to those disclosed above in respect of the Directors and chief executives of the Company:

Name of Shareholders	Capacity	Long/short position	No. of ordinary shares held as at 31 December 2020	Percentage in the Company's issued share capital as at 31 December 2020 (note iii)
China Life Insurance (Group) Company ("China Life Insurance Group") (note i)	Interest of controlled corporation	Long	2,253,459,151	29.59%
Dajia Insurance Group Co., Ltd.* (大家保險集團有限責任公司) ("Dajia Insurance") (note ii)	Interest of controlled corporation	Long	2,252,646,115	29.58%

* For identification purposes only

Notes:

- (i) The 2,253,459,151 shares were registered in the name of, and beneficially owned by, China Life Insurance Company Limited (“China Life”). China Life Insurance Group was interested in 68.37% of China Life. China Life Insurance Group was deemed to be interested in these shares by virtue of the SFO.
- (ii) The 2,252,646,115 shares were registered in the name of, and beneficially owned by, Dajia Life Insurance Co., Ltd.* (大家人壽保險股份有限公司) (“Dajia Life Insurance”). Dajia Insurance was interested in 99.98% of Dajia Life Insurance. Dajia Insurance was deemed to be interested in these shares by virtue of the SFO.
- (iii) Calculated based on the Company’s total number of issued ordinary shares of 7,616,095,657 as of 31 December 2020.

Save as disclosed above, as at 31 December 2020, no person or corporation had any interest in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO as having an interest in 5% or more of, or any short position in, the issued share capital of the Company.

COMPETING INTERESTS

None of the Directors has interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group that were required to be disclosed pursuant to rule 8.10 of the Listing Rules.

MANAGEMENT CONTRACTS

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

MAJOR SUPPLIERS AND CUSTOMERS

The Group’s principal business is property development. During the year under review, purchases from the Group’s five largest suppliers (excluding land supply) accounted for less than 30% of the total purchases for the year.

The Group’s major products are principally commodity housings, and its major customers bases are general individual home buyers, involving a relatively large number of customers. During the year under review, sales to the Group’s five largest customers accounted for less than 30% of the turnover for the year.

As far as the Directors are aware, neither the Directors, their close associates, nor the Shareholders (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in the five largest customers and suppliers of the Group.

* For identification purposes only

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

During the year under review, the Group had the following connected transaction and continuing connected transactions that were not exempt from annual reporting requirement under Chapter 14A of the Listing Rules, details of which were disclosed below in compliance with the requirements of Chapter 14A of the Listing Rules:

Connected transaction

On 5 June 2020, Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司) (the “Transferor”, an indirect wholly-owned subsidiary of the Company), Dajia Investment Holding Co., Ltd.* (大家投資控股有限責任公司) (the “Transferee”, a direct wholly-owned subsidiary of Dajia Life Insurance, which in turn is a substantial shareholder of the Company) and Sino-Ocean Bangbang Real Estate Co., Ltd.* (遠洋邦邦置業有限公司) (the “JV Company”, currently known as Dajia Real Estate Co., Ltd* (大家置業有限公司)) entered into an equity transfer agreement (the “Equity Transfer Agreement”), pursuant to which the Transferor had agreed to sell, and the Transferee had agreed to acquire, 50% of the equity interest in the JV Company, representing the entire equity interest in the JV Company held by the Group (the “Disposal”).

The consideration in respect of the Disposal was RMB41,301,908.72 (the “Consideration”), which was arrived at after arm’s length negotiation between the Transferor and the Transferee with reference to the valuation of the entire equity interests in the JV Company as at 31 December 2019 and adjusted according to the profits distribution of the JV Company for the year 2019 and the profits of the JV Company during the period from 31 December 2019 up to 31 May 2020.

The Consideration was payable in the following manners:

- (i) as to RMB25,000,000, to be paid by the Transferee to the Transferor within 15 days after the date of the Equity Transfer Agreement; and
- (ii) as to the remaining balance, to be paid by the Transferee to the Transferor within three days after completion of the industrial and commercial change of the JV Company and the satisfaction of the following conditions precedent:
 - (a) the Transferor, its personnel and the JV Company having cooperated actively with the Transferee in completing the appointments of all personnel of the JV Company, and such personnel having started working in the JV Company;
 - (b) the Transferor, its personnel and the JV Company having cooperated actively with the Transferee in obtaining all necessary approvals for completing the Disposal, including but not limited to the internal and external approvals to be obtained by the Transferor and the JV Company, respectively; and
 - (c) the Transferor, its personnel and the JV Company having cooperated actively with the Transferee in completing the handover of the JV Company, including but not limited to the handing over of all documents, data, files and software equipment etc. in respect of the JV Company and the companies and projects under its control to the Transferee.

* For identification purposes only

As at the date of the Equity Transfer Agreement, the JV Company was a joint venture of the Company and was owned as to 50% by the Transferor and 50% by the Transferee. Upon completion of the Disposal on 13 July 2020, the Group ceased to hold any equity interest in the JV Company, and its performance ceased to be reflected in the share of results of joint ventures of the Company.

Since 2018, the JV Company had been owned as to 50% by the Transferor and 50% by the Transferee. Through the formation of the JV Company and the collaboration between the Group and Dajia Insurance and its subsidiaries and associates (the “Dajia Group”), the Group has established a strategic cooperation and complementary relationship with the Dajia Group in terms of business model and resources utilisation. With the Group’s quality work, the expertise devoted and unreserved effort contributed for, as well as the establishment of the resources of the Dajia Group, the JV Company has developed its own self-sustaining operational model, and the Group could devote its resources into other business opportunities with the Dajia Group, thereby allowing its expertise and resources to be more widely employed.

As at the date of the Equity Transfer Agreement, the Transferee was a direct wholly-owned subsidiary of Dajia Life Insurance. Dajia Life Insurance was a substantial shareholder of the Company which held approximately 29.58% of the total issued share capital of the Company as at the date of the Equity Transfer Agreement. The Transferee was therefore a connected person of the Company, and the Disposal as contemplated under the Equity Transfer Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the connected transaction under the Equity Transfer Agreement have been disclosed in the announcement of the Company dated 5 June 2020.

Continuing connected transactions

- (a) Master Framework Agreement dated 21 December 2018 (as amended and supplemented by the Supplemental Agreement dated 31 December 2019)

On 21 December 2018, the Company and Anbang Insurance Group Co., Ltd.* (安邦保險集團股份有限公司) (“Anbang Insurance”) entered into the master framework agreement (the “Master Agreement”) in relation to (i) the arrangement whereby the Group shall second its staff to Anbang Insurance and its subsidiaries and associates (including the JV Company) (collectively, the “Anbang Group”) (the “Staff Secondment Arrangement”); (ii) the consultancy services in relation to real estate projects to be provided by the Group to the Anbang Group (the “Consultancy Services”); (iii) the arrangement whereby the Group shall authorise and license the Anbang Group to use the brand name of “遠洋” to promote the sales of its real estate projects (the “Brand Name Licensing Arrangement”); and (iv) the lease by the Group of its properties to the Anbang Group (the “Property Lease”). The Master Agreement is with a term of three years commencing from 1 January 2019 to 31 December 2021 (both days inclusive).

The annual caps in respect of the transactions contemplated under the Master Agreement are as follows:

Type of transaction	Annual caps (RMB'000)		
	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ending 31 December 2021
Staff Secondment Arrangement	70,000	70,000	80,000
Consultancy Services	30,000	30,000	40,000
Brand Name Licensing Arrangement	150,000	150,000	100,000
Property Lease	10,000	15,000	17,000
Total	260,000	265,000	237,000

* For identification purposes only

Reference is made to the announcement of the Company dated 10 May 2018 in relation to the formation of a joint venture in the PRC (i.e. the JV Company) between the Company and Anbang Insurance. Since the formation of the JV Company, the Company and Anbang Insurance have been negotiating actively on the details of the terms of cooperation between the parties, and Anbang Insurance has agreed to entrust the JV Company with the management of numerous projects under its control. The Master Agreement codifies the Group's role in its cooperation with the Anbang Group. While the Anbang Group brings in businesses to the JV Company and/or the Group, the Group provides support to operation of the Anbang Group by utilising its expertise, resources as well as its brand name. The Staff Secondment Arrangement allows the Group and the Anbang Group to enjoy the economies of scales by the secondment of staff with experience in the field of real estate development which will maximize cost efficiency and management effectiveness, while the Anbang Group shall reimburse the costs to be incurred by the Group. The provision of the Consultancy Services, the Brand Name Licensing Arrangement and the Property Lease allow the Group to utilise its expertise, brand name as well as resources and bring in additional revenue to the Group.

As at the date of the Master Agreement, Anbang Insurance (through its shareholding in Anbang Life Insurance Co., Ltd.* (安邦人壽保險股份有限公司) (the "Direct Shareholder")) was a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Subsequently, the Company was informed that on 23 August 2019, pursuant to the approval by the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), the Direct Shareholder has been renamed from "Anbang Life Insurance Co., Ltd.* (安邦人壽保險股份有限公司)" to "Dajia Life Insurance Co., Ltd.* (大家人壽保險股份有限公司)" and its controlling shareholder has been changed from Anbang Insurance to Dajia Insurance, while the de facto controller remains unchanged. Accordingly, Anbang Insurance ceased to be, and Dajia Insurance became, a substantial shareholder of the Company. The JV Company, which was owned as to 50% by a wholly-owned subsidiary of the Direct Shareholder, also ceased to be an associate of Anbang Insurance and became an associate of Dajia Insurance. Given the aforesaid, on 31 December 2019, the Company, Anbang Insurance and Dajia Insurance entered into the supplemental agreement (the "Supplemental Agreement"), pursuant to which, amongst other things, Anbang Insurance has transferred all its rights and obligations under the Master Agreement to Dajia Insurance with effect from 23 August 2019.

As at the date of the Supplemental Agreement, the Direct Shareholder was a substantial shareholder of the Company which held approximately 29.58% of the total issued share capital of the Company directly. The Direct Shareholder was owned as to approximately 99.98% by Dajia Insurance and thus Dajia Insurance was a connected person of the Company. Accordingly, the transactions contemplated under the Master Agreement (as amended and supplemented by the Supplemental Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the continuing connected transactions contemplated under the Master Agreement (as amended and supplemented by the Supplemental Agreement) have been disclosed in the announcements of the Company dated 21 December 2018 and 31 December 2019.

For the year ended 31 December 2020, the transaction amount of each of the Staff Secondment Arrangement, the Consultancy Services, the Brand Name Licensing Arrangement and the Property Lease did not exceed the respective annual caps.

* For identification purposes only

In accordance with rule 14A.55 of the Listing Rules, the Independent Non-executive Directors have reviewed the continuing connected transactions under the Master Agreement (as amended and supplemented by the Supplemental Agreement) which took place during the year and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In accordance with rule 14A.56 of the Listing Rules, the auditors of the Company has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions under the Master Agreement (as amended and supplemented by the Supplemental Agreement) which took place during the year:

- (1) have not been approved by the Board;
- (2) (for transaction involving the provision of goods or services by the Group) were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (4) have exceeded the annual cap.

(b) Financial Products Transactions Framework Agreement dated 27 March 2019

On 27 March 2019, the Company and China Life entered into the financial products transactions framework agreement (the "Framework Agreement"), pursuant to which China Life and its subsidiaries and branch offices (collectively, "China Life Group") may, based on its investments needs, subscribe for financial products to be issued by the Group. The Framework Agreement is of a period commencing from 1 April 2019 to 31 December 2021.

In accordance with the terms of the Framework Agreement, the subscription amount (including transaction amount and any related expenses) by China Life Group shall be capped at RMB12,000,000,000 or equivalent currencies during its term, and the annual caps in respect of the subscription amount by China Life Group for transactions contemplated under the Framework Agreement are RMB4,000,000,000 or equivalent currencies per annum for each of the years ending 31 December 2019, 2020 and 2021, of which the subscription amount of:

- (1) credit products and unsecured products shall not exceed RMB2,000,000,000 or equivalent currencies per annum; and
- (2) various types of perpetual loan that are issued in or outside PRC, whether publicly or non-publicly issued, shall not exceed RMB2,000,000,000 or equivalent currencies per annum.

Furthermore, taking into account the types of financial products issued by the Group in the past and the amount involved, the Group expects that the transaction amounts for subscription by China Life Group of financial products that are to be secured by assets of the Group under the Framework Agreement shall not be more than RMB1,050,000,000 or equivalent currencies per annum for each of the years ending 31 December 2019, 2020 and 2021.

China Life is the largest shareholder of the Company. Building on the capital relationship between the Company and China Life, the parties have been cooperating and creating synergies in different areas of business. The entering into of the Framework Agreement provides the parties with flexibility to carry out transactions contemplated thereunder within the capital market window should both parties consider appropriate. The transactions under the Framework Agreement enhance the synergy between the Company and China Life in the capital market, allowing China Life to enrich its investments portfolio with a view to obtaining better investment returns on one hand, and enhancing the debt profile of the Company and thereby improving its capability for sustainable development on the other hand.

As at the date of the Framework Agreement, China Life was a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the continuing connected transactions contemplated under the Framework Agreement have been disclosed in the announcement of the Company dated 27 March 2019.

There were no continuing connected transactions carried out under the Framework Agreement during the year under review.

A summary of significant related party transactions entered into by the Group during the year under review is contained in note 51 to the consolidated financial statements. Save as disclosed above, the related party transactions described in the aforementioned note do not fall under the definition of “connected transaction” or “continuing connected transaction” under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year under review.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2020, the amount of financial assistance to affiliated companies by the Group in aggregate exceeded 8% under the assets ratios as defined in rule 14.07(1) of the Listing Rules.

In accordance with the requirements under rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the affiliated companies as at 31 December 2020 is presented as follows:

	RMB million
Non-current assets	12,176
Current assets	75,702
Current liabilities	(64,879)
Non-current liabilities	(17,455)
Net assets	5,544

The Group's attributable interest in the affiliated companies as at 31 December 2020 amounted to RMB2,862 million.

The proforma combined statement of financial position of the affiliated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as at 31 December 2020.

SUFFICIENT PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

AUDITORS

The consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for reappointment, at the forthcoming AGM.

EVENTS AFTER THE BALANCE SHEET DATE

The Group did not have material subsequent events after the balance sheet date.

By order of the Board

LI Ming
Chairman

Hong Kong, 23 March 2021

The Board is pleased to present the Corporate Governance Report of the Company.

COMMITMENT TO CORPORATE GOVERNANCE

The board of directors (the “Board”) and the management of Sino-Ocean Group Holding Limited (the “Company”) and its subsidiaries (the “Group”) are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company’s operations and maintaining investors’ trust in the Company. It is of utmost importance to conduct business with accountability, transparency and fairness. The Group’s interests as well as those of its shareholders will be maximized in the long run by adhering to these principles. The management of the Group also actively observes the latest corporate governance developments in Hong Kong and overseas.

Corporate governance practices

In the opinion of the Board, the Company had applied the principles and complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year under review, except for the deviations as disclosed herein.

The roles of the chairman (the “Chairman”) and the chief executive officer (the “CEO”) of the Company are served by Mr. LI Ming and have not been segregated as required under code provision A.2.1 of the CG Code. However, the Company considers that the combination of the roles of the Chairman and the CEO involve a realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company.

Code provision A.1.7 of the CG Code stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. During the year under review, the Board approved a connected transaction (the “Transaction”) by way of passing written resolutions in lieu of a physical board meeting, in respect of which a substantial shareholder of the Company and certain directors of the Company (the “Directors”) who were nominated by such substantial shareholder of the Company were regarded as having material interests. It is considered that the adoption of written resolutions in lieu of a physical board meeting allowed the Board to make decision in relation to the Transaction, which is immaterial to the Group as a whole, in a more efficient manner. Prior to the execution of the written resolutions, board papers regarding details and information, reasons of and benefits, as well as fairness of the Transaction were provided to all Directors in advance for their review and consideration, and all Directors had declared their interests in the matters (if any) in accordance with the articles of association of the Company (the “Articles”) and applicable laws. The Directors who had material interests in the Transaction abstained from passing the written resolutions.

Directors’ and relevant employees’ securities transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors and relevant employees (the “Code of Conduct”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. The Company has made specific enquiries with each Director and each relevant employee, and each of them confirmed that he or she had complied with all required standards under the Code of Conduct.

THE BOARD

Responsibilities

The Board, led by the Chairman, is responsible for achieving the corporate goals, formulating the development strategy, regularly reviewing the organizational structure, and monitoring the business activities and the performance of management so as to protect and maximize the interests of the Company and its shareholders (the “Shareholders”) as a whole. Matters relating to the daily operations of the Group are delegated to the management. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate. The Board will give clear directions to the management team as to their powers of management, and circumstances where the management team should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered into on behalf of the Company that are outside the scope of the operational authority delegated by the Board. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of Directors, remuneration policy and other major operational and financial matters. During the year under review, the Board, among others, considered and approved the annual budget, management results and performance update against annual budget, together with business reports from the management, reviewed and approved the interim results for the six months ended 30 June 2020 and the final results for the year ended 31 December 2019, connected transaction, very substantial acquisition and possible major transactions, spin-off and separate listing of a subsidiary on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), approved the debt issuance and repayment and other critical business operations, assessed the corporate governance, internal control and the financial matters of the Group.

The Board is collectively responsible for performing corporate governance duties including:

- (a) to develop and review the Company’s policy and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the Code of Conduct applicable to employees and Directors; and
- (e) to review the Company’s compliance with the CG Code which is amended from time to time, and its disclosure in the corporate governance report.

Board composition

As at 30 March 2021, being the latest practicable date prior to the issue of this annual report, the Board comprised twelve Directors, including three Executive Directors, Mr. LI Ming (Chairman), Mr. WANG Honghui and Mr. CUI Hongjie; four Non-executive Directors, Ms. HUANG Xiumei, Mr. FU Fei, Mr. HOU Jun and Ms. LI Liling; and five Independent Non-executive Directors (the “INEDs”), Mr. HAN Xiaojing, Mr. SUEN Man Tak, Mr. WANG Zhifeng, Mr. JIN Qingjun and Ms. LAM Sin Lai Judy. An updated list of the Directors and their roles and functions is published on the websites of the Company and the Stock Exchange. Composition of the Board is also disclosed, and the INEDs are identified, in all corporate communications to the Shareholders.

The members of the Board represent a wide background and rich industry experience with appropriate professional qualifications. Please refer to the section headed “Biographies of Directors and Senior Management” of this annual report for the profiles of the Directors.

Save as disclosed in the section headed “Biographies of Directors and Senior Management”, the Directors have no other financial, business, family or other material/relevant relationships with one another.

(i) **Chairman and Chief Executive Officer**

As disclosed in the section headed “Corporate governance practices” in this report, the responsibilities of the Chairman and the CEO are vested in one person, Mr. LI Ming. However, all major decisions are made in consultation with the Board and the senior management of the Company. The Chairman provides leadership, guidance for the Board and ensures the effectiveness of the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. There are five INEDs and four Non-executive Directors on the Board. The Board considers that there is sufficient balance of power and that the current arrangement maintains a strong management position and also facilitates efficiency in the ordinary business activities of the Company. The Board will review the current structure from time to time and make any necessary arrangements as appropriate.

(ii) **Non-executive Directors and Independent Non-executive Directors**

The functions of Non-executive Directors should include:

- (a) participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- (b) taking the lead where potential conflicts of interests arise;
- (c) serving on the audit, remuneration, nomination and strategic and investment committees, if invited; and
- (d) scrutinising the Company’s performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The Non-executive Directors (including INEDs) have made a positive contribution to the development of the Company’s strategy and policies through independent, constructive and informed comments. They give the Board and the committees on which they serve the benefit of their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation.

The Company has received annual confirmations from all INEDs, namely Mr. HAN Xiaojing, Mr. SUEN Man Tak, Mr. WANG Zhifeng, Mr. JIN Qingjun and Ms. LAM Sin Lai Judy, in respect of their independence pursuant to rule 3.13 of the Listing Rules. The Company considers that all the INEDs are independent parties in accordance with the independence guidelines set out in the Listing Rules and free of any relationship that could materially interfere with the exercise of their independent judgements.

Mr. ZHAO Peng (resigned on 19 March 2021), Mr. FU Fei, Mr. HOU Jun (appointed on 14 April 2020), Ms. LI Liling and Mr. FANG Jun (resigned on 14 April 2020), all are Non-executive Directors, have agreed not to receive the Director’s fees of HKD380,000, HKD380,000, HKD272,767, HKD380,000 and HKD107,233, respectively during the year under review.

Appointment, re-election and removal of Directors

The Directors give sufficient time and attention to the affairs of the Company. All Directors are required to disclose to the Company at the time of their appointment and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments.

Pursuant to the letters of appointment, all Non-executive Directors and INEDs are appointed for an initial term of one year. However, such term is subject to his/her reappointment at the annual general meeting of the Company (the “AGM”) in accordance with the Articles.

Every Director, including Non-executive Directors, is subject to retirement by rotation at least once every three years. One-third of the Directors must retire from office at each AGM and their re-election is subject to the approval of the Shareholders.

Pursuant to the Articles, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following general meeting of the Company, and shall be eligible for re-election.

Meetings

The Board conducts meetings on a regular basis and at least four times a year. Additional meetings will be arranged if and when required. During the year under review, the Board convened four meetings. The Board has reviewed and approved, among others, interim and final results announcements, financial reports, connected transaction, continuing connected transactions, very substantial acquisition and possible major transactions, spin-off and separate listing of a subsidiary on the Main Board of the Stock Exchange, assessed the corporate governance matters, recommended and declared dividends and discussed the overall strategy and monitored financial and operation performance of the Company.

The attendance of each individual Director at the board meetings and the AGM during the year under review is set out in the following table:

Directors	Number of meetings attended/eligible to attend	
	Board Meeting	AGM
Mr. LI Ming	4/4	1/1
Mr. WANG Honghui (appointed on 25 March 2020)	3/3	1/1
Mr. CUI Hongjie (appointed on 5 June 2020)	3/3	0/0
Mr. ZHAO Peng (resigned on 19 March 2021)	0/4	0/1
Mr. FU Fei	4/4	0/1
Mr. HOU Jun (appointed on 14 April 2020)	3/3	0/1
Ms. LI Liling	4/4	0/1
Mr. HAN Xiaojing	4/4	0/1
Mr. SUEN Man Tak	4/4	0/1
Mr. WANG Zhifeng	4/4	0/1
Mr. JIN Qingjun	4/4	0/1
Ms. LAM Sin Lai Judy	4/4	0/1
Mr. WEN Haicheng (resigned on 5 June 2020)	1/1	1/1
Mr. SUM Pui Ying (resigned on 25 March 2020)	1/1	0/0
Mr. FANG Jun (resigned on 14 April 2020)	1/1	0/0

Notices of regular Board meetings were given to all Directors at least 14 days before the meetings according to the requirement of the Articles. For other board meetings, reasonable notice is generally given. For regular board committee meetings, at least 7-day notice is generally given. For other board committee meetings, at least 3-day notice is generally given.

The agenda of Board meetings are set after consultation with the Chairman. All Directors are given an opportunity to include matters in the agenda. The agenda accompanying board papers, which are prepared in a form and quality sufficient to enable the Board to make informed decisions, are given to all Directors in a timely manner. All Directors are properly briefed on issues arising at any Board meetings by the Chairman.

Minutes of Board meetings and meetings of board committees with details of the matters considered and decisions reached are kept by the company secretary of the Company (the "Company Secretary") and are open for inspection at a reasonable time on reasonable notice by Directors.

All Directors have full and timely access to all relevant information as well as advice and services of the Company Secretary. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions.

During the year under review, owing to the outbreak of the COVID-19 pandemic, certain chairman of the board committees of the Company could not attend the AGM. However, they had expressed their concern on the questions raised at the AGM (if any).

Other than the connected transaction as disclosed under the section headed “Corporate governance practices” of this report, where a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by a physical Board meeting. INEDs who, and whose close associates, have no material interest in the transaction would be present at such Board meeting.

The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board’s affairs so as to contribute to the Board’s functions. The Chairman meets with the INEDs at least annually without the presence of other directors.

Training for Directors

For any newly appointed Director, he/she will be provided with an induction course so as to ensure that he/she has an appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations as a director under the Listing Rules and the relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors, whenever necessary, in order to ensure that they have a proper understanding of the Company’s operations and business. To assist their continuous professional development, the Company Secretary recommends relevant seminars and courses for the Directors to attend.

All Directors also understand the importance of continuous professional development. They are committed to participating in suitable training to develop and refresh their knowledge and skills. A record of the training received by the respective Directors is kept and updated by the Company Secretary.

During the year under review, the Directors participated in the following trainings:

Directors	Type of trainings
Mr. LI Ming	A/B/C
Mr. WANG Honghui (appointed on 25 March 2020)	A/C
Mr. CUI Hongjie (appointed on 5 June 2020)	A/C
Mr. ZHAO Peng (resigned on 19 March 2021)	A/C
Mr. FU Fei	A/C
Mr. HOU Jun (appointed on 14 April 2020)	A/C
Ms. LI Liling	A/C
Mr. HAN Xiaojing	C
Mr. SUEN Man Tak	A/B/C
Mr. WANG Zhifeng	A/C
Mr. JIN Qingjun	A/C
Ms. LAM Sin Lai Judy	A/B/C
Mr. WEN Haicheng (resigned on 5 June 2020)	C
Mr. FANG Jun (resigned on 14 April 2020)	C
Mr. SUM Pui Ying (resigned on 25 March 2020)	A/C

A: attending seminars, conferences and/or forums

B: giving talk at seminar(s) or forum(s)

C: reading professional journals and updates relating to the economy, general business, real estate or director’s duties and responsibilities etc.

Directors' and officers' liability insurance and indemnity

The Company has arranged appropriate liability insurance to indemnify its Directors and officers for their liabilities arising out of corporate activities. During the year under review, no claim was made against the Directors and the officers of the Company.

BOARD COMMITTEES

The Board has set up four board committees, namely, the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the strategic and investment committee (formerly the investment committee) (the "Strategic and Investment Committee") (collectively the "Board Committees"), for overseeing particular aspects of the Company's affairs. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense. All resolutions passed by the Board Committees will be reported to the Board.

The attendance of each individual committee member at the Board Committee meetings during the year under review is set out in the following table:

Directors	Number of meetings attended/eligible to attend			
	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Strategic and Investment Committee Meeting
Mr. LI Ming	–	–	1/1	1/1
Mr. WANG Honghui (appointed as a member of the Strategic and Investment Committee on 25 March 2020)	–	–	–	1/1
Mr. ZHAO Peng (ceased to act as a member of the Audit Committee on 19 March 2021)	0/2	–	–	–
Mr. FU Fei	–	–	–	1/1
Mr. HOU Jun (appointed as a member of the Strategic and Investment Committee on 14 April 2020)	–	–	–	1/1
Ms. LI Liling	2/2	–	–	–
Mr. HAN Xiaojing	–	2/2	1/1	–
Mr. SUEN Man Tak	2/2	2/2	–	–
Mr. WANG Zhifeng	–	2/2	1/1	–
Mr. JIN Qingjun	2/2	–	–	1/1
Ms. LAM Sin Lai Judy	2/2	–	–	1/1
Mr. FANG Jun (ceased to act as a member of the Strategic and Investment Committee on 14 April 2020)	–	–	–	0/0

Audit Committee

After Mr. ZHAO Peng ceased to act as a member of the Audit Committee and the appointment of Ms. HUANG Xiumei as a member of the Audit Committee with effect from 19 March 2021, the Audit Committee consists of three INEDs namely Ms. LAM Sin Lai Judy, Mr. SUEN Man Tak, Mr. JIN Qingjun and two Non-executive Directors namely Ms. HUANG Xiumei and Ms. LI Liling. Ms. LAM Sin Lai Judy is the chairman of the Audit Committee. She has professional qualifications in accountancy. None of them is a member of the former or existing auditors of the Company or has any financial interest in the firm.

The main duties of the Audit Committee are to monitor and supervise the financial reporting process of the Group, review of the Group's financial information. The Audit Committee is also responsible for considering the appointment, independence and remuneration of the auditors and any matters related to the removal and resignation of the auditors. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee held two meetings during the year under review. Executive Directors, senior management and the external auditor of the Company were invited to join the discussions at the meetings.

The tasks, among others, performed by the Audit Committee during the year under review included:

- (i) review of the audit plan of the external auditor and discussion with them about the nature and scope of the audit;
- (ii) review of the interim and annual consolidated financial statements;
- (iii) review of the continuing connected transactions conducted by the Group during the year;
- (iv) discussion with the external auditor on the issues of, including but not limited to the impact of national macro policies to real estate companies, currency risk, financing structure, land appreciation tax, progress of various projects, joint venture operation, and implementation of new tax rule in the PRC;
- (v) review the overall financial position of the Group and the adequacy of the provision for material liabilities and impairment of assets;
- (vi) review of the adequacy and effectiveness of the internal control system and recommendation to the Board for improvement of internal control, credit control and risk management;
- (vii) review of the application of the relevant General Accepted Accounting Principles and recommendation to the Board for the adoption of accounting policies;
- (viii) meeting with the external auditor in the absence of Executive Directors and senior management to discuss issues regarding audit;
- (ix) review and approval of the remuneration and terms of engagement of external auditor; and
- (x) review of the external auditor's independence and objectivity and the effectiveness of audit process according to applicable standards.

Remuneration Committee

The Remuneration Committee comprises three members, all being INEDs, namely Mr. HAN Xiaojing, Mr. SUEN Man Tak and Mr. WANG Zhifeng. Mr. HAN Xiaojing is the chairman of the Remuneration Committee.

The main duties of the Remuneration Committee are to make recommendations and proposals to the Board in respect of the remuneration policies and to review and approve the remunerations which are determined based on the results and performance of the Company by making reference to the Company's objectives as approved from time to time by the Board and based on prevailing market conditions. The Remuneration Committee may consult the Chairman of the Board about their remuneration proposals for other Executive Directors.

The Remuneration Committee to determine, with delegated responsibility from the Board, the remuneration package and incentive payment of Executive Directors and senior management, including benefits in kind, pension rights and compensation payments. The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The tasks, among others, performed by the Remuneration Committee during the year under review included:

- (i) review and approval of the report of the labour cost for the year ended 31 December 2019 and the budget of the overall cost for the year ended 31 December 2020;
- (ii) review and approval of the report of remuneration packages for Executive Directors and senior management for the year ended 31 December 2020;
- (iii) review and approval of the grant of restricted shares under the restricted share award scheme of the Company;
- (iv) make recommendation to the Board on the Director's fee of a Non-executive Director appointed during the year; and
- (v) review and approval of the adjustment in the weight of evaluation indicators and the evaluation rules for the Board.

The remuneration of Directors is determined with reference to their experience, qualifications, responsibilities involved in the Company and the prevailing market conditions. Details of emoluments of Directors for the year under review are set out in note 53 to the consolidated financial statements. The emoluments paid to senior management during the year under review were within the following bands:

	Number of Senior Management
Nil to HKD3,000,000	1
HKD3,000,001 to HKD4,000,000	–
HKD4,000,001 to HKD5,000,000	1
HKD5,000,001 or above	1

Nomination Committee

The Nomination Committee comprises three members, being an Executive Director, Mr. LI Ming, and two INEDs, namely Mr. HAN Xiaojing and Mr. WANG Zhifeng. Mr. LI Ming is the chairman of the Nomination Committee.

The main duties of the Nomination Committee are to nominate candidates for directorship, consider nominations for directorship and make recommendations to the Board in respect of such appointments. If necessary, the Nomination Committee will also convene meetings and submit reports to the Board. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The tasks, among others, performed by the Nomination Committee during the year under review included:

- (i) review and recommend the structure, size and composition of the Board and its committees;
- (ii) review the profile of the potential candidate to assess suitability in accordance with the nomination policy of the Company (the “Nomination Policy”) and the objective criteria, with due regard for the benefits of diversity, as set out under the board diversity policy of the Company (the “Board Diversity Policy”) and then make recommendation to the Board;
- (iii) assess the independence of INEDs;
- (iv) review and recommend the rotation of Directors pursuant to the Articles; and
- (v) review human resource management and staff development system.

Summary of Nomination Policy under Nomination Committee

The purpose of the Nomination Policy is to set out the selection criteria and procedure for the selection, appointment and reappointment of Directors. In assessing the suitability of a proposed candidate, the factors which would be used as reference by the Nomination Committee include but are not limited to the following:

- reputation for integrity
- accomplishment and experience in the industry
- commitment in respect of available time and relevant interest
- diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, professional experience, skills, knowledge, industry or other experience, expertise, independence and length of service

Member(s) of the Nomination Committee shall convene a meeting of the Nomination Committee and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members. For filling a casual vacancy or appointing an addition Director, the Nomination Committee shall make recommendations for the Board’s consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations or recommendations to the Board for its consideration. A circular containing the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information as required pursuant to the applicable laws, rules and regulations of the proposed candidates nominated by the Board to stand for election or re-election at a general meeting will be sent to Shareholders. A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the Company Secretary. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting. The procedures for shareholders to propose a person for election as a Director are available on the Company’s website.

Summary of Board Diversity Policy under Nomination Committee

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors, in terms of gender, age, cultural and education background, professional experience, skills, knowledge, industry or other experience, expertise, independence and length of service. These differences will be taken into account in determining the optimum composition of the Board. The Company will also take into account factors based on its business model and specific needs from time to time. The Nomination Committee will discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

The Nomination Committee will review annually on the composition of the Board under diversified perspectives, and monitor the implementation of this policy to ensure the effectiveness of this policy. As at 30 March 2021, being the latest practicable date prior to the issue of this annual report, the Board comprises 12 Directors, three of which are female members. The Board is also characterised by significant diversity, whether considered in terms of gender, professional background and skills.

Strategic and Investment Committee

The name of the committee has been changed from “Investment Committee” to “Strategic and Investment Committee” with effect from 17 August 2020. After Mr. FANG Jun ceased to act as a member of the Strategic and Investment Committee with effect from 14 April 2020, and the appointment of each of Mr. WANG Honghui and Mr. HOU Jun as a member of the Strategic and Investment Committee with effect from 25 March 2020 and 14 April 2020 respectively, the Strategic and Investment Committee comprises six members, being two Executive Directors, namely Mr. LI Ming and Mr. WANG Honghui, two Non-executive Directors, namely Mr. FU Fei and Mr. HOU Jun and two INEDs, namely Mr. JIN Qingjun and Ms. LAM Sin Lai Judy. Mr. LI Ming is the chairman of the Strategic and Investment Committee. It will meet at the request of any member of the committee and the head of the strategic and investment department will also participate in discussions. The Strategic and Investment Committee is authorized, at the expense of the Company, to seek advice from external professionals or to arrange them to attend the meetings.

The main duties of the Strategic and Investment Committee are to research and make recommendation on the Company's development strategies, to review and approve investments within the authority delegated by the Board, to make recommendations to the Board on major investments which are beyond its authority, to make subsequent assessments of investments and to review and consider the overall investment direction and business development of the Company. The written terms of reference of the Strategic and Investment Committee are available on the websites of the Company and the Stock Exchange.

During the year under review, the Strategic and Investment Committee has made recommendations and approvals for the Company's investments and arrangements that require its approval, including major transactions relating to residential properties and commercial properties.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to present a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. The management provides all Board members with monthly updates which give a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties. The Directors are responsible for the preparation of the financial statements for each financial period which gives a true and fair view of the Group's financial results for relevant period. Such information have been disclosed in the management discussion and analysis and consolidated financial statements of the annual and interim reports, announcements and other financial disclosures as required under the Listing Rules, and reports to regulators. Where the Directors are aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties would be clearly and prominently set out and discussed in detail in this Corporate Governance Report.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the financial statements of the Company for the year ended 31 December 2020 is set out in the Independent Auditor's Report on pages 121 to 127 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The risk management and internal controls of the Group are designed to help the Group in protecting its assets and information. The presence of risk management and internal controls empowers the Group to implement best business practices in challenging business environments. The Group's risk management and internal controls cover a number of in-house procedures and policies comprising, among others, the relevant financial, operational and compliance controls, handling and dissemination of inside information and risk management functions. The Board requires the management to maintain sound and effective internal controls. Evaluation of the Group's risk management and internal controls and the internal audit are independently conducted by our risk management department. They report to the Audit Committee twice each year, among others, in any significant findings and effectiveness of the internal audit, risk management and internal control systems. The Board and the Audit Committee considered that the risk management and internal control systems are implemented effectively. Furthermore, the Board, at least annually, reviews the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function and the reviews of the effectiveness of the Group's risk management and internal control systems cover all material controls, including financial, operational and compliance controls and risk management function. The Board is responsible for the risk management and internal control systems of the Group and reviewing their effectiveness. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

INDEPENDENT AUDITOR

The Group's independent auditor is PricewaterhouseCoopers ("PwC"). PwC is responsible for auditing and forming an independent opinion on the Group's annual consolidated financial statements. Apart from the statutory audit of the annual consolidated financial statements, PwC was also engaged to perform a review of the interim consolidated financial statements of the Group for the six months ended 30 June 2020 and was appointed as the reporting accountant in connection with the spin-off and separate listing of the shares of Sino-Ocean Service on the Main Board of the Stock Exchange.

For the year ended 31 December 2020, remunerations payable to PwC for the provision of statutory audit services and non-auditing services amounted to RMB12.3 million and RMB9.2 million respectively. Details of the fees paid/payable in respect of the audit and non-audit services provided by PwC for the year ended 31 December 2020 are set out in the table below:

Services rendered	RMB (million)
Statutory audit services:	
Annual audit	12.3
Non-audit services:	
Review of interim financial information	2.8
Reporting accountant services	5.6
Other non-audit services in respect of listing	0.8

COMPANY SECRETARY

The Company Secretary is responsible for ensuring that board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance matters. Moreover, the Company Secretary is responsible for keeping all Directors updated on the Listing Rules, regulatory requirements, as well as internal codes of conduct of the Company. The Company Secretary reports to the Board through the Chairman whilst all Directors have access to the advice and services of the Company Secretary. During the year under review, the Company Secretary has taken not less than 15 hours of relevant professional training.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 December 2020.

SHAREHOLDERS' RIGHTS AND COMMUNICATION

As one of the measures to safeguard the interests and rights of the Shareholders, separate resolutions are proposed at Shareholders' meetings on every substantial matter, including the election of individual Directors, for Shareholders' consideration and voting. Furthermore, the Company regards the AGM and general meetings as an important event and the Directors, the Chairman of the Board, chairman of each Board Committee, senior management, external auditors and external advisers (where necessary) make efforts to attend the AGM or general meetings of the Company to address the Shareholders' queries. All resolutions proposed at Shareholders' meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinooceangroup.com) on the same day of the relevant general meetings.

The notice of AGM and general meetings specifying the place, the date and the time of meeting and, in the case of special business, the general nature of such business shall be sent to Shareholders at least 20 clear business days and 10 clear business days before the meeting respectively.

Shareholder(s) representing at least 5% of the total voting rights of all shareholders of the Company can make a requisition to convene a general meeting pursuant to Section 566 of the Companies Ordinance. The requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the registered office of the Company. Besides, Section 580 and Section 615 of the Companies Ordinance provide that (i) shareholder(s) of the company representing at least 2.5% of the total voting rights of all the shareholders of the company who have a relevant right to vote; or (ii) at least 50 shareholders who have a relevant right to vote can put forward proposals for consideration at a general meeting by sending requests in writing to the Company.

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the registered office of the Company for the attention of the Company Secretary.

The Chairman ensures that appropriate steps are taken to provide effective communication with the Shareholders and that their views are communicated to the Board as a whole. The Board has adopted a shareholders communication policy reflecting the current practices of the Company for communication with the Shareholders. Such policy aims at ensuring the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner and to enhance communication between the Company and the Shareholders.

The Company adheres to high standards with respect to the disclosure of its financial statements. To foster two-way communication amongst the Company, the Shareholders and potential investors, the Company has also established an Investor Relations Department to respond to enquiries from Shareholders and the public. In addition, the Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and strengthen the communication with both the Shareholders and the public. Further information about investor relations is set out in the section headed "Investor Relations" of this annual report.

To the Shareholders of Sino-Ocean Group Holding Limited
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Sino-Ocean Group Holding Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 128 to 270, which comprise:

- * the consolidated balance sheet as at 31 December 2020;
- * the consolidated income statement for the year then ended;
- * the consolidated statement of comprehensive income for the year then ended;
- * the consolidated statement of changes in equity for the year then ended;
- * the consolidated cash flow statement for the year then ended; and
- * the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- * Recoverability of entrusted loans to and amounts due from third parties, joint ventures, associates and non-controlling interests
- * Valuation of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Recoverability of entrusted loans to and amounts due from third parties, joint ventures, associates and non-controlling interests (collectively, the “Counterparties”)</i></p> <p>Refer to note 22 to the consolidated financial statements</p> <p>As at 31 December 2020, the balance of entrusted loans to and amounts due from the Counterparties is RMB40,866 million, and the accumulated allowance amounting to RMB130 million has been recognised.</p> <p>Such amounts were provided to the Counterparties for the launch and development of the projects of real estate.</p> <p>The Group took into account reasonable and substantiated historical data such as principal and interest payment schedule, ageing, repayment history, subsequent repayment and financial information of the Counterparties, and available forward-looking information to determine whether or not the credit risk has significantly increased since initial recognition and to calculate expected credit losses.</p> <p>The assessment of the recoverability of entrusted loans to and amounts due from the Counterparties involves significant management judgements and estimates as it involves the consideration of a number of factors including historical data and forward-looking information.</p>	<p>We obtained an understanding of the management’s internal control and assessment process of recoverability of entrusted loans to and amounts due from the Counterparties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity and changes.</p> <p>We evaluated the outcome of prior period assessment of the recoverability of entrusted loans to and amounts due from the Counterparties to assess the effectiveness of management’s estimation process.</p> <p>We evaluated and tested the key controls over the recoverability of entrusted loans to and amounts due from the Counterparties.</p> <p>We had interviews with the management to get knowledge of each Counterparty and the status of projects cooperated with or developed by the Counterparties. We performed site visit to the projects of real estate, on a sample basis, to collaborate with the understanding from management.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>We examined the historical data used by the Group to determine whether or not the credit risk has significantly increased since initial recognition and to calculate expected credit losses.</p> <p>We inquired with management and challenged the reasonableness of their judgements on the recoverability of amounts due from Counterparties, the adequacy of the impairment provision and adjustment due to the current and forward-looking information on macroeconomic factors, primarily based on the information and evidence collected by management for the purpose of their assessment.</p> <p>We assessed the adequacy of the disclosures related to recoverability of entrusted loans to and amounts due from the Counterparties in the context of the applicable financial reporting framework.</p> <p>We found the judgements and estimates made by the management in the assessment of recoverability of entrusted loans to and amounts due from the Counterparties were supportable in light of available evidences.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation of investment properties</i></p>	
<p>Refer to note 12 to the consolidated financial statements</p>	<p>We obtained an understanding of the management’s internal control and assessment process of the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity and changes.</p>
<p>The Group’s investment properties were measured at fair value and carried at RMB12,056 million as at 31 December 2020 with a fair value loss of RMB156 million for the year then ended. The fair values of investment properties were determined by the Group based on the valuations performed by independent professional valuers (the “Valuers”) engaged by the Group.</p>	<p>We evaluated and tested the key controls over the valuation of investment properties.</p>
<p>The Group’s investment property portfolio mainly included completed investment properties in Mainland China, Hong Kong and the United States and investment properties under development in Mainland China.</p>	<p>We assessed the competence, capabilities and objectivity of the Valuers.</p>
<p>* Completed investment properties: the valuation of these was derived using the income capitalization method and comparison approach; the relevant key assumptions included capitalization rates, prevailing market rents and price per square feet.</p>	<p>We obtained the valuation report of each property and assessed the appropriateness of the valuation methods applied.</p>
<p>* Investment properties under development: the valuation of these was derived using the residual method; the relevant key assumptions included capitalization rates, prevailing market rents, development costs to completion and developer’s profit margin.</p>	<p>We assessed the reasonableness of relevant key assumptions used in valuation including capitalization rates, and prevailing market rents by gathering and analysing the data of comparable properties in the market and characteristics of the Group’s properties such as location, size, occupancy rate, current rental and age.</p>
<p>All the relevant key assumptions were influenced by the prevailing market conditions and each property’s characteristics.</p>	<p>We checked the assumption on development costs to completion of investment property under development with the approved budget, whose reasonableness was assessed by comparison with the actual cost of completed investment properties of the Group.</p>
<p>We focus on this area due to the significant quantum to the consolidated financial statements, and relevant key assumptions in valuation involved significant judgements and estimates.</p>	<p>We assessed the reasonableness of the assumption on developer’s profit margin by reference to the range of estimated and empirical developer’s profit margin in the industry.</p>
	<p>We involved our internal valuation specialists to assist us in assessing the methodologies used by the Valuers and compared the valuations of investment properties, on a sample basis, to our independently formed market expectations.</p>
	<p>In light of the above, we found the significant judgements and estimates made by management on relevant key assumptions were in the acceptable range.</p>

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- * Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- * Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- * Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Kwong Tak.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2021

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2020	2019
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,475,703	1,775,320
Right-of-use assets	8	140,286	190,869
Land use rights	9	177,320	180,566
Intangible assets	10	108,746	29,582
Goodwill	11	147,415	195,708
Investment properties	12	12,055,798	13,328,198
Investments in joint ventures	14	21,218,447	17,355,309
Investments in associates	15	6,696,748	6,846,347
Financial assets at fair value through other comprehensive income	17	6,751,919	2,715,647
Financial assets at fair value through profit or loss	18	5,063,770	6,446,074
Trade and other receivables and prepayments	22	12,289,424	12,841,234
Deferred income tax assets	33	1,772,655	1,439,498
Total non-current assets		68,898,231	63,344,352
Current assets			
Prepayments for land use rights	21	–	2,228,844
Properties under development	19	74,718,502	60,378,181
Inventories, at cost		667,794	457,001
Land development cost recoverable	20	1,268,872	1,234,217
Completed properties held for sale	23	18,074,742	18,353,178
Financial assets at fair value through profit or loss	18	11,160	266,304
Trade and other receivables and prepayments	22	51,197,152	61,163,136
Contract assets		923,600	2,708,018
Restricted bank deposits	24	4,799,837	2,511,683
Cash and cash equivalents	25	39,129,442	31,054,201
Total current assets		190,791,101	180,354,763
Total assets		259,689,332	243,699,115

		As at 31 December	
	Note	2020	2019
		RMB'000	RMB'000
EQUITY			
Equity attributable to owners of the Company			
Capital	26	27,329,232	27,329,232
Shares held for Restricted Share Award Scheme	26	(179,840)	(167,227)
Reserves	28	400,974	(1,132,536)
Retained earnings	27	26,098,570	23,877,717
		53,648,936	49,907,186
Non-controlling interests		16,256,391	15,703,909
Total equity		69,905,327	65,611,095
LIABILITIES			
Non-current liabilities			
Borrowings	32	56,269,855	74,611,619
Lease liabilities	8	97,418	130,257
Trade and other payables	34	18,269	18,581
Deferred income tax liabilities	33	3,312,966	2,946,869
Total non-current liabilities		59,698,508	77,707,326
Current liabilities			
Borrowings	32	25,933,873	9,295,332
Lease liabilities	8	50,513	64,223
Trade and other payables	34	57,527,155	55,010,743
Contract liabilities	35	34,318,360	25,458,320
Income tax payable		12,065,543	10,500,972
Financial liabilities at fair value through profit or loss	36	190,053	51,104
Total current liabilities		130,085,497	100,380,694
Total liabilities		189,784,005	178,088,020
Total equity and liabilities		259,689,332	243,699,115

Approved by the Board of Directors on 23 March 2021.

LI Ming
Executive Director

WANG Honghui
Executive Director

The notes on pages 136 to 270 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Revenue	6	56,510,626	50,926,490
Cost of sales	39	(46,053,384)	(40,704,418)
Gross profit		10,457,242	10,222,072
Interest and other income	37	2,393,988	2,770,938
Other gains — net	38	1,334,593	698,520
Fair value (losses)/gains on investment properties	12	(156,045)	373,381
Selling and marketing expenses	39	(1,293,120)	(1,270,120)
Administrative expenses	39	(1,815,995)	(1,919,326)
Operating profit		10,920,663	10,875,465
Finance costs	41	(2,110,906)	(2,393,714)
Share of results of joint ventures		982,999	1,519,370
Share of results of associates		257,558	415,361
Profit before income tax		10,050,314	10,416,482
Income tax expense	42	(5,367,439)	(6,250,215)
Profit for the year		4,682,875	4,166,267
Attributable to:			
Owners of the Company		2,866,283	2,656,277
Non-controlling interests		1,816,592	1,509,990
		4,682,875	4,166,267
Earnings per share attributable to owners of the Company during the year (expressed in RMB)			
Basic earnings per share	43	0.376	0.349
Diluted earnings per share	43	0.376	0.349

The notes on pages 136 to 270 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Profit for the year		4,682,875	4,166,267
Other comprehensive income			
Items that will not be re classified subsequently to profit or loss			
Fair value (losses)/gains on financial assets at fair value through other comprehensive income, net of tax		(20,609)	25,794
Items that may be reclassified to profit or loss			
Fair value gains on property, plant and equipment transferred to investment properties		–	17,808
Currency translation differences		760,361	108,282
Deferred hedging gains and losses		(62,017)	–
Other comprehensive income for the year		677,735	151,884
Total comprehensive income for the year, net of tax		5,360,610	4,318,151
Total comprehensive income attributable to:			
— Owners of the Company		3,552,705	2,497,211
— Non-controlling interests		1,807,905	1,820,940
		5,360,610	4,318,151

The notes on pages 136 to 270 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company					Non-controlling interests			
		Share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Other Reserves RMB'000	Retained Earnings RMB'000	Total RMB'000	Capital instrument RMB'000	Perpetual subordinated guaranteed capital securities RMB'000	Others RMB'000	Total equity RMB'000
Balance at 31 December 2019		27,329,232	(167,227)	(1,132,536)	23,877,717	49,907,186	981,000	4,364,526	10,358,383	65,611,095
Profit for the year		-	-	-	2,866,283	2,866,283	266,554	206,286	1,343,752	4,682,875
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		-	-	(20,609)	-	(20,609)	-	-	-	(20,609)
Deferred hedging gains and losses		-	-	(62,017)	-	(62,017)	-	-	-	(62,017)
Currency translation differences		-	-	769,048	-	769,048	-	(220,337)	211,650	760,361
Total other comprehensive income, net of tax		-	-	686,422	2,866,283	3,552,705	266,554	(14,051)	1,555,402	5,360,610
Transactions with owners of the company										
Dividends relating to 2019		-	-	-	(181,298)	(181,298)	-	-	-	(181,298)
Dividends relating to 2020	44	-	-	-	(416,333)	(416,333)	-	-	-	(416,333)
Expenses on share-based payment	28	-	-	223,719	-	223,719	-	-	-	223,719
Transfer from retained earnings	28	-	-	47,799	(47,799)	-	-	-	-	-
Vesting of shares under Restricted Share Award Scheme	26	-	2,218	(2,218)	-	-	-	-	-	-
Purchase of shares for Restricted Share Award Scheme	26	-	(14,831)	-	-	(14,831)	-	-	-	(14,831)
Distribution relating to capital instrument		-	-	-	-	-	(266,554)	-	-	(266,554)
Distribution relating to non-controlling interest		-	-	-	-	-	-	-	(626,012)	(626,012)
Distribution relating to capital securities		-	-	-	-	-	-	(206,286)	-	(206,286)
Issue of capital instrument		-	-	-	-	-	3,378,000	-	-	3,378,000
Contribution from non-controlling interests		-	-	627,755	-	627,755	-	-	1,266,964	1,894,719
Capital reduction of subsidiaries		-	-	-	-	-	-	-	(3,460,000)	(3,460,000)
Cancellation of convertible preferred shares issued by the subsidiary		-	-	(44,001)	-	(44,001)	-	-	44,001	-
Total contributions by and distributions to owners of the company		-	(12,613)	853,054	(645,430)	195,011	3,111,446	(206,286)	(2,775,047)	325,124
Increase in non-controlling interest as a result of other acquisition		-	-	-	-	-	-	-	606,411	606,411
Decrease in non-controlling interest as a result of disposal of subsidiaries		-	-	(12,328)	-	(12,328)	-	-	(1,738,711)	(1,751,039)
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries		-	-	6,362	-	6,362	-	-	(253,236)	(246,874)
Total transactions with owners of the company		-	(12,613)	847,088	(645,430)	189,045	3,111,446	(206,286)	(4,160,583)	(1,066,378)
Balance at 31 December 2020		27,329,232	(179,840)	400,974	26,098,570	53,648,936	4,359,000	4,144,189	7,753,202	69,905,327

	Note	Attributable to owners of the Company					Non-controlling interests			
		Share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Other Reserves RMB'000	Retained Earnings RMB'000	Total RMB'000	Capital instrument RMB'000	Perpetual subordinated guaranteed capital securities RMB'000	Others RMB'000	Total equity RMB'000
Balance at 31 December 2018		27,328,810	(178,317)	(1,313,848)	22,548,161	48,384,806	3,500,000	4,069,691	7,184,008	63,138,505
Profit for the year		-	-	-	2,656,277	2,656,277	289,874	407,971	812,145	4,166,267
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		-	-	25,794	-	25,794	-	-	-	25,794
Fair value gains on property, plant and equipment transferred to investment properties		-	-	12,329	-	12,329	-	-	5,479	17,808
Currency translation differences		-	-	(197,189)	-	(197,189)	-	294,835	10,636	108,282
Total other comprehensive income, net of tax		-	-	(159,066)	2,656,277	2,497,211	289,874	702,806	828,260	4,318,151
Transactions with owners of the company										
Dividends relating to 2018		-	-	-	(489,258)	(489,258)	-	-	-	(489,258)
Dividends relating to 2019	44	-	-	-	(755,510)	(755,510)	-	-	-	(755,510)
Expenses on share-based payment	28	-	-	272,960	-	272,960	-	-	-	272,960
Transfer from retained earnings	28	-	-	81,953	(81,953)	-	-	-	-	-
Issue of shares pursuant to exercise of employee share options	26	422	-	(76)	-	346	-	-	-	346
Vesting of shares under Restricted Share Award Scheme	26	-	12,120	(12,120)	-	-	-	-	-	-
Purchase of shares for Restricted Share Award Scheme	26	-	(1,030)	-	-	(1,030)	-	-	-	(1,030)
Distribution relating to capital instrument		-	-	-	-	-	(289,874)	-	-	(289,874)
Distribution relating to non-controlling interest		-	-	-	-	-	-	-	(431,941)	(431,941)
Distribution relating to capital securities		-	-	-	-	-	-	(407,971)	-	(407,971)
Issue of capital instrument		-	-	-	-	-	3,168,900	-	-	3,168,900
Repayment of capital instrument		-	-	-	-	-	(3,500,000)	-	-	(3,500,000)
Contribution from non-controlling interests		-	-	-	-	-	-	-	4,491,101	4,491,101
Total contributions by and distributions to owners of the company		422	11,090	342,717	(1,326,721)	(972,492)	(620,974)	(407,971)	4,059,160	2,057,723
Increase in non-controlling interest as a result of business combination		-	-	-	-	-	-	-	409,204	409,204
Increase in non-controlling interest as a result of other acquisition		-	-	-	-	-	-	-	235,566	235,566
Decrease in non-controlling interest as a result of disposal of subsidiaries		-	-	-	-	-	(2,187,900)	-	(2,299,330)	(4,487,230)
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries		-	-	(2,339)	-	(2,339)	-	-	(58,485)	(60,824)
Total transactions with owners of the company		422	11,090	340,378	(1,326,721)	(974,831)	(2,808,874)	(407,971)	2,346,115	(1,845,561)
Balance at 31 December 2019		27,329,232	(167,227)	(1,132,536)	23,877,717	49,907,186	981,000	4,364,526	10,358,383	65,611,095

The notes on pages 136 to 270 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash generated from operations	45	20,296,875	5,794,009
Interest paid		(4,615,849)	(5,088,722)
Income tax paid		(4,264,467)	(4,008,105)
Net cash generated from/(used in) operating activities		11,416,559	(3,302,818)
Cash flows from investing activities			
Purchases of property, plant and equipment	7	(596,681)	(551,364)
Proceeds from sale of property, plant and equipment		17,463	22,254
Proceeds from sale of investment properties		–	3,234
Purchases of investment properties		(26,442)	(86,398)
Purchases of intangible assets		(46,148)	(113)
Purchases of financial assets at fair value through profit or loss		(615,314)	(3,435,869)
Proceeds from disposal of financial assets at fair value through profit or loss		579,296	135,476
Dividends received	37	226,121	232,314
Purchases of land use rights	9	–	(132,439)
Acquisition of subsidiaries, net of cash acquired	49	(8,933)	(450,839)
Decrease due to disposal of interests in subsidiaries, net of cash disposed		(1,291,165)	(64,259)
Capital injection to joint ventures	14	(6,597,645)	(2,647,779)
Proceeds from disposal of joint ventures		338,088	1,722,364
Capital injection to associates	15	(822,584)	(160,047)
Proceeds from disposal of interests in associates		813,584	51,798
Dividends received from joint ventures and associates		230,492	697,260
Entrusted loans advanced		(4,793,876)	(25,403,881)
Repayment of entrusted loans		12,918,342	23,113,799
Interest received		1,949,422	2,390,318
Net cash generated from/(used in) investing activities		2,274,020	(4,564,171)

	Note	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Cash flows from financing activities			
Proceeds from borrowings		39,553,849	40,045,123
Repayments of borrowings		(45,040,939)	(42,465,196)
Capital reduction from non-controlling interests		(3,460,000)	–
Capital injection from non-controlling interests		1,744,719	4,491,101
Dividends paid to non-controlling interests		(626,012)	(431,941)
Dividends paid to the shareholders of the Company		(181,298)	(1,244,768)
Distribution relating to capital securities		(206,286)	(407,971)
Repayment of capital instrument		–	(3,500,000)
Purchase of shares for Restricted Share Award Scheme		(14,831)	(1,030)
Issue of shares pursuant to exercise of employee share options		–	346
Issue of capital instruments	31	3,378,000	3,168,900
Consideration paid for transaction with non-controlling interests		(246,874)	(60,824)
Distribution relating to capital instrument		(266,554)	(289,874)
Net cash used in financing activities		(5,366,226)	(696,134)
Increase/(decrease) in cash and cash equivalents		8,324,353	(8,563,123)
Cash and cash equivalents at beginning of the year	25	31,054,201	39,208,481
Exchange (losses)/gains on cash and cash equivalents		(249,112)	408,843
Cash and cash equivalents at end of the year	25	39,129,442	31,054,201

The notes on pages 136 to 270 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Sino-Ocean Group Holding Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 12 March 2007. The address of its registered office is Suite 601, One Pacific Place, 88 Queensway, Hong Kong. The Company and its subsidiaries (together, the “Group”) are principally engaged in investment holding, property development and property investment in the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been approved for issue by the Board of Directors on 23 March 2021.

Following the outbreak of Coronavirus Disease 2019 (the “COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across China. COVID-19 affected the financial performance and position of the industry of real estate including the construction and delivery of properties, rental revenue and occupancy rate of investment properties, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group. As at the date that the consolidated financial statements are authorised for issue, COVID-19 doesn’t have any material adverse impact on the financial position and operating result of the Group.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and requirements of the Hong Kong Companies Ordinance Cap. 622. They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- *Definition of Material* — amendments to HKAS 1 and HKAS 8
- *Definition of a Business* — amendments to HKFRS 3
- *Interest Rate Benchmark Reform* — amendments to HKFRS 9, HKAS 39 and HKFRS 7
- *Revised Conceptual Framework for Financial Reporting*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3.2 Subsidiaries

3.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Subsidiaries (Continued)

3.2.1 Consolidation (Continued)

(a) Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated unless the transaction provides evidence of an impairment of the transferred asset. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of interests in subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Subsidiaries (Continued)

3.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3.3 Joint arrangements

Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.4 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Associates (Continued)

The Group's share of post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

When the Group begins to have significant influence but not control over another entity as a result of increasing its stake or having representation on the board, an existing investment becomes an associate for the first time, the investment in the associate is initially recognised at the cost of each purchase plus a share of investee's profits or losses which is recognised in the consolidated income statement and other comprehensive income which is recognised in other comprehensive income, and acquisition-related costs are deemed as part of the cost of investment. Any existing gains or losses recognised in respect of the previously held the investment are reversed to restate the investment to cost.

3.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

The Group identifies the functional currency of each subsidiary for the purpose of defining that entity's foreign currency exposure. Different entities within the Group may have different functional currencies. Judgement is required in determining an entity's functional currency based on individual facts and circumstances.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. All the foreign exchange gains and losses are presented in the income statement within "other gains — net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Properties

(a) Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under leases are classified and accounted for as investment property when the rest of the definition of investment property is met. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, assessed annually by a professional independent valuer. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Properties (Continued)

(b) Land use rights

Land in China mainland is state-owned and no individual land ownership right exists. The Group acquired the rights to certain land, and the premiums paid for such rights are recorded as land use rights. Land use rights are classified and accounted for in accordance to the intended use of respective properties as erected on the land.

For properties that are held for own use, corresponding land use rights are separately stated in the balance sheet, and are stated at cost and amortized over the use terms of 40 to 70 years using the straight-line method.

For properties that are held for development and subsequent sale, corresponding land use rights are accounted for as part of the development costs, and are accounted for under Note 3.13.

3.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and leasehold improvements	5–50 years
Machinery	5–15 years
Vehicles	4–8 years
Office equipment	3–5 years
Electronic equipment	3 years

Leasehold improvements' estimated useful life is shorter of remaining lease term of or useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are recognised within "other gains — net", in the consolidated income statement.

Construction-in-progress represents buildings, machinery under construction and is stated at cost. Cost includes the costs of construction of buildings, the cost of plant and machinery, installation, testing and other direct costs incurred during the development period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. The carrying amount of a construction-in-progress is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10). When the assets concerned get ready for their intended use, the costs are depreciated in accordance with the policy as stated above.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

3.10 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.11 Financial assets

3.11.1 Classification

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

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Financial assets (Continued)

3.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Financial assets (Continued)

3.11.3 Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3.11.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 5(g) for further details.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

3.12 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges),
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Derivatives and hedging activities (Continued)

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ("aligned time value") are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Derivatives and hedging activities (Continued)

(ii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

3.13 Inventories

(a) Properties under development

Properties under development are stated at the lower of cost and net realizable value. Net realizable value is determined by reference to estimated sales proceeds of the properties sold in the ordinary course of business less costs to complete development and estimated selling expenses.

Development costs of properties comprise land use rights, construction costs, borrowing costs and professional fees as incurred during the development period. On completion, all development costs of the properties are transferred to completed properties held for sale.

Costs to fulfill a contract comprise the development cost and land use right cost directly related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfill a contract are recorded in properties under development if they are expected to be recovered. The amount is amortised on a systematic basis, consistent with the pattern of revenue recognition of the contract to which the asset relates.

(b) Completed properties held for sale

Completed properties held for sale are completed properties remaining unsold at the balance sheet date and are stated at the lower of cost and net realizable values. Cost comprises development costs attributable to the unsold properties. Net realizable values is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(c) Other inventories

Other inventories mainly comprise raw materials for upfitting, food and beverages and hotel consumables. Goods are valued at the lower of cost and net realizable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to purchases. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Trade and other receivables and prepayments

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables and prepayments is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables and prepayments are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables and prepayments with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.11 for further information about the Group's accounting for trade and other receivables and prepayments, and Note 5(g) for a description of the Group's impairment policies.

3.15 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

3.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.17 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.18 Capital securities and capital instrument

Capital securities and capital instrument with no contracted obligation to repay its principal nor to pay any distribution are classified as part of equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.20 Borrowings and Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.21 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.21.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries/territories where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Current and deferred income tax (Continued)

3.21.2 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

3.21.3 Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.22 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employee up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Bonus entitlements

Expected costs of bonus payments are recognised as liabilities when constructive obligations are present, as a result of services rendered by employees and reliable estimations of the obligations can be made.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Employee benefits (Continued)

(c) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HKD1,500. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

3.23 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, including "share option scheme" and Restricted Share Award Scheme, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the Group.

- **Share option scheme**

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Share-based payments (Continued)

- Share option scheme (Continued)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. The impact of the revision to original estimates, if any, is recognised in the consolidated income statement, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital, net of any directly attributable transaction costs.

- Restricted Shares Award Scheme

The fair value of the employee services received in exchange for the grant of these share-based awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares awarded at the grant date.

When Trustee purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Restricted Share Award Scheme" in the consolidated statement of changes in equity and deducted from total equity. When the Trustee transfers the Company's shares to grantees upon vesting, the related costs of the awarded shares are credited to "Shares held for Restricted Share Award Scheme" with a corresponding adjustment to the share capital.

At the end of each reporting period, the Group revises its estimates of the number of these share-based awards that are expected to become vested. The impact of the revision to original estimates, if any, is recognised in the consolidated income statement, with a corresponding adjustment to equity.

3.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Provisions (Continued)

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the company's liabilities under such guarantees are measured at the higher of the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and the amount initially recognised loss, where appropriate, the accumulated amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Group.

3.25 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of properties and construction services

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over time of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.25 Revenue recognition (Continued)

(a) Sales of properties and construction services (Continued)

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(b) Rental income

Rental income is recognised on a straight-line basis over the lease terms.

(c) Property management and agency fee income

Property management and agency fee income is recognised in the accounting period in which the services are rendered.

(d) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.26 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.26 Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 12). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

3.27 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The board of directors reviews and approves policies for managing each of these risks and they are summarized below.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are not denominated in the Group's functional currency. Majority of the Group's foreign currency transactions and balances are denominated in Hong Kong dollars ("HKD") and United States dollars ("USD"). The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Conversion of RMB into foreign currency is subject to the rules and regulations of the foreign exchange control, as promulgated by the PRC government.

As at 31 December 2020, if RMB had weakened/strengthened by 5% against HKD and USD with all other variable held constant, post-tax profit for the year of the Group would have been RMB620,176,000 lower/higher (2019: RMB972,222,000 lower/higher), mainly as the result of the foreign exchange losses/gains on translation of HKD/USD dominated borrowings, net of foreign exchange gains/losses on translation of HKD/USD dominated cash and cash equivalents.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. During 2020 and 2019, the Group's borrowings at prevailing market interest rates were denominated in RMB, HKD and USD.

The Group's fair value interest rate risk relates primarily to its fixed rate borrowing and other payables. The Group currently does not utilize any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2020, if interest rates have increased/decreased by 50 basis points with all other variables held constant, the Group's post-tax profit, after taking into account the impact of interest capitalization, would decrease/increase by approximately RMB24,494,000 (2019: RMB27,697,000).

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge the obligation under the terms of financial instrument and cause a financial loss to the Group. The Group considered the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there's a significant increase in credit risk, the Group compares the risk of a default occurring on the asset at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Especially the following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

(i) Cash in banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited with state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss also incorporate forward-looking information.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Trade receivables and contract assets (Continued)

As at 31 December 2020, the loss allowance was determined as follows for trade receivables and contract assets:

	Within 6 months RMB'000	Between 6 months to 1 year RMB'000	Between 1 year to 2 years RMB'000	Between 2 years to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Expected loss rate	1.3%	1.9%	5.3%	20.3%	88.9%	3.0%
Gross carrying amount — trade receivables	2,765,858	865,767	606,844	80,743	54,328	4,373,540
Gross carrying amount — contract assets	935,689	—	—	—	—	935,689
Loss allowance						
— trade receivables and contract assets	47,371	16,877	32,383	16,374	48,282	161,287

As at 31 December 2019, the loss allowance was determined as follows for trade receivables and contract assets:

	Within 6 months RMB'000	Between 6 months to 1 year RMB'000	Between 1 year to 2 years RMB'000	Between 2 years to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Expected loss rate	0.8%	1.1%	4.2%	15.7%	86.4%	2.1%
Gross carrying amount — trade receivables	2,331,900	976,052	609,144	146,346	52,534	4,115,976
Gross carrying amount — contract assets	2,720,107	—	—	—	—	2,720,107
Loss allowance						
— trade receivables and contract assets	39,813	11,061	25,729	23,003	45,415	145,021

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made written-off of RMB30,697,000 for trade receivables and contract assets during the year ended 31 December 2020.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Other receivables

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition.	Lifetime expected losses.
Stage three	Receivables for which there is a credit loss since initial recognition.	Lifetime expected losses.

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Other receivables (Continued)

As at 31 December 2020, the loss allowance was determined as follows for other receivables:

	Entrusted loans to and amount due from third parties, joint ventures, associates and non-controlling interests RMB'000	Receivables from other third parties excluding prepayments RMB'000	Total RMB'000
Carrying amount of other receivables	40,866,247	10,297,810	51,164,057
Expected credit loss rate	0.32%	0.90%	0.43%
Loss allowance	129,838	92,499	222,337
Other receivables, net	40,736,409	10,205,311	50,941,720

As at 31 December 2019, the loss allowance was determined as follows for other receivables:

	Entrusted loans to and amount due from third parties, joint ventures, associates and non-controlling interests RMB'000	Receivables from other third parties excluding prepayments RMB'000	Total RMB'000
Carrying amount of other receivables	50,169,294	12,538,780	62,708,074
Expected credit loss rate	0.30%	0.75%	0.39%
Loss allowance	152,319	94,043	246,362
Other receivables, net	50,016,975	12,444,737	62,461,712

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made written-off of RMB747,000 for other receivables during the year ended 31 December 2020.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iv) Financial guarantee

The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group also provides guarantees to certain related parties of the Group to obtain borrowings after assessing the credit history of these related parties. The Group closely monitors the repayment progress of the relevant borrowings by these related parties. In the opinion of the directors of the Group, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties. The directors consider that the likelihood of default in payments is minimal and the financial guarantees measured at fair value is immaterial.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group in and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting process takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amount disclosed in the table is the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2020					
Borrowings	29,413,230	19,752,537	30,862,855	13,468,844	93,497,466
Lease liabilities	51,769	39,075	44,337	37,885	173,066
Trade and other payables excluding statutory liabilities	54,341,506	–	18,269	–	54,359,775
	83,806,505	19,791,612	30,925,461	13,506,729	148,030,307
At 31 December 2019					
Borrowings	13,545,683	32,861,491	34,064,087	17,202,000	97,673,261
Lease liabilities	72,950	45,352	66,335	42,271	226,908
Trade and other payables excluding statutory liabilities	51,223,546	–	18,581	–	51,242,127
	64,842,179	32,906,843	34,149,003	17,244,271	149,142,296

The amounts have not included financial guarantee contracts:

- which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties (Note 46(a)). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties;
- which the Group make for its cooperation parties' bank borrowings (Note 46(b)). Such guarantees terminate upon the repayment of relevant bank borrowings.

Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2020 and 2019 were as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Total borrowings (Note 32)	82,203,728	83,906,951
Less: cash and cash equivalents (Note 25)	(39,129,442)	(31,054,201)
Net debt	43,074,286	52,852,750
Total equity	69,905,327	65,611,095
Total capital	112,979,613	118,463,845
Gearing ratio	38%	45%

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

The following table presents the Group's assets or liabilities that are measured at fair value at 31 December 2020 and 2019. See Note 12 for disclosures of the investment properties that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2020				
Assets				
Financial assets at fair value through profit or loss (Note 18)	11,160	889,956	4,173,814	5,074,930
Financial assets at fair value through other comprehensive income (Note 17)	488,890	573,004	5,690,025	6,751,919
	500,050	1,462,960	9,863,839	11,826,849
Liabilities				
Financial liabilities at fair value through profit or loss (Note 36)	–	(190,053)	–	(190,053)
At 31 December 2019				
Assets				
Financial assets at fair value through profit or loss (Note 18)	266,304	1,195,096	5,250,978	6,712,378
Financial assets at fair value through other comprehensive income (Note 17)	48,164	656,483	2,011,000	2,715,647
	314,468	1,851,579	7,261,978	9,428,025
Liabilities				
Financial liabilities at fair value through profit or loss (Note 36)	–	(51,104)	–	(51,104)

There were no transfers between Level 1, Level 2 and Level 3 during the period.

During the period there were no significant changes in the business or economic circumstances that may affect the fair value of the Group's financial assets and financial liabilities.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily the listed United States and HKSE equity investments classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

(b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise primarily equity fund investments and other unlisted equity securities, for equity fund investments, the underlying portfolio invested by equity fund are all listed equity shares, the valuation of equity fund is determined based on the quoted market price of listed equity shares. The unlisted equity security is the convertible preferred shares issued by a listed company, comparison method was used for the valuation of convertible preferred shares, which is mainly based on the fair value of ordinary share of comparable companies.

(c) Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no changes in valuation techniques during the year.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(c) Financial instruments in Level 3 (Continued)

The following table presents the changes in Level 3 instruments for the year ended 31 December 2020.

	Financial asset at fair value through other comprehensive income and through profit or loss RMB'000
Financial assets in Level 3	
Opening balance	7,261,978
Addition	616,000
Increase due to disposal of a subsidiary (Note 17)	3,643,025
Fair value gains	127,017
Decrease due to disposal of a subsidiary	(1,169,231)
Currency translation difference	(92,088)
Disposal	(522,862)
Closing balance	9,863,839

The following table presents the changes in Level 3 instruments for the year ended 31 December 2019.

	Financial asset at fair value through other comprehensive income and through profit or loss RMB'000
Financial assets in Level 3	
Opening balance	2,684,069
Additions	3,222,833
Fair value gains	128,609
Increase due to disposal of a subsidiary	2,000,000
Decrease due to disposal of a subsidiary	(812,081)
Currency translation difference	40,494
Disposal	(1,946)
Closing balance	7,261,978

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(d) Information about level 3 fair value measurements

The following tables summarise the quantitative information about the significant unobservable inputs used in level 3 fair value measurement of equity fund investments and unlisted equity investments.

As at 31 December 2020 and 2019, the underlying portfolio invested by equity fund are all properties located in Mainland China, United States and Hong Kong, the valuation of equity fund investment is determined based on the valuation of properties.

Description	Valuation technique	Significant unobservable inputs	Range/value	Relationship of unobservable inputs to fair value
Unlisted fund investments which principally invests in residential and commercial real estate	Market Approach	Premium or discount for quality of properties (e.g. view, level, size and condition of the properties)	-10% to 10%	The higher discount rate, the lower fair value
		Lack of marketability discount	13% to 25%	The higher discount rate, the lower fair value
Unlisted fund investments which invests in real estate project	Market approach	Premium or discount for quality of properties (e.g. location, view, size, condition and time of the properties)	-3% to 20%	The higher discount rate, the lower fair value

As at 31 December 2020 and 2019, the significant unlisted equity investments are mainly include perpetual and preferred equity instruments issued by Associates of the Group .

Description	Valuation technique	Significant unobservable inputs	Range/value	Relationship of unobservable inputs to fair value
Unlisted equity investments	Income Approach	Discount rate	1.16%–6.68%	The higher discount rate, the lower fair value

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(e) Valuation process

The finance department of the Group includes a team that performs the valuations of level 3 financial instruments required for financial reporting purposes. The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers after each valuation by the independent qualified valuers, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

The components of the level 3 instruments mainly include investments in private investment funds and unlisted companies. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows and comparable transactions approaches. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimate of discount rate and recent market transactions etc. The fair values of these instruments determined by the Group requires significant judgement, including the financial performance of the investee company, market value of comparable properties as well as discount rate, etc.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimate of fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 12.

(b) Income taxes and land appreciation tax ("LAT")

The Group is primarily subject to various PRC taxes, as it is principally engaged in property development in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land use rights, borrowing costs, business taxes, property development and other related expenditures. These taxes are incurred upon transfer of property ownership.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Income taxes and land appreciation tax (“LAT”) (Continued)

Significant judgment is required in determining the extent of land appreciation and its related taxes. The Group recognised LAT based on management’s best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the consolidated income statement in the periods in which such taxes are finalized with local tax authorities.

(c) Deferred income tax

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(d) Estimations for total properties construction cost

The Group estimates properties construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detailed budgetary information as developed by the management, and will be assessed periodically, as the constructions progress. Should these estimates depart from their actual finalized costs, such differences would affect the accuracy of costs of sales recognised.

(e) Revenue recognition

Revenue from sales of properties is recognised over time when the Group’s performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group’s efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on type of properties, gross and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group’s revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(f) Estimated impairment of assets

The Group tests at least annually whether assets have suffered any impairment in accordance with the accounting policies stated in Note 3.10. Assets are also reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts of the assets to exceed their recoverable amounts. The recoverable amount of an asset or a cash generating unit is determined as the higher of cash generating unit's fair value less cost to sell and its value-in-use which requires the use of assumptions and estimates. In 2020, based on such reviews the directors have determined that certain of Group's properties under development (Note 19) and completed properties held for sale (Note 23) were impaired, and relevant provision had been made.

(g) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 4.

(h) Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

6 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating committee (the “Committee”) that are used to make strategic decisions.

The Committee considers the business from both a geographic and product perspective. From the product perspective, management considers the performance of property development and property investment. Property development businesses are further segregated geographically.

Other operations as carried out by the Group mainly include property management services, property sales agency services, as well as upfitting services. These are not included within the reportable operating segments, as they are not included in the reports provided to the Committee. The results of these operations are included in the “All other segments” column.

The Committee assesses the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Finance costs and corporate finance income are not included in the result for each operating segment that is reviewed by the Committee, as they are driven by activities of the central treasury function, which manages the cash position of the Group. The measure also excludes the effects of any unrealized gains/losses from investments in joint ventures and associates as well as fair value gains/losses from investment properties and corporate overheads. Other information provided to the Committee, except as noted below, is measured in a manner consistent with that in the financial statements.

Total segment assets exclude corporate cash and cash equivalents, investments in joint ventures and associates, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and deferred income tax assets, all of which are managed on a central basis. Total segment liabilities exclude borrowings, deferred income tax liabilities and financial liabilities at fair value through profit or loss, all of which are managed on a central basis as well. These are part of the reconciliation to total balance sheet assets and liabilities.

Transactions between segments are carried out at arm’s length. The revenue from external parties reported to the Committee is measured in a manner consistent with that in the consolidated income statement.

6 SEGMENT INFORMATION (Continued)

The segment information provided to the Committee for the reportable segments for the years ended 31 December 2020 and 2019 is as follows:

	Property development						Investment property	All other segments	Total
	Beijing	Bohai Rim Region	Eastern China	Southern China	Central China	Western China			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2020									
Total revenue	5,498,635	7,537,069	16,055,887	8,850,958	8,031,296	3,673,354	503,070	10,333,100	60,483,369
Inter-segment revenue	-	(29,762)	-	-	-	-	(9,374)	(3,933,607)	(3,972,743)
Revenue (from external customers)	5,498,635	7,507,307	16,055,887	8,850,958	8,031,296	3,673,354	493,696	6,399,493	56,510,626
Segment operating profit	655,830	2,300,445	2,712,843	1,342,111	957,140	243,170	312,774	2,033,037	10,557,350
Depreciation and amortization (Note 39)	(15,696)	(528)	(282)	(6,758)	(1,550)	(3,585)	(438)	(120,112)	(148,949)
Year ended 31 December 2019									
Total revenue	6,239,431	11,554,307	8,756,308	10,753,054	3,785,238	2,031,744	696,250	11,149,096	54,965,428
Inter-segment revenue	(1,031)	(238)	-	(18,518)	-	-	(18,077)	(4,001,074)	(4,038,938)
Revenue (from external customers)	6,238,400	11,554,069	8,756,308	10,734,536	3,785,238	2,031,744	678,173	7,148,022	50,926,490
Segment operating profit	552,761	2,429,396	928,427	2,796,985	272,810	231,966	290,719	2,967,479	10,470,543
Depreciation and amortization (Note 39)	(15,100)	(2,396)	(3,890)	(6,051)	(281)	(492)	(475)	(237,843)	(266,528)
As at 31 December 2020									
Total segment assets	23,829,030	25,071,789	26,666,760	29,019,396	16,134,961	5,288,440	11,725,479	80,000,922	217,736,777
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,169	1,006	41	1,456	1,256	1,060	271,081	885,628	1,162,697
Total segment liabilities	13,415,767	20,901,800	15,995,054	16,635,162	8,117,380	3,271,978	1,439,601	24,300,516	104,077,258
As at 31 December 2019									
Total segment assets	23,309,429	19,037,321	27,147,888	19,627,381	7,602,302	6,912,262	13,968,275	88,409,442	206,014,300
Additions to non-current assets (other than financial instruments and deferred income tax assets)	3,198	513	2,269	1,634	631	122	829,306	2,015,760	2,853,433
Total segment liabilities	9,825,876	14,728,753	16,909,639	9,102,388	2,193,862	3,075,154	691,947	34,655,477	91,183,096

6 SEGMENT INFORMATION (Continued)

A reconciliation of segment operating profit to profit before income tax is provided as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Segment operating profit	10,557,350	10,470,543
Corporate finance income	59,663	71,177
Corporate overheads	(874,898)	(738,156)
Fair value (losses)/gains on investment properties (Note 12)	(156,045)	373,381
Other gains — net (Note 38)	1,334,593	698,520
Finance costs (Note 41)	(2,110,906)	(2,393,714)
Share of results of joint ventures	982,999	1,519,370
Share of results of associates	257,558	415,361
Profit before income tax	10,050,314	10,416,482

6 SEGMENT INFORMATION (Continued)

Reportable and other segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Total segment assets	217,736,777	206,014,300
Corporate cash and cash equivalents	437,856	2,615,636
Investments in joint ventures (Note 14)	21,218,447	17,355,309
Investments in associates (Note 15)	6,696,748	6,846,347
Financial assets at fair value through other comprehensive income (Note 17)	6,751,919	2,715,647
Financial assets at fair value through profit or loss (Note 18)	5,074,930	6,712,378
Deferred income tax assets (Note 33)	1,772,655	1,439,498
Total assets per consolidated balance sheet	259,689,332	243,699,115
Total segment liabilities	104,077,258	91,183,096
Current borrowings (Note 32)	25,933,873	9,295,332
Non-current borrowings (Note 32)	56,269,855	74,611,619
Deferred income tax liabilities (Note 33)	3,312,966	2,946,869
Financial liabilities at fair value through profit or loss (Note 36)	190,053	51,104
Total liabilities per consolidated balance sheet	189,784,005	178,088,020

For the year ended 31 December 2020, included in the revenue of sales of properties, RMB44,378,836,000 was recognised as a point in time, RMB5,238,601,000 was recognised over time.

The Company is incorporated in Hong Kong, with most of its major subsidiaries domiciled in the PRC. Revenues from external customers of the Group are mainly derived in the PRC for the years ended 31 December 2020 and 2019.

As at 31 December 2020, total non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB42,772,506,000 (2019: RMB38,178,235,000), the total of these non-current assets located in Hong Kong is RMB6,536,000 (2019: RMB431,394,000) and in the United States is RMB241,421,000 (2019: RMB1,292,270,000).

For the year ended 31 December 2020 and 2019, the Group does not have any single customer with the transaction value over 10% of the total external sales.

7 PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2020							
Opening net book amount	713,872	2,425	12,692	35,978	46,373	963,980	1,775,320
Additions	3,844	959	2,982	8,306	10,490	570,100	596,681
Acquisition of subsidiaries	-	82	39	54	811	-	986
Transfer	211,360	-	-	-	-	(211,360)	-
Transfer from properties under development (Note 19)	-	-	-	-	-	211,360	211,360
Transfer to properties under development (Note 19)	-	-	-	-	-	(23,948)	(23,948)
Disposals	(8,701)	(96)	(2,214)	(1,530)	(1,561)	(1,138)	(15,240)
Depreciation charge (Note 39)	(29,950)	(380)	(4,313)	(14,514)	(12,317)	-	(61,474)
Disposal of interests in subsidiaries	(5,369)	-	(57)	(281)	(2,275)	-	(7,982)
Closing net book amount	885,056	2,990	9,129	28,013	41,521	1,508,994	2,475,703
At 31 December 2020							
Cost	1,035,337	6,664	55,305	122,813	115,846	1,508,994	2,844,959
Accumulated depreciation	(150,281)	(3,674)	(46,176)	(94,800)	(74,325)	-	(369,256)
Net book amount	885,056	2,990	9,129	28,013	41,521	1,508,994	2,475,703
Year ended 31 December 2019							
Opening net book amount	692,996	333,134	14,023	51,435	54,204	1,266,451	2,412,243
Additions	48,145	12,117	1,879	26,191	9,520	453,512	551,364
Acquisition of subsidiaries	160	605	663	2,723	852	-	5,003
Transfer	1,086,679	207,661	-	-	-	(1,294,340)	-
Transfer from properties under development (Note 19)	-	-	-	-	-	1,018,867	1,018,867
Transfer to Investment properties	(47,276)	-	-	-	-	-	(47,276)
Disposals	(4,873)	(3,439)	(186)	(13,160)	(5,417)	-	(27,075)
Depreciation charge (Note 39)	(35,619)	(31,851)	(3,029)	(15,909)	(9,972)	-	(96,380)
Disposal of interests in subsidiaries	(1,026,340)	(515,802)	(658)	(15,302)	(2,814)	(480,510)	(2,041,426)
Closing net book amount	713,872	2,425	12,692	35,978	46,373	963,980	1,775,320
At 31 December 2019							
Cost	839,399	6,040	56,251	122,947	113,233	963,980	2,101,850
Accumulated depreciation	(125,527)	(3,615)	(43,559)	(86,969)	(66,860)	-	(326,530)
Net book amount	713,872	2,425	12,692	35,978	46,373	963,980	1,775,320

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense of RMB51,232,000 (2019: RMB67,528,000) has been charged in “cost of sales”, RMB10,242,000 (2019: RMB28,852,000) in “administrative expenses”.

Construction in progress as at 31 December 2020 represents building being constructed and debugged mainly in Beijing, Dalian, Hangzhou, and Suzhou with intent use of senior housing or health care related services.

As at 31 December 2020, property, plant and equipments of the Group with carrying values of RMB80,027,000 (2019: RMB80,194,000), respectively, were pledged as collateral for the Group’s borrowings.

8 LEASES

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December 2020 RMB'000	As at 1 January 2020 RMB'000
Right-of-use assets		
Buildings	140,210	190,472
Equipment	76	153
Vehicles	–	244
Total right-of-use assets per consolidated balance sheet	140,286	190,869
Lease liabilities		
Current	50,513	64,223
Non-current	97,418	130,257
Total lease liabilities per consolidated balance sheet	147,931	194,480

The Group has land lease arrangement with mainland China government and leasehold land in Hong Kong.

Decrease of the right-of-use assets during this financial year is RMB50,583,000, mainly due to the amortization of land-use rights.

8 LEASES (Continued)

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2020 RMB'000	2019 RMB'000
Depreciation charge of right-of-use assets		
Buildings	(77,660)	(152,825)
Equipment	(76)	(115)
Vehicles	(244)	(352)
Total	(77,980)	(153,292)
Interest expense (Note 41)	11,117	72,222

(c) The Group's leasing activities and how these are accounted for

The Group mainly leases various offices. Rental contracts are typically made for fixed periods of 15 months to 15 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

9 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments in the PRC which are held on leases of less than 50 years(including 50 years). The movements are as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At beginning of the year	180,566	235,794
Addition	–	132,439
Transfer from properties under development (Note 19)	–	340,391
Amortization charge (Note 39)	(3,246)	(5,056)
Disposal of interests in subsidiaries	–	(523,002)
At end of the year	177,320	180,566

As at 31 December 2020, land use rights of the Group with carrying values of RMB4,979,000 (2019: RMB5,112,000), respectively, were pledged as collateral for the Group's borrowings.

10 INTANGIBLE ASSETS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	29,582	453,278
Addition	46,148	113
Acquisition of subsidiaries	39,265	–
Disposal of interests in subsidiaries	–	(412,009)
Amortization charge (Note 39)	(6,249)	(11,800)
At end of the year	108,746	29,582

11 GOODWILL

	RMB'000
Year ended 31 December 2020	
Opening net book amount	195,708
Acquisition of subsidiaries	29,744
Derecognition of goodwill (Note 39)	(78,037)
Closing net book amount	147,415
At 31 December 2020	
Cost	272,942
Impairment charge	(125,527)
Net book amount	147,415
Year ended 31 December 2019	
Opening net book amount	514,039
Disposal of interests in subsidiaries	(324,463)
Acquisition of subsidiaries	35,560
Derecognition of goodwill (Note 39)	(29,428)
Closing net book amount	195,708
At 31 December 2019	
Cost	321,235
Impairment charge	(125,527)
Net book amount	195,708

Goodwill was generated from business combination and allocated to a cash generated unit or a group of cash generated units, from the acquisition date, that is expected to benefit from the synergies of the combination. Derecognition of goodwill allocated to a cash generated unit or a group of cash generated units was recognised due to disposal of the relevant properties.

11 GOODWILL (Continued)

Goodwill is allocated to the Group's cash generating units identified according to operating segment. An operating segment level summary of the goodwill allocation is presented below:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Property management contracts and customer relationship (i)	54,804	54,804
Property development (ii)	27,307	81,677
Other (iii)	65,304	59,227
	147,415	195,708

- (i) Goodwill relating to property management contracts and customer relationship arised from the acquisition of property management companies.
- (ii) Goodwill relating to property development arised from the acquisition of properties development companies,the impairment of such goodwill is considered together with the impairment of the inventories of the Group.
- (iii) Such goodwill raised from the acquisition of companies engaged in other fields, the impairment of such goodwill is considered together with the impairment of the inventories and intangible assets of the Group.

As of 31 December 2020 and 2019, the management performed impairment assessment on the goodwill. The recoverable amount of goodwill is determined based on value-in-use calculations, these calculations use cash flow projections based on management's financial budgets covering periods of no more than 5 years. The Group expects cash flows beyond such periods will be similar to that of the respective final forecast years on existing scale.

Key assumptions applied in the impairment test for the other goodwill include the expected growth in revenue and gross margin, operating costs, selling and administrative expenses and discount rates and so on. Management determined these key assumptions based on past performance and its expectation on market development. Management believes that any reasonably possible change in any of these key assumption on which recoverable amounts are based may cause carrying amounts of goodwill to exceed their recoverable amounts. The results of the tests undertaken as at 31 December 2020 indicated no impairment charge was necessary.

12 INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
At fair value			
Year ended 31 December 2020			
At beginning of the year	8,271,198	5,057,000	13,328,198
Additions	6,390	20,052	26,442
Transfer from completed properties held for sale	241,815	–	241,815
Disposal of interests in a subsidiary (Note 48)	(1,366,572)	–	(1,366,572)
Currency translation differences	(18,040)	–	(18,040)
Fair value (losses)/gains recognised in profit or loss	(157,993)	1,948	(156,045)
At end of the year	6,976,798	5,079,000	12,055,798
Year ended 31 December 2019			
At beginning of the year	11,051,632	5,153,701	16,205,333
Additions	–	86,398	86,398
Transfer from completed properties held for sale	718,858	–	718,858
Transfer from property, plant and equipment	65,084	–	65,084
Disposal of interests in subsidiaries	(3,726,858)	(373,674)	(4,100,532)
Currency translation differences	18,482	–	18,482
Fair value gains recognised in profit or loss	182,806	190,575	373,381
Disposal of an investment property	(2,369)	–	(2,369)
Others	(36,437)	–	(36,437)
At end of the year	8,271,198	5,057,000	13,328,198

(a) Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Rental income (Note 6)	493,696	678,173
Direct operating expenses arising from investment properties that generate rental income	(53,968)	(91,313)
Direct operating expenses that did not generate rental income	(17,235)	(36,717)
	422,493	550,143

12 INVESTMENT PROPERTIES (Continued)

(b) Valuation basis

Fair value measurements using significant unobservable inputs

	31 December 2020							
	Completed investment properties					Sub total RMB'000	Investment properties under development Beijing RMB'000	Total RMB'000
	Beijing RMB'000	Tianjin RMB'000	Dalian RMB'000	Hong Kong RMB'000	United States RMB'000			
Opening balance as at 1 January	5,754,689	346,000	466,000	412,238	1,292,271	8,271,198	5,057,000	13,328,198
Additions	463	-	5,927	-	-	6,390	20,052	26,442
Disposal of interests in subsidiaries	-	-	-	(403,458)	(963,114)	(1,366,572)	-	(1,366,572)
Transfer from completed properties held for sale	239,455	-	-	-	-	239,455	-	239,455
Currency translation differences	-	-	-	7,964	(23,644)	(15,680)	-	(15,680)
Net gains or losses from fair value adjustment	(45,426)	(15,000)	(16,731)	(16,744)	(64,092)	(157,993)	1,948	(156,045)
Closing balance as at 31 December	5,949,181	331,000	455,196	-	241,421	6,976,798	5,079,000	12,055,798
Total gains or losses for the year ended 31 December 2020 included in profit or loss for assets held at the end of the year, under "Fair value gains on investment properties"	(45,426)	(15,000)	(16,731)	(16,744)	(64,092)	(157,993)	1,948	(156,045)
Change in unrealized gains or losses for the year ended 31 December 2020 included in profit or loss for assets held at the end of the year	(45,426)	(15,000)	(16,731)	(16,744)	(64,092)	(157,993)	1,948	(156,045)

12 INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

Fair value measurements using significant unobservable inputs

	31 December 2019										
	Completed investment properties							Investment properties under development			
	Beijing RMB'000	Tianjin RMB'000	Dalian RMB'000	Hangzhou RMB'000	Hong Kong RMB'000	United States RMB'000	Sub total RMB'000	Beijing RMB'000	Tianjin RMB'000	Wuhan RMB'000	Total RMB'000
Opening balance as at 1 January	5,637,646	342,000	460,000	2,977,000	355,808	1,279,178	11,051,632	4,844,000	246,026	63,675	16,205,333
Additions	-	-	-	-	-	-	-	22,425	119	63,854	86,398
Transfer from completed properties held for sale	-	718,858	-	-	-	-	718,858	-	-	-	718,858
Disposal of interests in subsidiaries	-	(718,858)	-	(3,008,000)	-	-	(3,726,858)	-	(246,145)	(127,529)	(4,100,532)
Transfer from property, plant and equipment	-	-	-	-	65,084	-	65,084	-	-	-	65,084
Disposal of an investment property	(2,369)	-	-	-	-	-	(2,369)	-	-	-	(2,369)
Currency translation differences	-	-	-	-	(6,207)	24,689	18,482	-	-	-	18,482
Net gains or losses from fair value adjustment	117,425	4,000	6,424	69,000	(2,447)	(11,596)	182,806	190,575	-	-	373,381
Others	1,987	-	(424)	(38,000)	-	-	(36,437)	-	-	-	(36,437)
Closing balance as at 31 December	5,754,689	346,000	466,000	-	412,238	1,292,271	8,271,198	5,057,000	-	-	13,328,198
Total gains or losses for the year ended 31 December 2019 included in profit or loss for assets held at the end of the year, under "Fair value gains on investment properties"	117,425	4,000	6,424	69,000	(2,447)	(11,596)	182,806	190,575	-	-	373,381
Change in unrealized gains or losses for the year ended 31 December 2019 included in profit or loss for assets held at the end of the year	117,425	4,000	6,424	69,000	(2,447)	(11,596)	182,806	190,575	-	-	373,381

12 INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were mainly revalued by DTZ Cushman & Wakefield Limited, BMI Appraisals Limited and Colliers International, independent qualified valuers not related to the Group, who hold recognised relevant professional qualifications and have recent experiences in the location and segments of the investment properties valued, at 31 December 2020. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers after each valuation by the independent qualified valuers, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent qualified valuers.

Valuation techniques

Fair values of completed commercial properties in Beijing, Tianjin, Dalian, Hong Kong and the United States are generally derived using the income capitalization method. These valuation methods are based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair value of under development commercial property in Beijing is generally derived from residual method. Residual method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit margin and risk from the estimated capital value of the proposed development assuming completion as at the date of valuation.

There were no changes to the valuation techniques during the year and there were no transfers between fair value hierarchy during the year.

12 INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

Significant unobservable inputs used to determine fair value

- Completed investment properties

Description	Fair value at 31 Dec 2020 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs		Premium or discount for quality of properties (%)
			Prevailing market rents	Capitalization rates (%)	
Completed investment properties — Beijing	5,949,184	Income capitalization	RMB35 to RMB575 per month per square meter	6.25 to 7.00	N/A
Completed investment properties — Tianjin	331,000	Income capitalization	RMB62 to RMB291 per month per square meter	3.50 to 7.00	N/A
Completed investment properties — Dalian	455,195	Income capitalization	RMB67 to RMB112 per month per square meter	4.50 to 6.00	N/A
Completed investment properties — United States	241,419	Income capitalization	USD5 per month per square feet	6.00	N/A

- Investment properties under development

Description	Fair value at 31 Dec 2020 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs			Premium or discount for quality of properties (%)
			Prevailing market rents	Capitalization rates (%)	Cost to completion	
Investment properties under development — Beijing	5,079,000	Residual method taking reference to comparison approach	RMB421 to RMB702 per month per square meter	4.00 to 6.50	RMB13,804 per square meter	N/A

12 INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

Significant unobservable inputs used to determine fair value

- Completed investment properties

Description	Fair value at 31 Dec 2019 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs		Premium or discount for quality of properties (%)
			Prevailing market rents	Capitalization rates (%)	
Completed investment properties — Beijing	5,754,691	Income capitalization	RMB35 to RMB575 per month per square meter	6.25 to 7.00	N/A
Completed investment properties — Tianjin	346,000	Income capitalization	RMB62 to RMB291 per month per square meter	3.50 to 7.00	N/A
Completed investment properties — Dalian	466,000	Income capitalization	RMB67 to RMB112 per month per square meter	4.50 to 6.00	N/A
Completed investment properties — Hong Kong	412,237	Income capitalization	HKD60 to HKD70 per month per square feet	2.80 to 3.50	N/A
Completed investment properties — United States	340,439	Income capitalization	USD5 per month per square feet	6.00	N/A

Significant unobservable inputs used to determine fair value

- Investment properties under development

Description	Fair value at 31 Dec 2019 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs		Premium or discount for quality of properties (%)
			Prevailing market rents	Capitalization rates (%) Cost to completion	
Investment properties under development — Beijing	5,057,000	Residual method	RMB421 to RMB702 per month per square meter	4.00 to 6.50 RMB13,804 per square meter	N/A

12 INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Capitalization rates are estimated by valuers based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Premium or discount for quality of properties are estimated by valuers based on quality of properties, such as location, size, view, level and condition of the properties.

(c) Non-current assets pledged as security

As at 31 December 2020 and 2019, investment properties of the Group with carrying values of RMB3,505,421,300 and RMB3,615,439,000, respectively, were pledged as collateral for the Group's borrowings.

13 SUBSIDIARIES

The following is a list of the subsidiaries as at 31 December 2020 which, in the opinion of the directors, materially affect the results or assets of the Group:

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
					2020	2019	2020	2019
(1)	Sino-Ocean Holding Group (China) Limited 遠洋控股集團(中國)有限公司	PRC, Limited liability company	Investment holding	RMB7,064,870	100%	100%	-	-
(2)	遠洋國際建設有限公司	PRC, Limited liability company	Renovation service in PRC	RMB600,000	100%	100%	-	-
(3)	北京遠盛置業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	-	-
(4)	Beijing Yuankun Real Estate Development Company, Limited 北京遠坤房地產開發有限公司	PRC, Limited liability company	Investment holding	RMB500,000	100%	100%	-	-
(5)	北京萬洋世紀創業投資管理有限公司	PRC, Limited liability company	Investment holding	RMB341,000	100%	100%	-	-
(6)	北京碧城創業投資管理有限公司	PRC, Limited liability company	Investment holding	RMB336,000	100%	100%	-	-
(7)	Beijing Qianyuan Property Co., Ltd. 北京乾遠置業有限公司	PRC, Limited liability company	Investment holdings in PRC	RMB300,000	100%	100%	-	-
(8)	Beijing Yuan Yang Building Co., Ltd. 北京遠洋大廈有限公司	PRC, Limited liability company	Investment property in PRC	USD 30,000	72%	72%	28%	28%
(9)	Beijing Wuhe Real Estate Development Company, Limited 北京五河房地產開發有限公司	PRC, Limited liability company	Land development in PRC	RMB100,000	75%	75%	25%	25%
(10)	Beijing Jun De Land Development Company Limited 北京駿德置業有限公司	PRC, Limited liability company	Investment holding	RMB90,000	100%	100%	-	-
(11)	Beijing Dong Long Real Estate Development Co., Ltd. 北京東隆房地產開發有限公司	PRC, Limited liability company	Property development in PRC	USD 12,370	85.72%	85.72%	14.28%	14.28%
(12)	Beijing Jin He Wan Sheng Real Estate Development Company Limited 北京金和萬盛房地產開發有限公司	PRC, Limited liability company	Land development in PRC	RMB75,000	100%	100%	-	-

13 SUBSIDIARIES (Continued)

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
					2020	2019	2020	2019
(13)	Beijing Yuan Hao Land Development Company, Limited 北京遠豪置業有限公司	PRC, Limited liability company	Property development in PRC	RMB60,000	100%	100%	-	-
(14)	Beijing Tianlin Real Estate Development Company, Limited 北京市天麟房地產開發有限公司	PRC, Limited liability company	Investment holding	RMB30,000	100%	100%	-	-
(15)	北京遠東新地置業有限公司	PRC, Limited liability company	Investment holding	RMB30,000	100%	100%	-	-
(16)	Beijing Yin Gang Real Estate Development Company Limited 北京銀港房地產開發有限公司	PRC, Limited liability company	Investment holdings in PRC	RMB10,000	100%	100%	-	-
(17)	Beijing Yuan-lian Real Estate Development Company, Limited 北京遠聯置地房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	-	-
(18)	Tianjin Pulida Real Estate Construction and Development Company Limited 天津普利達房地產建設開發有限公司	PRC, Limited liability company	Property development in PRC	RMB420,000	100%	100%	-	-
(19)	天津宇華房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB800,000	100%	100%	-	-
(20)	Tianjin Yuanying Real Estate Development Company, Limited 天津市遠贏置業有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	100%	100%	-	-
(21)	大連新悅置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD 241,000	100%	100%	-	-
(22)	大連匯洋置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD 66,122	100%	100%	-	-
(23)	大連廣宇置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD 363,200	100%	100%	-	-
(24)	大連世甲置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD 167,850	100%	100%	-	-

13 SUBSIDIARIES (Continued)

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
					2020	2019	2020	2019
(25)	Dalian Sunny-Ocean Property Limited 大連明遠置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD 80,000	100%	100%	-	-
(26)	Dalian Sky-Upright Property Limited 大連正乾置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD 76,860	100%	100%	-	-
(27)	大連源豐置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD 50,700	100%	100%	-	-
(28)	大連遠佳產業園開發有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD 35,000	100%	100%	-	-
(29)	遠洋地產(遼寧)有限公司	PRC, Limited liability company	Property development in PRC	RMB70,000	100%	100%	-	-
(30)	長春東方聯合置業有限公司	PRC, Limited liability company	Property development in PRC	RMB200,000	100%	100%	-	-
(31)	青島遠豪置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	RMB150,000	100%	100%	-	-
(32)	遠洋地產(上海)有限公司	PRC, Limited liability company	Investment holding	RMB20,000	100%	100%	-	-
(33)	大連鑫融置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD 120,000	100%	100%	-	-

13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2020	2019	2020	2019
(34) 天基房地產開發(深圳)有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	HKD 160,000	84.70%	84.70%	15.30%	15.30%
(35) 三亞南國奧林匹克花園有限公司	PRC, Limited liability company	Property development in PRC	RMB64,100	100%	100%	-	-
(36) 北京天江通睿置業有限公司	PRC, Limited liability company	Investment property in PRC	RMB4,123,112	100%	100%	-	-
(37) 天津遠頤房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(38) 大連利遠置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD 143,410	100%	100%	-	-
(39) 遠洋養老運營管理有限公司	PRC, Limited liability company	Senior housing service in PRC	RMB500,000	100%	100%	-	-
(40) Tianjin Yuan-bin Real Estate Development Company, Limited 天津市遠濱房地產開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	RMB600,000	100%	100%	-	-
(41) 大連宏宇置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-

13 SUBSIDIARIES (Continued)

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
					2020	2019	2020	2019
(42)	北京遠山置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(43)	盈創再生資源有限公司	PRC, Limited liability company	Environmental technology in PRC	RMB361,670	96.19%	96.19%	3.81%	3.81%
(44)	上海銳盈置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	RMB145,000	100%	100%	-	-
(45)	深圳市樂安房地產有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(46)	北京遠新資產管理有限公司	PRC, Limited liability company	Investment property in PRC	RMB20,000	100%	100%	-	-
(47)	北京市佳利華經濟開發有限責任公司	PRC, Limited liability company	Senior housing service in PRC	RMB30,000	100%	100%	-	-
(48)	Sino-Ocean Service Holding Limited 遠洋服務控股有限公司	Cayman Island, Limited liability company	Property Management in PRC	RMB99,829	67.57%	-	32.43%	-

13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2020	2019	2020	2019
(49) 上海遠滙置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	RMB2,200,000	100%	100%	-	-
(50) 深圳市金楓房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	60%	60%	40%	40%
(51) 深圳市高誠達投資發展有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	80%	80%	20%	20%
(52) 三亞德商房地產開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD 30,000	100%	100%	-	-
(53) 北京信馳置業有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	-	-
(54) 南京金遠置業有限公司	PRC, Limited liability company	Property development in PRC	RMB33,330	70%	70%	30%	30%
(55) 上海椿萱茂養老服務有限公司	PRC, Limited liability company	Senior housing service in PRC	RMB10,000	100%	100%	-	-
(56) 湖北福星惠譽常青置業有限公司 ("Hubei Fuxing")	PRC, Limited liability company	Property development in PRC	RMB10,000	51%	51%	49%	49%
(57) 成都嘉昱房地產有限責任公司	PRC, Limited liability company	Property development in PRC	RMB10,000	60%	-	60%	-
(58) 杭州宜品房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB170,000	100%	100%	-	-
(59) 北京遠奧置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-

13 SUBSIDIARIES (Continued)

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
					2020	2019	2020	2019
(60)	天津濱海房地產經營有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	60%	60%	40%	40%
(61)	秦皇島市海洋置業房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	-	-
(62)	遠洋地產鎮江有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	55%	55%	45%	45%
(63)	瀋陽銀基新世紀置業有限公司	PRC, Limited liability company	Property development in PRC	RMB150,000	100%	100%	-	-
(64)	廣州市遠翔房地產開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	RMB1,800,000	100%	100%	-	-
(65)	青島遠佳置業有限公司	PRC Limited liability company	Property development in PRC	RMB666,670	100%	100%	-	-
(66)	北京遠川房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB20,000	100%	100%	-	-
(67)	成都恆茂置地有限公司	PRC Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(68)	瀋陽宏景房地產開發有限公司 ("Liyang Hongjing")	PRC Limited liability company	Property development in PRC	RMB300,000	40%	40%	60%	60%
(69)	台州環翕置業有限公司	PRC Limited liability company	Property development in PRC	RMB20,000	40%	40%	60%	60%
(70)	南京遠乾置業有限公司	PRC Limited liability company	Property development in PRC	RMB20,000	100%	100%	-	-

13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2020	2019	2020	2019
(71) 西安遠洋中央公園置業有限責任公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD80,000	100%	100%	-	-
(72) 天津城投濱海房地產經營有限公司	PRC Limited liability company	Property development in PRC	RMB200,000	64.28%	64.28%	35.72%	35.72%
(73) 中山市遠昇房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB20,400	75%	75%	25%	25%
(74) 重慶遠基房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB667,000	50%	50%	50%	50%
(75) 大連宏澤置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD15,106	100%	100%	-	-
(76) 福州世遠置業有限公司	PRC Limited liability company	Property development in PRC	RMB20,000	50%	50%	50%	50%
(77) 山西明遠房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB10,000	80%	80%	20%	20%
(78) 貴州築宸府置業有限公司	PRC Limited liability company	Property development in PRC	RMB12,500	80%	80%	20%	20%
(79) 秦皇島潤海房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB636,000	100%	100%	-	-
(80) 秦皇島潤濱房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB212,000	100%	100%	-	-
(81) 秦皇島潤鴻房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB21,200	100%	100%	-	-
(82) 秦皇島潤澤房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB21,200	100%	100%	-	-

13 SUBSIDIARIES (Continued)

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
					2020	2019	2020	2019
(83)	秦皇島潤港房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB21,200	100%	100%	-	-
(84)	秦皇島潤鑫房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB21,200	100%	100%	-	-
(85)	上海崇遠企業管理諮詢有限公司	PRC Limited liability company	Investment holding	RMB10,000	100%	100%	-	-
(86)	茂名市錦繡河山房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB19,000	51%	51%	49%	49%
(87)	龍巖遠盛房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB30,000	51%	51%	49%	49%
(88)	上海潤翎商務諮詢有限公司	PRC Limited liability company	Investment holding	RMB161,925	56.77%	56.77%	43.23%	43.23%
(89)	上海攬海房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB229,325	41.03%	41.03%	58.97%	58.97%
(90)	上海瑪品置業有限公司	PRC Limited liability company	Property development in PRC	RMB50,000	51%	51%	49%	49%
(91)	杭州萬遠置業有限公司	PRC Limited liability company	Property development in PRC	RMB50,000	51%	51%	49%	49%
(92)	蘇州奧遠房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB20,000	34%	34%	66%	66%
(93)	湖南樂住置業投資有限公司	PRC Limited liability company	Property development in PRC	RMB30,000	95%	95%	5%	5%
(94)	石家莊遠俊房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB20,000	51%	51%	49%	49%
(95)	貴陽遠匯房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-

13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2020	2019	2020	2019
(96) 佛山昱辰房地產開發有限公司	PRC Limited liability company	Property development in PRC	RMB20,000	50%	-	50%	-
(97) 大連盈合置業有限公司	PRC Limited liability company	Property development in PRC	RMB20,000	51%	100%	-	-
(98) 宜興遠博置業有限公司	PRC Limited liability company	Property development in PRC	RMB20,000	100%	100%	-	-
(99) 大連峰景美墅地產發展有限公司	PRC Limited liability company	Property development in PRC	RMB181,614	100%	100%	-	-
(100) Shengjing Guoxin (Beijing) Ecological Garden Co., Ltd. 盛景國信(北京)生態園林有限公司 (Note 49)	PRC Limited liability company	Landscaping in PRC	RMB30,000	100%	-	-	-
(101) Zhejiang Guoheng Xixi Real Estate Co., Ltd 浙江國恆西溪置業有限公司	PRC Limited liability company	Property development in PRC	RMB50,000	100%	-	-	-
(102) Wuhan Yuanhui Real Estate Co., Ltd 武漢元慧置業有限公司	PRC Limited liability company	Property development in PRC	RMB50,000	70%	-	30%	-
(103) Shenzhen Tianheng Chuangxing Industrial Co., Ltd 深圳市天恆創興實業有限公司	PRC Limited liability company	Property development in PRC	RMB100,000	63.25%	-	36.75%	-
(104) Shenzhen Yuanguan Real Estate Co., Ltd 深圳市遠冠置業有限公司	PRC Limited liability company	Property development in PRC	RMB100,000	63.25%	-	36.75%	-
(105) Sino-Ocean Land (Hong Kong) Limited 遠洋地產(香港)有限公司	Hong Kong Limited company	Investment holding in Hong Kong	HKD 10	100%	100%	-	-
(106) Shine Wind Development Limited 耀勝發展有限公司	BVI Limited company	Investment holding in BVI	USD 10	100%	100%	-	-
(107) Mission Success Limited 穎博有限公司	Hong Kong Limited company	Investment holding in Hong Kong	HKD -	100%	100%	-	-
(108) Dynamic Class Limited 昇能有限公司	Hong Kong Limited company	Investment holding in Hong Kong	HKD -	100%	100%	-	-

13 SUBSIDIARIES (Continued)

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
					2020	2019	2020	2019
(109)	Mega Precise Profits Limited	BVI Limited company	Investment holding in BVI	USD –	100%	100%	–	–
(110)	Smart State Properties Limited	BVI Limited company	Investment holding in BVI	USD –	100%	100%	–	–
(111)	Faith Ocean International Limited 信洋國際有限公司	BVI Limited company	Investment holding in BVI	USD –	100%	100%	–	–
(112)	World Luck Corporation Limited 寰福有限公司	Hong Kong Limited company	Investment holding in Hong Kong	HKD –	100%	100%	–	–
(113)	Fame Gain Holdings Limited 名得控股有限公司	BVI Limited company	Investment holding in BVI	USD –	100%	100%	–	–
(114)	Sino-Ocean Land Property Development Limited 遠洋地產國際發展有限公司	Hong Kong Limited company	Investment holding in Hong Kong	HKD 20	100%	100%	–	–
(115)	Fast Fame Capital Investment Limited 迅榮創富有限公司	Hong Kong Limited company	Investment holding in Hong Kong	HKD –	100%	100%	–	–
(116)	Steed Wind Limited 驕風有限公司	BVI Limited company	Investment holding in BVI	HKD –	50%	50%	50%	50%
(117)	Max Star Ent. Ltd 盛星企業有限公司	BVI Limited company	Investment holding in BVI	RMB667,010	50%	50%	50%	50%
(118)	Glory Soar Limited 軒騰有限公司	Hong Kong Limited company	Investment holding in Hong Kong	HKD –	50%	50%	50%	50%
(119)	Sino-Ocean Land Treasure Finance I Limited	BVI Limited company	Investment holding in BVI	HKD –	100%	100%	–	–
(120)	Sino-Ocean Land Treasure Finance II Limited	BVI Limited company	Investment holding in BVI	HKD –	100%	100%	–	–
(121)	Sino-Ocean Land Treasure Finance III Limited	BVI Limited company	Investment holding in BVI	HKD –	100%	100%	–	–
(122)	Sino-Ocean Land Treasure IV Limited	BVI Limited company	Investment holding in BVI	HKD –	100%	100%	–	–
(123)	New Advance Limited	Hong Kong Limited company	Property development in Hong Kong	HKD 1,000	100%	100%	–	–
(124)	Rich Group Creation Limited	Hong Kong Limited company	Property development in Hong Kong	HKD –	100%	100%	–	–

13 SUBSIDIARIES (Continued)

(a) Material non-controlling interests

The total non-controlling interest as at 31 December 2020 is RMB16,256,391,000 which mainly consists of non-controlling interest of RMB328,658,000 and non-controlling interest of RMB214,943,000 deriving from Hubei Fuxing and Liyang Hongjin, being 51% and 40% owned subsidiaries, respectively. The non-controlling interest in respect of other subsidiaries is not material.

Cash and short-term deposits held by Hubei Fuxing and Liyang Hongjin amounted to RMB477,446,000 in aggregate are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarized balance sheet

	Hubei Fuxing		Liyang Hongjin	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Current				
Assets	3,104,483	2,619,749	443,755	530,449
Liabilities	(2,587,881)	(1,669,058)	(85,522)	(183,470)
Total current net assets	516,602	950,691	358,233	346,979
Non-current				
Assets	154,128	216,617	5	172
Liabilities	–	(289,000)	–	–
Total non-current net assets	154,128	(72,383)	5	172
Net assets	670,730	878,308	358,238	347,151
Accumulated non-controlling Interest	328,658	430,371	214,943	208,291

13 SUBSIDIARIES (Continued)

(a) Material non-controlling interests (Continued) Summarized income statement

	Hubei Fuxing		Liyang Hongjing	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	527,762	2,567,705	171,926	773,795
(Losses)/profit before income tax	(271,479)	528,563	15,471	70,517
Income tax expense	63,901	(157,068)	(4,384)	(15,717)
Post-tax (losses)/profit	(207,578)	371,495	11,087	54,800
Total comprehensive income	(207,578)	371,495	11,087	54,800
Total comprehensive income allocated to non- controlling interests	(101,713)	182,032	6,652	32,880

Summarized cash flows

	Hubei Fuxing		Liyang Hongjing	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Cash flows from operating activities				
Cash generated from/(used) in operations	103,087	19,397	94,474	(176,968)
Interest paid	(41,075)	(69,490)	–	–
Income tax paid	–	(138,687)	–	–
Net cash generated from/(used) in operating activities	62,012	(188,780)	94,474	(176,968)
Net cash generated from investing activities	170,327	919,723	–	–
Net cash used in financing activities	(326,774)	(352,990)	–	–
Net (decrease)/increase in cash and cash equivalents	(94,435)	377,953	94,474	(176,968)
Cash and cash equivalents at beginning of the year	400,846	22,893	76,561	253,529
Cash and cash equivalents at end of the year	306,411	400,846	171,035	76,561

The information above is the amount before inter-company eliminations.

14 INVESTMENTS IN JOINT VENTURES

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At beginning of the year	17,355,309	20,330,505
Capital injection (i)	6,597,645	2,648,574
Dividend	(88,193)	(611,301)
Disposal	(2,868,074)	(1,633,415)
Deemed disposal of joint ventures	(521,457)	(2,082,769)
Increase due to disposal of interest in subsidiaries	482,569	170,541
Decrease due to disposal of interest in a subsidiary (Note 48)	(716,419)	(2,870,370)
Share of results of joint ventures		
— after adjustment for unrealized profit or loss from inter-company transactions between the Group and the joint ventures	1,008,945	1,389,216
Currency translation difference	(31,878)	14,328
At end of the year	21,218,447	17,355,309

- (i) Capital injection to joint ventures mainly includes the subscription for the shares in Beijing Xingtaitonggang Properties Company Limited on 18 December 2020.

14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held directly by the Group as at 31 December 2020, all of which are unlisted:

	Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2020	Effective interest held as at 31 December 2019	Nature of relationship	Principal activities
(1)	Beijing Linlian Property Company Limited 北京麟聯置業有限公司	PRC	Limited liability company	RMB400,000	50%	50%	(iii)	Investment property development
(2)	Chengdu Qianhao Real Estate Company Limited 成都乾豪置業有限公司	PRC	Limited liability company	USD329,000	50%	50%	(iii)	Investment property development
(3)	Chengdu Yingang Real Estate Company Limited 成都銀港置業有限公司	PRC	Limited liability company	RMB8,000	50%	50%	(iii)	Investment property development
(4)	北京遠騰置業有限公司	PRC	Limited liability company	RMB1,820,000	50%	50%	(iii)	Land and property development
(5)	深圳市遠盛業投資有限公司	PRC	Limited liability company	RMB200,000	51%	51%	(i),(iv)	Investment management
(6)	北京遠洋新光商業管理有限公司	PRC	Limited liability company	RMB10,000	50%	50%	(iv)	Investment management
(7)	北京遠新房地產開發有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development
(8)	北京遠洋新揚子資產管理有限公司	PRC	Limited liability company	RMB2,000	50%	50%	(iv)	Investment management
(9)	鴻基偉業(北京)房地產開發有限公司	PRC	Limited liability company	RMB20,000	50%	50%	(iii)	Land and property development
(10)	北京房地鑫洋房地產開發有限公司	PRC	Limited liability company	RMB30,000	30%	30%	(ii),(iii)	Land and property development
(11)	Tianjin Yijiahe Real Estate Company Limited 天津市億嘉合置業有限公司	PRC	Limited liability company	RMB80,000	51%	51%	(i),(iii)	Land and property development
(12)	南京綠洋置業有限公司	PRC	Limited liability company	RMB20,000	50%	50%	(iii)	Land and property development
(13)	SOL Investment Fund LP	Cayman island	Limited Partnership	HKD2,679,000	50%	50%	(iv)	Investment management
(14)	香河萬潤新元房地產開發有限公司	PRC	Limited liability company	RMB85,000	20%	20%	(ii),(iii)	Land and property development
(15)	北京穎暉置業有限公司	PRC	Limited liability company	RMB10,000	50%	50%	(iii)	Investment property development

14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held directly by the Group as at 31 December 2020, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2020	Effective interest held as at 31 December 2019	Nature of relationship	Principal activities
(16) 北京房地天銳鑫洋房地產開發有限公司	PRC	Limited liability company	RMB41,180	30%	30%	(ii),(iii)	Land and property development
(17) 上海新證財經信息諮詢有限公司	PRC	Limited liability company	RMB142,500	45%	45%	(ii),(v)	Investment management
(18) 中山市大信融佳商業投資有限公司	PRC	Limited liability company	RMB1,000	50%	50%	(iv)	Land and property development
(19) 北京卓信瑞通投資有限公司	PRC	Limited liability company	RMB1,000	33%	33%	(ii),(iv)	Land and property development
(20) 天津旭浩房地產開發有限公司	PRC	Limited liability company	RMB120,000	25%	25%	(ii),(iii)	Land and property development
(21) 北京中聯置地房地產開發有限公司	PRC	Limited liability company	RMB560,000	15%	49%	(ii),(iii)	Land and property development
(22) 天津市遠銘置業有限公司	PRC	Limited liability company	RMB50,000	6%	42%	(ii),(iii)	Land and property development
(23) 北京新揚子投資基金管理中心(有限合夥)	PRC	Limited Liability Partnership	RMB1,000,000	50%	50%	(iv)	Investment management
(24) 廊坊市裕豐房地產開發有限公司	PRC	Limited liability company	RMB50,000	23.5%	25.5%	(ii),(iii)	Land and property development
(25) 北京房地銘洋房地產開發有限公司	PRC	Limited liability company	RMB30,000	49%	49%	(ii),(iii)	Land and property development
(26) 武漢遠正企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	15%	15%	(ii),(iv)	Land and property development
(27) 張家口富利嘉房地產開發有限公司	PRC	Limited liability company	RMB30,000	60%	60%	(i),(iii)	Land and property development
(28) 河北川匯房地產開發有限公司	PRC	Limited liability company	RMB5,000	51%	51%	(i),(iii)	Land and property development
(29) 石家莊永熹房地產開發有限公司	PRC	Limited liability company	RMB10,000	20%	20%	(ii),(iii)	Land and property development
(30) 深圳市遠康置地投資有限公司	PRC	Limited liability company	RMB50,000	65%	65%	(i),(iv)	Land and property development
(31) 長春王府井遠洋商業投資有限公司	PRC	Limited liability company	RMB50,000	40%	40%	(ii),(iv)	Land and property development
(32) 中山祥盛房地產開發有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development

14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held directly by the Group as at 31 December 2020, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2020	Effective interest held as at 31 December 2019	Nature of relationship	Principal activities
(33) 合肥永拓置業發展有限公司	PRC	Limited liability company	RMB400,000	25%	25%	(ii),(iii)	Land and property development
(34) 深圳市國通厚德房地產開發有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i),(iii)	Land and property development
(35) 鄭州建業十八城置業有限公司	PRC	Limited liability company	RMB200,000	50%	50%	(iii)	Land and property development
(36) 北京潭拓興業房地產開發有限公司	PRC	Limited liability company	RMB300,000	10%	10%	(ii),(iii)	Land and property development
(37) 北京遠創興茂置業有限公司	PRC	Limited liability company	RMB100,000	40%	40%	(ii),(iii)	Land and property development
(38) 昆明吉興達房地產開發有限公司	PRC	Limited liability company	RMB200,000	20%	20%	(ii),(iii)	Land and property development
(39) 愛車(天津)房地產開發有限公司	PRC	Limited liability company	RMB150,000	49.98%	49.98%	(ii),(iii)	Land and property development
(40) 贏家(天津)房地產開發有限公司	PRC	Limited liability company	RMB850,000	49.98%	49.98%	(ii),(iii)	Land and property development
(41) 山西龍城遠洋置業有限公司	PRC	Limited liability company	RMB10,000	44%	44%	(ii),(iii)	Land and property development
(42) 北京創遠亦程置業有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development
(43) 太倉遠匯置業有限公司	PRC	Limited liability company	RMB200,000	34%	34%	(ii),(iii)	Land and property development
(44) 北京遠和置業有限公司	PRC	Limited liability company	RMB810,000	25%	25%	(ii),(iii)	Land and property development
(45) 杭州雋洋置業有限公司	PRC	Limited liability company	RMB50,000	49%	49%	(ii),(iii)	Land and property development
(46) 河南優居房地產開發有限公司	PRC	Limited liability company	RMB20,000	25.5%	25.5%	(ii),(iii)	Land and property development
(47) 上海遠緒置業有限公司	PRC	Limited liability company	RMB10,000	50%	50%	(iii)	Land and property development
(48) 天津吉慶置業有限公司	PRC	Limited liability company	RMB30,000	50%	50%	(iii)	Land and property development
(49) 鄭州遠啟博奧企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i),(iv)	Land and property development

14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held directly by the Group as at 31 December 2020, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2020	Effective interest held as at 31 December 2019	Nature of relationship	Principal activities
(50) 北京遠創興城置業有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development
(51) 中山市遠聞房地產開發有限公司	PRC	Limited liability company	RMB40,000	51%	51%	(i),(iii)	Land and property development
(52) 中山盛哲房地產開發有限公司	PRC	Limited liability company	RMB20,000	30%	30%	(ii),(iii)	Land and property development
(53) 重慶國際高爾夫俱樂部有限公司	PRC	Limited liability company	RMB96,290	42.5%	42.5%	(ii),(iii)	Land and property development
(54) 西安恆正隆房地產有限公司	PRC	Limited liability company	USD132,274	34%	34%	(ii),(iii)	Land and property development
(55) 北京穎融企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i),(iv)	Land and property development
(56) 北京穎創企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i),(iv)	Land and property development
(57) 長沙遠曜投資管理合夥企業	PRC	Limited liability company	RMB632,642	24.96%	24.96%	(ii),(iv)	Land and property development
(58) 北京樂優富拓投資有限公司	PRC	Limited liability company	RMB1,000	25%	25%	(ii),(iv)	Land and property development
(59) 嘉興金久房地產開發有限公司	PRC	Limited liability company	RMB8,000	33%	33%	(ii),(iii)	Land and property development
(60) 龍洋生命(開曼)有限公司	Cayman Island	Limited liability company	RMB6,500	50%	50%	(iii)	Land and property development
(61) SO CTCO Investments, L.P.	Cayman Islands	Limited Partnership	USD 100,000	50%	50%	(iv)	Investment management
(62) 石家莊新聯遠鴻房地產開發有限公司	PRC	Limited liability company	RMB100,000	31%	31%	(ii),(iii)	Land and property development
(63) 石家莊州賀房地產開發有限公司	PRC	Limited liability company	RMB5,000	31%	31%	(ii),(iii)	Land and property development
(64) 西安遠瑞置業有限公司	PRC	Limited liability company	RMB10,000	60%	60%	(i),(iii)	Land and property development
(65) 溫州龍巖陵園有限公司	PRC	Limited liability company	USD 66,700	50%	50%	(iii)	Land and property development
(66) 天津市遠馳房地產開發有限公司	PRC	Limited liability company	RMB400,000	30%	50%	(iii)	Land and property development
(67) 北京睿暉商業管理有限公司	PRC	Limited liability company	RMB1,000	30%	50%	(iii)	Land and property development

14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held directly by the Group as at 31 December 2020, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2020	Effective interest held as at 31 December 2019	Nature of relationship	Principal activities
(68) 北京睿鴻商業管理有限公司	PRC	Limited liability company	RMB1,000	30%	50%	(iii)	Land and property development
(69) Sino-Ocean Meridian Holding, LLC	USA	Limited liability company	USD11,659	40%	40%	(ii),(iv)	Elderly care
(70) Sino-Ocean Meridian Fund I,LP	Cayman Islands	Limited Partnership	USD64,794	97.5%	97.5%	(i),(iv)	Elderly care
(71) TSKY Carirrhill Pte. Ltd	SG	Limited liability company	USD 20,000	30%	30%	(ii),(iii)	Land and property development
(72) 杭州遠洋新河酒店置業有限公司	PRC	Limited liability company	USD132,590	60%	60%	(i),(iii)	Investment property development
(73) 杭州遠洋運河商務區開發有限公司	PRC	Limited liability company	USD143,210	60%	60%	(i),(iii)	Land and property development
(74) 杭州遠洋天祺置業有限公司	PRC	Limited liability company	USD147,760	60%	60%	(i),(iii)	Land and property development
(75) 蘇州嶼秀房地產開發有限公司	PRC	Limited liability company	RMB480,000	16.5%	16.5%	(ii),(iii)	Land and property development
(76) Shandong Yuanquan Real Estate Company Limited 山東遠泉置業有限公司	PRC	Limited liability company	RMB20,000	51%	-	(i),(iv)	Land and property development
(77) Hangzhou Yuanchen Real Estate Company Limited 杭州遠宸建祥置業有限公司	PRC	Limited liability company	RMB100,000	51%	-	(i),(iv)	Land and property development
(78) Nanjing Yuanhong Real Estate Company Limited 南京遠鴻置業有限公司	PRC	Limited liability company	RMB20,000	60%	-	(i),(iv)	Land and property development
(79) 北京建遠萬譽房地產開發有限公司	PRC	Limited liability company	RMB100,000	51%	-	(i),(iv)	Land and property development
(80) 深圳市恆裕國宏房地產開發有限公司	PRC	Limited liability company	RMB101,000	51%	-	(i),(iv)	Land and property development
(81) 無錫雅遠房地產開發有限公司	PRC	Limited liability company	RMB20,000	50%	-	(iv)	Land and property development
(82) 北京商務中心區開發建設有限責任公司	PRC	Limited liability company	RMB681,000	47%	47%	(ii),(iv)	Land and property development
(83) 武漢設計之心建設發展有限公司	PRC	Limited liability company	RMB50,000	70%	70%	(ii),(iii)	Land and property development

14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held directly by the Group as at 31 December 2020, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2020	Effective interest held as at 31 December 2019	Nature of relationship	Principal activities
(84) 來安縣遠錦房地產開發有限公司	PRC	Limited liability company	RMB12,000	30%	100%	(ii),(iv)	Land and property development
(85) 北京遠盛泰房地產開發有限公司	PRC	Limited liability company	RMB10,000	60%	100%	(i),(iv)	Land and property development
(86) 天津市遠拓置業有限公司	PRC	Limited liability company	RMB50,000	58%	–	(i),(iv)	Land and property development
(87) 山東遠舜置業有限公司	PRC	Limited liability company	RMB1,306,000	53.3%	–	(i),(iv)	Land and property development
(88) 上海遠閱企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	60%	100%	(i),(v)	Land and property development
(89) 重慶遠香房地產開發有限公司	PRC	Limited liability company	RMB32,000	30%	50%	(ii),(iv)	Land and property development
(90) 山東泰洋置業有限公司	PRC	Limited liability company	RMB20,000	50%	–	(iv)	Land and property development
(91) 山東遠赫房地產開發有限公司	PRC	Limited liability company	RMB10,000	60%	–	(i),(iv)	Land and property development
(92) 北京遠景中安置業有限公司	PRC	Limited liability company	RMB2,100,000	31%	–	(ii),(iv)	Land and property development
(93) 濟南匯遠產業園開發有限公司	PRC	Limited liability company	RMB30,000	42%	–	(ii),(iv)	Land and property development
(94) 福州遠榕興置業有限公司	PRC	Limited liability company	RMB30,000	51%	–	(i),(iv)	Land and property development
(95) 北京盛霖市政園林有限公司	PRC	Limited liability company	RMB50,000	74.5%	–	(i),(v)	Landscaping Services
(96) 北京星泰通港置業有限公司	PRC	Limited liability company	RMB9,500,000	64.79%	–	(i),(iii)	Investment property development
(97) PT MAKNA ALAM SEJAHTERA	Indonesian	Limited liability company	Rupiah 10,000,000	30%	–	(ii),(iv)	Land and property development
(98) 北京椿萱茂投資有限公司	PRC	Limited liability company	RMB300,000	70%	70%	(i),(v)	Elderly care
(99) Sunrise River Ventures Limited	BVI	Limited company	USD–	49%	49%	(ii),(v)	Landscaping Services
(100) 天津睿鴻企業管理有限公司	PRC	Limited liability company	RMB1,000	40%	40%	(ii),(iv)	Land and property development

14 INVESTMENTS IN JOINT VENTURES (Continued)

- (a) Following are the details of part of the joint ventures held directly by the Group as at 31 December 2020, all of which are unlisted: (Continued)
- (i) Although the Group holds more than 50% of the equity shares of these entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of these entities. Accordingly, these entities are considered as joint ventures of the Group by the directors.
 - (ii) Although the Group holds less than 50% of the equity shares of these entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of these entities. Accordingly, these entities are considered as joint ventures of the Group by the directors.
 - (iii) Investments in these joint ventures provide more business opportunities in property development and investment properties.
 - (iv) Investments in these joint ventures provide more business opportunities in real estate investment activities.
 - (v) Investments in these joint ventures provide more business opportunities for the Group in other business activities.
 - (vi) As at 31 December 2020, the Group has the outstanding capital commitment to joint ventures amounting to RMB1,315,378,000 (2019:RMB271,125,000).

(b) Individually immaterial joint venture

The Group has interests in individually immaterial joint ventures that are accounted for using the equity method.

	2020 RMB'000	2019 RMB'000
Aggregate carrying amount of individually immaterial joint ventures	21,218,447	17,355,309
Aggregate amounts of the Group's share of:		
Profit from continuing operations	982,999	1,519,370
Total comprehensive income	982,999	1,519,370

15 INVESTMENTS IN ASSOCIATES

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At beginning of the year	6,846,347	7,177,355
Capital injection	822,584	164,009
Disposal	(768,312)	(32,729)
Transfer to financial assets at fair value through other comprehensive income	(457,177)	–
Dividend	(142,299)	(85,959)
Increase due to disposal of interest in subsidiaries	374,121	2,001,590
Decrease due to disposal of interest in a subsidiary	–	(2,777,569)
Deemed disposal of associate	(223,472)	–
Share of results of associates — after adjustment for unrealized profit or loss from inter-company transactions between the Group and the associates	318,169	335,257
Currency translation difference	(73,213)	64,393
At end of the year	6,696,748	6,846,347

15 INVESTMENTS IN ASSOCIATES (Continued)

(a) Following are the details of part of the associates of the Group at 31 December 2020:

	Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2020	Effective interest held as at 31 December 2019	Nature of the relationship	Principal activities
(1)	Guoshou Yuantong Real Estate Company Limited 國壽遠通置業有限公司	PRC	Limited liability company	RMB2,500,000	10%	10%	(i),(ii)	Investment property development
(2)	Beijing Shengyong Property Development and investment Company Limited 北京盛永置業投資有限公司	PRC	Limited liability company	RMB500,000	35%	35%	(ii)	Investment property development
(3)	CIGIS (China) Company Limited 建設綜合勘察研究設計院有限公司	PRC	Limited liability company	RMB50,000	35%	35%	(iii)	Survey and design
(4)	Chongqing Yuanteng Real Estate Development Limited 重慶遠騰房地產開發有限公司	PRC	Limited liability company	RMB1,100,000	42.5%	42.5%	(ii)	Land and property development
(5)	北京興佰君泰房地產開發有限公司	PRC	Limited liability company	RMB90,000	21%	21%	(ii)	Land and property development
(6)	北京達成光遠置業有限公司	PRC	Limited liability company	RMB100,000	23%	23%	(ii)	Land and property development
(7)	廣州宏軒房地產開發有限公司	PRC	Limited liability company	RMB300,000	16.66%	16.66%	(i),(ii)	Land and property development
(8)	廣州宏嘉房地產開發有限公司	PRC	Limited liability company	RMB300,000	16.66%	16.66%	(i),(ii)	Land and property development
(9)	廣州環畔房地產開發有限公司	PRC	Limited liability company	RMB300,000	16.66%	16.66%	(i),(ii)	Land and property development
(10)	Beijing Capital Juda Limited. 首創鉅大有限公司	Cayman Islands	Limited liability company	HKD 20,345	9.9%	9.9%	(i),(ii)	Land and property development
(11)	重慶遠朗房地產開發有限公司	PRC	Limited liability company	RMB233,540	50%	50%	(ii)	Land and property development
(12)	杭州北農房地產開發有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(ii)	Land and property development
(13)	武漢遠駿置業有限公司	PRC	Limited liability company	RMB50,000	34%	34%	(ii)	Land and property development
(14)	天津中建致恆地產有限公司	PRC	Limited liability company	RMB70,000	42.86%	42.86%	(ii)	Land and property development
(15)	石家莊安聯房地產開發有限公司	PRC	Limited liability company	RMB20,000	30%	30%	(ii)	Land and property development
(16)	江西軍邦房地產開發有限公司	PRC	Limited liability company	RMB30,000	51%	51%	(ii)	Land and property development
(17)	成都青銅匯股權投資基金合夥企業(有限合夥)	PRC	Limited Liability Partnership	RMB700,000	42.86%	42.86%	(iv)	Investment management

15 INVESTMENTS IN ASSOCIATES (Continued)

(a) Following are the details of part of the associates of the Group at 31 December 2020: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2020	Effective interest held as at 31 December 2019	Nature of the relationship	Principal activities
(18) 北京瑞成永創科技有限公司	PRC	Limited liability company	RMB50,000	22.2%	22.2%	(v)	Scientific research and technical services
(19) 廈門國遠同豐置業有限公司	PRC	Limited liability company	RMB98,000	51.02%	51.02%	(ii)	Land and property development
(20) 南昌國遠盈潤置業有限公司	PRC	Limited liability company	RMB98,000	49%	49%	(ii)	Land and property development
(21) 北京融德房地產開發有限公司	PRC	Limited liability company	RMB687,000	49%	49%	(ii)	Land and property development
(22) Coldwest Fund I LP	Cayman Islands	Limited Partnership	USD105,000	47.62%	47.62%	(iv)	Investment management
(23) Delos China (HK) Limited	HK	Limited company	USD 16,000	25%	25%	(ii)	Healthy renovation service
(24) 北京融平企業管理服務有限公司	PRC	Limited liability company	RMB687,000	49%	49%	(iii)	Land and property development
(25) 上海棟鼎企業管理有限公司	PRC	Limited liability company	RMB30,000	49%	49%	(iv)	Land and property development
(26) 北京誼誠置業有限公司	PRC	Limited liability company	RMB10,000	21%	21%	(ii)	Land and property development
(27) Fortune Joy Ventures Limited	BVI	Limited company	USD 580,000	49%	49%	(v)	Investment management
(28) 上饒市棕遠生態環境有限公司	PRC	Limited liability company	RMB320,000	28.98%	28.98%	(v)	Environmental governance
(29) 北京雲泰數通互聯網科技有限公司 ("Beijing Yuntai")	PRC	Limited liability company	RMB252,000	30%	–	(v)	Data Center Services
(30) 北京遠創置業有限公司	PRC	Limited liability company	RMB300,000	51%	75%	(ii)	Land and property development
(31) 北京金開旭泰房地產開發有限公司	PRC	Limited liability company	RMB1,000,000	16%	–	(i),(ii)	Land and property development
(32) 北京駿洋時代置業有限公司	PRC	Limited liability company	RMB32,000	51%	–	(ii)	Land and property development
(33) 納什空間創業科技(北京)有限公司	PRC	Limited liability company	RMB73,000	20%	–	(iv)	Office services
(34) Gemini Investments (Holdings) Limited 盛洋投資(控股)有限公司	Hong Kong	HK Listed company	HKD22,550	25%	69.23%	(vi)	Investment management
(35) 深圳市益田假日廣場有限公司	PRC	Limited liability company	RMB150,000	30%	–	(ii)	Investment property development

15 INVESTMENTS IN ASSOCIATES (Continued)

(a) Following are the details of part of the associates of the Group at 31 December 2020: (Continued)

Among the associates mentioned above, Beijing Capital Juda Limited and Gemini Investments (Holdings) Limited are listed on Stock Exchange of Hong Kong Ltd, the quoted fair value and carrying amount thereof presented as below:

Name	Country of incorporation and operation	Legal status	Quoted market value		Carrying amount	
			2020	2019	2020	2019
			RMB'000	RMB'000	RMB'000	RMB'000
(1) Beijing Capital Juda Limited	PRC	Limited liability company	96,000	110,000	132,014	149,023
(2) Gemini Investments (Holdings) Limited	Hong Kong	HK Listed company	181,000	-	154,095	-

Even though quoted market value of Beijing Capital Juda Limited is less than carrying amount, the fair value of net assets of the company attributable to the Group is higher than the carrying amount, no impairment charge is recognised for the investment.

- (i) Although the Group holds less than 20% of the equity shares of these entities, the Group exercises significant influence under the contractual agreements in the strategic financial and operating policy decisions of these companies.
- (ii) Investments in these associates provide more business opportunities in property development.

15 INVESTMENTS IN ASSOCIATES (Continued)

- (a) Following are the details of part of the associates of the Group at 31 December 2020: (Continued)
- (iii) Investments in these associates provide more opportunities to involve in related services to support property development, such as architectural design and property management.
 - (iv) Investments in these associates provide more business opportunities in real estate investment activities.
 - (v) Investments in these associates provide more business opportunities in other activities.
 - (vi) As at 31 December 2020, the Group has the outstanding capital commitment to associates amounting to RMB296,244,000 (2019: RMB320,441,000).

(b) Individually immaterial associates

The Group has interests in individually immaterial associates that are accounted for using the equity method.

	2020 RMB'000	2019 RMB'000
Aggregate carrying amount of individually immaterial associates	6,696,748	6,846,347
Aggregate amounts of the Group's share of:		
Profit from continuing operations	257,558	415,361
Total comprehensive income	257,558	415,361

16 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables and prepayments	63,486,576	74,004,370
Less: Prepayments	(8,320,514)	(7,559,614)
— Trade and other receivables and prepayments excluding prepayments	55,166,062	66,444,756
— Restricted bank deposits	4,799,837	2,511,683
— Cash and cash equivalents (Note 25)	39,129,442	31,054,201
— Contract assets	923,600	2,708,018
Financial assets at fair value through other comprehensive income (Note 17)	6,751,919	2,715,647
Financial assets at fair value through profit or loss (Note 18)	5,074,930	6,712,378
	111,845,790	112,146,683
Financial liabilities		
Liabilities at amortised cost:		
— Borrowings (Note 32)	82,203,728	83,906,951
— Lease liabilities (Note 8)	147,931	194,480
— Trade and other payables excluding tax payables	54,359,775	51,242,127
Financial liabilities at fair value through profit or loss (Note 36)	190,053	51,104
	136,901,487	135,394,662

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

- (i) Classification of financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

- (ii) Equity investments at fair value through other comprehensive income

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Listed securities (a)	488,890	48,164
Unlisted securities (b)	6,263,029	2,667,483
	6,751,919	2,715,647
Less: Non-current portion	(6,751,919)	(2,715,647)
Current portion	–	–

- (a) Investment in listed equity securities is stated at fair value based on the quoted price of the equity securities.
- (b) Investment in unlisted equity securities are denominated in HKD and RMB. For the valuation of unlisted equity securities, please refer to Note 4.3.

The following table presents the changes in equity investments at fair value through other comprehensive income for the year ended 31 December 2020:

	Equity investments at fair value through other comprehensive income RMB'000
Opening balance	2,715,647
Fair value losses	(23,269)
Increase due to disposal of a subsidiary (Note 48)	3,643,025
Increase due to deemed disposal of an associate (Note 15)	457,177
Currency translation difference	(40,661)
Closing balance	6,751,919

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

(ii) Equity investments at fair value through other comprehensive income (Continued)

The following table presents the changes in equity investments at fair value through other comprehensive income for the year ended 31 December 2019:

	Equity investments at fair value through other comprehensive income RMB'000
Opening balance	679,952
Additions	2,000,000
Fair value gains	20,427
Currency translation difference	15,268
Closing balance	2,715,647

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(i) Classification of financial assets at fair value through profit or loss (Continued)

Financial assets mandatorily measured at FVPL include the following:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Investment in fund investments	4,756,524	6,111,352
Investment in other unlisted equity securities	307,246	327,428
Investment in listed equity securities	11,160	266,304
Others	–	7,294
	5,074,930	6,712,378
Less: Non-current portion	(5,063,770)	(6,446,074)
Current portion	11,160	266,304

Changes in fair values of financial assets at fair value through profit or loss are recorded in “other gains — net” in the income statement.

(ii) Amounts recognised in profit or loss

During the year, the following gains were recognised in profit or loss:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Fair value gains recognised in other gains	516,728	187,872

(iii) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in 4.1. For information about the methods and assumptions used in determining fair value please refer to Note 4.3.

19 PROPERTIES UNDER DEVELOPMENT

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At beginning of the year	60,378,181	54,655,796
Additions	63,341,934	34,522,513
Transfer from deposits for land use rights	–	177,165
Transfer from construction in progress	23,948	–
Acquisition of subsidiaries	–	12,020,221
Disposal of interests in subsidiaries	(8,345,752)	(2,739,385)
Provision for impairment	(262,720)	(106,973)
Transfer to property, plant and equipment (Note 7)	(211,360)	(1,018,867)
Transfer to land use rights (Note 9)	–	(340,391)
Transfer to completed properties held for sale	(39,965,841)	(36,339,661)
Recognised in cost of sales	(239,888)	(452,237)
At end of the year	74,718,502	60,378,181
Properties under development comprises:		
Land use rights	45,826,754	32,666,483
Construction costs and capitalized expenditure	21,215,934	19,415,825
Interest capitalized	7,675,814	8,295,873
	74,718,502	60,378,181

Properties under development are mainly located in the PRC. As at 31 December 2020, properties under development of approximately RMB8,975,042,000 (2019: RMB11,337,759,000) were pledged as collateral for the Group's borrowings.

All properties under development are expected to be completed within the normal operating cycle of the Group, in which RMB47,821,507,000 (2019: RMB44,571,757,000) is expected to be completed and available for sale more than twelve months after the balance sheet date.

20 LAND DEVELOPMENT COST RECOVERABLE

Land development cost recoverable refers to capitalized costs on primary land development projects. The land use right certificates belong to the government for these projects. Main activities for primary land development projects included house dismantlement and land leveling works, in order to make sure the land is connected to water, gas, and electric power supplies.

21 PREPAYMENTS FOR LAND USE RIGHTS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Deposits to local land authorities	–	2,228,844

The prepayments were paid to local land authorities for land use rights as at 31 December 2019. The title of lands have been obtained by the Group and were transferred to properties under development.

22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Trade receivables (a)	4,224,342	3,983,044
Other receivables and prepayments (b)	59,262,234	70,021,326
	63,486,576	74,004,370
Less: non-current portion	(12,289,424)	(12,841,234)
Current portion	51,197,152	61,163,136

22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables	4,373,540	4,115,976
Less: provision for impairment of trade receivables	(149,198)	(132,932)
	4,224,342	3,983,044
Less: non-current portion	–	–
Current portion	4,224,342	3,983,044

Proceeds from services and sales rendered are to be received in accordance with the term of respective agreement, and the credit term is brief, an ageing analysis of trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 6 months	2,765,858	2,331,900
Between 6 months to 1 year	865,767	976,052
Between 1 year to 2 years	606,844	609,144
Between 2 years to 3 years	80,743	146,346
Over 3 years	54,328	52,534
	4,373,540	4,115,976

As at 31 December 2020, no trade receivables (2019: nil) were pledged as collateral for the Group's borrowings.

Movements on the provision for impairment of trade receivables are as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
At 1 January	(132,932)	(113,315)
Provision for receivable impairment	(46,963)	(20,189)
Write-off	30,697	572
At 31 December	(149,198)	(132,932)

22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables and prepayments

	As at 31 December					
	Current RMB'000	2020 Non-current RMB'000	Total RMB'000	Current RMB'000	2019 Non-current RMB'000	Total RMB'000
Entrusted loans to third parties (i)	749,767	1,027,967	1,777,734	189,204	459,385	648,589
Entrusted loans to joint ventures (ii)	708,680	5,659,756	6,368,436	1,327,399	8,475,766	9,803,165
Entrusted loans to associates (iii)	160,384	3,434,933	3,595,317	725,589	706,156	1,431,745
Entrusted loans to non-controlling interests (iv)	312,700	325,000	637,700	512,700	325,000	837,700
Amounts due from third parties (i)	1,998,467	–	1,998,467	1,688,936	–	1,688,936
Amounts due from joint ventures (v)	18,329,200	–	18,329,200	18,654,638	–	18,654,638
Amounts due from associates (v)	2,944,124	–	2,944,124	8,901,985	–	8,901,985
Amounts due from non-controlling interests (v)	5,215,269	–	5,215,269	8,202,536	–	8,202,536
Tax prepayments	6,398,941	199,626	6,598,567	5,446,496	403,286	5,849,782
Receivables from government (vi)	2,702,459	–	2,702,459	2,516,377	–	2,516,377
Payment for the cooperation of potential properties development projects (vii)	2,048,222	1,025,010	3,073,232	3,916,922	2,260,317	6,177,239
Receivables from disposal of interest in subsidiaries	1,018,951	–	1,018,951	972,977	–	972,977
Other prepayments	1,304,815	417,132	1,721,947	1,709,832	–	1,709,832
Other receivables	3,303,168	200,000	3,503,168	2,612,934	259,253	2,872,187
Less: provision for impairment of other receivables	(222,337)	–	(222,337)	(198,433)	(47,929)	(246,362)
Other receivables and prepayments	46,972,810	12,289,424	59,262,234	57,180,092	12,841,234	70,021,326

22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables and prepayments (Continued)

- (i) Entrusted loans to and amounts due from third parties represent amounts paid to joint ventures and associates' joint ventures and associates in order to support the development of real estate projects. As the Group has no direct equity interests in these companies to which the amounts paid are classified as entrusted loans to and amounts due from third parties.

As at 31 December 2020 and 2019, entrusted loans to third parties comprised:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Unsecured loans	1,777,734	648,589
Less: Non-current portion	(1,027,967)	(459,385)
	749,767	189,204

- Unsecured loans bear interest ramping from 5.50% to 13% per annum (2019: from 3.5% to 15%).

Amounts due from third parties are unsecured, interest free, and repayable on demand.

- (ii) Entrusted loans to joint ventures are unsecured, interest bearing from 3.38% to 13% per annum (31 December 2019: from 3.38% to 16%). RMB708,680,000 (31 December 2019: RMB1,327,399,000) of the balances are repayable within one year. The remaining balances of RMB5,659,756,000 (31 December 2019: RMB8,475,766,000) are repayable after one year and included in the non-current portion.
- (iii) Entrusted loans to associates are unsecured, interest bearing from 8% to 15% per annum (31 December 2019: from 8% to 15%). RMB160,384,000 (31 December 2019: RMB725,589,000) of the balances are repayable within one year. The remaining balances of RMB3,434,933,000 (31 December 2019: RMB706,156,000) are repayable after one year and included in the non-current portion.
- (iv) Entrusted loans to non-controlling interests are unsecured, bearing interest from 8% to 9% per annum (31 December 2019: from 8% to 10%). RMB312,700,000 (31 December 2019: RMB512,700,000) of the balances are repayable within one year. The remaining balances of RMB325,000,000 (31 December 2019: RMB325,000,000) are repayable after one year and included in the non-current portion.
- (v) Amounts due from joint ventures, associates and non-controlling interests are unsecured, interest free, and repayable on demand.

22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables and prepayments (Continued)

- (vi) Receivables from government mainly represent payment made for land development cost, some deposits paid to government to ensure the business activities of properties development, and the amounts paid to government with the intention of possible future cooperation in real estate project development, which will be subsequently reimbursed by the government.
- (vii) Amounts mainly represent the payment for cooperation of potential properties development projects. As at 31 December 2020, such cooperation is still in negotiation stage.

RMB1,375,010,000 (2019: RMB4,475,117,000) out of the balance are unsecured, interest bearing from 5% to 8.8% (2019: from 5% to 11%). The remaining balances of RMB1,698,222,000 (2019: RMB1,702,122,000) are unsecured and interest free.

RMB2,048,222,000 (2019: RMB3,916,922,000) out of the balance are repayable on demand. The remaining balance of RMB1,025,010,000 (2019: RMB2,260,317,000) will be repayable in 2022 and included in the non-current portion.

The maximum exposure to credit risk at the reporting date is the book value of each class of receivable mentioned above. The carrying amounts of the Group's trade and other receivables and prepayments are mainly denominated in RMB.

The carrying amounts of trade and other receivables and prepayments approximate their respective fair values as at 31 December 2020 and 2019.

23 COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are located in the PRC on leasehold lands with lease terms between 40 to 70 years.

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Completed properties held for sale comprised:		
Land use rights	4,869,447	4,225,274
Construction costs and capitalized expenditure	10,537,928	10,432,959
Interest capitalized	2,667,367	3,694,945
	18,074,742	18,353,178

23 COMPLETED PROPERTIES HELD FOR SALE (Continued)

Movements on the provision for impairment of completed properties held for sale are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
At beginning of the year	620,733	678,245
Addition	176,525	313,912
Transfer from properties under development	–	170,180
Write-off upon sales of completed properties held for sale	(456,868)	(541,604)
At end of the year	340,390	620,733

As at 31 December 2020, RMB513,727,000 completed properties held for sale (2019: RMB3,010,113,000) were pledged as collateral for the Group's borrowings.

24 RESTRICTED BANK DEPOSITS

Restricted bank deposits are mainly denominated in RMB, which are guaranteed deposits for the mortgage loan facilities granted by the banks to the purchasers of the Group's properties, as well as for projects co-developed with third parties. The balances also include guaranteed deposits placed in the banks, as guaranteed funds of construction projects to meet certain local authorities' requirements. The effective interest rate on restricted bank deposits ranging from 0.35% to 2.175% for the year ended 31 December 2020.

25 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash at bank and in hand	34,086,609	30,862,813
Short-term bank deposits	5,042,833	191,388
Cash and cash equivalents	39,129,442	31,054,201
Denominated in:		
— RMB	35,422,378	25,990,454
— HKD	2,090,101	294,885
— USD	1,616,952	4,736,177
— Other currencies	11	32,685
	39,129,442	31,054,201

The Group's cash and cash equivalents denominated are deposited with banks in the Mainland China and Hong Kong, respectively. The conversion of the RMB denominated balances into foreign currencies, which are placed within the PRC, is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

26 CAPITAL

	Number of ordinary shares	Share capital HKD'000	Equivalent share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Total RMB'000
Opening balance 1 January 2020	7,616,095,657	30,413,634	27,329,232	–	27,329,232
Issue of shares pursuant to exercise of employee share options	–	–	–	–	–
Vesting of shares under Restricted Share Award Scheme	–	–	–	–	–
	7,616,095,657	30,413,634	27,329,232	–	27,329,232
Restricted Share Award Scheme (a)					
Opening balance 1 January 2020	(49,800,640)	–	–	(167,227)	(167,227)
Shares purchased during the year	(5,221,555)	–	–	(14,831)	(14,831)
Vesting of shares under Restricted Share Award Scheme	657,450	–	–	2,218	2,218
	(54,364,745)	–	–	(179,840)	(179,840)
At 31 December 2020	7,561,730,912	30,413,634	27,329,232	(179,840)	27,149,392
Opening balance 1 January 2019	7,615,995,657	30,413,141	27,328,810	–	27,328,810
Issue of shares pursuant to exercise of employee share options	100,000	493	422	–	422
Vesting of shares under Restricted Share Award Scheme	–	–	–	–	–
	7,616,095,657	30,413,634	27,329,232	–	27,329,232
Restricted Share Award Scheme (a)					
Opening balance 1 January 2019	(53,101,242)	–	–	(178,317)	(178,317)
Shares purchased during the year	(306,667)	–	–	(1,030)	(1,030)
Vesting of shares under Restricted Share Award Scheme	3,607,269	–	–	12,120	12,120
	(49,800,640)	–	–	(167,227)	(167,227)
At 31 December 2019	7,566,295,017	30,413,634	27,329,232	(167,227)	27,162,005

26 CAPITAL (Continued)

- (a) On 22 March 2010, the board of the Company resolved to adopt a Restricted Share Award Scheme, the purpose of the Scheme is to recognise and motivate the contribution of certain employees and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Restricted Share Award Scheme was administered by an independent trustee appointed by the Group, the trustee shall purchase from the market such number of shares awarded as specified by the Board and shall hold such shares until they are vested in accordance with the Restricted Share Award Scheme Rules. When the selected employee has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the shares forming the subject of the award, the trustee shall transfer the relevant vested shares to that employee.

Movements in the number of awarded shares for the years ended 31 December 2020 and 2019 are as follows:

	Shares (thousands)
At 1 January 2020	658
Granted	68,663
Vested	(658)
At 31 December 2020	68,663
At 1 January 2019	4,580
Vested	(3,607)
Lapsed	(315)
At 31 December 2019	658

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of awarded shares granted during the year ended 31 December 2020 was RMB3.54 per share(2019: nil per share).

The outstanding awarded shares as of 31 December 2020 were divided into several tranches on an equal basis as at their grant dates. The outstanding awarded shares will be exercised after a specified period ranging from one to three years from the grant date.

27 RETAINED EARNINGS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At 1 January	23,877,717	22,548,161
Profit for the year	2,866,283	2,656,277
Dividends relating to 2018	–	(489,258)
Dividends relating to 2019 (Note 44)	(181,298)	(755,510)
Dividends relating to 2020 (Note 44)	(416,333)	–
Transfer to statutory reserve fund	(47,799)	(81,953)
At 31 December	26,098,570	23,877,717

28 RESERVES

	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Restricted Share Award Scheme RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2020	(763,427)	1,525,046	(387,228)	(1,092,650)	436,790	2,158	(853,225)	(1,132,536)
Fair value losses on financial assets at fair value through other comprehensive income	-	-	-	(20,609)	-	-	-	(20,609)
Deferred hedging gains and losses	-	-	-	-	-	-	(62,017)	(62,017)
Currency translation differences	-	-	769,048	-	-	-	-	769,048
Expense on share-based payment	-	-	-	-	154,805	68,914	-	223,719
Vesting of shares under Restricted Share Award Scheme	-	-	-	-	-	(2,218)	-	(2,218)
Transfer from retained earnings	-	47,799	-	-	-	-	-	47,799
Contribution from non-controlling interests	-	-	-	-	-	-	627,755	627,755
Cancellation of convertible preferred shares issued by the subsidiary	-	-	-	-	-	-	(44,001)	(44,001)
Decrease in non-controlling interests as a result of disposal of subsidiaries	-	-	-	-	-	-	(12,328)	(12,328)
Increase in non-controlling interests as a result of acquisition of additional interests in a subsidiary from non-controlling interests	-	-	-	-	-	-	6,362	6,362
At 31 December 2020	(763,427)	1,572,845	381,820	(1,113,259)	591,595	68,854	(337,454)	400,974

28 RESERVES (Continued)

	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Restricted Share Award Scheme RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2019	(763,427)	1,443,093	(190,039)	(1,118,444)	167,464	10,720	(863,215)	(1,313,848)
Fair value losses on financial assets at fair value through other comprehensive income	-	-	-	25,794	-	-	-	25,794
Fair value gains on property, plant and equipment transferred to investment properties	-	-	-	-	-	-	12,329	12,329
Currency translation differences	-	-	(197,189)	-	-	-	-	(197,189)
Expense on share-based payment	-	-	-	-	269,402	3,558	-	272,960
Issue of shares pursuant to exercise of employee share options	-	-	-	-	(76)	-	-	(76)
Vesting of shares under Restricted Share Award Scheme	-	-	-	-	-	(12,120)	-	(12,120)
Transfer from retained earnings	-	81,953	-	-	-	-	-	81,953
Decrease in non-controlling interests as a result of acquisition of additional interests in a subsidiary from non-controlling interests	-	-	-	-	-	-	(2,339)	(2,339)
At 31 December 2019	(763,427)	1,525,046	(387,228)	(1,092,650)	436,790	2,158	(853,225)	(1,132,536)

Statutory reserves represent reserves of the PRC incorporated companies which are set aside for future development purposes in accordance with the regulations in the PRC. The allocation is based on certain percentages of the companies' profit of the year, which is allocated on an annual basis.

29 SHARE OPTIONS

The establishment of the Group's share options schemes was approved on 3 September 2007 and 6 August 2018, respectively by the shareholders. The share option plan is designed to provide long-term incentives for senior managers and above to deliver long-term shareholder returns. Under the schemes, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Share options granted from 2015 to 2017 are granted to several directors and to selected employees, in which 40% of the options are exercisable after 1 year from the grant date; additional 30% of the options are exercisable after 2 years from the grant date, and remaining 30% of the options are exercisable after 3 years from the grant date.

Share options granted from 2018 to 2019 are granted to several directors and to selected employees, in which 50% of the options are exercisable after 1 year from the grant date, and remaining 50% of the options are exercisable after 2 years from the grant date.

Share options granted in 2020 are granted to several directors and to selected employees, in which 50% of the options are exercisable after 1 year from the grant date, and remaining 50% of the options are exercisable after 2 years from the grant date.

The options have a contractual option term of 5 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK dollar per share HKD	Shares (thousands)
At 1 January 2020	3.66	928,334
Granted during the year	2.11	3,000
Lapsed during the year	4.02	(58,215)
At 31 December 2020	3.63	873,119

Out of the 873,119,000 outstanding options (2019: 928,334,000), 870,119,000 (2019: 281,275,000) were exercisable as at 31 December 2020.

As a result of the options exercised during the year ended 31 December 2020, Nil ordinary shares (2019: 100,000 ordinary shares) were issued by the Company. The weighted average price of the shares at 2019 was HK\$3.53 per share.

29 SHARE OPTIONS (Continued)

Share options outstanding as at 31 December 2020 have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK dollar per share	Shares (thousands)
13 Apr 2021	3.800	84,490
24 Aug 2022	4.700	43,300
04 Sep 2023	3.960	233,800
27 Mar 2024	3.370	508,529
25 Mar 2025	2.106	3,000
		873,119

The directors of the Company have used the Binomial Model to determine the fair value of the options as at the respective grant dates, which is to be expensed over the relevant vesting period. The weighted average fair value of options granted during the year ended 31 December 2020 was RMB0.4965 per option (2019: RMB0.7145 per option).

The model inputs for options granted during the year ended 31 December 2020 included:

- (a) exercise price: HK\$2.106 (2019: HK\$3.37)
- (b) grant date: 25 March 2020 (2019: 27 March 2019)
- (c) expiry date: 25 March 2025 (2019: 27 March 2024)
- (d) share price at grant date: HK\$2.07 (2019: HK\$3.28)
- (e) expected price volatility of the company's share: 38.53% (2019: 38.26%)
- (f) expected dividend yields: 3.67% (2019: 5.00%)
- (g) risk-free interest rate: 0.72% (2019: 1.34%)

30 CAPITAL SECURITIES

On 21 September 2017, Sino-Ocean Land Treasure III Limited (“Sino-Ocean Land III”), a wholly owned subsidiary, issued perpetual subordinated guaranteed capital securities (“capital securities”), which are callable, with initial aggregate principal amount of USD 600,000,000.

The capital securities have no maturity date, and the payments of distribution of such capital securities can be deferred at the discretion of Sino-Ocean Land III. When Sino-Ocean Land III and the Company elects to declare dividends to their shareholders, Sino-Ocean Land III should make a distribution at an initiation rate of 4.9% per annum, as defined in the subscription agreement. Such capital securities are guaranteed by the Company.

31 CAPITAL INSTRUMENT

- (a) On 18 and 25 February 2020, Sino-Ocean Holding Group (China) Limited (“Sino-Ocean Holding”), a wholly owned subsidiary, issued capital instruments, which are callable, as at 31 December 2020 the amounts raised is RMB3,378,000,000. The capital instrument have no maturity date, and the payments of distribution of such capital instrument can be deferred at the discretion of Sino-Ocean Holding. When Sino-Ocean Holding and the Company elect to declare dividends to their shareholders, Sino-Ocean Holding should make a distribution to the holders of the capital instrument at the distribution rate as defined in the subscription agreement.
- (b) On 26 June 2019, Sino-Ocean Holding issued a capital instrument, which is callable, as at 31 December 2020 the amounts raised is RMB981,000,000. The capital instrument have no maturity date, and the payments of distribution of such capital instrument can be deferred at the discretion of Sino-Ocean Holding. When Sino-Ocean Holding and the Company elect to declare dividends to their shareholders, Sino-Ocean Holding should make a distribution to the holders of the capital instrument at the distribution rate as defined in the subscription agreement.

32 BORROWINGS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current		
Bank borrowings (a)	20,627,366	20,305,097
Other borrowings (b)	35,642,489	54,306,522
Total non-current borrowings	56,269,855	74,611,619
Current		
Current portion of long-term bank borrowings (a)	3,317,423	1,165,063
Current portion of long-term other borrowings (b)	21,469,137	7,378,713
Short-term bank borrowings (a)	647,313	751,556
Short-term other borrowings (b)	500,000	–
Total current borrowings	25,933,873	9,295,332
Total borrowings	82,203,728	83,906,951

32 BORROWINGS (Continued)

- (a) As at 31 December 2020, bank borrowings amounting to RMB5,012,388,000 were secured by investment properties, properties under development, completed properties held for sale and equity interest in certain subsidiaries of the Group.

As at 31 December 2019, bank borrowings amounting to RMB3,541,981,000 were secured by investment properties, properties under development, completed properties held for sale and equity interest in certain subsidiaries of the Group.

- (b) Other borrowings

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Bond issuance (i)	29,303,139	28,883,861
Guaranteed notes (ii)	21,890,554	20,691,260
Borrowings from trust companies (iii)	3,276,900	6,737,250
Asset-backed securitisation (iv)	2,564,173	5,174,774
Borrowings from a non-controlling interest (v)	576,860	198,090
	57,611,626	61,685,235
Less: non-current portion	(35,642,489)	(54,306,522)
Current portion	21,969,137	7,378,713

- (i) In 2020, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the company, issued bonds with a total principle amount of RMB500,000,000 with coupon rate of 5.70% per year of a term of two years.

In 2020, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the company, issued bonds with a total principle amount of RMB490,000,000 with coupon rate of 5.20% per year of a term of two years.

In 2020, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the company, issued bonds with a total principle amount of RMB2,000,000,000 with coupon rate of 3.35% per year of a term of three years.

In 2019, Shenzhen Tianheng Chuangxing Properties Company Limited, a wholly owned subsidiary of the company, issued bonds with a total principle amount of RMB2,000,000,000 with coupon rate of 5.35% to 5.78% per year of a term of three years, the amounts to RMB957,600,000 has been repaid in 2020.

In 2019, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the company, issued bonds with a total principle amount of RMB118,000,000 with coupon rate of 6.00% per year of a term of two years.

In 2019, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the company, issued bonds in an aggregate amount of RMB2,900,000,000 in two series: (i) RMB1,700,000,000 with coupon rate of 4.06% per year of a term of five years; (ii) RMB1,200,000,000 with coupon rate of 4.59% per year of a term of seven years.

In 2018, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB2,000,000,000 with maturity period of 5 years and annual interest rate of 4.7%.

In 2018, the Company issued Medium-term Notes in an aggregate amount of RMB6,000,000,000 in two series: (i) RMB3,000,000,000 with coupon rate of 5.87% per year of a term of three years; (ii) RMB3,000,000,000 with coupon rate of 5.95% per year of a term of three years.

In 2017, the Company issued the first tranche Medium-term Notes in an aggregate amount of RMB4,000,000,000 in two series: (i) RMB2,000,000,000 with coupon rate of 4.77% per year of a term of three years; (ii) RMB2,000,000,000 with coupon rate of 5.05% per year of a term of five years, the first series of bond amounts to RMB2,000,000,000 has been repaid in 2020.

32 BORROWINGS (Continued)

(b) Other borrowings (Continued)

(i) (Continued)

In 2017, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB1,000,000,000 with maturity period of 5 years and annual interest rate of 5.29%.

In 2016, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB4,000,000,000 with maturity period of 5 years and annual interest rate of 3.50%.

In 2015, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB10,000,000,000. The first phase of the bonds is issued in August with an aggregate principal amount of RMB5,000,000,000 in three series: (i) RMB2,000,000,000 with maturity period of 5 years and annual interest rate of 3.78%; (ii) RMB1,500,000,000 with maturity period of 7 years and annual interest rate of 4.15%; (iii) RMB1,500,000,000 with maturity period of 10 years and annual interest rate of 5.00%. The second phase of the bonds is issued in October with an aggregate principal amount of RMB5,000,000,000 in two series: (i) RMB2,000,000,000 with maturity period of 6 years and annual interest rate of 3.85%; (ii) RMB3,000,000,000 with maturity period of 10 years and annual interest rate of 4.76%, the first series of bond amounts to RMB2,000,000,000 has been repaid in 2020. The bonds are unsecured.

(ii) In January 2020, Sino-Ocean Land Treasure Finance IV Limited, a wholly-owned subsidiary, issued a guaranteed note with a total principal amount of USD400,000,000 with a maturity period of 10 years and annual interest rate of 4.75%.

In August 2019, Sino-Ocean Land Treasure Finance IV Limited, a wholly-owned subsidiary, issued a guaranteed note with a total principal amount of USD600,000,000 with a maturity period of 10 years and annual interest rate of 4.75%.

In January 2019, Sino-Ocean Land Treasure Finance IV Limited, a wholly-owned subsidiary, issued a guaranteed note with a total principal amount of USD500,000,000 with a maturity period of 3 years and annual interest rate of 5.25%.

In July 2018, Sino-Ocean Land Treasure Finance IV Limited, a wholly-owned subsidiary, issued a guaranteed note with principal amount of USD700,000,000 at interest rate equal to three-month USD London Interbank Offered Rate plus 2.30% due in 2021 (the "2021 Notes"). The Notes are unsecured and are guaranteed by the Company.

In January 2015, Sino-Ocean Land Treasure Finance II Limited, a wholly-owned subsidiary, issued a guaranteed note with principal amount of USD 500,000,000 at a rate of 5.95% per annum due in 2027 (the "2027 Notes"). The notes are unsecured and guaranteed by the Company.

In July 2014, Sino-Ocean Land Treasure Finance I Limited, a wholly-owned subsidiary, issued a guaranteed note with principal amount of USD700,000,000 at a rate of 6.00% per annum due in 2024 (the "2024 Notes").

(iii) Such loans bear interest rate from 4.2% to 6.7% per annum, and RMB1,906,900,000 of the loan portion (2019: RMB5,536,250,000) repayable after one year are included in non-current portion.

As at 31 December 2020, loans amounting to RMB1,632,900,000 were secured by properties under development and equity interests in a certain subsidiary of the Group.

As at 31 December 2019, loans amounting to RMB3,058,250,000 were secured by properties under development and equity interests in a certain subsidiary of the Group.

(iv) In September 2018, Sino-Ocean Holding Group (China) Limited entered into asset-backed special agreement with a third-party financing company in the form of asset securitisation. Asset-backed securities are divided into priority level and subprime level with total principal of RMB2,710,000,000 and RMB143,000,000 respectively. The Group repurchased all the subprime level asset-backed securities in the year ended 31 December 2018. The priority level securities were guaranteed by Sino-Ocean Holding Group (China) Limited, and secured by property, plant and equipment, land use rights and investment properties of the Group. As at 31 December 2020, RMB2,564,173,000 of the principal remained outstanding.

(v) Such Loan bears interest rate from 7.13% to 8.00% per annum, and RMB576,860,000 (2019: RMB198,090,000) repayable after one year are included in non-current portion.

32 BORROWINGS (Continued)

(c) The maturities of the Group's total borrowings at respective balance sheet dates are set out as follows:

	As at 31 December	
	2020	2019
	Bank and other borrowings	Bank and other borrowings
	RMB'000	RMB'000
Total borrowings		
— Within 1 year	25,933,873	9,295,332
— Between 1 and 2 years	17,459,404	29,765,995
— Between 2 and 5 years	27,004,933	29,579,976
— Over 5 years	11,805,518	15,265,648
	82,203,728	83,906,951

(d) The Group's borrowings denominated in RMB, HKD and USD respectively are set out as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Denominated in:		
— RMB	43,768,748	45,589,835
— HKD	13,756,489	13,943,021
— USD	24,678,491	24,374,095
	82,203,728	83,906,951

32 BORROWINGS (Continued)

- (e) The weighted average effective interest rates at the respective balance sheet dates are set out as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Bank borrowings	3.96%	4.83%
Other borrowings	5.53%	5.78%

- (f) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 6 months	20,878,490	22,677,592
Between 6 and 12 months	906,600	3,032,750
Between 1 and 5 years	60,418,638	58,196,609
	82,203,728	83,906,951

- (g) The fair value of non-current borrowings approximate their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 3.96% (2019: 4.83%) and are within Level 2 of the fair value hierarchy.

33 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Deferred income tax assets:		
— to be recovered after more than 12 months	1,170,896	987,241
— to be recovered within 12 months	601,759	452,257
	1,772,655	1,439,498
Deferred income tax liabilities:		
— to be recovered after more than 12 months	(2,719,813)	(2,459,865)
— to be recovered within 12 months	(593,153)	(487,004)
	(3,312,966)	(2,946,869)
Deferred income tax liabilities, net	(1,540,311)	(1,507,371)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At beginning of the year	1,507,371	1,535,415
Recognised in the income statement (Note 42)	59,032	(547,271)
(Credited)/Charged to other comprehensive income	(4,503)	8,179
Acquisition of subsidiaries (Note 49)	11,113	653,145
Disposal of interests in subsidiaries	(32,702)	(142,097)
At end of the year	1,540,311	1,507,371

33 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2020 and 2019, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Recognition of expenses RMB'000	Unrealized gains RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	1,299,689	77,348	155,968	3,003	1,536,008
Credited/(Charged) to income statement	438,261	(45,953)	1,553	–	393,861
Credited to other comprehensive income	–	–	–	4,503	4,503
Disposal of interests in subsidiaries	(11,507)	16,364	(15,324)	–	(10,467)
At 31 December 2020	1,726,443	47,759	142,197	7,506	1,923,905
At 1 January 2019	1,178,730	–	108,972	3,003	1,290,705
Credited to income statement	238,988	77,348	49,621	–	365,957
Disposal of interests in subsidiaries	(118,029)	–	(2,625)	–	(120,654)
At 31 December 2019	1,299,689	77,348	155,968	3,003	1,536,008

33 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Depreciation difference RMB'000	Investment properties revaluation RMB'000	Property revaluation RMB'000	Unrealized gain RMB'000	Recognition of revenue over time RMB'000	Withholding taxes RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	(55,037)	(1,683,527)	(828,826)	–	(167,795)	(237,887)	(70,307)	(3,043,379)
(Charged)/credited to income statement	(7,254)	9,305	(27,212)	–	(348,693)	(73,039)	(6,000)	(452,893)
Acquisition of subsidiaries (Note 49)	–	–	(11,113)	–	–	–	–	(11,113)
Disposal of interests in subsidiaries	–	–	11,635	–	–	–	31,534	43,169
At 31 December 2020	(62,291)	(1,674,222)	(855,516)	–	(516,488)	(310,926)	(44,773)	(3,464,216)
At 1 January 2019	(55,037)	(1,749,643)	(483,156)	(55,860)	(186,396)	(237,887)	(58,141)	(2,826,120)
(Charged)/credited to income statement	–	(89,458)	200,298	55,860	18,601	–	(3,987)	181,314
Acquisition of subsidiaries	–	–	(653,145)	–	–	–	–	(653,145)
Disposal of interests in subsidiaries	–	155,574	107,177	–	–	–	–	262,751
Credited to other comprehensive income	–	–	–	–	–	–	(8,179)	(8,179)
At 31 December 2019	(55,037)	(1,683,527)	(828,826)	–	(167,795)	(237,887)	(70,307)	(3,043,379)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realization of the related benefit through the future profits is probable. These tax losses are going to expire within five years. The Group did not recognise deferred income tax assets of RMB1,053,360,000 (2019: RMB960,522,000) in respect of losses amounting to RMB4,213,440,000 (2019: RMB3,842,088,000) that can be carried forward against future taxable income.

At 31 December 2020, the Group recognised deferred tax liabilities of approximately RMB310,926,000 (2019: RMB237,887,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that the remaining available unremitted earnings of the Group's subsidiaries will be distributed in the foreseeable future according to the distribution and reinvestment plans of the Group. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totaled approximately RMB3,739,098,000 at 31 December 2020 (2019: RMB4,662,671,000).

34 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables (i)	19,685,589	17,789,750
Accrued expenses	6,915,241	3,308,010
Amounts due to joint ventures (ii)	7,979,029	8,791,353
Amounts due to associates (ii)	2,462,410	3,179,119
Amounts due to non-controlling interests (ii)	4,419,311	8,247,547
Amounts due to government	135,416	77,627
Other taxes payable	3,185,649	3,787,197
Deposits received	7,324,472	2,924,384
Other payables	5,438,307	6,924,337
	57,545,424	55,029,324
Less: non-current portion	(18,269)	(18,581)
Current portion	57,527,155	55,010,743

The carrying amounts of trade payables and other payables approximate their fair values.

- (i) An ageing analysis of the trade payables (including amounts due to related parties of trading in nature) is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 6 months	9,548,134	7,067,779
Between 6 months to 12 months	3,819,304	3,652,058
Between 1 year to 2 years	4,728,907	4,711,607
Between 2 years to 3 years	1,085,312	1,819,411
Over 3 years	503,932	538,895
	19,685,589	17,789,750

- (ii) Amounts due to joint ventures, associates and non-controlling interests are unsecured, interest free, and repayable on demand.

35 CONTRACT LIABILITIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Advances receipts directly coming from		
Customers	34,318,360	25,458,320
	34,318,360	25,458,320

36 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Derivatives-held for trading		
— Forward foreign exchange contracts	686	51,104
Derivatives hedging instrument		
— Forward rate contract	189,367	—
	190,053	51,104

37 INTEREST AND OTHER INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest income:		
— Interest income from bank deposits	129,858	230,391
— Interest income from entrusted loans	1,949,422	2,203,619
Dividend income	226,121	232,314
Others	88,587	104,614
	2,393,988	2,770,938

38 OTHER GAINS — NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
(Losses)/gains on disposal of interests in subsidiaries	(338,396)	716,413
Gains on revaluation of financial assets and financial liabilities at fair value through profit or loss	486,219	228,937
(Losses)/gains on disposal of joint ventures and associates	(73,622)	108,018
Gains on deemed disposal of joint ventures and associates	64,072	107,513
Gains on disposal of financial assets at fair value through profit or loss	87,896	32,379
Exchange gains/(losses)	1,213,393	(408,843)
Payment for the settlement of contracted obligations	(107,918)	(79,903)
Gains/(losses) on disposal of property, plant and equipment	2,223	(4,821)
Gains on disposal of investment properties	—	865
Negative goodwill on business combinations	—	798
Other gains/(losses)	726	(2,836)
	1,334,593	698,520

39 EXPENSES BY NATURE

Expenses by nature comprised cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cost of properties and land use rights sold:		
— Land use rights	18,192,150	14,347,125
— Capitalized interest	4,420,866	4,992,252
— Construction related cost	17,930,857	14,805,832
Cost of up fitting services rendered	2,895,285	3,674,757
Direct investment property expenses (Note 12)	71,203	128,030
Employee benefit expense (Note 40)	1,742,316	1,829,689
Consultancy fee	522,038	435,839
Auditor's remuneration	15,484	11,650
— Audit services	12,255	8,850
— Non-audit services	3,229	2,800
Depreciation (Note 7)	61,474	96,380
Depreciation of right-of-use assets (Note 8)	77,980	153,292
Amortization of land use rights and intangible asset (Note 9, Note 10)	9,495	16,856
Advertising and marketing	1,074,244	1,007,917
Business taxes and other levies	364,455	370,757
Impairment charges	262,720	601,695
Derecognition of goodwill (Note 11)	78,037	29,428
Office expenditure	75,594	179,158
Properties maintenance expenses	895,891	1,000,995
Energy expenses	105,035	160,328
Others	367,375	51,884
	49,162,499	43,893,864

40 EMPLOYEE BENEFITS EXPENSE

The employee benefits expense of the Group, including its directors' emoluments is as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Salaries, wages and bonuses	1,978,395	2,139,954
Retirement benefits contribution	44,373	198,434
Share options granted to directors and employees	154,805	269,402
Restricted Share Award Scheme	68,914	3,558
Other allowances and benefits	370,530	432,324
	2,617,017	3,043,672
Less: capitalized in properties under development	874,701	(1,213,983)
	1,742,316	1,829,689

The Group's employees participate in various retirement benefit plans organized by the relevant municipal and provincial government in the PRC under which the Group was required to make monthly contributions at rates ranging from 10% to 20%, depending on the applicable local regulations, of the employees' salary for the years ended 31 December 2020 and 2019.

In addition, the Group participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme for all employees in Hong Kong. The contributions to the Mandatory Provident Fund Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income (with a cap of HKD30,000).

40 EMPLOYEE BENEFITS EXPENSE (Continued)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2019: three) directors whose emoluments are reflected in the analysis shown in Note 53. The emoluments payable to the remaining two (2019: two) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Basic salaries and allowance	4,062	4,300
Bonuses	1,041	1,920
Retirement scheme contributions	257	253
Share-based payments	3,462	3,255
	8,822	9,728

The emoluments fell within the following bands:

	Year ended 31 December	
	2020	2019
RMB3,477,000 (equivalent to HK\$4,000,000) to RMB4,346,000 (equivalent to HK\$5,000,000)	1	–
RMB4,346,000 (equivalent to HK\$5,000,000) to RMB5,215,000 (equivalent to HK\$6,000,000)	–	2
RMB5,215,000 (equivalent to HK\$6,000,000) to RMB6,084,000 (equivalent to HK\$7,000,000)	1	–
	2	2

- (b) During the years ended 31 December 2020 and 2019, no emoluments were paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for losses of office.

41 FINANCE COSTS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest expense:		
— Bank borrowings	1,027,805	1,346,499
— Other borrowings	3,792,991	3,817,131
— Lease Liabilities	11,117	72,222
Less: interest capitalized at a capitalization rate of 5.10% (2019: 5.50%) per annum	(2,721,007)	(2,842,138)
	2,110,906	2,393,714

42 INCOME TAX EXPENSE

Majority of the Group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these Group entities for the years ended 31 December 2020 and 2019. Other Group entities are mainly subject to Hong Kong profits tax.

The amount of income tax expense charged to the income statement represents:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax:		
— PRC enterprise income tax	2,491,100	3,082,775
— PRC land appreciation tax	2,817,307	3,714,711
Deferred income tax (Note 33)	59,032	(547,271)
	5,367,439	6,250,215

42 INCOME TAX EXPENSE (Continued)

Taxation on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit before income tax	10,050,314	10,416,482
Adjust for: Share of results of joint ventures	(982,999)	(1,519,370)
Share of results of associates	(257,558)	(415,361)
	8,809,757	8,481,751
Tax calculated at a tax rate of 25%	2,202,439	2,120,438
Effect of higher tax rate for the appreciation of land in the PRC	2,112,980	2,786,033
Income not subject to tax	(17,239)	(30,315)
Expenses not deductible for tax purposes	760,560	1,029,447
Tax losses not recognised	442,972	429,910
Utilization of previously unrecognised tax losses and expenses	(360,610)	(212,075)
Reversal of previously recognised deferred income tax assets	92,679	54,034
Deductible temporary differences not recognised	60,619	22,843
Dividend withholding tax	73,039	49,900
Income tax expense	5,367,439	6,250,215

43 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as share held for Restricted Share Award Scheme (Note 27).

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	2,866,283	2,656,277
Profit used to determine basic earnings per share (RMB'000)	2,866,283	2,656,277
Weighted average number of ordinary shares in issue (thousands)	7,616,096	7,616,063
Basic earnings per share (RMB per share)	0.376	0.349

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to, assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and shares held for the Restricted Share Award Scheme. For the share options and shares held for the Restricted Share Award Scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options and awarded shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and awarded shares.

43 EARNINGS PER SHARE (Continued)

(b) Diluted (Continued)

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	2,866,283	2,656,277
Profit used to determine diluted earnings per share (RMB'000)	2,866,283	2,656,277
Weighted average number of ordinary shares in issue (thousands)	7,616,096	7,616,063
Adjustment for:		
— share options (thousands)	—	—
— shares held for the Restricted Share Award scheme (thousands)	—	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	7,616,096	7,616,063
Diluted earnings per share (RMB per share)	0.376	0.349

44 DIVIDENDS

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Interim dividend paid	416,333	755,510
Proposed final dividend of RMB0.075 (2019: RMB0.024) per ordinary share (a)	571,207	181,298

- (a) On 23 March 2021, the Company proposed a final dividend of RMB571,207,000 for the year ended 31 December 2020.

45 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit for the year	4,682,875	4,166,267
Adjustments for:		
— Income tax expense (Note 42)	5,367,439	6,250,215
— Depreciation (Note 7)	61,474	96,380
— Amortization of land use rights (Note 9)	3,246	5,056
— Amortization of Intangible assets (Note 10)	6,249	11,800
— Amortization of Right-of-use Assets (Note 8)	77,980	153,292
— Valuation losses/(gains) on investment properties (Note 12)	156,045	(373,381)
— Share of results of joint ventures (Note 14)	(1,008,945)	(1,389,216)
— Share of results of associates (Note 15)	(318,169)	(335,257)
— Losses/(gains) on disposal of joint ventures and associate (Note 38)	73,622	(108,018)
— Gains on deemed disposal of joint ventures and an associate (Note 38)	(64,072)	(107,513)
— Dividend income (Note 37)	(226,121)	(232,314)
— Interest income (Note 37)	(1,949,422)	(2,390,318)
— Losses/(gains) on disposal of interests in subsidiaries (Note 38)	338,396	(716,413)
— Gains on disposal of financial assets at fair value through profit or loss (Note 38)	(87,896)	(32,379)
— (Gains)/losses on sale of property, plant and equipment (Note 38)	(2,223)	4,821
— Fair value gains on financial assets and financial liabilities at fair value through profit or loss (Note 38)	(486,219)	(228,937)
— Impairment charges (Note 39)	262,720	601,695
— Derecognition of goodwill (Note 39)	78,037	29,428
— Finance costs (Note 41)	2,110,906	2,393,714
— Gains on acquisition of a subsidiary (Note 38)	—	(798)
— Gains on disposal of an investment property (Note 38)	—	(865)
— Exchange gains (Note 38)	(1,213,393)	(408,843)
— Share-based payments (Note 40)	223,719	272,960
	8,086,248	7,661,376

45 CASH FLOW INFORMATION (Continued)

(a) Cash generated from operations (Continued)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
— Completed properties held for sale	(2,323,319)	(201,886)
— Inventories, at cost	253,450	(367,079)
— Amounts due from customers for contract work	1,777,510	(314,411)
— Trade and other receivables and prepayments	1,633,143	(7,878,647)
— Land development cost recoverable	(34,655)	(114,659)
— Prepayments for land use rights	1,034,084	(486,396)
— Trade and other payables	11,229,677	657,874
— Advance receipts from customers	11,043,137	(4,245,382)
— Properties under development	(10,114,246)	10,232,026
— Restricted bank deposits	(2,288,154)	851,193
Cash generated from operations	20,296,875	5,794,009

(b) In the consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Net book amount (Note 7)	15,240	27,075
Gains/(losses) on disposal of property, plant and equipment (Note 38)	2,223	(4,821)
Proceeds from disposal of property, plant and equipment	17,463	22,254

45 CASH FLOW INFORMATION (Continued)

(c) The reconciliation of liabilities from financing activities

This section sets out an analysis of liabilities from financing activities and the movements in liabilities from financing activities for each of the periods presented.

	2020 RMB'000	2019 RMB'000	
Borrowings-repayable within one year (Note 32)	(25,933,873)	(9,295,332)	
Borrowings-repayable after one year (Note 32)	(56,269,855)	(74,611,619)	
Net debt	(82,203,728)	(83,906,951)	
Gross debt — fixed interest rates	(55,134,637)	(58,196,609)	
Gross debt — variable interest rates	(27,069,091)	(25,710,342)	
Net debt	(82,203,728)	(83,906,951)	
	Liabilities from financing activities		
	Borrowing due within 1 year RMB'000	Borrowing due after 1 year RMB'000	Total RMB'000
Net debt at 31 December 2019	(9,295,332)	(74,611,619)	(83,906,951)
Cash flows	10,181,630	(4,694,539)	5,487,091
Increase due to business combination (Note 49)	(1,000,000)	—	(1,000,000)
Decrease due to disposal of interests in subsidiaries	333,417	1,378,808	1,712,225
Foreign exchange adjustments	630,639	1,988,939	2,619,578
Other non-cash movements	(26,784,227)	19,668,556	(7,115,671)
Net debt at 31 December 2020	(25,933,873)	(56,269,855)	(82,203,728)

Other non-cash movement is mainly the reclassification of long-term borrowing and borrowing within 1 year and the amortization of issuing cost of bond and guaranteed notes.

46 FINANCIAL GUARANTEES

- (a) The Group had the following financial guarantees as 31 December 2020 and 2019:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers	9,799,686	9,595,026

As at 31 December 2020 and 31 December 2019, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then pledged with the banks.

- (b) As at 31 December 2020, the Group provided guarantees amounted to approximately RMB3,307,590,000 for borrowings of joint ventures and third party. (2019:RMB1,059,420,000). Properties under development owned by these joint ventures and associates are the primary collateral of such borrowings.

47 COMMITMENTS

(a) Capital commitments

Capital commitments in respect of development costs attributable to properties under development and land use rights at the balance sheet date but not yet incurred are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Land use rights	–	–
Properties under development	11,451,720	7,842,456
Commitment of Investment	1,611,622	591,566
Contracted but not provided for	13,063,342	8,434,022

(b) Commitments to a joint venture

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Commitments to provide funding to a joint venture for its investment properties development	8,769,540	–

(c) Operating lease rental receivables

The future aggregate minimum lease rental receivables under non-cancellable operating leases in respect of land and buildings are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Within 1 year	290,407	325,455
Between 1 to 5 years	465,144	540,192
Over 5 years	96,775	261,565
	852,326	1,127,212

48 DISPOSAL OF INTERESTS IN A SUBSIDIARY

During the year, the significant disposal of interests in a subsidiary of the Group are presented as below:

Disposal of Gemini Investments

In April 2020, Gemini Investments (Holdings) Limited (“Gemini Investments”), a subsidiary of the Group, agreed to issue a total of 180,556,000 subscription shares at the aggregate subscription price of HKD180,000,000 to Hongkong Presstar Enterprise Co., Limited, Trend Best Investment Limited and Glory Class Ventures Limited respectively, (together, the “Investors”).

The subscription shares represent approximately 28.60% of the total number of issued shares of Gemini Investments. Upon completion of the subscription, Gemini Investments is owned as to approximately 49.45% by the Group and controlled by the Group.

In July 2020, Gemini Investments changed its directorship and board committee composition. Upon completion of the change, the Group lost control over Gemini Investments as it has no power to govern the financial and operating policies of Gemini Investments, which became an associate of the Group.

The effect of disposal of interests in the subsidiary on the equity attributable to owners of the Company during the period is summarized as follows:

	As at 31 July 2020 RMB'000
Fair value of the Group’s remaining interests	357,377
Capital instrument investment in Gemini Investments measured as financial assets at fair value through other comprehensive income	3,643,025
Carrying value of the Gemini Investments’s net assets disposed — shown as below	(4,308,840)
Losses on disposal of interests in Gemini Investments that resulted in loss of control	(308,438)

48 DISPOSAL OF INTERESTS IN A SUBSIDIARY (Continued)

Disposal of Gemini Investments (Continued)

The assets and liabilities disposed of are as follows:

	As at 31 July 2020 RMB'000
Cash and cash equivalents	1,172,206
Property, plant and equipment	7,388
Investment properties	1,366,572
Investments in joint ventures	716,419
Properties under development	715,594
Financial assets at fair value through profit or loss	2,765,075
Trade and other receivables and prepayments	413,920
Borrowings	(712,225)
Trade and other payables	(1,157,269)
Income tax payables	(2,064)
Deferred income tax assets	8,720
Deferred income tax liabilities	(25,533)
Non-controlling interests	(959,963)
Net assets disposed	4,308,840
Outflow of cash to dispose the subsidiary, net of cash disposed	
Proceeds received in cash	-
Cash and cash equivalents in the subsidiary disposed of	(1,172,206)
Net cash outflow on disposal	(1,172,206)

49 BUSINESS COMBINATION

During the year, the business combination of the Group is presented as below:

Acquisition of Shengjing Guoxin

The Group owned 49% equity stakes in Shengjing Guoxin, which is engaged in the landscaping for real estate development and accounted by way of equity method by the group.

In November 2020, in order to enhance the group's competitiveness in up fitting services and real estate project development and the synergy with Shengjing Guoxin, the Group acquired 51% of the equity interests of Shengjing Guoxin, at a consideration of RMB38,000,000. As a result of the acquisition, Shengjing Guoxin became a wholly-owned subsidiary of the Group.

The following table summarises the consideration paid for Shengjing Guoxin, the fair value of assets acquired and liabilities assumed at the acquisition date.

	As at 30 November 2020 RMB'000
Consideration:	
— Consideration transferred	38,000
— Book value of equity Interest in Shengjing Guoxin held before business combination	—
— Deemed disposal gains of equity Interest	18,610
Identifiable net assets acquired	(26,866)
Goodwill	29,744

Recognised amounts of identifiable assets acquired and liabilities acquired

	RMB'000
Cash and cash equivalents	29,067
Property, plant and equipment	986
Intangible assets	39,265
Inventories, at cost	464,243
Trade and other receivables and prepayments	1,593,172
Trade and other payables	(754,474)
Borrowings	(1,000,000)
Income tax payables	(87)
Contract liabilities	(334,193)
Deferred income tax liabilities	(11,113)
Total identifiable net assets	26,866

49 BUSINESS COMBINATION (Continued)

Acquisition of Shengjing Guoxin (Continued)

The revenue included in the condensed consolidated income statement since 30 November contributed by Shengjing Guoxin was RMB81,236,000. Shengjing Guoxin also contributed loss of RMB3,806,000 over the same period.

Had Shengjing Guoxin been consolidated from 1 January 2020, the condensed consolidated income statement would show pro-forma revenue of RMB57,009,220,000 and profit of RMB4,760,741,000.

50 TRANSACTIONS WITH NON-CONTROLLING INTERESTS WITHOUT CHANGE OF CONTROL

During the year ended 31 December 2020, the Group has acquired additional equity interests of its non-wholly owned subsidiaries and disposed of certain equity interests to its non-controlling shareholders through certain transactions with non-controlling interests which resulted in the total increase in non-controlling interests of RMB854,355,000 and total increase in net assets attributable to the owners of the Company of RMB634,117,000.

51 RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere, the following is a summary of significant related party balances and transactions entered into in the ordinary course of business between the Group and its related parties during the years ended 31 December 2020 and 2019:

(a) Provision of services to:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
— A shareholder	95,395	4,639
— Joint ventures	1,997,544	3,270,886
— Associates	537,067	833,095
	2,630,006	4,108,620

Provision of services mainly represent construction service, the terms of which are entered into with related parties in accordance with the terms of agreement.

51 RELATED PARTY TRANSACTIONS (Continued)

(b) Investment to a subsidiary of an associate:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Capital injection to Beijing Yuntai	380,000	–

(c) Transaction with joint ventures:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Gains on disposal of a joint venture to a joint venture	9,275	–

(d) Key management compensation:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries and other short-term employee benefits	44,606	40,325
Post-employment benefits	5,143	3,469
Other long-term welfare	1,074	1,126
Share-based payments	24,294	45,745
	75,117	90,665

51 RELATED PARTY TRANSACTIONS (Continued)

- (e) Year-end balances arising from sales and purchases of properties and services and disposal of interests in subsidiaries:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Receivables from related parties:		
— A shareholder	7,058	35,771
— Joint ventures	2,972,257	2,023,274
— Associates	357,532	258,967
	3,336,847	2,318,012
Other receivables from related parties:		
— A joint venture	—	—
Advance from related parties:		
— Joint ventures	182	—
— Associates	—	—
	182	—
Trade payables due to related parties:		
— A joint venture	8,021	37,836
— An associate	6,737	4,252
	14,758	42,088

- (f) Interest income

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Interest received:		
— Joint ventures	492,628	1,190,595
— Associates	349,933	323,018
	842,561	1,513,613

51 RELATED PARTY TRANSACTIONS (Continued)

(g) Loans to related parties

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Joint ventures:		
At 1 January	9,803,165	11,516,089
Loans advanced during year	11,325,454	17,501,000
Loans repayments received	(12,218,187)	(19,528,323)
Decrease due to disposal of joint ventures	(2,316,515)	–
Increase due to disposal of interests in subsidiaries	965,726	778,049
Decrease due to disposal of interest in subsidiaries	(1,191,207)	(463,650)
interest charged	(492,628)	(1,190,595)
Interest received	492,628	1,190,595
At 31 December (Note 22(b)(ii))	6,368,436	9,803,165
Associates:		
At 1 January	1,431,745	1,129,255
Loans advanced during year	2,863,727	1,814,210
Loans repayments received	(700,155)	(811,450)
Decrease due to deemed disposal of Associates	–	(402,895)
Increase due to disposal of interests in subsidiaries	–	376,015
Decrease due to disposal of interest in subsidiaries	–	(673,390)
Interest charged	(349,933)	(323,018)
Interest received	349,933	323,018
At 31 December (Note 22(b)(iii))	3,595,317	1,431,745

51 RELATED PARTY TRANSACTIONS (Continued)

(h) Amounts due from related parties

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Joint ventures:		
At 1 January	18,654,638	16,598,387
Amounts advanced during year	76,101,503	56,292,021
Repayments during year	(76,996,000)	(54,542,950)
Decrease due to deemed disposal of joint ventures	(229,549)	(672,869)
Increase due to disposal of interests in subsidiaries	856,098	980,049
Decrease due to disposal of interests in subsidiaries	(14,101)	–
Decrease due to disposal of joint ventures	(43,389)	–
At 31 December (Note 22(b)(v))	18,329,200	18,654,638
Associates:		
At 1 January	8,901,985	9,723,159
Amounts advanced during year	1,631,050	7,689,906
Repayments during year	(7,737,329)	(9,744,890)
Increase due to deemed disposal of associates	414,533	–
Decrease due to deemed disposal of an associate	(266,115)	(329,765)
Increase due to disposal of subsidiaries	–	1,563,575
At 31 December (Note 22(b)(v))	2,944,124	8,901,985

51 RELATED PARTY TRANSACTIONS (Continued)

(i) Amounts due to related parties

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Joint ventures:		
At 1 January	8,791,353	9,388,039
Amounts advanced during year	23,625,838	17,648,483
Repayments during year	(25,303,658)	(19,665,564)
Decrease due to deemed disposal of joint ventures	(212,849)	(538,638)
Decrease due to disposal of interest in a subsidiary	(48,800)	(2,091)
Increase due to disposal of interest in subsidiaries	1,127,145	1,961,124
At 31 December (Note 34(ii))	7,979,029	8,791,353
Associates:		
At 1 January	3,179,119	4,274,001
Amounts advanced during year	2,932,020	6,550,590
Repayments during year	(3,648,729)	(7,215,109)
Decrease due to deemed disposal of an associate	–	(432,549)
Increase due to disposal of interest in a subsidiary	–	2,186
At 31 December (Note 34(ii))	2,462,410	3,179,119

(j) Investment in limited partners' share issued by an associate

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Fair value of investment in limited partners' share issued by an associate	2,254,862	2,126,795

(k) Investment in capital instrument issued by associates

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Fair value of investments in capital instruments issued by associates	5,690,025	2,011,000

52 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	As at 31 December	
		2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		3,421,198	3,428,410
Current assets			
Amounts due from subsidiaries		33,599,525	34,875,510
Other receivables		2,060	2,060
Cash and cash equivalents		197,777	384,395
		33,799,362	35,261,965
Total assets		37,220,560	38,690,375
EQUITY			
Capital	(a)	27,329,232	27,329,232
Reserves	(b)	876,596	426,789
Retained earnings	(c)	589,048	447,542
Total equity		28,794,876	28,203,563
LIABILITIES			
Non-current liabilities			
Borrowings		7,994,892	9,985,954
Current liabilities			
Other payables		430,792	500,858
		430,792	500,858
Total liabilities		8,425,684	10,486,812
Total equity and liabilities		37,220,560	38,690,375

Approved by the Board of Directors on 23 March 2021.

LI Ming
Executive Director

WANG Honghui
Executive Director

52 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Capital movement of the Company

	RMB'000
At 1 January 2020	27,329,232
Issue of shares pursuant to exercise of employee share options	–
At 31 December 2020	27,329,232
At 1 January 2019	27,328,810
Issue of shares pursuant to exercise of employee share options	422
At 31 December 2019	27,329,232

(b) Reserve movement of the Company

	RMB'000
At 1 January 2020	667,708
Share based payment	223,719
Purchase of shares for Restricted Share Award Scheme	(14,831)
At 31 December 2020	876,596
At 1 January 2019	395,854
Share based payment	272,960
Issue of shares pursuant to exercise of employee share options	(76)
Purchase of shares for Restricted Share Award Scheme	(1,030)
At 31 December 2019	667,708

52 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(c) Retained earnings

	RMB'000
At 1 January 2020	447,542
Profit for the year	739,137
Dividends relating to 2019	(181,298)
Dividends relating to 2020	(416,333)
At 31 December 2020	589,048
At 1 January 2019	483,576
Profit for the year	1,208,734
Dividends relating to 2018	(489,258)
Dividends relating to 2019	(755,510)
At 31 December 2019	447,542

53 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director for the years is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking											
	Year ended 31 December											
	2020						2019					
	Employer's contribution to retirement		Other long-term benefit		Share-based payments		Employer's contribution to retirement		Other long-term benefit		Share-based payments	
Fees	Salary and bonus	benefit scheme	welfare	Subtotal	payments	Fees	Salary and bonus	benefit scheme	welfare	Subtotal	payments	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<i>Chairman</i>												
Mr. Li Ming	-	7,233	3,872	1,074	12,179	14,455	-	6,310	1,715	1,126	9,151	23,715
<i>Executive directors</i>												
Mr. Wang Honghui (ii)	-	3,084	54	-	3,138	785	-	-	-	-	-	-
Mr. Cui Hongjie (ii)	-	1,891	44	-	1,935	833	-	-	-	-	-	-
Mr. Wen Haicheng (i)	-	1,227	30	-	1,257	-	-	3,410	126	-	3,536	5,889
Mr. Sum Pui Ying (i)	-	550	55	-	605	-	-	2,383	238	-	2,621	4,601
<i>Non-executive directors</i>												
Ms. Li Liling	-	-	-	-	-	107	-	-	-	-	-	174
Mr. Fu Fei	-	-	-	-	-	107	-	-	-	-	-	174
Mr. Fang Jun (i)	-	-	-	-	-	-	-	-	-	-	-	422
Mr. Zhao Peng	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Hou Jun (ii)	-	-	-	-	-	-	-	-	-	-	-	-
<i>Independent non-executive directors</i>												
Mr. Han Xiaojing	330	-	-	-	330	410	337	-	-	-	337	596
Mr. Suen Man Tak	330	-	-	-	330	410	337	-	-	-	337	495
Mr. Wang Zhifeng	330	-	-	-	330	410	337	-	-	-	337	495
Mr. Jin Qingjun	330	-	-	-	330	410	337	-	-	-	337	495
Ms. Lam Sin Lai Judy	330	-	-	-	330	410	337	-	-	-	337	493
	1,650	13,985	4,055	1,074	20,764	18,337	1,685	12,103	2,079	1,126	16,993	37,549

53 BENEFITS AND INTERESTS OF DIRECTORS(Continued)

(a) Directors' emoluments (Continued)

(i) On 5 June 2020, Mr. Wen Haicheng, an executive director, has resigned.

On 25 March 2020, Mr. Sum Pui Ying, an executive director, has resigned.

On 14 April 2020, Mr. Fang Jun, a non-executive director, has resigned.

(ii) On 25 March 2020, Mr. Wang Honghui was appointed as an executive director.

On 5 June 2020, Mr. Cui Hongjie was appointed as an executive director.

On 14 April 2020, Mr. Hou Jun was appointed as a non-executive director.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

	2020 RMB million	2019 RMB million	2018 RMB million	2017 RMB million	2016 RMB million
Revenue	56,511	50,926	41,422	45,837	34,551
Gross Profit	10,457	10,222	8,287	11,239	7,636
Profit attributable to owners of the Company	2,866	2,656	3,574	5,115	3,812
Total assets	259,689	243,699	249,362	191,894	151,265
Total liabilities	189,784	178,088	186,223	133,166	101,935
Shareholders' equity	53,649	49,907	48,385	48,502	43,999
Total equity	69,905	65,611	63,139	58,728	49,330

Our list of project names as at 31 December 2020 is set out as follows:

	Regions	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
1	Beijing Region	Beijing	26街區(北京)	26 Block (Beijing)	順義南法信項目	Nanfaxin Project, Shunyi District
2			安貞項目(北京)	Anzhen Project (Beijing)		
3			國譽萬和城(北京)	Captain House (Beijing)		
4			CBD Z6地塊(北京)	CBD Plot Z6 (Beijing)		
5			昌平未來科技城F2項目(北京)	Changping Sci-tech Park F2 Project (Beijing)		
6			中國人壽金融中心(北京)	China Life Financial Center (Beijing)	CBDZ13地塊	CBD Plot Z13
7			鑽石大廈(北京)	Diamond Plaza (Beijing)		
8			銀網中心(北京)	E-wing Center (Beijing)		
9			金悅府(北京)	Gold Mansion (Beijing)	大興黃村0901地塊	Huangcun 0901 Plot, Daxing District
10			遠洋樂堤港(北京)	Grand Canal Place (Beijing)	遠洋新光中心	Ocean Shinkong Center
11			萬和斐麗(北京)	Grand Harmony Emerald Residence (Beijing)		
12			頤堤港(北京)	INDIGO (Beijing)	將台商務中心	Jiangtai Business Center
13			頤堤港二期(北京)	INDIGO II (Beijing)		
14			頤環萬和(北京)	Jasper Epoch (Beijing)		
15			順義佳利華項目(北京)	Jialihua Project, Shunyi District (Beijing)		
16			房山良鄉項目(北京)	Liangxiang Project (Beijing)		
17			石景山區劉娘府A2地塊(北京)	Liuniangfu Plot A2, Shijingshan District (Beijing)		
18			門頭溝潭柘寺項目(北京)	Mentougou Tanzhe Temple Project (Beijing)		
19			密之雲項目(北京)	Mizhiyun Project (Beijing)		
20			遠洋天著春秋(北京)	Ocean Epoch (Beijing)	石景山區劉娘府項目	Liuniangfu Project, Shijingshan District
21			遠洋國際中心(北京)	Ocean International Center (Beijing)		
22			遠洋國際中心二期(北京)	Ocean International Center, Phase II (Beijing)	京棉項目	Jingmian Project
23			遠洋LA VIE(北京)	Ocean LA VIE (Beijing)		
24			遠洋沁山水(北京)	Ocean Landscape Eastern Area (Beijing)	遠洋沁山水E02/03項目	Ocean Landscape Eastern Area E02/03 Project
25			遠洋新天地(北京)	Ocean Metropolis (Beijing)	門頭溝新城項目	Mentougou New Town Project
26			遠洋光華國際(北京)	Ocean Office Park (Beijing)		
27			遠洋大廈(北京)	Ocean Plaza (Beijing)		
28			遠洋銳中心(北京)	Ocean Rayzone (Beijing)	麗澤商務區項目	Lize Business District Project
29			遠洋未來廣場(北京)	Ocean We-life Plaza (Beijing)		

Regions	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
30		遠洋五里春秋(北京)	Ocean Wulieepoch (Beijing)	石景山五里坨組團一地块	Wulituo Plot, Shijingshan District
31		遠洋新仕界(北京)	Our New World (Beijing)	遠洋春天著	Ocean Spring
32		門頭溝新城6002地块(北京)	Plot 6002, Mentougou New Town (Beijing)		
33		天瑞宸章(北京)	Royal River Villa (Beijing)		
34		椿萱茂•和園長者社區(北京)	Senior Living L'Amore•He Yuan CLRC (Beijing)		Senior Living L'Amore
35		遠洋春秋里(北京)	Sino-Ocean Apple Garden No.6 (Beijing)		
36		遠洋天著(北京)	The CBD's Private Palace (Beijing)		Ocean Palace
37		華懋國際(北京)	World View (Beijing)		
38		禧瑞春秋(北京)	Xanadu & Ocean Epoch (Beijing)		
39		禧瑞天著(北京)	Xanadu & Ocean Palace (Beijing)	經開區G2R1地块	Yizhuang EDA Plot G2R1
40		通州西集E地块(北京)	Xiji Plot E, Tongzhou District (Beijing)		
41		信馳大廈(北京)	Xinchi Tower (Beijing)	亦莊汽車大廈項目	Yizhuang Motor Tower Project
42		雍景桃源項目(北京)	Yongjingtaoyuan Project (Beijing)		
43	Langfang	運河灣(廊坊)	Canal Bay (Langfang)	香河萬潤項目	Xiang He Wan Run Project
44		廣陽物流項目地块一(廊坊)	Plot I, Guangyang Logistics Project (Langfang)		
45		廣陽物流項目地块二(廊坊)	Plot II, Guangyang Logistics Project (Langfang)		
46		遠洋琨庭(廊坊)	Sino-Ocean Brilliant Courtyard (Langfang)		Ocean Kunting
47	Qinhuangdao	蔚藍海岸(秦皇島)	Seatopia (Qinhuangdao)		
48	Shijiazhuang	安德生命紀念公園(石家莊)	Ande Life Memorial Park (Shijiazhuang)		
49		長安區舊改項目(石家莊)	Chang'an District Redevelopment Project (Shijiazhuang)		
50		風景長安(石家莊)	Family Park (Shijiazhuang)		
51		風景長安二期(石家莊)	Family Park, Phase II (Shijiazhuang)		
52		萬和學府(石家莊)	Harmony Palace (Shijiazhuang)	正定新區004項目	Zhengding New District Project
53		福美瑾園二期(石家莊)	Jade Mansion, Phase II (Shijiazhuang)		
54		遠洋7號(石家莊)	Sino-Ocean No. 7 (Shijiazhuang)		
55		遠洋晟庭(石家莊)	Vigorous Mansion (Shijiazhuang)	長安區015號地	Chang'an District Plot 015
56	Taiyuan	遠洋萬和四季(太原)	Ocean Seasons (Taiyuan)		
57		遠洋尚郡(太原)	Sino-Ocean Oriental Mansion (Taiyuan)		
58		晉春秋(太原)	Villa Epoch (Taiyuan)		
59	Zhangjiakou	遠洋尚東萬和(張家口)	Centrality Mansion (Zhangjiakou)	橋東區東山天地項目	Qiaodong District Dongshantiandi Project

	Regions	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
60	Bohai Rim Region	Tianjin	北辰物流項目(天津)	Beichen Logistics Project (Tianjin)		
61			博大奶牛場項目(天津)	Boda Logistics Project (Tianjin)		
62			天悅風華(天津)	Elegant Prestige (Tianjin)	海河教育園14號地塊	Haihe Jiaoyuyuan Plot 14
63			悅光年(天津)	Happy Light Year (Tianjin)	汽車世界	Autoworld
64			遠洋•萬和府(天津)	Harmony Mansion (Tianjin)		
65			天宸原著(天津)	Longfor Mansion (Tianjin)	海河教育園13號地塊	Haihe Jiaoyuyuan Plot 13
66			未來城(天津)	Neo-metropolis (Tianjin)	北辰宜興埠項目	Yixingbu Project, Beichen District
67			遠洋城(天津)	Ocean City (Tianjin)		
68			天著春秋(天津)	Ocean Epoch (Tianjin)		
69			遠洋萬和城(天津)	Ocean Great Harmony (Tianjin)	倪黃莊項目	Nihuangzhuang Project
70			遠洋國際中心(天津)	Ocean International Center (Tianjin)		
71			遠洋風景(天津)	Ocean Prospect (Tianjin)		
72			遠洋未來匯(天津)	Ocean We-life (Tianjin)		
73			遠洋未來廣場(天津)	Ocean We-life Plaza (Tianjin)		
74			紅熙郡(天津)	Royal River (Tianjin)	武清項目	Wuqing Project
75			遠澤寶坻物流園(天津)	Sino-Fusion Baodi Logistics Park (Tianjin)		
76			遠洋琨庭(天津)	Sino-Ocean Brilliant Courtyard (Tianjin)		
77			鯤樓府(天津)	The Great Habitat Mansion House (Tianjin)	華明項目	Huaming Project
78			海納府(天津)	Xanadu (Tianjin)	濱海新區生態城5號地塊	Binhai New Area Eco-Town Plot 5
79		Dalian	鑽石灣(大連)	Diamond Bay (Dalian)		
80			遠洋•萬玥府(大連)	Glory Mansion (Dalian)		
81			悅和山海(大連)	Joy of Mountain and Sea (Dalian)		
82			遠洋山麓春秋(大連)	Ocean The Piedmont Epoch (Dalian)		
83			紅星海世界觀(大連)	Ocean Worldview (Dalian)		
84			遠洋創智高地(大連)	Sino-Ocean Technopole (Dalian)	IT產業園 — 工業部分	IT Zone — Industrial
85			中華路2號地(大連)	Zhonghua Road Plot #2 (Dalian)	遠洋溫德姆至尊豪庭大酒店	Wyndham Grand Plaza Royale Sino-Ocean

Regions	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
86	Jinan	天橋區北湖A-6地塊(濟南)	Beihu Plot A-6, Tianqiao District (Jinan)		
87		槐蔭區經十一路B4地塊(濟南)	Jing 11 Road Plot B4, Huaiyin District (Jinan)		
88		天著春秋(濟南)	Ocean Epoch (Jinan)	唐冶項目	Tangye Project
89		遠祥萬和府(濟南)	Ocean Mansion (Jinan)		
90		唐冶中路以東、橫四路以南地塊(濟南)	Plots in East of Tangye Middle Road and South of Hengsi Road (Jinan)		
91		遠洋湖印都會(濟南)	Sino-Ocean Metropolis (Jinan)		
92		曆城區趙家莊項目(濟南)	Zhaojiazhuang Project, Licheng District (Jinan)		
93	Qingdao	遠洋萬和公館(青島)	Ocean Crown (Qingdao)		
94		遠洋萬和城(青島)	Ocean Great Harmony (Qingdao)		
95	Shenyang	百利保大廈(瀋陽)	Bailibao Plaza (Shenyang)		
96		遠洋•上河風景(瀋陽)	Ocean Elite River Prospect (Shenyang)		
97	Yantai	遠洋東萊郡(煙台)	Sino-Ocean Donglai County (Yantai)		
98	Eastern Region	Shanghai	嘉譽都匯廣場(上海)	Amazing City (Shanghai)	嘉譽國際廣場
99		崇明東灘花園項目(上海)	Chongming Dongtan Project (Shanghai)		
100		H88越虹廣場(上海)	H88 Yuehong Plaza (Shanghai)		
101		海興廣場(上海)	Haixing Plaza (Shanghai)		
102		遠洋•虹橋萬和源(上海)	Hongqiao Origin (Shanghai)		
103		遠洋財富中心(上海)	Ocean Fortune Center (Shanghai)		
104		遠洋萬和四季(上海)	Ocean Melody (Shanghai)	惠南項目	Huinan Project
105		萬和吳美項目(上海)	Onehome Art Project (Shanghai)		
106		遠洋商業大廈(上海)	Sino-Ocean Tower (Shanghai)	東海商業中心	East Ocean Center
107		西郊宸章(上海)	Wellness Masterpiece (Shanghai)		
108		元博酒店項目(上海)	Yuanbo Hotel Project (Shanghai)		
109	Suzhou	蘇悅灣花園(蘇州)	Easy Town (Suzhou)		
110		昆山玉山物流項目(蘇州)	Kunshan Yushan Logistics Project (Suzhou)		
111		萬和悅花園(蘇州)	Mansion Yue (Suzhou)		
112		萬和四季(蘇州)	Ocean Melody (Suzhou)	太倉港區項目	Taicang gangqu Project
113		洛克公園(蘇州)	Rocker Park (Suzhou)		
114		石湖項目(蘇州)	Shihu Project (Suzhou)		
115		太倉沙溪物流項目一(蘇州)	Taicang Shaxi Logistics Project I (Suzhou)	沙溪物流項目	Shaxi Logistics Project
116		太倉沙溪物流項目二(蘇州)	Taicang Shaxi Logistics Project II (Suzhou)		
117		望亭物流項目(蘇州)	Wangting Logistics Project (Suzhou)		
118		張家港數據中心(蘇州)	Zhangjiagang Internet Data Center (Suzhou)		
119		張家港物流項目(蘇州)	Zhangjiagang Logistics Project (Suzhou)		

	Regions	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
120		Wuxi	公園里(無錫)	Life in Park (Wuxi)		
121			新吳區梅村地塊(無錫)	Meicun Plot, Xinwu District (Wuxi)		
122			溪山宸章(無錫)	Scenery Mansion (Wuxi)		
123			遠洋太湖宸章(無錫)	Taihu Milestone (Wuxi)	裕沁項目	Yuqin Project
124		Nanjing	南京空港項目(南京)	Nanjing Airport Project (Nanjing)		
125			遠洋山水(南京)	Ocean Landscape (Nanjing)	吉山項目	Jishan Project
126			遠洋萬和四季(南京)	Ocean Seasons (Nanjing)		
127			遠洋棠悅山水(南京)	Sino-Ocean Tangyue Landscape (Nanjing)		
128			遠洋萬和方山望(南京)	The One (Nanjing)		
129		Hangzhou	大運河商務區項目(杭州)	Canal Business Center Project (Hangzhou)		
130			遠洋樂堤港(杭州)	Grand Canal Place (Hangzhou)		
131			九龍灣項目(杭州)	Jiulongwan Project (Hangzhou)		
132			厘望Neo1(杭州)	Neo 1 (Hangzhou)	厘望軒	
133			宸章新邸(杭州)	Ocean New Masterpiece (Hangzhou)	拱墅區祥符地塊	Xiangfu Plot, Gongshu District
134			上河宸章(杭州)	Ocean River Masterpiece (Hangzhou)	余杭區崇賢C-7地塊	Chongxian C-7 Plot, Yuhang District
135			遠洋西溪公館(杭州)	Xixi Mansion (Hangzhou)		
136		Jiaxing	桂語東方(嘉興)	East Lake (Jiaxing)		
137			萃湖上郡(嘉興)	Lakeside Wonderland (Jiaxing)		
138			遠洋湖映宸章(嘉興)	Ocean Lake Mansion (Jiaxing)		
139			平湖物流項目(嘉興)	Pinghu Logistics Project (Jiaxing)		
140			上善悅府(嘉興)	Ultimate Joy Mansion (Jiaxing)	嘉善縣34號地塊	Plot 34, Jiashan
141			乍浦產業園(嘉興)	Zhapu Logistics Center (Jiaxing)	乍浦物流項目	Zhapu Logistics Project
142		Wenzhou	遠洋泊雲庭(溫州)	Harbor Heart (Wenzhou)		
143			遠洋世紀宸章(溫州)	Ocean Century Mansion (Wenzhou)	高新區HX-22-A02地塊	Gaoxin District Project
144			遠洋山海萬和園(溫州)	Shan Hai One (Wenzhou)		
145		Huzhou	安吉數據中心(湖州)	Anji Internet Data Center (Huzhou)		
146		Yangzhou	大河宸章(揚州)	Grand Canal Milestone (Yangzhou)		
147			遠洋•廣陵宸章(揚州)	Sino-Ocean Grand Canal Milestone (Yangzhou)		

	Regions	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
148		Chuzhou	遠洋萬和上寧府(滁州)	Ocean Mansion (Chuzhou)	汧河新城向榮路項目	Xiangrong Road Project
149		Ningbo	遠澤余姚泗門物流園(寧波)	Sino-Fusion Yuyao Simen Logistics Park (Ningbo)		
150		Changzhou	天雋半島(常州)	Sky Peninsula (Changzhou)		
151		Shaoxing	遠洋越府宸章(紹興)	Ocean Yue Masterpiece (Shaoxing)		
152	Southern Region	Shenzhen	荔山項目(深圳)	Lishan Project (Shenzhen)		
153			龍華區德愛電子廠項目(深圳)	Longhua District De Ai Industrial Park (Shenzhen)		
154			遠洋新幹線(深圳)	Ocean Express (Shenzhen)	南聯項目	Nanlian Project
155			遠洋天著(深圳)	Ocean Palace (Shenzhen)		
156			深圳濱海大廈(深圳)	Ocean Seafront Towers (Shenzhen)	遠洋廣場(深圳)	Ocean Plaza (Shenzhen)
157			遠洋新天地(深圳)	Sino-Ocean Dream Land (Shenzhen)		Ocean Metropolis
158		Zhongshan	遠洋繁花里(中山)	Blossoms Valley (Zhongshan)	神灣項目	Shenwan Project
159			遠洋君域(中山)	King Realm (Zhongshan)	東升隆成項目	Dongsheng Longcheng Project
160			領秀山(中山)	Leader Mountain (Zhongshan)	五桂山龍塘村項目	Wuguishan Longtangcun Project
161			遠洋城(中山)	Ocean City (Zhongshan)		
162			遠洋翡翠郡(中山)	Ocean Emerald (Zhongshan)	南頭項目	Nantou Project
163			遠洋瓏郡(中山)	Ocean Longshire (Zhongshan)	橫欄項目	Henglan Project
164			時光樾(中山)	SCity (Zhongshan)	南頭穗西村162商住項目	Suixicun 162 Project, Nantou
165			時光樾(中山)	SCity (Zhongshan)	南頭穗西村163商住項目	Suixicun 163 Project, Nantou
166			遠洋世家(中山)	Sino-Ocean Aristocratic Family (Zhongshan)	大信融佳項目	Da Xin Rong Jia Project
167			遠洋山水(中山)	Sino-Ocean Landscape (Zhongshan)		
168			中薈城(中山)	Zhonghui City (Zhongshan)	南頭穗西村135項目	Suixicun 135 Project, Nantou
169			中薈城(中山)	Zhonghui City (Zhongshan)	南頭穗西村136項目	Suixicun 136 Project, Nantou
170			中薈城(中山)	Zhonghui City (Zhongshan)	南頭穗西村137項目	Suixicun 137 Project, Nantou
171		Zhanjiang	遠洋城(湛江)	Ocean City (Zhanjiang)		
172		Guangzhou	東灣(廣州)	East Bay (Guangzhou)	朱村街鳳崗村項目	Fenggangcun, Zhucun Street Project
173			遠洋天驕(廣州)	Elite Palace (Guangzhou)	廣州粵隆客車廠	Yuelong Project
174			芙蓉墅(廣州)	Hibiscus Villa (Guangzhou)	芙蓉墅項目	Hibiscus Villa Project
175			花都產業園項目(廣州)	Huadu Industrial Park Project (Guangzhou)		
176			遠洋風景(廣州)	Ocean Prospect (Guangzhou)		
177			紫雲(廣州)	Purple Cloud (Guangzhou)	白雲區穗花項目	Honoka Project in Baiyun District

	Regions	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
178		Fuzhou	東江灣(福州)	East Bay (Fuzhou)		
179			東江灣悅境(福州)	East Bay Upgrade (Fuzhou)		
180			倉山區2020-65號地塊(福州)	Plot 2020-65, Cangshan District (Fuzhou)		
181			遠洋山水(福州)	Sino-Ocean Landscape (Fuzhou)		
182		Jiangmen	雲著(江門)	Cloud Mansion (Jiangmen)		
183			遠洋天成(江門)	Top Mansion (Jiangmen)		
184		Maoming	遠洋山水(茂名)	Sino-Ocean Landscape (Maoming)		
185		Zhangzhou	星海天宸(漳州)	Sea and Star (Zhangzhou)		
186			遠洋風景(漳州)	Sino-Ocean Scenery (Zhangzhou)		
187		Longyan	遠洋山水(龍岩)	Sino-Ocean Landscape (Longyan)		
188		Foshan	漫悅灣(佛山)	Delight River (Foshan)		
189			遠洋天驕(佛山)	Elite Palace (Foshan)	遠洋華遠天驕	
190		Sanya	遠洋山海(三亞)	Ocean Hill (Sanya)		Ocean Treasure
191		Hong Kong	LP6(香港)	LP6 (Hong Kong)		
192			南嶼高林(香港)	Mt. La Vie (Hong Kong)	長沙項目	Cheung Sha Project
193			千望(香港)	Uptify (Hong Kong)	旺角煙廠街項目	Yin Chong Street Project, Mongkok
194		Xiamen	天和(廈門)	The Only One (Xiamen)	翔安區2017XP02地塊	Plot 2017XP02, Xiang'an District
195			天成(廈門)	Top Mansion (Xiamen)	翔安區2017XP03地塊	Plot 2017XP03, Xiang'an District
196	Central Region	Wuhan	遠洋里(武漢)	Citylane (Wuhan)		
197			東西湖物流項目(武漢)	Dongxihu Logistics Project (Wuhan)		
198			遠洋心漢口(武漢)	Heart of Hankow (Wuhan)	賀家墩項目	Hejiadun Project
199			華中大數據產業園(武漢)	Huazhong Big Data Industrial Park (Wuhan)	武漢江夏區IDC項目	
200			遠洋東方境世界觀(武漢)	Oriental World View (Wuhan)	漢陽區歸元寺項目	Hanyang District Guiyuan Temple
201			江岸區豔陽天項目(武漢)	Yanyangtian Project, Jiang'an District (Wuhan)		
202		Zhengzhou	楓丹宸悅(鄭州)	Fontaine Polaris (Zhengzhou)		
203			榮寓(鄭州)	Grand Apartment (Zhengzhou)		
204			遠洋沁園山水(鄭州)	Ocean Landscape Courtyard (Zhengzhou)		
205			遠洋萬和四季(鄭州)	Ocean Melody (Zhengzhou)	綠博113號地	Lvbo Plot 113
206			遠洋風景(鄭州)	Ocean Prospect (Zhengzhou)	新鄭市龍湖鎮107國道項目	107 Road Project, Longhu Town
207			榮府(鄭州)	Rong Fu (Zhengzhou)		

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208		Changsha	湘江公館(長沙)	Special Mansion (Changsha)		
209		Hefei	都會1907(合肥)	Metropolis 1907 (Hefei)		
210			遠洋萬和雲錦(合肥)	Ocean Glory (Hefei)	肥東縣FD18-13地塊	Feidong FD18-13 Project
211			遠洋廬玥風景(合肥)	Ocean Landscape (Hefei)		
212		Nanchang	遠洋天著(南昌)	Ocean Palace (Nanchang)	灣里區178項目	Wanli 178 Project
213	Western Region	Chengdu	東麓城(成都)	Foothill City (Chengdu)	龍泉陽光城項目	Longquan Sunshine Town Project
214			遠洋棲棠(成都)	Ocean Habitat (Chengdu)		
215			遠洋香匯(成都)	Ocean Luxury City (Chengdu)	青羊項目	Qingyang Project
216			遠洋天和(成都)	Ocean Sky Glory (Chengdu)	金牛項目	Jinniu Project
217			青白江數據中心(成都)	Qingbaijiang Internet Data Center (Chengdu)		
218			青白江物流項目(成都)	Qingbaijiang Logistics Project (Chengdu)		
219			國賓御府(成都)	Royal Mansion (Chengdu)	犀浦項目	Xipu Project
220			成都遠洋太古里(成都)	Sino-Ocean Taikoo Li Chengdu (Chengdu)		
221			遠雲信飛數據中心(成都)	Yuanyunxifei Internet Data Center (Chengdu)		
222		Xi'an	楓丹唐悅(西安)	Emperor Chic (Xi'an)	趙村項目	Zhaocun Project
223			楓丹江嶼(西安)	Fontaine Island (Xi'an)		
224			秦漢產業園(西安)	Qinhan Logistics Center (Xi'an)	秦漢新城物流項目	Qinhanxincheng Logistics Project
225			遠洋涇河新城大數據中心(西安)	Sino-Ocean Jinghe New Town Internet Data Center (Xi'an)		
226			遠洋御山水(西安)	Sino-Ocean Royal Landscape (Xi'an)		
227		Chongqing	楓樺四季(重慶)	Fenghua Melody (Chongqing)	重慶大學城項目	Chongqing College Town Project
228			楓丹江嶼(重慶)	Fontaine Island (Chongqing)	茶園項目	Chayuan Project
229			江津物流項目(重慶)	Jiangjin Logistics Project (Chongqing)		
230			兩江新區數據中心(重慶)	Liangjiang New Town Internet Data Center (Chongqing)		
231			遠洋城(重慶)	Ocean City (Chongqing)	九龍坡區高廟地塊	Gaomiao Plot, Jiulongpo District
232			遠洋山水賦(重慶)	Poetry of Landscape (Chongqing)		
233			遠洋公園(重慶)	Sino-Ocean Garden (Chongqing)	遠洋高爾夫國際社區	Sino-Ocean International Golf Resort

	Regions	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
234			九龍坡區灘子口地塊(重慶)	Tanzikou Plot, Jiulongpo District (Chongqing)		
235		Kunming	遠洋新幹線(昆明)	In Galaxy (Kunming)	呈貢大學城項目	Chenggong Project
236			遠洋新幹線(昆明)	In Galaxy (Kunming)	呈貢大學城二期項目	Chenggong Project, Phase II
237			遠洋青雲府(昆明)	Sino-Ocean Esthetics Mansion (Kunming)		
238		Guiyang	遠洋萬和世家(貴陽)	Sino-Ocean Aristocratic Family (Guiyang)		
239			遠洋風景(貴陽)	Sino-Ocean Prospect (Guiyang)		
240	Indonesia		大雅加達項目(印尼)	Alam Sutera Project (Indonesia)		
241	Singapore		禧盈峰(新加坡)	Cairnhill 16 (Singapore)	鳥節路項目	Cairnhill Heights
242	USA		加州資產包(美國)	California Asset Package (USA)		
243			北卡羅萊納州項目(美國)	North Carolina Project (USA)		
244			三藩市項目(美國)	San Francisco Project (USA)		



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