



中國海外發展有限公司

CHINA OVERSEAS LAND & INVESTMENT LTD.

(Incorporated in Hong Kong with limited liability)

(於香港註冊成立之有限公司)

Stock Code 股份代號：00688

領潮

2021
中期報告
Interim Report



目錄

02	公司業務架構
03	財務摘要
04	董事局及委員會
05	公司資料
06	股東資料及財務日程表
07	主席報告書
10	管理層討論與分析
24	簡明綜合收益表
25	簡明綜合全面收益表
26	簡明綜合財務狀況表
28	簡明綜合權益變動表
30	簡明綜合現金流量表
32	財務報表附註
53	其他
53	中期股息及暫停辦理股份 過戶登記手續
53	股本
53	購買、出售或贖回本集團之 上市證券
57	董事及最高行政人員之 證券權益
61	主要股東之證券權益
63	股份期權計劃
65	企業管治
66	董事進行證券交易的 標準守則
66	董事資料變動
66	審核及風險管理委員會審閱 中期報告

Contents

67	Corporate Structure
68	Financial Highlights
69	Board of Directors and Committees
70	Corporate Information
71	Shareholders' Information and Financial Calendar
72	Chairman's Statement
75	Management Discussion & Analysis
89	Condensed Consolidated Income Statement
90	Condensed Consolidated Statement of Comprehensive Income
91	Condensed Consolidated Statement of Financial Position
93	Condensed Consolidated Statement of Changes in Equity
95	Condensed Consolidated Statement of Cash Flows
97	Notes to the Financial Statements
118	Others
118	Interim Dividend and Closure of Register of Members
118	Share Capital
118	Purchase, Sale or Redemption of the Group's Listed Securities
122	Directors' and Chief Executive's Interests in Securities
126	Substantial Shareholders' Interests in Securities
128	Share Option Scheme
130	Corporate Governance
131	Model Code for Securities Transactions by Directors
131	Changes in Directors' Information
131	Review of Interim Report by Audit and Risk Management Committee



- Mainland China
- Hong Kong
- Macau

- Mainland China
- Hong Kong
- Macau
- London

- Mainland China
- Hong Kong

* Property development in 84 cities in Mainland China, including Beijing, Shanghai, Guangzhou, Shenzhen, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Ezhou, Foshan, Fuzhou, Guiyang, Haikou, Hangzhou, Harbin, Jiangmen, Jinan, Kunming, Nanchang, Nanjing, Ningbo, Qingdao, Sanya, Shenyang, Shijiazhuang, Suzhou, Taiyuan, Tianjin, Urumqi, Wanning, Weihai, Wenzhou, Wuhan, Wuxi, Xiamen, Xi'an, Yantai, Zhangzhou, Zhaoqing, Zhengzhou, Zhenjiang[^], Zhongshan, Zhuhai, Anqing[#], Baotou[#], Changzhou[#], Ganzhou[#], Guilin[#], Hefei[#], Hohhot[#], Huai'an[#], Huangshan[#], Huizhou[#], Jilin[#], Jinhua[#], Jining[#], Jiujiang[#], Langfang[#], Lanzhou[#], Linyi[#], Liuzhou[#], Nanning[#], Nantong[#], Qingyuan[#], Quanzhou[#], Shantou[#], Shaoxing[#], Taizhou[#], Tangshan[#], Tianshui[#], Weifang[#], Weinan[#], Xining[#], Xuzhou[#], Yancheng[#], Yangzhou[#], Yinchuan[#], Yiwu[#], Zhanjiang[#], Zhuzhou[#], Zibo[#], Zunyi[#] as well as in Hong Kong and Macau

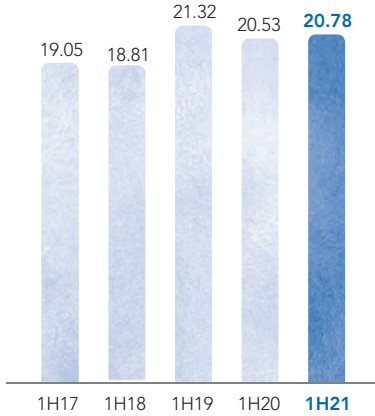
[^] The city where both China Overseas Land & Investment Limited (the "**Company**") and its subsidiaries (the "**Group**") and China Overseas Grand Oceans Group Limited ("**COGO**") have operations

[#] The cities where COGO has operations

Financial Highlights

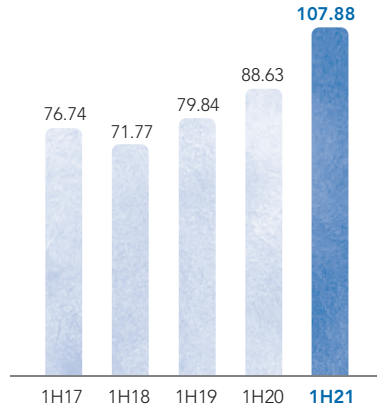
Profit Attributable to Equity Shareholders of the Company

RMB billion



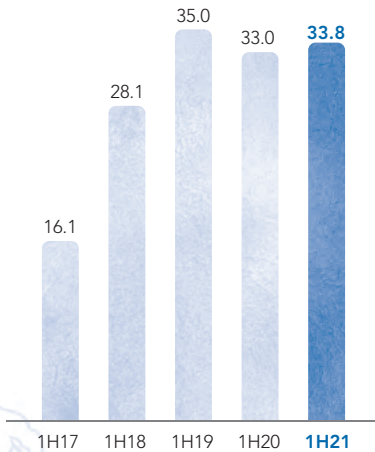
Revenue

RMB billion



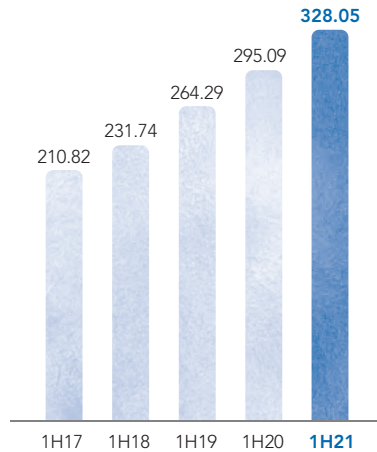
Net Gearing[#]

%



Equity attributable to Shareholders of the Company

RMB billion



[#] Representing total debt less bank balances and cash divided by the equity attributable to shareholders of the Company

Board of Directors and Committees

Executive Directors

Yan Jianguo *Chairman*
Luo Liang *Vice Chairman*
Zhang Zhichao *Chief Executive Officer*
Guo Guanghui *Vice President*

Non-Executive Directors

Zhuang Yong *Vice Chairman*
Chang Ying

Independent Non-Executive Directors

Fan Hsu Lai Tai, Rita
Li Man Bun, Brian David
Chan Ka Keung, Ceajer

Authorised Representatives

Yan Jianguo
Luo Liang

Audit and Risk Management Committee

Li Man Bun, Brian David*
Fan Hsu Lai Tai, Rita
Chan Ka Keung, Ceajer

Remuneration Committee

Chan Ka Keung, Ceajer*
Fan Hsu Lai Tai, Rita
Li Man Bun, Brian David

Nomination Committee

Fan Hsu Lai Tai, Rita*
Li Man Bun, Brian David
Chan Ka Keung, Ceajer

Corporate Governance Committee

Chan Ka Keung, Ceajer*
Fan Hsu Lai Tai, Rita
Li Man Bun, Brian David
Luo Liang

* *Committee Chairman*

Corporate Information

Registered Office

10/F., Three Pacific Place
1 Queen's Road East, Hong Kong
Telephone : (852) 2988 0666
Facsimile : (852) 2865 7517
Website : www.coli.com.hk

Company Secretary

Edmond Chong

Registrar and Transfer Office

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong
Telephone : (852) 2980 1333
Facsimile : (852) 2810 8185
E-mail : is-enquiries@hk.tricorglobal.com

Investor Relations

Corporate Communications Department
Telephone : (852) 2988 0666
Facsimile : (852) 2865 7517
E-mail : coli.ir@cohl.com

Public Relations

Corporate Communications Department
Telephone : (852) 2988 0666
Facsimile : (852) 2865 7517
E-mail : coli.pr@cohl.com

Legal Advisor

Mayer Brown

Independent Auditor

Ernst & Young
*Certified Public Accountants and
Registered Public Interest Entity
Auditor*

Principal Bankers (In Alphabetical Order)

Agricultural Bank of China
Bank of China
Bank of Communications Co., Ltd.
 Hong Kong Branch
Bank of Shanghai Co., Ltd
China Construction Bank Corporation
China Merchants Bank
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of China
Nanyang Commercial Bank, Limited
Postal Savings Bank of China
Shanghai Pudong Development Bank
 Co., Ltd.
Sumitomo Mitsui Banking Corporation
The Hongkong and Shanghai Banking
 Corporation Limited

Shareholders' Information and Financial Calendar

Listing

The Company's shares (the "**Shares**") are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and certain notes issued by the Company's subsidiaries are listed on the Stock Exchange and/or other stock exchange.

Stock Code

Shares

Stock Exchange : 00688
Bloomberg : 688:HK
Reuters : 0688.HK

Financial Calendar

Interim results announcement : 23 August 2021
Ex-dividend date : 16 September 2021
Closure of Register of Members : 20 September 2021
Record date : 20 September 2021
Despatch of dividend warrants : 5 October 2021

Chairman's Statement

I have pleasure to report to the shareholders the unaudited revenue of the Group for the six months ended 30 June 2021 was RMB107.88 billion, an increase of 21.7% as compared to the corresponding period last year; profit attributable to equity shareholders of the Company was RMB20.78 billion; profit attributable to equity shareholders of the Company after deducting net gains after tax arising from changes in fair value of investment properties amounted to RMB19.23 billion, an increase of 10.9% as compared to the corresponding period last year; basic earnings per share was RMB1.90; equity attributable to shareholders of the Company increased to RMB328.05 billion; net assets per share was RMB29.97; and half-year return on equity was 6.5%. The Board declared an interim dividend of HK45 cents per share in respect of the six months ended 30 June 2021.

In the first half of 2021, the take-up rate of COVID-19 vaccination continued to rise, and the global economy rebounded rapidly, with the accelerating growth of Mainland China's economic recovery particularly noteworthy. However, unforeseen concerns regarding economic growth also arose. International political and economic conflicts, the regression of the pandemic situation caused by COVID variants, and the negative effects of global liquidity spillover caused by the US dollar surplus together indicate increasing economic uncertainty ahead.

The domestic real estate regulations have been leading the real estate market through profound change. Based on the principle of "houses are for habitation, not speculation", a series of policy measures have been introduced, including "three red lines" for real estate developers, "two red lines" for commercial banks' real estate loans, and the "two centralised" land supply policy.

As Peter Drucker once stated, change itself is less important than the trend of change or the change of trend, which helps us predict the future.

The foreseeable future is coming into focus: policies and markets will maximise the room for development for well financed enterprises that pursue business logic, which will further accelerate the industry realignment.

As at 30 June 2021, the Group's liability to asset ratio was 60.2%, with net gearing of 33.8%. It did not breach any of the "three red lines" and maintained its qualification as a "green category" enterprise. During the period, the Group's weighted average borrowing cost was 3.6%, among the lowest in the industry.

Chairman's Statement (Continued)

During the period, the Group with its associates and joint ventures (collectively the “**Group Series of Companies**”) achieved contracted sales of RMB207.21 billion, an increase of 20.5% as compared to corresponding period last year; acquired 49 land parcels with total land premium of RMB77.81 billion and a corresponding newly added saleable resources amounted to RMB174.64 billion. Among which, the Group acquired 20 land parcels with total land premium of RMB51.30 billion and a corresponding newly added saleable resources amounted to RMB110.49 billion. Under the new “two centralised” land supply policy, competition in the open bidding, auction and listing land market became overheated. In the first half of the year, the Group rationally controlled its investment rhythm, pursuing only quality investments proportionate to strategic need, further strengthened promotion of the “blue ocean strategy”, introduced new investment models, and successfully secured a batch of mega-sized projects including Suzhou Zhongtai Project, Suzhou Super Skyscraper Project and Changchun Runde Project. The Group has sufficient financial strength to acquire more quality land parcels in the second half of the year.

The diversified growth of the Group will drive the business momentum. During the period, the Group's revenue from commercial properties reached RMB2.50 billion, an increase of 23.3% as compared to the corresponding period last year. In 2021, the Group Series of Companies' commercial projects will usher in a wave of market peaks. In the first half of the year, six projects including Ningbo China Overseas building, Beijing China Overseas Fortune Centre have commenced operations. In the second half of the year, 15 commercial projects are due to reach market, encompassing office buildings, shopping malls, hotels, long-term leased apartments, logistics parks and other commercial business. New commercial GFA with approximately 1.01 million sq m is expected to be added during the year, an increase of 20.7% as compared with the total GFA in operation at the end of 2020.

During the period, the Group's related diversified businesses, upstream and downstream of real estate development, achieved promising business growth, including Hua Yi Design, Lingchao Supply Chain Management Company, Haizhichuang Technology Company Limited.

The Group launched One Victoria in Hong Kong in July 2021 with a total of 686 residential units put up for sale. Up to the date of this Interim Report, total sales of 504 residential units amounted to HK\$5.78 billion with an average selling price of HK\$25,000 per sq ft. The Group stays confidence in the Hong Kong property market and will further increase investment.

Chairman's Statement (Continued)

The Mainland China property market has recently faced a series of policy adjustments. The Group recognises that these policies all support the principle of “houses are for habitation, not speculation”, aiming to stabilise land prices, housing prices and expectation, as well as to facilitate the steady and healthy growth of the real estate market. It is predicted that real estate financing will continue to tighten. Growth in commodity housing sales is expected to decelerate during the second half of the year, while total sales for the year maintain steady growth.

Industry realignment in response to such alarm bells is seeing property developers revert to a development model based on steady operations and meticulous management, which has always been the Group's business approach. The Group will continue to pursue steady and prudent financial strategies, adhering to the “cash is king” principle, expediting turnover, consolidating the advantages in cost control, strengthening digital lean management, and maintaining industry leading profitability. Meanwhile, with abundant capital, the Group will seize opportunities emerging from industry realignment to capture more market share.

I would like to take this opportunity to express my heartfelt gratitude to my fellow directors and all employees for their dedication, professionalism and determination to pursue excellence. I would also like to express my sincere gratitude to shareholders and partners for their support and trust.

China Overseas Land & Investment Limited

Yan Jianguo

Chairman and Executive Director

Hong Kong, 23 August 2021

Management Discussion & Analysis

Overall Performance

During the period, the revenue of the Group was RMB107.88 billion, an increase of 21.7% as compared to the corresponding period last year. The operating profit was RMB31.40 billion. The gross profit margin was 28.5% and the net profit margin reached 19.3%, which remained at an outstanding level in the industry. The ratio of selling, distribution and administrative expenses to revenue was 3.3%, which remained one of the lowest in the industry. Profit attributable to equity shareholders of the Company amounted to RMB20.78 billion. Profit attributable to equity shareholders of the Company after deducting RMB1.55 billion in net gains after tax arising from changes in fair value of investment properties, amounted to RMB19.23 billion, an increase of 10.9% as compared to the corresponding period last year. The half-year return on equity was 6.5%. Basic earnings per share was RMB1.90.

Property Development

During the period, the Group's revenue from property development was RMB105.01 billion, an increase of 21.6% as compared to the corresponding period last year. The property development projects maintained their premium gross profit margin in the industry.

During the period, the net profit contribution from associates and joint ventures amounted to RMB1.55 billion. The major associate, COGO, recorded contracted property sales of RMB43.29 billion, revenue of RMB25.74 billion, and profit attributable to equity shareholders of RMB2.70 billion.

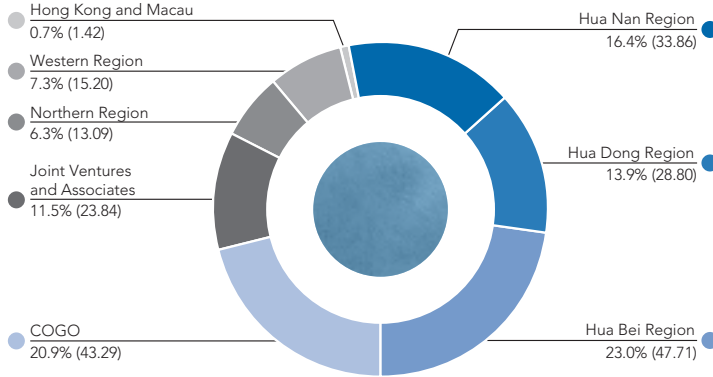
Contracted property sales of the Group Series of Companies increased by 20.5% to RMB207.21 billion and the corresponding GFA sold was 10.50 million sq m, an increase of 10.0% as compared to the corresponding period last year.

Management Discussion & Analysis (Continued)

Property Development (Continued)

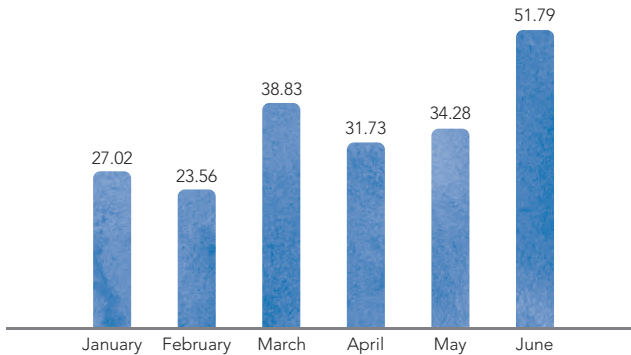
1H 2021 Contracted Property Sales Amount By Region#

RMB billion



1H 2021 Contracted Property Sales Amount By Month#

RMB billion



Representing the Group Series of Companies

During the period, the Group Series of Companies (excluding COGO) completed a total project area of 7.32 million sq m in 31 cities in Mainland China.

Management Discussion & Analysis (Continued)

Property Development (Continued)

The table below shows the area of projects completed by region in the first half of 2021:

City	Total Area ('000 sq m)
Hua Nan Region	
Foshan	297
Xiamen	229
Changsha	147
Dongguan	127
Shenzhen	113
Guangzhou	105
Zhuhai	35
Fuzhou	12
Hainan	9
Sub-total	1,074
Hua Dong Region	
Wuxi	305
Suzhou	247
Shanghai	182
Hangzhou	91
Nanjing	89
Nanchang	64
Sub-total	978
Hua Bei Region	
Jinan	902
Beijing	489
Tianjin	272
Wuhan	240
Zhengzhou	195
Taiyuan	93
Sub-total	2,191
Northern Region	
Changchun	767
Dalian	495
Shenyang	485
Harbin	289
Yantai	91
Sub-total	2,127
Western Region	
Chengdu	502
Kunming	219
Xi'an	101
Xinjiang	84
Chongqing	44
Sub-total	950
Total	7,320

Management Discussion & Analysis (Continued)

Property Development (Continued)

During the period, the Group acquired 20 land parcels in 14 cities in Mainland China, adding a total GFA of 4.89 million sq m to the land reserve (attributable interest of 4.46 million sq m). The total land premium was RMB51.30 billion (attributable interest of RMB45.80 billion).

The table below shows the details of land parcels added in the first half of 2021:

City	Name of Development Project	Attributable Interest	Land Area ('000 sq m)	Total GFA ('000 sq m)
Changchun	Luyuan District Project #1	100%	220	588
Beijing	Shijingshan District Project	100%	14	57
Suzhou	Industrial Park District Project #1	100%	32	74
Guangzhou	Haizhu District Project	100%	8	63
Fuzhou	Jin'an District Project	100%	62	165
Suzhou	Industrial Park District Project #2	100%	20	413
Dongguan	Dalang Town Project	100%	78	249
Zhengzhou	Zhengdong New District Project	100%	80	235
Chongqing	Yubei District Project	100%	9	38
Xiamen	Siming District Project	50%	54	265
Tianjin	Hebei District Project	100%	86	252
Jinan	Shizhong District Project	100%	158	526
Nanjing	Yuhuatai District Project	100%	41	167
Suzhou	Wujiang District Project	44%	60	266
Xiamen	Tong'an District Project #1	100%	36	117
Xiamen	Tong'an District Project #2	100%	91	360
Haikou	Qiongzhan District Project	100%	15	78
Foshan	Nanhai District Project	100%	55	242
Foshan	Shunde District Project	100%	98	428
Changchun	Luyuan District Project #2	50%	101	311
Total			1,318	4,894

At 30 June 2021, the Group Series of Companies (excluding COGO) had a total land reserve of 59.40 million sq m (attributable interest of 49.85 million sq m).

During the period, the major associate COGO increased its land reserve by 6.04 million sq m. At 30 June 2021, COGO's total land reserve was 32.84 million sq m (attributable interest of 28.92 million sq m).

The total land reserve of the Group Series of Companies reached 92.24 million sq m.

Management Discussion & Analysis (Continued)

Property Investment

Rental income from the Group's investment properties for the period amounted to RMB2.27 billion, an increase of 18.0% as compared to the corresponding period last year, of which rental income from office buildings amounted to RMB1.74 billion, an increase of 14.0% as compared to the corresponding period last year; rental income from shopping malls amounted to RMB520 million, an increase of 31.0% as compared to the corresponding period last year.

The gain arising from changes in fair value of investment properties amounted to RMB2.03 billion, a decrease of 60.9% as compared to the corresponding period last year. The net gains after tax attributable to equity shareholders of the Company amounted to RMB1.55 billion, a decrease of 51.3% as compared to the corresponding period last year.

Other Operations

During the period, revenue from other operations amounted to RMB600 million, an increase of 67.8% as compared to the corresponding period last year, of which income from hotels and other commercial properties was RMB230 million, an increase of 123.0% as compared to the corresponding period last year.

Liquidity, Financial Resources and Debt Structure

In the first half of 2021, Mainland China's economy continued to stabilise and improve. On 15 July, the People's Bank of China lowered the reserve requirement again, maintaining the stability and effectiveness of the policy. The COVID-19 pandemic is resurging in parts of Europe and North America, inflation is growing and financial market volatility risk continues. During the period, the Group continued to study and analyse onshore and offshore environment, adhered to the principle of prudent financial capital management, implemented effective financial management and control, capital utilisation and centralised financing management models, and maintained reasonable borrowing and cash levels. According to the "three red lines" real estate financial supervision policy in Mainland China, the Group did not breach any of the red lines and remained as a "green category" enterprise.

The overall financial position of the Group was satisfactory. At 30 June 2021, the net current assets were RMB349.83 billion, the current ratio was 2.1 times, interest coverage ratio was 7.9 times and the weighted average borrowing cost was 3.6%, which were at an outstanding level in the industry.

Management Discussion & Analysis (Continued)

Liquidity, Financial Resources and Debt Structure (Continued)

The Group continues to leverage the advantages of onshore and offshore dual financing platforms, flexibly use multiple tools, and optimally apply various financing combinations. During the period, the Group issued a total of RMB7.6 billion of onshore bonds, composed of the successful issuance of RMB3.1 billion of 18-year commercial mortgage-backed securities products, of which RMB2.1 billion was the first-ever domestic property developer green carbon neutrality bonds with lowest issuance interest rate among similar products in the period; RMB3.0 billion of corporate bonds; and RMB1.5 billion of medium-term notes. The Group also seized opportunities in the market and signed a number of new bilateral loan agreements onshore and offshore, enhanced its debt portfolio, implemented the flexible financing principle and supplemented operating capital.

During the period, the Group raised fund from onshore and offshore debt financing amounted to RMB38.59 billion. Total repayment of matured debt amounted to RMB21.67 billion. Sales proceeds collection increased by 31.4% to RMB121.88 billion. Total capital expenditure payments for the Group were RMB80.94 billion (of which RMB46.22 billion for land cost and RMB34.72 billion for construction expenditure). About RMB25.27 billion was paid for taxes, selling and distribution expenses, administrative expenses and finance costs. At the end of June 2021, unpaid land premium of the Group was RMB22.95 billion while bank and other borrowings, and guaranteed notes and corporate bonds due to mature in the second half of the year amounted to RMB31.85 billion.

At 30 June 2021, the Group had bank and other borrowings amounted to RMB148.74 billion while guaranteed notes and corporate bonds amounted to RMB79.71 billion. Thus total debt amounted to RMB228.45 billion, of which RMB45.23 billion will be matured within a year, accounting for 19.8% of total debt. Among the total debt, 23.8% was denominated in Hong Kong dollars, 18.1% was denominated in US dollars, 57.3% was denominated in Renminbi and 0.8% was denominated in Pounds Sterling. The fixed-rate debt accounted for 42.7% of total interest-bearing debt while the remaining were floating-rate debt.

Management Discussion & Analysis (Continued)

Liquidity, Financial Resources and Debt Structure (Continued)

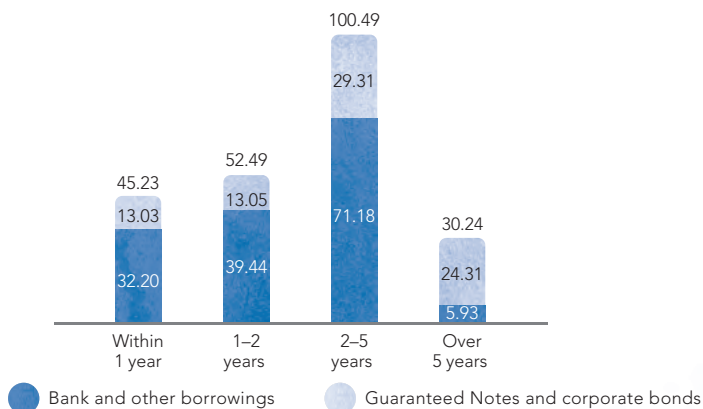
At 30 June 2021, the Group's available funds amounted to RMB170.49 billion comprising bank balances and cash of RMB117.43 billion (of which 6.5% was denominated in Hong Kong dollars, 2.3% was denominated in US dollars, 90.9% was denominated in Renminbi, 0.2% was denominated in Pounds Sterling and a small amount was denominated in other currencies, while the above bank balances and cash also included the regulated pre-sales proceeds of properties RMB18.36 billion) and unused banking facilities of RMB53.06 billion.

In the first half of 2021, the global economy improved and policies remained stable, despite the COVID-19 pandemic was not completely under control. While Mainland China sustained the trend of rapid economic growth, interest rates and the exchange rate continued to fluctuate under the influence of relapsed global pandemic and uneven economic recovery. The RMB exchange rate against the US dollar has maintained the characteristics of two-way fluctuation. The Group offsets the corresponding risks mainly through natural hedging and has not participated in any speculative trading of derivative financial instruments, but will carefully consider whether to conduct currency and interest rate swaps at an appropriate time to hedge against corresponding risks. The Board believes that the Group's exchange rate and interest rate risks are relatively controllable.

Interest-Bearing Debt Maturity Profile

At 30 June 2021

RMB billion

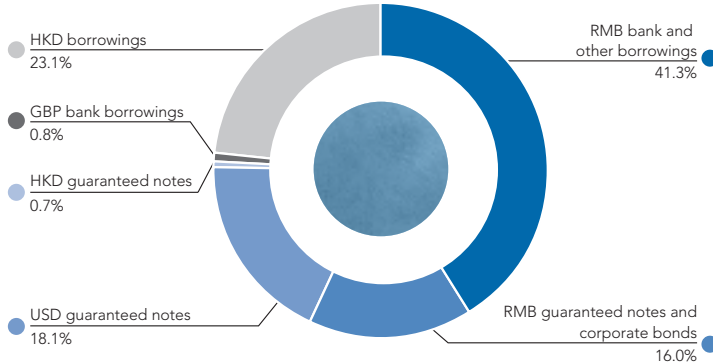


Management Discussion & Analysis (Continued)

Liquidity, Financial Resources and Debt Structure (Continued)

Interest-Bearing Debt by Currency

At 30 June 2021



Contingent Liabilities

At 30 June 2021, the Group provided, in line with usual business practice, the guarantees for the repayment of bank mortgage loans amounting to RMB67.30 billion granted to certain purchasers of the Group's properties. The Group had counter indemnities amounting to RMB1.02 billion for guarantees issued in respect of certain construction contracts undertaken by the Group.

In addition, as at 30 June 2021, the Group had provided guarantees amounting to RMB1.02 billion and 1.28 billion for certain debt of the Group's associates and joint ventures representatively.

The Group has never incurred any loss in the past as a result of granting such guarantees.

Charge of Assets

At 30 June 2021, certain of the Group's assets with carrying values of RMB29.68 billion have been pledged to secure the bank borrowings, guaranteed notes and corporate bonds of the Group.

Management Discussion & Analysis (Continued)

Sustainable Development

Since the Group established being “a Company of Four Excellences (四好公司)” as its sustainable development strategic framework in 2019, it is steadily marching towards new milestones in sustainable development. The Group regularly reviews and evaluates its own sustainability performance and national policy, industry trends and the latest expectations of the capital market, so as to fulfill our commitment to building a healthy and sustainable community for future generations. In the first half of 2021, the Group achieved great results in the fields of environmental protection, corporate governance, and improving disclosure transparency.

During the period, the Group in its 2020 ESG report added the reference to SASB standards (Sustainability Accounting Standards Board Standards) to strengthen the disclosure of qualitative and quantitative indicators that meet the characteristics of the industry, as well as the reference to the TCFD (Task Force on Climate-Related Financial Disclosure) recommendations for the disclosure of climate change management work. Furthermore, the Group established a Corporate Governance Committee under the board of directors to determine the terms of reference of the board of directors and related committees, to integrate climate change into governance responsibilities, and to clarify management responsibilities related to climate change.

During the period, the Group added 48 green building certification projects with a total GFA of 8.01 million sq m. Cumulatively the Group has delivered 439 green building-certified projects with a total GFA of 80.80 million sq m. In early 2021, the Group obtained its first national three-star green building label which was issued to Blocks 1 and 2 of The U World (B03-2 project), Chongqing. It is also Chongqing’s first residential project to obtain national three-star green building label.

In the future, we will respond actively to the national initiative, “achieving carbon neutrality by 2060”, with increased efforts on sustainable development. We will also track the progress of various targets, review and report the progress internally and externally. As we continue to incorporate environmental, social and governance risks and opportunities into business strategy and operation, we strive towards our strategic goal “To be an Exceptional Global Property Development Corporation”.

Management Discussion & Analysis (Continued)

Sustainable Development (Continued)

The Group insists on putting people first and regards human resources as its most valuable resource. The Group determined the remuneration package and discretionary bonus of the employees according to their performance, experience and the market wage rate. As at the end of June, the Group employed 5,916 full-time employees. The Group also provides other employee benefits include provident fund scheme, medical protection, insurance and housing allowance. Guided by the annual key tasks, the Group optimised the three-tier KPI structure to cover all employees, and launched a management, administration, professionals, and sales (MAPS) structure that distinguishes position, job and level to broaden the career development paths of employees. The Group also provided training for employees to facilitate growth and development, and launched share options incentive schemes for senior management and core technical personnel. The share options schemes were open to the directors of the Company, senior management, and management and core technical personnel of the Group who directly contributed to the business performances and development of the Group.

In the first half of 2021, the Group launched four series of training programmes, namely, "Leading Lectures", "Golden Lectures", "Team Workshop" and "COLI Library". These four programmes effectively energised employees, broadened their management and business horizons, and facilitated their growth and development.

During the period, the Group continued to facilitate rural revitalisation in three counties in Gansu Province, namely Zhuoni County, Kangle County and Kang County, with a focus on Zhuoni County, assisting in selection of native agricultural product and creating a quinoa brand, "Vale of Clouds", by cooperating with local government. The Group participated in the whole process of brand creation including trademark registration, production, quality control, online and offline promotion of the product.

Management Discussion & Analysis (Continued)

Progress on Sustainability Targets for 2019–2023 in 1H2021 Good Citizen Sustainable Design and Construction



Vision Take into account the environmental and social aspects when designing products, services and business management model, and assist the country and society in coping with sustainability and climate change challenges

Progress	Energy efficiency and greenhouse gas emissions	Commercial projects <ul style="list-style-type: none"> Achieved 100% coverage of energy consumption information platform in self-owned office building and shopping mall projects
	Waste management	Waste sorting rolled out in at least 20 commercial projects, with active efforts made to promote waste reduction measures
	Land risk and biodiversity	Land risk screening was carried out before land acquisition for each project to analyse the risk factors related to the ecological environment such as geological terrain, soil risk, environmental pollution and special protection and identify the environmental risks of the project plot and its surrounding areas A third-party environmental impact assessment report was conducted on each land plot acquired, including an analysis of terrestrial biodiversity
	Regional economy and rural revitalisation	Continued to facilitate rural revitalisation in three counties in Gansu Province, namely Zhuoni County, Kangle County and Kang County, with a focus on Zhuoni County, assisting in selection of native agricultural product and creating a quinoa brand, “Vale of Clouds”, by cooperating with local government. The Group participated in the whole process of brand creation including trademark registration, production, quality control, online and offline promotion of the product

Management Discussion & Analysis (Continued)

Good Products Creating Enjoyable Space



Vision Adhere to the principle of “Each and Every Detail of Each and Every Project” in conjunction with modern living and working patterns to create new communities integrating functional, healthy and humanistic elements

Progress **Green and sustainable buildings**

- In the first half of 2021, 48 projects obtained green building certification, bringing the cumulative number to 439 projects with a total GFA of 80.8 million sq m. The awards received included:
- 2021 TOP30 Green Credit Index of Chinese Real Estate Enterprises (No.1)
- WELL HRS certification: Beijing China Construction Fortune International Center, Beijing China Overseas Plaza, Beijing China Overseas International Center, Taiyuan China Overseas International Center, Shanghai China Overseas International Center, Block C Chengdu China Overseas International Center, Shanghai China Fortune Tower, Wuhan China Overseas Building, Beijing China Overseas Fortune Center OFFICEZIP
- RICS Facility Management Team of the Year (Champion): Shanghai China Overseas International Center
- RICS Facility Management Team of the Year (Certificate of Excellence): Beijing Aonan China Overseas International Center; Suzhou China Overseas Fortune Center

Supply chain management Continued to set quantitative targets for the green supply chain, and to confirm green procurement categories and ratios based on the certification of the Certification and Accreditation Administration of the P.R.C

Management Discussion & Analysis (Continued)

Good Products Creating Enjoyable Space (Continued)



Green finance

Issued the first-ever domestic property developer green carbon neutrality bond, which was an 18-year bond of RMB2.1 billion with a coupon rate at 3.6%

Infrastructure and supporting services

In the first half of 2021, affordable housing of a total floor area of 1,671,000 sq m was under construction, total area constructed was 336,000 sq m

80% of UniMall projects received the title "Food Safety Demonstration Project" at the district level

Community integration and coordinated development

Babycare rooms were set up in all newly developed shopping mall projects of 2021 (Zhuhai Unipark, Ningbo Unipark, Beijing Jin'an Uni ELITE)

High-standard senior living projects were developed with 930 beds in the first half of 2020

Good Services Full-cycle Customer Service



Vision

Continuously improve customer satisfaction and strive to be an industry leader in customer relationship management

Progress

- In the first half of 2021, the Company achieved customer satisfaction scores of 87%, ranked 85th percentile of the industry

Management Discussion & Analysis (Continued)

Good Effectiveness Creating Shared Value



Vision

Better understand the links between social needs and the Company's competitive strengths, create shared value for all stakeholders with a management mindset that goes beyond for-profit and non-profit boundaries, observe high-level corporate ethics, step up internal and external collaboration and communication, and catalyse sustainable development processes

	Improve corporate governance	Build effective teams	Promote cross-industry cooperation
Progress	<ul style="list-style-type: none"> 100% of the Company's management personnel and employees (including employees of regional companies, project companies, joint ventures and associates) sign the Work Integrity Responsibility Statement on a yearly basis 50% of senior and middle-level employees of the headquarters and companies at all levels received integrity education and training 100% of business partners (including suppliers and contractors) signed the Integrity Agreement and their corporate credit and integrity records were checked during the Company's procurement process 	<ul style="list-style-type: none"> 5,916 staff were employed. The ratio of male to female was 2.4:1. The target is to improve the ratio of male to female employees with an aim to bring down the ratio to 2:1 The average training hours per employee was 38 hours Maintained 100% physical examination and supplementary medical insurance coverage for employees Head office departments/trade unions organised more than 30 employee activities 	<ul style="list-style-type: none"> 12 community public welfare or promotional activities with the theme of environmental protection were held in offices, shopping malls, long-term leased apartments and overseas asset projects

Condensed Consolidated Income Statement

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	6	107,879,151	88,625,398
Direct operating costs		(77,089,512)	(61,511,392)
		30,789,639	27,114,006
Other income and gains, net		2,112,378	1,609,613
Gain arising from changes in fair value of investment properties		2,033,220	5,198,031
Selling and distribution expenses		(1,871,877)	(1,294,787)
Administrative expenses		(1,666,921)	(1,364,888)
Operating profit		31,396,439	31,261,975
Share of profits and losses of			
Associates		1,315,738	937,461
Joint ventures		232,739	1,604,547
Finance costs	7	(416,866)	(430,691)
Profit before tax		32,528,050	33,373,292
Income tax expenses	8	(10,560,747)	(10,570,192)
Profit for the period	9	21,967,303	22,803,100
Attributable to:			
Owners of the Company		20,778,666	20,526,531
Non-controlling interests		1,188,637	2,276,569
		21,967,303	22,803,100
		RMB	RMB
EARNINGS PER SHARE	10		
Basic and diluted		1.90	1.87

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	21,967,303	22,803,100
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translation of subsidiaries of the Company	(223,833)	(352,330)
Exchange differences on translation of associates	77,790	(98,405)
	(146,043)	(450,735)
Other comprehensive income for the period	(146,043)	(450,735)
Total comprehensive income for the period	21,821,260	22,352,365
Total comprehensive income attributable to:		
Owners of the Company	20,632,623	20,067,979
Non-controlling interests	1,188,637	2,284,386
	21,821,260	22,352,365

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current Assets			
Investment properties	12	148,633,400	140,879,089
Property, plant and equipment		4,991,398	5,010,803
Interests in associates		15,775,415	14,543,727
Interests in joint ventures		18,937,700	18,770,162
Other receivables		388,926	450,353
Goodwill		56,395	56,395
Deferred tax assets		7,652,064	7,693,664
		196,435,298	187,404,193
Current Assets			
Stock of properties and other inventories		451,205,210	458,087,286
Land development expenditure		13,171,595	13,403,278
Trade and other receivables	13	12,906,135	12,196,646
Contract assets		1,656,649	3,102,710
Deposits and prepayments		32,201,086	10,497,858
Deposits for land use rights for property development		4,394,458	4,198,634
Amounts due from fellow subsidiaries		112,165	312,165
Amounts due from associates		6,057,762	3,580,280
Amounts due from joint ventures		8,615,865	8,744,043
Amounts due from non-controlling shareholders		3,231,389	2,699,724
Tax prepaid		10,925,872	8,961,644
Bank balances and cash		117,426,866	110,468,910
		661,905,052	636,253,178

Condensed Consolidated Statement of Financial Position (Continued)

		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Current Liabilities			
Trade and other payables	14	79,480,010	82,807,619
Pre-sales proceeds		126,788,525	121,121,893
Dividend payable	11	6,639,453	–
Amounts due to fellow subsidiaries and a related company		3,577,173	2,599,775
Amounts due to associates		2,096,381	1,706,459
Amounts due to joint ventures		4,934,479	4,197,226
Amounts due to non-controlling shareholders		6,879,387	9,337,457
Lease liabilities – due within one year		260,305	263,030
Tax liabilities		36,196,158	38,123,766
Bank and other borrowings			
– due within one year		32,194,430	27,501,259
Guaranteed notes and corporate bonds			
– due within one year	16	13,033,016	16,303,716
		312,079,317	303,962,200
Net Current Assets		349,825,735	332,290,978
Total Assets Less Current Liabilities		546,261,033	519,695,171
Capital and Reserves			
Share capital	15	74,033,624	74,033,624
Reserves		254,020,603	240,112,907
Equity attributable to owners of the Company		328,054,227	314,146,531
Non-controlling interests		13,192,758	14,202,789
Total Equity		341,246,985	328,349,320
Non-current Liabilities			
Bank and other borrowings			
– due after one year		116,549,523	109,307,995
Guaranteed notes and corporate bonds			
– due after one year	16	66,675,561	59,867,471
Amounts due to non-controlling shareholders		549,000	1,542,377
Lease liabilities – due after one year		301,375	428,798
Deferred tax liabilities		20,938,589	20,199,210
		205,014,048	191,345,851
		546,261,033	519,695,171

Condensed Consolidated Statement of Changes in Equity

	Unaudited								
	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Translation reserve	Merger and other reserves	PRC statutory reserve	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Note)									
At 1 January 2020	74,033,624	760,666	(11,644,560)	10,269,522	207,184,440	280,603,692	8,540,933	289,144,625	
Profit for the period	-	-	-	-	20,526,531	20,526,531	2,276,569	22,803,100	
Exchange differences on translation of subsidiaries of the Company	-	(360,147)	-	-	-	(360,147)	7,817	(352,330)	
Exchange differences on translation of associates	-	(98,405)	-	-	-	(98,405)	-	(98,405)	
Total comprehensive income for the period	-	(458,552)	-	-	20,526,531	20,067,979	2,284,386	22,352,365	
2019 final dividend payable (Note 11)	-	-	-	-	(5,651,542)	(5,651,542)	-	(5,651,542)	
Dividends to non-controlling shareholders	-	-	-	-	-	-	(580,977)	(580,977)	
Contributions from non-controlling shareholders	-	-	-	-	-	-	321,851	321,851	
Return of capital to non-controlling shareholders	-	-	-	-	-	-	(1,655)	(1,655)	
Equity settled share-based transactions	-	-	73,058	-	-	73,058	-	73,058	
Capital contribution relating to share-based payments borne by an intermediate holding company	-	-	1,684	-	-	1,684	-	1,684	
Non-controlling interests arising from business combination	-	-	-	-	-	-	1,900,608	1,900,608	
Disposal of subsidiaries	-	-	-	-	-	-	(186,555)	(186,555)	
Shares repurchased (Note 15)	-	-	-	-	(8,939)	(8,939)	-	(8,939)	
Transfer from PRC statutory reserve	-	-	-	(97,051)	97,051	-	-	-	
At 30 June 2020	74,033,624	302,114	(11,569,818)	10,172,471	222,147,541	295,085,932	12,278,591	307,364,523	

Condensed Consolidated Statement of Changes in Equity (Continued)

	Unaudited													
	Attributable to owners of the Company							Non-controlling interests	Total					
	Share capital	Translation reserve	Merger and other reserves	PRC statutory reserve	Retained profits	Total	Total							
										RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
											(Note (a))	(Note (b))		
At 1 January 2021	74,033,624	396,398	(11,623,597)	10,364,711	240,975,395	314,146,531	14,202,789	328,349,320						
Profit for the period	-	-	-	-	20,778,666	20,778,666	1,188,637	21,967,303						
Exchange differences on translation of subsidiaries of the Company	-	(223,833)	-	-	-	(223,833)	-	(223,833)						
Exchange differences on translation of associates	-	77,790	-	-	-	77,790	-	77,790						
Total comprehensive income for the period	-	(146,043)	-	-	20,778,666	20,632,623	1,188,637	21,821,260						
2020 final dividend payable (Note 11)	-	-	-	-	(6,664,221)	(6,664,221)	-	(6,664,221)						
Dividends to non-controlling shareholders	-	-	-	-	-	-	(1,305,539)	(1,305,539)						
Contributions from non-controlling shareholders	-	-	-	-	-	-	5,188	5,188						
Return of capital to non-controlling shareholders	-	-	-	-	-	-	(856,200)	(856,200)						
Equity settled share-based transactions	-	-	129,100	-	-	129,100	-	129,100						
Capital contribution relating to share-based payments borne by an intermediate holding company	-	-	746	-	-	746	-	746						
Acquisition of additional interest of a subsidiary	-	-	-	-	(81,221)	(81,221)	(32,935)	(114,156)						
Deregister of a subsidiary	-	-	-	-	-	-	(9,182)	(9,182)						
Shares repurchased (Note 15)	-	-	-	-	(109,331)	(109,331)	-	(109,331)						
Transfer to PRC statutory reserve	-	-	-	25,475	(25,475)	-	-	-						
At 30 June 2021	74,033,624	250,355	(11,493,751)	10,390,186	254,873,813	328,054,227	13,192,758	341,246,985						

Note:

- (a) The reserves include share option reserve which represents the fair value of share options granted that are yet to be exercised. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited/lapsed.
- (b) PRC statutory reserve of the Group represents the general and development fund reserve applicable to subsidiaries which was established in accordance with the relevant People's Republic of China ("PRC") regulations.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	27,761,188	25,279,768
Decrease/(increase) in stock of properties and other inventories, and deposits for land use rights for property development	9,423,335	(3,861,565)
Increase in trade and other receivables, and deposits and prepayments	(22,353,943)	(2,319,865)
Decrease/(increase) in contract assets	1,446,012	(2,725,854)
(Decrease)/increase in trade and other payables and pre-sales proceeds	(1,760,940)	2,521,798
Other movements in working capital	2,638,762	1,329,092
Cash generated from operations	17,154,414	20,223,374
Income taxes paid	(13,642,736)	(13,167,315)
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,511,678	7,056,059
INVESTING ACTIVITIES		
Interest received	913,307	993,707
Dividends received from associates	238,254	401,009
Dividends received from joint ventures	95,880	548,466
Additions of investment properties	(3,736,840)	(7,469,561)
Advances to associates	(2,761,212)	(28,154)
Repayment from associates	283,730	1,188,803
Advances to joint ventures	(566,730)	(733,454)
Repayment from joint ventures	563,829	1,041,067
Capital distribution from a joint venture	-	1,431,626
Capital contributions to joint ventures	(44,215)	(49,095)
Other investing cash flows	1,406,370	(104,455)
NET CASH USED IN INVESTING ACTIVITIES	(3,607,627)	(2,780,041)

Condensed Consolidated Statement of Cash Flows (Continued)

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Interest paid	(3,619,913)	(4,289,996)
Dividends paid to non-controlling shareholders	(1,425,863)	(457,519)
New bank and other borrowings raised	30,984,346	21,234,164
Repayment of bank and other borrowings	(18,270,617)	(16,449,430)
Issue of guaranteed notes and corporate bonds	7,602,000	10,680,781
Redemption of guaranteed notes and corporate bonds	(3,404,160)	–
Repayment to non-controlling shareholders	(3,395,533)	(1,633,199)
Advances from non-controlling shareholders	63,720	2,952,164
Contributions from non-controlling shareholders	5,188	321,851
Repayment to joint ventures	(133,922)	(1,193,966)
Advances from joint ventures	871,176	1,929,170
Other financing cash flows	311,156	(46,734)
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	9,587,578	13,047,286
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,491,629	17,323,304
CASH AND CASH EQUIVALENTS AT 1 JANUARY	107,664,125	92,894,556
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(126,595)	174,046
CASH AND CASH EQUIVALENTS AT 30 JUNE	117,029,159	110,391,906
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	117,426,866	111,384,880
Less: restricted bank deposits	(397,707)	(992,974)
	117,029,159	110,391,906

Notes to the Financial Statements

1. General

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The Company’s immediate parent company is China Overseas Holdings Limited (“COHL”), a company incorporated in Hong Kong, and its ultimate holding company is 中國建築集團有限公司 (China State Construction Engineering Corporation*, “CSCEC”), an entity established in the PRC and the PRC government is a substantial shareholder of CSCEC. The registered office and principal place of business of the Company are situated at 10/F, Three Pacific Place, 1 Queen’s Road East, Hong Kong. The Group’s business activities are principally carried out in Hong Kong, Macau, Guangzhou, Shenzhen, Shanghai, Beijing, Tianjin, Jinan, Nanjing, Suzhou, Chengdu, Shenyang and other regions in Mainland China.

The Group, comprising the Company and its subsidiaries, is principally engaged in property development and investment, and other operations.

The Company’s functional currency is Renminbi (“RMB”) and the condensed consolidated financial statements are presented in RMB as the directors of the Company consider that RMB is the appropriate presentation currency for the users of the Group’s consolidated financial statements.

These condensed consolidated financial statements are unaudited. It was approved and authorised for issue by the Board of Directors of the Company on 23 August 2021.

* The English name is a translated name and is for identification purpose only.

Notes to the Financial Statements (Continued)

2. Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosures provisions of the Rules Governing the Listing of Securities on Hong Kong Stock Exchange and Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated financial statements should be read in conjunction with the Group’s 2020 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

The financial information relating to the year ended 31 December 2020 included in the condensed consolidated financial statements for the six months ended 30 June 2021 as comparative does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company’s auditor has reported on the financial statements of the Group for that year. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Notes to the Financial Statements (Continued)

3. Application of Revised HKFRSs

The accounting policies applied are consistent with those of the Group's annual financial statements for the year ended 31 December 2020 as described in those annual financial statements, except for the adoption of amendments effective for the financial year ending 31 December 2021.

In the current interim period, the Group has applied, for the first time, the following amendments issued by the HKICPA which are relevant to the Group:

Amendments to HKFRS 9, HKAS 39, HKFRS 7 HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to HKFRS 16	<i>COVID-19-Related Rent Concessions</i>

The application of the above amendments has had no material impact on the Group's results and financial position.

The Group has not early adopted the following amendments and improvements to existing standards that have been issued but are not yet effective:

Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021¹</i>
Amendments to HKFRS 3 Amendments to HKAS 16	<i>Reference to the Conceptual Framework² Property, Plant and Equipment: Proceeds before Intended Use²</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current^{3,5}</i>
Annual Improvements to HKFRSs 2018–2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41²</i>

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ No mandatory effective date yet determined but available for adoption

⁵ As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause, was revised in October 2020 to align the corresponding wording with no change in conclusion

Notes to the Financial Statements (Continued)

3. Application of Revised HKFRSs (Continued)

The Group has already commenced an assessment of the impact of the above amendments and improvements to HKFRSs. So far it has assessed that the adoption of them is unlikely to have a significant impact on the condensed consolidated financial statements.

4. Financial Risk Management

In the normal course of business, the Group is exposed to financial risks attributable to interest rates, foreign currency, credit, liquidity and fair value.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2020 annual financial statements.

There have been no significant changes in the risk management department, policies and procedures since the last year end, except the following:

Fair value of financial liabilities measured at amortised cost

The following table present the carrying amounts of the Group's financial instruments carried at amortised cost which were different from their fair values at the end of the reporting period. The carrying amount of remaining financial assets and financial liabilities recorded at amortised cost approximate their fair values.

Notes to the Financial Statements (Continued)

4. Financial Risk Management (Continued)

	30 June 2021		31 December 2020	
	Carrying		Carrying	
	amount	Fair value	amount	Fair value
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Guaranteed notes and corporate bonds	79,708,577	84,886,219	76,171,187	82,009,641

The fair value of guarantee notes and corporate bonds is measured at quoted market prices and are within level 1 of the three-level fair value hierarchy.

5. Estimates

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

Notes to the Financial Statements (Continued)

6. Revenue and Results

The Group managed its business units based on their products and services, based on which information is prepared and reported to the Group's management for the purposes of resources allocation and performance assessment. The Group's operating and reportable segments under HKFRS 8 and the types of revenue are as follows:

Property development	–	property development and sales
Property investment	–	property rental
Other operations	–	hotel operations, provision of construction and building design consultancy services and others

Segment revenue and results

The following is an analysis of the Group's revenue and results (including share of results of associates and joint ventures) by reportable segments:

Six months ended 30 June 2021 – Unaudited

	Property development RMB'000	Property investment RMB'000	Other operations RMB'000	Segment total RMB'000
Revenue from contracts with customers				
– Recognised at a point in time	93,409,330	–	–	93,409,330
– Recognised over time	11,601,814	–	598,550	12,200,364
	105,011,144	–	598,550	105,609,694
Revenue from other sources				
– Rental income	–	2,269,457	–	2,269,457
Segment revenue – External	105,011,144	2,269,457	598,550	107,879,151
Segment profit (including share of profits and losses of associates and joint ventures)	27,909,239	3,426,032	39,093	31,374,364

Notes to the Financial Statements (Continued)

6. Revenue and Results (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2020 – Unaudited

	Property development RMB'000	Property investment RMB'000	Other operations RMB'000	Segment total RMB'000
Revenue from contracts with customers				
– Recognised at a point in time	74,749,526	–	–	74,749,526
– Recognised over time	11,596,138	–	356,758	11,952,896
	86,345,664	–	356,758	86,702,422
Revenue from other sources				
– Rental income	–	1,922,976	–	1,922,976
Segment revenue – External	86,345,664	1,922,976	356,758	88,625,398
Segment profit (including share of profits and losses of associates and joint ventures)	27,386,299	6,493,906	5,232	33,885,437

Reconciliation of reportable segment profits to the consolidated profit before tax

Segment profit include profit from subsidiaries and share of profits and losses of associates and joint ventures. This represents the profit earned by each segment without allocation of interest income on bank deposits, corporate expenses, finance costs and net foreign exchange gains/(losses) recognised in the condensed consolidated income statement.

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reportable segment profit	31,374,364	33,885,437
Unallocated items:		
Interest income on bank deposits	742,496	726,277
Corporate expenses	(210,003)	(208,280)
Finance costs	(416,866)	(430,691)
Net foreign exchange gains/(losses) recognised in the condensed consolidated income statement	1,038,059	(599,451)
Consolidated profit before tax	32,528,050	33,373,292

Notes to the Financial Statements (Continued)

7. Finance Costs

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings, guaranteed notes and corporate bonds	3,788,691	4,160,858
Interest on amounts due to fellow subsidiaries and a related company, associates, joint ventures and non-controlling shareholders	158,287	213,846
Interest on lease liabilities and other finance costs	85,260	77,256
Total finance costs	4,032,238	4,451,960
Less: Amount capitalised	(3,615,372)	(4,021,269)
	416,866	430,691

8. Income Tax Expenses

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Corporate Income Tax ("CIT")	6,338,073	5,989,009
PRC Land Appreciation Tax ("LAT")	3,080,759	2,511,209
PRC withholding income tax	153,642	241,842
Hong Kong profits tax	185,392	39,128
Macau income tax	13,392	–
Others	8,092	942
	9,779,350	8,782,130
Over-provision in prior periods:		
Hong Kong profits tax	–	(175)
	–	(175)
Deferred tax:		
Current period	781,397	1,788,237
Total	10,560,747	10,570,192

Notes to the Financial Statements (Continued)

8. Income Tax Expenses (Continued)

Under the Law of PRC on CIT (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of PRC subsidiaries is 25% (2020: 25%).

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

Hong Kong profits tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profit for the period.

Macau income tax is calculated at the prevailing tax rate of 12% (2020: 12%) in Macau.

9. Profit for the Period

Profit for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation		
– Right-of-use assets	184,949	148,740
– Other property, plant and equipment	57,207	43,958
Interest income	(899,910)	(925,555)
Net foreign exchange (gains)/losses	(1,038,059)	599,451
Staff costs including benefits and interests of directors (<i>note 20(b)</i>)	1,578,628	1,325,708

Notes to the Financial Statements (Continued)

10. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	20,778,666	20,526,531

	Six months ended 30 June	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	10,945,221	10,956,199

Pursuant to the share options granted by the Company (Note 15), there were dilutive potential ordinary shares in existence during the six months ended 30 June 2021 and 2020, however, the impact on diluted earnings per share is insignificant for both periods.

Notes to the Financial Statements (Continued)

11. Dividends

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period		
Final dividend of HK73 cents per share in respect of the financial year ended 31 December 2020 (2020: final dividend of HK57 cents per share in respect of the financial year ended 31 December 2019)	6,664,221	5,651,542

The interim dividend of HK45 cents per share in respect of six months ended 30 June 2021, amounting to approximately RMB4,102,664,000 was declared by the Board. The amount of interim dividend declared, which was calculated based on the number of ordinary shares in issue at the date of approval of the condensed consolidated financial statements, has not been recognised as a dividend payable in the condensed consolidated financial statements.

12. Investment Properties

During the six months ended 30 June 2021, additions to investment properties amounted to RMB5,165,391,000 (2020: RMB7,927,514,000) and the gain arising from changes in fair value of investment properties amounted to RMB2,033,220,000 (2020: RMB5,198,031,000).

The fair values of the investment properties held by the Group at 30 June 2021 and 31 December 2020 have been arrived on the basis of a valuation carried out on that date by independent firms of professional valuers not connected with the Group, who have appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The current use of the investment properties equates to their highest and best use.

There was no change to the valuation techniques during the period.

Fair values of the Group's investment properties are categorised as level 3 measurement in the three-level fair value hierarchy. During the period, there were no transfers between different levels within the fair value hierarchy.

Notes to the Financial Statements (Continued)

13. Trade and Other Receivables

Proceeds receivable in respect of property development are settled in accordance with the terms stipulated in the sale and purchase agreements.

Except for the proceeds from property development and rental income from lease of properties which are receivable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

At the end of the reporting period, the ageing analysis of trade receivables, based on the date the trade receivables recognised, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables, aged		
0 – 30 days	8,312,481	7,354,974
31 – 90 days	336,857	479,419
Over 90 days	1,264,479	1,397,458
	9,913,817	9,231,851
Other receivables – current portion	2,992,318	2,964,795
	12,906,135	12,196,646

In determining the recoverability of trade receivables, management has closely monitored the credit qualities and the collectability of these receivables and considers that the expected credit risks of them are minimal in view of the track record of repayment from them, the history of cooperation with them and forward-looking information. The concentration of credit risk is limited due to the customer base being large and unrelated. The provision for trade and other receivables was insignificant at the end of the reporting period (31 December 2020: Insignificant).

Notes to the Financial Statements (Continued)

14. Trade and Other Payables

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade payables, aged		
0 – 30 days	26,059,115	27,951,928
31 – 90 days	8,146,459	6,808,434
Over 90 days	28,916,988	29,848,576
	63,122,562	64,608,938
Other payables	10,173,333	9,942,188
Retentions payable	6,184,115	8,256,493
	79,480,010	82,807,619

Other payables mainly include rental and other deposits, other taxes payable and accrued charges.

Notes to the Financial Statements (Continued)

15. Share Capital

	Number of shares '000	HK\$'000	RMB'000
Issued and fully paid			
At 1 January 2020	10,956,201	90,420,438	74,033,624
Shares repurchased (Note)	(416)	–	–
At 30 June 2020	10,955,785	90,420,438	74,033,624
At 1 January 2021	10,953,185	90,420,438	74,033,624
Shares repurchased (Note)	(8,370)	–	–
At 30 June 2021	10,944,815	90,420,438	74,033,624

Note:

During the six months ended 30 June 2021, the Company repurchased a total of 8,370,000 (2020: 416,500) of its shares on Hong Kong Stock Exchange at an aggregate consideration of RMB109,331,000 (2020: RMB8,939,000) (inclusive of transaction costs) which was paid fully out of the Company's retained profits in accordance with Section 257 of the Hong Kong Companies Ordinance. All repurchased shares were cancelled during the period. The total amount paid for the repurchase of the shares has charged to retained profits of the Company.

Share-based Payments

Share Option Schemes by the Company

On 29 June 2018, the Company offered to grant share options (the "2018 Share Options") to certain eligible persons (collectively, the "2018 Options Grantees"), to subscribe for a total of 107,320,000 shares of the Company, subject to acceptance of the 2018 Options Grantees, under the share option scheme adopted by the Company on 11 June 2018. Out of the 107,320,000 2018 Share Options granted, a total of 2,000,000 were granted to directors of the Company. The exercise price is HK\$25.85 per share.

One-third of the 2018 Share Options granted will vest on each of 29 June 2020, 29 June 2021 and 29 June 2022. The closing price of 2018 Share Options on the date of grant was HK\$25.85 per share.

Notes to the Financial Statements (Continued)

15. Share Capital (Continued)

Share-based Payments (Continued)

Share Option Schemes by the Company (Continued)

On 24 November 2020, the Company offered to grant share options (the "2020 Share Options") to certain eligible persons (collectively, the "2020 Options Grantees"), to subscribe for a total of 285,840,000 shares of the Company, subject to acceptance of the 2020 Options Grantees, under the share option scheme adopted by the Company on 11 June 2018. Out of the 285,840,000 2020 Share Options granted, a total of 6,300,000 were granted to directors of the Company. The exercise price is HK\$18.724 per share.

One-third of the 2020 Share Options granted will vest on each of 24 November 2022, 24 November 2023 and 24 November 2024. The closing price of 2020 Share Options on the date of grant was HK\$17.96 per share.

The fair values of the 2018 Share Options on 29 June 2018 and the 2020 Share Options on 24 November 2020 determined using the Binomial Options Pricing Model were HK\$6.36 and HK\$2.64 per share, respectively. The significant inputs adopted in the model include:

Risk-free rate	2018 Share Options: 2.12% with reference to the market yield rates of the Hong Kong Government Bond (maturing 21 June 2021 and 6 December 2021) as of 29 June 2018 2020 Share Options: 0.34% with reference to the market yield rates of the Hong Kong Government Bond (maturing 20 August 2025 and 27 August 2027) as of 24 November 2020
Historical volatility	31.91% and 31.89% calculated based on the historical price with a period equals to the life of the 2018 and 2020 Share Options, respectively
Cap of the share-based payments	40% of the respective Grantees' remuneration for the 2018 Share Options
Dividend yield	3.09% and 5.68% based on the average dividend yield in the past six years for the 2018 and 2020 Share Options, respectively
Expected option life	6 years for both 2018 and 2020 Share Options

Notes to the Financial Statements (Continued)

15. Share Capital (Continued)

Share-based Payments (Continued)

Share Option Schemes by the Company (Continued)

The Binomial Options Pricing Model for both share options requires input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

Set out below are movements of Share Option Schemes by the Company during the period:

	2021		2020	
	Average exercise price per share HK\$	Number of Share Options '000	Average exercise price per share HK\$	Number of Share Options '000
At 1 January	20.47	378,860	25.85	102,310
Lapsed during the period	20.31	(7,220)	25.85	(4,030)
At 30 June	20.48	371,640	25.85	98,280

No options were granted, expired and exercised during the period.

Share options outstanding at 30 June 2021 have the following expiry date and exercise price:

Grant Date	Expiry date	Exercise price per share HK\$	Number of share options '000	Weighted average remaining contractual life of options outstanding at 30 June 2021
29 June 2018	28 June 2024	25.85	91,510	3 years
24 November 2020	23 November 2026	18.724	280,130	5.4 years
			371,640	

Notes to the Financial Statements (Continued)

16. Guaranteed Notes and Corporate Bonds

During the six months ended 30 June 2021, the Group newly issued and repaid on maturity the following guaranteed notes and corporate bonds:

Issue date	Principal amount (in million)	Issue price	Fixed interest rate per annum	Maturity date	Carrying amount at 30 June 2021 RMB'000
Issued during the period:					
13 January 2021	RMB1,500	100%	3.35% ⁽ⁱ⁾	15 January 2024	1,500,000
23 March 2021	RMB1,001 ⁽ⁱⁱⁱ⁾	100%	3.85% ⁽ⁱⁱ⁾	23 March 2039	1,000,700
15 June 2021	RMB2,000	100%	3.25% ⁽ⁱ⁾	15 June 2024	2,000,000
15 June 2021	RMB1,000	100%	3.55% ⁽ⁱ⁾	15 June 2026	1,000,000
23 June 2021	RMB2,101 ⁽ⁱⁱⁱ⁾	100%	3.60% ⁽ⁱⁱ⁾	23 June 2039	2,101,000
Repaid during the period on maturity:					
15 January 2016	RMB400	100%	4.40% ⁽ⁱⁱ⁾	15 January 2021	–
5 February 2018	RMB3,000	100%	5.60% ⁽ⁱ⁾	6 February 2021	–

In addition to the above, the Group repaid principal amount of RMB4,160,000 in total for commercial mortgage-backed securities ("CMBS") which bear annual interest rates ranging from 2.50% to 3.90% in accordance with their repayment schedules. These CMBS are due from April 2038 to March 2039.

Notes:

(i) Interest is payable annually.

(ii) Interest is payable semi-annually.

(iii) Representing CMBS with terms for granting the Group with redemption and adjustment of the interest rate options, and investors with sell back option at the end of every three years from issue date. The securities are guaranteed by a subsidiary of the Company, and secured by certain investment properties and rental receivable of these investment properties.

Notes to the Financial Statements (Continued)

17. Capital Commitments

At the end of the reporting period, the Group had the following capital commitments not provided for in the consolidated financial statements:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Capital expenditure in respect of investment properties:		
Contracted but not provided for	6,370,892	4,171,160

18. Financial Guarantees

At the end of the reporting period, the financial guarantees were as follows:

- (a) Guarantees given by the Group to banks in respect of credit facilities granted to:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Associates		
Maximum	1,021,076	1,496,948
Utilised	1,021,076	1,496,948
Joint ventures		
Maximum	1,278,917	685,233
Utilised	1,278,917	685,233

- (b) At 30 June 2021, the Group had counter indemnities amounting to RMB1,020,129,000 (31 December 2020: RMB703,812,000) for guarantees issued in respect of certain construction contracts undertaken by the Group.

Notes to the Financial Statements (Continued)

18. Financial Guarantees (Continued)

- (c) At 30 June 2021, the Group provided guarantees amounting to RMB67,304,534,000 (31 December 2020: RMB69,527,465,000) for the repayment of the mortgage bank loans granted to purchasers of the Group's properties.

The directors of the Company considered that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of short maturity periods and low applicable default rates.

19. Pledge of Assets

At the end of the reporting period, certain assets of the Company's subsidiaries have been pledged to secure the bank borrowings, guaranteed notes and corporate bonds of the Company's subsidiaries. The carrying values of the pledged assets at 30 June 2021 and 31 December 2020 were as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Investment properties	26,411,448	16,942,002
Stock of properties	3,268,758	9,307,582
	29,680,206	26,249,584

Notes to the Financial Statements (Continued)

20. Related Party Transactions

- (a) In addition to those balances and transactions disclosed elsewhere in the condensed consolidated financial statements, the Group also had the following material transactions with related parties during the period:

Nature of transaction	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Fellow subsidiaries			
Property development			
project construction fee	(a)	4,123,647	4,572,741
Rental and utility income	(b)	35,213	25,215
Heating pipes connection			
service fee	(a)	–	8,009
Building design consultancy			
income	(c)	8,536	3,332
Property management and			
value-added services fee	(c)	420,148	257,870
Sales of car parking spaces	(d)	49,461	–
Interest expense	(g)	6,434	–
Interest income	(h)	4,672	–
Associates			
Interest income	(f)	–	121,549
Royalty income	(e)	166,600	160,570
Lease payments	(b)	107,155	3,668
Building materials			
procurement service			
income	(c)	15,442	–
Joint ventures			
Interest income	(f)	107,035	36,083

Notes to the Financial Statements (Continued)

20. Related Party Transactions (Continued)

(a) (Continued)

Notes:

- (a) *Property development project construction fee and heating pipes connection service fee are charged in accordance with respective contracts. The amounts represent aggregated transaction amounts during the period in relation to contracts signed in current and prior periods.*
- (b) *Rental and utility income and lease payments are charged in accordance with respective tenancy agreements.*
- (c) *Building design consultancy income, property management and value-added services fee, and building materials procurement service income are charged in accordance with respective contracts.*
- (d) *The Group entered into various sale and purchase agreements with certain subsidiaries of China Overseas Property Holdings Limited, a fellow subsidiary of the Company, for the disposal of car parking spaces in the PRC.*
- (e) *Royalty income is charged at annual fee as specified in the contracts.*
- (f) *Interest income is charged at interest rates as specified on the outstanding amounts.*
- (g) *Interest expenses were paid to China State Construction Finance Limited, a fellow subsidiary of the Company, for respective borrowing.*
- (h) *Interest income is charged on the deposits placed in China State Construction Finance Limited, a fellow subsidiary of the Company.*

- (b) The remuneration of the Company's directors and other members of key management of the Group during the period were as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Basic salaries, housing allowances, bonus, other allowances and benefits in kind	36,384	35,003
Provident Fund contribution	1,438	1,541
	37,822	36,544

Others

Interim Dividend and Closure of Register of Members

The board of directors of the Company (the “Board”) declared the payment of an interim dividend of HK45 cents per Share (2020: HK45 cents per Share) for the six months ended 30 June 2021. The interim dividend will be payable in cash.

Relevant Dates for Interim Dividend Payment

Ex-dividend date	16 September 2021
Latest time to lodge transfer documents for registration with the Company’s registrar and transfer office	At 4:30 p.m. on 17 September 2021
Closure of Register of Members	20 September 2021
Record date	20 September 2021
Despatch of dividend warrants	5 October 2021

In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s registrar and transfer office, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than the aforementioned latest time.

Share Capital

The total number of Shares in issue as at 30 June 2021 was 10,944,815,035 ordinary Shares.

Purchase, Sale or Redemption of the Group’s Listed Securities

Buy-back of Shares

During the six months ended 30 June 2021, the Company repurchased a total of 8,370,000 Shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$130,912,752. Such repurchased Shares were cancelled during the period. The repurchases of Shares were effected as the Board considered the prevailing trading price of the Shares was at a level which undervalued the Company’s performance, assets value and business prospects. The repurchases of Shares demonstrated the Board’s confidence in the Company and would only be conducted under circumstance which the Board considered to be appropriate and in the interest of the Company and its shareholders as a whole.

Purchase, Sale or Redemption of the Group's Listed Securities

(Continued)

Buy-back of Shares (Continued)

Details of the Shares repurchased during the period are as follows:

Month	Number of Shares repurchased	Price paid per Share		Aggregate consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2021	8,370,000	18.30	15.08	130,912,752

Issue of Listed Securities

China Overseas Development Group Co., Ltd.* ("China Overseas Development"), a wholly-owned subsidiary of the Company, issued the following securities during the period and up to the date of this Interim Report[#]:

- (i) On 13 January 2021, RMB1,500,000,000 3.35 per cent. medium term notes due January 2024 was issued. The net proceeds, after deducting the expenses in connection with the issue of the medium term notes, are used to repay and/or refinance the existing indebtedness of the Group. The medium term notes are listed on the interbank market of the PRC.
- (ii) On 15 June 2021, RMB2,000,000,000 3.25 per cent. corporate bonds due June 2024 and RMB1,000,000,000 3.55 per cent. corporate bonds due June 2026 were issued. The net proceeds, after deducting the expenses in connection with the issue of the corporate bonds, are used to repay and/or refinance the existing indebtedness of the Group. The corporate bonds are listed on the Shenzhen Stock Exchange.
- (iii) On 12 July 2021, RMB1,000,000,000 3.10 per cent. corporate bonds due July 2025 and RMB2,000,000,000 3.25 per cent. corporate bonds due July 2025 were issued. The net proceeds, after deducting the expenses in connection with the issue of the corporate bonds, are used to repay and/or refinance the existing indebtedness of the Group. The corporate bonds are listed on the Shenzhen Stock Exchange.

* English translation for identification purpose only

[#] Refer to the date of interim results announcement of the Company (i.e. 23 August 2021)

Others (Continued)

Purchase, Sale or Redemption of the Group's Listed Securities

(Continued)

Issue of Listed Securities (Continued)

(iv) On 9 August 2021, RMB500,000,000 2.75 per cent. corporate bonds due August 2025 and RMB1,500,000,000 3.25 per cent. corporate bonds due August 2028 were issued. The net proceeds, after deducting the expenses in connection with the issue of the corporate bonds, are used to repay and/or refinance the existing indebtedness of the Group. The corporate bonds are listed on the Shenzhen Stock Exchange.

Beijing China Overseas Plaza Commercial Development Ltd.* ("**Beijing China Overseas Plaza**"), a wholly-owned subsidiary of the Company, issued the following securities during the period and up to the date of this Interim Report[#]:

- (i) On 23 March 2021, RMB1,001,000,000 commercial mortgage-backed securities due March 2039 was issued, which includes preferred class securities of RMB1,000,000,000 3.85 per cent. and equity class securities of RMB1,000,000 (Beijing China Overseas Plaza subscribed for all equity class securities). The net proceeds, after deducting the expenses in connection with the issue of the commercial mortgage-backed securities, are used to repay the indebtedness of the Group and finance general working capital. The commercial mortgage-backed securities are listed on the Shenzhen Stock Exchange.
- (ii) On 23 June 2021, RMB2,101,000,000 green commercial mortgage-backed securities (carbon neutrality) due June 2039 was issued, which includes preferred class securities of RMB2,100,000,000 3.60 per cent. and equity class securities of RMB1,000,000 (Beijing China Overseas Plaza subscribed for all equity class securities). The net proceeds, after deducting the expenses in connection with the issue of the green commercial mortgage-backed securities, are used to repay the indebtedness of the Group and finance general working capital. The green commercial mortgage-backed securities are listed on the Shenzhen Stock Exchange.

Redemption of Listed Securities

CITIC Real Estate Group Company Limited* ("**CITIC Real Estate**"), a wholly-owned subsidiary of the Company, issued RMB1,000,000,000 4.40 per cent. non-publicly issued corporate bonds with sell-back option on 15 January 2016 which were listed on the Shanghai Stock Exchange. CITIC Real Estate partially redeemed the non-publicly issued corporate bonds at par on 15 January 2019. The remaining RMB400,000,000 non-publicly issued corporate bonds were redeemed in whole at par with interests payable on 15 January 2021 (i.e. maturity date of the non-publicly issued corporate bonds).

* English translation for identification purpose only

[#] Refer to the date of interim results announcement of the Company (i.e. 23 August 2021)

Purchase, Sale or Redemption of the Group's Listed Securities

(Continued)

Redemption of Listed Securities (Continued)

China Overseas Development issued RMB3,000,000,000 5.60 per cent. medium term notes on 5 February 2018 which were listed on the interbank market of the PRC. The medium term notes were repaid in whole at par with interests payable on 6 February 2021 (i.e. maturity date of the medium term notes).

China Overseas Development issued RMB6,000,000,000 3.10 per cent. corporate bonds with sell-back option on 23 August 2016 which were listed on the Shanghai Stock Exchange. On 19 July 2021, China Overseas Development partially redeemed the corporate bonds at par. 4,129,300 lots of valid sell-back declarations were received with a total sell-back amount of RMB4,129,300,000. The interest rate of the remaining corporate bonds has been adjusted to 3.60 per cent. with effect from 23 August 2021 and are scheduled to be mature in August 2026.

Beijing China Overseas Plaza has issued the following preferred class securities in commercial mortgaged-back securities ("CMBS") which were listed on the Shenzhen Stock Exchange: (i) RMB3,700,000,000 2.50 per cent. green CMBS on 28 April 2020 due April 2038 ("CMBS 1"); (ii) RMB3,000,000,000 3.90 per cent. CMBS on 17 August 2020 due August 2038 ("CMBS 2"); (iii) the abovementioned RMB1,000,000,000 3.85 per cent. CMBS on 23 March 2021 due March 2039 ("CMBS 3"); and (iv) the abovementioned RMB2,100,000,000 3.60 per cent. green CMBS (carbon neutrality) on 23 June 2021 due June 2039 ("CMBS 4"). The principal amount with interest payable of the abovementioned four CMBS will be repaid in instalments in May and November each year. During the period, Beijing China Overseas Plaza has repaid RMB2,960,000, RMB900,000 and RMB300,000 for the principal amount of CMBS 1, CMBS2 and CMBS 3 respectively. The first repayment instalment of CMBS 4 will start in November 2021.

For details of the aforementioned securities, please refer to relevant announcements of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the six months ended 30 June 2021 and up to the date of this Interim Report[#].

[#] Refer to the date of interim results announcement of the Company (i.e. 23 August 2021)

Others (Continued)

Directors' and Chief Executive's Interests in Securities

As of 30 June 2021, the directors of the Company (the "Directors"), the chief executive of the Company and their respective associates had the following interests in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

(a) Long Positions in Shares and Underlying Shares of the Company

(i) Long Positions in Ordinary Shares

(all being personal interest and being held in the capacity of beneficial owner)

Name of Director	Number of Shares held	% of Shares in issue <i>(Note)</i>
Dr. Fan Hsu Lai Tai, Rita	100,000	0.0009%
Mr. Li Man Bun, Brian David	5,660,000	0.0517%

Note:

The percentage represents the number of ordinary Shares interested divided by the number of Shares of the Company in issue as at 30 June 2021.

Directors' and Chief Executive's Interests in Securities (Continued)

(a) Long Positions in Shares and Underlying Shares of the Company (Continued)

(ii) *Long Positions in Share Options relating to Ordinary Shares
(all being personal interest and being held in the capacity of beneficial owner)*

Name of Director	Date of grant	Subscription price HK\$ (per Share)	Exercise period (Note a)	Number of Share Options				
				Balance as at 1 January 2021	Granted	Exercised	Cancelled/ lapsed	Balance as at 30 June 2021
Mr. Yan Jianguo	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	700,000	-	-	-	700,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,800,000	-	-	-	1,800,000
Mr. Luo Liang	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	700,000	-	-	-	700,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,600,000	-	-	-	1,600,000
Mr. Zhang Zhichao	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	550,000	-	-	-	550,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,600,000	-	-	-	1,600,000
Mr. Guo Guanghui	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	600,000	-	-	-	600,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,300,000	-	-	-	1,300,000
Mr. Zhuang Yong	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	600,000	-	-	-	600,000

Notes:

- (a) *Exercise of the Share Options is conditional upon the achievement of certain individual performance targets of each eligible person and certain financial performance targets of the Company as determined by the Board.*
- (b) *One-third of the Share Options granted will be vested on each of 29 June 2020, 29 June 2021 and 29 June 2022.*
- (c) *One-third of the Share Options granted will be vested on each of 24 November 2022, 24 November 2023 and 24 November 2024.*

Others (Continued)

Directors' and Chief Executive's Interests in Securities (Continued)

- (b) Long Positions in Shares and Underlying Shares of the Associated Corporations
(all being personal interest and being held in the capacity of beneficial owner)

Name of associated corporation	Name of Director	Number of shares held <i>(Note 2)</i>	% of shares in issue <i>(Note 1)</i>
China State Construction Engineering Corporation Limited ("CSCECL")	Mr. Luo Liang	294,000	0.001%
	Mr. Zhang Zhichao	70,000	0.000%
	Mr. Guo Guanghui	210,000	0.001%
China State Construction International Holdings Limited	Mr. Luo Liang	3,531,469	0.070%
China Overseas Property Holdings Limited	Mr. Li Man Bun, Brian David	1,820,000	0.055%
China Overseas Grand Oceans Group Limited	Mr. Luo Liang	105,000	0.003%
China State Construction Development Holdings Limited	Mr. Zhang Zhichao	2,984,000	0.138%

Notes:

1. The percentage represents the number of shares interested divided by the number of shares of the related associated corporation in issue (as the case may be) as at 30 June 2021.
2. The number of shares of CSCECL held by each of Mr. Luo Liang, Mr. Zhang Zhichao and Mr. Guo Guanghui represented the "A" shares in CSCECL under the A-shares Restricted Stock Incentive Plan (Phase II) of CSCECL together with bonus shares on the basis of four bonus "A" shares for every ten existing "A" shares.

Directors' and Chief Executive's Interests in Securities (Continued)

Save as disclosed above, as at 30 June 2021, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Save as disclosed above and in the section headed "Share Option Scheme", during the six months ended 30 June 2021, none of the Directors and the chief executive of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted any right to subscribe for the shares, options and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

Others (Continued)

Substantial Shareholders' Interests in Securities

As of 30 June 2021, the following parties (other than Directors or the chief executive of the Company) were the substantial shareholders (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) of the Company and had interests in the Shares and underlying Shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Number of Shares and underlying Shares held			% of Shares in issue (Note 1)			Capacity
	(Long Position)	(Short Position)	(Lending Pool)	(Long Position)	(Short Position)	(Lending Pool)	
Silver Lot Development Limited ("Silver Lot")	521,264,928	-	-	4.76%	-	-	Beneficial owner
China Overseas Holdings Limited ("COHL") (Note 2)	5,616,813,755	111,564,090 (Note 4)	-	51.32%	1.02%	-	Beneficial owner
	521,264,928	-	-	4.76%	-	-	Interest of controlled corporation
CSCECL (Note 3)	6,138,078,683	111,564,090 (Note 4)	-	56.08%	1.02%	-	Interest of controlled corporation
China State Construction Engineering Corporation ("CSCEC") (Note 3)	6,138,078,683	111,564,090 (Note 4)	-	56.08%	1.02%	-	Interest of controlled corporation
Complete Noble Investments Limited ("Complete Noble") (Notes 5 and 6)	1,095,620,154	-	-	10.01%	-	-	Beneficial owner
Affluent East Investments Limited ("Affluent East") (Notes 5 and 6)	1,095,620,154	-	-	10.01%	-	-	Interest of controlled corporation
CITIC Limited ("CITIC") (Notes 5 and 6)	1,095,620,154	-	-	10.01%	-	-	Interest of controlled corporation
CITIC Glory Limited ("CITIC Glory") (Note 6)	1,095,620,154	-	-	10.01%	-	-	Interest of controlled corporation
CITIC Polaris Limited ("CITIC Polaris") (Note 6)	1,095,620,154	-	-	10.01%	-	-	Interest of controlled corporation
CITIC Group Corporation ("CITIC Group") (Note 6)	1,095,620,154	-	-	10.01%	-	-	Interest of controlled corporation

Substantial Shareholders' Interests in Securities (Continued)

Notes:

1. The percentage represents the number of ordinary Shares interested divided by the number of Shares of the Company in issue as at 30 June 2021.
2. Silver Lot is a direct wholly-owned subsidiary of COHL, thus COHL is deemed by the SFO to be interested in Shares of the Company (including long position, short position and lending pool (if any)) in which Silver Lot is or is taken to be interested.
3. COHL is a direct wholly-owned subsidiary of CSCECL, which in turn is a direct non-wholly owned subsidiary of CSCEC, thus CSCECL and CSCEC are deemed by the SFO to be interested in Shares of the Company (including long position, short position and lending pool (if any)) in which COHL is or is taken to be interested.
4. On 5 January 2016, a subsidiary of COHL (the "Issuer") issued exchangeable bonds (the "Bonds") with the aggregate principal amount of US\$1,500,000,000 which are exchangeable into 280,124,096 shares of the Company. On 5 January 2020, the Issuer redeemed US\$902,600,000 in aggregate principal amount of the Bonds at an aggregate redemption price of US\$1,006,760,040. The redeemed Bonds have been cancelled pursuant to the terms and conditions of the Bonds. After that the remaining Bonds can be exchangeable into 111,564,090 shares of the Company.
5. Complete Noble is a direct wholly-owned subsidiary of Affluent East, which in turn is a direct wholly-owned subsidiary of CITIC.
6. More than 50% of CITIC is held by CITIC Glory and CITIC Polaris, both of which are direct wholly-owned subsidiaries of CITIC Group, in aggregate. Accordingly, CITIC is an indirect non wholly-owned subsidiary of CITIC Group and Affluent East, CITIC, CITIC Glory, CITIC Polaris and CITIC Group are all deemed by the SFO to be interested in Shares of the Company (including long position, short position and lending pool (if any)) in which Complete Noble is or is taken to be interested.

Save as disclosed above, the Company had not been notified by any other person (other than Directors or the chief executive of the Company) who had an interest in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2021.

Others (Continued)

Share Option Scheme

The share option scheme was approved and adopted by the shareholders of the Company on 11 June 2018 (the “**Share Option Scheme**”) to enable the qualifying grantees to acquire ordinary Shares of the Company and unless otherwise cancelled or amended, it will remain in force for 10 years from 11 June 2018. The purpose of the Share Option Scheme is to attract and retain the best quality personnel for the development of the Group’s businesses, to provide additional incentives to the qualifying grantees (being, among others, any employee of the Group or such other persons that have contributed to the Group as specified in the Share Option Scheme) that have contributed to the Group; and to promote the long term financial success of the Group by aligning the interests of share option holders with shareholders of the Company.

The limit on the number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time. No share options may be granted under any scheme of the Company if this will result in the limit being exceeded.

The number of Shares in respect of the share options that may be granted according to the Share Option Scheme (the “**Share Options**”) shall not exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme (i.e. 11 June 2018). On the basis of 10,956,201,535 Shares in issue as at 11 June 2018, this would be 1,095,620,153 Shares.

Total number of ordinary Shares of the Company available for issue under the Share Option Scheme as at the date of this Interim Report is 723,980,153 Shares which represented 6.61% of the total number of the Shares in issue at that date.

Unless otherwise approved by the shareholders of the Company in a general meeting, the number of Shares issued and to be issued upon exercise of the Share Options (whether exercised or outstanding) granted to each of the eligible persons in any 12-month period shall not exceed 1% of the Shares in issue.

Share Option Scheme (Continued)

Unless otherwise approved by shareholders of the Company in a general meeting, no Share Options may be granted to any substantial shareholder of the Company, independent Non-executive Directors or their respective associates, that would result in the Shares issued or to be issued to such person in the 12-month period up to and including the date of Board meeting proposing for the grant (i) in aggregate exceeding 0.1% of the Shares in issue from time to time; and (ii) in aggregate exceeding HK\$5 million based on the closing price of the Shares at the date of the Board meeting proposing for such grant.

The exercise price in respect of any particular Share Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Share Option, but shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange daily quotation sheet on the date of grant, which must be a business day; and (ii) the average closing price of the Shares as stated in the Stock Exchange daily quotation sheets for the five business days immediately preceding the date of grant.

The period within which the Shares must be taken up under a Share Option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 6 years from the date of grant of the relevant Share Option.

The minimum period, if any, for which a Share Option must be held before it can be exercised shall be determined by the Board as its absolute discretion. The Share Option Scheme itself does not specify any minimum holding period.

HK\$1.00 is payable by each of the Share Option holders to the Company on the acceptance of the offer of the Share Option. The period within which payments or calls must or may be made should be 28 days after the offer date of a Share Option or such period as the Directors may determine.

The life of the Share Option Scheme is 10 years commencing on 11 June 2018 and expiring on 10 June 2028.

Other details of the Share Option Scheme are set out in Appendix III to the circular published by the Company on 16 April 2018 and note 15 to the financial statements of this Interim Report.

Others (Continued)

Share Option Scheme (Continued)

During the six months ended 30 June 2021, save as disclosed in the section of “Directors’ and Chief Executive’s Interests in Securities” of this Interim Report, details of the movements of the Share Options under the Share Option Scheme are as follows:

Participant	Date of grant	Subscription price HK\$ (per Share)	Exercise period (Note a)	Number of Share Options				Balance as at 30 June 2021	
				Balance as at 1 January 2021	Granted	Exercised	Cancelled		Lapsed
Other eligible persons	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	89,970,000	-	-	-	(1,610,000)	88,360,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	279,440,000	-	-	-	(5,610,000)	273,830,000
				369,410,000	-	-	-	(7,220,000)	362,190,000

Notes:

- (a) Exercise of the Share Options is conditional upon the achievement of certain individual performance targets of each eligible person and certain financial performance targets of the Company as determined by the Board.
- (b) One-third of the Share Options granted will be vested on each of 29 June 2020, 29 June 2021 and 29 June 2022.
- (c) One-third of the Share Options granted will be vested on each of 24 November 2022, 24 November 2023 and 24 November 2024.

Corporate Governance

The Company has complied throughout the six months ended 30 June 2021 with all the code provisions (except A.4.1 as explained below) of the Corporate Governance Code (“CG Code”) from time to time as set out in Appendix 14 to the Listing Rules and with some of the recommended best practices contained therein.

CG Code A.4.1 stipulates that non-executive directors should be appointed for a specific term. The Non-executive Directors of the Company (as well as all other Directors) are not appointed for a specific term, however, they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

Model Code for Securities Transactions by Directors

The Company has adopted a set of code of conduct on governing securities transactions by Directors (the “Code of Conduct”) on terms no less exacting than those set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have complied with the Code of Conduct throughout the six months ended 30 June 2021.

Changes in Directors’ Information

Changes in Directors’ information since the date of the 2020 Annual Report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Details of changes
Mr. Yan Jianguo	<ul style="list-style-type: none">• Ceased to be a non-executive director of China Overseas Grand Oceans Group Limited, shares of which are listed on the Stock Exchange, on 22 April 2021
Mr. Guo Guanghui	<ul style="list-style-type: none">• Appointed as a non-executive director of China Overseas Grand Oceans Group Limited with effect from 22 April 2021
Dr. Fan Hsu Lai Tai, Rita	<ul style="list-style-type: none">• Appointed as the non-official member of the Candidate Eligibility Review Committee with effect from 6 July 2021
Mr. Li Man Bun, Brian David	<ul style="list-style-type: none">• Appointed as an independent non-executive director of Guangdong Investment Limited, shares of which are listed on the Stock Exchange, with effect from 27 March 2021
Professor Chan Ka Keung, Ceajer	<ul style="list-style-type: none">• Ceased to be a non-executive director of the Hong Kong Mortgage Corporation Limited on 12 June 2021

Review of Interim Report by Audit and Risk Management Committee

The Audit and Risk Management Committee of the Company has reviewed the unaudited interim results of the Company for the six months ended 30 June 2021, and discussed with the Company’s management regarding risk management, internal control and other important matters.

[THIS PAGE IS INTENTIONALLY LEFT BLANK]



香港皇后大道東一號太古廣場三座十樓
10/F, Three Pacific Place
1 Queen's Road East, Hong Kong
電話 Tel : 2988 0666
傳真 Fax : 2865 7517
網頁 Website : www.coli.com.hk

