



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

Stock Code 股份代號: 00081

Interim Report **2022** 中期報告

凝心聚力  
Together 穩健前行  
We Advance



## 目錄

- 2 董事局及委員會
- 3 公司及股東資料
- 5 主席報告書
- 12 管理層討論及分析
- 26 簡明綜合收益表
- 27 簡明綜合全面收益表
- 28 簡明綜合財務狀況表
- 30 簡明綜合權益變動表
- 31 簡明綜合現金流量表
- 32 簡明財務報告附註
- 69 其他
- 69 中期股息及暫停辦理股份過戶登記手續
- 69 股本
- 69 證券交易的標準守則
- 70 董事及行政總裁之證券權益
- 72 主要股東之證券權益
- 74 企業管治
- 74 根據上市規則第13.21條作出之披露
- 76 董事資料變動
- 76 購回、出售或贖回本集團之上市證券
- 76 審核委員會審閱中期報告

## Contents

- 77 Board of Directors and Committees
- 78 Corporate and Shareholders' Information
- 80 Chairman's Statement
- 88 Management Discussion and Analysis
- 102 Condensed Consolidated Income Statement
- 103 Condensed Consolidated Statement of Comprehensive Income
- 104 Condensed Consolidated Statement of Financial Position
- 106 Condensed Consolidated Statement of Changes in Equity
- 107 Condensed Consolidated Statement of Cash Flows
- 108 Notes to the Condensed Financial Statements
- 145 Others
- 145 Interim Dividend and Closure of Register of Members
- 145 Share Capital
- 145 Model Code for Securities Transactions
- 146 Directors' and Chief Executive's Interests in Securities
- 148 Substantial Shareholders' Interests in Securities
- 150 Corporate Governance
- 150 Disclosure Pursuant to Rule 13.21 of the Listing Rules
- 152 Changes in Directors' Information
- 152 Purchase, Sale or Redemption of the Group's Listed Securities
- 152 Review of Interim Report by Audit Committee

# Board of Directors and Committees

## EXECUTIVE DIRECTORS

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

## NON-EXECUTIVE DIRECTORS

Guo Guanghui  
Yung Kwok Kee, Billy *Vice Chairman*

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## AUTHORIZED REPRESENTATIVES

Zhuang Yong  
Yang Lin

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

\* *Committee Chairman*

# Corporate and Shareholders' Information

## CORPORATE INFORMATION

### Registered Office

Suites 701–702, 7/F., Three Pacific Place  
1 Queen's Road East, Hong Kong  
Telephone : (852) 2988 0600  
Facsimile : (852) 2988 0606  
Website : www.cogogl.com.hk

## COMPANY SECRETARY

Anita Wong

## SHARE REGISTRAR

Tricor Standard Limited  
17/F., Far East Finance Centre  
16 Harcourt Road, Hong Kong  
Telephone : (852) 2980 1333  
Facsimile : (852) 2810 8185  
E-mail : is-enquiries@hk.tricorglobal.com

## AUDITOR

BDO Limited  
*Certified Public Accountants and  
Registered Public Interest Entity Auditor*

## PRINCIPAL BANKERS

### (In Alphabetical Order)

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

# Corporate and Shareholders' Information *(continued)*

## SHAREHOLDERS' INFORMATION

### Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

### Ordinary Shares (as at 30 June 2022)

Shares outstanding 3,423,359,841 shares

## STOCK CODE

### Shares

Stock Exchange : 00081

Bloomberg : 81:HK

Reuters : 0081.HK

## INVESTOR RELATIONS

Telephone : (852) 2988 0600

Facsimile : (852) 2988 0606

E-mail : [cogo.ir@cohl.com](mailto:cogo.ir@cohl.com)

## MEDIA ENQUIRY

Telephone : (852) 2988 0600

Facsimile : (852) 2988 0606

E-mail : [cogo.pr@cohl.com](mailto:cogo.pr@cohl.com)

## FINANCIAL CALENDAR

2022 interim results announcement	17 August 2022
Ex-dividend date	19 September 2022
Latest time to lodge transfer documents for registration with the Company's share registrar	At 4:30 p.m. on 20 September 2022
Closure of Register of Members	21 September 2022
Record date	21 September 2022
Despatch date of interim dividend warrants	19 October 2022

# Chairman's Statement

## INTRODUCTION

I am pleased to present the unaudited interim results review and outlook of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2022 (the "first half of 2022" or the "Period Under Review").

In the first half of 2022, the Group achieved a turnover of RMB29,796.1 million, an increase of 15.8% as compared to the corresponding period last year. Profit attributable to owners of the Company amounted to RMB2,449.9 million, a decrease of 9.3% as compared to the corresponding period last year. Basic earnings per share recorded a year-on-year decrease of 9.3% to RMB71.6 cents.

The board of directors of the Company, after prudent assessment of the overall performance and the liquidity requirements for future business development, gratefully declared an interim dividend of HK6 cents per share for the six months ended 30 June 2022, a year-on-year decrease of 25.0%.

## MARKET REVIEW

In the first half of 2022, the Federal Reserve further tightened its monetary policy as global inflationary pressure remained on the rise and the risk of stagflation in Europe and the United States is expected to increase and started to affect emerging countries. Meanwhile, affected by the conflict between Russia and Ukraine, global trade protectionism penetrated into three major sectors, namely manufacturing, energy and food, bringing more uncertainty to geopolitical and financial market stability.

In addition to the complex and challenging international environment, unexpected factors such as the continuous and sporadic outbreak of the COVID-19 pandemic dealt a heavy blow to the Chinese economy, significantly increasing the economic downward pressure in the second quarter. Through macroeconomic control and efficient epidemic prevention measures, the national economy stabilised and rebounded. With improvement in marginal production demand and basically stable market prices, people's livelihood was effectively guaranteed, while high-quality development persisted. In the first half of 2022, China's GDP grew by 2.5% year on year. In particular, the synergies in net exports, consumption and investment growth drove economic growth.

### MARKET REVIEW *(continued)*

In the first half of 2022, the real estate industry experienced unprecedented challenges and pessimistic sentiment overall extended from the second half of 2021. The real estate market had experienced a continuous downward trend and became gradually stable. With the Central Government and various authorities frequently sending positive signals on "stabilising the real estate segment", local authorities duly implemented "city-specific policies" and improved more than 500 real estate-related policies. The regulatory policies for the industry are continuously easing. Nevertheless, affected by the resurgent outbreaks of the pandemic in multiple parts of China, the social economy was greatly impacted. The increasing unemployment pressure and the lowered households' income expectations have dampened the interest on property purchases as many property buyers adopted a wait-and-see approach. At the same time, the confidence of property buyers wanes amid the financial turmoil of certain real estate companies.

During the Period Under Review, the sales of real estate companies were sluggish under the mounting sales pressure. According to the National Bureau of Statistics, the residential sales area dropped by 26.6% as compared to the corresponding period last year and residential sales declined by 31.8% year on year. Although the sales in May and June improved month on month, the overall market recovery was expected to last for some time to realise.

Since 2021, the growth rate of financing for real estate companies had been limited and their channels of financing had been reduced with the implementation of the "three red lines" policy. Some companies experienced heavy debts due. Together with the decline in sales, and the slower-than-expected cash collection rate during the Period Under Review, some real estate companies were exposed to cash flow risk and were requesting for debt extension or declared default.

In the first half of 2022, under sluggish sales, shortfall of funds and resurgent pandemic, the willingness of real estate companies to invest and commence construction was also affected. According to the National Bureau of Statistics, the residential investment in China decreased by 4.5% year on year to RMB5.18 trillion. Furthermore, the residential construction area decreased by 2.9% year on year to 5,994 million square metres ("sq. m.") and the new construction area of residential buildings decreased by 35.4% year on year to 488 million sq.m..

# Chairman's Statement *(continued)*

## MARKET REVIEW *(continued)*

During the Period Under Review, the 22 cities under the "Two Concentrations on Land Supply" policy completed the first round of land supply. Due to the weak sentiment of the land auction market and effect of the pandemic, some cities adjusted the timing of land sales for the year into four batches, resulting in a significant downsizing of the first-round land supply as compared to the corresponding period in 2021. Due to market downturn and tight credit, real estate companies tended to adopt a more cautious approach towards land acquisition. Over 60% of the top 100 real estate companies did not acquire any land. The transaction volume, transaction price and premium rate of the overall land market across China all dropped year on year, and even dropped drastically as compared to the second half of 2021.

## BUSINESS REVIEW

The Group maintained steady operations throughout the first half of 2022. While reacting swiftly to market downturns, the Group took a flexible approach to unexpected events and seized opportunities when they arose.

During the Period Under Review, the Group made flexible adjustments to its supplies based on market changes in light of the market downturn and the resurgent pandemic outbreaks. The Group together with its associates and joint ventures (collectively the "Group Series of Companies") achieved contracted sales of RMB20,816.6 million, a decrease of 51.9% as compared to the corresponding period last year. The contracted area was 1.99 million sq.m., a decrease of 37.5% year on year and the average residential property sales price was about RMB12,000 per sq.m.. As at the end of the Period Under Review, the property subscription sales amounted to RMB921 million, with a contracted area of 69,400 sq.m. in aggregate.

During the Period Under Review, the Group maintained a stable market share in 40 cities in which it operated despite sluggish sales in the market. The Group ranked top three in 16 cities in terms of sales. In particular, the Group ranked first in six cities, namely Yinchuan, Taizhou, Jilin, Tangshan, Anqing and Yancheng, an addition of three cities as compared to 2021.



### **BUSINESS REVIEW** *(continued)*

By seizing the opportunities for land acquisition and expanding land acquisition channels, as well as boosting the overall project return, the Group replenished its quality land bank at reasonable prices. In the first half of 2022, the Group Series of Companies acquired nine projects in total through mergers and acquisitions and public bidding, auction and listing, adding attributable gross floor area of around 1.08 million sq.m. with attributable land cost of around RMB5,465.9 million.

As of 30 June 2022, the gross floor area of the total land bank of the Group Series of Companies was 27.34 million sq.m., of which 23.54 million sq.m. were attributable to the Group.

During the Period Under Review, the Group persisted its primary goal of "guaranteeing the delivery of property, people's livelihood and stability". The progresses of 100 projects under construction in China were on schedule, with a real-time construction area of more than 18 million sq.m.. The Group's delivery capability was also well recognised by the market. In the first half of 2022, the total area completed for occupation was 3.46 million sq.m., an increase of 3.2% as compared to the corresponding period last year. The number of units occupied was about 21,800 and there were no overdue on contracted property deliveries. Customer satisfaction rating was 88%, leading its industry peers.

During the Period Under Review, the Group strengthened its operating cash flow management to reduce operational risks and improve the efficiency of capital use. At the same time, the Group optimised its debt structure by capturing the opportunities for financing. Cash and bank balances plus restricted cash and deposits totalled over RMB30 billion. None of the "three red lines" was breached and the weighted average financing cost remained at an industry low of 3.9%. As China encouraged high-quality real estate companies to take over and acquire the projects of struggling real estate companies, the Group successfully obtained a seven-year merger and acquisition loan at an interest rate of 3.7% per annum.

# Chairman's Statement *(continued)*

## PROSPECTS

Real estate is the largest sector in the Chinese economy, making real estate companies an important driving force for local economic growth. Meanwhile, the property assets of urban households account for about 70% of the total wealth of Chinese residents. The virtuous cycle and healthy development of the real estate industry thus have a significant and systematic impact on China's economic development and financial risk prevention.

Under the keynote of the "properties are for accommodation, not for speculation" policy, the Central Government continues to optimise and adhere to the long-term industry policies. It implements policies according to specific situation of different cities so as to stabilise land prices, property prices and expectations, without using real estate as a short-term tool or means to boost the economy. During the "14th Five-Year Plan" period, China is still in a period of rapid urbanisation with strong momentum. The urbanisation rate of permanent residents in China will increase steadily. The rigid and improved housing demand in cities will continue to be unleashed.

Although the real estate sector has not yet fully recovered, it is expected that in the second half of 2022, China's economy will regain its positive momentum after recovering from the pandemic. The Central Government will be rolling out easing measures and there will be further room for doing so. Real estate related policies will be gradually paying off. The confidence in property sector will gradually improve and the real estate industry will enter the path of steady development.

Being a nationwide real estate development company focusing on second-, third- and fourth-tier cities, the Group finds both challenges and opportunities in the current profound changes of the real estate industry. Under the predicament, those who know about the game and those who make a solution can survive but the ultimate winner will be those who are in control of the game.

The "14th Five-Year" strategic development strategy of "One Body with Two Wings" proposed by the Group centres on residential property business, aiming at the orderly development and operation of its commercial and small town businesses, as well as the steady development of its innovative businesses such as low-carbon technology. The Group has also put forward the "14th Five-Year" strategic goals, striving to shape itself into the brand new "Valuable, High-quality and Happy COGO" that focuses on value creation.

### PROSPECTS *(continued)*

In the face of the complex and volatile market situation and the increasingly prominent urban differentiation, the Group will target only quality investments and cultivate the urban markets where it operates, while seizing investment opportunities when they arise. Utilising its diversified land acquisition channels, the Group has established a presence in premium cities in urban clusters and metropolitan areas such as Beijing-Tianjin-Hebei, Yangtze River Delta and the Greater Bay Area. The Group also closely monitors the market for merger and acquisition opportunities with great development potential.

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

The Group has been adopting a sound and prudent approach in financial management under the industry's downward cycle and volatile financial market conditions. The Group will continue to enhance its cash flow management, cost and risk control capabilities to reduce costs and increase efficiency. By closely monitoring the financial returns and cash collections of property projects, the Group ensures that the progress of development and investment is in line with its business plan. The Group regularly reviews its debt structure and financing costs to ensure that it has sufficient cash on hand to maintain a healthy financial position and does not breach the "three red lines" policy.

## Chairman's Statement *(continued)*

### **PROSPECTS** *(continued)*

Talents are essential for the success and sustainable development of an enterprise. The Group is committed to nurturing high-potential employees through its talent development plan, thus building up strength for the Group's rapid development. Meanwhile, the Group actively seeks talents in the open market, offering competitive remunerations and benefits with development opportunities.

Business operation is like a chess game where we are constantly looking for ways to win the game under market changes beyond our control. While it is sometimes essential to follow industry norms, sometimes smart and surprising moves are needed to promote high-quality, sustainable and healthy development of a company.

## Chairman's Statement *(continued)*

### APPRECIATION

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

### **Zhuang Yong**

*Chairman and Executive Director*

Hong Kong, 17 August 2022

# Management Discussion and Analysis

## REVENUE AND OPERATING RESULTS

In the first half of 2022, with the increasing global inflation pressure, the Federal Reserve of the United States further tightened the monetary policies. Coupled with the impact of the conflict between Russia and Ukraine, the international environment became complex and challenging. Facing an unexpected challenge on the widespread outbreak of coronavirus pandemic, the economy of Mainland China was under considerable downward pressure. Some real estate enterprises have encountered cash flow problems, which led to the suspension of construction and even non-performance of handover for certain property projects which were already on pre-sale stage. This further aggravated the market's wait-and-see sentiment. Coupled with the outbreak of pandemic in multiple cities during the first half of the year, the prevention and control policies have tightened, which posed a negative effect on the contracted sales. The real estate industry has experienced an unprecedented challenge.

On the other hand, in the first half of the year, favourable policies for the industry were frequently introduced. Mortgage interest rates were lowered and restrictions on property purchases and sales were relaxed. The central government and various bureaus frequently released positive signals to support the stability of the real estate industry and city-specific policies have been fully implemented locally. The environment on industrial policies has entered an easing cycle.

Facing the challenging market situation in the first half of 2022, the Group seized the opportunity to closely monitor the market and analyze the sales rhythm of various cities. While the proper work on pandemic prevention and control was in force simultaneously, raising sales was a race against time. For the six months ended 30 June 2022, the Group Series of Companies recorded contracted property sales of RMB20,816.6 million (the corresponding period in 2021: RMB43,287.3 million), representing a decrease of 51.9% against the corresponding period last year, in which, an amount of RMB1,638.8 million (the corresponding period in 2021: RMB1,128.6 million) was contributed by associates and joint ventures for the period. Besides, through management of construction procedures, the Group ensured the development progress and the handover schedule of the property projects were on track. Contracted property sales attributable to the Group amounted to RMB18,308.7 million for the period (the corresponding period in 2021: RMB39,419.9 million). For the six months ended 30 June 2022, the Group recorded revenue of RMB29,796.1 million (the corresponding period in 2021: RMB25,737.7 million), representing an increase of 15.8% against the corresponding period last year. Gross profit for the period was RMB5,477.0 million (the corresponding period in 2021: RMB6,062.9 million), representing a decrease of 9.7% against the corresponding period last year. The overall gross profit margin for the period was 18.4% (the corresponding period in 2021: 23.6%).

# Management Discussion and Analysis *(continued)*

## REVENUE AND OPERATING RESULTS *(continued)*

In terms of expenses, distribution and selling expenses for the period increased by RMB50.7 million against the corresponding period last year to RMB756.2 million (the corresponding period in 2021: RMB705.5 million). With a view to boosting the sales momentum in the midst of the cautious wait-and-see market sentiment in the first half of the year, the ratio of distribution and selling expenses to the Group's contracted property sales increased moderately to 3.9% for the period and the ratio of such expenses to the Group's revenue dropped from 2.7% for the corresponding period last year to 2.5% for the period. In addition, administrative expenses for the period slightly increased by RMB1.7 million against the corresponding period last year to RMB539.7 million (the corresponding period in 2021: RMB538.0 million). The Group maintained stringent cost control while its operating scale is gradually expanding. Therefore, the ratio of the administrative expenses to revenue dropped from 2.1% for the corresponding period last year to 1.8% for the period.

Driven mainly by a decline in gross profit, operating profit for the period amounted to RMB4,538.6 million (the corresponding period in 2021: RMB5,111.1 million), representing a decrease of 11.2% against the corresponding period last year.

The total interest expense for the period increased by RMB330.7 million against the corresponding period last year to RMB1,151.2 million (the corresponding period in 2021: RMB820.5 million), which was mainly due to the increase in interest-bearing amounts due to business partners from non-wholly-owned investment projects against the corresponding period last year, resulting in an increase of accrued interest of RMB207.4 million during the period. Finance costs, after capitalization of RMB1,127.1 million (the corresponding period in 2021: RMB798.1 million) to the on-going property development projects, was RMB24.1 million (the corresponding period in 2021: RMB22.4 million) for the period.

Currently, the property projects held by the Group through associates and joint ventures are in the development stage and the progress is in line with the expectation. It is anticipated that they could make contribution to the Group's profit in the coming future. Share of loss of associates for the period amounted to RMB3.6 million (the corresponding period in 2021: RMB0.3 million), while the share of profit of joint ventures for the period amounted to RMB0.9 million (the corresponding period in 2021: RMB6.4 million).

# Management Discussion and Analysis *(continued)*

## REVENUE AND OPERATING RESULTS *(continued)*

Income tax expense comprised enterprise income tax and land appreciation tax. Income tax expense for the period decreased by RMB268.6 million to RMB1,834.9 million (the corresponding period in 2021: RMB2,103.5 million) as compared with the corresponding period last year, mainly due to the decrease in operating profit for the period. The effective tax rate for the period was 40.7% (the corresponding period in 2021: 41.3%), which maintained at a similar level when compared to the corresponding period last year.

For the six months ended 30 June 2022, profit attributable to owners of the Company amounted to RMB2,449.9 million (the corresponding period in 2021: RMB2,700.1 million), representing a decrease of 9.3% against corresponding period last year.

## LAND BANK

The management believes that a sizable and high-quality land bank can ensure the sustainable growth of the Group's business and is also one of the most important assets to a property developer. During the first half of the year, in response to the challenging market environment, the Group acquired land parcels at reasonable prices and prudently assessed the market situation to enhance the quality of land bank in a sustainable manner. During the six months ended 30 June 2022, the Group Series of Companies acquired six parcels of land at an aggregate consideration of RMB5,108.3 million with gross floor area of approximately 1,014,400 sq.m., of which approximately 934,200 sq.m. was attributable to the Group (including the interests in associates and joint ventures).

In addition, by further including the acquisitions of additional partial equity interests in respect of the development projects of three plots of land situated in Jinhua and Xuzhou by the Group in January 2022, the total acquired gross floor area attributable to the Group during the period amounted to approximately 1,084,300 sq.m. with a total attributable consideration of RMB5,465.9 million.



## Management Discussion and Analysis *(continued)*

### LAND BANK *(continued)*

The table below shows the details of land parcels acquired during the six months ended 30 June 2022:

No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
1	Shantou	Longhu District Project (The Peninsula)	100%	286,800
2	Yinchuan	Jinfeng District Project #1 (Gorgeous Mansion)	100%	133,900
3	Nantong	Chongchuan District Project (Hills Scenery)	60%	200,300
4	Yinchuan	Jinfeng District Project #2 (Glory Mansion)	100%	190,100
5	Nanning	Liangqing District Project	100%	123,700
6	Nanning	Qingxiu District Project	100%	79,600
<b>Total</b>				<b>1,014,400</b>

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

As at 30 June 2022, the gross floor area of total land bank of the Group Series of Companies in Mainland China reached 27,336,000 sq.m. (31 December 2021: 29,768,900 sq.m.), of which 2,148,200 sq.m. (31 December 2021: 2,319,700 sq.m.) was held by associates and joint ventures collectively. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) was 23,541,600 sq.m. (31 December 2021: 25,530,700 sq.m.). The Group Series of Companies held a land bank distributed in 39 cities as at 30 June 2022.

# Management Discussion and Analysis *(continued)*

## SEGMENT INFORMATION

### Property Sales and Development

For the six months ended 30 June 2022, contracted property sales of the Group Series of Companies amounted to RMB20,816.6 million (the corresponding period in 2021: RMB43,287.3 million), representing a decrease of 51.9% against the corresponding period last year. The contracted area sold was 1,992,100 sq.m. (the corresponding period in 2021: RMB3,185,500 sq.m), representing a decrease of 37.5% against the corresponding period last year. Of the contracted property sales, RMB1,638.8 million for an aggregated contracted area of 124,700 sq.m. (the corresponding period in 2021: contracted property sales amounted to RMB1,128.6 million for contracted area of 60,100 sq.m.) was contributed from associates and joint ventures. Besides, as at 30 June 2022, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB921.0 million for an aggregated contracted area of 69,400 sq.m..

Contracted property sales from major projects during the six months ended 30 June 2022:

City	Name of project	Contracted	
		Area (sq.m.)	Amount (RMB Million)
Yinchuan	Patrimonial Mansion/International Community/Master Mansion/ The Royal Peninsula	293,644	2,714.6
Quanzhou	Elegance Mansion	130,717	1,944.4
Hefei	Central Park/Halo Park/Vitality City/ Central Mansion	74,887	1,208.3
Tangshan	The Pogoda/Maple Palace	54,088	970.4
Jinhua	The Halo*/Central Mansion/Central Park	52,146	943.5
Shantou	The Rivera North City/Platinum Mansion/ La Cite/The Rivera East City/ Golden Coast/Guan Lan Fu	84,247	883.6
Taizhou	Jinmao Palace*/Graceful Mansion/ Royal Mansion/Gorgeous Mansion*	50,463	847.3
Lanzhou	La Cite/China Overseas Platinum Garden/ China Overseas Platinum Pleas Mansion	64,734	839.4

## Management Discussion and Analysis *(continued)*

### SEGMENT INFORMATION *(continued)*

#### Property Sales and Development *(continued)*

Contracted property sales from major projects during the six months ended 30 June 2022: *(continued)*

City	Name of project	Contracted	
		Area (sq.m.)	Amount (RMB Million)
Nantong	Jade Park	38,597	820.0
Huizhou	Sage Mansion <sup>^</sup> /Riverview Mansion/ Huizhou Tangquan/Glorious Palace/ Megacity Times	53,784	686.9
Yancheng	Gorgeous Mansion/Haifu Garden <sup>^</sup> / Mansion One	63,326	611.7
Hohhot	Zhonghai Zhen Ru Fu/ Zhonghai He Shan Guan Lan/ Zhonghai He Shan Sheng Jing/ Zhonghai He Shan Ya Song	53,193	580.8
Anqing	The Metropolis	55,189	518.0
Changzhou	Jiang Nan Mansion	35,613	455.7
Weinan	The Crown/Master Mansion	95,254	453.0
Xuzhou	Lake City Mansion/Future Land/Upper East	35,909	449.9
Yangzhou	La Rive Gauche/The Paragon	33,022	378.9
Zhanjiang	We Love City*/ Jindi Zhonghai Jincheng Garden*	33,855	368.5
Qingyuan	One Lake Vision	42,790	334.4
Baotou	Wang Jing Mansion/PT Hyatt	36,980	324.1
Zhuzhou	Zhonghai Xue Fu Li/ International Community	40,944	322.1
Xining	Elite Palace/Mountain and Lake	39,893	319.5
Zunyi	New City of China/The Central Mansion	38,281	279.1
Zhenjiang	Epochal Mansion/Zhenru Mansion	23,544	277.6
Weifang	Royal Villa	29,322	202.9

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

<sup>^</sup> These projects are held by the associates of the Group

# Management Discussion and Analysis *(continued)*

## SEGMENT INFORMATION *(continued)*

### Property Sales and Development *(continued)*

Progress for all development projects was satisfactory and largely in line with the construction programs. During the period, gross floor area of 3,457,900 sq.m. (the corresponding period in 2021: 3,350,900 sq.m.) of the Group's construction sites were completed for handover and of which, about 86% (the corresponding period in 2021: 96%) were sold out by period end.

For the six months ended 30 June 2022, the recognized revenue of the Group for this segment was RMB29,681.2 million (the corresponding period in 2021: RMB25,613.7 million), representing an increase of 15.9% against the corresponding period last year. The revenue for the current period was mainly recognized from the sales of high-rise residential projects.

For the six months ended 30 June 2022, the cost of sales of this segment included a write-down of inventories of properties of RMB229.6 million. The Group performed a review based on the latest market conditions and made such provision for impairment of inventories of properties whose net realisable value was lower than cost. The Group estimated the net realisable value of inventories of properties mainly based on the latest selling prices and current market conditions.

Due to the higher gross profit margin of projects recognized in corresponding period last year and the recognition of write-down of inventories of properties as aforesaid, the gross profit margin of this segment narrowed to approximately 18.1% (the corresponding period in 2021: 23.3%) when compared to corresponding period last year.

# Management Discussion and Analysis *(continued)*

## SEGMENT INFORMATION *(continued)*

### Property Sales and Development *(continued)*

Recognized revenue from major projects during the six months ended 30 June 2022:

City	Name of project	Contracted	
		Area (sq.m.)	Amount (RMB Million)
Yangzhou	Upper East/Gorgeous Mansion/ La Rive Gauche	252,409	3,568.7
Hohhot	The Premier Mansion/ Zhonghai He Shan Yuan Zhu/ Zhonghai He Shan Ya Song	277,415	3,442.7
Hefei	Central Mansion	147,462	3,164.5
Shantou	The Rivera/Platinum Mansion/ Golden Coast	268,900	2,881.9
Yinchuan	International Community/ The Royal Peninsula	329,776	2,523.4
Nantong	Jade Park	89,795	2,209.9
Changzhou	Clouds Fairyland/Hai Hua Garden	106,033	1,832.7
Shaoxing	Central Mansion	65,840	1,812.1
Jilin	Glorioushire	189,061	1,161.0
Taizhou	Central Mansion	73,181	983.8
Lanzhou	China Overseas Platinum Garden/ China Overseas Platinum Pleas ed Mansion	80,422	943.9
Jiujiang	Central Mansion	74,794	845.2
Nanning	Harrow Community/Celestial Heights	64,204	761.8
Yancheng	The Central Mansion	30,366	719.7

The Group jointly developed new property development projects with reliable business partners under the business model of associates and joint ventures. The Group's share of net loss from the associates and joint ventures included in the segment result for the period amounted to RMB3.8 million (the corresponding period in 2021: net profit of RMB3.8 million).

Overall, the segment profit for the period was recorded at RMB4,468.4 million (the corresponding period in 2021: RMB5,047.1 million).

# Management Discussion and Analysis *(continued)*

## SEGMENT INFORMATION *(continued)*

### Property Sales and Development *(continued)*

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

<b>City</b>	<b>Name of project</b>	<b>Commenced by</b>
Xuzhou	Upper East	February
Huizhou	Huizhou Tangquan	March
Yinchuan	Master Mansion	March
Zunyi	New City of China	April
Chuzhou	Royal Mansion	June
Lanzhou	China Overseas Platinum Garden	June
Shantou	Guan Yun Fu	June
Shantou	The Peninsula	June
Yinchuan	Glory Mansion	June
Zibo	Jade Park <sup>^</sup>	June

<sup>^</sup> The project is held by an associate of the Group

As at 30 June 2022, the gross floor area of properties under construction and stock of completed properties of the Group and its associates and joint ventures amounted to 18,775,600 sq.m. (31 December 2021: 20,803,600 sq.m.) and 1,781,700 sq.m. (31 December 2021: 1,413,400 sq.m.) respectively, totaling 20,557,300 sq.m. (31 December 2021: 22,217,000 sq.m.). Properties with gross floor area of 8,248,300 sq.m. (31 December 2021: 9,133,700 sq.m.) had been contracted for sales and were pending for completion of the transactions upon handover.

### Property Leasing

In respect of the business of property leasing, the majority of the investment properties of the Group were leased out to China Overseas Land & Investment Limited (“COLI”) entirely. The Group keeps a corporate strategic development plan to maintain a portfolio of high-quality investment properties to provide a stable income stream for the Group. For the six months ended 30 June 2022, rental income amounted to RMB110.6 million (the corresponding period in 2021: RMB116.6 million).

# Management Discussion and Analysis *(continued)*

## SEGMENT INFORMATION *(continued)*

### Property Leasing *(continued)*

The Group holds 65% of equity interests of the scientific research office building in Zhang Jiang High-tech Zone in Shanghai and it has been leased out to COLI as a whole. The Group's share of profit from the joint venture for the period, which holds the above research office building, was RMB1.1 million (the corresponding period in 2021: RMB2.3 million) and included in the segment result for the period.

Overall, the segment profit for the period decreased by RMB23.0 million against the corresponding period last year to RMB83.7 million (the corresponding period in 2021: RMB106.7 million), which was mainly driven by the inclusion of a fair value gain on investment properties of RMB20.0 million in the segment result for the corresponding period last year and the impact of repeated outbreak of pandemic and the government policies on rental concession during the period.

## FINANCIAL RESOURCES AND LIQUIDITY

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

As at 30 June 2022, net working capital of the Group amounted to RMB66,026.0 million (31 December 2021: RMB63,056.2 million), with a current ratio of 1.6 (31 December 2021: 1.5).

During the six months ended 30 June 2022, the Group secured new credit facilities of RMB10,967.7 million from the leading financial institutions. After taking into account drawdowns of RMB9,653.4 million, repayment of loans of RMB7,634.1 million and increase of RMB638.2 million due to translation of Hong Kong Dollar ("HKD") loan during the period, total bank and other borrowings (excluding the guaranteed notes payable of RMB3,437.9 million) increased by RMB2,657.5 million as compared to the end of last year to RMB44,593.5 million (31 December 2021: RMB41,936.0 million).

# Management Discussion and Analysis *(continued)*

## FINANCIAL RESOURCES AND LIQUIDITY *(continued)*

The total bank and other borrowings included RMB loans of RMB30,037.8 million (31 December 2021: RMB28,151.3 million) and HKD loans of HK\$17,020.0 million (equivalent to RMB14,555.7 million) (31 December 2021: HK\$16,860.0 million <equivalent to RMB13,784.7 million>). As at 30 June 2022, interests of borrowings amounted to RMB5,090.0 million (31 December 2021: RMB4,910.0 million) were charged at fixed interest rates ranging from 4.15% to 5.23% (31 December 2021: 4.15% to 5.23%) per annum, while the remaining borrowings of RMB39,503.5 million (31 December 2021: RMB37,026.0 million) were charged at floating interest rates with a weighted average of 3.88% (31 December 2021: 3.72%) per annum. About 32.3% (31 December 2021: 30.5%) of bank and other borrowings is repayable within one year.

In respect of guaranteed notes, the total amortized cost payable amounted to RMB3,437.9 million as at 30 June 2022 (31 December 2021: RMB3,286.0 million).

As at 30 June 2022, the weighted average interest rate for the total borrowing (including guaranteed notes payable) of the Group was 3.89% per annum, which slightly increased from 3.77% per annum as at 31 December 2021. The increase was mainly due to the increase in Hong Kong Interbank Offered Rate (“HIBOR”) during the period, resulting in the increase in borrowing cost for HKD loan of the Group.

For certain non-wholly-owned investment projects, the Group and its business partners have to finance the projects in proportion to their equity interests, including in form of the interest-bearing amounts due to non-controlling interests. As at 30 June 2022, the interest-bearing amounts due to non-controlling interests was RMB2,633.5 million (31 December 2021: RMB2,765.8 million) with fixed interest rate ranging from 4.75% to 8.00% (31 December 2021: 4.75% to 8.00%).

Sales deposits collection from properties sales remained satisfactory during the period. Cash and bank balances plus restricted cash and deposits were at a total of RMB30,497.0 million (31 December 2021: RMB32,492.4 million), decreased by RMB1,995.4 million against the last year end. Of which, 99.0% (31 December 2021: 99.5%) is denominated in RMB while the remaining are in HKD and United States Dollar (“USD”).



# Management Discussion and Analysis *(continued)*

## FINANCIAL RESOURCES AND LIQUIDITY *(continued)*

As at 30 June 2022, the net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including the guaranteed notes payable, net of cash and bank balances and restricted cash and deposits) to total equity, was 46.9% (31 December 2021: 35.6%). The management closely monitors the financial position of the Group to ensure healthy development of the operation scale and business.

Besides, according to the Three Red Lines real estate financial supervision policy in Mainland China, as at 30 June 2022, the liabilities-to-assets ratio (excluding receipts in advances) was 68.2% (31 December 2021: 69.4%), net gearing ratio was 46.9% (31 December 2021: 35.6%) and cash-to-short-term debt ratio was 1.4 times (31 December 2021: 1.6 times). Therefore, the Group did not breach any of the red lines and maintained as a Green Category enterprise.

Taking into consideration of the unutilized bank credit facilities available to the Group of RMB10,437.6 million (31 December 2021: RMB10,342.6 million), the Group's total available funds (including restricted cash and deposits of RMB10,718.7 million <31 December 2021: RMB12,616.3 million>) reached RMB40,934.6 million as at 30 June 2022 (31 December 2021: RMB42,835.0 million).

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

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

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

# Management Discussion and Analysis *(continued)*

## FOREIGN EXCHANGE EXPOSURE

As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings in RMB for its property development business in Mainland China, the management considered a natural hedge mechanism existed in those operations. As at 30 June 2022, about 63% and 37% (31 December 2021: 62% and 38%) of the Group's total borrowings (including the guaranteed notes) were denominated in RMB and HKD/USD respectively. Hence, taking into account of the debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

The exchange rate of RMB to HKD depreciated by approximately 4.4% during the period and accordingly, the net asset value of the Group decreased by RMB797.4 million which arose from currency translation.

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

## COMMITMENTS AND GUARANTEE

As at 30 June 2022, the Group had commitments totaling RMB26,109.4 million (31 December 2021: RMB28,521.1 million) which mainly related to land premium, property development and construction works. In addition, the Group issued guarantees to banks totaling RMB35,372.1 million (31 December 2021: RMB38,723.1 million) for facilitating end-user mortgages in connection with its property sales in Mainland China as a usual commercial practice and for a credit facility granted to a joint venture.

# Management Discussion and Analysis *(continued)*

## **CAPITAL EXPENDITURE AND CHARGES ON ASSETS**

The Group had capital expenditures totaling RMB13.2 million (the corresponding period in 2021: RMB29.3 million) during the period, mainly included additions of investment properties, right-of-use assets, motor vehicles and furniture, fixtures and office equipment.

On the other hand, as at 30 June 2022, certain properties in Mainland China with aggregate carrying value of RMB10,755.2 million (31 December 2021: RMB7,935.4 million) were pledged to obtain RMB3,242.2 million (31 December 2021: RMB2,187.3 million) of secured borrowings from certain banks in Mainland China for the property development projects.

## **EMPLOYEES**

As at 30 June 2022, the Group has 3,176 employees (31 December 2021: 3,505). The total staff costs incurred for the period was approximately RMB601.4 million (the corresponding period in 2021: RMB545.5 million). The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market condition. Discretionary bonus was paid to employees based on individual performance. Different trainings and development opportunities continued to be offered to enhance employees' capabilities to meet the pace of business growth.

## Condensed Consolidated Income Statement

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2022 and the comparative figures for the corresponding period in 2021 are as follows:

	Notes	Six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>Revenue</b>	4	<b>29,796,142</b>	25,737,715
Cost of sales and services provided		<b>(24,319,114)</b>	(19,674,863)
Gross profit		<b>5,477,028</b>	6,062,852
Other income	6	<b>384,349</b>	198,175
Distribution and selling expenses		<b>(756,200)</b>	(705,465)
Administrative expenses		<b>(539,746)</b>	(537,984)
Other operating expenses		<b>(26,813)</b>	(7,130)
Other gains			
Fair value gain on reclassification of inventories of properties to investment properties	12	–	80,683
Fair value gain on investment properties		–	20,000
<b>Operating profit</b>		<b>4,538,618</b>	5,111,131
Finance costs	7	<b>(24,120)</b>	(22,350)
Share of results of associates		<b>(3,624)</b>	(340)
Share of results of joint ventures		<b>878</b>	6,407
<b>Profit before income tax</b>	8	<b>4,511,752</b>	5,094,848
Income tax expense	9	<b>(1,834,869)</b>	(2,103,492)
<b>Profit for the period</b>		<b>2,676,883</b>	2,991,356
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>2,449,936</b>	2,700,143
Non-controlling interests		<b>226,947</b>	291,213
		<b>2,676,883</b>	2,991,356
		<b>RMB Cents</b>	RMB Cents
<b>Earnings per share</b>	11		
Basic		<b>71.6</b>	78.9
Diluted		<b>71.6</b>	78.9

## Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>Profit for the period</b>	<b>2,676,883</b>	2,991,356
<b>Other comprehensive income</b> <i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising from translation into presentation currency	(797,385)	203,370
<b>Other comprehensive income for the period, net of tax</b>	<b>(797,385)</b>	203,370
<b>Total comprehensive income for the period</b>	<b>1,879,498</b>	3,194,726
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	1,652,551	2,903,513
Non-controlling interests	226,947	291,213
	<b>1,879,498</b>	3,194,726

# Condensed Consolidated Statement of Financial Position

		<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
	Notes		
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Investment properties	12	<b>3,990,235</b>	3,978,235
Property, plant and equipment	13	<b>805,406</b>	839,080
Right-of-use assets		<b>260,723</b>	256,478
Interests in associates		<b>159,497</b>	277,416
Interests in joint ventures		<b>931,323</b>	908,170
Financial assets at fair value through other comprehensive income		<b>1,000</b>	1,000
Deferred tax assets		<b>1,738,873</b>	1,883,460
		<b>7,887,057</b>	8,143,839
<b>Current assets</b>			
Inventories of properties		<b>135,846,035</b>	136,371,481
Other inventories		<b>7,712</b>	11,309
Contract assets		<b>144,524</b>	153,582
Trade and other receivables, prepayments and deposits	14	<b>9,170,701</b>	15,076,202
Amounts due from associates		<b>993,883</b>	994,964
Amounts due from joint ventures		<b>474,383</b>	752,391
Amounts due from non-controlling interests		<b>2,563,040</b>	2,215,461
Tax prepaid		<b>2,342,245</b>	2,574,823
Restricted cash and deposits		<b>10,718,687</b>	12,616,346
Cash and bank balances		<b>19,778,358</b>	19,876,023
		<b>182,039,568</b>	190,642,582
<b>Current liabilities</b>			
Trade and other payables	15	<b>19,076,941</b>	19,928,604
Contract liabilities		<b>72,336,424</b>	81,803,731
Amounts due to associates		<b>2,069</b>	2,069
Amounts due to joint ventures		<b>145,328</b>	84,928
Amounts due to non-controlling interests		<b>5,401,148</b>	5,510,332
Amounts due to related companies		<b>186,119</b>	186,119
Lease liabilities		<b>14,912</b>	14,534
Taxation liabilities		<b>4,465,964</b>	7,282,145
Borrowings	16	<b>14,384,704</b>	12,773,873
		<b>116,013,609</b>	127,586,335
<b>Net current assets</b>		<b>66,025,959</b>	63,056,247
<b>Total assets less current liabilities</b>		<b>73,913,016</b>	71,200,086

## Condensed Consolidated Statement of Financial Position *(continued)*

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
<b>Non-current liabilities</b>			
Borrowings	16	30,208,787	29,162,103
Lease liabilities		36,481	28,199
Guaranteed notes payable	17	3,437,851	3,286,018
Amount due to a related company		75,026	75,026
Deferred tax liabilities		2,753,721	2,892,481
		<b>36,511,866</b>	35,443,827
<b>Net assets</b>		<b>37,401,150</b>	35,756,259
<b>Capital and reserves</b>			
Share capital	18	5,579,100	5,579,100
Reserves		24,224,321	23,148,789
Equity attributable to owners of the Company		29,803,421	28,727,889
Non-controlling interests		7,597,729	7,028,370
<b>Total equity</b>		<b>37,401,150</b>	35,756,259

# Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Translation reserve RMB'000	Assets revaluation reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000		
At 1 January 2021 (Audited)	5,579,100	173,427	30,075	1,552,837	16,797,786	24,133,225	3,103,157	27,236,382
Profit for the period	-	-	-	-	2,700,143	2,700,143	291,213	2,991,356
Exchange differences arising from translation into presentation currency	-	203,370	-	-	-	203,370	-	203,370
<b>Total comprehensive income for the period</b>	-	203,370	-	-	2,700,143	2,903,513	291,213	3,194,726
Contributions from non-controlling interests	-	-	-	-	-	-	164,836	164,836
2020 final dividend approved (note 10)	-	-	-	-	(782,758)	(782,758)	-	(782,758)
Transactions with owners	-	-	-	-	(782,758)	(782,758)	164,836	(617,922)
At 30 June 2021 (Unaudited)	5,579,100	376,797	30,075	1,552,837	18,715,171	26,253,980	3,559,206	29,813,186

	Attributable to owners of the Company						Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Translation reserve* RMB'000	Assets revaluation reserve* RMB'000	Statutory reserve* RMB'000	Retained profits* RMB'000	Total RMB'000		
At 1 January 2022 (Unaudited)	5,579,100	728,746	30,075	2,114,363	20,275,605	28,727,889	7,028,370	35,756,259
Profit for the period	-	-	-	-	2,449,936	2,449,936	226,947	2,676,883
Exchange differences arising from translation into presentation currency	-	(797,385)	-	-	-	(797,385)	-	(797,385)
<b>Total comprehensive income for the period</b>	-	(797,385)	-	-	2,449,936	1,652,551	226,947	1,879,498
Contributions from non-controlling interests	-	-	-	-	-	-	17,500	17,500
Dividends attributable to non-controlling interests	-	-	-	-	-	-	(174,000)	(174,000)
Acquisition of a subsidiary (note 19)	-	-	-	-	-	-	128,207	128,207
Acquisitions of non-controlling interests in subsidiaries (note 21(a))	-	-	-	-	299,427	299,427	(362,581)	(63,154)
Dilution of interests in subsidiaries (note 21(b))	-	-	-	-	1,714	1,714	733,286	735,000
2021 final dividend approved (note 10)	-	-	-	-	(878,160)	(878,160)	-	(878,160)
<b>Transactions with owners</b>	-	-	-	-	(577,019)	(577,019)	342,412	(234,607)
At 30 June 2022 (Unaudited)	5,579,100	(68,639)	30,075	2,114,363	22,148,522	29,803,421	7,597,729	37,401,150

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



# Condensed Consolidated Statement of Cash Flows

		Six months ended 30 June	
		2022	2021
	Notes	(Unaudited) RMB'000	(Unaudited) RMB'000
<b>Net cash from/(used in) operating activities</b>		<b>85,444</b>	<b>(3,944,040)</b>
<b>Investing activities</b>			
Additions of investment properties		(12,000)	–
Purchase of property, plant and equipment	13	(1,226)	(17,895)
Purchase of right-of-use assets		–	(11,411)
Capital injection in a joint venture		(22,275)	(300,000)
Dividend received from a joint venture		–	180,000
Proceeds from disposal of a subsidiary		–	290
Proceeds from disposal of an associate		–	6,750
Acquisition of a subsidiary, net of cash acquired	19	(257,479)	–
Acquisition of assets and liabilities through acquisition of a subsidiary, net of cash acquired	20	(1,023,651)	–
Interest received		193,733	144,712
Advances to associates		(313,509)	(15,376)
Repayments from associates		143,178	–
Advances to joint ventures		(53,000)	(4,603)
Repayments from joint ventures		331,008	764,143
Advances to non-controlling interests		(521,579)	(983,352)
<b>Net cash used in investing activities</b>		<b>(1,536,800)</b>	<b>(236,742)</b>
<b>Financing activities</b>			
New borrowings		9,653,417	9,854,901
Repayment of borrowings		(7,634,117)	(8,430,791)
Net proceeds from issue of guaranteed notes		–	3,310,714
Redemption of guaranteed notes		–	(3,215,085)
Repayments to associates		–	(11,067)
Advances from joint ventures		60,400	22
Repayments to joint ventures		–	(250,000)
Acquisitions of non-controlling interests in subsidiaries	21(a)	(728,599)	–
Advances from non-controlling interests		772,211	463,811
Repayments to non-controlling interests		(602,731)	(715,365)
Payment of capital element of leases		(8,596)	(7,100)
Payment of interest element of leases		(602)	(685)
Payment of other interest		(922,030)	(797,544)
Contributions from non-controlling interests		752,500	164,836
<b>Net cash from financing activities</b>		<b>1,341,853</b>	<b>366,647</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(109,503)</b>	<b>(3,814,135)</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>19,876,023</b>	<b>20,543,265</b>
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>11,838</b>	<b>(6,499)</b>
<b>Cash and cash equivalents at the end of period</b>		<b>19,778,358</b>	<b>16,722,631</b>
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and bank balances as stated in the condensed consolidated statement of financial position		19,778,358	16,722,631

# Notes to the Condensed Financial Statements

## 1. GENERAL INFORMATION

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

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

The unaudited condensed consolidated financial statements for the six months ended 30 June 2022 (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Interim Financial Statements do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021 (the “2021 Annual Financial Statements”).

The Interim Financial Statements are presented in Renminbi (“RMB”), unless otherwise stated.

The financial information relating to the year ended 31 December 2021 that is included in this Interim Financial Statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

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

# Notes to the Condensed Financial Statements *(continued)*

## 1. GENERAL INFORMATION *(continued)*

The Company's auditor has reported on those financial statements. 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 407(3) of the Companies Ordinance.

The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company. The Interim Financial Statements were approved for issue on 17 August 2022.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

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

### Income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Save as described in above and note 3 "Adoption of Hong Kong Financial Reporting Standards ("HKFRS")", the accounting policies used in preparing the Interim Financial Statements are consistent with those of the 2021 Annual Financial Statements, as described in those annual financial statements.

# Notes to the Condensed Financial Statements *(continued)*

## 3. ADOPTION OF HKFRS

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

The HKICPA has issued the following new amendments to HKFRS that are first effective for the current accounting period of the Group and the Company:

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

The application of the new amendments to HKFRS in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these Interim Financial Statements.

# Notes to the Condensed Financial Statements *(continued)*

## 3. ADOPTION OF HKFRS *(continued)*

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

The following new and amendments to HKFRS have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current <sup>1</sup>
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Those new and amendments to HKFRS that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

# Notes to the Condensed Financial Statements *(continued)*

## 4. REVENUE

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sales of properties	29,681,190	25,613,680
Property rental income	110,639	116,563
Hotel and other services income	4,313	7,472
Total revenue	29,796,142	25,737,715

## 5. SEGMENT INFORMATION

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

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

# Notes to the Condensed Financial Statements *(continued)*

## 5. SEGMENT INFORMATION *(continued)*

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

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

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

## Notes to the Condensed Financial Statements *(continued)*

### 5. SEGMENT INFORMATION *(continued)*

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

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
<b>Six months ended 30 June 2022 (Unaudited)</b>				
Revenue from contracts with customers disaggregated by timing of revenue recognition	29,681,190	-	4,313	29,685,503
- Goods transferred at a point in time	29,461,069	-	-	29,461,069
- Goods transferred over time	220,121	-	-	220,121
- Services transferred over time	-	-	4,313	4,313
Revenue from other sources:				
Rental income	-	110,639	-	110,639
Reportable segment revenue	29,681,190	110,639	4,313	29,796,142
Reportable segment profit/(loss)	4,468,376	83,699	(28,878)	4,523,197
Corporate income				22,731
Finance costs				(24,120)
Other corporate expenses				(10,056)
Profit before income tax				4,511,752
<b>As at 30 June 2022 (Unaudited)</b>				
Reportable segment assets	180,528,415	4,208,097	589,189	185,325,701
Tax assets				4,081,118
Corporate assets <sup>a</sup>				519,806
Total consolidated assets				189,926,625
Reportable segment liabilities	96,230,901	57,379	602	96,288,882
Tax liabilities				7,219,685
Borrowings				44,593,491
Amount due to a related company				75,026
Guaranteed notes payable				3,437,851
Other corporate liabilities				910,540
Total consolidated liabilities				152,525,475



# Notes to the Condensed Financial Statements *(continued)*

## 5. SEGMENT INFORMATION *(continued)*

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
Six months ended 30 June 2021 (Unaudited)				
Revenue from contracts with customers disaggregated by timing of revenue recognition	25,613,680	-	7,472	25,621,152
- Goods transferred at a point in time	24,355,486	-	-	24,355,486
- Goods transferred over time	1,258,194	-	-	1,258,194
- Services transferred over time	-	-	7,472	7,472
Revenue from other sources:				
Rental income	-	116,563	-	116,563
Reportable segment revenue	25,613,680	116,563	7,472	25,737,715
Reportable segment profit/(loss)	5,047,122	106,658	(19,516)	5,134,264
Corporate income				6,391
Finance costs				(22,350)
Other corporate expenses				(23,457)
Profit before income tax				5,094,848
As at 31 December 2021 (Audited)				
Reportable segment assets	189,185,833	4,182,650	611,595	193,980,078
Tax assets				4,458,283
Corporate assets <sup>^</sup>				348,060
Total consolidated assets				198,786,421
Reportable segment liabilities	107,479,679	58,992	933	107,539,604
Tax liabilities				10,174,626
Borrowings				41,935,976
Amount due to a related company				75,026
Guaranteed notes payable				3,286,018
Other corporate liabilities				18,912
Total consolidated liabilities				163,030,162

<sup>^</sup> As at 30 June 2022, corporate assets mainly included property, plant and equipment of RMB91,131,000 (31 December 2021: RMB95,910,000), right-of-use assets of RMB105,259,000 (31 December 2021: RMB92,185,000) and cash and bank balances of RMB322,090,000 (31 December 2021: RMB158,688,000), which are managed on a group basis.

## Notes to the Condensed Financial Statements *(continued)*

### 6. OTHER INCOME

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Interest income on:		
– Bank deposits	172,155	144,701
– Amounts due from joint ventures	11,335	–
Total interest income on financial assets measured at amortized cost	183,490	144,701
Sundry income	200,859	53,474
	<b>384,349</b>	198,175

### 7. FINANCE COSTS

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Interest on bank borrowings and other loans	879,677	695,429
Interest on amounts due to non-controlling interests	227,993	20,634
Interest on amount due to a related company	1,731	1,681
Imputed interest expense on guaranteed notes payable	41,245	102,058
Interest on lease liabilities	602	685
Total interest expense on financial liabilities measured at amortized cost	1,151,248	820,487
Less: Amount capitalized	(1,127,128)	(798,137)
	<b>24,120</b>	22,350

## Notes to the Condensed Financial Statements *(continued)*

### 8. PROFIT BEFORE INCOME TAX

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation:		
Property, plant and equipment	<b>35,043</b>	31,904
Right-of-use assets	<b>13,007</b>	11,136
Total depreciation	<b>48,050</b>	43,040
Cost of sales and services provided comprise		
– Amount of inventories recognized as expense	<b>24,060,905</b>	19,648,815
– Write-down of inventories of properties	<b>229,568</b>	–
Staff costs	<b>601,365</b>	545,547
Net foreign exchange (gain)/loss	<b>(22,082)</b>	3,906

# Notes to the Condensed Financial Statements *(continued)*

## 9. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current tax for the period		
Other regions of the PRC		
– Enterprise income tax (“EIT”)	<b>1,013,053</b>	1,251,539
– Land appreciation tax (“LAT”)	<b>816,152</b>	988,919
	<b>1,829,205</b>	2,240,458
Over provision in prior years		
Other regions of the PRC	<b>(3,095)</b>	(33,461)
Deferred tax	<b>8,759</b>	(103,505)
	<b>1,834,869</b>	2,103,492

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

EIT arising from other regions of the PRC is calculated at 25% (six months ended 30 June 2021: 25%) on the estimated assessable profits.

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

# Notes to the Condensed Financial Statements *(continued)*

## 10. DIVIDENDS

The Board has declared that an interim dividend of HK\$0.06 (six months ended 30 June 2021: HK\$0.08) per share, amounting to HK\$213,562,000, equivalent to approximately RMB184,871,000 (six months ended 30 June 2021: HK\$273,869,000, equivalent to approximately RMB228,472,000), will be paid to the shareholders of the Company whose names appear in the Register of Members on 21 September 2022.

At the reporting date, a dividend of HK\$0.30 per share, amounting to HK\$1,027,008,000, equivalent to approximately RMB878,160,000 was recognized as distribution of the final dividend for the financial year ended 31 December 2021. At 30 June 2021, a dividend of HK\$0.275 per share, amounting to HK\$941,424,000, equivalent to approximately RMB782,758,000 was recognized as distribution of the final dividend for the financial year ended 31 December 2020.

## 11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<b>Earnings</b>		
Profit for the period attributable to owners of the Company	<b>2,449,936</b>	2,700,143

# Notes to the Condensed Financial Statements *(continued)*

## 11. EARNINGS PER SHARE *(continued)*

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	'000	'000
<b>Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares in issue during the period	<b>3,423,360</b>	3,423,360

Diluted earnings per share for the six months ended 30 June 2022 and 2021 are the same as the basic earnings per share as there have been no dilutive potential ordinary shares in existence during both periods.

## 12. INVESTMENT PROPERTIES

During the six months ended 30 June 2021, the Group reclassified inventories of properties with net carrying value of RMB492,317,000 to investment properties and recognized fair value gain of RMB80,683,000 in the profit or loss on the date of reclassification.

## 13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group incurred capital expenditure of approximately RMB1,195,000 (six months ended 30 June 2021: RMB4,405,000) in furniture, fixtures and office equipment and approximately RMB31,000 (six months ended 30 June 2021: RMB4,266,000) in motor vehicles.

During the six months ended 30 June 2021, the Group further incurred capital expenditure of approximately RMB9,224,000 in buildings.

During the six months ended 30 June 2021, the Group reclassified inventories of properties with net carrying value of RMB9,202,000 to property, plant and equipment.

## Notes to the Condensed Financial Statements *(continued)*

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

	<b>30 June 2022</b>	31 December 2021
	<b>(Unaudited)</b>	(Audited)
	<b>RMB'000</b>	RMB'000
Trade receivables (note (a))	<b>39,461</b>	69,505
Less: Loss allowance for trade receivables	–	–
Trade receivables, net	<b>39,461</b>	69,505
Other receivables	<b>1,535,040</b>	1,170,491
Prepayments and deposits (note (b))	<b>7,596,200</b>	13,836,206
	<b>9,170,701</b>	15,076,202

#### (a) Trade receivables

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

	<b>30 June 2022</b>	31 December 2021
	<b>(Unaudited)</b>	(Audited)
	<b>RMB'000</b>	RMB'000
30 days or below	<b>12,456</b>	61,660
31-60 days	–	393
61-90 days	<b>4,094</b>	192
91-180 days	<b>222</b>	2,567
181-360 days	<b>19,396</b>	2,162
Over 360 days	<b>3,293</b>	2,531
	<b>39,461</b>	69,505

# Notes to the Condensed Financial Statements *(continued)*

## 14. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(continued)*

### (a) Trade receivables *(continued)*

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

As at 30 June 2022, no material provision was made against the gross amount of trade receivables, other receivables and contract assets.

### (b) Prepayments and deposits

The balance of prepayments and deposits mainly comprise deposits amounting to RMB2,991,604,000 (31 December 2021: RMB8,531,483,000) in aggregate paid by the Group for the acquisition of lands in the PRC.

## 15. TRADE AND OTHER PAYABLES

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Trade payables	<b>15,746,980</b>	16,766,887
Other payables and accruals	<b>2,061,646</b>	2,659,299
Dividend payables	<b>878,310</b>	–
Deposits received	<b>390,005</b>	502,418
	<b>19,076,941</b>	19,928,604



## Notes to the Condensed Financial Statements *(continued)*

### 15. TRADE AND OTHER PAYABLES *(continued)*

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

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
30 days or below	<b>4,714,950</b>	4,963,403
31-60 days	<b>399,357</b>	980,182
61-90 days	<b>388,015</b>	332,051
91-180 days	<b>2,229,453</b>	2,414,362
181-360 days	<b>3,462,081</b>	3,493,279
Over 360 days	<b>4,553,124</b>	4,583,610
	<b>15,746,980</b>	16,766,887

### 16. BORROWINGS

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Current liabilities		
Bank borrowings	<b>14,384,704</b>	12,053,873
Other loans	–	720,000
	<b>14,384,704</b>	12,773,873
Non-current liabilities		
Bank borrowings	<b>26,108,787</b>	26,162,103
Other loans	<b>4,100,000</b>	3,000,000
	<b>30,208,787</b>	29,162,103
	<b>44,593,491</b>	41,935,976

# Notes to the Condensed Financial Statements *(continued)*

## 16. BORROWINGS *(continued)*

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Analysis into:		
Bank borrowings		
Secured (note 22)	<b>3,242,200</b>	2,187,300
Unsecured	<b>37,251,291</b>	36,028,676
	<b>40,493,491</b>	38,215,976
Other loans		
Unsecured	<b>4,100,000</b>	3,720,000
	<b>44,593,491</b>	41,935,976

Bank borrowings were scheduled for repayment as follows:

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
On demand or within one year	<b>14,384,704</b>	12,053,873
More than one year, but not exceeding two years	<b>10,606,298</b>	12,048,971
More than two years, but not exceeding five years	<b>15,090,613</b>	14,085,526
Over five years	<b>411,876</b>	27,606
	<b>40,493,491</b>	38,215,976

## Notes to the Condensed Financial Statements *(continued)*

### 16. BORROWINGS *(continued)*

Other loans were scheduled for repayment as follows:

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
On demand or within one year	–	720,000
More than two years, but not exceeding five years	<b>1,500,000</b>	1,500,000
Over five years	<b>2,600,000</b>	1,500,000
	<b>4,100,000</b>	3,720,000

The carrying amounts of borrowings are denominated in the following currencies:

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
HK\$	<b>14,555,717</b>	13,784,646
RMB	<b>30,037,774</b>	28,151,330
	<b>44,593,491</b>	41,935,976

# Notes to the Condensed Financial Statements *(continued)*

## 16. BORROWINGS *(continued)*

The Group's borrowings have been arranged as follows:

- borrowings denominated in HK\$ as at 30 June 2022 are interest-bearing at annual floating rates ranged from 1.86% to 3.08% (31 December 2021: 1.52% to 2.26%); and
- borrowings denominated in RMB as at 30 June 2022 amounting to RMB24,947,774,000 (31 December 2021: RMB23,241,330,000) are interest-bearing at annual floating rates ranged from 3.70% to 5.23% (31 December 2021: 3.90% to 5.13%) while the remaining balance of RMB5,090,000,000 (31 December 2021: RMB4,910,000,000) are interest-bearing at annual fixed rates ranged from 4.15% to 5.23% (31 December 2021: 4.15% to 5.23%).

## 17. GUARANTEED NOTES PAYABLE

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Non-current liabilities		
Guaranteed notes payable	<b>3,437,851</b>	3,286,018

The movements of the carrying amount of the guaranteed notes payable during the period are set out as below:

	<b>RMB'000</b>
Carrying amount as at 31 December 2021 (Audited) and 1 January 2022 (Unaudited)	<b>3,286,018</b>
Imputed interest expense	<b>41,245</b>
Finance costs paid	<b>(40,622)</b>
Translation adjustment	<b>151,210</b>
<b>Carrying amount as at 30 June 2022 (Unaudited)</b>	<b>3,437,851</b>

# Notes to the Condensed Financial Statements *(continued)*

## 18. SHARE CAPITAL

	Number of ordinary shares	Carrying amount RMB'000
<b>Issued and fully paid – ordinary shares with no par</b>		
<b>Balance at 1 January 2021 (Audited), 31 December 2021 (Audited), 1 January 2022 (Unaudited) and 30 June 2022 (Unaudited)</b>	<b>3,423,359,841</b>	<b>5,579,100</b>

On 20 June 2022, the Company's shareholders approved at the annual general meeting the declaration of a final dividend of HK\$0.3 per share for the year ended 31 December 2021. Shareholders were given an option to elect to receive the final dividend in cash or an allotment of new and fully paid shares in lieu of cash in whole or in part (the "Scrip Dividend Scheme").

Subsequent to the end of the reporting period, on 16 August 2022, 136,014,891 new shares were issued by the Company at a deemed price of HK\$3.984 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip dividend shares, either in whole or in part, in lieu of cash under the Scrip Dividend Scheme. The total number of shares in issue increased to 3,559,374,732 after such issuance.

## 19. ACQUISITION OF A SUBSIDIARY

On 28 January 2022, 中海宏洋地產集團有限公司 China Overseas Grand Oceans Property Group Limited\* ("COGOP", an indirect wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with 徐州雅建企業管理有限公司 Xuzhou Yajian Enterprise Management Co., Ltd.\* ("Xuzhou Yajian") in respect of the acquisition of 33% equity interest in 徐州威拓房地產開發有限公司 Xuzhou Weituo Property Development Co., Ltd.\* ("Xuzhou Weituo") and the loan due by Xuzhou Weituo to Xuzhou Yajian at a total consideration of approximately RMB271,401,000 (the "Xuzhou Weituo Acquisition"). The Xuzhou Weituo Acquisition was completed in January 2022.

# Notes to the Condensed Financial Statements *(continued)*

## 19. ACQUISITION OF A SUBSIDIARY *(continued)*

Xuzhou Weituo is a limited liability company established in the PRC and is principally engaged in property development in Xuzhou. Before the Xuzhou Weituo Acquisition, Xuzhou Weituo was owned as to 33% by the Group, 33% by Xuzhou Yajian and 34% by an independent third party, and Xuzhou Weituo was an associate of the Group. Upon the completion of the Xuzhou Weituo Acquisition, the Group's equity interest in Xuzhou Weituo increased from 33% to 66% and the Group obtained control of Xuzhou Weituo, which became an indirect non-wholly-owned subsidiary of the Company.

Further details regarding the Xuzhou Weituo Acquisition have been set out in the announcement of the Company dated 28 January 2022.

The Xuzhou Weituo Acquisition has been accounted for as a business combination using acquisition accounting. The following table summarizes the consideration payable, the fair value of assets acquired, liabilities assumed at the date of completion of the Xuzhou Weituo Acquisition (the "Xuzhou Weituo Acquisition Date") and gain on the Xuzhou Weituo Acquisition.

	<b>2022</b> <b>(Unaudited)</b> <b>RMB'000</b>
<b>Aggregate of consideration transferred and fair value of previously held equity interest of Xuzhou Weituo:</b>	
Total consideration pursuant to the agreement	<b>271,401</b>
Fair value of previously held 33% equity interest of Xuzhou Weituo (note (i))	<b>99,549</b>
	<b>370,950</b>

# Notes to the Condensed Financial Statements *(continued)*

## 19. ACQUISITION OF A SUBSIDIARY *(continued)*

	2022 (Unaudited) RMB'000
<b>Recognized amounts of identifiable assets acquired and liabilities assumed of Xuzhou Weituo</b>	
Property, plant and equipment	71
Deferred tax assets	2,933
Inventories of properties (note (ii))	831,193
Other receivables and prepayments (note (iii))	334
Cash and bank balances	13,922
Trade and other payables	(4,350)
Amounts due to related companies	(467,024)
<b>Total identifiable net assets at fair value of Xuzhou Weituo</b>	<b>377,079</b>
Non-controlling interests (34%) (note (iv))	(128,207)
<b>Total identifiable net assets of Xuzhou Weituo acquired</b>	<b>248,872</b>
Shareholder loan owed by Xuzhou Weituo to Xuzhou Yajian acquired	154,118
Gain on bargain purchase	(32,040)
<b>Aggregate of consideration transferred and fair value of previously held equity interest of Xuzhou Weituo</b>	<b>370,950</b>

Notes:

- (i) The fair value of the Group's 33% equity interest in Xuzhou Weituo before the Xuzhou Weituo Acquisition amounted to RMB99,549,000. The Group recognized a loss of RMB32,040,000 as a result of re-measuring the previously held 33% interest in Xuzhou Weituo at the fair value on the Xuzhou Weituo Acquisition Date.
- (ii) The fair value of land and buildings classified as inventories of properties at the Xuzhou Weituo Acquisition Date has been determined with reference to the valuation carried out by CHFT Advisory and Appraisal Limited.
- (iii) The fair value of other receivables at the Xuzhou Weituo Acquisition Date amounted to RMB334,000, which was same as the gross amount of these receivables. None of these receivables had been impaired and it was expected that full contractual amounts can be collected.
- (iv) The Group has elected to measure the non-controlling interests in Xuzhou Weituo at the non-controlling interests' proportionate share of Xuzhou Weituo's identifiable net assets. The amount of the non-controlling interests at the Xuzhou Weituo Acquisition Date amounted to RMB128,207,000.

## Notes to the Condensed Financial Statements *(continued)*

### 19. ACQUISITION OF A SUBSIDIARY *(continued)*

An analysis of the cash flows in respect of the Xuzhou Weituo Acquisition:

	2022 (Unaudited) RMB'000
Cash consideration paid	(271,401)
Cash and bank balances acquired	13,922
<b>Net outflow of cash and cash equivalents in cash flows from investing activities</b>	<b>(257,479)</b>

Since the Xuzhou Weituo Acquisition Date, Xuzhou Weituo did not contribute any revenue and has incurred loss of RMB4,871,000 to the Group's profit or loss for the six months ended 30 June 2022. Had the Xuzhou Weituo Acquisition been occurred on 1 January 2022, the Group's revenue and profit for the period would have been RMB29,796,142,000 and RMB2,676,883,000 respectively. This pro forma information is for illustrative purposes only and it not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Xuzhou Weituo Acquisition been completed on 1 January 2022, nor is it intended to be a projection of future performance.

\* English translation for identification purpose only

### 20. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

On 8 March 2022, COGOP entered into a sale and purchase agreement with 汕頭市龍光博皓投資諮詢有限公司 Shantou Longguang Bohao Investment Consultant Co., Ltd.\* ("Longguang Bohao") in respect of the acquisition of 100% equity interest in 汕頭市海富房地產有限公司 Shantou Haifu Real Estate Co., Ltd.\* ("Shantou Haifu") (formerly known as 汕頭市龍光景耀房地產有限公司 Shantou Longguang Jingyao Real Estate Co., Ltd.\*) and the loan due by Shantou Haifu to Longguang Bohao at a total consideration of approximately RMB1,024,038,000 (the "Shantou Haifu Acquisition"). The Shantou Haifu Acquisition was completed in March 2022.

Shantou Haifu is a limited liability company established in the PRC and is principally engaged in property development in Shantou. Upon completion of the Shantou Haifu Acquisition, Shantou Haifu became an indirect wholly-owned subsidiary of the Company.



## Notes to the Condensed Financial Statements *(continued)*

### 20. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY *(continued)*

Further details regarding the Shantou Haifu Acquisition have been set out in the announcement of the Company dated 8 March 2022.

In the opinion of directors, the Shantou Haifu Acquisition does not constitute business. Therefore, the transaction was determined to be acquisition of assets and liabilities through acquisition of a subsidiary rather than a business combination as defined in HKFRS 3 *Business Combination*.

	2022 (Unaudited) RMB'000
<b>Assets and liabilities of Shantou Haifu acquired</b>	
Inventories of properties	1,021,593
Other receivables and prepayments	2,065
Cash and bank balances	387
Taxation liabilities	(7)
Amounts due to related companies	(975,708)
	48,330
Shareholder loan owed by Shantou Haifu to Longguang Bohao acquired	975,708
	1,024,038

An analysis of the cash flows in respect of the Shantou Haifu Acquisition:

	2022 (Unaudited) RMB'000
Cash consideration paid	(1,024,038)
Cash and bank balances acquired	387
<b>Net outflow of cash and cash equivalents in cash flows from investing activities</b>	<b>(1,023,651)</b>

\* English translation for identification purpose only

## 21. TRANSACTIONS ON CHANGE OF EQUITY INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

### (a) Acquisitions of non-controlling interests in subsidiaries

On 28 January 2022, COGOP entered into the following sale and purchase agreements in relation to the acquisitions of non-controlling interests in two subsidiaries:

#### (i) Yiwu Haichuang Acquisition

COGOP entered into a sale and purchase agreement with 上海濱湖旅遊發展有限公司 Shanghai Binhu Tourism Development Co., Ltd.\* (“Shanghai Binhu”) in respect of the acquisition of 24% equity interest in 義烏海創房地產開發有限公司 Yiwu Haichuang Property Development Co., Ltd.\* (“Yiwu Haichuang”) and the loan due by Yiwu Haichuang to Shanghai Binhu at a total consideration of approximately RMB423,386,000 (the “Yiwu Haichuang Acquisition”). The Yiwu Haichuang Acquisition was completed in January 2022.

Yiwu Haichuang is a limited liability company established in the PRC and is principally engaged in property development in Yiwu. Before the Yiwu Haichuang Acquisition, Yiwu Haichuang was owned as to 76% by the Group and 24% by Shanghai Binhu, and Yiwu Haichuang was an indirect non-wholly-owned subsidiary of the Company. Upon the completion of the Yiwu Haichuang Acquisition, the Group’s equity interest in Yiwu Haichuang was increased from 76% to 100% and Yiwu Haichuang became an indirect wholly-owned subsidiary of the Company.

## 21. TRANSACTIONS ON CHANGE OF EQUITY INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL *(continued)*

### (a) Acquisitions of non-controlling interests in subsidiaries

*(continued)*

#### (ii) Xuzhou Runyao Acquisition

COGOP entered into a sale and purchase agreement with Xuzhou Yajian in respect of the acquisition of 33% equity interest in 徐州潤耀地產有限公司 Xuzhou Runyao Property Co., Ltd.\* (“Xuzhou Runyao”) and the loan due by Xuzhou Runyao to Xuzhou Yajian at a total consideration of approximately RMB305,213,000 (the “Xuzhou Runyao Acquisition”). The Xuzhou Runyao Acquisition was completed in January 2022.

Xuzhou Runyao is a limited liability company established in the PRC and is principally engaged in property development in Xuzhou. Before the Xuzhou Runyao Acquisition, Xuzhou Runyao was owned as to 34% by the Group, 33% by Xuzhou Yajian and 33% by an independent third party, and Xuzhou Runyao was an indirect non-wholly-owned subsidiary of the Company. Upon the completion of the Xuzhou Runyao Acquisition, the Group’s equity interest in Xuzhou Runyao was increased from 34% to 67% and Xuzhou Runyao remained as an indirect non-wholly-owned subsidiary of the Company.

Yiwu Haichuang and Xuzhou Runyao remained as subsidiaries of the Company and the differences arising from the Yiwu Haichuang Acquisition and the Xuzhou Runyao Acquisition were accounted for as equity transactions.

Further details regarding the Yiwu Haichuang Acquisition and the Xuzhou Runyao Acquisition have been set out in the announcement of the Company dated 28 January 2022.

## 21. TRANSACTIONS ON CHANGE OF EQUITY INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL *(continued)*

### (b) Dilution of interests in subsidiaries

On 25 March 2022, the Group entered into the following two cooperation agreements for joint investments in project companies for investment and construction of property projects in Changzhou:

#### (i) Changzhou Haicheng Cooperation Agreement

The Group, 桐鄉市安豪投資管理有限公司 Tongxiang Anhao Investment Management Co., Ltd.\* (“Anhao Investment”) and 常州市中海海澄房地產開發有限公司 Changzhou China Overseas Haicheng Real Estate Co., Ltd.\* (“Changzhou Haicheng”) entered into a cooperation agreement (the “Changzhou Haicheng Cooperation Agreement”), pursuant to which the share capital of Changzhou Haicheng increased from RMB215,000,000 to RMB800,000,000 and the Group and Anhao Investment owned 51% and 49% respectively of the enlarged registered capital of Changzhou Haicheng.

#### (ii) Changzhou Hairong Cooperation Agreement

The Group, Anhao Investment and 常州市中海海泓房地產開發有限公司 Changzhou China Overseas Hairong Real Estate Co., Ltd.\* (“Changzhou Hairong”) entered into a cooperation agreement (the “Changzhou Hairong Cooperation Agreement”), pursuant to which the share capital of Changzhou Hairong increased to from RMB20,000,000 to RMB700,000,000 and the Group and Anhao Investment owned 51% and 49% respectively of the enlarged registered capital of Changzhou Hairong.

### 21. TRANSACTIONS ON CHANGE OF EQUITY INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL *(continued)*

#### (b) Dilution of interests in subsidiaries *(continued)*

Changzhou Haicheng and Changzhou Hairong are limited liability companies established in the PRC and are principally engaged in property development in Changzhou. As at the date of the Changzhou Haicheng Cooperation Agreement and the Changzhou Hairong Cooperation Agreement (collectively, the "Cooperation Agreements"), Changzhou Haicheng and Changzhou Hairong were indirect wholly-owned subsidiaries of the Company. Upon the completion of the relevant capital injections in April 2022 by the Group and Anhao Investment pursuant to the Cooperation Agreements, the Group's equity interest in Changzhou Haicheng and Changzhou Hairong were both diluted from 100% to 51%.

Changzhou Haicheng and Changzhou Hairong remained as subsidiaries of the Company and the differences arising from the dilution of equity interests in Changzhou Haicheng and Changzhou Hairong as a result of the transactions were accounted for as equity transactions.

Anhao Investment is a connected person of the Company at the subsidiary level. Accordingly, the transactions contemplated under each of the Cooperation Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Further details regarding the Cooperation Agreements have been set out in the announcement of the Company dated 25 March 2022.

\* English translation for identification purpose only

## Notes to the Condensed Financial Statements *(continued)*

### 22. PLEDGE OF ASSETS

At the end of each reporting period, the carrying amount of the assets pledged by the Group to secure for borrowings and banking facilities granted to the Group are analyzed as follows:

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Pledge for borrowings and banking facilities of the Group		
– Inventories of properties	<b>10,755,248</b>	7,935,375

### 23. COMMITMENTS

At the end of each reporting period, the Group had significant commitments as follows:

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Contracted for but not provided for in the financial statements:		
– Investment in equity interests	<b>504,900</b>	509,850
– Acquisition of land	<b>1,051,240</b>	198,415
– Property development	<b>22,990,017</b>	27,368,859
	<b>24,546,157</b>	28,077,124
Authorized but not contracted for:		
– Acquisition of land	<b>1,563,268</b>	444,010

# Notes to the Condensed Financial Statements *(continued)*

## 24. CONTINGENT LIABILITIES

### (a) Guarantees

At the end of each reporting period, the Group had issued the following significant guarantees:

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Guarantees given to:		
Banks and government agencies for mortgage loans granted to certain purchasers of the Group's properties	<b>34,890,957</b>	38,338,464
Bank in respect of bank loan granted to a joint venture	<b>481,140</b>	384,615

In the opinion of the directors, the financial impact arising from providing the above financial guarantees is insignificant and accordingly, they are not accounted for in these financial statements.

- (b) Reference is made to note 45(b) to the 2021 Annual Financial Statements. In relation to the Jiujiang Project, having regard to the past experiences in handling similar matter, the latest local development and the latest project status, the legal advice and the communications with relevant local government authorities on the updated position of the project, the directors considered that the risk of confiscation of the concerned land parcels as well as penalty and liquidated damages to which Jiujiang project companies are exposed is low and were of the opinion that no non-conformity instance would have material impact on the result and financial position of the Group.

# Notes to the Condensed Financial Statements *(continued)*

## 25. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### Major non-cash transactions:

- (a) During the six months ended 30 June 2022, the amount of capital injection in an associate amounting to RMB17,294,000 was credited to the amounts due from associates.
- (b) During the six months ended 30 June 2022, the amount of dividends attributable to non-controlling interests amounting to RMB174,000,000 were credited to the amounts due from non-controlling interests.

## 26. RELATED PARTY TRANSACTIONS

The table set forth below summarizes the name of the major related parties which are entities as defined in HKAS 24 (Revised) *Related Party Disclosures* and the nature of their relationship with the Group as at 30 June 2022:

<b>Related Parties</b>	<b>Relationship with the Group/COLI</b>
China Overseas Land & Investment Limited ("COLI")	The Company is an associate of COLI
China State Construction Engineering Corporation Limited ("CSCECL")	Intermediate holding company of COLI
China Overseas Holdings Limited ("COHL")	Immediate holding company of COLI
China Overseas Property Holdings Limited ("COPH")	Fellow subsidiary of COLI
China State Construction International Holdings Limited ("CSC")	Fellow subsidiary of COLI
China State Construction Development Holdings Limited ("CSCD")	Fellow subsidiary of COLI



# Notes to the Condensed Financial Statements *(continued)*

## 26. RELATED PARTY TRANSACTIONS *(continued)*

- (a) Save as disclosed elsewhere in the Interim Financial Statements, the Group had the following significant transactions with related parties during the period:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<b>Nature of transactions</b>		
<b>COLI and its subsidiaries</b>		
Royalty expenses	<b>166,072</b>	166,820
Rental income	<b>105,011</b>	98,252
Design service expenses	<b>1,540</b>	–
Purchase of materials (note (b))	<b>587,826</b>	15,442
<b>CSCECL and its subsidiaries</b>		
Property construction costs incurred (note (c))	<b>164,367</b>	10,117
<b>COPH and its subsidiaries</b>		
Property management fee expenses	<b>116,411</b>	84,337
Sales of right-of-use of car parking spaces	<b>50,152</b>	81,005
<b>CSC and its subsidiaries</b>		
Property construction costs incurred <sup>#</sup>	<b>590,673</b>	157,746
<b>CSCD and its subsidiaries</b>		
Construction supervision expenses incurred <sup>@</sup>	<b>3,369</b>	1,450
<b>Hefei Haifu<sup>^</sup></b>		
Purchases of office units	–	19,539
<b>PRC government departments/agencies</b>		
Land use rights acquisitions	<b>4,084,310</b>	26,512,974
<b>Key management (including directors)</b>		
Remuneration	<b>4,443</b>	4,367

<sup>#</sup> For the six months ended 30 June 2022, no contract was awarded by the Group under the New Master Engagement Agreement with CSC. For the six months ended 30 June 2021, contracts with contract sum amounting to RMB1,098,327,000 were awarded by the Group under the New Master Engagement Agreement with CSC.

<sup>@</sup> For the six months ended 30 June 2022, contracts with contract sum amounting to RMB9,162,000 (six months ended 30 June 2021: RMB19,419,000) were awarded by the Group under the New COGO Framework Agreement with CSCD.

<sup>^</sup> 中海宏洋海富(合肥)房地產開發有限公司 China Overseas Grand Oceans Haifu (Hefei) Properties Development Co., Ltd.\* ("Hefei Haifu") was formerly a joint venture of the Group which was owned as to 45% by the Group at the date of transaction.

# Notes to the Condensed Financial Statements *(continued)*

## 26. RELATED PARTY TRANSACTIONS *(continued)*

- (b) Reference is made to note 46(k) to the 2021 Annual Financial Statements in relation to the Supplies Framework Agreement entered into between the Company and COLI.

On 27 April 2022, the Company and COLI entered into a new framework agreement (the “New Supplies Framework Agreement”) whereby (i) COLI and its subsidiaries (“COLI Group”) may supply Materials for the Projects upon the Group’s request in accordance with the tendering procedures of the Group from time to time; and (ii) the Group may engage COLI Group as the supplier of Materials for the Projects upon COLI Group’s successful tender. The New Supplies Framework Agreement has a term of three years commenced from 1 January 2022 and ending on 31 December 2024.

According to the New Supplies Framework Agreement, the maximum total contract sum in respect of the supply of Materials for the Projects that may be awarded by the Group to the COLI Group for each of three financial years ending on 31 December 2022, 2023 and 2024 shall not exceed RMB3,000 million (the “New Caps”). The amounts payable by the Group to COLI Group will be settled pursuant to the payment terms set out in the tender documents for the relevant contracts for the supply of Materials.

The New Supplies Framework Agreement (together with the New Caps) replaced and superseded all rights and obligations of the parties under the Supplies Framework Agreement (together with the caps) starting from 1 January 2022 with effect from the date of satisfaction of the conditions precedent set out in the New Supplies Framework Agreement.

Further details regarding the transaction are set out in the announcement of the Company dated 27 April 2022 and the circular published on 25 May 2022.

For the six months ended 30 June 2022, contracts with contract sum amounting to RMB1,293,211,000 (six months ended 30 June 2021: RMB669,809,000) were awarded by the Group under the New Supplies Framework Agreement.

## Notes to the Condensed Financial Statements *(continued)*

### 26. RELATED PARTY TRANSACTIONS *(continued)*

- (c) Reference is made to note 46(f) to the 2021 Annual Financial Statements in relation to the CSCECL Group Engagement Agreement entered into between the Company and CSCECL.

On 18 May 2022, the Company and CSCECL entered into a new agreement (the "New CSCECL Group Engagement Agreement") whereby CSCECL and its subsidiaries, excluding COHL, COLI, CSC and COPH and their subsidiaries ("CSCECL Group") may tender for the Group's construction related services (which included building design, construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators) in the PRC and if tender is awarded, CSCECL Group may act as contractor for the Group in the PRC to provide the construction related services. The New CSCECL Group Engagement Agreement has a term of three years commencing from 1 July 2022 and ending on 30 June 2025.

According to the New CSCECL Group Engagement Agreement, the maximum total contract sum that may be awarded by the Group to CSCECL Group for the period from 1 July 2022 to 31 December 2022, each of the two financial years ending 31 December 2024 and for the period from 1 January 2025 to 30 June 2025 shall not exceed RMB280 million, RMB520 million, RMB520 million and RMB280 million respectively.

Further details regarding the transaction are set out in the announcement of the Company dated 18 May 2022.

For the six months ended 30 June 2022, contracts with contract sum amounting to RMB106,867,000 (six months ended 30 June 2021: RMB475,083,000) were awarded by the Group under the CSCECL Group Engagement Agreement.

- (d) On 28 April 2022, the Company and COHL entered into an agreement (the "Licence Agreement"), pursuant to which COHL agreed to license to the Group the right to use and occupy the licensed premises (the "Licensed Premises") for a term of five years commencing from 1 May 2022 and ending on 30 April 2027 (both days inclusive). The Licensed Premises will be used by the Group primarily as its main office in Hong Kong.

# Notes to the Condensed Financial Statements *(continued)*

## 26. RELATED PARTY TRANSACTIONS *(continued)*

(d) *(continued)*

According to the Licence Agreement, the licence fee is approximately HK\$363,000 per month (exclusive of rates), which is payable by the Company to COHL on the first day of each month. No licence fee will be payable from 1 May 2022 to 15 June 2022 (both days inclusive). The air-conditioning and management charges relating to the Licensed Premises payable by the Company to COHL for the period commenced from 1 May 2022 to 31 December 2022, each of the four financial years ending on 31 December 2026 and the period from 1 January 2027 to 30 April 2027 are HK\$50,220, HK\$51,720, HK\$53,280, HK\$54,870, HK\$56,520 and HK\$58,230 per month respectively.

The estimated value of the right-of-use asset recognized by the Group under the Licence Agreement amounted to RMB16,857,000.

Further details regarding the transaction are set out in the announcement of the Company dated 28 April 2022.

(e) On 18 May 2022, 合肥中海海瑞房地產開發有限公司 Hefei China Overseas Hairui Real Estate Development Co., Ltd.\* ("Hefei Hairui"), an indirect wholly-owned subsidiary of the Company, entered into a series of the provisional sale and purchase agreements with 中建五局第二建設有限公司 The Second Construction Limited Company of China Construction Fifth Engineering Division\* (the "Purchaser"), pursuant to which Hefei Hairui agreed to sell, and the Purchaser agreed to purchase 21 office units in total for an aggregate consideration of approximately RMB43,575,000. The Purchaser is an indirect wholly-owned subsidiary of CSCECL.

The sales of the office units were formalized by entering into and registration of the sale and purchase agreements in June 2022.

Further details regarding the transaction are set out in the announcement of the Company dated 18 May 2022.

\* English translation for identification purpose only

## 27. FAIR VALUE MEASUREMENT

### (a) Financial instruments

The fair value of the financial assets at fair value through other comprehensive income as at 30 June 2022 are Level 3 recurring fair value measurements respectively and determined using the same approach as the last year end.

During the six months ended 30 June 2022, there were no transfers among Level 1, Level 2 and Level 3 in the fair value hierarchy (six months ended 30 June 2021: nil).

Financial instruments not measured at fair value include trade and other receivables, balances with associates, joint ventures, non-controlling interests and other related companies, bank balances including restricted cash and deposits, trade payables, other payables and accruals, lease liabilities, borrowings and guaranteed notes payable.

Due to their short-term nature, the carrying values of trade and other receivables, balances with associates, joint ventures, non-controlling interests and other related companies, bank balances including restricted cash and deposits, trade payables, other payables and accruals approximate their fair values.

For disclosure purpose, the fair values of amount due to a related company, lease liabilities, borrowings and guaranteed notes payable are not materially different from their carrying values. Those fair values have been determined by using discounted cash flow models and are classified as Level 3 in the fair value hierarchy. Significant inputs include the discount rates used to reflect the credit risks of the Group.

### (b) Non-financial assets

The fair value of investment properties as at 30 June 2022 is a Level 3 recurring fair value measurement and determined by using the same approach as the last year end. During the six months ended 30 June 2022, there were no transfers among Level 1, Level 2 and Level 3 in the fair value hierarchy (six months ended 30 June 2021: nil).

# Notes to the Condensed Financial Statements *(continued)*

## **28. EVENT ATFER THE END OF THE REPORTING PERIOD**

On 26 July 2022, COGOP established the COGOP Receivable Asset-backed Scheme 2022 Phase I (the “ABS Scheme”), under which senior asset-backed securities in the principal amount of RMB700,000,000 and subordinated asset-backed securities in the principal amount of RMB37,000,000 were issued and guaranteed by the Company. The senior asset-backed securities with the interest rate of 2.7% were subscribed by qualified investors and are listed on the Shanghai Stock Exchange, and the subordinated asset-backed securities were subscribed by COGOP. The proceeds from the ABS Scheme are intended for the working capital and business development.

## INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

After reviewing the working capital requirements for the Group's future expansion of its business, the board of directors of the Company (the "Board") declared an interim dividend of HK6 cents per share (2021: HK8 cents per share) for the six months ended 30 June 2022. The interim dividend will be payable in cash.

### Relevant Dates for Interim Dividend Payment

Ex-dividend date	19 September 2022
Latest time to lodge transfer documents for registration with the Company's share registrar	At 4:30 p.m. on 20 September 2022
Closure of Register of Members	21 September 2022
Record date	21 September 2022
Despatch of dividend warrants	19 October 2022

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 share registrar at Tricor Standard Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than the aforementioned latest time.

## SHARE CAPITAL

The Company's total number of shares in issue as at 30 June 2022 was 3,423,359,841 ordinary shares.

## MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiries to all directors of the Company, they confirmed that they have complied with the Code of Conduct throughout the six months ended 30 June 2022.

## Others *(continued)*

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2022, the directors and 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 required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

#### Long Positions in Shares of the Company

Name of directors	Capacity	Nature of interests	Number of ordinary shares held	Aggregate long position	Percentage of shares in issue <sup>(1)</sup>
Mr. Zhuang Yong	Beneficial owner	Personal	500,000	500,000	0.01%
Mr. Yang Lin	Beneficial owner	Personal	2,550,000	2,896,125	0.08%
	Interest of spouse	Family	346,125		
Mr. Yung Kwok Kee, Billy	Beneficial owner	Personal	17,849,999	463,045,980	13.53%
	Beneficiary of a trust <sup>(2)</sup>	Other	372,617,689		
	Interest of controlled corporation <sup>(3)</sup>	Interest in controlled corporation	62,578,292		
	Interest of spouse <sup>(4)</sup>	Family	10,000,000		
Dr. Chung Shui Ming, Timpson	Beneficial owner	Personal	544,875	544,875	0.02%



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

*(continued)*

### Long Positions in Shares of the Company *(continued)*

Notes:

- (1) *The percentage is based on the total number of shares of the Company in issue as at 30 June 2022 (i.e. 3,423,359,841 shares).*
- (2) *These shares of the Company are held by a trust for the benefit of Mr. Yung Kwok Kee, Billy and his family members.*
- (3) *These shares of the Company are held by Extra-Fund Investment Limited, a wholly-owned subsidiary of Shell Electric Holdings Limited, which in turn is owned as to 80.5572% by Red Dynasty Investments Limited, a company wholly-owned by Mr. Yung Kwok Kee, Billy.*
- (4) *Mr. Yung Kwok Kee, Billy is deemed to be interested in 10,000,000 shares of the Company through the interest of his spouse, Ms. Vivian Hsu.*

Save as disclosed above, as at 30 June 2022, no interests and short positions were held or deemed or taken to be held by any directors or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Saved as disclosed above, at no time during the six months ended 30 June 2022, none of the directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in, or had been granted any rights to subscribe for the shares, options and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

## Others *(continued)*

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2022, the following persons (other than the directors or chief executive of the Company) had interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long Positions in Shares of the Company

Name of substantial shareholders	Capacity	Nature of interests	Number of ordinary shares held	Aggregate long position	Percentage of shares in issue <sup>(1)</sup>
China State Construction Engineering Corporation ("CSCEC")	Interest of controlled corporation <sup>(2)</sup>	Interest in controlled corporation	1,311,965,566	1,311,965,566	38.32%
Diamond Key Enterprises Inc. ("Diamond Key")	Beneficial owner <sup>(3)</sup>	Beneficial	190,910,903	190,910,903	5.58%
On Fat Profits Corporation ("On Fat")	Beneficial owner <sup>(3)</sup>	Beneficial	181,706,786	181,706,786	5.31%
UBS TC (Jersey) Ltd. ("UBS TC")	Trustees of trusts <sup>(3)</sup>	Other	372,617,689	372,617,689	10.88%
Ms. Vivian Hsu	Beneficial owner Interest of spouse <sup>(4)</sup>	Personal Family	10,000,000 453,045,980	463,045,980	13.53%
Mitsubishi UFJ Financial Group, Inc. ("Mitsubishi Group")	Interest of controlled corporation <sup>(5)</sup>	Interest in controlled corporation	174,009,500	174,009,500	5.08%

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

(continued)

### Long Positions in Shares of the Company (continued)

Notes:

- (1) *The percentage is based on the total number of shares of the Company in issue as at 30 June 2022 (i.e. 3,423,359,841 shares).*
- (2) *CSCEC is interested in 1,311,965,566 shares of the Company, of which 1,262,211,316 shares are held by Star Amuse Limited ("Star Amuse") and 49,754,250 shares are held by Chung Hoi Finance Limited ("Chung Hoi"). Star Amuse is a wholly-owned subsidiary of Big Crown Limited ("Big Crown"). Big Crown and Chung Hoi are wholly-owned subsidiaries of COLI which in turn is a non-wholly owned subsidiary of COHL. COHL is a subsidiary of China State Construction Engineering Corporation Limited which in turn is a non-wholly owned subsidiary of CSCEC.*
- (3) *372,617,689 shares of the Company held by UBS TC (including 190,910,903 shares and 181,706,786 shares of the Company held by Diamond Key and On Fat respectively) are disclosed in the section headed "Directors' and Chief Executive's Interests in Securities" above as being held under a trust with Mr. Yung Kwok Kee, Billy and his family members as the beneficiaries. None of the directors of the Company are directors or employees of Diamond Key and On Fat.*
- (4) *Ms. Vivian Hsu is deemed to be interested in 453,045,980 shares of the Company through the interest of her spouse, Mr. Yung Kwok Kee, Billy.*
- (5) *Mitsubishi Group is interested in 174,009,500 shares of the Company, of which 5,307,000 shares are held by First Sentier Investors (Singapore) ("First Sentier Singapore") and 168,702,500 shares are held by First Sentier Investors (Hong Kong) Limited ("First Sentier Hong Kong"). First Sentier Singapore is a wholly-owned subsidiary of First Sentier Investors (Singapore) Holdings Limited which in turn is a wholly-owned subsidiary of FSIB Ltd ("FSIB"). First Sentier Hong Kong and FSIB are wholly-owned subsidiaries of First Sentier Investors Asia Holdings Ltd which in turn is a wholly-owned subsidiary of First Sentier Investors Holdings Pty Ltd ("First Sentier Holdings"). First Sentier Holdings is a wholly-owned subsidiary of Mitsubishi UFJ Trust and Banking Corporation which in turn is a wholly-owned subsidiary of Mitsubishi Group.*

Save as disclosed above, the Company had not been notified by any other person (other than the directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2022.

### CORPORATE GOVERNANCE

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

The Company has applied the corporate governance principles and complied with all the code provisions (where applicable, some of the recommended best practices) set out in the Corporate Governance Code in Appendix 14 to the Listing Rules during the six months ended 30 June 2022.

### DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The facility agreements/letters, which have been entered into by the Company in the following terms and conditions and continue to subsist at 30 June 2022 are set out below:

- (1)     Date:             14 December 2017  
          Amount:        Loan facility up to HK\$1 billion  
          Term:           60 months commencing from the date of the facility letter
  
- (2)     Date:             31 December 2018  
          Amount:        Loan facility up to HK\$1 billion  
          Term:           60 months commencing from the date of the first drawdown
  
- (3)     Date:             30 December 2019  
          Amount:        Loan facility up to HK\$1 billion  
          Term:           60 months commencing from the first utilization date

## DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

*(continued)*

- (4) Date: 11 March 2020
- Amount: Loan facilities up to (a) HK\$935 million and (b) RMB500 million
- Term: (a) 60 months and (b) 36 months commencing from the date of the facility agreement respectively

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

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

As at the date of this report, COLI owns approximately 39.63% of the total number of shares of the Company in issue.

### CHANGES IN DIRECTORS' INFORMATION

Changes in directors' information since the date of the 2021 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:

- Mr. Yung Kwok Kee, Billy ceased to be the chairman of the board and non-executive director of PFC Device Inc., which has been privatized and withdrawn from listing on the Stock Exchange on 25 March 2022.
- Mr. Lam Kin Fung, Jeffrey ceased to be the chairman of Independent Commission Against Corruption Complaints Committee since March 2022 and a director of Hong Kong Mortgage Corporation Limited since June 2022.

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

Save as disclosed below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the six months ended 30 June 2022 and up to the date of this report.

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

### REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the Company's unaudited interim results for the six months ended 30 June 2022, and discussed with the Company's management regarding auditing, internal control and other important matters.

\* English translation for identification purpose only.



香港皇后大道東一號太古廣場三座七樓701-702室  
Suites 701-702, 7/F., Three Pacific Place,  
1 Queen's Road East, Hong Kong

電話 Tel : 2988 0600

傳真 Fax : 2988 0606

網頁 Website : [www.cogogl.com.hk](http://www.cogogl.com.hk)

