



中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

(Incorporated in Hong Kong with limited liability)
(於香港註冊成立之有限公司)

Stock Code 股份代號：00688

穩中求進
韌性致遠

*Steady Progress for
Long-term Success*

2023
Interim Report
中期報告



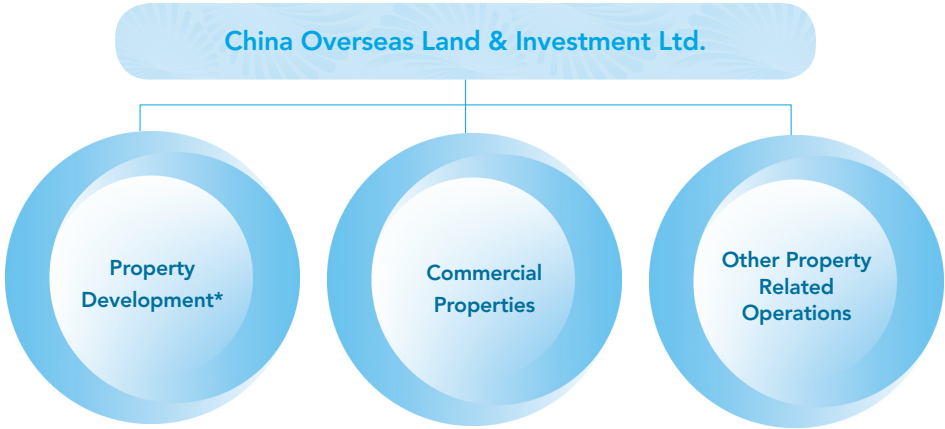
目錄

- 2 公司業務架構
- 3 財務摘要
- 4 董事局及委員會
- 5 公司資料
- 7 主席報告書
- 10 管理層討論與分析
- 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
- 32 簡明綜合現金流量表
- 34 簡明綜合財務報表附註
- 61 其他資料

Contents

- 73 Corporate Structure
 - 74 Financial Highlights
 - 75 Board of Directors and Committees
 - 76 Corporate Information
 - 78 Chairman's Statement
 - 81 Management Discussion & Analysis
 - 97 Condensed Consolidated
Income Statement
 - 98 Condensed Consolidated Statement
of Comprehensive Income
 - 99 Condensed Consolidated Statement
of Financial Position
 - 101 Condensed Consolidated Statement
of Changes in Equity
 - 103 Condensed Consolidated Statement
of Cash Flows
 - 105 Notes to the Condensed
Consolidated Financial Statements
 - 132 Other Information
- 

Corporate Structure



- Mainland China
- Hong Kong
- Macau

- Mainland China
- Hong Kong
- Macau
- London

- Mainland China
- Hong Kong

* Property development in 87 major cities in mainland China, including Beijing, Shanghai, Guangzhou, Shenzhen, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Ezhou, Foshan, Fuzhou, Guiyang, Haikou, Hangzhou, Harbin, Jiangmen, Jiaxing, Jinan, Kunming, Nanchang, Nanjing, Ningbo, Qingdao, Sanya, Shenyang, Shijiazhuang, Suzhou, Taiyuan, Taizhou (台州), Tianjin, Urumqi, Wanning, Weihai, Wenzhou, Wuhan, Wuxi, Xiamen, Xi'an, Yantai, Zhangzhou, Zhaoqing[^], Zhengzhou, Zhenjiang[^], Zhongshan, Zhuhai, Anqing[#], Baotou[#], Changzhou[#], Chuzhou[#], Danyang[#], Ganzhou[#], Guilin[#], Hefei[#], Hohhot[#], Huai'an[#], Huangshan[#], Huizhou[#], Jilin[#], Jinhua[#], Jining[#], Jiujiang[#], Langfang[#], Lanzhou[#], Linyi[#], Liuzhou[#], Nanning[#], Nantong[#], Qingyuan[#], Quanzhou[#], Shantou[#], Shaoxing[#], Taizhou (泰州)[#], Tangshan[#], Tianshui[#], Weifang[#], Weinan[#], Xining[#], Xuzhou[#], Yancheng[#], Yangzhou[#], Yinchuan[#], Zhanjiang[#], Zhuzhou[#], Zibo[#], Zunyi[#] as well as in Hong Kong and Macau

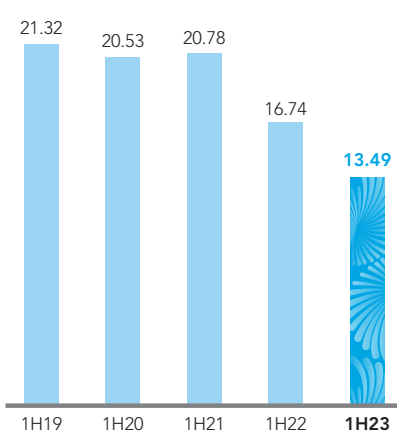
[^] The cities where both China Overseas Land & Investment Limited (the "Company") and its subsidiaries (collectively known as the "Group") and China Overseas Grand Oceans Group Limited ("COGO") have operations

[#] The cities where COGO has operations

Financial Highlights

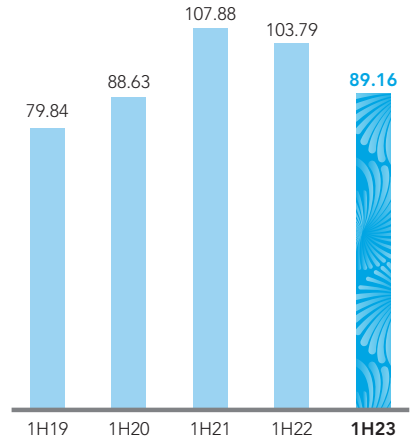
Profit Attributable to Owners of the Company

RMB billion



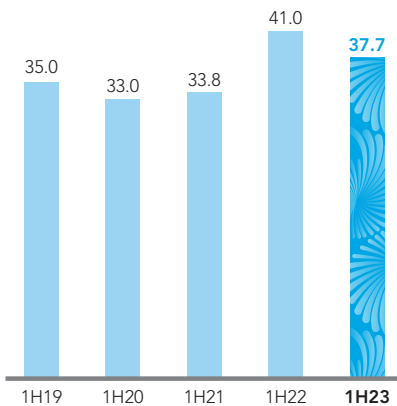
Revenue

RMB billion



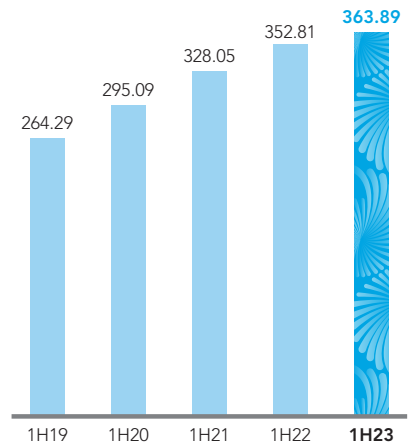
Net Gearing[#]

%



Equity attributable to Owners of the Company

RMB billion



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

Board of Directors and Committees

Executive Directors

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

Non-Executive Directors

Zhuang Yong *Vice Chairman*
Zhao Wenhui

Independent Non-Executive Directors

Fan Hsu Lai Tai, Rita
(retired w.e.f. 28 June 2023)
Li Man Bun, Brian David
Chan Ka Keung, Ceajer
Chan Ching Har, Eliza
(appointed w.e.f. 29 June 2023)

Authorised Representatives

Yan Jianguo
Luo Liang

Audit and Risk Management Committee

Li Man Bun, Brian David *(Chairman)*
Chan Ka Keung, Ceajer
Chan Ching Har, Eliza

Remuneration Committee

Chan Ka Keung, Ceajer *(Chairman)*
Li Man Bun, Brian David
Chan Ching Har, Eliza

Nomination Committee

Chan Ching Har, Eliza *(Chairman)*
Li Man Bun, Brian David
Chan Ka Keung, Ceajer

Corporate Governance Committee

Chan Ka Keung, Ceajer *(Chairman)*
Li Man Bun, Brian David
Chan Ching Har, Eliza
Luo Liang

Corporate Information

Registered Office

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

Company Secretary

Edmond Chong

Registrar and Transfer Office

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

Investor Relations

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

Public Relations

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

Independent Auditor

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

Principal Bankers (In Alphabetical Order)

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

Corporate Information (Continued)

Listing

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

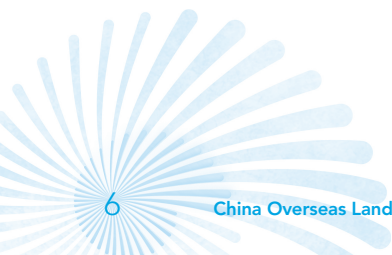
Stock Code

Shares

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

Financial Calendar

Interim results announcement	:	28 August 2023
Ex-dividend date	:	18 September 2023
Closure of Register of Members	:	20 September 2023
Record date for interim dividend	:	20 September 2023
Despatch of dividend warrants	:	5 October 2023



Chairman's Statement

In the first half of 2023, China's economy faced new difficulties and challenges, mainly due to insufficient domestic demand, heightened risk and hidden dangers in key areas, along with a complex and severe external environment. The real estate market has been on a downward trend after a brief recovery, and the market is weak.

Despite the market downturn, the Group responded proactively to the various challenges, executed lean management, maintained industry-leading sales capability and profitability, and continued to create value for shareholders.

In the first half of the year, the Group Series of Companies achieved contracted property sales of RMB180.18 billion, an increase of 30.1% as compared to the corresponding period last year. Of which, sales in Hong Kong amounted to HK\$2.72 billion. According to statistics from CRIC (克而瑞), the attributable sales of the Group Series of Companies rose to lead the industry in the first half of the year.

The unaudited revenue of the Group for the six months end 30 June 2023 was RMB89.16 billion; profit attributable to owners of the Company was RMB13.49 billion; core profit attributable to owners of the Company was RMB13.82 billion. Equity attributable to owners of the Company was RMB363.89 billion. The Board declared an interim dividend of HK35 cents per share in respect of the six months ended 30 June 2023.

In the first half of the year, despite the market experienced downward volatility and increased uncertainty, the Group maintained its disciplined investment, focused on selecting quality assets in higher-tier cities and made precise investments. The Group Series of Companies acquired 16 land parcels with a total land premium of RMB41.43 billion and corresponding newly added saleable resources of RMB71.70 billion, of which the Group acquired 13 land parcels with a total land premium of RMB37.88 billion and corresponding newly added saleable resources of RMB64.18 billion. The corresponding newly added saleable resources of the four first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen accounted for 44.7% of the total newly added saleable resources of the Group. The Group attentively pursues suitable acquisition opportunities.

Chairman's Statement (Continued)

The Group's revenue from commercial properties grew steadily and amounted to RMB2.95 billion in the first half of the year, an increase of 11.3% as compared to the corresponding period last year. Ten commercial properties of the Group Series of Companies commenced operation in the first half of the year, including three office buildings, four shopping malls and three long-term leased apartments, injecting new momentum into the growth of commercial property revenue.

The Group sustains its strong cost advantage and financial soundness. In the first half of the year, the Group's selling and distribution expenses and administrative expenses in total accounted for 3.8% of revenue, an industry-leading cost efficiency ratio. The Group's weighted average borrowing costs were 3.54% in the first half of the year, among the lowest in the industry. At 30 June 2023, the Group's liability-to-asset ratio was 58.3% and net gearing was 37.7%. The Group continues to uphold its position as a "green category" enterprise. Cash on hand was RMB114.21 billion.

Economic recovery has been progressing with twists and turns. Looking ahead, China's economy has enormous development resilience and potential, and the fundamentals sustaining long-term economic growth remain unchanged, strongly supporting the long-term positive outlook in the real estate market.

The Central Government has pledged to adapt to the new situation in the property market, whose supply-and-demand dynamic is changing significantly, and has clearly identified the need for timely adjustments and optimisation of real estate policy, making effective use of the policy toolbox to implement city-specific measures, in order to better satisfy housing demand from first-time home buyers and upgraders, and to promote the stable and healthy development of the real estate market. In the short term, the real estate market is still bottoming out. The Group remains confident that the market will stabilise and firm up. With more than adequate financial capacity to handle market volatility risk and solid resources to seize opportunities arising from market adjustments, the Group practises an integrated strategy that seeks to overcome every challenge and capitalise on every opportunity, in balanced pursuit of overall goals.

Chairman's Statement (Continued)

As the US dollar interest rate hike cycle draws to a close, Hong Kong's employment levels and economy are gradually improving, with the support of various policies from the Central and Hong Kong governments. In the longer term, the Group foresees further stabilisation in the Hong Kong property market. The Group remains strongly confident in Hong Kong's future development and will continue to seize opportunities to increase investment when appropriate.

Established for more than 40 years, the Group has weathered many economic cycles and fluctuations in the property market, and stood firm as an industry leader. The Group will continue to adhere to its core value of customer-oriented, quality assurance and value creation, and uphold its business philosophy of "Good Products, Good Services, Good Effectiveness, Good Citizen". The Group will collaborate with its peers to facilitate the smooth transition of the real estate industry to a new development model and lead the industry with quality development in the next phase.

Finally, I would like to take this opportunity to express my sincere gratitude to our domestic and overseas customers, the shareholders and the whole community for their support and trust. I would also like to express my heartfelt gratitude to my fellow directors and all employees for their dedication and determination to pursue excellence.

China Overseas Land & Investment Limited

Yan Jianguo

Chairman and Executive Director

Management Discussion & Analysis

Overall Performance

During the period, the revenue of the Group was RMB89.16 billion. The operating profit was RMB19.07 billion. The gross profit margin was 22.6% and the net profit margin attributable to owners of the Company was 15.1%. The ratio of selling and distribution expenses and administrative expenses to revenue was 3.8%. Profit attributable to owners of the Company was RMB13.49 billion. Core profit attributable to owners of the Company was RMB13.82 billion. Half-year return on equity was 3.8%. Basic earnings per share was RMB1.23.

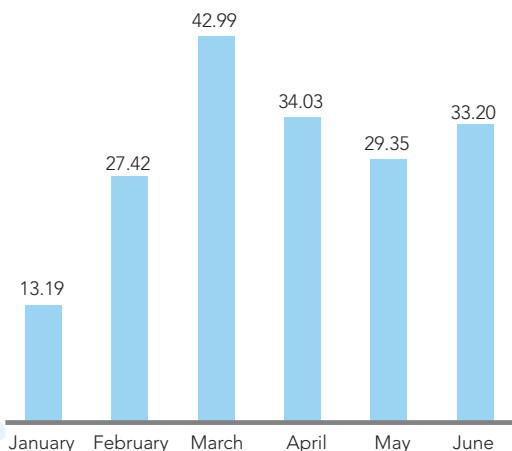
During the period, the Group recorded a net foreign exchange loss of RMB1.73 billion (2022: net foreign exchange loss of RMB2.39 billion) due to fluctuations in market exchange rates.

Property Development

In the first half of 2023, the contracted property sales of the Group Series of Companies increased by 30.1% to RMB180.18 billion; and the corresponding GFA sold was 8.04 million sq m, an increase of 28.3% as compared with the corresponding period last year.

Contracted Property Sales Amount By Month*

RMB billion



* Representing the Group Series of Companies

Management Discussion & Analysis (Continued)

Property Development (Continued)

In the first half of 2023, the Group Series of Companies' contracted property sales and the corresponding GFA sold by region were as follows:

	Contracted property sales (RMB billion)	Proportion	GFA sold ('000 sq m)	Proportion
Southern Region	29.97	16.6%	1,144	14.2%
Eastern Region	21.79	12.1%	1,092	13.6%
Central and Western Region	23.17	12.9%	1,379	17.1%
Northern Region	52.27	29.0%	1,577	19.6%
Hong Kong, Macau and Overseas Region	1.35	0.7%	5	0.1%
Sub-total for the Company and its subsidiaries	128.55	71.3%	5,197	64.6%
Joint ventures and associates of the Company (excluding COGO)	25.69	14.3%	698	8.7%
China Overseas Grand Oceans Group Limited ("COGO")	25.94	14.4%	2,145	26.7%
Total	180.18	100%	8,040	100%

The Group has adhered to cash flow management as its core policy, seeking to boost sales proceeds collection, with sales proceeds collection in Beijing, Guangzhou, Xiamen, Changsha, Jinan, Tianjin, Chengdu and Xi'an each exceeding RMB4.0 billion.

During the period, the Group's revenue from property development was RMB85.91 billion.

During the period, the net profit contribution to the Group from associates and joint ventures amounted to RMB1.29 billion.

The major associate, COGO, recorded contracted property sales of RMB25.94 billion, revenue of RMB27.17 billion, and profit attributable to owners of COGO of RMB1.72 billion.

Management Discussion & Analysis (Continued)

Property Development (Continued)

During the period, the Group Series of Companies (excluding COGO) completed the projects with a total area of 6.74 million sq m in 28 cities in mainland China.

The table below showed the area of projects completed by region in the first half of 2023:

City	Total Area ('000 sq m)
Southern Region	
Guangzhou	675
Wanning	198
Haikou	191
Shenzhen	169
Nanchang	159
Foshan	156
Xiamen	135
Fuzhou	102
Zhuhai	98
Sub-total	1,883
Eastern Region	
Jinan	749
Shanghai	355
Nanjing	317
Suzhou	304
Jiaxing	216
Yantai	20
Sub-total	1,961
Central and Western Region	
Taiyuan	505
Wuhan	251
Chengdu	201
Zhengzhou	163
Chongqing	110
Urumqi	103
Guiyang	40
Sub-total	1,373

Management Discussion & Analysis (Continued)

Property Development (Continued)

The table below showed the area of projects completed by region in the first half of 2023: (Continued)

City	Total Area ('000 sq m)
Northern Region	
Tianjin	420
Harbin	270
Changchun	242
Shenyang	211
Beijing	198
Shijiazhuang	185
Sub-total	1,526
Total	6,743

During the period, the Group acquired 13 land parcels in 11 cities in mainland China, adding a total GFA of 1.90 million sq m to the land reserve (attributable interest of 1.88 million sq m). The total land premium was RMB37.88 billion (attributable interest of RMB37.73 billion).

Management Discussion & Analysis (Continued)

Property Development (Continued)

The table below showed the details of land parcels added in the first half of 2023:

City	Name of Development Project	Attributable Interest	Land Area ('000 sq m)	Total GFA ('000 sq m)
Nanjing	Jianye District Project	100%	42	130
Hangzhou	Xiaoshan District Project	100%	16	61
Hangzhou	Xihu District Project	100%	55	97
Qingdao	Shibei District Project	100%	57	279
Beijing	Shijingshan District Project	100%	26	124
Chengdu	Tianfu New Area Project	100%	33	99
Guangzhou	Liwan District Project	100%	14	127
Shenzhen	Longgang District Project	80%	29	128
Tianjin	Nankai District Project	100%	56	179
Changchun	Hi-tech Industrial Development Zone Project	100%	28	60
Shijiazhuang	Yuhua District Project	100%	54	149
Xiamen	Siming District Project	100%	24	178
Shenzhen	Nanshan District Project	100%	36	293
Total			470	1,904

Management Discussion & Analysis (Continued)

Property Development (Continued)

At 30 June 2023, the Group Series of Companies (excluding COGO) had a total land reserve of 39.17 million sq m (attributable interest of 32.95 million sq m).

During the period, COGO increased its land reserve by 470,000 sq m. At 30 June 2023, COGO's total land reserve was 21.79 million sq m (attributable interest of 18.34 million sq m).

The total land reserve of the Group Series of Companies was 60.96 million sq m.

Property Investment

The Group holds steadfast to the development of commercial property and the construction of an integrated urban ecosystem based on a diversified portfolio of commercial assets. The Group affirmatively holds to enhancing asset value through proactive asset management, and accelerating the development of its asset-light management business to achieve steady growth in sustainable income.

In the first half of the year, rental income from the Group's investment properties amounted to RMB2.43 billion, of which rental income from office buildings amounted to RMB1.65 billion, and rental income from shopping malls amounted to RMB700 million.

Management Discussion & Analysis (Continued)

Property Investment (Continued)

During the period, ten commercial properties of the Group Series of Companies commenced operations, with a total GFA of 730,000 sq m, achieving steady growth in the scale of commercial business. Details of the newly opened commercial properties in the first half of 2023 were set out below:

Name of property	Type	City	Total GFA ('000 sq m)
China Overseas International Center	Office Building	Kunming	113
China Overseas Plaza	Office Building	Shenyang	84
Central Mansion-China Overseas Unibuilding	Office Building	Hefei	40
Meijiang Unipark	Shopping Mall	Tianjin	155
Heping Unipark	Shopping Mall	Shenyang	190
Zhenru Sam's Club	Shopping Mall	Shanghai	56
Jiangan Unielite	Shopping Mall	Wuhan	6
Unilive International Serviced Residence	Long-term Leased Apartment	Shanghai	39
Unilive Apartment (Songjiang Phase 3)	Long-term Leased Apartment	Shanghai	11
Unilive Apartment (Heping International)	Long-term Leased Apartment	Shenyang	39
Total			733

The Group successfully promoted its asset-light management business and signed a total of three new contracts to manage external commercial properties, comprising office buildings, shopping malls and long-term leased apartments in the first half of the year. The cumulative total area in external commercial properties under asset-light management at 30 June 2023 was 1.15 million sq m, and the smooth launch of new projects and steady development of the asset-light management business combined to boost the commercial property revenue.

Other Operations

During the period, the Group's revenue from other operations amounted to RMB810 million, of which income from hotel operations and other commercial properties was RMB520 million.

Liquidity, Financial Resources and Debt Structure

The Group adheres to the principle of prudent financial fund management, focuses on cash flow management, and insists on "centralised management; unified arrangement" of funds to gradually enhance value creation and the management contribution. In accordance with the operational and development needs of the Company, as well as trends and changes in onshore and offshore capital markets, the Group effectively managed the scale of its interest-bearing debt and continued to optimise its debt structure, maintaining its leading position in the industry by various financial and regulatory indicators.

The overall financial position of the Group was satisfactory. At 30 June 2023, the net current assets were RMB362.23 billion, the current ratio was 2.2 times, net gearing was 37.7%, and the cash on hand was RMB114.21 billion. The three major international credit rating agencies have given the Group industry-leading and stable credit ratings: Fitch A-/Stable; Moody's Baa1/Stable; and Standard & Poor's BBB+/Stable.

The Group continued to leverage the advantages of its dual onshore and offshore financing platforms, actively responded to the impact of fluctuations in interest rates and foreign exchange rates on the international capital markets, flexibly utilised a variety of tools, and optimally applied financing arrangements. During the period, the Group raised funds from onshore and offshore debt financing amounting to RMB36.45 billion, and RMB58.24 billion of debt was repaid early or on schedule. The Group lowered its interest-bearing debt and effectively controlled its cost of capital in the first half of the year.

During the period, sales proceeds collection of the Group was RMB120.27 billion and other operating cash collection was RMB6.45 billion. Total operating cash collection amounted to RMB126.72 billion. Total capital expenditure payments by the Group were RMB65.54 billion (of which RMB29.66 billion was for land costs and RMB35.88 billion was for construction expenditure). At 30 June 2023, unpaid land premiums of the Group amounted to RMB23.60 billion while bank and other borrowings, and guaranteed notes and corporate bonds due to mature in the second half of the year amounted to RMB15.62 billion.

Management Discussion & Analysis (Continued)

Liquidity, Financial Resources and Debt Structure (Continued)

At 30 June 2023, the Group had bank and other borrowings amounting to RMB157.34 billion while guaranteed notes and corporate bonds amounted to RMB94.21 billion. Total debt amounted to RMB251.55 billion, of which RMB47.86 billion will mature within one year, accounting for 19.0% of total debt. Among the total debt, 63.6% was denominated in renminbi, 22.0% was denominated in HK dollars, 14.0% was denominated in US dollars and 0.4% was denominated in pounds sterling. The fixed-rate debt accounted for 50.3% of total interest-bearing debt while the remainder was floating-rate debt.

At 30 June 2023, the Group's available funds amounted to RMB164.57 billion comprising bank balances and cash of RMB114.21 billion and unutilised banking facilities of RMB50.36 billion. Among the bank balances and cash, 94.9% was denominated in renminbi, 4.4% was denominated in HK dollars, 0.4% was denominated in US dollars, 0.2% was denominated in pounds sterling and a small amount was denominated in other currencies, while the above bank balances and cash also included regulated pre-sales proceeds of properties of RMB34.52 billion.

In the first half of 2023, China's economy showed signs of slowing and interest rates were cut once, in June. In the United States, the Federal Reserve continued to raise interest rates in order to curb high inflation, which increased financial risks and is expected to draw to the end of the interest rate hike cycle. The exchange rate of the renminbi against the US dollar experienced continuous bilateral fluctuations, with the renminbi first appreciated and then depreciated. The Group's exchange rate management is mainly natural hedging, and it has not participated in any speculative trading of derivative financial instruments, but will carefully consider whether to conduct currency and interest rate swaps at an appropriate time to hedge against corresponding risks. The Board believes that the Group's interest rate and exchange rate risks are relatively controllable.

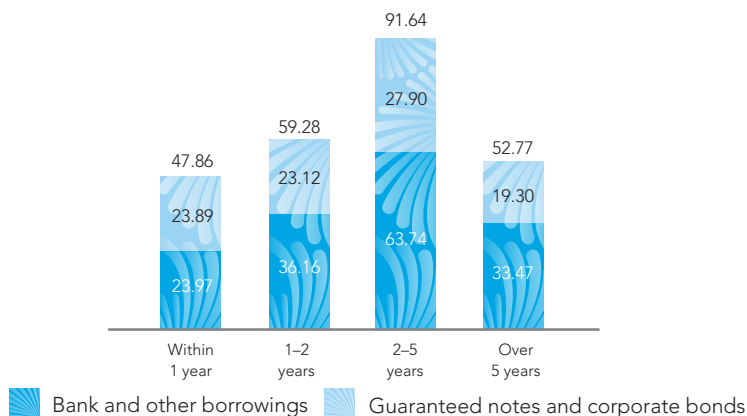
Management Discussion & Analysis (Continued)

Liquidity, Financial Resources and Debt Structure (Continued)

Interest-Bearing Debt Maturity Profile

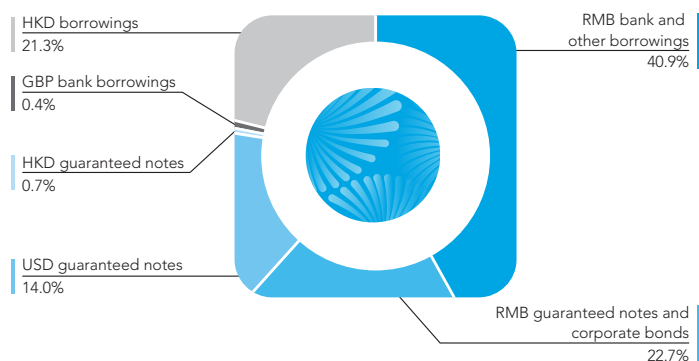
At 30 June 2023

RMB billion



Interest-Bearing Debt by Currency

At 30 June 2023



Management Discussion & Analysis (Continued)

Contingent Liabilities

At 30 June 2023, the Group provided guarantees amounting to RMB77.65 billion for the repayment of bank mortgage loans granted to purchasers of the Group's properties. The Group had counter indemnities amounting to RMB1.93 billion for guarantees issued in respect of certain construction contracts undertaken by the Group.

In addition, at 30 June 2023, the Group had provided guarantees to banks amounting to RMB470 million, RMB9.24 billion and RMB230 million in respect of credit facilities granted and utilised by the Group's associates, joint ventures and other entity respectively.

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

Charge of Assets

At 30 June 2023, certain of the Group's assets with carrying values of RMB69.01 billion have been pledged to secure its bank borrowings, guaranteed notes and corporate bonds.

Sustainable Development

Since the Group established being "a Company of Four Excellences (四好公司)" as its sustainable development strategic framework in 2019, it has been steadily arching towards new milestones in sustainable development. The Group regularly reviews and evaluates its own sustainability performance and national policy, industry trends and the latest expectations of the capital market, so as to fulfil its commitment to building a healthy and sustainable community for future generations. In the first half of 2023, the Group achieved excellent results in corporate governance, social responsibility, environmental protection, and responding to the capital market for strengthening external disclosures and others.

In April 2023, the Group published the 2022 Environmental, Social and Governance Report in conjunction with the 2022 Annual Report. The ESG Report obtained independent third-party verification from the Hong Kong Quality Assurance Agency for the first time, continuously improving the credibility and transparency of the report and responding to the capital market's information disclosure needs.

Sustainable Development (Continued)

The Group has consistently adhered to the development path of “Four Excellences”, and international authoritative agencies and capital markets highly recognised the ESG management achievements of the Group. The Group has been included in the Hang Seng Corporate Sustainability Index (HSSUS) for 13 consecutive years, and is one of the top 30 Hong Kong listed companies with the best ESG performance. For seven consecutive years, the Group has been selected as a constituent company of the FTSE4Good Index Series. In the international mainstream ESG ratings, the Group continued to outperform the global industry average level, with a high score by Refinitiv, ranking first among 499 real estate companies. Domestic major ESG rating agencies also gave the group high praise: AA by QuantData, AA by Wind, and A- by SynTao Green Finance. During the period, the Group won the “Most Honored Company”, “Best ESG” and “Best Board of Directors” in the Asia Pacific property industry in the 2023 Asia Executive Team survey by the prestigious financial magazine Institutional Investor, ranking Top 3 in the industry in these categories.

With the global attention on climate change issues continuing to rise, the Group has followed the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to disclose our climate change management performance and results since 2020. This included completing the formulation and publication of the Responding to Climate Change Policy and conducting the climate scenario analysis. The Group conducted climate risk exposure assessments for eight city groups based on designated climate risks and two scenarios (RCP8.5 and 4.5), and proposed climate adaptation measures for 24 representative buildings to strengthen the Group’s ability to respond to climate risks.

As a leading enterprise in the real estate industry, the Group has been actively responding to China’s 14th Five-Year Plan and the “3060 Decarbonisation Targets” set by China via taking green and low carbon development as the main direction of its development. In order to effectively promote the decarbonisation work, the Group has established a Carbon Peak and Carbon Neutrality Working Leadership, completed background research and carbon audit, and has set medium-to-long-term decarbonisation targets of reducing at least 30% Scope 1 and 2 carbon emissions intensity per unit area by 2030 (2019 baseline year), and striving to achieve carbon neutrality by 2060.

Management Discussion & Analysis (Continued)

Sustainable Development (Continued)

During the period, the Group has added 15 green certified projects with a corresponding area of 2.56 million square metres. The total number of green building projects has reached 584 with a corresponding area of 101 million square metres. In addition, the Group participated in the compilation of the national Technical Standards for Zero Carbon Emission Buildings and is building the first nearly zero-carbon 5A-level headquarters in the Houhai District of Shenzhen to lead and empower the industry, contributing to the decarbonisation strategy of China.

The Group insisted on putting people first and regarded human resources as its most valuable resource. The Group determined the remuneration package and discretionary bonus of the employees according to their performance, experience and the market wage rate. The Group also provided other employee benefits including provident fund scheme, medical protection, insurance and housing allowance. To further strengthen the occupational health and safety of the employees, suppliers, and contractors, the Group has obtained ISO 45001:2018 Occupational health and safety management system, optimised relevant policies and systems and required all contractors and suppliers to participate in at least ten hours of safety training.

During the period, the Group continued to facilitate rural revitalisation in three counties in Gansu province with focus on Zhuoni County, one of the ten major black fungus production bases in China, and selected high-quality local black fungus to create a characteristic agricultural product brand and to promote it nationwide. The Group deeply participated in the whole process of brand creation including trademark registration, package design, brand creation, production and processing, quality control, online and offline promotion of the product.

The Group mobilised its staff and property owners to launch over 90 “2023 COLI Charitable Activities” in 48 cities throughout the country, with the theme of “Creating a Better Future for Children with Love”. A total of 20,000 books and over 3,000 stationery items were donated to the China Oversea Wenjiahe Hope Primary School in Kangle County, Gansu Province.

Progress on Sustainability Targets in 1H2023

Good Citizen Sustainable Design and Construction



Vision Put environmental and social benefits first when designing products, services and business management model, and assist the country and society in coping with sustainability and climate change challenges

Progress	Energy efficiency and greenhouse gas emissions	<p>Commercial projects</p> <ul style="list-style-type: none"> Achieved 100% coverage of energy consumption information platform in self-owned office building and shopping mall projects Set a medium-to-long term decarbonisation targets of reducing at least 30% Scope 1 and 2 carbon emissions intensity per unit area by 2030 (2019 baseline year), and striving to achieve carbon neutrality by 2060 Conducted climate risk exposure assessments for eight city groups based on designated climate risks and two scenarios (RCP 8.5 and 4.5), and proposed climate adaptation measures for 24 representative buildings to strengthen the ability to respond to climate risks Became one of the first batch of “Golden Key SDG Forerunner”, China Sustainability Tribune
	Land risk and biodiversity	<ul style="list-style-type: none"> Land risk screening was carried out before land acquisition for each project to analyse the risk factors related to the ecological environment such as geological terrain, soil risk, environmental pollution and special protection and identify the environmental risks of the project plot and its surrounding areas
	Regional economy and rural revitalisation	<ul style="list-style-type: none"> Continue to facilitate rural revitalisation in three counties in Gansu Province, with a focus on Zhuoni County, assisting in the selection of native agricultural products and creating a special new product of black fungus, and commence nationwide promotion
	Green lease	<ul style="list-style-type: none"> 100% of new office tenants signed the COOC green lease cooperation plan
	Green finance	<ul style="list-style-type: none"> Signed a five-year sustainability-linked loan (HKD) in order to increase the development of sustainable business continuously

Good Services Full-cycle Customer Service



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

- Progress**
- In the first half of 2023, the Company achieved customer satisfaction scores of 87%
 - Launched “COLI Ten Guidelines for Customer Service” to clarify the bottom-line issues of customer service

Good Products Creating Enjoyable Space



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

- Progress**
- | | |
|--|---|
| Green and sustainable buildings | <ul style="list-style-type: none"> • In the first half of 2023, 15 projects obtained green building certification, with a corresponding total GFA of 2.56 million sq m, bringing the cumulative number to 584 projects with a total GFA of over 100 million sq m • In the first half of 2023, six new green building-related patents were added, bringing the total number of green building-related patents to 296 |
| Infrastructure and supporting services | <ul style="list-style-type: none"> • In the first half of 2023, affordable housing of a total GFA of 829,000 sq m was under construction, a total GFA of 107,000 sq m was newly constructed, and a total GFA of 4,565,000 sq m was completed |
| Community integration and coordinated development | <ul style="list-style-type: none"> • In the first half of 2023, baby care rooms were set up in 100% of shopping malls under operation and 80% of newly developed hotel projects • High-standard senior living projects were developed, and nearly 1,000 elderly care beds in Tianjin, Jinan, Qingdao and Wuxi were invested and in operation as of the first half of 2023 |

Good Effectiveness Creating Shared Value



Vision	To enhance COLI's value creation capabilities and expedite the progress of sustainability by matching current social needs with COLI's competitive strengths and actively expanding internal and external cooperation	
Progress	Improve corporate governance	<ul style="list-style-type: none"> • 100% of the Company's management and employees (including employees of regional companies, project companies, joint ventures and associates) signed the Work Integrity Responsibility Statement on a yearly basis • 100% of business partners (including suppliers and contractors) signed the Integrity Agreement and their corporate credit and integrity records were checked during the Company's procurement process
	Build effective teams	<ul style="list-style-type: none"> • 3,753 staff were employed. The ratio of male to female was 2.71:1. The target is to improve the ratio of male to female employees with an aim to bring down the ratio to 2:1 • The average training hours per employee was 37 hours • Maintained 100% physical examination and supplementary medical insurance coverage for employees • 100% of the subsidiaries established labour unions, and in the first half of 2023, more than 700 employee activities have been carried out
	Promote cross-industry cooperation	<ul style="list-style-type: none"> • Jointly with Daikin (China), Digital Technology & AI Technology, and China Sustainability Tribune, collaborated to innovate and establish the "China Overseas Business Carbon Footprint Laboratory", the first experimental site located at the China Overseas Business Center in Beijing • Shopping malls cooperated with the WWF (World Wildlife Fund) to carry out the "Earth Hour" environmental protection cross-industry activity, created a campaign: "Ant Forest Green Life Festival" with Alipay and Ant Forest • Actively responded to climate change-related initiatives, participated in relevant seminars
	Management system certification	<ul style="list-style-type: none"> • Completed a total of 24 management system certifications (ISO 45001:2018 Occupational health and safety management systems certification, ISO 9001:2015 Quality management systems certification, ISO 14001:2015 Environmental management systems certification, ISO 27001:2013 Information security management systems certification, etc)

Condensed Consolidated Income Statement

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	89,159,725	103,789,157
Direct operating costs		(69,004,646)	(79,442,813)
Other income and (losses)/gains, net	7	20,155,079	24,346,344
Gain arising from changes in fair value of investment properties		(13,708)	551,806
Selling and distribution expenses		2,316,246	2,504,201
Administrative expenses		(1,871,274)	(1,740,282)
		(1,515,954)	(1,530,837)
Operating profit		19,070,389	24,131,232
Share of profits and losses of Associates		1,049,149	1,035,994
Joint ventures		243,889	520,727
Finance costs	8	(548,255)	(526,111)
Profit before tax		19,815,172	25,161,842
Income tax expenses	9	(5,603,764)	(7,568,069)
Profit for the period	10	14,211,408	17,593,773
Attributable to:			
Owners of the Company		13,489,777	16,742,941
Non-controlling interests		721,631	850,832
		14,211,408	17,593,773
Earnings Per Share	11	RMB	RMB
Basic		1.23	1.53
Diluted		1.23	1.52

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	14,211,408	17,593,773
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translation of subsidiaries of the Company	117,368	(333,044)
Exchange differences on translation of associates	(194,712)	(325,197)
	(77,344)	(658,241)
Other comprehensive income for the period	(77,344)	(658,241)
Total comprehensive income for the period	14,134,064	16,935,532
Total comprehensive income attributable to:		
Owners of the Company	13,398,314	16,089,480
Non-controlling interests	735,750	846,052
	14,134,064	16,935,532

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment		6,934,048	7,085,545
Investment properties	13	194,665,007	190,226,516
Goodwill		56,395	56,395
Interests in associates		22,570,458	21,241,893
Interests in joint ventures		22,760,195	22,168,401
Financial assets at fair value through profit or loss		218,173	218,173
Other receivables		271,392	298,254
Deferred tax assets		7,173,293	7,559,276
		254,648,961	248,854,453
Current Assets			
Stock of properties and other inventories		468,701,325	488,812,985
Land development expenditure		10,697,711	11,469,316
Trade and other receivables	14	7,919,364	7,042,079
Contract assets		1,471,126	1,278,436
Deposits and prepayments		20,546,329	11,929,654
Deposits for land use rights for property development		8,144,409	–
Amounts due from associates		3,704,533	4,459,576
Amounts due from joint ventures		8,046,630	8,788,592
Amounts due from non-controlling shareholders		3,742,151	4,367,921
Tax prepaid		19,004,031	15,945,005
Bank balances and cash		114,213,708	110,306,115
		666,191,317	664,399,679

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Current Liabilities			
Trade and other payables	15	68,909,616	78,650,740
Pre-sales proceeds		134,222,060	107,675,933
Dividend payable	12	3,983,938	–
Amounts due to fellow subsidiaries and a related company		2,996,191	3,625,206
Amounts due to associates		2,042,099	1,635,770
Amounts due to joint ventures		4,283,359	4,408,323
Amounts due to non-controlling shareholders		12,475,920	13,712,388
Lease liabilities – due within one year		42,971	132,897
Tax liabilities		27,146,754	31,952,821
Bank and other borrowings – due within one year		23,969,826	19,717,640
Guaranteed notes and corporate bonds – due within one year	16	23,887,506	19,639,747
		303,960,240	281,151,465
Net Current Assets		362,231,077	383,248,214
Total Assets Less Current Liabilities		616,880,038	632,102,667
Capital and Reserves			
Share capital	17	74,035,443	74,035,443
Reserves		289,858,641	280,444,265
Equity attributable to owners of the Company		363,894,084	354,479,708
Non-controlling interests		19,885,453	18,618,117
Total Equity		383,779,537	373,097,825
Non-current Liabilities			
Lease liabilities – due after one year		1,028,149	1,024,636
Bank and other borrowings – due after one year		133,373,692	145,834,990
Guaranteed notes and corporate bonds – due after one year	16	70,317,368	85,192,869
Deferred tax liabilities		28,381,292	26,952,347
		233,100,501	259,004,842
Total of Equity and Non-Current Liabilities		616,880,038	632,102,667

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2023

	Unaudited							Total RMB'000
	Attributable to owners of the Company						Non- controlling interests RMB'000	
	Share capital RMB'000	Translation reserve RMB'000	Merger and other reserves RMB'000 (Note (a))	PRC statutory reserve RMB'000 (Note (b))	Retained profits RMB'000	Total RMB'000		
At 1 January 2022	74,033,624	417,622	(11,508,573)	10,834,104	269,783,398	343,560,175	13,546,179	357,106,354
Profit for the period	-	-	-	-	16,742,941	16,742,941	850,832	17,593,773
Exchange differences on translation of subsidiaries of the Company	-	(328,264)	-	-	-	(328,264)	(4,780)	(333,044)
Exchange differences on translation of associates	-	(325,197)	-	-	-	(325,197)	-	(325,197)
Total comprehensive income for the period	-	(653,461)	-	-	16,742,941	16,089,480	846,052	16,935,532
2021 final dividend (Note 12)	-	-	-	-	(7,018,822)	(7,018,822)	-	(7,018,822)
Dividends to non-controlling shareholders	-	-	-	-	-	-	(313,466)	(313,466)
Contributions from non-controlling shareholders	-	-	-	-	-	-	1,911,092	1,911,092
Return of capital to non-controlling shareholders	-	-	-	-	-	-	(426,592)	(426,592)
Equity settled share-based transactions	-	-	60,100	-	-	60,100	-	60,100
Acquisition of subsidiaries	-	-	-	-	-	-	2,550,256	2,550,256
Exercise of share option under share option scheme (Note 17)	1,819	-	(358)	-	-	1,461	-	1,461
Transfer to PRC statutory reserve	-	-	-	13,017	(13,017)	-	-	-
Others	-	-	-	-	115,397	115,397	-	115,397
At 30 June 2022	74,035,443	(235,839)	(11,448,831)	10,847,121	279,609,897	352,807,791	18,113,521	370,921,312

Condensed Consolidated Statement of Changes In Equity (Continued)

For the six months ended 30 June 2023

	Unaudited							
	Attributable to owners of the Company							
	Share capital	Translation reserve	Merger and other reserves	PRC statutory reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000 (Note (a))	RMB'000 (Note (b))	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	74,035,443	(1,036,758)	(11,637,771)	11,133,974	281,984,820	354,479,708	18,618,117	373,097,825
Profit for the period	-	-	-	-	13,489,777	13,489,777	721,631	14,211,408
Exchange differences on translation of subsidiaries of the Company	-	103,249	-	-	-	103,249	14,119	117,368
Exchange differences on translation of associates	-	(194,712)	-	-	-	(194,712)	-	(194,712)
Total comprehensive income for the period	-	(91,463)	-	-	13,489,777	13,398,314	735,750	14,134,064
2022 final dividend (Note 12)	-	-	-	-	(3,983,938)	(3,983,938)	-	(3,983,938)
Dividends to non-controlling shareholders	-	-	-	-	-	-	(759,991)	(759,991)
Contributions from non-controlling shareholders	-	-	-	-	-	-	2,506,577	2,506,577
Return of capital to non-controlling shareholders	-	-	-	-	-	-	(1,215,000)	(1,215,000)
Transfer to PRC statutory reserve	-	-	-	204,190	(204,190)	-	-	-
At 30 June 2023	74,035,443	(1,128,221)	(11,637,771)	11,338,164	291,286,469	363,894,084	19,885,453	383,779,537

Notes:

- (a) The reserves mainly represent the merger reserve arising from the acquisition of subsidiaries in 2015 by the Group from China State Construction Engineering Corporation Limited and in 2016 from CITIC Limited, which are all state-owned entities and are under common control of the State Council of the People's Republic of China ("PRC"). Other reserves include share option reserve and property revaluation reserve. Share option reserve represents the fair value of share options granted that are yet to be exercised. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited/lapsed.
- (b) PRC statutory reserve of the Group represents the general and development fund reserve applicable to subsidiaries which were established in accordance with the relevant PRC regulations.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	17,396,651	20,703,167
Interest received	1,138,317	1,072,728
Decrease in stock of properties and other inventories, and deposits for land use rights for property development	17,007,129	6,219,763
(Increase)/decrease in trade and other receivables, and deposits and prepayments	(8,758,087)	187,721
Increase in contract assets	(192,690)	(1,426,196)
Increase/(decrease) in trade and other payables and pre-sales proceeds	17,866,022	(32,610,847)
Other movements in working capital	940,351	141,482
Cash generated from/(used in) operations	45,397,693	(5,712,182)
Income taxes paid	(11,694,867)	(15,391,153)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	33,702,826	(21,103,335)
INVESTING ACTIVITIES		
Dividends received from associates	16,000	6,000
Dividends received from joint ventures	81,781	–
Additions of investment properties	(2,328,919)	(3,268,826)
Advances to associates	(171,327)	(789,865)
Repayment from associates	764,887	1,116,658
Acquisition of subsidiaries	–	(3,757,260)
Advances to joint ventures	(85,272)	(318,418)
Repayment from joint ventures	847,862	3,864,286
Capital contributions to associates	(803,213)	–
Capital contributions to joint ventures	–	(290,165)
Return of capital from joint ventures	123,298	–
Other investing cash flows	1,121,335	2,539,403
NET CASH USED IN INVESTING ACTIVITIES	(433,568)	(898,187)

Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
FINANCING ACTIVITIES		
Interest paid	(5,065,693)	(4,220,981)
Dividends paid to non-controlling shareholders	(283,425)	(313,466)
New bank and other borrowings raised	36,449,138	34,916,162
Repayment of bank and other borrowings	(46,420,804)	(30,588,240)
Issue of guaranteed notes and corporate bonds	–	18,000,000
Redemption of guaranteed notes and corporate bonds	(11,820,925)	(2,034,160)
Repayment to non-controlling shareholders	(3,253,438)	(1,246,244)
Advances from non-controlling shareholders	207,188	1,200,024
Contributions from non-controlling shareholders	2,506,577	1,918,561
Return of capital to non-controlling shareholders	(1,215,000)	(426,592)
Repayment to joint ventures	(190,243)	(691,221)
Advances from joint ventures	58,916	126,137
Other financing cash flows	(380,942)	(495,350)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(29,408,651)	16,144,630
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,860,607	(5,856,892)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	109,709,019	129,861,401
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	215,733	462,478
CASH AND CASH EQUIVALENTS AT 30 JUNE	113,785,359	124,466,987
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash as per condensed consolidated statement of financial position	114,213,708	125,321,143
Less: restricted bank deposits	(428,349)	(854,156)
	113,785,359	124,466,987

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. General

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

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

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

These condensed consolidated financial statements are unaudited. It was approved and authorised for issue by the Board of Directors of the Company on 28 August 2023.

* English translation for identification purpose only

2. Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosures requirement of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on Hong Kong Stock Exchange and Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated financial statements should be read in conjunction with the Group's 2022 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial asset at fair value through profit or loss, which are measured at fair values.

The financial information relating to the year ended 31 December 2022 included in the condensed consolidated financial statements for the six months ended 30 June 2023 as comparative does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditor has reported on the financial statements of the Group for that year. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under Sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

3. Application of Revised HKFRSs

The accounting policies applied are consistent with those of the Group's annual financial statements for the year ended 31 December 2022 as described in those annual financial statements, except for the adoption of amendments effective for the year ending 31 December 2023.

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

3. Application of Revised HKFRSs (Continued)

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

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback¹</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current^{1,3,4}</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants^{1,4}</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangement¹</i>

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

² *No mandatory effective date yet determined but available for early adoption*

³ *As a consequence of the amendments to HKAS 1 issued in August 2020 and December 2022, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion*

⁴ *As a consequence of the amendments to HKAS 1 Non-current Liabilities with Covenants issued by the HKICPA in 2022, the effective date of the amendments to HKAS 1 Classification of Liabilities as Current or Non-current was deferred and entities are required to apply both amendments for annual periods beginning on or after 1 January 2024. In addition, consequential amendments were made to HKFRS Practice Statement 2 Making Materiality Judgements*

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

4. Financial Risk Management

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

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2022 annual financial statements.

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

(i) Financial instruments measured at fair value

The following table presents the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair value measurement*.

	Level 3	
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Financial assets at fair value through profit or loss	218,173	218,173

During the period, there were no transfers between different levels within the fair value hierarchy.

The fair value of unlisted equity investment designated at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation technique and the inputs, including significant unobservable inputs, used in the fair value measurement of unlisted equity investment are not disclosed as such disclosures, in the opinion of the directors, would result in particulars of excessive length and provide no additional useful information to the users of the financial statements.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

4. Financial Risk Management (Continued)

(ii) Financial instruments measured at other than fair value

The carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values, except for the guaranteed notes and corporate bonds as disclosed in the following table.

	30 June 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Guaranteed notes and corporate bonds	94,204,874	92,909,698	104,832,616	102,023,216

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

5. Estimates

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

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2022.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

6. Revenue and Results

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

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

Segment revenue and results

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

Six months ended 30 June 2023 – Unaudited

	Property development RMB'000	Property investment RMB'000	Other operations RMB'000	Segment total RMB'000
Revenue from contracts with customers				
– Recognised at a point in time	72,441,180	–	–	72,441,180
– Recognised over time	13,473,157	–	814,231	14,287,388
	85,914,337	–	814,231	86,728,568
Revenue from other sources				
– Rental income	–	2,431,157	–	2,431,157
Segment revenue – External	85,914,337	2,431,157	814,231	89,159,725
Segment profit (including share of profits and losses of associates and joint ventures)	17,171,745	3,796,033	68,085	21,035,863

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

6. Revenue and Results (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2022 – Unaudited

	Property development RMB'000	Property investment RMB'000	Other operations RMB'000	Segment total RMB'000
Revenue from contracts with customers				
– Recognised at a point in time	90,252,936	–	–	90,252,936
– Recognised over time	10,596,136	–	500,401	11,096,537
	100,849,072	–	500,401	101,349,473
Revenue from other sources				
– Rental income	–	2,439,684	–	2,439,684
Segment revenue – External	100,849,072	2,439,684	500,401	103,789,157
Segment profit (including share of profits and losses of associates and joint ventures)	23,251,353	4,027,962	45,333	27,324,648

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

6. Revenue and Results (Continued)

Reconciliation of reportable segment profit to the consolidated profit before tax

Segment profit includes profits from subsidiaries and share of profits and losses of associates and joint ventures. These represent the profit earned by each segment without allocation of interest income on bank deposits, corporate expenses, finance costs and net foreign exchange loss recognised in the condensed consolidated income statement.

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reportable segment profit	21,035,863	27,324,648
Unallocated items:		
Interest income on bank deposits	1,097,724	868,306
Corporate expenses	(39,839)	(113,819)
Finance costs	(548,255)	(526,111)
Net foreign exchange loss recognised in the condensed consolidated income statement	(1,730,321)	(2,391,182)
Consolidated profit before tax	19,815,172	25,161,842

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

7. Other Income and (Losses)/Gains, Net

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Other income and (losses)/gains, net include:		
Interest income on bank deposits	1,097,724	868,306
Interest income on amounts due from fellow subsidiaries, associates, joint ventures and non-controlling shareholders	240,118	220,585
Other interest income	4,584	83,185
Total interest income	1,342,426	1,172,076
Net foreign exchange loss	(2,074,907)	(2,928,710)
Add: Exchange loss arising from foreign currency debt capitalised	344,586	537,528
Net foreign exchange loss recognised in the condensed consolidated income statement	(1,730,321)	(2,391,182)
Re-measurement gain on pre-existing interest in an associate upon acquisition	–	1,251,160
Gain on bargain purchase of subsidiaries	–	1,236,618

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

8. Finance Costs

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings, guaranteed notes and corporate bonds	4,904,687	4,471,065
Interest on amounts due to fellow subsidiaries and a related company, associates, joint ventures and non-controlling shareholders	218,503	268,531
Interest on lease liabilities and other finance costs	118,114	102,380
Total finance costs	5,241,304	4,841,976
Less: Amount capitalised	(4,693,049)	(4,315,865)
	548,255	526,111

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

9. Income Tax Expenses

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax:		
PRC Corporate Income Tax ("CIT")	2,474,960	4,650,231
PRC Land Appreciation Tax ("LAT")	1,252,261	1,293,342
PRC withholding income tax	20,388	14,839
Hong Kong profits tax	26,754	21,230
Macau income tax	576	1,798
Others	12,496	10,151
	3,787,435	5,991,591
Deferred tax:		
Current period	1,816,329	1,576,478
Total	5,603,764	7,568,069

Under the Law of PRC on CIT (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of PRC subsidiaries is 25% (2022: 25%).

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

Hong Kong profits tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profit for the period.

Macau income tax is calculated at the prevailing tax rate of 12% (2022: 12%) in Macau.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

10. Profit for the Period

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation		
– Right-of-use assets	84,567	169,007
– Other property, plant and equipment	170,047	120,975
Staff costs (including benefits and interests of directors) (note 21(ii))	1,412,921	1,446,003

11. Earnings Per Share

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of calculation of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	13,489,777	16,742,941

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

11. Earnings Per Share (Continued)

Basic earnings per share

	Six months ended 30 June	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	10,944,884	10,944,844

Diluted earnings per share

	Six months ended 30 June	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	10,944,884	10,944,844
Effect of dilution of share options under the Company's share option scheme – Weighted average number of ordinary shares	–	56,695
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	10,944,884	11,001,539

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share presented.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

12. Dividends

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period		
Final dividend of HK40 cents per share in respect of the year ended 31 December 2022 (2022: final dividend of HK76 cents per share in respect of the year ended 31 December 2021)	3,983,938	7,018,822

The interim dividend of HK35 cents per share in respect of six months ended 30 June 2023, amounting to approximately RMB3,524,252,000 was declared by the Board. The amount of interim dividend declared, which was calculated based on the number of ordinary shares in issue at the date of approval of the condensed consolidated financial statements, has not been recognised as a dividend payable in the condensed consolidated financial statements.

13. Investment Properties

During the six months ended 30 June 2023, additions to investment properties amounted to RMB2,573,718,000 (2022: RMB6,597,038,000) and the gain arising from changes in fair value of investment properties amounted to RMB2,316,246,000 (2022: RMB2,504,201,000).

The fair value of the investment properties held by the Group at 30 June 2023 and 31 December 2022 have been arrived on the basis of a valuation carried out on that date by independent firms of professional valuers not connected with the Group, who have appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The current use of the investment properties equates to their highest and best use.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

13. Investment Properties (Continued)

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

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

14. Trade and Other Receivables

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

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

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables, aged		
0 – 30 days	3,661,110	3,657,213
31 – 90 days	552,081	157,530
Over 90 days	967,991	801,309
	5,181,182	4,616,052
Other receivables – current portion	2,738,182	2,426,027
	7,919,364	7,042,079

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

14. Trade and Other Receivables (Continued)

In determining the recoverability of trade receivables, management has closely monitored the credit qualities and the collectability of these receivables and considers that the expected credit risks of them are minimal in view of the track record of repayment from them, the history of cooperation with them and forward-looking information. The concentration of credit risk is limited due to the customer base being large and unrelated. The provision for trade and other receivables was insignificant at the end of the reporting period (31 December 2022: insignificant).

15. Trade and Other Payables

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables, aged		
0 – 30 days	23,496,357	17,706,981
31 – 90 days	5,144,036	7,145,132
Over 90 days	26,896,636	37,619,422
	55,537,029	62,471,535
Other payables	7,223,806	9,480,747
Retention payable	6,148,781	6,698,458
	68,909,616	78,650,740

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

16. Guaranteed Notes and Corporate Bonds

During the six months ended 30 June 2023, the Group mainly redeemed the following guaranteed notes and corporate bonds:

Repaid during the period upon full redemption:

Interest commencement date	Principal amount (in million)	Issue price	Fixed interest rate per annum	Redemption value (in RMB'000)
26 April 2018	US\$750	99.844%	4.25%	5,109,975
28 April 2020	RMB3,701	100%	2.5%	3,685,200
17 August 2020	RMB3,001	100%	3.9%	2,995,500

17. Share Capital

	Number of shares '000	HK\$'000	RMB'000
Issued and fully paid:			
At 1 January 2022	10,944,815	90,420,438	74,033,624
Exercise of share option under share option schemes (Note)	69	2,203	1,819
At 30 June 2022	10,944,884	90,422,641	74,035,443
At 1 January 2023 and at 30 June 2023	10,944,884	90,422,641	74,035,443

Note: During the six months ended 30 June 2022, the subscription rights attaching to 68,500 share options were exercised at the subscription price of HK\$25.85 per share, resulting in the issue of 68,500 shares for a total cash consideration, before expenses, of HK\$1,770,000 (equivalent to RMB1,461,000). An amount of HK\$433,000 (equivalent to RMB358,000) was transferred from the share option reserve to share capital upon the exercise of share options under share option scheme.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

17. Share Capital (Continued)

Share-based Payments

Share Option Scheme of the Company

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

One-third of the 2018 Share Options granted were vested on each of 29 June 2020 and 29 June 2021. The third tranche (i.e. one-third) of the 2018 Share Options were cancelled on 21 June 2022 in accordance with the exercise conditions under the terms of the Share Option Scheme. The closing price of 2018 Share Options on the date of grant was HK\$25.85 per share.

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

The first tranche (i.e. one-third) of the 2020 Share Options were cancelled on 12 January 2023 in accordance with the exercise conditions under the terms of the Share Option Scheme. The remaining two tranches of the 2020 Share Options granted (i.e. each represents one-third) may be vested on 24 November 2023 and 24 November 2024 respectively. The closing price of 2020 Share Options on the date of grant was HK\$17.96 per share.

On 11 November 2021, the Company offered to grant share options (the “2021 Share Options”) to certain eligible persons (collectively, the “2021 Options Grantees”), to subscribe for a total of 7,130,000 shares of the Company, subject to acceptance of the 2021 Options Grantees, under the share option scheme adopted by the Company on 11 June 2018. Out of 7,130,000 shares of 2021 Share Options granted, a total of 1,600,000 shares were granted to a director of the Company. The exercise price is HK\$18.70 per share.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

17. Share Capital (Continued)

Share-based Payments (Continued)

Share Option Scheme of the Company (Continued)

One-third of the 2021 Share Options granted may be vested on each of 11 November 2023, 11 November 2024 and 11 November 2025. The closing price of 2021 Share Options on the date of grant was HK\$18.70 per share.

The fair values of the 2018 Share Options on 29 June 2018, the 2020 Share Options on 24 November 2020 and the 2021 Share Options on 11 November 2021 determined using the Binomial Options Pricing Model were HK\$6.36, HK\$2.64 and HK\$2.89 per share, respectively. The significant inputs adopted in the model include:

Risk-free rate	2018 Share Options: 2.12% with reference to the market yield rates of the Hong Kong Government Bond (maturing 21 June 2021 and 6 December 2021) as of 29 June 2018 2020 Share Options: 0.34% with reference to the market yield rates of the Hong Kong Government Bond (maturing 20 August 2025 and 27 August 2027) as of 24 November 2020 2021 Share Options: 1.42% with reference to the Hong Kong Dollar Swap Rate (5Y and 7Y) as of 11 November 2021
Historical volatility	31.91%, 31.89% and 31.31% calculated based on the historical price with a period equals to the life of the 2018, 2020 and 2021 Share Options, respectively
Cap of the share-based payments	40% of the respective Grantees' remuneration for the 2018 Share Options
Dividend yield	3.09%, 5.68% and 6.31% based on the average dividend yield in the past six years for the 2018, 2020 and 2021 Share Options, respectively
Expected option life	6 years for all 2018, 2020 and 2021 Share Options

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

17. Share Capital (Continued)

Share-based Payments (Continued)

Share Option Scheme of the Company (Continued)

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

Set out below are movements of the share option under the Share Option Scheme by the Company during the period:

	2023		2022	
	Average exercise price per share HK\$	Number of share options	Average exercise price per share HK\$	Number of share options
At 1 January	19.96	326,112,500	20.44	370,280,000
Forfeited during the period	20.38	(8,569,000)	20.63	(8,460,000)
Cancelled during the period (Note)	18.72	(87,213,000)	25.85	(29,260,000)
Exercised during the period	–	–	25.85	(68,500)
At 30 June	20.41	230,330,500	19.96	332,491,500

Note: The first tranche of the 2020 Share Options granted (2022: the third tranche of the 2018 Share Options granted) have been cancelled in accordance with the exercise conditions under the terms of the Share Option Scheme during the six months ended 30 June 2023.

No share options were granted and expired during the period. During the six months ended 30 June 2022, the weighted average closing price of the shares immediately before the dates on which the share options were exercised was HK\$26.27.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

17. Share Capital (Continued)

Share-based Payments (Continued)

Share Option Scheme of the Company (Continued)

Share options outstanding at 30 June 2023 have the following expiry date and exercise price:

Grant Date	Expiry date	Exercise price per share HK\$	Number of share options	Weighted average remaining contractual life of options outstanding at the end of the period
29 June 2018	28 June 2024	25.85	54,756,500	1 year
24 November 2020	23 November 2026	18.724	168,564,000	3.4 years
11 November 2021	10 November 2027	18.70	7,010,000	4.4 years
			230,330,500	

18. Capital Commitments

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Capital expenditure in respect of investment properties:		
Contracted but not provided for	6,454,906	6,873,133

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

19. Financial Guarantees

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

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Associates		
– Maximum	471,279	814,200
– Utilised	471,279	660,661
Joint ventures		
– Maximum	11,958,350	12,259,400
– Utilised	9,240,117	8,151,450
Other entity classified as financial asset at fair value through profit or loss		
– Maximum	322,000	322,000
– Utilised	227,560	192,860

- (b) At 30 June 2023, the Group had counter indemnities amounting to RMB1,930,558,000 (31 December 2022: RMB1,363,779,000) for guarantees issued in respect of certain construction contracts undertaken by the Group.
- (c) At 30 June 2023, the Group provided guarantees amounting to RMB77,652,669,000 (31 December 2022: RMB80,892,429,000) for the repayment of the mortgage bank loans granted to purchasers of the Group's properties.

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

20. Pledge of Assets

At the end of the reporting period, certain assets of the Group have been pledged to secure its bank borrowings, guaranteed notes and corporate bonds. The carrying values of the pledged assets at 30 June 2023 and 31 December 2022 were as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Investment properties	45,000,876	49,255,749
Stock of properties	24,005,482	8,752,173
	69,006,358	58,007,922

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

21. Related Party Transactions

- (i) In addition to those balances and transactions disclosed elsewhere in the condensed consolidated financial statements, the following material related party transactions have been entered into by the Group during the period:

Nature of transactions	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Fellow subsidiaries			
Property development project construction fee [#]	(a)	2,226,565	4,249,098
Rental and utility income [#]	(b)	119,928	43,608
Heating pipes connection service fee	(a)	5,819	14,171
Building design consultancy income	(c)	2,638	5,810
Property management and value-added services fee [#]	(c)	590,633	386,727
Materials procurement and supply chain management services income [#]	(c)	364,669	31,088
Sales of properties [#]	(d)	–	73,572
Interest expense	(g)	2,015	22,645
Interest income [#]	(h)	1,092	11,320
Associates			
Interest income	(f)	50,118	60,611
Royalty income	(e)	175,200	165,200
Lease payments	(b)	52,940	115,058
Materials procurement service income	(c)	534,190	457,220
Joint ventures			
Interest income	(f)	179,101	159,973
Interest expense	(g)	6,364	–

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

21. Related Party Transactions (Continued)

(i) (Continued)

Notes:

- (a) *Property development project construction fee and heating pipes connection service fee are charged in accordance with respective contracts. The amounts represent aggregated transaction amounts during the period in relation to contracts signed in current and prior periods.*
- (b) *Rental and utility income and lease payments are charged in accordance with respective tenancy agreements.*
- (c) *Building design consultancy income, property management and value-added services fee, material procurement and supply chain management services income and material procurement service income are charged in accordance with respective contracts.*
- (d) *The Group entered into various sale and purchase agreements with certain subsidiaries of China Overseas Property Holdings Limited, a fellow subsidiary of the Company, for the disposal of car parking spaces in the PRC.*
- (e) *Royalty income is charged at annual fee as specified in the contracts.*
- (f) *Interest income is charged at interest rates as specified on the amounts due from associates/ joint ventures.*
- (g) *Interest expense is charged at interest rates as specified on the amounts due to joint ventures.*
- (h) *Interest income is charged at interest rates as specified on the deposits placed in China State Construction Finance Limited, a fellow subsidiary of the Company.*
- # *These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.*

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

21. Related Party Transactions (Continued)

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Basic salaries, allowances, bonus and benefits-in-kind	13,656	16,713
Provident Fund contribution	669	746
	14,325	17,459

22. Business Combination

According to the sales and purchase agreements dated 21 January 2022 and 24 January 2022, which were entered into between the Group and two of the other shareholders of Guangzhou Lihe Real Estate Development Co., Ltd.* (廣州利合房地產開發有限公司) ("Guangzhou Lihe"), the associate of the Group before the completion of this transaction, the Group acquired approximately 26.66% and 26.67% of the equity interest in Guangzhou Lihe from these two shareholders respectively at a total consideration of RMB3,668,412,000. The acquisition was completed on 27 January 2022. Accordingly, the Group increased its equity interest in Guangzhou Lihe from 20% to 73.33% and it became a subsidiary of the Group. As a result, the Group recognised a remeasurement gain on pre-existing interest in an associate upon acquisition of RMB1,251,160,000 and a gain on bargain purchase of subsidiaries of RMB1,236,618,000 during the six months ended 30 June 2022.

* English translation for identification purpose only

Interim Dividend and Closure of Register of Members

The board of directors of the Company (the “Board”) declared the payment of an interim dividend of HK35 cents per share (2022: HK40 cents per share) for the six months ended 30 June 2023. The interim dividend will be payable in cash.

Relevant Dates for Interim Dividend Payment

Ex-dividend date	18 September 2023
Latest time to lodge transfer documents for registration with the Company’s registrar and transfer office	4:30 p.m. on 19 September 2023
Closure of Register of Members	20 September 2023
Record date	20 September 2023
Despatch of dividend warrants	5 October 2023

In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s registrar and transfer office, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than the aforementioned latest time.

Share Capital

The total number of shares of the Company in issue as at 30 June 2023 was 10,944,883,535 ordinary shares (the “Shares”).

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 2023.

Other Information (Continued)

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

(Continued)

Redemption of Listed Securities

The following securities were redeemed by the wholly-owned subsidiaries of the Company during the six months ended 30 June 2023:

Name of Subsidiary	Securities	Issue Date	Redemption Date	Redemption Value (RMB'000)	Remaining Value (RMB'000)
Beijing China Overseas Plaza Commercial Development Ltd.*	(i) RMB3,701 million at coupon rate of 2.50%	(i) 28 April 2020	(i) 28 April 2023	(i) 3,686,200 [#]	(i) Nil
	(ii) RMB3,001 million at coupon rate of 3.90%	(ii) 17 August 2020	(ii) 5 May 2023	(ii) 2,996,500 [#]	(ii) Nil
	(iii) RMB1,001 million at coupon rate of 3.85%	(iii) 23 March 2021	(iii)-(iv) Principal amount with interest payable will be repaid in instalments in May and November each year	(iii) 300	(iii) 999,500
	(iv) RMB2,101 million at coupon rate of 3.60%	(iv) 23 June 2021	(iv)-(v) Principal amount with interest payable will be repaid in instalments in February and August each year	(iv) 20,960	(iv) 2,024,140
	(v) RMB1,901 million at coupon rate of 3.50%	(v) 10 November 2021	(v)-(vi) Principal amount with interest payable will be repaid in instalments in February and August each year	(v) 3,990	(v) 1,890,160
	(vi) RMB5,001 million at coupon rate of 3.35% Commercial mortgage-backed securities listed on the Shenzhen Stock Exchange	(vi) 29 March 2022		(vi) 5,000	(vi) 4,991,000
China Overseas Finance (Cayman) VII Limited	US\$750 million at coupon rate of 4.25% guaranteed notes which were listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange")	26 April 2018	26 April 2023	5,109,975	Nil

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

* English translation for identification purpose only

[#] included equity class securities of RMB1 million wholly subscribed by Beijing China Overseas Plaza Commercial Development Ltd.

Share Option Scheme

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

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

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

The number of Share Options available for grant under the Share Option Scheme on 1 January 2023 and 30 June 2023 was 740,179,153 and 748,748,153 respectively. No Share Options were granted during the six months ended 30 June 2023. As at the date of this interim report, the total number of Shares in the capital of the Company available for issue under the Share Option Scheme is 751,929,153 Shares which represented approximately 6.9% of the total issued share capital at that date.

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

Other Information (Continued)

Share Option Scheme (Continued)

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

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

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

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

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

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

Other details of the Share Option Scheme are set out in Appendix III to the circular published by the Company on 16 April 2018.

Share Option Scheme (Continued)

During the six months ended 30 June 2023, details of the movements of the Share Options granted under the Share Option Scheme are as follows:

Participants	Date of grant	Subscription Price HK\$ (per Share)	Exercise Period (Note a)	Number of Share Options				
				Balance as at 1 January 2023	Granted	Exercised	Cancelled (Note c)	Balance as at Lapsed 30 June 2023
Directors								
Mr. Yan Jianguo	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	466,000	-	-	-	466,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,800,000	-	-	(600,000)	1,200,000
Mr. Luo Liang	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	466,000	-	-	-	466,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,600,000	-	-	(533,000)	1,067,000
Mr. Zhang Zhichao	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	366,000	-	-	-	366,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,600,000	-	-	(533,000)	1,067,000
Mr. Guo Guanghui	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	400,000	-	-	-	400,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	1,300,000	-	-	(433,000)	867,000
Mr. Zhuang Yong	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	400,000	-	-	-	400,000
	11.11.2021	18.70	11.11.2023 to 10.11.2027 (Note d)	1,600,000	-	-	-	1,600,000
Other employees and related entity participants	29.06.2018	25.85	29.06.2020 to 28.06.2024 (Note b)	54,654,500	-	-	(1,996,000)	52,658,500
	24.11.2020	18.724	24.11.2022 to 23.11.2026 (Note c)	256,050,000	-	-	(85,114,000)	164,363,000
	11.11.2021	18.70	11.11.2023 to 10.11.2027 (Note d)	5,410,000	-	-	-	5,410,000
				326,112,500	-	-	(87,213,000)	230,330,500

Other Information (Continued)

Share Option Scheme (Continued)

Notes:

- (a) *Exercise of the Share Options is conditional upon the achievement of certain individual performance targets of each eligible person and certain financial performance targets of the Company as determined by the Board.*
- (b) *One-third of the Share Options granted on 29 June 2018 were vested on each of 29 June 2020 and 29 June 2021. The third tranche of the Share Options were cancelled on 21 June 2022 in accordance with the exercise conditions under the terms of the Share Option Scheme.*
- (c) *The first tranche of the Share Options (i.e. one-third of the Share Options granted on 24 November 2020) were cancelled on 12 January 2023 in accordance with the exercise conditions under the terms of the Share Option Scheme. The remaining two tranches of the Share Options (i.e. each represents one-third of the Share Options granted on 24 November 2020) may be vested on 24 November 2023 and 24 November 2024 respectively subject to the terms of the Share Option Scheme.*
- (d) *One-third of the Share Options granted on 11 November 2021 may be vested on each of 11 November 2023, 11 November 2024 and 11 November 2025 subject to the terms of the Share Option Scheme.*

Directors' and Chief Executive's Interests in Securities

As of 30 June 2023, the interests and short positions of the directors of the Company (the "Directors"), the chief executive of the Company and their respective associates in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Long Positions in Shares of the Company

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

Name of Director	Number of ordinary Shares held	% of Shares in issue <i>(Note)</i>
Mr. Li Man Bun, Brian David	5,660,000	0.0517%

Note: The percentage represents the number of ordinary Shares interested divided by the number of Shares of the Company in issue as at 30 June 2023.

(b) Long Positions in underlying Shares of the Company

Shares Options were granted to Mr. Yan Jianguo, Mr. Luo Liang, Mr. Zhang Zhichao, Mr. Guo Guanghui and Mr. Zhuang Yong pursuant to the Share Option Scheme to subscribe for the ordinary Shares of the Company. Information in relation to these Share Options during the six months ended 30 June 2023 is shown in the section under "Share Option Scheme" of this interim report. These constitute interests in underlying Shares of equity derivatives of the Company under the SFO.

Other Information (Continued)

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

(c) Long Positions in Shares and Underlying Shares of the Associated Corporations

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

Name of associated corporation	Name of Director	Number of shares held (Note 2)	% of shares in issue (Note 1)
China State Construction Engineering Corporation Limited ("CSCECL")	Mr. Luo Liang	294,000	0.001%
	Mr. Zhang Zhichao	70,000	0.000%
	Mr. Guo Guanghui	210,000	0.001%
China State Construction International Holdings Limited	Mr. Luo Liang	3,531,469	0.070%
China State Construction Development Holdings Limited	Mr. Zhang Zhichao	2,984,000	0.138%
China Overseas Property Holdings Limited	Mr. Li Man Bun, Brian David	1,820,000	0.055%
China Overseas Grand Oceans Group Limited	Mr. Luo Liang	112,906	0.003%
	Mr. Zhuang Yong	618,825	0.017%

Notes:

1. The percentage represents the number of shares interested divided by the number of shares of the related associated corporation in issue (as the case may be) as at 30 June 2023.
2. The number of shares of CSCECL held by each of Mr. Luo Liang, Mr. Zhang Zhichao and Mr. Guo Guanghui represented the "A" shares in CSCECL under the A-shares Restricted Stock Incentive Plan (Phase II) of CSCECL together with bonus shares on the basis of four bonus "A" shares for every ten existing "A" shares.

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

Save as disclosed above, as at 30 June 2023, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Save as disclosed above and in the section headed "Share Option Scheme", during the six months ended 30 June 2023, none of the Directors and the chief executive of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted any right to subscribe for the shares, options and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

Other Information (Continued)

Substantial Shareholders' Interests in Securities

As of 30 June 2023, the interests and short positions of the substantial shareholders and other persons of the Company in the Shares and underlying Shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Name of shareholder	Number of Shares and underlying Shares held (Long position)	% of Shares in issue (Note 1)	Capacity
Silver Lot Development Limited ("Silver Lot")	521,264,928	4.76%	Beneficial owner
China Overseas Holdings Limited ("COHL") (Note 2)	5,617,894,255	51.33%	Beneficial owner
	521,264,928	4.76%	Interest of controlled corporation
CSCECL (Note 3)	6,139,159,183	56.09%	Interest of controlled corporation
China State Construction Engineering Corporation ("CSCEC") (Note 3)	6,139,159,183	56.09%	Interest of controlled corporation
Complete Noble Investments Limited ("Complete Noble") (Notes 4 and 5)	1,095,620,154	10.01%	Beneficial owner
Affluent East Investments Limited ("Affluent East") (Notes 4 and 5)	1,095,620,154	10.01%	Interest of controlled corporation
CITIC Limited ("CITIC") (Notes 4 and 5)	1,095,620,154	10.01%	Interest of controlled corporation

Substantial Shareholders' Interests in Securities (Continued)

Name of shareholder	Number of Shares and underlying Shares held (Long position)	% of Shares in issue (Note 1)	Capacity
CITIC Glory Limited ("CITIC Glory") (Note 5)	1,095,620,154	10.01%	Interest of controlled corporation
CITIC Polaris Limited ("CITIC Polaris") (Note 5)	1,095,620,154	10.01%	Interest of controlled corporation
CITIC Group Corporation ("CITIC Group") (Note 5)	1,095,620,154	10.01%	Interest of controlled corporation

Notes:

1. The percentage represents the number of ordinary Shares interested divided by the number of Shares of the Company in issue as at 30 June 2023.
2. Silver Lot is a direct wholly-owned subsidiary of COHL, thus COHL is deemed by the SFO to be interested in Shares of the Company (including long position, short position and lending pool (if any)) in which Silver Lot is or is taken to be interested.
3. COHL is a direct wholly-owned subsidiary of CSCECL, which in turn is a direct non-wholly owned subsidiary of CSCEC, thus CSCECL and CSCEC are deemed by the SFO to be interested in Shares of the Company in which COHL is or is taken to be interested.
4. Complete Noble is a direct wholly-owned subsidiary of Affluent East, which in turn is a direct wholly-owned subsidiary of CITIC.
5. More than 50% of CITIC is held by CITIC Glory and CITIC Polaris, both of which are direct wholly-owned subsidiaries of CITIC Group, in aggregate. Accordingly, CITIC is an indirect non-wholly owned subsidiary of CITIC Group and Affluent East, CITIC, CITIC Glory, CITIC Polaris and CITIC Group are all deemed by the SFO to be interested in Shares of the Company (including long position, short position and lending pool (if any)) in which Complete Noble is or is taken to be interested.

Save as disclosed above, the Company had not been notified by any other person (other than Directors or the chief executive of the Company) who had an interest in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2023.

Other Information (Continued)

Corporate Governance

The Company has complied throughout the six months ended 30 June 2023 with all the code provisions of the Corporate Governance Code from time to time as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Hong Kong Stock Exchange and with some of the recommended best practices contained therein.

Model Code for Securities Transactions by Directors

The Company has adopted a set of code of conduct on governing securities transactions by Directors (the “Code of Conduct”) on terms no less exacting than those set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have complied with the Code of Conduct throughout the six months ended 30 June 2023.

Changes in Directors’ Information

Changes in Directors’ information since the date of the 2022 Annual Report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Details of changes
Mr. Li Man Bun, Brian David	<ul style="list-style-type: none">Resigned as an independent non-executive director of Shenzhen Investment Holdings Bay Area Development Company Limited (listed in Hong Kong) with effect from 19 May 2023Awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region on 1 July 2023
Professor Chan Ka Keung, Ceajer	<ul style="list-style-type: none">Appointed as an independent non-executive director of Champion Real Estate Investment Trust (listed in Hong Kong) with effect from 14 April 2023Resigned as an independent non-executive director of CMB International Capital Corporation Limited with effect from 28 April 2023

Review of Interim Report by Audit and Risk Management Committee

The Audit and Risk Management Committee of the Company has reviewed the unaudited interim results of the Company for the six months ended 30 June 2023, and discussed with the Company’s management regarding risk management, internal control and other important matters.



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