



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



Stock Code 股份代號 : 00688

自強不息四十載  
昂首邁步新征程

Striving Ahead for 40 Years  
Striding Confidently  
on the New Journey

2019

Interim Report 中期報告

# 目錄

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

# Contents

59	Corporate Structure
60	Financial Highlights
61	Board of Directors and Committees
62	Corporate Information
63	Shareholders' Information and Financial Calendar
64	Chairman's Statement
68	Management Discussion & Analysis
77	Condensed Consolidated Income Statement
78	Condensed Consolidated Statement of Comprehensive Income
79	Condensed Consolidated Statement of Financial Position
81	Condensed Consolidated Statement of Changes in Equity
83	Condensed Consolidated Statement of Cash Flows
85	Notes to the Financial Statements
103	Others
103	Interim Dividend and Closure of Register of Members
103	Share Capital
103	Purchase, Sale or Redemption of the Group's Listed Securities
105	Directors' and Chief Executive's Interests in Securities
109	Substantial Shareholders' Interests in Securities
110	Share Option Scheme
114	Corporate Governance
115	Model Code for Securities Transactions by Directors
115	Changes in Directors' Information
115	Review of Interim Report by Audit and Risk Management Committee



\* Property development in 68 major cities in mainland China, including Beijing, Shanghai, Guangzhou, Shenzhen, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Haikou, Hangzhou, Harbin, Jiangmen, Jinan, Kunming, Nanchang, Nanjing, Ningbo, Qingdao, Sanya, Shenyang, Suzhou, Taiyuan, Tianjin, Urumqi, Wanning, Wuhan, Wuxi, Xiamen, Xi'an, Yantai, Zhangzhou, Zhaoqing, Zhengzhou, Zhenjiang, Zhongshan, Zhuhai, Ezhou, Shijiazhuang, Guiyang, Changzhou#, Ganzhou#, Hefei#, Hohhot#, Huangshan#, Huizhou#, Jilin#, Jiujiang#, Lanzhou#, Nanning#, Nantong#, Shantou#, Shaoxing#, Weifang#, Xining#, Xuzhou#, Yancheng#, Yangzhou#, Yinchuan#, Zibo#, Liuzhou#, Baotou#, Jining#, Guilin#, Quanzhou# as well as in Hong Kong and Macau.

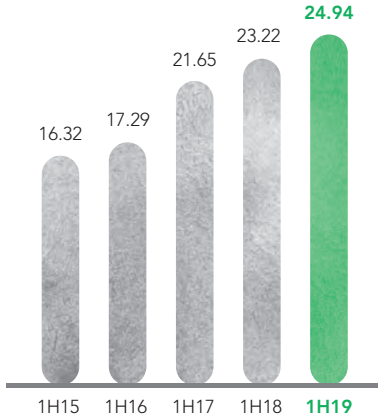
# The cities where China Overseas Grand Oceans Group Limited ("COGO") has operations.



# Financial Highlights

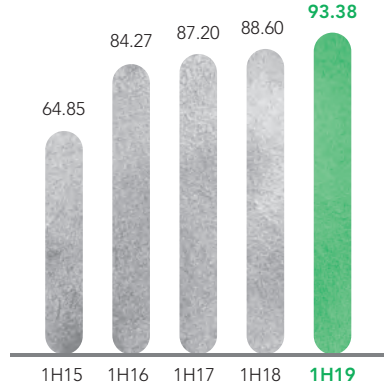
## Profit Attributable to Equity Shareholders

HK\$ billion



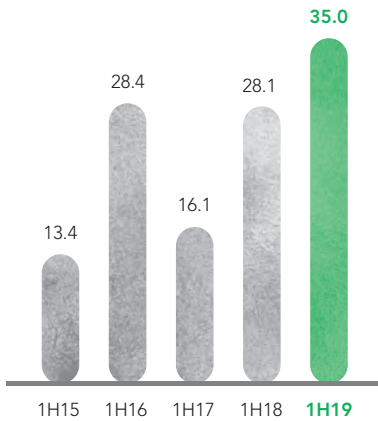
## Revenue

HK\$ billion



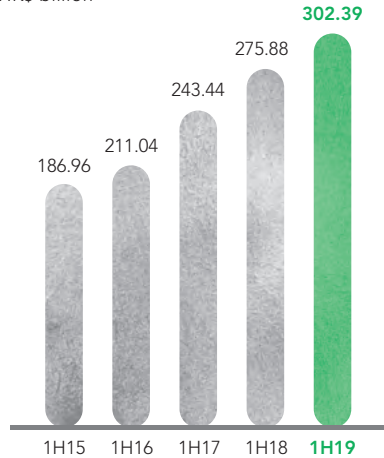
## Net Gearing Ratio

%



## Shareholders' Funds

HK\$ billion



# Board of Directors and Committees

## Executive Directors

Yan Jianguo     *Chairman and  
Chief Executive Officer*

Luo Liang  
Guo Guanghui

## Non-Executive Director

Chang Ying

## Independent Non-Executive Directors

Lam Kwong Siu  
Fan Hsu Lai Tai, Rita  
Li Man Bun, Brian David

## Authorised Representatives

Yan Jianguo  
Luo Liang

## Audit and Risk Management Committee

Li Man Bun, Brian David\*  
Lam Kwong Siu  
Fan Hsu Lai Tai, Rita

## Remuneration Committee

Lam Kwong Siu\*  
Fan Hsu Lai Tai, Rita  
Li Man Bun, Brian David

## Nomination Committee

Fan Hsu Lai Tai, Rita\*  
Lam Kwong Siu  
Li Man Bun, Brian David

\* *Committee Chairman*



## Corporate Information

### Registered Office

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

### Company Secretary

Edmond Chong

### Registrar and Transfer Office

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

### Investor Relations

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

### Public Relations

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

### Legal Advisor

Mayer Brown

### Independent Auditor

PricewaterhouseCoopers  
*Certified Public Accountants*

### Principal Bankers (In Alphabetical Order)

Agricultural Bank of China  
Bank of China  
Bank of Communications Co., Ltd.  
Hong Kong Branch  
Bank of Shanghai Co., Ltd  
China Construction Bank Corporation  
China Construction Bank (Asia)  
Corporation Limited  
China Everbright Bank  
China Merchants Bank  
DBS Bank Ltd., Hong Kong Branch  
Hang Seng Bank Limited  
Industrial and Commercial Bank of  
China  
Nanyang Commercial Bank, Limited  
Postal Savings Bank of China  
Sumitomo Mitsui Banking Corporation  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
United Overseas Bank Limited, Hong  
Kong Branch

# Shareholders' Information and Financial Calendar

## Listing

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

## Stock Code

### Shares

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

## Financial Calendar

Interim results announcement : 22 August 2019  
Ex-dividend date : 17 September 2019  
Closure of Register of Members : 19 September 2019  
Record date : 19 September 2019  
Despatch of dividend warrants : 4 October 2019



## Chairman's Statement

I have pleasure to report to the shareholders the unaudited revenue of the Group for the six months ended 30 June 2019 was HK\$93.38 billion; operating profit was HK\$36.61 billion; profit attributable to equity shareholders of the Company increased by 7.4% to HK\$24.94 billion; the net profit margin was 26.7%; the core net profit, after deducting HK\$3.95 billion in net gains after tax arising from changes in fair value of investment properties, amounted to HK\$20.99 billion, representing an increase of 9.5% compared to the corresponding period last year; basic earnings per share was HK\$2.28; shareholders' funds increased to HK\$302.39 billion; net assets per share was HK\$27.60; and half-year return on shareholders' funds was 8.5%. The Board proposed an interim dividend of HK45 cents per share.

During the period, contracted property sales of the Group together with its joint ventures and associates (collectively the "**Group Series of Companies**") were HK\$194.20 billion, an increase of 28.7%. The average selling price of residential units reached HK\$21,066/sq m, an increase of 18.3%, with profitability maintained at a leading level. The commercial properties held and put into operation realised operating income of HK\$2.35 billion. The Group continues to be optimistic about the Hong Kong market. During the period, the Group, in conjunction with fellow developers including Wheelock, Henderson and New World, acquired two sites in Kai Tak, Hong Kong, which strengthened the Group's advantage in the supply of private residential properties in the Kai Tak district. During the period, the Group expanded into Shijiazhuang and Guiyang and accumulated a total of 24 new plots for its land reserve. The total land premium was HK\$75.18 billion, with attributable interest of HK\$57.41 billion, representing a total gross floor area ("**GFA**") of 4.64 million sq m (attributable interest of 4.42 million sq m). At 30 June 2019, the Group Series of Companies had a total land reserve of 91.75 million sq m.

The Group maintained the first-class credit ratings among the industry (from Fitch, Moody's and Standard & Poor's at A-/Stable, Baa1/Stable and BBB+/Stable respectively). The weighted average borrowing costs were 4.28%, among the lowest level in the industry. The Group has ample cash and is financially healthy, with bank balances and cash amounted to HK\$112.04 billion at 30 June 2019 and net gearing of 35.0% which was among the lowest level in the industry.



## Chairman's Statement (Continued)

The world today is undergoing tumultuous changes as global political and economic patterns enter a period of high uncertainty and the cycle of global economic fluctuations becomes ever shorter. Coupled with the impact of the Sino-US trade war, downward pressure on China's economy has increased, forcing the country's domestic economic policies to undergo more frequent pre-adjustments and fine-tuning. The Group believes that with the strong resilience of the China's economy and the presence of strong endogenous growth drivers, economic growth will remain within a reasonable range. The Group will respond to uncertainties in the external environment with a determined strategy, executed effectively. The Group believes that in the current policy environment, the long-term healthy development of the real estate industry will be encouraged, and the Mainland real estate market will maintain steady development in the second half of the year. The Group is confident of realising faster-than-average growth to consistently and efficiently return to our shareholders during the year.

Successful corporations are products of their times; they grasp the historical opportunities bestowed on them in their moment and advance accordingly. The Group was founded in Hong Kong in 1979 and was associated with the reform and opening up of mainland China. It witnessed and participated in Hong Kong's economic take-off as one of the "Four Asian Dragons", witnessed and participated in the great economic upsurge of the Mainland after the reform and opening up, and steadily expanded to become a market-leading real estate enterprise in China. The Group will draw on its 40 years of experience to advance effectively over the next 40 years, committed to improving quality of life and generating long-term and stable shareholder returns. Corporations committed to long-term sustainable development need professionalism and dedication to provide enduring sustainable development for today, tomorrow and the day after tomorrow. After 40 years of development, encompassing multiple economic cycles, the Group will stay on its course and is ever more focused on the development goal of becoming an Exceptional Global Property Development Corporation. In line with the development trend of the major business cycle, the Group has established three levels of business for today, tomorrow and the day after tomorrow. With feet firmly grounded in the present, the Group invests about 90% of its resources in residential development, maintain its development positioning that targets major cities, mainstream areas and mainstream products, strategically focuses on first-and second-tier cities with greater economic and population growth potential, to achieve continuous increases in scale and profitability. With its eye on medium-term sustainable development, the Group leverages the 45 office buildings, 13 shopping malls, and 12 star-rated hotels currently operated by the Group Series of Companies, and allocates 7-8% of resources to reaching its milestone of generating total operating revenue of over HK\$10 billion from commercial properties at the end of the current five-year period and gradually improving the Group's ability to withstand cyclical fluctuations. As a business set for the long-term, the Group will focus on improved quality of life. The Group deploys 1-2% of resources to strategically exploring new profit growth points in areas such as education, senior living, logistics and public utilities.



## Chairman's Statement (Continued)

To corporations, business means business and they operate on their unique principles. The Group insists on being a company of “Four Excellences”, which are: “good products, good services, good effectiveness, good citizenship”. In line with the cyclical transition of growth from high-speed to steady in China’s real estate industry, the Group is especially determined to strengthen its competitive advantage with delicacy management, and fortify the economic moat through digitally managed real estate development life cycles, firmly laying the foundation for a strong enterprise operation. Customer needs are increasingly diversified and the Group has established the “CRAFT” system, which categorises customer needs into five categories and ten types and matches them with innovative product offerings. The Group also continuously improves its customer-oriented service system, and has established in COLI a system of advanced construction technologies and engineering management with the spirit of China Construction at its core. The contract and cost control system custom-designed for COLI has been continuously improved, strengthening the Group’s cost competitive advantage. The Group has established a digital management platform that runs through the whole life cycle of real estate development, encompassing more than 60 information management systems including city maps, omnipresent project management plans, supply-marketing-inventory systems, three-tier customer inventory, flexible cost management and CRM, to realise accurate quantitative management of various factors and check-points such as investment, customer research, design, construction, schedules, cost, price, sales and delivery for each project. The Group proactively promotes green buildings, adopting environmentally friendly and energy-saving new materials and new technologies. The Group also continues to conduct a series of corporate citizenship initiatives including poverty alleviation, disaster relief, and public welfare.

Assertiveness in stability is the Group’s most enduring trait, amidst the turning tides of the market. The Group emphasises internal talent training and recruits talented individuals from across the country. The Group adheres to a disciplined investment strategy and a sound financial strategy, continuously enhancing its ability to manage uncertainty, and actively embracing and taking advantage of change, to ensure that it can keep pace with the times for the coming 40 years.



## Chairman's Statement (Continued)

Last but not least, on the occasion of the Group's 40th anniversary, let me pay tribute to all the leadership members throughout the past four decades, who have helped China Overseas grow from a sapling to the sturdy tree it is today, and every colleague who has worked hard for China Overseas' 40 years of glory, I would like to express my heartfelt gratitude to the shareholders and business partners for their steadfast trust in the Group and support for its development.

By Order of the Board

**China Overseas Land & Investment Limited**

**Yan Jianguo**

*Chairman and Chief Executive Officer*

Hong Kong, 22 August 2019



## Management Discussion & Analysis

### Overall Performance

During the period, the revenue of the Group increased to HK\$93.38 billion (corresponding period in 2018: HK\$88.60 billion), representing an increase of 5.4% as compared to the corresponding period in last year. The operating profit was HK\$36.61 billion (corresponding period in 2018: HK\$35.75 billion), representing an increase of 2.4%. The gross profit margin was 34.9% and the net profit margin reached 26.7%, maintaining at industry-leading level. The ratio of selling and distribution costs and administrative expenses to revenue was 3.1%, which remained one of the lowest in the industry. Profit attributable to equity shareholders of the Company amounted to HK\$24.94 billion (corresponding period in 2018: HK\$23.22 billion), representing an increase of 7.4%. The half-year return on shareholders' funds was 8.5%. Basic earnings per share was HK\$2.28 (corresponding period in 2018: HK\$2.12), an increase of 7.4%.

At 30 June 2019, the equity attributable to shareholders of the Company was HK\$302.39 billion (31 December 2018: HK\$283.48 billion), an increase of 6.7% as compared to last year end, while the net assets per share was HK\$27.60 (31 December 2018: HK\$25.87). At the end of June, the Group's financial position was good with ample cash resources of HK\$112.04 billion and net gearing of 35.0%.

### Property Development

During the period, the Group's revenue from property development was HK\$90.82 billion (corresponding period in 2018: HK\$86.30 billion), mainly related to sales of property projects including Paramount Jade in Jinan, Glory City and The One Manor in Chengdu, One Blossom Cove in Guangzhou, Pinnacle Mansion in Suzhou, Rose Garden in Nanchang, Glory Mansion and The Metro Mansion in Foshan, and Shenzhou Peninsula in Hainan.

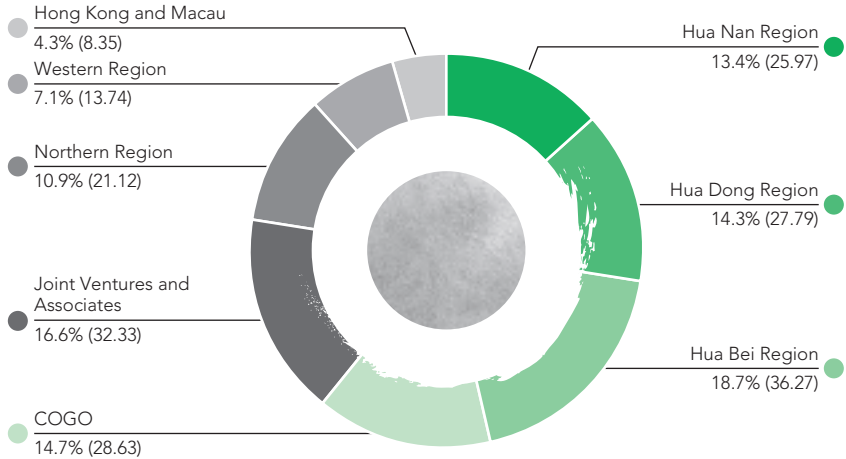
Segment profit (including the Group's share of profits of associates and joint ventures) amounted to HK\$31.44 billion (corresponding period in 2018: HK\$30.65 billion), an increase of 2.6% as compared to the corresponding period in last year.

# Management Discussion & Analysis (Continued)

## Property Development (Continued)

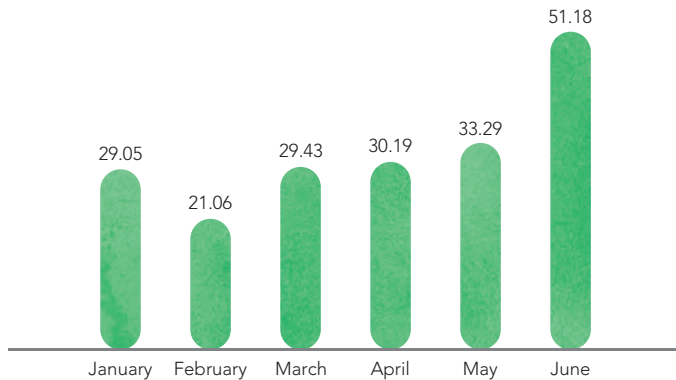
### 1H 2019 CONTRACTED SALES AMOUNT BY REGION#

HK\$ billion



### 1H 2019 CONTRACTED SALES AMOUNT BY MONTH#

HK\$ billion



# Representing the Group Series of Companies




## Management Discussion & Analysis (Continued)

### Property Development (Continued)

During the period, the Group Series of Companies (excluding COGO) completed 52 projects with a total area of 6.85 million sq m in 23 cities in mainland China.

The table below shows the area of projects completed by region in the first half of 2019:

City	Total Area ('000 sq m)
<b>Hua Nan Region</b>	
Guangzhou	418
Foshan	264
Fuzhou	195
Changsha	121
Xiamen	107
Hainan	73
Shenzhen	9
Sub-total	1,187
<b>Hua Dong Region</b>	
Suzhou	748
Nanchang	528
Ningbo	256
Nanjing	95
Sub-total	1,627
<b>Hua Bei Region</b>	
Jinan	880
Beijing	360
Wuhan	78
Tianjin	77
Sub-total	1,395
<b>Northern Region</b>	
Shenyang	418
Changchun	224
Yantai	193
Sub-total	835
<b>Western Region</b>	
Chengdu	946
Xi'an	445
Chongqing	346
Kunming	64
Xinjiang	7
Sub-total	1,808
<b>Total</b>	<b>6,852</b>

## Management Discussion & Analysis (Continued)

### Property Development (Continued)

During the period, the Group acquired 24 land parcels in 18 cities in mainland China and Hong Kong, adding a total GFA of 4.64 million sq m to the land reserve (attributable interest of 4.42 million sq m). The total land premium was HK\$75.18 billion (attributable interest of HK\$57.41 billion).

The table below shows the details of land parcels added in the first half of 2019:

City	Name of Development Project	Attributable Interest	Land Area ('000 sq m)	Total GFA ('000 sq m)
Shanghai	Putuo District Project	100%	31	121
Taiyuan	Wanbailin District Project	100%	45	220
Beijing	Daxing District Project	100%	79	273
Shenyang	Shenbei New District Project	100%	125	418
Shijiazhuang	Zhengding New District Project	100%	50	137
Foshan	Shunde District Project	100%	76	231
Dalian	Ganjingzi District Project #1	100%	82	201
Hong Kong	Kai Tak Project #1	30%	10	67
Guangzhou	Liwan District Project	100%	12	79
Guangzhou	Panyu District Project	100%	29	123
Dongguan	Wanjiang District Project	100%	26	123
Xiamen	Jimei District Project	100%	45	184
Shenyang	Heping District Project	100%	3	7
Hangzhou	Xiacheng District Project	100%	25	97
Suzhou	Industrial Park District Project	100%	78	185
Ningbo	Haishu District Project	100%	71	234
Hong Kong	Kai Tak Project #2	18%	10	108
Shenyang	Hunnan District Project	100%	72	203
Dalian	Ganjingzi District Project #2	100%	48	84
Guiyang	Guanshanhu District Project	100%	185	618
Harbin	Daoli District Project	100%	42	167
Shenzhen	Guangming District Project	100%	46	238
Yantai	Fushan District Project	100%	90	293
Zhengzhou	Gaoxin District Project	65%	76	230
<b>Total</b>			<b>1,356</b>	<b>4,641</b>



## Management Discussion & Analysis (Continued)

### Property Development (Continued)

At 30 June 2019, the Group Series of Companies (excluding COGO) had a total land reserve of 67.89 million sq m (attributable interest of 55.40 million sq m).

The major associate COGO acquired 14 parcels of land, adding a total area of 3.56 million sq m. At 30 June 2019, its total land reserve was 23.86 million sq m (attributable interest of 22.02 million sq m).

The total land reserve of the Group Series of Companies reached 91.75 million sq m.

During the period, the net profit contribution from joint ventures and associates amounted to HK\$2.25 billion. The major associate COGO recorded contracted property sales of HK\$28.63 billion, revenue of HK\$12.79 billion, and net profit of HK\$1.89 billion. The Group earned a net profit of HK\$700 million from COGO for the period.

### Property Investment

Rental income from the Group's investment properties amounted to HK\$2.12 billion (corresponding period in 2018: HK\$1.76 billion), an increase of 20.5% as compared to the corresponding period last year. During the period, the Group committed to establishing a series of commercial brands, enhancing quality and efficiency. Meanwhile, the projects that commenced operations or were in pre-opening stage last year had begun running steadily, realising stable uptrend in rental income and occupancy rates.

Segment profit amounted to HK\$6.88 billion (corresponding period in 2018: HK\$6.69 billion), an increase of 2.8% as compared to the corresponding period last year, which includes the gain arising from changes in fair value of investment properties amounting to HK\$5.26 billion (net gain after deferred tax attributable to owners of the Company was HK\$3.95 billion).

### Other Operations

During the period, revenue from other operations amounted to HK\$440 million (corresponding period in 2018: HK\$540 million), of which income from hotels and other commercial properties was HK\$230 million (corresponding period in 2018: HK\$270 million).



## Management Discussion & Analysis (Continued)

### Liquidity, Financial Resources and Debt Structure

The Group continues to adhere to the principle of prudent financial management. Finance, fund utilisation and fundraising activities are subject to effective centralised management and supervision. The Group considers carefully the cost of funding onshore and offshore and strives to maintain reasonable gearing level and cash balances.

The overall financial position of the Group was satisfactory. Interest cover (measured by the ratio of operating profit less interest income to the total finance costs) and the weighted average borrowing costs (total finance costs divided by the weighted average borrowings) of the Group were 7.9 times and 4.28% respectively, which believes to be at an outstanding level in the industry. In January, the Group signed a HK\$30 billion five-year club loan agreement with 20 local banks, which is the largest amount of financing arrangement in the Group's history in Hong Kong. In the same month, the Group successfully issued RMB3.5 billion corporate bond in mainland China. In addition, the Group arranged a number of onshore and offshore loans for refinancing and working capital purposes during the period.

During the period, the Group raised fund from onshore and offshore debt financing amounted to HK\$46.60 billion. Total repayment of matured debts amounted to HK\$24.34 billion. Sales proceeds collection increased to HK\$104.12 billion as compared to the corresponding period last year. Total capital expenditure payments for the Group were HK\$93.48 billion (of which HK\$63.76 billion was spent on land premiums and HK\$27.40 billion was spent on construction-related expenditure). About HK\$23.32 billion was paid for taxes, selling and distribution costs, administrative expenses and financing expenses. At the end of June 2019, unpaid land premium of the Group was HK\$14.51 billion while bank borrowings and notes payable due to mature in the second half of the year amounted to HK\$19.42 billion.

In July, the Group established a medium-term note programme for the first time in Hong Kong and successfully issued a 5.5-year HK\$2.0 billion and a 10-year US\$450 million dual-currency fixed-rate senior notes, of which the US dollar note recorded the lowest interest rate among the 10-year notes in the Group's history.



## Management Discussion & Analysis (Continued)

### Liquidity, Financial Resources and Debt Structure (Continued)

At 30 June 2019, total bank and other borrowings and notes payable of the Group amounted to HK\$217.88 billion (31 December 2018: HK\$195.95 billion), of which 25.6% was denominated in Hong Kong dollars, 20.2% was denominated in US dollars, 49.2% was denominated in Renminbi, 4.1% was denominated in Euros and 0.9% was denominated in Pounds Sterling. The fixed-rate debts accounted for 44.3% of overall interest-bearing debts while the remaining were floating-rate debts.

At 30 June 2019, the Group's available funds amounted to HK\$143.80 billion comprising bank balances and cash amounting to HK\$112.04 billion (of which 15.5% was denominated in Hong Kong dollars, 0.3% was denominated in US dollars, 83.1% was denominated in Renminbi, 1.1% was denominated in Pounds Sterling and minimal amounts were denominated in other currencies) and unused banking facilities of HK\$31.76 billion.

During the period, amid increasing uncertainty about the global economy and the effects of the US-China trade conflict, the central parity rate of the Renminbi against the US dollar twisted and turned, including appreciation, meta-stability and depreciation. The Group offsets exchange rate risk through natural hedging and has not entered into any financial derivatives for either hedging or speculative purposes. Taking into account the factors such as the significant increase in exchange rate and interest rate fluctuations, the Group will prudently consider entering into currency and interest rate swap arrangements to minimise such exposures if and when appropriate. The Board considers that the Group's exposure to exchange rate and interest rate risks are relatively controllable.

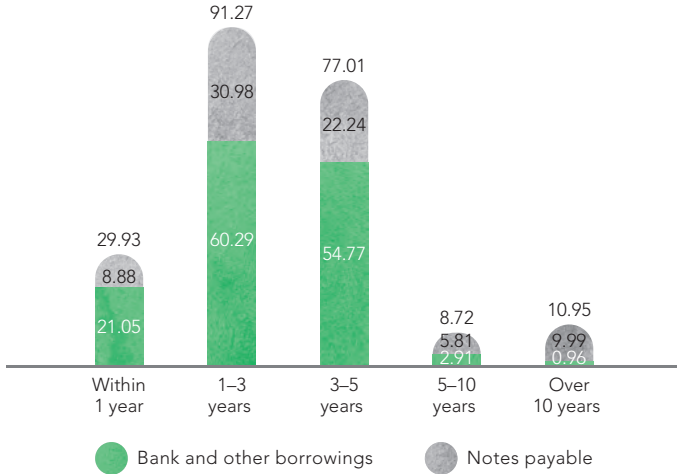
# Management Discussion & Analysis (Continued)

## Liquidity, Financial Resources and Debt Structure (Continued)

### Interest Bearing Debts Maturity Profile

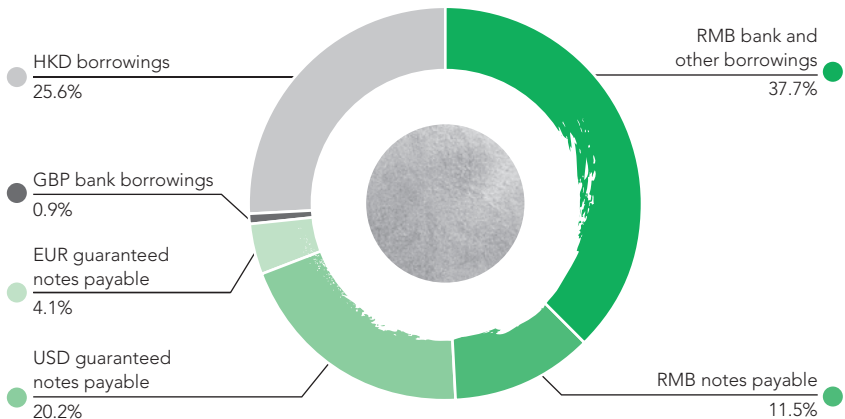
At 30 June 2019

HK\$billion



### Interest Bearing Debts by Currency

At 30 June 2019





## Management Discussion & Analysis (Continued)

### Corporate Citizenship

"Serving the community" has always been the corporate philosophy and mission of the Group. The Group has always strived to fulfill its corporate social responsibilities with pragmatic, honest and positive attitude. The Group has achieved remarkable results in the area of environmental protection, educational subventions, poverty alleviation and charity.

During the period, the Group added 28 green building certification projects, covering GFA of 6.07 million sq m, while accumulatively delivered 229 green building-certified projects with a total GFA of 42.62 million sq m. In 2019, the Group's poverty alleviation programme called "Sea of Hope" was launched in three state poverty counties in Gansu Province, namely Kang county, Kangle county and Zhuoni county. Through product promotion, consumption promotion and education, the programme helped counties to establish produce brand "Longkang Old Tree Walnut", design packaging and create for them online stores, and promote the product to the Group's millions of customers. During the period, the Group was awarded the honor "China's Top 10 Exemplary Real Estate Enterprises for Poverty Alleviation 2018".

### Human Resources

The Group always regards talent strategy as one of the most important strategies and human resources as its most precious resources. At the end of June, the Group had about 6,200 employees. During the period, the staff costs of the Group were HK\$1.44 billion. Guided by the key annual tasks, the Group optimised the three-tier KPI structure to cover all employees during the period. The Group also launched a MAPS structure that distinguishes position, job and level to support the career path development of employees.

During the first half in 2019, the Group has initiated new measures on employee capability development and perception of training atmosphere. The Group has provided three series of training programmes, namely "Premier Public Courses", "Golden Lectures" and "Marquees". These programmes benefit our staff's development by creating a stimulating atmosphere for training and broadening their management and business horizons.

To meet the need for talented employees in this innovation-driven business, "Stars of the Seas", "Sons of the Sea", and "Sea's Recruits" are the Group's recruitment brand trio, as the Group continues to expand its recruitment channels, offering high-quality human resources to support its rapid business development. Employee satisfaction is a focal annual effort for the Group. The workforce is stable, employee satisfaction scores continue to go up.

## Condensed Consolidated Income Statement

The unaudited consolidated results of the Group for the six months ended 30 June 2019 and the comparative figures for the corresponding period in 2018 are as follows:

	Notes	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Revenue</b>	5	<b>93,375,471</b>	88,600,754
Direct operating costs		<b>(60,792,349)</b>	(56,900,243)
		<b>32,583,122</b>	31,700,511
Other income and gains, net		<b>1,368,923</b>	1,399,526
Gain arising from changes in fair value of investment properties		<b>5,260,177</b>	5,408,138
Gain on disposal of investment properties		<b>291,864</b>	23,265
Selling and distribution costs		<b>(1,320,666)</b>	(1,100,318)
Administrative expenses		<b>(1,571,769)</b>	(1,685,138)
<b>Operating profit</b>		<b>36,611,651</b>	35,745,984
Share of profits of			
Associates		<b>1,303,153</b>	1,465,573
Joint ventures		<b>949,246</b>	622,808
Finance costs	6	<b>(475,819)</b>	(690,294)
<b>Profit before tax</b>		<b>38,388,231</b>	37,144,071
Income tax expenses	7	<b>(12,931,762)</b>	(12,888,669)
<b>Profit for the period</b>	8	<b>25,456,469</b>	24,255,402
Attributable to:			
Owners of the Company		<b>24,941,516</b>	23,218,766
Non-controlling interests		<b>514,953</b>	1,036,636
		<b>25,456,469</b>	24,255,402
		<b>HK\$</b>	<b>HK\$</b>
<b>EARNINGS PER SHARE</b>	9		
Basic and diluted		<b>2.28</b>	2.12



## Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>25,456,469</b>	24,255,402
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of the Company and its subsidiaries	(598,296)	(3,230,981)
Exchange differences on translation of associates and joint ventures	(29,738)	(237,243)
	<b>(628,034)</b>	(3,468,224)
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences on translation of associates	(68,811)	(129,108)
<b>Other comprehensive income for the period</b>	<b>(696,845)</b>	(3,597,332)
<b>Total comprehensive income for the period</b>	<b>24,759,624</b>	20,658,070
Total comprehensive income attributable to:		
Owners of the Company	<b>24,259,993</b>	19,814,965
Non-controlling interests	<b>499,631</b>	843,105
	<b>24,759,624</b>	20,658,070

## Condensed Consolidated Statement of Financial Position

		30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
<b>Non-current Assets</b>			
Investment properties		120,702,848	111,574,402
Property, plant and equipment	2	4,736,340	3,666,270
Prepaid lease payments for land	2	–	531,615
Interests in associates		13,338,412	13,049,023
Interests in joint ventures		14,878,090	13,633,847
Amounts due from associates		2,377,800	4,930,272
Amounts due from joint ventures		7,224,453	4,581,650
Other receivables		494,043	388,066
Goodwill		64,525	64,525
Deferred tax assets		7,645,028	5,888,836
		<b>171,461,539</b>	158,308,506
<b>Current Assets</b>			
Stock of properties and other inventories		413,154,529	382,912,152
Land development expenditure		29,170,044	28,715,739
Prepaid lease payments for land	2	–	15,389
Trade and other receivables	11	13,007,525	11,124,808
Contract assets		1,045,017	1,491,080
Deposits and prepayments		9,363,463	9,498,236
Deposits for land use rights for property development		10,475,313	10,362,832
Amounts due from fellow subsidiaries		267,807	375,544
Amounts due from associates		7,512,251	7,746,515
Amounts due from joint ventures		8,457,577	7,414,115
Amounts due from non-controlling shareholders		1,263,647	1,384,113
Tax prepaid		6,786,932	5,436,273
Bank balances and cash		112,035,811	100,555,356
		<b>612,539,916</b>	567,032,152

## Condensed Consolidated Statement of Financial Position (Continued)

		30 June 2019	31 December 2018
	<i>Note</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>Current Liabilities</b>			
Trade and other payables	12	65,249,119	63,440,260
Dividend payable	10	5,478,100	–
Contract liabilities		94,631,429	92,984,048
Amounts due to fellow subsidiaries and related companies		2,785,700	977,998
Amounts due to associates		1,545,597	1,867,490
Amounts due to joint ventures		9,619,646	8,959,739
Amounts due to non-controlling shareholders		17,114,658	15,121,521
Tax liabilities		37,878,403	34,880,729
Bank and other borrowings			
– due within one year		21,048,636	14,627,002
Notes payable – due within one year		8,879,393	16,277,376
		<b>264,230,681</b>	249,136,163
<b>Net Current Assets</b>		<b>348,309,235</b>	317,895,989
<b>Total Assets Less Current Liabilities</b>		<b>519,770,774</b>	476,204,495
<b>Capital and Reserves</b>			
Share capital	13	90,420,438	90,420,438
Reserves		211,968,906	193,060,632
Equity attributable to owners of the Company		302,389,344	283,481,070
Non-controlling interests		10,672,997	10,125,172
<b>Total Equity</b>		<b>313,062,341</b>	293,606,242
<b>Non-current Liabilities</b>			
Bank and other borrowings			
– due after one year		118,933,290	100,504,152
Notes payable – due after one year	14	69,021,543	64,540,446
Amounts due to non-controlling shareholders		1,194,741	2,013,003
Lease liabilities	2	271,241	–
Deferred tax liabilities		17,287,618	15,540,652
		<b>206,708,433</b>	182,598,253
		<b>519,770,774</b>	476,204,495



## Condensed Consolidated Statement of Changes in Equity

	Unaudited									
	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Translation reserve	Merger reserve	Other reserves	PRC statutory reserve	Retained profits	Total			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 31 December 2017	90,420,438	(2,548,848)	(14,105,752)	334,154	9,763,450	181,830,845	265,694,287	7,849,143	273,543,430	
Adjustments on adoption of HKFRS 15, net of tax	-	(176,433)	-	-	-	(4,526,697)	(4,703,130)	(152,814)	(4,855,944)	
Restated balance at 1 January 2018	90,420,438	(2,725,281)	(14,105,752)	334,154	9,763,450	177,304,148	260,991,157	7,696,329	268,687,486	
Profit for the period	-	-	-	-	-	23,218,766	23,218,766	1,036,636	24,255,402	
Exchange differences on translation of the Company and its subsidiaries	-	(3,037,450)	-	-	-	-	(3,037,450)	(193,531)	(3,230,981)	
Exchange differences on translation of associates and joint ventures	-	(366,351)	-	-	-	-	(366,351)	-	(366,351)	
Total comprehensive income for the period	-	(3,403,801)	-	-	-	23,218,766	19,814,965	843,105	20,658,070	
2017 final dividend payable (Note 10)	-	-	-	-	-	(4,930,291)	(4,930,291)	-	(4,930,291)	
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	(371,155)	(371,155)	
Return of capital to non-controlling shareholders	-	-	-	-	-	-	-	(129,518)	(129,518)	
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	2,728,724	2,728,724	
Capital contribution relating to share-based payments borne by an intermediate holding company	-	-	-	3,636	-	-	3,636	-	3,636	
Transfer to PRC statutory reserve	-	-	-	-	255,013	(255,013)	-	-	-	
At 30 June 2018	90,420,438	(6,129,082)	(14,105,752)	337,790	10,018,463	195,337,610	275,879,467	10,767,485	286,646,952	

## Condensed Consolidated Statement of Changes in Equity (Continued)

	Unaudited									
	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Translation reserve	Merger reserve	Other reserves	PRC statutory reserve	Retained profits	Total			
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
(Note)										
At 1 January 2019	90,420,438	(15,937,444)	(14,105,752)	440,655	11,157,078	211,506,095	283,481,070	10,125,172	293,606,242	
Profit for the period	-	-	-	-	-	24,941,516	24,941,516	514,953	25,456,469	
Exchange differences on translation of the Company and its subsidiaries	-	(582,974)	-	-	-	-	(582,974)	(15,322)	(598,296)	
Exchange differences on translation of associates and joint ventures	-	(98,549)	-	-	-	-	(98,549)	-	(98,549)	
Total comprehensive income for the period	-	(681,523)	-	-	-	24,941,516	24,259,993	499,631	24,759,624	
2018 final dividend payable (Note 10)	-	-	-	-	-	(5,478,100)	(5,478,100)	-	(5,478,100)	
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	(260,731)	(260,731)	
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	308,925	308,925	
Equity settled share-based transactions	-	-	-	122,949	-	-	122,949	-	122,949	
Capital contribution relating to share-based payments borne by an intermediate holding company	-	-	-	3,432	-	-	3,432	-	3,432	
Transfer to PRC statutory reserve	-	-	-	-	163,038	(163,038)	-	-	-	
At 30 June 2019	90,420,438	(16,618,967)	(14,105,752)	567,036	11,320,116	230,806,473	302,389,344	10,672,997	313,062,341	

Note: PRC statutory reserve of the Group represents general and development fund reserve applicable to subsidiaries which was established in accordance with the relevant People's Republic of China ("PRC") regulations.

## Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Operating cash flows before movements in working capital	30,224,122	29,433,188
Increase in stock of properties and other inventories, and deposits for land use rights for property development	(27,289,898)	(13,683,661)
Increase in trade and other receivables, and deposits and prepayments	(1,918,248)	(5,671,785)
Decrease/(increase) in contract assets	446,063	(911,369)
Increase/(decrease) in trade and other payables and contract liabilities	3,151,514	(1,267,283)
Other movements in working capital	(1,377,030)	(686,774)
Cash generated from operations	3,236,523	7,212,316
Income taxes paid	(11,254,931)	(11,323,555)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(8,018,408)</b>	<b>(4,111,239)</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	849,606	745,978
Additions of investment properties	(4,797,160)	(537,530)
Advances to associates	(27,118)	(1,873,157)
Repayment from associates	3,688,719	4,721,800
Advances to joint ventures	(4,795,283)	(5,338,763)
Repayment from joint ventures	833,965	4,438,929
Capital contributions to associates	(94,485)	(1,899,493)
Capital contributions to joint ventures	(429,366)	(1,236,152)
Net proceeds on disposal of investment properties	1,535,539	164,265
Other investing cash flows	669,704	78,235
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,565,879)</b>	<b>(735,888)</b>

## Condensed Consolidated Statement of Cash Flows (Continued)

	Six months ended 30 June	
	2019	2018
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>FINANCING ACTIVITIES</b>		
Interest paid	(4,199,012)	(3,667,765)
New bank and other borrowings raised	42,592,376	20,513,508
Repayment of bank and other borrowings	(17,380,117)	(6,851,300)
Issue of notes	4,004,577	15,271,429
Redemption of notes	(6,960,154)	–
Repayment to non-controlling shareholders	(1,106,946)	(815,817)
Advances from non-controlling shareholders	2,220,319	2,767,412
Contributions from non-controlling shareholders	308,925	2,728,724
Advances from joint ventures	1,421,803	2,264,619
Other financing cash flows	384,943	(652,177)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>21,286,714</b>	<b>31,558,633</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>10,702,427</b>	<b>26,711,506</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>96,105,342</b>	<b>99,460,057</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(126,308)</b>	<b>(1,917,218)</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>106,681,461</b>	<b>124,254,345</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	112,035,811	127,931,163
Less: restricted bank deposits	(5,354,350)	(3,676,818)
	<b>106,681,461</b>	<b>124,254,345</b>

# Notes to the Financial Statements

## 1. Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 2018 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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

The financial information relating to the year ended 31 December 2018 that is included in the condensed consolidated financial statements for the six months ended 30 June 2019 as comparative information 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 2018 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622). The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

Certain comparative information has been reclassified to conform with current period’s presentation.



## Notes to the Financial Statements (Continued)

### 2. Application of New and Revised HKFRSs

The accounting policies applied are consistent with those of the Group's annual financial statements for the year ended 31 December 2018 as described in those annual financial statements, except for the adoption of new and revised standards or amendments effective for the financial year ending 31 December 2019.

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

HKFRS 16	<i>Leases</i>
Annual Improvement Project	<i>Annual Improvements 2015–2017 Cycle</i>
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compaction</i>
Amendments to HKAS 19	<i>Employee Benefits</i>
Amendments to HKAS 28	<i>Long term interest in Associates and Joint Ventures</i>
HK (IFRIC) – Int 23	<i>Uncertainty over Income Tax</i>

Except for the adoption of HKFRS 16, the application of the above new and revised standards or amendments has had no material impact on the Group's results and financial position.

#### **HKFRS 16, *Leases***

HKFRS 16 was issued in January 2016. It resulted in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases was removed. Under the new standard, an asset (the right-to-use the leased item) and a financial liability to pay rentals were recognised. The only exceptions are short-term and low-value leases.

The Group applied the standard from its mandatory effective date of 1 January 2019. The Group elected to apply the simplified transition approach and did not restate comparative amounts for the year prior to first adoption.

## Notes to the Financial Statements (Continued)

### 2. Application of New and Revised HKFRSs (Continued)

#### HKFRS 16, *Leases* (Continued)

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17, *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. Right-of-use assets for leases were measured at the amount equal to the lease liabilities, and were included in “Property, Plant and Equipment” in the condensed consolidated statement of financial position. After the initial recognition of right-of-use assets and lease liabilities at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liabilities, and the depreciation of the right-of-use assets, instead of the previous accounting policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term.

The right-of-use assets and lease liabilities were recognised at 1 January 2019 and 30 June 2019 as follows:

	30 June 2019 HK\$'000 (Unaudited)	1 January 2019 HK\$'000 (Unaudited)
Right-of-use assets	262,159	75,429
Lease liabilities	271,241	75,429

Prepaid lease payments for land of the Group amounting to HK\$547,004,000 and HK\$556,813,000 at 1 January 2019 and 30 June 2019 respectively were reclassified to right-of-use assets as included in “Property, plant and equipment” in the condensed consolidated statement of financial position upon the adoption of HKFRS 16.

The impact to the condensed consolidated income statement for the six months ended 30 June 2019 upon the adoption of HKFRS 16 is insignificant.



## Notes to the Financial Statements (Continued)

### 2. Application of New and Revised HKFRSs (Continued)

The Group has not early adopted the following new and revised standards or amendments that have been issued but are not yet effective:

Conceptual Framework for Financial Reporting 2018<sup>1</sup>

Amendments to HKAS 1 and *Definition of Material*<sup>1</sup>

HKAS 8

Amendments to HKFRS 3 *Definition of Business*<sup>1</sup>

Amendments to HKFRS 10 and *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*<sup>2</sup>

HKAS 28

1 *Effective for annual periods beginning on or after 1 January 2020*

2 *The mandatory effective date will be determined*

The Group has already commenced an assessment of the impact of the new and revised standards or amendments, certain of which may be relevant to the Group's operations and may give rise to changes in disclosure, recognition and remeasurement of certain items in the condensed consolidated financial statements.

### 3. Financial risk management

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

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2018 annual financial statements.

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



## Notes to the Financial Statements (Continued)

### 4. 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 2018.

### 5. Revenue and Contribution

The Group is organised into 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	–	sales from property development activities
Property investment	–	property rentals
Other operations	–	revenue from hotel operations and construction and building design consultancy services

## Notes to the Financial Statements (Continued)

### 5. Revenue and Contribution (Continued)

#### 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 2019 – Unaudited*

	Property development HK\$'000	Property investment HK\$'000	Other operations HK\$'000	Segment total HK\$'000
Revenue from contracts with customers				
– Recognised at a point in time	80,084,755	–	–	80,084,755
– Recognised over time	10,732,310	–	440,496	11,172,806
	90,817,065	–	440,496	91,257,561
Revenue from other sources				
– Rental income	–	2,117,910	–	2,117,910
Segment revenue – External	90,817,065	2,117,910	440,496	93,375,471
Segment profit (including share of profits of associates and joint ventures)	31,438,848	6,884,207	12,550	38,335,605

#### *Six months ended 30 June 2018 – Unaudited*

	Property development HK\$'000	Property investment HK\$'000	Other operations HK\$'000	Segment total HK\$'000
Revenue from contracts with customers				
– Recognised at a point in time	75,849,721	–	–	75,849,721
– Recognised over time	10,451,285	–	537,979	10,989,264
	86,301,006	–	537,979	86,838,985
Revenue from other sources				
– Rental income	–	1,761,769	–	1,761,769
Segment revenue – External	86,301,006	1,761,769	537,979	88,600,754
Segment profit (including share of profits of associates and joint ventures)	30,645,385	6,688,532	36,540	37,370,457

## Notes to the Financial Statements (Continued)

### 5. Revenue and Contribution (Continued)

#### Reconciliation of reportable segment profits to the consolidated profit before tax

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reportable segment profits	<b>38,335,605</b>	37,370,457
Unallocated items:		
Interest income on bank deposits	<b>745,023</b>	673,650
Corporate expenses	<b>(290,741)</b>	(185,985)
Finance costs	<b>(475,819)</b>	(690,294)
Net foreign exchange gains/(losses) credited/(charged) to the condensed consolidated income statement	<b>74,163</b>	(23,757)
Consolidated profit before tax	<b>38,388,231</b>	37,144,071

## Notes to the Financial Statements (Continued)

### 6. Finance Costs

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings and notes payable	<b>4,360,433</b>	4,115,848
Interest on amounts due to non-controlling shareholders	<b>324,930</b>	–
Interest on lease liabilities and other finance costs	<b>119,942</b>	53,528
Total finance costs	<b>4,805,305</b>	4,169,376
Less: Amount capitalised	<b>(4,329,486)</b>	(3,479,082)
	<b>475,819</b>	690,294

### 7. Income Tax Expenses

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Corporate Income Tax ("CIT")	<b>7,134,033</b>	5,975,579
PRC Land Appreciation Tax ("LAT")	<b>5,566,847</b>	5,114,387
PRC withholding income tax	<b>177,236</b>	9,763
Hong Kong profits tax	<b>33,049</b>	128,175
Macau income tax	<b>18,123</b>	193,282
Others	<b>1,181</b>	2,360
	<b>12,930,469</b>	11,423,546
Under-provision in prior periods:		
Hong Kong profits tax	<b>86</b>	50
	<b>86</b>	50
Deferred tax:		
Current period	<b>1,207</b>	1,465,073
Total	<b>12,931,762</b>	12,888,669

## Notes to the Financial Statements (Continued)

### 7. Income Tax Expenses (Continued)

Under the Law of PRC on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of PRC subsidiaries is 25% (2018: 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% (2018: 16.5%) of the estimated assessable profit for the period.

Macau income tax is calculated at the prevailing tax rate of 12% (2018: 12%) in Macau.

### 8. Profit for the Period

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Depreciation and amortisation	145,319	106,911
Interest income	(1,032,660)	(951,362)
Net foreign exchange (gains)/losses	(74,163)	23,757

## Notes to the Financial Statements (Continued)

### 9. 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	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	<b>24,941,516</b>	23,218,766
	Six months ended 30 June	
	2019	2018
	'000	'000
	(Unaudited)	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>10,956,201</b>	10,956,201

Pursuant to the share options granted on 29 June 2018 (Note 13), there were dilutive potential ordinary shares in existence during the six months ended 30 June 2019 and 2018, however, the impact on diluted earnings per share is insignificant for both periods.

## Notes to the Financial Statements (Continued)

### 10. Dividends

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Dividends recognised as distribution during the period</b>		
2018 final dividend of HK50 cents per share paid on 5 July 2019 (six months ended 30 June 2018: 2017 final dividend of HK45 cents per share paid on 6 July 2018)	<b>5,478,100</b>	4,930,291

The Board has determined that an interim dividend of HK45 cents (2018: HK40 cents) per share, amounting to HK\$4,930,291,000 (2018: HK\$4,382,481,000) will be paid to owners of the Company whose names appear in the Register of Members on 19 September 2019. 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 liability in the condensed consolidated financial statements. It will be recognised in the owners' equity for the year ending 31 December 2019.

### 11. 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.

## Notes to the Financial Statements (Continued)

### 11. Trade and other receivables (Continued)

The following is an ageing analysis of trade receivables presented at the end of the reporting period:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Trade receivables, aged		
0–30 days	7,666,085	5,973,972
31–90 days	836,345	778,659
Over 90 days	940,777	718,485
	<b>9,443,207</b>	7,471,116
Other receivables	<b>3,564,318</b>	3,653,692
	<b>13,007,525</b>	11,124,808

### 12. Trade and other payables

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

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Trade payables, aged		
0–30 days	18,637,929	17,871,619
31–90 days	4,598,277	3,273,273
Over 90 days	19,457,312	20,768,075
	<b>42,693,518</b>	41,912,967
Other payables	<b>10,418,679</b>	10,459,363
Retentions payable	<b>12,136,922</b>	11,067,930
	<b>65,249,119</b>	63,440,260

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



## Notes to the Financial Statements (Continued)

### 13. Share Capital

	Number of Shares	
	'000	HK\$'000
<b>Issued and fully paid:</b>		
At 1 January 2019 and 30 June 2019	10,956,201	90,420,438

#### Share-based Payments

##### *Share Option Schemes by the Group*

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

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

The fair value of the Share Options on 29 June 2018 determined using the Binomial Options Pricing Model was HK\$6.36 per share. The significant inputs adopted in the model include:

Risk-free rate	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 the 29 June 2018
Historical volatility	31.91% calculated based on the historical price with period equals to the life the Share Options
Cap of the share-based Payments	40% of respective Grantees' remuneration
Dividend yield	3.09% based on the average dividend yield in the past six years
Expected option life	6 years

## Notes to the Financial Statements (Continued)

### 13. Share Capital (Continued)

The Binomial Options Pricing Model 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 Options during the period:

	2019	
	Average exercise price per share	Number of Share Options '000
At 1 January	HK\$25.85	105,040
Forfeited during the period	HK\$25.85	(1,620)
At 30 June	HK\$25.85	103,420

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

Share options outstanding at the end of the period have the following expiry date and exercise price:

Grant Date	Expiry date	Exercise price per share	Number of share options
29 June 2018	28 June 2024	HK\$25.85	103,420,000
Weighted average remaining contractual life of options outstanding at end of the period			5 years

## Notes to the Financial Statements (Continued)

### 14. Notes Payable – Due After One Year

During the six months ended 30 June 2019, the Group issued the following new notes:

Issue date	Principal amount (in million)	Issue price	Fixed interest rate per annum	Maturity date	Carrying amount at 30 June 2019 HK\$'000
24 January 2019	RMB2,000 <sup>(iii)</sup> (approximately HK\$3,388)	100%	3.47% <sup>(i)</sup>	23 January 2025	2,288,330
24 January 2019	RMB1,500 <sup>(iii)</sup> (approximately HK\$1,716)	100%	3.75% <sup>(i)</sup>	23 January 2026	1,716,247

Notes:

- (i) Interest is payable annually.
- (ii) The notes payables with terms of adjustment of the interest rate and sell back option at the end of the third year from issue date.
- (iii) The notes payable with terms of adjustment of the interest rate and sell back option at the end of the fifth year from issue date.

### 15. Capital Commitments

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Capital expenditure in respect of investment properties:		
Contracted but not provided for	3,458,403	2,777,073

## Notes to the Financial Statements (Continued)

### 16. Financial Guarantees

Guarantees given by the Group to banks in respect of credit facilities granted to:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Associates		
– Maximum	1,936,886	1,565,325
– Utilised	1,936,886	1,565,325
Joint ventures		
– Maximum	776,259	1,005,017
– Utilised	776,259	1,005,017

At 30 June 2019, the Group had counter indemnities amounted to HK\$101,935,000 (31 December 2018: HK\$23,381,000) for guarantees issued in respect of certain construction contracts undertaken by the Group.

At 30 June 2019, the Group provided guarantees amounted to HK\$46,632,544,000 (31 December 2018: HK\$45,854,228,000) 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.

### 17. Pledged Assets

At the end of the reporting period, certain assets of the Company's subsidiaries have been pledged to secure the bank and other borrowings of the Company's subsidiaries. The carrying values of the pledged assets at 30 June 2019 and 31 December 2018 were as follows:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Stock of properties	6,498,547	–

## Notes to the Financial Statements (Continued)

### 18. Related Party Transactions

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

Nature of transaction	Notes	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Fellow subsidiaries</b>			
Property development			
project construction fee	(a)	3,331,115	2,081,426
Rental and utility income	(b)	32,658	17,752
Insurance fee	(c)	54	19
Heating pipes connection			
service fee	(a)	–	24,538
Building design consultancy			
income	(c)	1,912	1,752
Property management fee	(d)	217,078	180,299
Engineering service fee	(d)	19,371	6,505
Rental paid	(b)	128	–
Sales of properties	(e)	223,813	–
<b>Associates</b>			
Interest income	(f)	168,282	154,443
Royalty income	(g)	127,556	111,592
Rental paid	(b)	8,488	9,020
<b>Joint ventures</b>			
Interest income	(f)	112,671	123,269

## Notes to the Financial Statements (Continued)

### 18. Related Party Transactions (Continued)

#### (a) (Continued)

Notes:

- (a) Property development project construction fee and heating pipes connection service fee are charged in accordance with respective contracts. The amounts represent aggregated transaction amounts during the period in relation to contracts signed in current and prior periods.
- (b) Rental and utility income and rental paid are charged in accordance with respective tenancy agreements.
- (c) Insurance fee and building design consultancy income are charged in accordance with respective contracts.
- (d) Property management income, property management fee and engineering service fee are charged at rates in accordance with respective contracts.
- (e) On 29 November 2018, the Group entered into 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 and office units in the PRC at a total consideration of approximately RMB191.4 million (equivalent to approximately HK\$223.8 million), which was determined after arm's length negotiations between both parties and having taken into account the valuation conducted by an independent valuer. The transaction was completed during the period.
- (f) Interest income is charged at interest rates as specified on the outstanding amounts.
- (g) Royalty income is charged at annual fee as specified in the contracts.

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Basic salaries, housing allowances, bonus, other allowances and benefits in kind	47,970	48,940
Equity-settled share-based payment expenses	12,982	3,636
Mandatory Provident Fund contribution	1,504	146
	<b>62,456</b>	<b>52,722</b>

## Interim Dividend and Closure of Register of Members

The board of directors of the Company (the “Board”) declared the payment of an interim dividend of HK45 cents per Share (2018: HK40 cents per Share) for the six months ended 30 June 2019. The interim dividend will be payable in cash.

### Relevant Dates for Interim Dividend Payment

Ex-dividend date	17 September 2019
Latest time to lodge transfer documents for registration with the Company’s registrar and transfer office	At 4:30 p.m. on 18 September 2019
Closure of Register of Members	19 September 2019
Record date	19 September 2019
Despatch of dividend warrants	4 October 2019

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 at Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than the aforementioned latest time.

## Share Capital

The total number of Shares in issue as at 30 June 2019 was 10,956,201,535 ordinary 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 2019 and up to the date of this Interim Report.

### Issue of Debentures

On 24 January 2019, China Overseas Property Group Co., Ltd., a wholly-owned subsidiary of the Company, issued corporate bonds with a total principal amount of RMB3,500,000,000, of which bonds of RMB2,000,000,000 bear an interest rate of 3.47 per cent. and the remaining bonds of RMB1,500,000,000 bear an interest rate of 3.75 per cent. due January 2025 and January 2026 respectively. The net proceeds, after deducting the expenses in connection with the issue of the corporate bonds, are used to repay existing indebtedness and outstanding liabilities of the Group. The corporate bonds are listed on the Shenzhen Stock Exchange.



## Others (Continued)

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

(Continued)

#### Issue of Debentures (Continued)

On 15 July 2019, China Overseas Finance (Cayman) VIII Limited, a wholly-owned subsidiary of the Company, issued HK\$2,000,000,000 2.90 per cent. guaranteed notes due January 2025 and US\$450,000,000 3.45 per cent. guaranteed notes due July 2029 (collectively, the “**Guaranteed Notes**”) under its US\$2,500,000,000 medium term note programme established on 8 July 2019. The Guaranteed Notes are listed on the Stock Exchange. The Guaranteed Notes are guaranteed by the Company irrevocably and unconditionally. The net proceeds, after deducting the underwriting commission in connection with the issue of the Guaranteed Notes, amounted to HK\$1,997,000,000 and US\$448,645,500 respectively and are used to repay and/or refinance the existing indebtedness of the Group.

#### Redemption of Listed Securities

On 15 January 2019, CITIC Real Estate Group Company Limited\*, a wholly-owned subsidiary of the Company, partially redeemed its RMB1,000,000,000 4.40 per cent. private corporate bonds due January 2021 with sell-back option at par. The redeemed private corporate bonds were listed on the Shanghai Stock Exchange. 600,000 lots of valid sell-back declarations were received with a total sell-back amount of RMB600,000,000.

On 8 May 2019 (i.e. maturity date of the guaranteed notes), China Overseas Finance (Cayman) VI Limited, a wholly-owned subsidiary of the Company, redeemed US\$800,000,000 4.25 per cent. guaranteed notes due 2019 in whole at par. The guaranteed notes were listed on the Stock Exchange prior to redemption.

On 15 July 2019 (i.e. maturity date of the guaranteed notes), China Overseas Land International (Cayman) Limited, a wholly-owned subsidiary of the Company, redeemed EUR600,000,000 1.75 per cent. guaranteed notes due 2019 in whole at par. The guaranteed notes were listed on the Irish Stock Exchange plc and the Stock Exchange prior to redemption.

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

\* For identification purpose only



### Directors' and Chief Executive's Interests in Securities

At 30 June 2019, the directors of the Company (the "Directors") and the chief executive officer of the Company had the following interests in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

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

(i) Long Positions in Ordinary Shares

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

Name of Directors	Number of Shares held	% of Shares in issue (Note 1)
Dr. Fan Hsu Lai Tai, Rita (Note 2)	24,000	0.0002%
Mr. Li Man Bun, Brian David	5,460,000	0.0498%

Notes:

- The percentage is based on the total number of Shares in issue as at 30 June 2019 (i.e. 10,956,201,535 Shares).
- During the period from 1 July 2019 to the date of this Interim Report, Dr. Fan Hsu Lai Tai, Rita had disposed of her 24,000 Shares and subsequently purchased 30,000 Shares in total, resulting in a shareholding of 30,000 Shares (representing approximately 0.0003% of Shares in issue) as at the date of this Interim Report.

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

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

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

Name of Directors	Date of grant of Share Options (DD.MM.YYYY)	Number of Share Options				Balance as at 30 June 2019	Total consideration paid for Share Options granted HK\$	Exercise period of Share Options (both days inclusive)* (DD.MM.YYYY)	Subscription price of Share Options HK\$ (per share)	Price of ordinary shares at date immediately before the exercise HK\$ (per share)	Price of ordinary shares at date immediately before the exercise HK\$ (per share)
		Balance as at 1 January 2019	Granted during the period	Exercised during the period	Cancelled/lapsed during the period						
Mr. Yan Jianguo	29.06.2018	700,000	-	-	-	700,000	1	29.06.2020 to 28.06.2024	25.85	24.65	-
Mr. Luo Liang	29.06.2018	700,000	-	-	-	700,000	1	29.06.2020 to 28.06.2024	25.85	24.65	-
Mr. Guo Guanghui	29.06.2018	600,000	-	-	-	600,000	1	29.06.2020 to 28.06.2024	25.85	24.65	-

Notes to the above share options (the "Share Options") granted pursuant to the share option scheme adopted by the Company on 11 June 2018 (the "Share Option Scheme"):

- (a) One-third of Share Options granted will vest on each of 29 June 2020, 29 June 2021 and 29 June 2022.
- (b) 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.
- \* If the last day of an exercise period is not a business day in Hong Kong, such exercise period shall end at the close of business on the business day immediately preceding that day.
- \*\* The price of the Company's ordinary shares disclosed as "immediately before date of grant" is the closing price of the Shares on the Stock Exchange on the business day prior to which the Share Options were granted.
- \*\*\* The price of the Company's ordinary shares disclosed as "immediately before the exercise date" is the weighted average closing price of the Shares on the Stock Exchange immediately before the dates on which the Share Options were exercised by each of the Directors or all other eligible persons as an aggregate whole.

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

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

Name of Directors	Number of shares held (Note 5)	% of shares in issue (Notes 1, 2, 3 and 4)
– China State Construction & Engineering Corporation Limited (“CSCECL”)		
Mr. Luo Liang	294,000	0.001%
Mr. Guo Guanghui	210,000	0.001%
– China State Construction International Holdings Limited (“CSCIHL”)		
Mr. Luo Liang	3,531,469	0.070%
– China Overseas Property Holdings Limited (“COPH”)		
Mr. Li Man Bun, Brian David	1,820,000	0.055%
– China Overseas Grand Oceans Group Limited (“COGO”)		
Mr. Luo Liang	105,000	0.003%



## Others (Continued)

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

#### (b) Long Positions in Shares and Underlying Shares of the Associated Corporations (Continued)

Notes:

1. *The percentage is based on the total number of shares of CSCECL in issue as at 30 June 2019 (i.e. 41,981,265,652 shares).*
2. *The percentage is based on the total number of shares of CSCIHL in issue as at 30 June 2019 (i.e. 5,049,156,668 shares).*
3. *The percentage is based on the total number of shares of COPH in issue as at 30 June 2019 (i.e. 3,286,860,460 shares).*
4. *The percentage is based on the total number of shares of COGO in issue as at 30 June 2019 (i.e. 3,423,359,841 shares).*
5. *Mr. Luo Liang and Mr. Guo Guanghui acquired 210,000 shares and 150,000 shares in CSCECL respectively at RMB4.866 per share on 29 December 2016 in accordance with the A-shares Restricted Stock Incentive Plan (Phase II) of CSCECL. CSCECL issued bonus shares on the basis of four bonus A-shares for every ten existing A-shares on 29 June 2018. Mr. Luo Liang and Mr. Guo Guanghui were awarded 84,000 shares and 60,000 shares in CSCECL respectively.*

Save as disclosed above, 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 officer of the Company or their spouses and children under the age of 18 in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. None of the Directors or chief executive officer of the Company (including their spouses and children under the age of 18) had, as at 30 June 2019, 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.

### Substantial Shareholders' Interests in Securities

At 30 June 2019, the following parties (other than Directors or the chief executive officer of the Company) were the substantial shareholders of the Company and had interests in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Name of shareholders	Number of Shares and underlying Shares held			% of Shares in issue (Note 1)			Capacity
	(Long Position)	(Short Position)	(Lending Pool)	(Long Position)	(Short Position)	(Lending Pool)	
Silver Lot Development Limited ("Silver Lot")	521,264,928	-	-	4.76%	-	-	Beneficial owner
China Overseas Holdings Limited ("COHL") (Note 2)	5,613,080,255	280,124,096 (Note 4)	-	51.23%	2.56%	-	Beneficial owner
	521,264,928	-	-	4.76%	-	-	Interest of controlled corporation
CSCECL (Note 3)	6,134,345,183	280,124,096 (Note 4)	-	55.99%	2.56%	-	Interest of controlled corporation
China State Construction Engineering Corporation ("CSCEC") (Note 3)	6,134,345,183	280,124,096 (Note 4)	-	55.99%	2.56%	-	Interest of controlled corporation
Complete Noble Investments Limited ("Complete Noble") (Notes 5 and 6)	1,095,620,154	-	-	10.00%	-	-	Beneficial owner
Affluent East Investments Limited ("Affluent East") (Notes 5 and 6)	1,095,620,154	-	-	10.00%	-	-	Interest of controlled corporation
CITIC Limited ("CITIC") (Notes 5 and 6)	1,095,620,154	-	-	10.00%	-	-	Interest of controlled corporation
CITIC Glory Limited ("CITIC Glory") (Note 6)	1,095,620,154	-	-	10.00%	-	-	Interest of controlled corporation
CITIC Polaris Limited ("CITIC Polaris") (Note 6)	1,095,620,154	-	-	10.00%	-	-	Interest of controlled corporation
CITIC Group Corporation ("CITIC Group") (Note 6)	1,095,620,154	-	-	10.00%	-	-	Interest of controlled corporation



## Others (Continued)

### Substantial Shareholders' Interests in Securities (Continued)

Notes:

1. The percentage is based on the total number of Shares in issue as at 30 June 2019 (i.e. 10,956,201,535 Shares).
2. Silver Lot is a direct wholly-owned subsidiary of COHL, thus COHL is deemed by the SFO to be interested in Shares (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 (including long position, short position and lending pool (if any)) in which COHL is or is taken to be interested.
4. On 5 January 2016, a subsidiary of COHL issued exchangeable bonds which are exchangeable into 280,124,096 Shares.
5. Complete Noble is a direct wholly-owned subsidiary of Affluent East, which in turn is a direct wholly-owned subsidiary of CITIC.
6. More than 50% of CITIC is held by CITIC Glory and CITIC Polaris, both of which are direct wholly-owned subsidiaries of CITIC Group, in aggregate. Accordingly, CITIC is an indirect non wholly-owned subsidiary of CITIC Group and Affluent East, CITIC, CITIC Glory, CITIC Polaris and CITIC Group are all deemed by the SFO to be interested in Shares (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 officer 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 2019.

### Share Option Scheme

The Share Option Scheme was approved and adopted by shareholders of the Company on 11 June 2018 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 grantee (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.

### Share Option Scheme (Continued)

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 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.

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 under the Share Options shall not exceed 1% of the Shares in issue.

Unless otherwise approved by shareholders of the Company in a general meeting, no Share Option 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) 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 subscription price in respect of any particular Share Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Share Option, but shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange'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 Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.



## Others (Continued)

### Share Option Scheme (Continued)

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.

HK\$1.00 is payable by the Share Option holders to the Company on the acceptance of the offer of the Share Options and HK\$404.00 had been paid.

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

On 29 June 2018, a total of 107,320,000 Share Options had been granted to, and subsequently accepted in whole by 3 Directors and 401 other eligible persons under the Share Option Scheme, of which 2,280,000 Share Options had been lapsed during the year of 2018.

During the reporting period, 1,620,000 Share Options were lapsed under the Share Option Scheme. Save as disclosed above, no Share Option was granted, lapsed, exercised or cancelled during the six months ended 30 June 2019.



Share Option Scheme (Continued)

During the six months ended 30 June 2019, save as disclosed in the section of “Directors’ and Chief Executive’s Interests in Securities”, details of the movements of the Share Options under the Share Option Scheme are as follows:

Participants	Date of grant of Share Options (DD.MM.YYYY)	Number of Share Options				Balance as at 30 June 2019	Total consideration paid for Share Options granted HK\$	Exercise period of Share Options (both days inclusive)* (DD.MM.YYYY)	Subscription price of Share Options HK\$ (per share)	Price of ordinary shares at date immediately before the exercise HK\$ (per share)	Price of ordinary shares at date immediately before the exercise HK\$ (per share)
		Balance as at 1 January 2019	Granted during the period	Exercised during the period	Cancelled/lapsed during the period						
Other eligible persons	29.06.2018	103,040,000	-	-	1,620,000	101,420,000	401	29.06.2020 to 28.06.2024	25.85	24.65	-

Notes to the above Share Options granted pursuant to the Share Option Scheme:

- (a) One-third of Share Options granted will vest on each of 29 June 2020, 29 June 2021 and 29 June 2022.
- (b) 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.
- \* If the last day of an exercise period is not a business day in Hong Kong, such exercise period shall end at the close of business on the business day immediately preceding that day.
- \*\* The price of the Company’s ordinary shares disclosed as “immediately before date of grant” is the closing price of the Shares on the Stock Exchange on the business day prior to which the Share Options were granted.
- \*\*\* The price of the Company’s ordinary shares disclosed as “immediately before the exercise date” is the weighted average closing price of the Shares on the Stock Exchange immediately before the dates on which the Share Options were exercised by each of the Directors or all other eligible persons as an aggregate whole.



## Others (Continued)

### Corporate Governance

The Company has complied throughout the six months ended 30 June 2019 with all the code provisions (except A.2.1 and A.4.1 as explained below) of the Corporate Governance Code (“**CG Code**”) from time to time as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with some of the recommended best practices contained therein.

CG Code A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yan Jianguo (“**Mr. Yan**”) has become the chairman (the “**Chairman**”) and the chief executive officer (the “**Chief Executive Officer**”) of the Company since 13 June 2017. The Board considers that vesting both roles in one individual would result in more consistent leadership of the Group. Also, taking into account Mr. Yan’s experience and knowledge in property development and commercial property management, the Board is confident that Mr. Yan will assist the Group to formulate comprehensive, competitive, long-term and substantial business strategies and plans and implement them accordingly.

In respect of the checks and balances on Mr. Yan’s power and authority, the Board considers that the different duties and roles of the Chairman and the Chief Executive Officer of the Company have been clearly defined since June 2007. Also, the Board, which comprises experienced and high calibre individuals, together with the check-and-balance mechanism of the Company, can monitor the exercising of power and authority by Mr. Yan. In any event, the Board will review this arrangement from time to time and will consider the appropriate adjustment if suitable circumstances arise.

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

### Model Code for Securities Transactions by Directors

The Company has adopted a set of code of conduct on governing securities transactions by directors (the “**Code of Conduct**”) on terms no less exacting than those set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have complied with the Model Code and the Code of Conduct throughout the six months ended 30 June 2019.

### Changes in Directors’ Information

Changes in Directors’ information since the date of the 2018 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 Directors	Details of changes
Mr. Lam Kwong Siu	<ul style="list-style-type: none"><li>• Ceased to be an independent non-executive director of Vico International Holdings Limited with effect from 12 April 2019</li></ul>
Mr. Li Man Bun, Brian David	<ul style="list-style-type: none"><li>• Appointed the Co-Chief Executive of The Bank of East Asia, Limited in July 2019</li><li>• Ceased to be the Chairman of the Traffic Accident Victims Assistance Advisory Committee</li><li>• Ceased to be a member of the Asian Financial Forum Steering Committee</li></ul>

### Review of Interim Report by Audit and Risk Management Committee

The Company’s Audit and Risk Management Committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2019, and discussed with the Company’s management regarding risk management, internal control and other important matters.

[THIS PAGE IS INTENTIONALLY LEFT BLANK]



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

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

