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

Stock Code 股份代號：00081

凝心聚力

Together We Advance

穩健前行

Interim Report 2023 中期報告

目錄

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EXECUTIVE DIRECTORS

Zhuang Yong	*Chairman*
Yang Lin	*Chief Executive Officer*
Zhou Hancheng^	*Vice President*
Wang Man Kwan, Paul#	*Chief Financial Officer*

NON-EXECUTIVE DIRECTORS

Guo Guanghui	
Yung Kwok Kee, Billy	*Vice Chairman*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Fan Chun Wah, Andrew@
Lo Yiu Ching, Dantes%

AUTHORISED REPRESENTATIVES

Zhuang Yong
Yang Lin

AUDIT COMMITTEE

Chung Shui Ming, Timpson*
Lam Kin Fung, Jeffrey
Fan Chun Wah, Andrew@
Lo Yiu Ching, Dantes%

REMUNERATION COMMITTEE

Lam Kin Fung, Jeffrey*
Yung Kwok Kee, Billy
Chung Shui Ming, Timpson
Fan Chun Wah, Andrew@
Lo Yiu Ching, Dantes%

NOMINATION COMMITTEE

Fan Chun Wah, Andrew*@
Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Zhuang Yong
Lo Yiu Ching, Dantes%

* *Committee Chairman*
@ *Appointed with effect from 27 March 2023*
% *Resigned with effect from 27 March 2023*
^ *Appointed with effect from 21 April 2023*
# *Retired with effect from 21 April 2023*

Corporate and Shareholders' Information

CORPORATE INFORMATION

Registered Office

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Anita Wong

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AUDITOR

BDO Limited
Certified Public Accountants and Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

(In Alphabetical Order)

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

SHAREHOLDERS' INFORMATION

Share Listing

Shares of China Overseas Grand Oceans Group Limited (the "Company") are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Ordinary Shares (as at 30 June 2023)

Shares outstanding	3,559,374,732 shares

STOCK CODE

Shares

Stock Exchange	:	00081
Bloomberg	:	81:HK
Reuters	:	0081.HK

INVESTOR RELATIONS

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FINANCIAL CALENDAR

2023 interim results announcement	23 August 2023
Ex-dividend date	18 September 2023
Latest time to lodge transfer documents for registration with the Company's share registrar	At 4:30 p.m. on 19 September 2023
Closure of register of members	20 September 2023
Record date	20 September 2023
Despatch date of interim dividend warrants	18 October 2023

INTRODUCTION

I am pleased to present the unaudited interim results review and outlook of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2023 (the "first half of 2023" or the "Period Under Review").

In the first half of 2023, the Group achieved a revenue of RMB27,172 million, a decrease of 8.8% as compared to the corresponding period last year. Profit attributable to owners of the Company amounted to RMB1,719 million, a decrease of 29.8% as compared to the corresponding period last year. Basic earnings per share was RMB48.3 cents.

After a prudent review on the overall result performance and working capital requirements for the future operations of its business, the board of directors of the Company (the "Board") gratefully declared an interim dividend of HK5 cents per share for the six months ended 30 June 2023.

MARKET REVIEW

The end of COVID restrictions was helping to drive an economic recovery in the Chinese Mainland as life was getting back to normal in the first half of 2023. However, global economies were still facing a series of challenges. Rising global interest rates, highly volatile forex market, and the ongoing Russia-Ukraine conflict were raising geopolitical and financial stability risks.

Going into 2023, China's economic recovery continued its steady progress, demonstrating an overall upward trend and making solid strides towards high-quality development. These gains laid a strong foundation for achieving the economic and social development goals for the year. The economy showed a good momentum of recovery as a result of a rebound in domestic consumption, benefiting from the lifting of pandemic restrictions. In the second quarter of 2023, the recovery momentum stabilized as pent-up orders and demand had been fulfilled. According to the National Bureau of Statistics, in the first half of 2023, the gross domestic product of Mainland China had grown by 5.5%. Economic policies were striking a balance in managing risks and growth.

MARKET REVIEW *(continued)*

During the Period Under Review, China's real estate market experienced an initial strong rebound, followed by a period of stability, as the post-pandemic economic recovery took hold and the market bottomed out. In the first quarter, pent-up demand from the pandemic was released strongly, while home sales returned to stable growth in the second quarter. According to the National Bureau of Statistics, China home sales increased 3.7% by value and decreased 2.8% by area respectively in the first half of 2023. According to CRIC data, home sales increased 13% by value and 8% by area respectively in the "Top 100 Cities in China" as compared to the corresponding period last year. The average selling price also increased by 5% as compared to the corresponding period last year.

The market is on its recovering track and the fundamentals of the housing sector remain resilient. China's urbanization rate is currently at 65%, which is lower than the rates in developed countries, typically around 80%. This incomplete urbanization process has provided a strong foundation for real estate market development on the demand side. In addition, policymakers are implementing support measures to help the property market prepare for a demand recovery. On the other hand, the shift towards home buyers being primarily end users rather than investors has resulted in a focus on quality rather than quantity as the competitive edge in the market.

BUSINESS REVIEW

Despite the upheaval in the housing market, the Group delivered a strong operational performance in the first half of 2023. During the Period Under Review, the Group together with its associates and joint ventures (collectively the "Group Series of Companies") achieved contracted property sales of RMB25,940 million, representing an increase of 24.6% as compared to the corresponding period last year. The contracted sales area was 2,145,200 sq.m., representing an increase of 7.7% as compared to the corresponding period last year. The Group realized average residential property selling price of approximately RMB13,000 per sq.m., representing an increase of 8.5% as compared to the corresponding period last year. As at the end of the Period Under Review, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB807 million for an aggregated contracted area of 60,800 sq.m..

BUSINESS REVIEW *(continued)*

Despite facing headwinds in the market, the Group further increased its market share. Among the 40 cities the Group has deployed, the Group's contracted sales ranked in top three in 17 cities. Among them, in 9 cities we ranked first, namely, Yinchuan, Shantou, Tangshan, Jilin, Taizhou, Zhuzhou, Zunyi, Tianshui and Yancheng. Contracted property sales attributable to the Group for the Period Under Review amounted to RMB20,317 million, ranking 31st in the industry, an improvement of 9 places compared to 2022.

The Group's balance sheet is strong. It gives us the resilience to navigate turbulent market conditions while allowing us to continue to invest in the opportunities now emerging in the market. In the first half of 2023, the Group seized opportunities to replenish its high-quality land bank at reasonable prices to boost future project returns by acquiring three projects in Hefei and Yinchuan through public auctions, adding attributable gross floor area of 471,100 sq.m., with attributable land cost amounting to RMB3,546 million.

As of 30 June 2023, the gross floor area of the total land bank of the Group Series of Companies was 21,792,400 sq.m., of which 18,342,000 sq.m. were attributable to the Group.

All our projects under construction were on schedule, with construction area of more than 14 million sq.m.. The Group had successfully delivered approximately 20,000 new homes with no occupancy delays. Customer satisfaction rating was 89%, leading among industry peers. Our proven track record to ensure timely and high quality delivery of new homes is highly recognized and makes us a top brand in the sector.

BUSINESS REVIEW *(continued)*

Our strong financial position has stood the Group in good stead. During the period, the Group strengthened its operating cash flow management to reduce operational risks and to strengthen our balance sheet. Cash reserves totalled over RMB32 billion. The net gearing ratio decreased from 48.8% as at the end of last year to 40.5%. None of the "Three Red Lines" was breached. The credit rating of China Overseas Grand Oceans Property Group Company Limited, the investment platform of the Group in Mainland China, has been upgraded to the highest AAA rating with a stable outlook by China Chengxin International Credit Rating Co., Limited, the leading credit rating agency in China. During the Period Under Review, the Group successfully issued the industry's first corporate credit carbon neutrality bond in the domestic market of Mainland China, with a value of RMB500 million at a coupon rate of 3.05%. Our weighted average financing cost remained at an industry low of 4.4% in the first half of 2023.

PROSPECTS

Looking forward to the second half of 2023, global economic uncertainty remains elevated, bringing both strategic opportunities, as well as challenges and risks. Economic recovery in Mainland China still faces pressure. Nevertheless, the Chinese economy enjoys strong resilience, tremendous potential and great vitality. The fundamentals sustaining its long-term growth have remained strong. The shift towards home buyers being primarily end users rather than investors will pave the way for stable and healthy development of the housing market.

PROSPECTS *(continued)*

The real estate industry is a major contributor to the Chinese economy, and is a significant driver in upstream and downstream industries. A healthy real estate sector is pivotal to the overall economic growth. Under the new dynamics of the real estate market, housing policies will continue to be adjusted and optimized in a timely manner, with city-specific policies constantly refined to better meet the diverse and evolving housing needs of residents, thereby promoting the stable and healthy development of the real estate market. Currently, restrictive policies in most cities have been lifted, and it is expected that supporting measures will continue to be reinforced and strengthened in the second half of the year. Easing measures that will be reinforced will continue to shore up market sentiment. Financial regulators are also extending loan relief for developers to ensure the delivery of homes under construction. The fundamentals sustaining the long-term growth of the housing market remain resilient. As the real estate industry is entering a new phase, there is an increasing disparity in the pace of development between different cities, and the differentiation of real estate developers is accelerating. This is favouring the stronger industry players, who are likely to consolidate their market position and gain an edge over their competitors.

The real estate market is now entering a new phase, which poses both challenges and opportunities. Real estate developers with the ability to continue acquiring land and expanding their portfolio are presented with rare opportunities to secure high-quality projects. Facing a complex and rapidly-changing market environment, the Group is committed to a prudent financial strategy, emphasizing precision investment and deepening our presence within our existing footprints. Furthermore, the Group is closely monitoring potential merger and acquisition opportunities with significant growth potential.

PROSPECTS *(continued)*

Amid the current market and policy environment, the focus in the real estate industry remains on ensuring timely delivery of properties. Effective delivery has become one of the core capabilities for real estate developers. The Group has a leading track record in property delivery, and adopts a rolling inspection mechanism to monitor projects that will be ready for occupancy within the next 12 months. During the period, all projects were delivered on schedule. Upholding the principle of "What You See Is What You Get", the Group creates quality products based on its "12345" quality product system to provide customers with the best experience. The three-year action plan of "Craftsmanship in COGO" is well implemented as planned, to enhance safety management, to promote the intelligent operation at construction sites, to establish an evaluation system for the whole construction cycle, and to ensure project quality and delivery on time. The Group's customer satisfaction rating remains at the top among industry peers. Our quality homes delivered will help the Group build its reputation and strengthen the influence of the "China Overseas Properties" brand in the cities where it operates.

The Group places a strong emphasis on sustainable development, green and low-carbon practices. Starting in 2019, we invested in the construction of ultra-low-energy residential projects, culminating in the successful completion of China's first large-scale ultra-low-energy cluster demonstration project in extremely cold regions: Zhonghai He Shan Da Guan. As the only residential zero-carbon building, this project has been approved as the 2022 technology demonstration project by the Ministry of Housing and Urban-Rural Development, with completion scheduled for the second half of 2023. The project is characterized by low-carbon technology advancements and comfortable living spaces, featuring "Five-Balanced" indoor environments that have been widely recognized by customers. Through Zhonghai He Shan Da Guan, the Group has won the Excellence Award in Sustainability Achievement of the Year at the 2023 RICS China Awards presented by the Royal Institution of Chartered Surveyors in July 2023. In addition, the Group won the Platinum Award at the 2022/23 ESG Achievement Awards presented by the Institute of ESG & Benchmark. This fully affirms the Group's excellent performance and efforts in environmental protection, social responsibility and corporate governance. Building on the above ESG awards, the Group's Wind ESG rating has been raised to AA from A in the 2023 rating update, achieving a higher rating and maintaining a leading position in the real estate industry. This reflects the high recognition from capital markets of the Group's efforts to promote high-quality development and accelerate sustainable transition.

PROSPECTS *(continued)*

The Group has been adopting a sound and prudent approach in financial management under the industry's adjustment and volatile financial market. The Group will continue to enhance its cash flow management, cost and risk control capabilities to reduce costs and improve efficiency. By closely monitoring the financial returns and cash collections of property projects, the Group ensures that the progress of development and investment is in line with its business plan. The Group regularly reviews its debt structure and financing costs to ensure that it has sufficient cash on hand to maintain a healthy financial position and does not breach the "Three Red Lines" policy. As a corporation that values financial efficiency, the Group will keep a close eye on the impacts of external political and economic environments, inflation, interest rates, and exchange rates to the business.

Talents are vital to the success and sustainable development of an enterprise. The Group is committed to train and develop high-potential employees through its talent development programme, to build talented and productive workforce with leadership and expertise for the Group's future development. Meanwhile, the Group actively seeks talents in open market, offering competitive remunerations and benefits with development opportunities. The Group has established a strong foundation in human resources and talent management, with a focus on improving human resources policies and building a positive work culture. We strive to align employees' personal goals to the Group's long-term development, resulting in a transparent and positive working environment. By continuously improving the performance evaluation and compensation systems, as well as enhancing the office environment, the Group has developed and sustained high-performance and dedicated work teams.

As we look ahead to the second half of 2023, the Group is optimistic about the post-pandemic recovery of both the macroeconomy and real estate market. Nonetheless, we remain cautious as the recovery may face global economic headwinds, while preparing for further recovery and focusing on long-term sustainable growth. The Group's solid financial position, together with our sustainable growth strategy, will enable us to navigate well through ups and downs and seize opportunities.

APPRECIATION

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

Zhuang Yong
Chairman and Executive Director

Hong Kong, 23 August 2023

REVENUE AND OPERATING RESULTS

In the first half of 2023, the end of pandemic restrictions helped drive an economic recovery in Mainland China as life returned to normal, as exhibited by a large-scale rebound compared to the same period last year. In terms of policies, the financing environment for real estate has been substantially eased as the government introduced supportive measures, such as the "16-point Financial Policies" and the "Three Arrows Policies". Spurred by these stimulus measures, the real estate market in Mainland China was recovering in the first half of 2023 after going through a deep adjustment the previous year, and the outlook for a full market rebound remained uneven as expectations face potential hurdles.

Leveraging by its solid financial position, the Group provides high-quality products and all projects are delivered on schedule. The Group's premium brands have a stronger competitive edge in second- and third-tier cities. The Group has gained market recognition and expanded its market shares. The Group has steadily climbed the industry rankings and outperformed peers in terms of sales performance. As a result, the Group achieved a rebound in contracted property sales during the period compared to the same period last year.

For the six months ended 30 June 2023, the Group Series of Companies achieved contracted property sales of RMB25,940 million (the corresponding period in 2022: RMB20,817 million), representing an increase of 24.6% against the corresponding period last year, in which, an amount of RMB2,129 million (the corresponding period in 2022: RMB1,639 million) was contributed by associates and joint ventures for the period. Contracted property sales attributable to the Group amounted to RMB20,317 million for the period (the corresponding period in 2022: RMB18,309 million), representing an increase of 11.0% against the corresponding period last year.

For the six months ended 30 June 2023, the Group recorded revenue of RMB27,172 million (the corresponding period in 2022: RMB29,796 million), representing a decrease of 8.8% against the corresponding period last year. Gross profit for the period was RMB4,435 million (the corresponding period in 2022: RMB5,477 million), representing a decrease of 19.0% against the corresponding period last year. The overall gross profit margin for the period was 16.3% (the corresponding period in 2022: 18.4%).

REVENUE AND OPERATING RESULTS *(continued)*

In terms of expenses, with the increase in contracted property sales in the first half of the year, distribution and selling expenses for the period increased by RMB73 million against the corresponding period last year to RMB829 million (the corresponding period in 2022: RMB756 million). Nevertheless, the ratio of distribution and selling expenses to the Group's contracted property sales decreased from 3.9% for the corresponding period last year to 3.5% for the period. In addition, administrative expenses for the period decreased by RMB7 million against the corresponding period last year to RMB533 million (the corresponding period in 2022: RMB540 million). The Group continued to maintain stringent cost control throughout the period. Therefore, the ratio of the administrative expenses to revenue maintained at less than 2.0% for both the current period and corresponding period last year.

Due to a decrease in gross profit, operating profit for the period amounted to RMB3,273 million (the corresponding period in 2022: RMB4,539 million), representing a decrease of 27.9% against the corresponding period last year.

The total interest expense for the period decreased by RMB73 million against the corresponding period last year to RMB1,078 million (the corresponding period in 2022: RMB1,151 million), which was mainly due to the effective cost control measures on interest expenses adopted by the Group during the period. Finance costs, after capitalization of RMB1,053 million (the corresponding period in 2022: RMB1,127 million) to the on-going property development projects, was RMB25 million (the corresponding period in 2022: RMB24 million) for the period.

Currently, the majority of the property projects held by the Group through associates and joint ventures are at the development stage and progress is proceeding as expected. Share of losses of associates for the period amounted to RMB5 million (the corresponding period in 2022: RMB4 million), while the share of losses of joint ventures for the period amounted to RMB9 million (the corresponding period in 2022: profit of RMB1 million).

REVENUE AND OPERATING RESULTS *(continued)*

Income tax expense comprised enterprise income tax and land appreciation tax ("LAT"). Income tax expense for the period decreased by RMB591 million to RMB1,244 million (the corresponding period in 2022: RMB1,835 million) as compared with the corresponding period last year, mainly due to the decrease in operating profit for the period and the adjustments upon the settlements of LAT for certain projects. The effective tax rate for the period was 38.4% (the corresponding period in 2022: 40.7%), which maintained at a similar level when compared to the corresponding period last year.

Overall, for the six months ended 30 June 2023, profit attributable to owners of the Company amounted to RMB1,719 million (the corresponding period in 2022: RMB2,450 million), representing a decrease of 29.8% against corresponding period last year. Basic earnings per share were RMB48.3 cents (the corresponding period in 2022: RMB71.6 cents).

LAND BANK

The management believes that maintaining a sizable and high-quality land bank can ensure the sustainable growth of the Group's business and is also one of the most important assets to a property developer. Whilst the market remained soft during the period, the Group seized opportunities to replenish its land bank with high-quality land acquired at reasonable prices through prudent valuations, providing quality land resources for future development. During the six months ended 30 June 2023, the Group Series of Companies acquired three parcels of land in Hefei and Yinchuan at an aggregate consideration of RMB3,546 million with gross floor area of approximately 471,100 sq.m., of which approximately 471,100 sq.m. was attributable to the Group (including the interests in associates and joint ventures).

LAND BANK *(continued)*

The table below shows the details of land parcels acquired during the six months ended 30 June 2023:

No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
1	Hefei	Feixi County Project (Mount and Lake)	100%	97,100
2	Yinchuan	Jinfeng District Project (Sea Advanced Collection)	100%	189,500
3	Hefei	Baohe District Project	100%	184,500
Total				**471,100**

As at 30 June 2023, the gross floor area of total land bank of the Group Series of Companies in Mainland China reached 21,792,400 sq.m. (31 December 2022: 24,532,600 sq.m.), of which 1,943,000 sq.m. (31 December 2022: 2,022,800 sq.m.) was held by associates and joint ventures collectively. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) was 18,342,000 sq.m. (31 December 2022: 20,754,100 sq.m.). As at 30 June 2023, the Group Series of Companies held a land bank distributed across 38 cities.

SEGMENT INFORMATION

Property Sales and Development

For the six months ended 30 June 2023, contracted property sales of the Group Series of Companies amounted to RMB25,940 million (the corresponding period in 2022: RMB20,817 million), representing an increase of 24.6% against the corresponding period last year. The contracted area sold was 2,145,200 sq.m. (the corresponding period in 2022: 1,992,100 sq.m.), representing an increase of 7.7% against the corresponding period last year. Of the contracted property sales, RMB2,129 million for an aggregated contracted area of 159,600 sq.m. (the corresponding period in 2022: contracted property sales amounted to RMB1,639 million for an aggregated contracted area of 124,700 sq.m.) was contributed by associates and joint ventures. Besides, as at 30 June 2023, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB807 million for an aggregated contracted area of 60,800 sq.m..

SEGMENT INFORMATION *(continued)*

Property Sales and Development *(continued)*

Contracted property sales from major projects during the six months ended 30 June 2023:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Hefei	Skyline	147,177	3,524
Shantou	The Peninsula / Guan Yun Fu / The Rivera North City / Platinum Mansion	154,132	1,874
Hohhot	Zhonghai He Shan Guan Lan / Zhonghai Shi Li Qing Chuan / Zhonghai Zhen Ru Fu / Hohhot Glorioushire / Zhonghai He Shan Sheng Jing	141,506	1,523
Yinchuan	Gorgeous Mansion / Glory Mansion / International Community / Master Mansion / The Royal Peninsula	133,080	1,381
Lanzhou	La Cite / China Overseas Platinum Pleased Mansion / China Overseas Platinum Garden	109,724	1,372
Taizhou	Jinmao Palace* / Royal Mansion / Graceful Mansion / Gorgeous Mansion*	85,981	1,345
Jinhua	Central Mansion / The Halo* / Central Park	65,522	1,323
Tangshan	The Pogoda / Maple Palace	55,835	1,027
Changzhou	Jiang Nan Mansion / South Halcyon / World Masterpiece	61,614	811
Zhanjiang	We Love City* / Glorious City*	70,097	772
Yancheng	Gorgeous Mansion / Mansion One	51,846	667
Nanning	Lake Palace / One Sino Residences / Harrow Community	38,869	665
Zhuzhou	Zhonghai Xue Fu Li / International Community	74,803	610
Yangzhou	The Paragon	29,042	599

SEGMENT INFORMATION *(continued)*

Property Sales and Development *(continued)*

Contracted property sales from major projects during the six months ended 30 June 2023: *(continued)*

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Huizhou	Unique Palace / Sage Mansion^ / Huizhou Tangquan / Megacity Times	33,852	580
Jilin	Dong Shan Fu / La Cite / Glorioushire	89,151	576
Xuzhou	Upper East / Lake City Mansion	38,330	497
Nantong	Hills Scenery	21,384	489
Anqing	The Metropolis	61,427	473
Xining	Mountain and Lake / Elite Palace	52,768	439
Weifang	Royal Villa / Mansion / The Riviera	59,103	429
Huai'an	Honor Mainstays	28,584	427
Zunyi	New City of China / The Central Mansion	55,775	391
Zibo	Genius Garden	42,849	332
Shaoxing	Marina One	9,287	294

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

^ This project is held by an associate of the Group

All development projects were progressing well and generally on schedule. During the period, gross floor area of nearly 3,131,500 sq.m. (the corresponding period in 2022: 3,457,900 sq.m.) of the Group's construction sites were completed for occupation and of which, about 85% (the corresponding period in 2022: 86%) were sold out by period end.

SEGMENT INFORMATION *(continued)*

Property Sales and Development *(continued)*

For the six months ended 30 June 2023, the recognized revenue of the Group for this segment was RMB27,058 million (the corresponding period in 2022: RMB29,681 million), representing a decrease of 8.8% against the corresponding period last year. The revenue for the current period was mainly from the sales of high-rise residential projects. Due to higher gross profit margin of projects recognized in corresponding period last year, the gross profit margin of this segment narrowed to approximately 16.1% (the corresponding period in 2022: 18.1%) when compared to corresponding period last year.

Recognized revenue from major projects during the six months ended 30 June 2023:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Hefei	Upper East / Central Mansion / Central Park	246,541	5,404
Jinhua	The Central Mansion	153,751	4,013
Yancheng	The Central Mansion / Gorgeous Mansion	138,231	2,739
Tangshan	Maple Palace / The Pogoda	133,310	2,448
Lanzhou	La Cite / China Overseas Platinum Pleased Mansion / The Platinum Mansion	174,030	2,137
Xuzhou	The Central Mansion	142,126	1,809
Zhuzhou	Zhonghai Xue Fu Li	189,100	1,344
Jilin	La Cite	174,328	1,219
Yinchuan	International Community	97,976	851
Anqing	The Metropolis	85,387	751
Weifang	Royal Villa / The Riviera	108,939	720
Langfang	Platinum Garden	58,193	554
Shantou	Platinum Mansion / Golden Coast	36,615	316
Qingyuan	One Lake Vision	31,503	252
Huizhou	Huizhou Tangquan	14,460	247

SEGMENT INFORMATION *(continued)*

Property Sales and Development *(continued)*

The Group jointly developed specific property development projects with reliable business partners under the business model of associates and joint ventures. The Group's share of net losses from the associates and joint ventures included in the segment result for the period amounted to RMB16 million (the corresponding period in 2022: RMB4 million).

Overall, the segment profit for the period was recorded at RMB3,305 million (the corresponding period in 2022: RMB4,468 million).

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

City	Name of project	Commenced by
Hefei	Skyline	January
Langfang	Platinum Garden	January
Lanzhou	La Cite	February
Nantong	Hills Scenery	April
Weinan	Master Mansion	April
Tangshan	Maple Palace	May
Anqing	The Metropolis	June
Hefei	Mount and Lake	June
Hohhot	River View Mansion	June
Shantou	Golden Coast	June
Tianshui	The Platinum Pleased Mansion	June
Yinchuan	Sea Advanced Collection	June

As at 30 June 2023, the gross floor area of properties under construction and stock of completed properties amounted to 14,173,400 sq.m. (31 December 2022: 16,080,100 sq.m.) and 2,292,800 sq.m. (31 December 2022: 2,114,700 sq.m.) respectively, totaling 16,466,200 sq.m. (31 December 2022: 18,194,800 sq.m.). Properties with gross floor area of 6,805,100 sq.m. (31 December 2022: 6,991,800 sq.m.) had been contracted for sales and were pending for handover upon completion.

SEGMENT INFORMATION *(continued)*

Property Leasing

In respect of the property leasing business, the Group's strategy of maintaining a high-quality investment property portfolio generated stable recurring income for the Group.

For the six months ended 30 June 2023, rental income amounted to RMB94 million (the corresponding period in 2022: RMB111 million). In respect of the investment properties, no fair value adjustment was recognized for the period (the corresponding period in 2022: nil).

The Group holds 65% of equity interest of a scientific research office building in Zhang Jiang High-tech Zone in Shanghai. The Group's share of profit from the joint venture, which holds the above research office building, was RMB3 million (the corresponding period in 2022: RMB1 million) and was included in the segment result for the period.

Overall, the segment profit for the period decreased by RMB21 million against the corresponding period last year to RMB63 million (the corresponding period in 2022: RMB84 million).

As at the end of the reporting period, taking into consideration market conditions and its business plans, the Group decided to change the uses for five commercial properties in Changzhou, Hefei, Hohhot and Nanning from inventories of properties held for sale to investment properties for leasing out to generate rental income. Those newly added investment properties of office buildings and shopping malls amounted to an aggregate carrying amount of RMB634 million, adding an additional gross floor area of 89,300 sq.m., and achieving quality growth in the investment properties portfolio. No fair value adjustments on such reclassifications were recognized.

As at 30 June 2023, the total gross floor area of investment properties held by the Group Series of Companies amounted to 330,300 sq.m., including six office buildings, seven shopping malls and one long-term leased apartment.

SEGMENT INFORMATION *(continued)*

Other Operations

In respect of the other operations, the Group mainly engages in hotel operations and generates service fee income in relation to hotel operation and other ancillary services.

During the period, the Group decided to self-operate two hotels in Huizhou and Shantou, which were previously classified as investment properties, with an aggregate carrying amount of RMB347 million. As at 30 June 2023, together with the hotel in Jiujiang, the Group held three hotels under self-operations in total, amounted to an aggregate carrying amount of RMB836 million.

For the six months ended 30 June 2023, income from other operations amounted to RMB20 million (the corresponding period in 2022: RMB4 million). The segment loss for the period amounted to RMB60 million (the corresponding period in 2022: RMB29 million).

FINANCIAL RESOURCES AND LIQUIDITY

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

In addition, under the favourable corporate financing environment in Mainland China, the Group has been actively exploring new financing channels. During the period, the Group successfully issued additional tranches of onshore corporate bonds, totalling an aggregate amount of RMB2,200 million. Those tranches of bonds had maturities of three to five years with coupon rates of 3.8% to 3.9% per annum. In addition, during the period, the Group successfully issued the industry's first corporate credit carbon neutrality bond in the domestic market of Mainland China, with a value of RMB500 million at a coupon rate of 3.05% per annum. During the period, the Group secured multiple financings in the Mainland at lower interest rates, effectively controlling financing costs and maintaining the Group's cost of funds at the low end within the industry.

FINANCIAL RESOURCES AND LIQUIDITY *(continued)*

As at 30 June 2023, net working capital of the Group amounted to RMB67,676 million (31 December 2022: RMB67,438 million), with a current ratio of 1.7 (31 December 2022: 1.6).

During the six months ended 30 June 2023, the Group secured new credit facilities of RMB6,575 million from leading financial institutions. After taking into account drawdowns of RMB6,900 million, repayment of loans of RMB9,495 million and increase of RMB499 million due to translation of Hong Kong Dollar ("HKD") loan during the period, total bank and other borrowings (excluding guaranteed notes and corporate bonds) decreased by RMB2,096 million as compared to the end of last year to RMB40,909 million (31 December 2022: RMB43,005 million).

The total bank and other borrowings included RMB loans of RMB24,903 million (31 December 2022: RMB27,631 million) and HKD loans of HK$17,360 million (equivalent to RMB16,006 million) (31 December 2022: HK$17,210 million <equivalent to RMB15,374 million>). As at 30 June 2023, interests of borrowings amounted to RMB6,269 million (31 December 2022: RMB5,940 million) were charged at fixed interest rates ranging from 2.7% to 5.0% (31 December 2022: 2.7% to 5.1%) per annum, while the remaining borrowings of RMB34,640 million (31 December 2022: RMB37,065 million) were charged at floating interest rates ranging from 3.0% to 6.9% (31 December 2022: 3.0% to 6.9%) per annum. About 32.8% (31 December 2022: 28.3%) of bank and other borrowings is repayable within one year.

As at 30 June 2023, guaranteed notes and corporate bonds amounted to RMB3,709 million (31 December 2022: RMB3,593 million) and RMB3,700 million (31 December 2022: RMB1,000 million), respectively, totaling RMB7,409 million (31 December 2022: RMB4,593 million).

FINANCIAL RESOURCES AND LIQUIDITY *(continued)*

For the six months ended 30 June 2023, in respect of total borrowing (including guaranteed notes and corporate bonds) of the Group, the weighted average borrowing cost during the period was 4.4% per annum, which slightly increased from 4.2% per annum for the year ended 31 December 2022. The increase in borrowing cost was mainly attributable by the continuing increase in Hong Kong Interbank Offered Rate ("HIBOR") during the period, resulting in the increase in weighted average borrowing cost for offshore borrowings of the Group from 3.1% per annum during the prior year to 4.6% per annum during the current period, which offset the effect of the decrease in weighted average borrowing cost of onshore borrowings of the Group from 4.9% per annum during the prior year to 4.2% per annum during the current period.

For certain non-wholly-owned investment projects, the Group and its business partners have to finance the projects in proportion to their equity interests, including in form of the interest-bearing amounts due to non-controlling shareholders. As at 30 June 2023, the interest-bearing amounts due to non-controlling shareholders was RMB548 million (31 December 2022: RMB1,837 million) with fixed interest rate ranging from 4.75% to 6.00% (31 December 2022: 4.75% to 8.00%) per annum.

During the period, sales deposits collection from properties sales remained healthy. Cash and bank balances were at a total of RMB32,807 million (31 December 2022: RMB29,331 million), increased by RMB3,476 million against the last year end. Of which, 99.7% (31 December 2022: 98.8%) was denominated in RMB while the remaining were in HKD and United States Dollar ("USD").

As at 30 June 2023, the net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including guaranteed notes and corporate bonds, net of cash and bank balances) to total equity, was 40.5% (31 December 2022: 48.8%). The management closely monitors the financial position of the Group to ensure healthy development of the operation scale and business.

FINANCIAL RESOURCES AND LIQUIDITY *(continued)*

Besides, according to the "Three Red Lines" real estate financial supervision policy in Mainland China, as at 30 June 2023, the liabilities-to-assets ratio (excluding receipts in advances) was 67.2% (31 December 2022: 68.7%), net gearing ratio was 40.5% (31 December 2022: 48.8%) and cash-to-short-term debt ratio was 1.8 times (31 December 2022: 1.6 times). Therefore, the Group did not breach any of the red lines and maintained its status as a "Green Category" enterprise.

Taking into account of the unutilized bank credit facilities available to the Group of RMB11,177 million (31 December 2022: RMB10,971 million), the Group's total available funds (including cash and bank balances) reached RMB43,984 million as at 30 June 2023 (31 December 2022: RMB40,302 million).

In view of rapidly changing conditions in the real estate and capital markets as well as evolving government policies and regulations, effective liquidity risk management is essential to sustain the Group's business growth. The Group continues to implement centralized financing and cash management policies, maintains healthy cash flow, and minimizes financial risks to ensure sound operations and a solid financial position. While the global environment remains complex, dynamic and volatile, and financial markets change rapidly, the Group maintains close communication with financial institutions and ensures ongoing compliance with financial covenants to maintain support from all stakeholders.

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

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

FOREIGN EXCHANGE EXPOSURE

As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings in RMB for its property development business in Mainland China, the management considered a natural hedge mechanism existed in that operation. However, as at 30 June 2023, about 59% and 41% (31 December 2022: 60% and 40%) of the Group's total borrowings (including guaranteed notes and corporate bonds) were denominated in RMB and HKD/USD respectively. Hence, by taking into account of the debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

The exchange rate of RMB to HKD depreciated by approximately 3.1% during the period and accordingly, the net asset value of the Group decreased by RMB543 million which arose from currency translation.

The Group continued to strengthen foreign currency risk management. After weighing financing costs against risks, management optimized the proportion of different currencies in its loan portfolio in response to changes in market conditions. The Group continues to closely monitor RMB exchange rate volatility. If necessary, the Group will further adjust the ratio of RMB debt versus USD/HKD debt to minimize foreign exchange risk.

COMMITMENTS AND GUARANTEE

As at 30 June 2023, the Group had commitments totaling RMB20,304 million (31 December 2022: RMB26,489 million) which mainly related to land premium, property development and construction works. In addition, the Group issued guarantees to banks for facilitating end-user mortgages in connection with its property sales in Mainland China as a usual commercial practice with an amount of RMB27,847 million (31 December 2022: RMB32,902 million) and for a credit facility granted to a joint venture with an amount of RMB429 million (31 December 2022: RMB455 million).

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totalling RMB17 million (the corresponding period in 2022: RMB13 million) during the period, mainly included additions of investment properties, motor vehicles and furniture, fixtures and office equipment. Besides, the Group has reclassified investment properties of an aggregate carrying value of RMB228 million and RMB121 million to property, plant and equipment and right-of-use assets respectively during the period, mainly due to the changes in uses of two hotel properties from investment properties to owner-occupied properties during the period.

On the other hand, as at 30 June 2023, certain properties in Mainland China with aggregate carrying value of RMB11,099 million (31 December 2022: RMB11,783 million) were pledged to obtain RMB4,779 million (31 December 2022: RMB3,764 million) of secured borrowings from certain banks in Mainland China for the property development projects.

EMPLOYEES

As at 30 June 2023, the Group has 2,816 employees (31 December 2022: 3,061). The total staff costs incurred for the period was approximately RMB556 million (the corresponding period in 2022: RMB601 million). The pay levels of the employees are determined based on their responsibilities, performance and the prevailing market condition. Discretionary bonus was paid to employees based on individual performance. Different trainings and development opportunities continued to be offered to sharpen employees' capabilities to meet the pace of business growth.

Condensed Consolidated Income Statement

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2023 and the comparative figures for the corresponding period in 2022 are as follows:

	Notes	Six months ended 30 June **2023** **(Unaudited)** **RMB'000**	 2022 (Unaudited) RMB'000
Revenue	4	**27,172,133**	29,796,142
Cost of sales and services provided		**(22,737,140)**	(24,319,114)
Gross profit		**4,434,993**	5,477,028
Other income	6	**242,804**	384,349
Distribution and selling expenses		**(828,728)**	(756,200)
Administrative expenses		**(533,108)**	(539,746)
Other operating expenses		**(42,698)**	(26,813)
Operating profit		**3,273,263**	4,538,618
Finance costs	7	**(25,175)**	(24,120)
Share of results of associates		**(4,804)**	(3,624)
Share of results of joint ventures		**(8,545)**	878
Profit before income tax	8	**3,234,739**	4,511,752
Income tax expense	9	**(1,243,561)**	(1,834,869)
Profit for the period		**1,991,178**	2,676,883
Profit for the period attributable to:			
Owners of the Company		**1,719,060**	2,449,936
Non-controlling interests		**272,118**	226,947
		1,991,178	2,676,883
		RMB Cents	RMB Cents
Earnings per share	11		
Basic		**48.3**	71.6
Diluted		**48.3**	71.6

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	**1,991,178**	2,676,883
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences arising from translation into presentation currency	**(542,665)**	(797,385)
Other comprehensive income for the period, net of tax	**(542,665)**	(797,385)
Total comprehensive income for the period	**1,448,513**	1,879,498
Total comprehensive income attributable to:		
Owners of the Company	**1,176,395**	1,652,551
Non-controlling interests	**272,118**	226,947
	1,448,513	1,879,498

Condensed Consolidated Statement of Financial Position

	Notes	**30 June 2023 (Unaudited) RMB'000**	31 December 2022 (Audited) RMB'000
Assets and liabilities			
Non-current assets			
Investment properties	12	**4,579,513**	4,279,204
Property, plant and equipment	13	**914,161**	773,627
Right-of-use assets		**365,988**	257,133
Interests in associates		**177,830**	182,635
Interests in joint ventures		**579,622**	686,896
Deferred tax assets		**1,538,427**	1,876,676
		8,155,541	8,056,171
Current assets			
Inventories of properties		**117,919,192**	131,891,355
Other inventories		**2,547**	4,165
Contract costs		**115,954**	128,524
Trade and other receivables	14	**761,892**	703,545
Prepayments and deposits	15	**5,054,387**	4,991,913
Amounts due from associates		**795,284**	853,767
Amounts due from joint ventures		**388,749**	439,499
Amounts due from non-controlling shareholders		**3,371,506**	1,991,575
Tax prepaid		**2,391,039**	2,390,421
Cash and bank balances	16	**32,806,731**	29,330,896
		163,607,281	172,725,660
Current liabilities			
Trade and other payables	17	**18,106,033**	20,830,621
Contract liabilities		**55,185,206**	61,157,740
Amounts due to associates		**11,693**	10,516
Amounts due to joint ventures		**420,570**	287,318
Amounts due to non-controlling shareholders		**5,204,686**	6,199,342
Amounts due to related companies		**261,145**	261,145
Lease liabilities – due within one year		**13,356**	14,852
Taxation liabilities		**3,311,932**	4,348,917
Bank and other borrowings – due within one year	18	**13,416,776**	12,176,911
		95,931,397	105,287,362
Net current assets		**67,675,884**	67,438,298
Total assets less current liabilities		**75,831,425**	75,494,469

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Non-current liabilities			
Bank and other borrowings – due after one year	18	**27,492,670**	30,828,251
Lease liabilities – due after one year		**30,104**	35,945
Guaranteed notes and corporate bonds – due after one year	19	**7,409,323**	4,593,302
Deferred tax liabilities		**2,615,051**	2,635,819
		37,547,148	38,093,317
Net assets		**38,284,277**	37,401,152
Capital and reserves			
Share capital	20	**6,047,372**	6,047,372
Reserves		**24,579,955**	23,894,824
Equity attributable to owners of the Company		**30,627,327**	29,942,196
Non-controlling interests		**7,656,950**	7,458,956
Total equity		**38,284,277**	37,401,152

Condensed Consolidated Statement of Changes in Equity

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

	Attributable to owners of the Company							
	Share capital RMB'000	**Translation reserve* RMB'000**	**Assets revaluation reserve* RMB'000**	**Statutory reserve* RMB'000**	**Retained profits* RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
At 1 January 2023 (Unaudited)	**6,047,372**	**(914,079)**	**30,075**	**2,586,951**	**22,191,877**	**29,942,196**	**7,458,956**	**37,401,152**
Profit for the period	**–**	**–**	**–**	**–**	**1,719,060**	**1,719,060**	**272,118**	**1,991,178**
Exchange differences arising from translation into presentation currency	**–**	**(542,665)**	**–**	**–**	**–**	**(542,665)**	**–**	**(542,665)**
Total comprehensive income for the period	**–**	**(542,665)**	**–**	**–**	**1,719,060**	**1,176,395**	**272,118**	**1,448,513**
Dividends attributable to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(74,124)**	**(74,124)**
2022 final dividend approved (note 10)	**–**	**–**	**–**	**–**	**(491,264)**	**(491,264)**	**–**	**(491,264)**
Transactions with owners	**–**	**–**	**–**	**–**	**(491,264)**	**(491,264)**	**(74,124)**	**(565,388)**
At 30 June 2023 (Unaudited)	**6,047,372**	**(1,456,744)**	**30,075**	**2,586,951**	**23,419,673**	**30,627,327**	**7,656,950**	**38,284,277**

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

Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Net cash from operating activities		**7,431,978**	85,444
Investing activities			
Additions of investment properties	12	**(16,000)**	(12,000)
Purchase of property, plant and equipment	13	**(1,001)**	(1,226)
Capital injection in a joint venture		**–**	(22,275)
Acquisition of a subsidiary, net of cash acquired		**–**	(257,479)
Acquisition of assets and liabilities through acquisition of a subsidiary, net of cash acquired		**–**	(1,023,651)
Interest received		**180,555**	193,733
Proceeds from disposal of property, plant and equipment		**201**	–
Advances to associates		**(22,332)**	(313,509)
Repayments from associates		**80,815**	143,178
Advances to joint ventures		**(13,815)**	(53,000)
Repayments from joint ventures		**64,565**	331,008
Advances to non-controlling shareholders		**(1,477,931)**	(521,579)
Repayments from non-controlling shareholders		**32,000**	–
Net cash used in investing activities		**(1,172,943)**	(1,536,800)
Financing activities			
New bank and other borrowings		**6,900,526**	9,653,417
Repayments of bank and other borrowings		**(9,495,162)**	(7,634,117)
Proceeds from issue of corporate bonds	19(b)	**2,700,000**	–
Advances from associates		**5,112**	–
Repayments to associates		**(3,935)**	–
Advances from joint ventures		**316,124**	60,400
Repayments to joint ventures		**(84,143)**	–
Acquisitions of non-controlling interests in subsidiaries		**–**	(728,599)
Advances from non-controlling shareholders		**196,801**	772,211
Repayments to non-controlling shareholders		**(1,194,581)**	(602,731)
Payment of capital element of leases		**(7,776)**	(8,596)
Payment of interest element of leases		**(626)**	(602)
Payment of other interests		**(997,504)**	(922,030)
Dividends paid to non-controlling shareholders	24(a)	**(5,000)**	–
Contributions from non-controlling shareholders		**–**	752,500
Net cash (used in)/from financing activities		**(1,670,164)**	1,341,853
Net increase/(decrease) in cash and cash equivalents		**4,588,871**	(109,503)
Cash and cash equivalents at the beginning of period		**19,433,181**	19,876,023
Effect of foreign exchange rate changes on cash and cash equivalents		**8,520**	11,838
Cash and cash equivalents at the end of period		**24,030,572**	19,778,358
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		**24,030,572**	19,778,358
Other bank balances (note 16)		**8,776,159**	10,718,687
Cash and bank balances		**32,806,731**	30,497,045
Cash and cash equivalents and other bank balances		**32,806,731**	30,497,045

1. GENERAL INFORMATION

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

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

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Interim Financial Statements do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022 (the"2022 Annual Financial Statements").

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

The financial information relating to the year ended 31 December 2022 that is included in this Interim Financial Statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

1. GENERAL INFORMATION *(continued)*

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 Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company. The Interim Financial Statements were approved for issue on 23 August 2023.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost basis except for investment properties, which is stated at fair value.

Certain comparative figures of prior years have been re-presented to conform with current period's presentation.

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

Income tax

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

Save as described in above and note 3 "Adoption of Hong Kong Financial Reporting Standards ("HKFRS")", the accounting policies used in preparing the Interim Financial Statements are consistent with those of the 2022 Annual Financial Statements, as described in those annual financial statements.

3. ADOPTION OF HKFRS

3.1 Adoption of new or revised HKFRS – effective 1 January 2023

In the current period, the Group has applied for the first time the following new amendments issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2023:

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

The adoption of these new amendments to HKFRS did not have material impact on the Group's results and financial position and accounting policies.

3. ADOPTION OF HKFRS *(continued)*

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

The following new and amendments to HKFRS, potentially relevant to the Group's financial statements, have been issued, but are not effective and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
HK-Int 5 (2022)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

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

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

The Group is currently assessing the possible effect of these new and amendments to standards on the Group's results and financial position in the first year of application.

4. REVENUE

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sales of properties	**27,058,190**	29,681,190
Property rental income	**93,552**	110,639
Hotel and other services income	**20,391**	4,313
Total revenue	**27,172,133**	29,796,142

5. SEGMENT INFORMATION

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

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

5. SEGMENT INFORMATION *(continued)*

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

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

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

5. SEGMENT INFORMATION *(continued)*

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

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
Six months ended 30 June 2023 (Unaudited)				
Revenue from contracts with customers disaggregated by timing of revenue recognition	27,058,190	–	20,391	27,078,581
– Goods transferred at a point in time	27,058,190	–	–	27,058,190
– Services transferred over time	–	–	20,391	20,391
Revenue from other sources:				
Rental income	–	93,552	–	93,552
Reportable segment revenue	27,058,190	93,552	20,391	27,172,133
Reportable segment profit/(loss)	3,304,776	63,416	(59,522)	3,308,670
Corporate income				2,661
Finance costs				(25,175)
Other corporate expenses				(51,417)
Profit before income tax				3,234,739
As at 30 June 2023 (Unaudited)				
Reportable segment assets	161,688,418	4,800,586	863,993	167,352,997
Tax assets				3,929,466
Corporate assets^				480,359
Total consolidated assets				171,762,822
Reportable segment liabilities	78,513,302	49,483	9,912	78,572,697
Tax liabilities				5,926,983
Bank and other borrowings				40,909,446
Guaranteed notes and corporate bonds				7,409,323
Amount due to a related company				75,026
Other corporate liabilities				585,070
Total consolidated liabilities				133,478,545

5. SEGMENT INFORMATION *(continued)*

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
Six months ended 30 June 2022 (Unaudited)				
Revenue from contracts with customers disaggregated by timing of revenue recognition	29,681,190	–	4,313	29,685,503
– Goods transferred at a point in time	29,461,069	–	–	29,461,069
– Goods transferred over time	220,121	–	–	220,121
– Services transferred over time	–	–	4,313	4,313
Revenue from other sources:				
Rental income	–	110,639	–	110,639
Reportable segment revenue	29,681,190	110,639	4,313	29,796,142
Reportable segment profit/(loss)	4,468,376	83,699	(28,878)	4,523,197
Corporate income				22,731
Finance costs				(24,120)
Other corporate expenses				(10,056)
Profit before income tax				4,511,752
As at 31 December 2022 (Audited)				
Reportable segment assets	170,887,294	4,509,552	564,006	175,960,852
Tax assets				4,267,097
Corporate assets^				553,882
Total consolidated assets				180,781,831
Reportable segment liabilities	88,619,360	56,164	450	88,675,974
Tax liabilities				6,984,736
Bank and other borrowings				43,005,162
Guaranteed notes and corporate bonds				4,593,302
Amount due to a related company				75,026
Other corporate liabilities				46,479
Total consolidated liabilities				143,380,679

^ Corporate assets as at 30 June 2023 mainly included property, plant and equipment of RMB81,485,000 (31 December 2022: RMB86,352,000), right-of-use assets of RMB99,679,000 (31 December 2022: RMB102,619,000) and cash and cash equivalents of RMB297,982,000 (31 December 2022: RMB363,761,000), which are managed on a group basis.

6. OTHER INCOME

	Six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest income on:		
– Bank deposits	**180,555**	172,155
– Amounts due from joint ventures	**–**	11,335
Total interest income on financial assets measured at amortized cost	**180,555**	183,490
Sundry income	**62,249**	200,859
	242,804	384,349

7. FINANCE COSTS

	Six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest on bank and other borrowings	**974,505**	879,677
Interest on amounts due to non-controlling shareholders	**18,161**	227,993
Interest on an amount due to a related company	**1,681**	1,731
Imputed interest expense on guaranteed notes	**43,969**	41,245
Interest on corporate bonds	**38,688**	–
Interest on lease liabilities	**626**	602
Total interest expense on financial liabilities measured at amortized cost	**1,077,630**	1,151,248
Less: Amount capitalized	**(1,052,455)**	(1,127,128)
	25,175	24,120

8. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation:		
Property, plant and equipment	**48,259**	35,043
Right-of-use assets	**12,753**	13,007
Total depreciation	**61,012**	48,050
Cost of sales and services provided comprise		
– Amount of inventories recognized as expense	**22,678,684**	24,060,905
– Write-down of inventories of properties	**–**	229,568
Staff costs	**555,565**	601,365
Net foreign exchange loss/(gain)	**11,537**	(22,082)

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax for the period		
Other regions of the PRC		
– Enterprise income tax ("EIT")	**640,492**	1,013,053
– Land appreciation tax ("LAT")	**280,228**	816,152
	920,720	1,829,205
Under/(Over)-provision in prior years		
Other regions of the PRC	**5,360**	(3,095)
Deferred tax	**317,481**	8,759
	1,243,561	1,834,869

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

EIT arising from other regions of the PRC is calculated at 25% (six months ended 30 June 2022: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (six months ended 30 June 2022: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

10. DIVIDENDS

The Board has declared that an interim dividend of HK$0.05 (six months ended 30 June 2022: HK$0.06) per share, amounting to HK$177,969,000, equivalent to approximately RMB163,454,000 (six months ended 30 June 2022: HK$213,562,000, equivalent to approximately RMB184,871,000), will be paid to the shareholders of the Company whose names appear in the Register of Members on 20 September 2023.

At the reporting date, a dividend of HK$0.15 per share, amounting to HK$533,906,000, equivalent to approximately RMB491,264,000 was recognized as distribution of the final dividend for the financial year ended 31 December 2022. At 30 June 2022, a dividend of HK$0.30 per share, amounting to HK$1,027,008,000, equivalent to approximately RMB878,160,000 was recognized as distribution of the final dividend for the financial year ended 31 December 2021.

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Profit for the period attributable to owners of the Company	**1,719,060**	2,449,936

11. EARNINGS PER SHARE *(continued)*

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	'000	'000
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the period	**3,559,375**	3,423,360

Diluted earnings per share for the six months ended 30 June 2023 and 2022 are the same as the basic earnings per share as there have been no dilutive potential ordinary shares in existence during both periods.

12. INVESTMENT PROPERTIES

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Fair value		
At beginning of period	**4,279,204**	3,978,235
Additions	**16,000**	12,000
Reclassification from inventories of properties (note (a))	**633,248**	-
Reclassification to owner-occupied properties (note (b))	**(348,939)**	-
At end of period	**4,579,513**	3,990,235

(a) During the six months ended 30 June 2023, the Group reclassified certain commercial units of certain property projects of aggregate amount of RMB633,248,000 from inventories of properties to investment properties. No fair value gain or loss was recognized on the date of reclassification.

(b) During the six months ended 30 June 2023, the Group changed the use of certain investment properties as self-use and reclassified their building and land portion of RMB227,755,000 and RMB121,184,000 respectively as buildings within property, plant and equipment and right-of-use assets.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group incurred capital expenditure classified as property, plant and equipment of RMB1,001,000 (six months ended 30 June 2022: RMB1,226,000), which represented approximately RMB408,000 (six months ended 30 June 2022: nil) in buildings, approximately RMB396,000 (six months ended 30 June 2022: RMB1,195,000) in furniture, fixtures and office equipment and approximately RMB197,000 (six months ended 30 June 2022: RMB31,000) in motor vehicles.

14. TRADE AND OTHER RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables	**42,559**	45,138
Less: Loss allowance for trade receivables	**–**	–
Trade receivables, net	**42,559**	45,138
Other receivables	**719,333**	658,407
	761,892	703,545

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
30 days or below	**16,809**	15,343
31 – 60 days	**769**	548
61 – 90 days	**13,680**	297
91 – 180 days	**3,535**	6,552
181 – 360 days	**4,723**	291
Over 360 days	**3,043**	22,107
	42,559	45,138

14. TRADE AND OTHER RECEIVABLES *(continued)*

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

As at 30 June 2023, no material provision was made against the gross amount of trade receivables, other receivables and contract costs.

15. PREPAYMENTS AND DEPOSITS

At 30 June 2023, the balance of prepayments and deposits included deposits amounting to RMB1,259,901,000 (31 December 2022: RMB570,000,000) in aggregate paid by the Group for the acquisition of lands in the PRC.

16. CASH AND BANK BALANCES

At 30 June 2023, cash and bank balances included cash and cash equivalents of RMB24,030,572,000 (31 December 2022: RMB19,433,181,000) and other bank balances of RMB8,776,159,000 (31 December 2022: RMB9,897,715,000), which mainly represented presale proceeds from sales of properties in the PRC and was subject to usage restrictions.

17. TRADE AND OTHER PAYABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade payables	**15,839,917**	18,748,443
Other payables and accruals	**1,489,140**	1,723,560
Dividend payables	**492,261**	–
Deposits received	**284,715**	358,618
	18,106,033	20,830,621

17. TRADE AND OTHER PAYABLES *(continued)*

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
30 days or below	**4,270,342**	7,190,923
31 – 60 days	**572,254**	591,383
61 – 90 days	**414,071**	755,721
91 – 180 days	**1,981,772**	2,375,782
181 – 360 days	**2,902,247**	3,110,061
Over 360 days	**5,699,231**	4,724,573
	15,839,917	18,748,443

18. BANK AND OTHER BORROWINGS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Current liabilities		
Bank borrowings	**12,716,776**	11,476,911
Other borrowings	**700,000**	700,000
	13,416,776	12,176,911
Non-current liabilities		
Bank borrowings	**23,892,670**	26,728,251
Other borrowings	**3,600,000**	4,100,000
	27,492,670	30,828,251
	40,909,446	43,005,162

18. BANK AND OTHER BORROWINGS *(continued)*

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Analysis into:		
Bank borrowings		
Secured (note 21)	**4,079,100**	3,064,000
Unsecured	**32,530,346**	35,141,162
	36,609,446	38,205,162
Other borrowings		
Secured	**700,000**	700,000
Unsecured	**3,600,000**	4,100,000
	4,300,000	4,800,000
	40,909,446	43,005,162

Bank borrowings were scheduled for repayment as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
On demand or within one year	**12,716,776**	11,476,911
More than one year, but not exceeding two years	**10,504,411**	12,883,010
More than two years, but not exceeding five years	**13,032,877**	13,461,595
Over five years	**355,382**	383,646
	36,609,446	38,205,162

18. BANK AND OTHER BORROWINGS *(continued)*

Other borrowings were scheduled for repayment as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
On demand or within one year	**700,000**	700,000
More than two years, but not exceeding five years	**1,000,000**	1,500,000
Over five years	**2,600,000**	2,600,000
	4,300,000	4,800,000

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
HK$	**16,005,901**	15,374,308
RMB	**24,903,545**	27,630,854
	40,909,446	43,005,162

18. BANK AND OTHER BORROWINGS *(continued)*

The Group's bank and other borrowings have been arranged as follows:

– borrowings denominated in HK$ are interest-bearing at floating rates ranging from 6.01% to 6.93% per annum as at 30 June 2023 (31 December 2022: 5.15% to 6.89% per annum); and

– borrowings denominated in RMB amounting to RMB18,634,545,000 (31 December 2022: RMB21,690,854,000) are interest-bearing at floating rates ranging from 3.00% to 4.60% per annum as at 30 June 2023 (31 December 2022: 3.00% to 4.93% per annum) while the remaining balance of RMB6,269,000,000 (31 December 2022: RMB5,940,000,000) are interest-bearing at fixed rates ranging from 2.70% to 4.98% per annum as at 30 June 2023 (31 December 2022: 2.70% to 5.07% per annum).

19. GUARANTEED NOTES AND CORPORATE BONDS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Non-current liabilities		
Guaranteed notes (note (a))	**3,709,323**	3,593,302
Corporate bonds (note (b))	**3,700,000**	1,000,000
	7,409,323	4,593,302

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

	RMB'000
Carrying amount as at 31 December 2022 (Audited) and 1 January 2023 (Unaudited)	**3,593,302**
Imputed interest expense	**43,969**
Finance costs paid	**(43,270)**
Translation adjustment	**115,322**
Carrying amount as at 30 June 2023 (Unaudited)	**3,709,323**

19. GUARANTEED NOTES AND CORPORATE BONDS *(continued)*

(b) During the six months ended 30 June 2023, the Group issued the following corporate bonds:

Issue date	Principal amount RMB'000	Issue price	Fixed interest rate per annum	Maturity date	Carrying amount at 30 June 2023 (Unaudited) RMB'000
24 February 2023	1,000,000	100%	3.90%	27 February 2026	1,000,000
31 March 2023	1,200,000	100%	3.80%	3 April 2028	1,200,000
6 June 2023	500,000	100%	3.05%	7 June 2027	500,000
					2,700,000

20. SHARE CAPITAL

	Number of ordinary shares	Carrying amount RMB'000
Issued and fully paid – ordinary shares with no par:		
At 1 January 2022 (Audited)	3,423,359,841	5,579,100
Issue of shares in respect of scrip dividend of 2021 final dividend	136,014,891	468,272
At 31 December 2022 (Audited), 1 January 2023 (Unaudited) and 30 June 2023 (Unaudited)	**3,559,374,732**	**6,047,372**

21. PLEDGE OF ASSETS

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Pledge for borrowings and banking facilities of the Group		
– Inventories of properties	**11,099,448**	11,783,229

22. COMMITMENTS

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Contracted for but not provided for in the financial statements:		
– Investment in equity interests	**348,600**	204,600
– Acquisition of land	**330,001**	–
– Property development	**17,938,485**	26,284,621
	18,617,086	26,489,221
Authorized but not contracted for:		
– Acquisition of land	**1,687,180**	–
	20,304,266	26,489,221

23. FINANCIAL GUARANTEES

At the end of each reporting period, the Group provided guarantees to banks and government agencies for mortgage loans granted to certain purchasers of the Group's properties and for banking facilities granted to a joint venture. The amount of the relevant facilities utilized and outstanding are as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Mortgage loans granted by banks and government agencies to certain purchasers of the Group's properties	**27,846,657**	32,901,601
Bank loans granted by a bank to a joint venture guaranteed by the Group	**428,972**	455,474
	28,275,629	33,357,075

In the opinion of the directors, the financial impact arising from providing the above financial guarantees is insignificant and accordingly, they are not accounted for in these financial statements as at 30 June 2023 and 31 December 2022.

24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions:

(a) During the six months ended 30 June 2023, dividends attributable to non-controlling shareholders amounting to RMB69,124,000 (six months ended 30 June 2022: RMB174,000,000) were settled through the current accounts with the non-controlling shareholders and the respective amounts were included in "Amounts due from non-controlling shareholders" and "Amounts due to non-controlling shareholders".

(b) During the six months ended 30 June 2023, return of capital from a joint venture amounting to RMB39,576,000 (six months ended 30 June 2022: nil) and dividends from a joint venture amounting to RMB59,153,000 (six months ended 30 June 2022: nil) were settled through the current accounts with the joint ventures and the respective amounts were included in "Amounts due to joint ventures".

(c) During the six months ended 30 June 2022, capital injection in an associate amounting to RMB17,294,000 was settled through the current account with the associate and the respective amount was included in "Amounts due from associates".

25. RELATED PARTY TRANSACTIONS

The table set forth below summarizes the name of the major related parties which are entities as defined in HKAS 24 (Revised) *Related Party Disclosures* and the nature of their relationship with the Group as at 30 June 2023:

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

25. RELATED PARTY TRANSACTIONS *(continued)*

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

	Six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Nature of transactions		
COLI and its subsidiaries		
Royalty expenses	**166,884**	166,072
Rental income	**49,214**	105,011
Design service expenses	**931**	1,540
Purchase of materials	**534,190**	587,826
Information technology service expenses	**200**	–
CSCECL and its subsidiaries (exclusive of COHL and its subsidiaries)		
Property construction costs	**88,600**	164,367
Sales of office units	**–**	43,575
COHL		
Licence fee payments	**1,927**	1,685
Air-conditioning and management charge payments	**274**	256
COPH and its subsidiaries		
Property management fee expenses	**156,367**	116,411
Sales of right-of-use of car parking spaces	**–**	50,152
Interest expenses	**1,681**	1,731
CSC and its subsidiaries (exclusive of CSCD and its subsidiaries)		
Property construction costs	**23,159**	590,673
CSCD and its subsidiaries		
Construction supervision expenses	**8,322**	3,369
Joint ventures		
Interest income	**–**	11,335
Non-controlling shareholders		
Interest expenses	**18,161**	227,993
PRC government departments/agencies		
Land use rights acquisitions	**3,545,690**	4,084,310
Key management (including directors)		
Remuneration	**4,183**	4,443

26. FAIR VALUE MEASUREMENT

(a) Financial instruments

As at 30 June 2023 and 31 December 2022, the Group did not have any financial instruments measured at fair value. Accordingly, no analysis on fair value hierarchy is presented.

During the six months ended 30 June 2023, there were no transfers among Level 1, Level 2 and Level 3 in the fair value hierarchy (six months ended 30 June 2022: nil).

Financial instruments not measured at fair value include trade and other receivables, balances with associates, joint ventures, non-controlling shareholders and other related companies, cash and bank balances, trade payables, other payables and accruals, bank and other borrowings, guaranteed notes and corporate bonds.

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

For disclosure purpose, the fair values of bank and other borrowings (other than the 2022 ABS as defined in the 2022 Annual Financial Statements) as at 30 June 2023 and 31 December 2022 are not materially different from their carrying values. Those fair values have been determined by using discounted cash flow models and are classified as Level 3 in the fair value hierarchy. Significant inputs include the discount rates used to reflect the credit risks of the Group.

26. FAIR VALUE MEASUREMENT *(continued)*

(a) Financial instruments *(continued)*

The fair values of the guaranteed notes and corporate bonds and the 2022 ABS as at 30 June 2023 and 31 December 2022 are determined with reference to quotation published by leading financial market data providers. The fair value measurement of these financial instruments is within Level 1 of the fair value hierarchy and are summarized below:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Guaranteed notes and corporate bonds	**6,948,310**	4,437,085
The 2022 ABS	**699,930**	698,040

(b) Non-financial assets

The fair value of the investment properties as at 30 June 2023 is a Level 3 recurring fair value measurement and determined by using the same approach as the last year end. During the six months ended 30 June 2023, there were no transfers among Level 1, Level 2 and Level 3 in the fair value hierarchy (six months ended 30 June 2022: nil).

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

After reviewing the working capital requirements for the Group's future expansion of its business, the board of directors of the Company (the "Board") declared an interim dividend of HK5 cents per share (2022: HK6 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 share registrar	At 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	18 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 share registrar at Tricor Standard Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than the aforementioned latest time.

SHARE CAPITAL

The Company's total number of shares in issue as at 30 June 2023 was 3,559,374,732 ordinary shares.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiries to all directors of the Company, they confirmed that they have complied with the Code of Conduct throughout the six months ended 30 June 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2023, the directors and chief executive of the Company, and their respective associates had the following interests in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long Positions in Shares of the Company

Name of directors	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of shares in issue[(1)]
Mr. Zhuang Yong	Beneficial owner	Personal	618,825	618,825	0.02%
Mr. Yang Lin	Beneficial owner	Personal	2,550,000	2,896,125	0.08%
	Interest of spouse	Family	346,125		
Mr. Yung Kwok Kee, Billy	Beneficial owner	Personal	17,849,999	463,045,980	13.01%
	Beneficiary of a trust[(2)]	Other	372,617,689		
	Interest of controlled corporation[(3)]	Interest in controlled corporation	62,578,292		
	Interest of spouse[(4)]	Family	10,000,000		
Dr. Chung Shui Ming, Timpson	Beneficial owner	Personal	544,875	544,875	0.02%

Notes:

(1) The percentage is based on the total number of shares of the Company in issue as at 30 June 2023 (i.e. 3,559,374,732 shares).

(2) These shares of the Company are held by a trust for the benefit of Mr. Yung Kwok Kee, Billy and his family members.

(3) These shares of the Company are held by Extra-Fund Investment Limited, a wholly-owned subsidiary of Shell Electric Holdings Limited, which in turn is owned as to 80.55% by Red Dynasty Investments Limited, a company wholly-owned by Mr. Yung Kwok Kee, Billy.

(4) Mr. Yung Kwok Kee, Billy is deemed to be interested in 10,000,000 shares of the Company through the interest of his spouse, Ms. Vivian Hsu.

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 by any directors or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Saved as disclosed above, during the six months ended 30 June 2023, none of the directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in, or had been granted any rights to subscribe for the shares, options and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2023, the following persons (other than the directors or chief executive of the Company) had interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long Positions in Shares of the Company

Name of substantial shareholders	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of shares in issue[(1)]
China State Construction Engineering Corporation ("CSCEC")	Interest of controlled corporation[(2)]	Interest in controlled corporation	1,410,758,152	1,410,758,152	39.63%
Diamond Key Enterprises Inc. ("Diamond Key")	Beneficial owner[(3)]	Beneficial	190,910,903	190,910,903	5.36%
On Fat Profits Corporation ("On Fat")	Beneficial owner[(3)]	Beneficial	181,706,786	181,706,786	5.11%
UBS TC (Jersey) Ltd. ("UBS TC")	Trustees of trusts[(3)]	Other	372,617,689	372,617,689	10.47%
Ms. Vivian Hsu	Beneficial owner Interest of spouse[(4)]	Personal Family	10,000,000 453,045,980	463,045,980	13.01%
FIL Limited ("FIL")	Interest of controlled corporation[(5)]	Interest in controlled corporation	213,122,397	213,122,397	5.99%
Pandanus Partners L.P. ("Pandanus Partners")	Interest of controlled corporation[(5)]	Interest in controlled corporation	213,122,397	213,122,397	5.99%
Pandanus Associates Inc. ("Pandanus Associates")	Interest of controlled corporation[(5)]	Interest in controlled corporation	213,122,397	213,122,397	5.99%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES *(continued)*

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

Notes:

(1) The percentage is based on the total number of shares of the Company in issue as at 30 June 2023 (i.e. 3,559,374,732 shares).

(2) CSCEC is interested in 1,410,758,152 shares of the Company, of which 1,357,257,348 shares are held by Star Amuse Limited ("Star Amuse") and 53,500,804 shares are held by Chung Hoi Finance Limited ("Chung Hoi"). Star Amuse is a wholly-owned subsidiary of Big Crown Limited ("Big Crown"). Big Crown and Chung Hoi are wholly-owned subsidiaries of China Overseas Land & Investment Limited ("COLI") which in turn is a non-wholly owned subsidiary of China Overseas Holdings Limited ("COHL"). COHL is a subsidiary of China State Construction Engineering Corporation Limited which in turn is a non-wholly owned subsidiary of CSCEC.

(3) 372,617,689 shares of the Company held by UBS TC (including 190,910,903 shares and 181,706,786 shares of the Company held by Diamond Key and On Fat respectively) are disclosed in the section headed "Directors' and Chief Executive's Interests in Securities" above as being held under a trust with Mr. Yung Kwok Kee, Billy and his family members as the beneficiaries. None of the directors of the Company are directors or employees of Diamond Key and On Fat.

(4) Ms. Vivian Hsu is deemed to be interested in 453,045,980 shares of the Company through the interest of her spouse, Mr. Yung Kwok Kee, Billy.

(5) Pandanus Associates is interested in 213,122,397 shares of the Company, of which 9,806,000 shares of the Company are reported as unlisted derivatives settled in cash. Pandanus Associates acts as general partner of and has 100% control over Pandanus Partners which in turn holds as to 38.71% of the shareholding interest in FIL. FIL is interested in these 213,122,397 shares of the Company through a series of subsidiaries.

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

CORPORATE GOVERNANCE

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

The Company has applied the corporate governance principles and complied with all the code provisions (where applicable, some of the recommended best practices) set out in the Corporate Governance Code in Appendix 14 to the Listing Rules during the six months ended 30 June 2023.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The facility agreements/letters, which have been entered into by the Company in the following terms and conditions and continue to subsist at 30 June 2023 are set out below:

(1)	Date:	31 December 2018
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the date of the first drawdown
(2)	Date:	30 December 2019
	Amount:	Loan facility up to HK$1 billion
	Term:	60 months commencing from the first utilisation date
(3)	Date:	11 March 2020
	Amount:	Loan facilities up to (a) HK$935 million and (b) RMB500 million
	Term:	(a) 60 months and (b) 36 months commencing from the date of the facility agreement respectively
(4)	Date:	18 January 2023
	Amount:	Loan facility up to HK$1 billion
	Term:	3 years commencing from the first utilisation date

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES *(continued)*

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

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

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

CHANGES IN DIRECTORS' INFORMATION

Changes in directors' information since the date of the 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:

- Mr. Lam Kin Fung, Jeffrey was awarded the Grand Bauhinia Medal by The Government of the Hong Kong Special Administrative Region of the People's Republic of China in July 2023.

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 and up to the date of this report.

On 24 February 2023, 中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Limited* ("COGOP"), a wholly-owned subsidiary of the Company), completed the issuance of the first tranche of 2023 corporate bond due February 2026 (the "2023 Corporate Bond (First Tranche)") in the principal amount of RMB1,000,000,000 with the interest rate of 3.9% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the 2023 Corporate Bond (First Tranche), amounted to approximately RMB998,600,000, which are used for repaying the interest-bearing debts and replenishing working capital.

On 31 March 2023, COGOP completed the issuance of the second tranche of 2023 corporate bond due April 2028 (the "2023 Corporate Bond (Second Tranche)") in the principal amount of RMB1,200,000,000 with the interest rate of 3.8% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the 2023 Corporate Bond (Second Tranche), amounted to approximately RMB1,198,320,000, which are used for repaying the interest-bearing debts.

On 6 June 2023, COGOP completed the issuance of the first tranche of 2023 carbon neutrality green corporate bond due June 2027 (the "2023 Green Bond (First Tranche)") in the principal amount of RMB500,000,000 with the interest rate of 3.05% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the 2023 Green Bond (First Tranche), amounted to approximately RMB499,300,000, which are used for repayment of the green project's loan and green project development.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the Company's unaudited interim report for the six months ended 30 June 2023, and discussed with the Company's management regarding auditing, internal control and other important matters.

* English translation for identification purpose only.

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