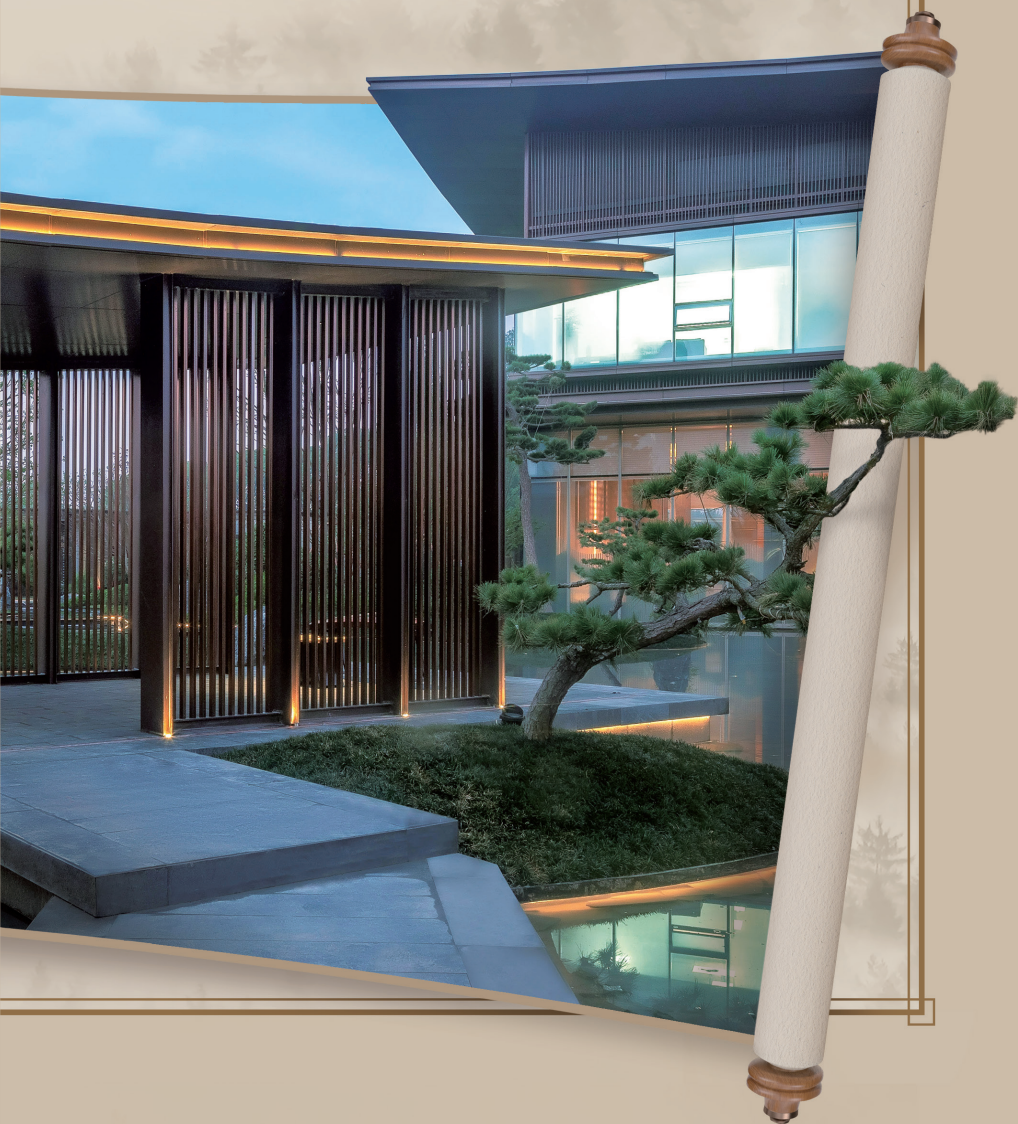




中國海外宏洋集團有限公司
CHINA OVERSEAS GRAND OCEANS GROUP LTD.

Stock Code 股份代號: 00081



凝心聚力 穩健前行

2024 Interim Report 中期報告

Together We Advance

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Board of Directors and Committees

EXECUTIVE DIRECTORS

Zhuang Yong	<i>Chairman</i>
Yang Lin	<i>Chief Executive Officer</i>
Zhou Hancheng	<i>Vice President, Chief Compliance Officer and General Counsel</i>

NON-EXECUTIVE DIRECTORS

Yung Kwok Kee, Billy	<i>Vice Chairman</i>
Liu Ping [^]	
Guo Guanghui [#]	

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Fan Chun Wah, Andrew

AUTHORISED REPRESENTATIVES

Zhuang Yong
Yang Lin

AUDIT COMMITTEE

Chung Shui Ming, Timpson*
Lam Kin Fung, Jeffrey
Fan Chun Wah, Andrew

REMUNERATION COMMITTEE

Lam Kin Fung, Jeffrey*
Yung Kwok Kee, Billy
Chung Shui Ming, Timpson
Fan Chun Wah, Andrew

NOMINATION COMMITTEE

Fan Chun Wah, Andrew*
Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Zhuang Yong

* Committee Chairman

[^] Appointed with effect from 22 April 2024

[#] Resigned with effect from 22 April 2024

Corporate and Shareholders' Information

CORPORATE INFORMATION

Registered Office

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

COMPANY SECRETARY

Anita Wong

SHARE REGISTRAR

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

AUDITOR

PricewaterhouseCoopers
*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

Corporate and Shareholders' Information

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 2024)

Shares outstanding 3,559,374,732 shares

STOCK CODE

Shares

Stock Exchange : 00081

Bloomberg : 81:HK

Reuters : 0081.HK

FINANCIAL CALENDAR

2024 interim results announcement

23 August 2024

Ex-dividend date

19 September 2024

Latest time to lodge transfer documents for registration
with the Company's share registrar

At 4:30 p.m.
on 20 September 2024

Closure of register of members

23 September 2024

Record date

23 September 2024

Despatch date of interim dividend warrants

18 October 2024

INVESTOR RELATIONS

Telephone : (852) 2988 0600

Facsimile : (852) 2988 0606

E-mail : cogo.ir@cohl.com

MEDIA ENQUIRY

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Chairman's Statement

INTRODUCTION

I am pleased to present the unaudited interim results review and outlook of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2024 (the "first half of 2024" or the "Period Under Review").

In the first half of 2024, the Group achieved a revenue of RMB21,852 million, a decrease of 19.6% as compared to the corresponding period last year. Profit attributable to owners of the Company amounted to RMB885 million, a decrease of 48.5% as compared to the corresponding period last year. Basic earnings per share was RMB24.9 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 HK3 cents per share for the six months ended 30 June 2024.

MARKET REVIEW

China's economy showed resilience in the first half of 2024, with steady growth and ongoing recovery gains. New drivers accelerated their growth and high-quality development is gaining progress. However, challenges persisted in the external environment due to lackluster global economic conditions, ongoing inflationary headwinds and recurring geopolitical tensions and trade issues, posing difficulties and challenges to maintaining the momentum of economic growth.

During the Period Under Review, China's property market was aided by nationwide stimulus policies and local initiatives. Newly built home sales saw continued steady gains while the downward trend in new projects showed signs of bottoming out. The sector as a whole was stabilizing amid the recovery trend. According to data from CRIC, China's top 100 cities saw total homes sales value of RMB2.09 trillion in the first half of 2024, down 38.7% year-on-year. Sales totalled 101 million sq.m., a 39.9% decline year-on-year. The average price was RMB20,600 per sq.m., up 3.5% from the end of last year.

MARKET REVIEW *(continued)*

Despite domestic and external headwinds, the Chinese economy demonstrated resilience, forging ahead with steadfast stability. As per China's National Bureau of Statistics, the country's GDP witnessed a noteworthy year-on-year growth of 5.0% during the initial six months, reaffirming China's prominent position as a pivotal driver and anchor for global economic stability and growth. China's real estate market has witnessed a noteworthy shift, with homebuyers increasingly prioritizing end-use over investment. This transformation effectively addressed housing scarcity while refocusing the sector on enhancing quality. The central government and local authorities remained committed to stabilizing the market and facilitating transition, leveraging the resilience of the Chinese economy. This approach has driven a steady recovery and growth in the property sector.

BUSINESS REVIEW

In the first half of 2024, local authorities swiftly adjusted real estate policies to match changing supply and demand dynamics. These measures effectively addressed critical housing needs and boosted segments focused on enhancing living standards, resulting in a notable increase in market activity. China had witnessed narrowing declines in new residential property sales and construction starts, while second-hand home signings showed some improvement. The active promotion of three key initiatives, centered on affordable housing, versatile public infrastructure development, and urban revitalization, was set to spur new models in the real estate market and drive investment expansion.

Chairman's Statement

BUSINESS REVIEW *(continued)*

With market dynamics in constant flux, the Group swiftly adapted, empowering frontline teams to boost sales. 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 RMB19,017 million, representing a decrease of 26.7% as compared to the corresponding period last year. The contracted sales area was 1,656,200 sq.m., representing a decrease of 22.8% as compared to the corresponding period last year. Sales performance had outperformed the market. Contracted property sales attributable to the Group for the Period Under Review amounted to RMB15,630 million, ranking 20th in the industry according to CRIC data, an improvement of 11 places compared to the corresponding period last year. The Group realized average residential property selling price of approximately RMB12,500 per sq.m., representing a decrease of 3.8%, 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 RMB689 million for an aggregated contracted area of 52,100 sq.m..

During the Period Under Review, the Group's commercial real estate operations demonstrated steady growth. Notable achievements included Huizhou China Overseas Plaza Uni achieving a 90% occupancy rate and attracting nearly 100,000 visitors within two days of opening, setting a historic record for the Group. Office leasing also excelled, China Overseas International Centre; Shanghai China Overseas Jinhe Information Technology Park; and Hefei Central Park all achieving occupancy rates of over 95%.

The Group aimed to lead its peers and push boundaries to new limits. While other major developers concentrated their efforts in top-tier cities, the Group's competitive advantages in mid-tier cities became increasingly evident. Among the 40 cities where the Group operates, it secured a top-three position in contracted sales in 21 cities, with an increase of three cities compared to the previous year end. Notably, the Group claimed the first spot in 11 cities, including Shantou, Hohhot, Ganzhou, Yangzhou, Tangshan and Nantong, marking a growth of four cities compared to the previous year end.

BUSINESS REVIEW *(continued)*

The Group remained committed to its “3P” investing strategy, which targeted the most “Prominent” cities and their “Prime” neighborhoods while focusing on “Popular” property types. By carefully scoping out land opportunities, we strategically bolstered our land bank reserves with well-positioned plots primed for future growth. In the first half of 2024, the Group Series of Companies acquired three projects through public auctions, adding attributable gross floor area of 246,900 sq.m., with attributable land cost amounting to RMB1,385 million. The Group closely monitored potential acquisition opportunities and successfully acquired a 49% equity stake in two collaborative projects in Changzhou, Jiangsu Province, during the Period Under Review.

As of 30 June 2024, the gross floor area of the total land bank of the Group Series of Companies was 15,834,200 sq.m., of which 13,050,700 sq.m. were attributable to the Group.

The Group's strong record of delivery reinforces customer confidence in its industry-leading execution capabilities, with construction area of more than 12 million sq.m.. During the Period Under Review, the Group had successfully delivered 3,224,500 sq.m. of construction area, totalling around 19,100 units of new homes. Customer satisfaction rating was 91%, top among industry peers. Our proven track record for ensuring high-quality delivery of new homes is highly recognized and makes us a top brand in the sector.

Chairman's Statement

BUSINESS REVIEW *(continued)*

Amid the headwind in the real estate sector, the Group strengthened its operating cash flow management, and our strong financial position stood the Group in good stead. During the Period Under Review, receipts from sales reached RMB17,216 million. Cash reserves totalled RMB25,209 million at the period end. The net gearing ratio decreased from 46.0% as at the end of last year to 44.5%. None of the “Three Red Lines” was breached. The weighted average financing cost remained at an industry low of 4.3%. The proportion of total interest-bearing debt denominated in Hong Kong Dollar (“HKD”) and United States Dollar (“USD”) was adjusted downward to 24.0% from 32.6% the previous year end. This prudent capital structure adjustment helped continually enhance the Group’s resilience amid macroeconomic fluctuations by lowering foreign exchange rate exposure. Distribution and selling expenses, along with administrative expenses, accounted for 4.6% of revenue, down 0.4% compared to the corresponding period last year. This reinforced our competitive edge in cost management. Seizing the policy window, the Group successfully secured operational property loans for investment properties in Beijing and Hefei, amounting to RMB2,075 million. Specifically, the Beijing project obtained a financing of RMB2,000 million with a tenure of 15 years at interest rate of 3.5%. Onshore financing remained smooth and unhindered.

The Group made steady progress in green financing. During the first half of the year, it secured three new sustainability-linked offshore RMB loans totalling RMB2,293 million in Hong Kong.

The Group remains committed to sustainable development, actively improving the quality of ESG information disclosure. The Group introduced the innovative feature “COGO Leading the Way, Embracing the Carbon Future” and obtained the AA1000 international standard ESG report verification. Actively participating in ESG ratings by MSCI, GRESB, Wind ESG, and S&P, the Group achieved the highest AA rating in Wind ESG’s real estate assessment, placing among the top three in the industry. It received prestigious accolades, including the UNSDG Achievement Awards Hong Kong and the China Corporate Carbon Neutrality Performance Award, recognizing our exceptional green efforts.

BUSINESS REVIEW *(continued)*

The Group's five products – "Intelligent Carbon Space", "Carbon Benefits for All", "Carbon-wise Properties", "Intelligent Carbon Planet", and "Intelligent Carbon Construction" formed a comprehensive digital system that covered the entire carbon cycle. These products actively contributed to the industry's low-carbon and green development by providing services such as carbon neutrality white papers, ESG reports, smart construction solutions, and low-carbon consultancy. The Group played a vital role in supporting industry partners' ESG and carbon-related initiatives, fostering sustainability and paving the way for a greener future.

The Group played an active role as the editor and contributor in various international standards, national regulations and industry standards. A notable achievement was its leading role in editing the national regulations titled "Technical Requirements for Construction Carbon Emission Monitoring Platform". This contribution significantly supported the industry's transition towards low-carbon practices.

PROSPECTS

While challenges remain for China's property sector in the second half of 2024, supporting policies including risk prevention and city-specific measures are expected to gradually boost confidence. The real estate industry will strive towards stable development, embracing new growth models. Meanwhile, residents continue to have diverse housing demands, and properties in limited supply will retain their value and appeal, with good value upgraded products in particular demand.

The real estate market is adjusting toward high-quality development as bottoming pressures persist. Navigating this transitional period, the Group remains resolute in strengthening fundamentals and optimizing operations, while balancing growth and risk management. Recent supportive policies have encouraged promising market changes. The Group remains committed to enhancing its existing portfolio, and growing with high-quality additions. For the second half of 2024, inventory will be prudently managed while exploring structural insights to ensure new project returns via disciplined investment targeting and analyses.

Chairman's Statement

PROSPECTS *(continued)*

Amid a changing market landscape, understanding evolving customer needs and delivering exceptional products and services take on increased significance. Our unwavering commitment to attentive service and excellent products ensures consistently high customer satisfaction, fortifying our reputation and amplifying the impact of the “China Overseas Properties” brand for sustained business growth.

The Group has consistently maintained a prudent and robust financial management approach and continues to enhance cash flow management, as well as cost and risk controls to preserve strong financial flexibility. With sound operating cash flows and a healthy balance sheet, the Group regularly reviews its debt structure and financing costs to ensure ample cash reserves. All “Three Red Lines” remain in the green. As a company focuses on financial efficiency, the Group also keeps an eye on potential impacts from broader political and economic developments as well as interest and exchange rate movements on finances and operations.

A stable, high-performing workforce is critical for corporate success and sustainable growth. The Group focused on “talent quality” and “employee satisfaction” to refine its performance and compensation systems, work environments, and social programs. These efforts aim to elevate employee satisfaction and foster a sense of belonging.

The Group prioritizes its people-centric human resources strategy, focusing on inclusion and motivation. It has implemented a comprehensive performance evaluation system that fairly measures the contributions and value of each employee. To attract top talent, the Group recruits elite professionals and promotes based on merit. Employees are encouraged to choose career paths that align with their strengths, enhancing job-fit and capabilities within the Group’s sustainable growth strategy.

Looking ahead, the Chinese economy continues to present significant growth potential and resilience. Its long-term fundamentals remain intact and will provide strong support for the sustained development of the property sector. With ample financial flexibility, the Group aims to both capitalize on opportunities from market developments and navigate challenges through balanced adaptive strategies.

APPRECIATION

I would like to express my gratitude to all directors, the management team and our employees for their efforts and dedication, as well as to our stakeholders, customers, partners and 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 2024

REVENUE AND OPERATING RESULTS

In the first half of 2024, the real estate market in Mainland China continued the recovery trend of last year, navigating the consolidation phase with signs of stabilization. The main theme of real estate policies remained loose, and the Mainland Government continued to optimize demand-side policies in terms of canceling purchase restrictions, improving the identification standards for second properties, optimizing provident fund loan policies, optimizing sales restrictions, and issuing property purchase subsidies. Since the second quarter of the year, due to the decreasing base numbers and the emerging effects of the government policies, the year-on-year declines in the overall real estate contracted sales volume and area in Mainland China have narrowed significantly.

Leveraging a consistently solid financial foundation, the Group continued providing high quality properties to customers during the year. Our premium brand resonated strongly in second-tier and third-tier cities. During the period, the Group further gained market share and steadily climbed up along the industry rankings.

For the six months ended 30 June 2024, the Group Series of Companies achieved contracted property sales of RMB19,017 million (the corresponding period in 2023: RMB25,940 million), representing a decrease of 26.7% against the corresponding period last year, in which, an amount of RMB1,693 million (the corresponding period in 2023: RMB2,129 million) was contributed by associates and joint ventures for the period. Contracted property sales attributable to the Group amounted to RMB15,630 million for the period (the corresponding period in 2023: RMB20,317 million), representing a decrease of 23.1% against the corresponding period last year. The Group's overall sales performance had outperformed the market during the period.

For the six months ended 30 June 2024, the Group recorded revenue of RMB21,852 million (the corresponding period in 2023: RMB27,172 million), representing a decrease of 19.6% against the corresponding period last year. Mainly affected by ongoing consolidation of the overall real estate market in Mainland China, gross profit for the period was RMB2,108 million (the corresponding period in 2023: RMB4,435 million), representing a decrease of 52.5% against the corresponding period last year. The overall gross profit margin for the period narrowed to approximately 9.6% (the corresponding period in 2023: 16.3%).

REVENUE AND OPERATING RESULTS *(continued)*

In terms of expenses, the Group continued to maintain stringent cost control throughout the period. Distribution and selling expenses for the period decreased by RMB227 million against the corresponding period last year to RMB602 million (the corresponding period in 2023: RMB829 million) and the ratio of distribution and selling expenses to the Group's contracted property sales maintained at less than 3.5% for both the current period and corresponding period last year. In addition, administrative expenses for the period decreased by RMB126 million against the corresponding period last year to RMB407 million (the corresponding period in 2023: RMB533 million) and the ratio of the administrative expenses to revenue maintained at less than 2% for both the current period and corresponding period last year.

Due to a decrease in gross profit, operating profit for the period amounted to RMB1,319 million (the corresponding period in 2023: RMB3,273 million), representing a decrease of 59.7% against the corresponding period last year.

The total interest expense for the period decreased by RMB156 million against the corresponding period last year to RMB922 million (the corresponding period in 2023: RMB1,078 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 RMB898 million (the corresponding period in 2023: RMB1,053 million) to the on-going property development projects, was RMB24 million (the corresponding period in 2023: RMB25 million) for the period.

Share of profits of associates for the period amounted to RMB45 million (the corresponding period in 2023: loss of RMB5 million), while the share of profits of joint ventures for the period amounted to RMB18 million (the corresponding period in 2023: loss of RMB9 million). The increase in share of profits was mainly attributed by the recognition of profits from property sales of the property development project of certain associates and joint ventures during the current period.

Management Discussion and Analysis

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 RMB749 million to RMB495 million (the corresponding period in 2023: RMB1,244 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 36.5% (the corresponding period in 2023: 38.4%).

Overall, for the six months ended 30 June 2024, profit attributable to owners of the Company amounted to RMB885 million (the corresponding period in 2023: RMB1,719 million), representing a decrease of 48.5% against corresponding period last year. Basic earnings per share were RMB24.9 cents (the corresponding period in 2023: RMB48.3 cents).

LAND BANK

The management believes that a sizable and high-quality land bank can ensure the sustainable growth of the Group's business and is also one of the most important assets to a property developer. During the period, to navigate challenging market conditions, the Group acquired land parcels at reasonable prices and prudently evaluated market opportunities to improve the quality of its land bank. During the six months ended 30 June 2024, the Group Series of Companies acquired three parcels of land in Yinchuan, Xuzhou and Hefei at an aggregate consideration of RMB1,385 million with gross floor area of approximately 246,900 sq.m., of which approximately 246,900 sq.m. was attributable to the Group (including the interests in associates and joint ventures).

Furthermore, during the period, the Group acquired the remaining equity interests in two cooperative projects in Changzhou, Jiangsu Province for a total consideration of approximately RMB501 million, details of which were disclosed in the announcement of the Company dated 28 May 2024.

Management Discussion and Analysis

LAND BANK *(continued)*

The table below shows the details of land parcels acquired during the six months ended 30 June 2024:

No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
1	Yinchuan	Jinfeng District Project (Genius Garden)	100%	87,700
2	Xuzhou	Quanshan District Project	100%	61,500
3	Hefei	Baohe District Project	100%	97,700
Total				246,900

As at 30 June 2024, the gross floor area of total land bank of the Group Series of Companies in Mainland China reached 15,834,200 sq.m. (31 December 2023: 18,806,800 sq.m.), of which 1,364,700 sq.m. (31 December 2023: 1,738,400 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 13,050,700 sq.m. (31 December 2023: 15,517,500 sq.m.). As at 30 June 2024, the Group Series of Companies held a land bank distributed across 35 cities.

SEGMENT INFORMATION

Property Sales and Development

The Group remained focused on second- and third-tier cities in China where it understood varying demands for affordable and upgraded housing. It tailored products like furnished and green smart homes according to local market conditions. This maximized returns by catering to different needs while strengthening its national brand. The Group was set on continuing to distinguish its brand from competitors by crafting unique spaces, maintaining its leadership position in the market.

Management Discussion and Analysis

SEGMENT INFORMATION *(continued)*

Property Sales and Development *(continued)*

For the six months ended 30 June 2024, contracted property sales of the Group Series of Companies amounted to RMB19,017 million (the corresponding period in 2023: RMB25,940 million), representing a decrease of 26.7% against the corresponding period last year. The contracted area sold was 1,656,200 sq.m. (the corresponding period in 2023: 2,145,200 sq.m.), representing a decrease of 22.8% against the corresponding period last year. Of the contracted property sales, RMB1,693 million for an aggregated contracted area of 144,900 sq.m. (the corresponding period in 2023: contracted property sales amounted to RMB2,129 million for an aggregated contracted area of 159,600 sq.m.) was contributed by associates and joint ventures. Besides, as at 30 June 2024, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB689 million for an aggregated contracted area of 52,100 sq.m..

Contracted property sales from major projects during the six months ended 30 June 2024:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Hefei	Jewel Manor/Skyline	101,666	1,910
Jinhua	Central Park/The Halo*/Central Mansion	83,530	1,194
Ganzhou	River View Mansion/The One Future/ The Paragon	90,432	1,000
Shantou	The Peninsula/The Rivera North City/ Guan Lan Fu/Platinum Mansion/ The Rivera East City	87,724	972
Hohhot	Central Mansion/River View Mansion/ Zhonghai He Shan Guan Lan/ Zhonghai Zhen Ru Fu/ Hohhot Glorioushire	81,678	962
Taizhou	Jinmao Palace*/Gorgeous Mansion*/ Royal Mansion/Graceful Mansion	68,316	905
Nantong	Center Mansion/Hills Scenery	36,675	830
Yangzhou	The Paragon Yard/The Paragon/ Jiangnan Courtyard	59,045	764

Management Discussion and Analysis

SEGMENT INFORMATION *(continued)*

Property Sales and Development *(continued)*

Contracted property sales from major projects during the six months ended 30 June 2024: *(continued)*

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Yinchuan	Sea Advanced Collection/ Gorgeous Mansion	55,865	696
Nanning	One Sino Residences/Lake Palace/ International Community	48,860	652
Tangshan	Zhen Ru Fu/The Pogoda/Maple Palace	32,563	603
Lanzhou	La Cite/The Platinum Pleased Mansion	46,217	564
Weifang	Da Guan Tian Xia/Royal Villa/The Riviera	70,547	509
Quanzhou	Private Mansion/Master Mansion	36,130	474
Huai'an	Honor Mainstays/Central Mansion	37,664	461
Shaoxing	Marina One	15,087	427
Huizhou	Unique Palace/Sage Mansion [^]	25,748	411
Changzhou	South Halcyon/Jiang Nan Mansion	35,818	381
Xuzhou	Upper East/Lake City Mansion	33,364	369
Yancheng	Gorgeous Mansion/Mansion One	33,399	354
Zibo	Genius Garden/Jade Park [^]	45,008	302
Xining	Mountain and Lake/Elite Palace	35,836	284
Anqing	The Metropolis	35,793	281
Zhanjiang	We Love City [*]	23,525	258
Zhenjiang	Zhenru Mansion	20,283	226
Langfang	Platinum Garden	21,317	187

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

[^] These projects are held by the associates of the Group

During the period, gross floor area of approximately 3,224,500 sq.m. (the corresponding period in 2023: 3,131,500 sq.m.) of the Group's construction sites were completed for occupation and of which, about 74% (the corresponding period in 2023: 85%) were sold out by period end. The Group continued to focus on promoting sales in this changing market to place financial resilience at its core.

Management Discussion and Analysis

SEGMENT INFORMATION *(continued)*

Property Sales and Development *(continued)*

For the six months ended 30 June 2024, the recognized revenue of the Group for this segment was RMB21,676 million (the corresponding period in 2023: RMB27,058 million), representing a decrease of 19.9% against the corresponding period last year. The revenue for the current period was mainly from the sales of high-rise residential projects. Mainly affected by ongoing consolidation of the overall real estate market in Mainland China, the gross profit margin of this segment narrowed to approximately 9.3% (the corresponding period in 2023: 16.1%) when compared to corresponding period last year.

Recognized revenue from major projects during the six months ended 30 June 2024:

City	Name of project	Contracted	Amount
		Area (sq.m.)	(RMB Million)
Quanzhou	Elegance Mansion	226,452	3,352
Jinhua	Central Mansion/Central Park	102,499	2,108
Changzhou	South Halcyon/Jiang Nan Mansion	134,219	2,044
Shantou	The Rivera North City/Guan Lan Fu/ Platinum Mansion	163,086	1,697
Taizhou	Royal Mansion/Graceful Mansion	110,181	1,536
Shaoxing	Marina One	43,084	1,252
Tangshan	The Pogoda/Maple Palace	64,502	1,202
Yancheng	Gorgeous Mansion/Mansion One	97,657	1,106
Lanzhou	The Platinum Pleased Mansion/La Cite	69,398	856
Anqing	The Metropolis	90,055	686
Yinchuan	Master Mansion	85,036	632
Zhenjiang	Zhenru Mansion	49,426	566
Weinan	Master Mansion	91,135	533
Yangzhou	The Paragon	23,258	475
Zunyi	New City of China	66,872	353
Hohhot	Hohhot Glorioushire/Zhonghai He Shan Guan Lan/Zhonghai Zhen Ru Fu	24,270	304
Xuzhou	Lake City Mansion	24,841	284
Xining	Mountain and Lake/Elite Palace	34,347	265
Huizhou	City Plaza	9,555	170

Management Discussion and Analysis

SEGMENT INFORMATION *(continued)*

Property Sales and Development *(continued)*

The Group jointly developed certain property development projects with reliable business partners under the business model of associates and joint ventures. The Group's share of net profits from the associates and joint ventures included in the segment result for the period amounted to RMB61 million (the corresponding period in 2023: net losses of RMB16 million). The increase in share of profits was mainly attributed by the recognition of profits from property sales of the property development project of certain associates and joint ventures during the current period.

Overall, due to a decrease in gross profit, the segment profit for the period was recorded at RMB1,284 million (the corresponding period in 2023: RMB3,305 million).

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

City	Name of project	Commenced by
Ganzhou	The One Future	March
Hohhot	Central Mansion	March
Jilin	Metropolis Times	March
Nantong	Center Mansion	March
Yancheng	Sanguinely Life [^]	March
Yinchuan	COGO City	March
Tangshan	One Rare Residence	April
Yangzhou	The Paragon Yard	April
Yinchuan	Genius Garden	May
Weifang	Around the World	June

[^] This project is held by an associate of the Group

As at 30 June 2024, the gross floor area of properties under construction and stock of completed properties amounted to 9,322,100 sq.m. (31 December 2023: 11,672,900 sq.m.) and 3,239,800 sq.m. (31 December 2023: 2,692,400 sq.m.) respectively, totalling 12,561,900 sq.m. (31 December 2023: 14,365,300 sq.m.). Properties with gross floor area of 3,922,200 sq.m. (31 December 2023: 4,563,500 sq.m.) had been contracted for sales and were pending for handover upon completion.

Management Discussion and Analysis

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 2024, rental income amounted to RMB131 million (the corresponding period in 2023: RMB94 million), which was mainly attributed by the increase in the overall occupancy rate of relevant leased properties during the period against the corresponding period last year. In respect of the investment properties, no fair value adjustment was recognized for the period (the corresponding period in 2023: 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 2023: RMB3 million) and was included in the segment result for the period.

Overall, the segment profit for the period increased by RMB20 million against the corresponding period last year to RMB83 million (the corresponding period in 2023: RMB63 million).

As at 30 June 2024, the investment properties held by the Group amounted to an aggregate carrying amount of RMB4,655 million (31 December 2023: RMB4,622 million).

SEGMENT INFORMATION *(continued)*

Other Operations

In respect of the other operations, the Group mainly engages in the operations of hotels situated at Huizhou, Shantou and Jiujiang and generates service fee income in relation to hotel operation and other ancillary services.

For the six months ended 30 June 2024, income from other operations amounted to RMB45 million (the corresponding period in 2023: RMB20 million), representing an increase of 122.6% against the corresponding period last year. The segment loss for the period narrowed to RMB16 million (the corresponding period in 2023: RMB60 million).

FINANCIAL RESOURCES AND LIQUIDITY

The Group has consistently adopted prudent financial management approach and its financial condition remained healthy. The Company and its subsidiaries have gained multiple accesses to funds from both investors and financial institutions in Mainland China and international market to meet its requirements in working capital, refinancing and project development. During the period, onshore and offshore financing channels remained readily accessible, underscoring the Group's competitive strengths.

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 secured operational property loans for investment properties in Beijing and Hefei, amounting to RMB2,075 million. Specifically, the Beijing property secured a financing of RMB2,000 million with a tenure of 15 years at an interest rate of 3.5% per annum. During the period, the Group continued securing 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.

In respect of offshore financing, in response to the market environment whereby the Hong Kong Interbank Offered Rate ("HIBOR") maintained at a high level during the period, following the work from last year, the Group continued refinancing of HKD floating rate bank loans into RMB fixed rate bank loans with lower interest rates during the period. This helped control the Group's financing costs.

Management Discussion and Analysis

FINANCIAL RESOURCES AND LIQUIDITY *(continued)*

During the six months ended 30 June 2024, the Group secured new credit facilities of RMB10,276 million from leading financial institutions. After taking into account drawdowns of RMB7,278 million, repayment of loans of RMB8,958 million and increase of RMB183 million due to translation of HKD loan during the period, total bank and other borrowings (excluding guaranteed notes and corporate bonds) decreased by RMB1,497 million as compared to the end of last year to RMB33,412 million (31 December 2023: RMB34,909 million).

The total bank and other borrowings (excluding guaranteed notes and corporate bonds) included RMB loans of RMB26,997 million (31 December 2023: RMB24,380 million) and HKD loans of HK\$6,955 million (equivalent to RMB6,415 million) (31 December 2023: HK\$11,595 million <equivalent to RMB10,529 million>). About 80.8% and 19.2% (31 December 2023: 69.8% and 30.2%) of the Group's total bank and other borrowings (excluding guaranteed notes and corporate bonds) were denominated in RMB and HKD respectively.

As at 30 June 2024, bank and other borrowings amounted to RMB12,813 million (31 December 2023: RMB9,513 million) were charged at fixed interest rates ranging from 2.8% to 4.9% (31 December 2023: 3.5% to 4.9%) per annum, while the remaining bank and other borrowings of RMB20,599 million (31 December 2023: RMB25,396 million) were charged at floating interest rates ranging from 2.6% to 6.5% (31 December 2023: 2.6% to 7.6%) per annum. About 38.3% and 61.7% (31 December 2023: 27.2% and 72.8%) of the Group's total bank and other borrowings (excluding guaranteed notes and corporate bonds) were charged at fixed and floating interest rates respectively. About 38.0% (31 December 2023: 38.8%) of bank and other borrowings is repayable within one year.

FINANCIAL RESOURCES AND LIQUIDITY *(continued)*

As at 30 June 2024, guaranteed notes and corporate bonds amounted to RMB3,714 million (31 December 2023: RMB3,655 million) and RMB5,000 million (31 December 2023: RMB5,000 million), respectively, totalling RMB8,714 million (31 December 2023: RMB8,655 million).

To rein in financing costs, the Group continued the work to reduce its debt levels during the period. As at 30 June 2024, the Group's total borrowings (including guaranteed notes and corporate bonds) amounted to RMB42,126 million (31 December 2023: RMB43,564 million), which decreased by RMB1,438 million and of which about 76.0% and 24.0% (31 December 2023: 67.4% and 32.6%) were denominated in RMB and HKD/USD respectively. The increase in the ratio of total borrowings denominated in RMB against that as at last year end was mainly due to the continuing increase in the ratio of offshore bank borrowings denominated in RMB during the period.

For the six months ended 30 June 2024, in respect of total borrowing (including guaranteed notes and corporate bonds) of the Group, the weighted average borrowing cost during the period was 4.3% per annum, which decreased from 4.6% per annum for the year ended 31 December 2023. The decrease in overall borrowing cost of the Group was mainly attributable by the combined effect of the decrease in weighted average borrowing cost for offshore borrowings of the Group from 5.2% per annum during the prior year to 4.6% per annum during the current period due to the continuing increase in the ratio of offshore bank borrowings denominated in RMB with lower interest rates during the period; and the decrease in weighted average borrowing cost of onshore borrowings of the Group from 4.3% per annum during the prior year to 4.0% per annum during the current period due to the ongoing availability of onshore financing with lower interest rates.

Management Discussion and Analysis

FINANCIAL RESOURCES AND LIQUIDITY *(continued)*

For the six months ended 30 June 2024, sales deposits collection from properties sales remained satisfactory. Receipts from sales of the Group Series of Companies reached RMB17,216 million for the period and the operating cash flow of the Group continued to record a net inflow of RMB2,804 million for the period. Cash and bank balances was RMB25,209 million (31 December 2023: RMB26,021 million) in total as at 30 June 2024, which decreased by RMB812 million against that as at last year end and was mainly used to repay a portion of the debt during the period. Cash and bank balances accounted for 18.0% of the Group's total assets as at 30 June 2024 (31 December 2023: 17.1%), which maintained at a healthy level. Of which, 99.8% (31 December 2023: 98.9%) was denominated in RMB while the remaining were in HKD and USD.

As at 30 June 2024, net working capital of the Group amounted to RMB61,689 million (31 December 2023: RMB62,329 million), with a current ratio of 1.9 (31 December 2023: 1.8).

As at 30 June 2024, 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 44.5% (31 December 2023: 46.0%). The management closely monitors the financial position of the Group to ensure healthy development of the operation scale and business.

Besides, according to the "Three Red Lines" real estate financial supervision policy in Mainland China, as at 30 June 2024, the liabilities-to-assets ratio (excluding receipts in advances) was 64.1% (31 December 2023: 65.7%), net gearing ratio was 44.5% (31 December 2023: 46.0%) and cash-to-short-term debt ratio was 1.5 times (31 December 2023: 1.5 times). Therefore, the Group did not breach any of the red lines and maintained its status as a "Green Category" enterprise.

FINANCIAL RESOURCES AND LIQUIDITY *(continued)*

Taking into account of the unutilized bank credit facilities available to the Group of RMB10,577 million (31 December 2023: RMB10,636 million), the Group's total available funds (including cash and bank balances) reached RMB35,786 million as at 30 June 2024 (31 December 2023: RMB36,657 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.

Management Discussion and Analysis

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 2024, about 24.0% (31 December 2023: 32.6%) of the Group's total borrowings (including guaranteed notes and corporate bonds) were still denominated in HKD/USD. 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 1.6% during the period and accordingly, the net asset value of the Group decreased by RMB240 million which arose from currency translation.

To better manage foreign exchange risks while lowering finance costs arising from the HKD bank borrowings with higher market interest rates, the Group is in the process of continuing to raise the proportion of RMB borrowing in its entire borrowings portfolio to the appropriate level according to market conditions.

COMMITMENTS AND GUARANTEE

As at 30 June 2024, the Group had commitments totalling RMB15,206 million which mainly related to land premium, property development and construction works. In addition, the Group issued guarantees mainly 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 RMB18,896 million and for the credit facility granted to an associate and a joint venture with an amount of RMB353 million.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totalling RMB35 million (the corresponding period in 2023: RMB17 million) during the period, mainly included additions of investment properties, motor vehicles and furniture, fixtures and office equipment.

As at 30 June 2024, certain inventories of properties in Mainland China with an aggregate carrying value of RMB5,892 million (31 December 2023: RMB14,327 million) were pledged to obtain RMB1,152 million (31 December 2023: RMB3,583 million) of secured borrowings from certain banks in Mainland China for the property development projects of the Group.

Furthermore, as at 30 June 2024, certain investment properties of the Group in Mainland China with an aggregate carrying value of RMB2,501 million (31 December 2023: Nil) were pledged to obtain RMB2,034 million (31 December 2023: Nil) of secured operational property loans from certain banks in Mainland China.

EMPLOYEES

As at 30 June 2024, the Group has 2,482 employees (31 December 2023: 2,586). The total staff costs incurred for the period was approximately RMB521 million (the corresponding period in 2023: RMB556 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 2024 and the comparative figures for the corresponding period in 2023 are as follows:

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
Revenue	4	21,852,074	27,172,133
Cost of sales and services provided		(19,743,700)	(22,737,140)
Gross profit		2,108,374	4,434,993
Other income	6	241,024	242,804
Distribution and selling expenses		(601,585)	(828,728)
Administrative expenses		(407,336)	(533,108)
Other operating expenses		(21,038)	(42,698)
Operating profit		1,319,439	3,273,263
Finance costs	7	(24,344)	(25,175)
Share of results of associates		45,183	(4,804)
Share of results of joint ventures		18,463	(8,545)
Profit before income tax	8	1,358,741	3,234,739
Income tax expense	9	(495,263)	(1,243,561)
Profit for the period		863,478	1,991,178
Profit/(Loss) for the period attributable to:			
Owners of the Company		884,588	1,719,060
Non-controlling interests		(21,110)	272,118
		863,478	1,991,178
		RMB Cents	RMB Cents
Earnings per share	11		
Basic		24.9	48.3
Diluted		24.9	48.3

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Profit for the period	863,478	1,991,178
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences arising from translation into presentation currency	(239,647)	(542,665)
Other comprehensive income for the period, net of tax	(239,647)	(542,665)
Total comprehensive income for the period	623,831	1,448,513
Total comprehensive income attributable to:		
Owners of the Company	644,941	1,176,395
Non-controlling interests	(21,110)	272,118
	623,831	1,448,513

Condensed Consolidated Statement of Financial Position

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	Notes		
Assets and liabilities			
Non-current assets			
Investment properties	12	4,654,666	4,621,513
Property, plant and equipment	13	780,149	817,233
Right-of-use assets		338,340	353,686
Interests in associates		373,268	328,085
Interests in joint ventures		586,498	568,035
Deferred tax assets		1,670,539	1,707,562
		8,403,460	8,396,114
Current assets			
Inventories of properties		96,394,309	107,119,484
Other inventories		2,911	2,820
Contract costs		62,647	75,217
Trade and other receivables	14	706,728	777,512
Prepayments and deposits	15	3,368,279	4,017,266
Amounts due from associates		907,012	888,880
Amounts due from joint ventures		442,370	373,496
Amounts due from non-controlling shareholders		2,888,968	2,764,690
Tax prepaid		1,596,881	1,594,372
Cash and bank balances	16	25,208,521	26,020,603
		131,578,626	143,634,340
Current liabilities			
Trade and other payables	17	14,932,759	17,567,987
Contract liabilities		34,216,859	40,829,178
Amounts due to associates		51,966	43,411
Amounts due to joint ventures		270,660	269,054
Amounts due to non-controlling shareholders		5,094,398	5,673,611
Amounts due to related companies – due within one year		186,119	186,119
Lease liabilities – due within one year		10,338	11,664
Taxation liabilities		2,417,022	3,169,088
Bank and other borrowings – due within one year	18	12,709,567	13,555,442
		69,889,688	81,305,554
Net current assets		61,688,938	62,328,786
Total assets less current liabilities		70,092,398	70,724,900

Condensed Consolidated Statement of Financial Position

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	Notes		
Non-current liabilities			
Bank and other borrowings – due after one year	18	20,701,944	21,353,371
Lease liabilities – due after one year		19,769	24,487
Guaranteed notes and corporate bonds – due after one year	19	8,714,030	8,655,350
Amounts due to a related company – due after one year		75,026	75,026
Deferred tax liabilities		2,605,527	2,487,150
		32,116,296	32,595,384
Net assets		37,976,102	38,129,516
Capital and reserves			
Share capital	20	6,047,372	6,047,372
Reserves		25,671,426	25,256,160
Equity attributable to owners of the Company		31,718,798	31,303,532
Non-controlling interests		6,257,304	6,825,984
Total equity		37,976,102	38,129,516

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Translation reserve	Assets revaluation reserve	Statutory reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (Audited)	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	-	-	-	-	(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

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Translation reserve*	Assets revaluation reserve*	Statutory reserve*	Retained profits*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (Unaudited)	6,047,372	(1,205,910)	30,075	2,527,146	23,904,849	31,303,532	6,825,984	38,129,516
Profit/(Loss) for the period	-	-	-	-	884,588	884,588	(21,110)	863,478
Exchange differences arising from translation into presentation currency	-	(239,647)	-	-	-	(239,647)	-	(239,647)
Total comprehensive income for the period	-	(239,647)	-	-	884,588	644,941	(21,110)	623,831
Contributions from non-controlling shareholders	-	-	-	-	-	-	48,000	48,000
Dividends attributable to non-controlling shareholders	-	-	-	-	-	-	(39,977)	(39,977)
Acquisition of additional equity interests in subsidiaries while retaining control	-	-	-	-	130,985	130,985	(555,593)	(424,608)
2023 final dividend approved	-	-	-	-	(360,660)	(360,660)	-	(360,660)
Transactions with owners	-	-	-	-	(229,675)	(229,675)	(547,570)	(777,245)
At 30 June 2024 (Unaudited)	6,047,372	(1,445,557)	30,075	2,527,146	24,559,762	31,718,798	6,257,304	37,976,102

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

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Note		
Net cash from operating activities	2,804,252	7,431,978
Investing activities		
Additions of investment properties	(33,153)	(16,000)
Purchase of property, plant and equipment	(2,065)	(1,001)
Interest received	140,613	180,555
Proceeds from disposal of property, plant and equipment	13,227	201
Proceeds from disposal of right-of-use assets	5,128	–
Advances to associates	(18,132)	(22,332)
Repayments from associates	–	80,815
Advances to joint ventures	(69,083)	(13,815)
Repayments from joint ventures	209	64,565
Advances to non-controlling shareholders	(197,945)	(1,477,931)
Repayments from non-controlling shareholders	47,390	32,000
Net cash used in investing activities	(113,811)	(1,172,943)
Financing activities		
New bank and other borrowings	7,277,855	6,900,526
Repayments of bank and other borrowings	(8,958,434)	(9,495,162)
Proceeds from issue of corporate bonds	–	2,700,000
Advances from associates	10,000	5,112
Repayments to associates	(1,445)	(3,935)
Advances from joint ventures	1,606	316,124
Repayments to joint ventures	–	(84,143)
Acquisitions of additional equity interests in subsidiaries while retaining control	(250,731)	–
Advances from non-controlling shareholders	528,989	196,801
Repayments to non-controlling shareholders	(1,009,294)	(1,194,581)
Payment of capital element of leases	(6,233)	(7,776)
Payment of interest element of leases	(444)	(626)
Payment of other interest	(948,247)	(997,504)
Dividends paid to non-controlling shareholders	(39,977)	(5,000)
Contributions from non-controlling shareholders	48,000	–
Net cash used in financing activities	(3,348,355)	(1,670,164)
Net (decrease)/increase in cash and cash equivalents	(657,914)	4,588,871
Cash and cash equivalents at the beginning of period	20,063,626	19,433,181
Effect of foreign exchange rate changes on cash and cash equivalents	6,556	8,520
Cash and cash equivalents at the end of period	19,412,268	24,030,572
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	19,412,268	24,030,572
Other bank balances	5,796,253	8,776,159
Cash and bank balances	25,208,521	32,806,731
Cash and cash equivalents and other bank balances	16 25,208,521	32,806,731

Notes to the Condensed Financial Statements

1. GENERAL INFORMATION

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

The principal activities of the Group mainly comprise property investment and development, property leasing and investment holding. The Group’s business activities are principally carried out in certain regions in the PRC.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2024 (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 2023 (the “2023 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 2023 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:

Notes to the Condensed Financial Statements

1. GENERAL INFORMATION *(continued)*

The Company has delivered the financial statements for the year ended 31 December 2023 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 2024.

2. BASIS OF PREPARATION

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

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

Income tax

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

Save as described in above and note 3 "Adoption of Hong Kong Financial Reporting Standards ("HKFRS")", the accounting policies used in preparing the Interim Financial Statements are consistent with those of the 2023 Annual Financial Statements, as described in those annual financial statements.

Notes to the Condensed Financial Statements

3. ADOPTION OF HKFRS

3.1 Adoption of new or revised HKFRS – effective 1 January 2024

In the current period, the Group has applied for the first time the following new standards and 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 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Notes to the Condensed Financial Statements

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 21	Lack of Exchangeability ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³

¹ Effective for annual periods beginning on or after 1 January 2025.

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.

³ Effective for annual periods beginning on or after 1 January 2027.

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.

Notes to the Condensed Financial Statements

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	
	2024	2023
	(Unaudited) RMB'000	(Unaudited) RMB'000
Sales of properties	21,675,933	27,058,190
Property rental income	130,756	93,552
Hotel and other services income	45,385	20,391
Total revenue	21,852,074	27,172,133

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 mainly 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 bank balances and other assets which are not directly attributable to the business activities of the operating segments as these assets are managed on a group basis.

Segment liabilities include trade and other payables, accrued liabilities, amounts due to associates, joint ventures, non-controlling 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, guaranteed notes and corporate bonds and certain amounts due to related companies that are managed on a group basis.

Notes to the Condensed Financial Statements

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 2024 (Unaudited)				
Revenue from contracts with customers disaggregated				
by timing of revenue recognition	21,675,933	-	45,385	21,721,318
- Goods transferred at a point in time	21,675,933	-	-	21,675,933
- Services transferred over time	-	-	45,385	45,385
Revenue from other sources:				
Rental income	-	130,756	-	130,756
Reportable segment revenue	21,675,933	130,756	45,385	21,852,074
Reportable segment profit/(loss)	1,284,068	82,735	(15,922)	1,350,881
Corporate income				63,678
Finance costs				(24,344)
Other corporate expenses				(31,474)
Profit before income tax				1,358,741
As at 30 June 2024 (Unaudited)				
Reportable segment assets	130,584,584	4,949,594	771,439	136,305,617
Tax assets				3,267,420
Corporate assets ^A				409,049
Total consolidated assets				139,982,086
Reportable segment liabilities	54,257,649	78,049	24,281	54,359,979
Tax liabilities				5,022,549
Bank and other borrowings				33,411,511
Guaranteed notes and corporate bonds				8,714,030
Amount due to a related company				75,026
Other corporate liabilities				422,889
Total consolidated liabilities				102,005,984

Notes to the Condensed Financial Statements

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 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 31 December 2023 (Audited)				
Reportable segment assets	142,527,715	4,905,281	785,636	148,218,632
Tax assets				3,301,934
Corporate assets [^]				509,888
Total consolidated assets				152,030,454
Reportable segment liabilities	64,411,120	70,595	16,492	64,498,207
Tax liabilities				5,656,238
Bank and other borrowings				34,908,813
Guaranteed notes and corporate bonds				8,655,350
Amount due to a related company				75,026
Other corporate liabilities				107,304
Total consolidated liabilities				113,900,938

[^] Corporate assets as at 30 June 2024 mainly included property, plant and equipment of RMB72,551,000 (31 December 2023: RMB76,564,000), right-of-use assets of RMB92,803,000 (31 December 2023: RMB96,051,000) and cash and bank balances of RMB242,482,000 (31 December 2023: RMB335,150,000), which are managed on a group basis.

Notes to the Condensed Financial Statements

6. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest income on:		
– Bank deposits	140,613	180,555
Total interest income on financial assets		
measured at amortized cost	140,613	180,555
Sundry income	100,411	62,249
	241,024	242,804

7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank and other borrowings	783,358	974,505
Interest on amounts due to non-controlling shareholders	–	18,161
Interest on amount due to a related company	1,782	1,681
Imputed interest expense on guaranteed notes	45,845	43,969
Interest on corporate bonds	90,650	38,688
Interest on lease liabilities	444	626
Total interest expense on financial liabilities		
measured at amortized cost	922,079	1,077,630
Less: Amount capitalized	(897,735)	(1,052,455)
	24,344	25,175

Notes to the Condensed Financial Statements

8. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<hr/>		
Profit before income tax is arrived at after charging/(crediting):		
Depreciation:		
Property, plant and equipment	48,722	48,259
Right-of-use assets	10,398	12,753
<hr/>		
Total depreciation	59,120	61,012
<hr/>		
Cost of sales and services provided comprise		
– Amount of inventories recognized as expense	19,641,866	22,678,684
Staff costs	520,891	555,565
Net foreign exchange (gain)/loss	(57,410)	11,537
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Notes to the Condensed Financial Statements

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax for the period		
Other regions of the PRC		
– Enterprise income tax ("EIT")	354,440	640,492
– Land appreciation tax ("LAT")	192,234	280,228
	546,674	920,720
(Over)/Under-provision in prior years		
Other regions of the PRC	(206,810)	5,360
Deferred tax	155,399	317,481
	495,263	1,243,561

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 2023: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (six months ended 30 June 2023: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

Notes to the Condensed Financial Statements

10. DIVIDENDS

The Board has declared that an interim dividend of HK\$0.03 (six months ended 30 June 2023: HK\$0.05) per share, amounting to HK\$106,781,000, equivalent to approximately RMB97,730,000 (six months ended 30 June 2023: HK\$177,969,000, equivalent to approximately RMB163,454,000), will be paid to the shareholders of the Company whose names appear in the Register of Members on 23 September 2024.

At the reporting date, a dividend of HK\$0.11 per share, amounting to HK\$391,531,000, was recognized as distribution of the final dividend for the financial year ended 31 December 2023. At 30 June 2023, a dividend of HK\$0.15 per share, amounting to HK\$533,906,000, was recognized as distribution of the final dividend for the financial year ended 31 December 2022.

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	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<hr/>		
Earnings		
Profit for the period attributable to owners of the Company	884,588	1,719,060
	<hr/>	

Notes to the Condensed Financial Statements

11. EARNINGS PER SHARE *(continued)*

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	'000	'000
Weighted average number of ordinary shares		
Weighted average number of ordinary shares		
in issue during the period	3,559,375	3,559,375

Diluted earnings per share for the six months ended 30 June 2024 and 2023 are the same as the basic earnings per share as there have been no dilutive potential ordinary shares in existence during both periods.

12. INVESTMENT PROPERTIES

During the six months ended 30 June 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. Furthermore, 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 2024, the Group incurred capital expenditure classified as property, plant and equipment of RMB2,065,000 (six months ended 30 June 2023: RMB1,001,000), which represented approximately RMB411,000 (six months ended 30 June 2023: RMB396,000) in furniture, fixtures and office equipment and approximately RMB1,654,000 (six months ended 30 June 2023: RMB197,000) in motor vehicles. During the six months ended 30 June 2023, capital expenditure of the Group further included approximately RMB408,000 in buildings.

Notes to the Condensed Financial Statements

14. TRADE AND OTHER RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables	149,165	159,010
Less: Loss allowance for trade receivables	–	–
Trade receivables, net	149,165	159,010
Other receivables	557,563	618,502
	706,728	777,512

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 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
30 days or below	33,147	49,328
31 – 60 days	158	282
61 – 90 days	3,733	113
91 – 180 days	2,633	89,779
181 – 360 days	101,921	14,889
Over 360 days	7,573	4,619
	149,165	159,010

Notes to the Condensed Financial Statements

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 2024, no material provision was made against the gross amount of trade receivables and other receivables.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of unrelated customers.

15. PREPAYMENTS AND DEPOSITS

As at 30 June 2024, the balance of prepayments and deposits comprise deposits and consideration amounting to RMB344,750,000 (31 December 2023: RMB871,000,000) in aggregate paid by the Group for the acquisition of lands in the PRC.

16. CASH AND BANK BALANCES

At 30 June 2024, cash and bank balances included cash and cash equivalents of RMB19,412,268,000 (31 December 2023: RMB20,063,626,000) and other bank balances of RMB5,796,253,000 (31 December 2023: RMB5,956,977,000), 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 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade payables	13,015,998	15,887,120
Other payables and accruals	1,290,507	1,256,432
Dividend payables	361,125	–
Deposits received	265,129	424,435
	14,932,759	17,567,987

Notes to the Condensed Financial Statements

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 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
30 days or below	4,216,250	5,916,179
31 – 60 days	292,045	644,730
61 – 90 days	182,774	335,179
91 – 180 days	1,703,194	1,769,715
181 – 360 days	2,654,280	2,554,464
Over 360 days	3,967,455	4,666,853
	13,015,998	15,887,120

18. BANK AND OTHER BORROWINGS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Bank borrowings	30,111,511	31,308,813
Other borrowings	3,300,000	3,600,000
	33,411,511	34,908,813
Analysis into:		
Current liabilities	12,709,567	13,555,442
Non-current liabilities	20,701,944	21,353,371
	33,411,511	34,908,813
Analysis into:		
Secured (note 22)	3,186,124	3,583,120
Unsecured	30,225,387	31,325,693
	33,411,511	34,908,813

Notes to the Condensed Financial Statements

18. BANK AND OTHER BORROWINGS *(continued)*

Bank and other borrowings were scheduled for repayment as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Bank borrowings		
On demand or within one year	9,609,567	10,255,442
More than one year, but not exceeding two years	9,263,057	11,179,212
More than two years, but not exceeding five years	9,461,326	9,560,827
Over five years	1,777,561	313,332
	30,111,511	31,308,813

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Other borrowings		
On demand or within one year	500,000	–
More than two years, but not exceeding five years	1,000,000	1,000,000
Over five years	1,800,000	2,600,000
	3,300,000	3,600,000

The above analysis is based on scheduled repayment dates as set out in the loan agreements or the repayment schedules agreed with the banks and other lenders and ignore the effect of the recall option and the early repayment option of the real estate debt investment schemes.

Notes to the Condensed Financial Statements

18. BANK AND OTHER BORROWINGS *(continued)*

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
HK\$	6,414,868	10,528,466
RMB	26,996,643	24,380,347
	33,411,511	34,908,813

As at 30 June 2024, the Group's bank and other borrowings have been arranged as follows:

- borrowings denominated in HK\$ are interest-bearing at floating rates ranging from 6.16% to 6.51% (31 December 2023: 6.72% to 7.62%) per annum; and
- borrowings denominated in RMB amounting to RMB14,183,474,000 (31 December 2023: RMB14,867,847,000) are interest-bearing at floating rates ranging from 2.60% to 4.40% (31 December 2023: 2.60% to 4.40%) per annum while the remaining balance of RMB12,813,169,000 (31 December 2023: RMB9,512,500,000) are interest-bearing at fixed rates ranging from 2.80% to 4.88% (31 December 2023: 3.45% to 4.88%) per annum.

Notes to the Condensed Financial Statements

19. GUARANTEED NOTES AND CORPORATE BONDS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Non-current liabilities		
Guaranteed notes (note (a))	3,714,030	3,655,350
Corporate bonds (note (b))	5,000,000	5,000,000
	8,714,030	8,655,350

- (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 2023 (Audited) and 1 January 2024 (Unaudited)	3,655,350
Imputed interest expense	45,845
Finance costs paid	(44,825)
Translation adjustment	57,660
Carrying amount as at 30 June 2024 (Unaudited)	3,714,030

- (b) During the six months ended 30 June 2024, there was no redemption or issuance of corporate bonds by the Group. During the six months ended 30 June 2023, corporate bonds with an aggregate principal amount of RMB2,700,000,000 were issued by the Group.

20. SHARE CAPITAL

	Number of ordinary shares	Carrying amount RMB'000
Issued and fully paid – ordinary shares with no par:		
At 1 January 2023 (Audited), 31 December 2023 (Audited), 1 January 2024 (Unaudited) and 30 June 2024 (Unaudited)	3,559,374,732	6,047,372

21. ACQUISITION OF ADDITIONAL EQUITY INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL

On 28 May 2024, the Group entered into the following sale and purchase agreements in relation to the acquisitions of additional equity interests in two subsidiaries as follows:

(i) Changzhou Haicheng Acquisition

南寧中海宏洋房地產有限公司 Nanning China Overseas Grand Oceans Real Estate Co., Ltd.* (“COGO Nanning”) (an indirect wholly-owned subsidiary of the Company), Citirich International Limited (“Citirich”) (an indirect wholly-owned subsidiary of the Company), 中海宏洋地產集團有限公司 China Overseas Grand Oceans Properties Group Co., Ltd.* (“COGO Properties”) (an indirect wholly-owned subsidiary of the Company), 桐鄉市安豪投資管理有限公司 Tongxiang Anhao Investment Management Co., Ltd.* (“Anhao Investment”) and 常州市中海海澄房地產開發有限公司 Changzhou China Overseas Haicheng Real Estate Co., Ltd.* (“Changzhou Haicheng”) entered into an acquisition agreement, pursuant to which, among other things, COGO Nanning agreed to acquire, and Anhao Investment agreed to sell 49% of the equity interest in Changzhou Haicheng at a total consideration of approximately RMB258,980,000 (the “Changzhou Haicheng Acquisition”).

Changzhou Haicheng is a company established in the PRC with limited liability and is principally engaged in property development in Changzhou. Prior to the Changzhou Haicheng Acquisition, Changzhou Haicheng was owned as to 51% by the Group, and 49% by Anhao Investment, and was an indirect non-wholly-owned subsidiary of the Company. Upon the completion of the Changzhou Haicheng Acquisition, the Group’s equity interest in Changzhou Haicheng increased from 51% to 100% and Changzhou Haicheng became an indirect wholly-owned subsidiary of the Company.

The Changzhou Haicheng Acquisition was completed in June 2024.

* English translation is for identification only.

21. ACQUISITION OF ADDITIONAL EQUITY INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL *(continued)*

(ii) Changzhou Hairong Acquisition

中海宏洋地產汕頭投資有限公司 China Overseas Grand Oceans Properties (Shantou) Investment Co., Ltd.* (“COGO Shantou”) (an indirect wholly-owned subsidiary of the Company), COGO Properties, Anhao Investment and 常州市中海海泓房地產有限公司 Changzhou China Overseas Hairong Real Estate Co., Ltd.* (“Changzhou Hairong”) entered into an acquisition agreement, pursuant to which, among other things, COGO Shantou agreed to acquire, and Anhao Investment agreed to sell 49% of the equity interest in Changzhou Hairong and shareholders loans at a total consideration of approximately RMB242,482,000 (the “Changzhou Hairong Acquisition”).

Changzhou Hairong is a company established in the PRC with limited liability and is principally engaged in property development in Changzhou. Prior to the Changzhou Hairong Acquisition, Changzhou Hairong was owned as to 51% by the Group and 49% by Anhao Investment, and was an indirect non-wholly-owned subsidiary of the Company. Upon the completion of the Changzhou Hairong Acquisition, the Group’s equity interest in Changzhou Hairong increased from 51% to 100% and Changzhou Hairong became an indirect wholly-owned subsidiary of the Company.

The Changzhou Hairong Acquisition was completed in June 2024.

Changzhou Haicheng and Changzhou Hairong remained as subsidiaries of the Company after the aforesaid acquisitions. The acquisitions of the additional equity interests in Changzhou Haicheng and Changzhou Hairong were accounted for as equity transactions.

* English translation is for identification only.

Notes to the Condensed Financial Statements

21. ACQUISITION OF ADDITIONAL EQUITY INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL *(continued)*

平安不動產有限公司 Ping An Real Estate Co., Ltd.* ("Ping An Real Estate") is the controlling shareholder of Anhao Investment and an indirect substantial shareholder of other subsidiaries of the Company. Therefore, each of Ping An Real Estate and Anhao Investment, a non wholly-owned subsidiary and an associate of Ping An Real Estate under Rule 14A.13 of the Listing Rules, is a connected person of the Company at the subsidiary level. Accordingly, each of the Changzhou Haicheng Acquisition and the Changzhou Hairong Acquisition as aforesaid constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Further details regarding the Changzhou Haicheng Acquisition and the Changzhou Hairong Acquisition have been set out in the announcement of the Company dated 28 May 2024.

22. PLEDGE OF ASSETS

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Pledge for borrowings and banking facilities of the Group		
– Investment properties	2,500,813	–
– Inventories of properties	5,891,645	14,326,946
	8,392,458	14,326,946

* English translation is for identification only.

Notes to the Condensed Financial Statements

23. COMMITMENTS

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contracted for but not provided for in the financial statements:		
– Investment in equity interests	–	204,600
– Acquisition of land	–	1,188,800
– Property development	14,386,383	15,164,856
	14,386,383	16,558,256
Authorized but not contracted for:		
– Acquisition of land	819,839	–
	15,206,222	16,558,256

24. FINANCIAL GUARANTEES

At the end of each reporting period, the Group provided guarantees to banks of RMB18,895,738,000 and government agencies of RMB4,112,433,000 for mortgage loans granted to certain purchasers of the Group's properties with a total amount of RMB23,008,171,000 (31 December 2023: RMB23,856,137,000); and to banks for banking facilities granted to a joint venture of RMB280,294,000 and an associate of RMB72,520,000 with a total amount of RMB352,814,000 (31 December 2023: RMB430,276,000).

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 2024 and 31 December 2023.

25. 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 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 and dividends from a joint venture amounting to RMB59,153,000 were settled through the current accounts with the joint ventures and the respective amounts were included in "Amounts due to joint ventures".

26. RELATED PARTY TRANSACTIONS

The table set forth below summarizes the name of the major related parties which are entities as defined in HKAS 24 (Revised) *Related Party Disclosures* and the nature of their relationship with the Group as at 30 June 2024:

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

Notes to the Condensed Financial Statements

26. 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 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
	Notes		
Nature of transactions			
COLI and its subsidiaries			
Royalty expenses [#]	(a)	172,878	166,884
Rental income [#]	(b)	8,163	49,214
Rental payments [#]	(b)	2,291	–
Design service expenses [#]	(c)	2,216	931
Information technology service expenses [#]	(c)	–	200
Purchase of materials [#]	(d)	303,131	534,190
CSCECL and its subsidiaries (exclusive of COHL and its subsidiaries)			
Property construction costs [#]	(d)	189,286	88,600
COHL			
Licence fee payments [#]	(b)	1,997	1,927
Air-conditioning and management charge payments [#]	(b)	293	274
COPH and its subsidiaries			
Property management expenses [#]	(c)	115,894	156,367
Interest expenses	(e)	1,782	1,681
CSC and its subsidiaries (exclusive of CSCD and its subsidiaries)			
Property construction costs [#]	(d)	–	23,159
CSCD and its subsidiaries			
Construction supervision expenses [#]	(c)	8,284	8,322
Non-controlling shareholders			
Interest expenses	(e)	–	18,161
PRC government departments/agencies			
Land use rights acquisitions		1,384,640	3,545,690
Key management (including directors)			
Remuneration		3,382	4,183

Notes to the Condensed Financial Statements

26. RELATED PARTY TRANSACTIONS *(continued)*

Notes:

- (a) Royalty fee is charged at annual fee as specified in the contracts.*
- (b) Rental and utility fee and lease payments are charged in accordance with respective tenancy agreements.*
- (c) Design service fee, information technology service fee, property management fee and construction supervision fee are charged in accordance with respective contracts.*
- (d) Purchase of materials and property construction fee are charged in accordance with respective contracts. The amounts represent aggregated transaction amounts recognised during the period in relation to contracts signed in current and prior periods.*
- (e) Interest expense is charged at interest rates as specified on the respective amounts due.*

** These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.*

27. FAIR VALUE MEASUREMENT

(a) Financial instruments

As at 30 June 2024 and 31 December 2023, 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 2024, there were no transfers among Level 1, Level 2 and Level 3 in the fair value hierarchy (six months ended 30 June 2023: Nil).

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

Notes to the Condensed Financial Statements

27. FAIR VALUE MEASUREMENT *(continued)*

(a) Financial instruments *(continued)*

Due to their short-term nature, the carrying values of trade and other receivables, amounts due from/to associates, joint ventures, non-controlling shareholders and other related companies (the portion which are due for repayment within one year), 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 and an amount due to a related company which was due for repayment after one year are not materially different from their carrying values. Those fair values have been determined by using discounted cash flow model 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.

The fair values of the guaranteed notes and corporate bonds are determined with reference to quotation published by leading financial market data providers or quoted market prices available on the relevant stock exchanges, as appropriate. The fair value measurement of these financial instruments is within Level 1 of the fair value hierarchy. As at 30 June 2024, the aggregate fair value of guaranteed notes and corporate bonds amounted to RMB8,399,930,000 (31 December 2023: RMB8,209,221,000).

(b) Non-financial assets

The fair value of the investment properties as at 30 June 2024 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 2024, there were no transfers among Level 1, Level 2 and Level 3 in the fair value hierarchy (six months ended 30 June 2023: Nil).

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declared an interim dividend of HK3 cents per share (2023: HK5 cents per share) for the six months ended 30 June 2024. The interim dividend will be payable in cash.

Relevant Dates for Interim Dividend Payment

Ex-dividend date	19 September 2024
Latest time to lodge transfer documents for registration with the Company's share registrar	At 4:30 p.m. on 20 September 2024
Closure of register of members	23 September 2024
Record date	23 September 2024
Despatch of dividend warrants	18 October 2024

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 2024 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 C3 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 2024.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2024, 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	800,825	800,825	0.02%
Mr. Yang Lin	Beneficial owner	Personal	2,550,000	2,550,000	0.07%
Mr. Zhou Hancheng	Beneficial owner	Personal	810,000	810,000	0.02%
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		
Ms. Liu Ping	Interest of spouse	Family	200,000	200,000	0.01%
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 2024 (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 2024, 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 2024, 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.

Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 June 2024, the following substantial shareholders and other 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 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	224,727,286	224,727,286	6.31%
Pandanus Partners L.P. ("Pandanus Partners")	Interest of controlled corporation ⁽⁵⁾	Interest in controlled corporation	224,727,286	224,727,286	6.31%
Pandanus Associates Inc. ("Pandanus Associates")	Interest of controlled corporation ⁽⁵⁾	Interest in controlled corporation	224,727,286	224,727,286	6.31%
Fidelity Funds	Beneficial owner	Beneficial	178,183,242	178,183,242	5.01%
Brown Brothers Harriman & Co.	Approved lending agent	Lending pool	217,046,723	217,046,723	6.10%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' 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 2024 (i.e. 3,559,374,732 shares).
- (2) CSCEC is a non-wholly-owned holding company of China State Construction Engineering Corporation Limited ("CSCECL") and holds as to 57.02% of the shareholding interest in CSCECL. CSCECL is a wholly-owned holding company of China Overseas Holdings Limited ("COHL"). COHL is a non-wholly-owned holding company of China Overseas Land & Investment Limited ("COLI") and holds as to 56.10% of the shareholding interest in COLI. COLI is a wholly-owned holding company of Big Crown Limited ("Big Crown") and China Overseas Project Development Limited ("China Overseas Project Development"), and Big Crown is a wholly-owned holding company of Star Amuse Limited ("Star Amuse"). Star Amuse and China Overseas Project Development hold 1,357,257,348 shares and 53,500,804 shares of the Company, respectively.
- (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 224,727,286 shares of the Company, of which 17,522,246 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 40.44% of the shareholding interest in FIL. FIL is interested in these 224,727,286 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 2024.

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 C1 to the Listing Rules during the six months ended 30 June 2024.

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 2024 are set out below:

- | | | |
|-----|---------|--|
| (1) | Date: | 30 December 2019 |
| | Amount: | Loan facility up to HK\$1 billion (which had been converted into a RMB loan facility as agreed between the parties in June 2024) |
| | Term: | 60 months commencing from the first utilisation date |
| (2) | 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 |
| (3) | Date: | 18 January 2023 |
| | Amount: | Loan facility up to HK\$1 billion |
| | Term: | 3 years commencing from the first utilisation date |

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.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

(continued)

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 2023 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:

- Dr. Chung Shui Ming, Timpson retired as independent non-executive director of China Everbright Limited in May 2024, and ceased to act as independent non-executive director of China Railway Group Limited in August 2024.
- Mr. Fan Chun Wah, Andrew resigned as independent non-executive director of Culturecom Holdings Limited in May 2024.

* English translation for identification purpose only.

Other Information

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

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 2024 and up to the date of this report.

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 2024, and discussed with the Company's management regarding auditing, internal control and other important matters.



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