



建發國際投資集團有限公司
C&D International Investment Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1908

2023 INTERIM REPORT



房地產開發及房地產產業鏈綜合投資服務商
Real estate development and real estate industry chain investment services

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. ZHAO Chengmin (*Chairperson*)
Mr. LIN Weiguo (*Chief Executive Officer*)
Mr. TIAN Meitan
Mr. PENG Yong (appointed on 26 April 2023)

Non-executive Directors

Mr. HUANG Wenzhou
Ms. YE Yanliu
Mr. ZHENG Yongda (appointed on 10 May 2023)
Mr. WANG Wenhui (resigned on 10 May 2023)

Independent Non-executive Directors

Mr. WONG Chi Wai
Mr. WONG Tat Yan, Paul
Mr. CHAN Chun Yee
Mr. DAI Yiyi (appointed on 26 April 2023)

COMPANY SECRETARY

Ms. KAM Mei Ha Wendy (*FCG, HKFCG*)

AUDIT COMMITTEE

Mr. WONG Chi Wai (*Committee Chairperson*)
Mr. WONG Tat Yan, Paul
Mr. CHAN Chun Yee
Mr. DAI Yiyi (appointed on 26 April 2023)

REMUNERATION COMMITTEE

Mr. WONG Tat Yan, Paul (*Committee Chairperson*)
Mr. WONG Chi Wai
Mr. CHAN Chun Yee
Mr. DAI Yiyi (appointed on 26 April 2023)

NOMINATION COMMITTEE

Ms. ZHAO Chengmin (*Committee Chairperson*)
Mr. CHAN Chun Yee
Mr. WONG Chi Wai
Mr. WONG Tat Yan, Paul
Mr. DAI Yiyi (appointed on 26 April 2023)

INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

PRINCIPAL BANKERS

(in alphabetical order)
Agricultural Bank of China Limited
Bank of China Limited
Bank of Communications Co., Ltd.
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Ltd
Postal Savings Bank of China

REGISTERED OFFICE

Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN PRC

C&D International Building
No.1699 Huandao East Road
Xiamen, China
(Postcode: 361008)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office No. 3517
35th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Tricor Services (Cayman Islands) Limited
Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

King & Wood Mallesons

STOCK CODE

1908

COMPANY'S WEBSITE

www.cndintl.com
(the contents of which do not form part of this report)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “Board”) of directors (the “Directors”) of C&D International Investment Group Limited (the “Company”) is pleased to announce the following unaudited interim consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023 (the “Period”) together with the comparative figures for the corresponding period in 2022 (the “corresponding period of the previous year”).

	Notes	For the six months ended 30 June 2023 RMB'000 (Unaudited)	For the six months ended 30 June 2022 RMB'000 (Unaudited)
Revenue	4	24,359,190	16,949,699
Cost of sales		(20,644,747)	(14,398,126)
Gross profit		3,714,443	2,551,573
Other income	5	641,886	356,042
Loss on changes in fair value of investment properties		(5,752)	(10,276)
Administrative expenses		(512,518)	(308,399)
Selling expenses		(1,420,391)	(940,588)
Provision for expected credit losses allowance		(67,622)	(9,131)
Finance costs	6	(372,778)	(292,742)
Share of (loss)/profit of associates		(61,694)	263,063
Share of (loss)/profit of joint ventures		(24,090)	692
Profit before income tax	7	1,891,484	1,610,234
Income tax expense	8	(469,631)	(331,682)
Profit for the period		1,421,853	1,278,552
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		(43,230)	(92,155)
Total comprehensive income for the period		1,378,623	1,186,397

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June 2023 RMB'000 (Unaudited)	For the six months ended 30 June 2022 RMB'000 (Unaudited)
Profit for the period attributable to:			
— Equity holders of the Company		1,284,140	842,065
— Non-controlling interests		137,713	436,487
		1,421,853	1,278,552
Total comprehensive income for the period attributable to:			
— Equity holders of the Company		1,219,964	736,329
— Non-controlling interests		158,659	450,068
		1,378,623	1,186,397
Earnings per share for profit attributable to the equity holders of the Company			
	10		
— Basic (RMB cents)		80.09	60.36
— Diluted (RMB cents)		74.40	60.36

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		337,463	347,188
Right-of-use assets		354,775	290,841
Investment properties	11	1,302,382	1,308,134
Intangible assets		737,286	738,590
Interests in associates		21,546,434	17,498,188
Interest in joint ventures		4,310,491	4,530,846
Other financial assets	12	100,538	118,604
Deposits for acquisition of land		64,166	64,166
Deferred tax assets		7,872,120	5,875,310
		36,625,655	30,771,867
Current assets			
Inventories of properties, other inventories and other contract costs	13		
— Properties under development		282,411,561	248,861,831
— Properties held for sale		8,355,091	7,792,746
— Other inventories		36,915	34,229
— Other contract costs		2,278,507	1,815,745
Contract assets		183,639	177,447
Trade and other receivables	14	12,897,627	11,591,287
Amounts due from non-controlling interests	17	48,509,241	35,453,040
Other financial assets	12	2,000	5,000
Deposits for acquisition of land		12,479,730	2,860,999
Prepaid taxes		5,222,844	3,818,914
Cash at banks and on hand	15	60,738,503	50,280,062
		433,115,658	362,691,300
Total assets		469,741,313	393,463,167
Current liabilities			
Trade and other payables	16	25,937,744	25,909,986
Contract liabilities		236,084,441	177,604,681
Amounts due to related companies	17	16,375,699	11,126,370
Amounts due to non-controlling interests	17	9,196,434	4,413,995
Interest-bearing borrowings	18	4,845,495	5,890,230
Income tax liabilities		4,948,166	4,529,116
Lease liabilities		63,972	59,133
		297,451,951	229,533,511

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Net current assets		135,663,707	133,157,789
Total assets less current liabilities		172,289,362	163,929,656
Non-current liabilities			
Loans from intermediate holding company	17	49,744,971	47,679,925
Lease liabilities		152,124	141,173
Interest-bearing borrowings	18	31,033,603	35,767,801
Deferred tax liabilities		936,678	920,269
		81,867,376	84,509,168
Total liabilities		379,319,327	314,042,679
Net assets		90,421,986	79,420,488
EQUITY			
Share capital	19	148,689	148,689
Reserves		18,057,271	16,988,531
Equity attributable to the equity holders of the Company		18,205,960	17,137,220
Equity attributable to the subscriber of the perpetual loan		14,500,000	14,500,000
Equity attributable to owners of the parent		32,705,960	31,637,220
Non-controlling interests		57,716,026	47,783,268
Total equity		90,421,986	79,420,488

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent												
	Equity attributable to the equity holders of the Company												
	Share capital RMB'000	Share premium RMB'000	Shares held for restricted share incentive scheme RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Perpetual loan RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022, as previously reported	117,215	3,279,017	(212,008)	1,446,000	123,254	(110,178)	2,692	7,465,321	12,111,313	14,500,000	26,611,313	36,645,507	63,256,820
Effect of business combination under common control	-	-	-	22,044	187	196,721	-	121,464	340,416	-	340,416	669,621	1,010,037
Balance at 1 January 2022, as restated (unaudited)	117,215	3,279,017	(212,008)	1,468,044	123,441	86,543	2,692	7,586,785	12,451,729	14,500,000	26,951,729	37,315,128	64,266,857
Total comprehensive income for the Period	-	-	-	-	-	-	-	842,065	842,065	-	842,065	436,487	1,278,552
Profit for the Period	-	-	-	-	-	-	-	842,065	842,065	-	842,065	436,487	1,278,552
Other comprehensive income	-	-	-	-	(105,736)	-	-	-	(105,736)	-	(105,736)	13,581	(92,155)
— Currency translation differences	-	-	-	-	(105,736)	-	-	-	(105,736)	-	(105,736)	13,581	(92,155)
Total comprehensive income	-	-	-	-	(105,736)	-	-	842,065	736,329	-	736,329	450,068	1,186,397
Transactions with owners	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of share for the acquisition of C&D Property Shares, net of transaction costs	6,805	976,244	-	-	-	-	-	-	983,049	-	983,049	-	983,049
Share-based payment expense, net of taxation	-	-	-	-	-	53,906	-	-	53,906	-	53,906	-	53,906
Lapse of shares held for restricted share incentive scheme	-	-	1,375	-	-	-	-	-	1,375	-	1,375	-	1,375
Share-based payment expense assumed by subsidiaries, net of taxation	-	-	-	-	-	3,296	-	-	3,296	-	3,296	6,616	9,912
Lapse of shares held by subsidiaries under restricted share incentive scheme	-	-	-	-	-	-	-	-	-	-	-	985	985
2021 final dividend approved	-	(1,504,540)	-	-	-	-	-	(1,504,540)	(1,504,540)	-	(1,504,540)	-	(1,504,540)
Business combination under common control	-	-	-	-	-	(1,396,391)	-	-	(1,396,391)	-	(1,396,391)	-	(1,396,391)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(447)	(447)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	7,983,935	7,983,935
Capital reduction of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(295,875)	(295,875)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(13,484)	(13,484)
Change in ownership interests in subsidiaries without change of control	-	-	-	-	-	6,988	-	6,988	6,988	-	6,988	(787,398)	(780,410)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(50,546)	(50,546)
Total transactions with owners	6,805	(528,296)	1,375	-	-	(1,332,201)	-	-	(1,852,317)	-	(1,852,317)	6,843,786	4,991,469
Balance at 30 June 2022 (unaudited)	124,020	2,750,721	(210,633)	1,468,044	177,705	(1,245,658)	2,692	8,428,850	11,335,741	14,500,000	25,835,741	44,608,982	70,444,723

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent										Total equity RMB'000		
	Equity attributable to the equity holders of the Company												
	Share capital RMB'000 (note 33)	Share premium* RMB'000 (note 34)	Share incentive scheme* RMB'000 (note 34)	Statutory reserve* RMB'000 (note 34)	Exchange reserve* RMB'000 (note 34)	Capital reserve* RMB'000 (note 34)	Revaluation reserve* RMB'000 (note 34)	Retained earnings* RMB'000	Total RMB'000	Perpetual loans RMB'000 (note 34)		Total RMB'000	Non-controlling interests RMB'000
Balance at 1 January 2023	148,689	5,873,059	(836,797)	1,895,457	(100,710)	(1,224,619)	2,692	11,379,449	17,137,220	14,500,000	31,637,220	47,783,268	79,420,488
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	1,284,140	1,284,140	-	1,284,140	137,713	1,421,853
Other comprehensive income	-	-	-	-	(64,176)	-	-	-	(64,176)	-	(64,176)	20,946	(43,230)
— Currency translation differences	-	-	-	-	(64,176)	-	-	-	(64,176)	-	(64,176)	20,946	(43,230)
Total comprehensive income	-	-	-	-	(64,176)	-	-	1,284,140	1,219,964	-	1,219,964	158,659	1,378,623
Transactions with owners													
Share-based payment expense of the Company, net of taxation	-	-	-	-	-	139,304	-	-	139,304	-	139,304	-	139,304
Share-based payment expense of subsidiaries, net of taxation	-	-	-	-	-	3,628	-	-	3,628	-	3,628	6,562	10,190
Restricted share forfeited	-	-	4,461	-	-	-	-	-	4,461	-	4,461	-	4,461
Restricted share exercised	-	-	82,305	-	-	-	-	-	82,305	-	82,305	-	82,305
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	9,845,675	9,845,675
Change in ownership interests in subsidiaries without change of control	-	-	-	-	-	784	-	-	784	-	784	589	1,373
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(44,689)	(44,689)
2022 final dividend approved (note)	-	(2,083,147)	-	-	-	1,701,441	-	-	(381,706)	-	(381,706)	-	(381,706)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(34,038)	(34,038)
Total transactions with owners	-	(2,083,147)	86,766	-	-	1,845,157	-	-	(151,224)	-	(151,224)	9,774,099	9,622,875
Balance at 30 June 2023 (Unaudited)	148,689	3,789,912	(750,031)	1,895,457	(164,886)	620,558	2,692	12,663,589	18,205,960	14,500,000	32,705,960	57,716,026	90,421,986

* These reserve accounts comprise the Group's reserves of RMB18,057,271,000 in the consolidated statement of financial position.

Note: On 30 March 2023, the Board recommended the payment of a final dividend of HK\$1.30 per share for the year ended 31 December 2022 (2021: HK\$1.20 per share) out of the share premium account of the Company, which was approved by the shareholders of the Company at the annual general meeting held on 30 May 2023, with the eligible shareholders being given an option to elect to receive the final dividend all in cash, or all in new shares, or partly in new shares and partly in cash. The election of the shareholders to receive final dividend all or partly in new shares had been determined as of 27 June 2023. As at 30 June 2023, the final dividend will be settled by cash of approximately RMB381,706,000 and issue of the Company's shares of approximately RMB1,701,441,000.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June 2023 RMB'000 (Unaudited)	For the six months ended 30 June 2022 RMB'000 (Unaudited)
Net cash from/(used in) operating activities		33,639,003	(14,535,816)
Net cash used in investing activities		(9,663,691)	(3,213,906)
Net cash (used in)/generated from financing activities (Note)		(13,925,184)	4,304,898
Net increase/(decrease) in cash and cash equivalents		10,050,128	(13,444,824)
Cash and cash equivalents as at 1 January		47,367,877	46,847,984
Effect of foreign exchange rate changes on cash and cash equivalents		43,743	22,369
Cash and cash equivalents as at 30 June	15	57,461,748	33,425,529

Note: Included in net cash used in financing activities for the six months ended 30 June 2023 were repayment of interest-bearing borrowings, loans from intermediate holding company and amounts due to non-controlling interests of approximately RMB138,468.10 million (corresponding period of the previous year: approximately RMB180,720.87 million).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

1. GENERAL INFORMATION

The Company's functional currency is Hong Kong Dollars ("HK\$"). However, the interim condensed consolidated financial information for the six months ended 30 June 2023 (the "Interim Financial Information") is presented in Renminbi ("RMB"), as the directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the Group's transactions are denominated and settled in and this presentation is more useful for its existing and potential investors. The Interim Financial Information is presented in thousands of RMB ("RMB'000"), unless otherwise stated.

Well Land International Limited ("Well Land") is the Company's immediate holding company which was incorporated in the British Virgin Islands ("BVI") with limited liability; C&D Real Estate Corporation Limited* (建發房地產集團有限公司) ("C&D Real Estate") which was incorporated in the People's Republic of China ("PRC" or "China") with limited liability is the Company's intermediate holding company and Xiamen C&D Corporation Limited* (廈門建發集團有限公司) ("Xiamen C&D") which was incorporated in the PRC with limited liability is the Company's ultimate holding company.

2. BASIS OF PREPARATION

The Interim Financial Information is prepared in accordance with Hong Kong Accounting Standards ("HKASs") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

3. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2023

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the annual financial statements for the year ended 31 December 2022, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

HKFRS 17	Insurance Contracts and related amendment
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

3. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRSs in issued but not yet effective

At the date of authorisation of this Interim Financial Report, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ¹

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

² Effective date not yet determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the Period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segment based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company’s executive directors.

The Group is principally engaged in the businesses of property development and property management and other related services. The property development and property management and other related services businesses has been identified as a single segment on the basis for internal management reports that are regularly reviewed by the chief operating decision maker. No separate analysis is presented.

As the chief operating decision-maker of the Company considers most of the Group’s revenue and results are attributable to the market in the PRC, the Group’s assets are substantially located inside the PRC, no geographical information is presented.

For the six months ended 30 June 2023 and 2022, none of customers contributed 10% or more of the Group’s revenue.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

4. REVENUE AND SEGMENT INFORMATION (Continued)

An analysis of the Group's revenue is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Property development	22,743,526	15,606,461
Property management and other related services (Note)	1,615,664	1,343,238
	24,359,190	16,949,699

Note: The balance mainly comprises revenue from property management services of RMB907,342,000 (corresponding period of the previous year: RMB755,348,000), construction management service and entrusted construction services of RMB454,187,000 (corresponding period of the previous year: RMB355,406,000) and rental income from property leasing of RMB36,735,000 (corresponding period of the previous year: RMB35,881,000) of which rental income does not fall within the scope of HKFRS 15.

Disaggregation of revenue is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Timing of revenue recognition		
— A point in time	22,855,375	15,606,461
— Over time	1,503,815	1,343,238
	24,359,190	16,949,699

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

5. OTHER INCOME

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest income from:		
— banks	520,769	218,373
— loans to associates	27,935	65,886
— loans to joint ventures	18,882	—
— financial assets at amortised cost	—	319
— others	6,743	5,485
	574,329	290,063
Compensation income	25,778	29,181
Gain on changes in fair value of financial assets measured at FVTPL	12,318	9,932
Gain on disposal of subsidiaries	—	3,415
Government grants	11,457	8,316
Sundry income	18,004	15,135
	641,886	356,042

6. FINANCE COSTS

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest charges on:		
Bank borrowings	999,187	1,113,994
Loans from intermediate holding company	796,379	655,570
Amounts due to non-controlling shareholders	127,005	89,859
Amounts due to associates	121,379	—
Receipts under securitisation arrangements	—	4,637
Significant financing component of contract liabilities	3,671,414	2,784,092
Finance charges on lease liabilities	2,895	3,327
	5,718,259	4,651,478
Total borrowing costs	(5,345,481)	(4,358,736)
Less: Interest capitalised		
	372,778	292,742

Borrowing costs have been capitalised at various applicable rates ranging from 1.40% to 10.0% per annum (corresponding period of the previous year: 1.92% to 10.0% per annum).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Auditor's remuneration	–	–
Cost of properties sold	19,661,380	13,555,720
Depreciation:		
— Owned assets	12,006	12,019
— Right-of-use assets	31,569	36,214
Provision for ECL allowance on loans to associates and joint ventures	50,589	739
Provision for ECL allowance on trade and other receivables	3,963	1,888
Provision for ECL allowance on amounts due from non-controlling interests	13,070	6,504
Net foreign exchange losses/(gains)	100	(6,693)
Lease charges of short leases	14,364	18,149
Outgoings in respect of investment properties that generated rental income	2,534	3,830
Provision for inventories of properties and other contract costs	72,271	–
Reversal of provision for inventories of properties and other contract costs	(183,056)	(122,855)

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax		
PRC corporate income tax ("CIT")		
— The period	2,418,680	1,505,711
PRC land appreciation tax ("LAT")	31,352	(40,798)
	2,450,032	1,464,913
Deferred tax	(1,980,401)	(1,133,231)
Total income tax expense	469,631	331,682

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

8. INCOME TAX EXPENSE *(Continued)*

Notes:

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the six months ended 30 June 2023 and 2022.

(b) PRC CIT

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the Period, based on the existing legislation, interpretations and practices in respect thereof.

PRC CIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% for the six months ended 30 June 2023 and 2022.

(c) PRC LAT

Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs, additional tax and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

(d) PRC withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the new CIT Law issued on 6 December 2007, a 10% withholding income tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax.

(e) Cayman Islands corporate tax

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any corporate tax in Cayman Islands for the six months ended 30 June 2023 and 2022.

(f) BVI profits tax

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI for the six months ended 30 June 2023 and 2022.

(g) Australia profits tax

No Australia profits tax has been provided as the Group did not derive any assessable profit arising in Australia during the six months ended 30 June 2023 and 2022.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

9. DIVIDEND

The Board have resolved not to declare an interim dividend for the Period (corresponding period of the previous year: Nil).

10. EARNINGS PER SHARE

(A) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the Period.

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit for the purpose of basic earnings per share:		
Profit for the period attributable to the equity holders of the Company	1,284,140	842,065
Weighted average number of ordinary shares in issue during the Period (thousands)	1,603,366	1,395,085
Earnings per share (expressed in RMB cents per share)	80.09	60.36

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

10. EARNINGS PER SHARE *(Continued)*

(B) Diluted earnings per share

The restricted shares granted by the Company have potential dilutive effect on earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from restricted shares granted by the Company (collectively forming the denominator for computing the diluted earnings per share). In addition, the profit attributable to equity holders of the Company (numerator) has been adjusted by the effect of the restricted shares granted by the Company's non wholly-owned subsidiary.

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the year attributable to the equity holders of the Company	1,284,140	842,065
Dilution effect arising from restricted shares issued by non wholly-owned subsidiary	(1,681)	–
Profit attributable to equity holders of the Company for the calculation of diluted earnings per share	1,282,459	842,065
Shares		
Weighted average number of ordinary shares in issue (thousands)	1,603,366	1,395,085
Adjustments for restricted shares (thousands)	120,386	–
Weighted average number of ordinary shares for the calculation of diluted earnings per share (thousands)	1,723,752	1,395,085
Earnings per share (expressed in RMB cents per share)	74.40	60.36

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

11. INVESTMENT PROPERTIES

Movements of the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Carrying amount at 1 January	1,308,134	1,310,153
Change in fair value of investment properties	(5,752)	(33,893)
Subsequent expenditures	–	31,874
Carrying amount at 30 June 2023 / 31 December 2022	1,302,382	1,308,134

As at 30 June 2023, the investment properties with a fair value of RMB648,805,000 (as at 31 December 2022: RMB652,656,000) have been pledged to banks to secure the Group's bank borrowings. Details of the secured bank borrowings are set out in Note 18.

The analysis of the net carrying amounts of investment properties according to lease periods is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
In PRC:		
Leases of between 10 to 50 years	1,302,382	1,308,134

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

11. INVESTMENT PROPERTIES *(Continued)*

Valuation process and methodologies

Investment properties were valued at 30 June 2023 and 31 December 2022 by an independent professional qualified valuer, Cushman & Wakefield International Property Advisers (Guangzhou) Co., Ltd., who has the relevant experience in the location and category of properties being valued. There was no change to the valuation techniques during the Period.

Discussions of valuation processes and results are held between management and the valuer on a semi-annual basis, in line with the Group's interim and annual reporting dates.

Fair value hierarchy

Fair value adjustment of investment properties is recognised in the line item "Loss on changes in fair value of investment properties" on the face of the consolidated statement of profit or loss and other comprehensive income.

The following table shows the Group's investment properties measured at fair value in the consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy. The levels are based on the observability of significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

As at 30 June 2023 and 31 December 2022, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers into or out of Level 3 during the Period (2022: Nil).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

11. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The fair value of investment properties is determined using the direct capitalisation method by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate and factors adjustment, and negatively correlated to capitalisation rate.

	Valuation techniques	Significant unobservable inputs	Range	
			As at 30 June 2023	As at 31 December 2022
Investment properties (Nanning District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	36–1,910	35–1,900
		Capitalisation rate of reversionary income	3.5%–7.0%	3.5%–7.0%
Investment properties (Shanghai District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	227–505	221–491
		Capitalisation rate of reversionary income	5.5%–6.0%	5.5%–6.0%

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

12. OTHER FINANCIAL ASSETS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Other current financial assets:		
Financial assets measured at fair value through profit or loss		
Subordinated tranche securities (Note (i))	2,000	5,000
Other non-current financial assets:		
Financial assets measured at fair value through profit or loss		
Unlisted equity securities	100,538	118,604

Notes:

- (i) As at 30 June 2023, the amount comprises two (31 December 2022: five) non-tradable subordinated tranche securities, which have no fixed coupon rate and an entitlement to residual returns upon maturity, with the maturity date on 23 September 2023 and 28 June 2024, respectively.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

13. INVENTORIES OF PROPERTIES, OTHER INVENTORIES AND OTHER CONTRACT COSTS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Inventories of properties		
Properties under development (Note (a))	282,411,561	248,861,831
Properties held for sale (Note (a))	8,355,091	7,792,746
	290,766,652	256,654,577
Other inventories	36,915	34,229
Other contract costs (Note (b))	2,278,507	1,815,745
	293,082,074	258,504,551
Inventories of properties	295,252,654	261,251,364
Less: Provision for inventories	(4,486,002)	(4,596,787)
	290,766,652	256,654,577

Notes:

(a) Inventories of properties

The properties under development and properties held for sale are all located in the PRC. The relevant land use rights are on lease of 40 to 70 years.

As at 30 June 2023, properties under development with carrying amount of RMB34,974,738,000 (31 December 2022: RMB44,890,942,000) have been pledged to banks to secure the Group's bank borrowings. Details of the secured bank borrowings are set out in note 18.

(b) Other contract costs

Contract costs capitalised relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the announcement date. Contract costs are recognised as part of "Selling expenses" in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the Period was RMB266,945,000. There was no impairment in relation to the costs capitalised during the Period.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables (Note (a))		
From third parties	1,332,113	1,400,939
From related parties	36,930	19,660
Less: Loss allowance	(91,008)	(79,406)
	1,278,035	1,341,193
Other receivables		
Deposits (Note (b))	1,542,126	3,062,306
Prepayment	165,151	106,545
Other receivables	1,080,697	826,601
Prepayment for proposed development projects (Note (c))	1,630,039	645,400
Payments on behalf of property owners	52,667	30,643
Value-added-tax receivables	7,194,599	5,631,925
	11,665,279	10,303,420
Less: Loss allowance	(45,687)	(53,326)
	11,619,592	10,250,094
	12,897,627	11,591,287

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

14. TRADE AND OTHER RECEIVABLES *(Continued)*

- (a) Trade receivables mainly arose from property development, property management and other related services. Trade receivables settled in accordance with the terms stipulated in the property sale and purchase agreements or service agreements.

Based on the invoice dates, the ageing analysis of the trade receivables, net of loss allowance, is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0–30 days	186,489	516,415
31–90 days	195,365	193,627
91–180 days	132,789	94,867
181–365 days	352,879	101,242
Over 1 year	410,513	435,042
	1,278,035	1,341,193

Movements of the Group's loss allowance on trade receivables are as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Balance at 1 January	79,406	41,655
ECL allowances recognised during the period/the year	11,602	37,751
Balance at 30 June 2023 / 31 December 2022	91,008	79,406

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

14. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) (Continued)

Movements of the Group's loss allowance on other receivables are as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Balance at 1 January	53,326	33,790
ECL (reversal of provision)/allowances recognised during the period/the year	(7,639)	19,536
Balance at 30 June 2023 / 31 December 2022	45,687	53,326

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. For the six months ended 30 June 2023, the Group has made provision (reversal) of ECL allowances for trade receivables and other receivables of approximately RMB11,602,000 and RMB(7,639,000) (for the year ended 31 December 2022: RMB37,751,000 and RMB19,536,000) respectively.

- (b) Deposit mainly included rental deposits, utilities deposits, receivables of refund of the deposits for land auction, deposits for construction work, miscellaneous project-related deposits.
- (c) The Group has entered into several contractual arrangements with independent third parties in respect of the proposed acquisitions of equity interests in certain PRC entities, which own land use rights or property development projects in the PRC.
- (d) The directors of the Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

15. CASH AT BANKS AND ON HAND

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Cash at banks and on hand	57,461,748	47,367,877
Restricted bank deposits	3,276,755	2,912,185
	60,738,503	50,280,062

Included in cash at banks and on hand of the Group is approximately RMB59,547,074,000 (31 December 2022: approximately RMB49,705,018,000) of bank balances denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Restricted bank deposits represented security deposits for construction of pre-sale properties mainly denominated in RMB placed in designated accounts. In accordance with relevant government requirements, certain property development companies of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds as security deposits for the construction of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such security deposits will be released upon completion of construction of the related properties.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

16. TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables	19,597,065	18,570,229
Other payables		
Receipts in advance and other payables	731,631	395,452
Interest payable	37,908	53,142
Salaries payable	673,064	1,206,430
Value-added-tax payable	857,255	1,465,422
Deposits received	528,481	807,915
Accrued expenses	1,380,496	1,402,434
Collection and payment on behalf of others	857,187	1,088,968
Payable for restricted share incentive scheme	857,990	919,994
Dividends payables	416,667	–
	6,340,679	7,339,757
	25,937,744	25,909,986

The carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

The credit terms of trade payables vary according to the terms agreed with different suppliers. Included in trade payables are trade creditors with the following aging analysis, based on invoice dates, as at the end of the Period:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0–30 days	6,534,970	8,543,242
31–60 days	1,806,515	1,203,005
61–90 days	1,286,019	1,198,273
Over 90 days	9,969,561	7,625,709
	19,597,065	18,570,229

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

17. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/NON-CONTROLLING INTERESTS/ LOANS FROM INTERMEDIATE HOLDING COMPANY

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Amounts due from non-controlling interests	48,557,799	35,488,528
Less: Loss allowance	(48,558)	(35,488)
	48,509,241	35,453,040
	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Amounts due to related companies:		
— Intermediate holding company	2,662,057	1,927,136
— Associates	10,750,300	6,981,463
— Joint Ventures	2,963,342	2,217,771
	16,375,699	11,126,370
Amounts due to non-controlling interests	9,196,434	4,413,995

As at 30 June 2023 and 31 December 2022, the amounts due from/(to) non-controlling interests/associates/joint ventures/intermediate holding company are unsecured, interest-free and repayable on demand, except for amounts due from non-controlling interests of RMB3,784,877,000 (as at 31 December 2022: nil), bear interest ranging from 4.26% to 7.00% (2022: nil) per annum; amounts due to non-controlling interests of RMB3,128,519,000 (as at 31 December 2022: RMB1,238,592,000), bear interest ranging from 3.65% to 10.00% (2022: 4.35% to 10.00%) per annum and amounts due to associates of RMB931,000,000 (31 December 2022: RMB1,470,857,000) bear interest ranging from 3.25% to 4.30% per annum (2022: 3.43% to 4.75%).

As at 30 June 2023, the loans from intermediate holding company are unsecured, bearing interest at effective interest rate of 4.53% (31 December 2022: at effective interest rate of 4.81%) per annum and would not be repayable within one year.

The carrying amounts of the balances approximate their fair values.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

17. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/NON-CONTROLLING INTERESTS/ LOANS FROM INTERMEDIATE HOLDING COMPANY *(Continued)*

Movements of the Group's loss allowance on amounts due from non-controlling interests are as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Balance at 1 January	35,488	26,489
ECL allowances recognised during the year	13,070	8,999
Balance at 30 June 2023 / 31 December 2022	48,558	35,488

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the 12-month ECL method to amounts due from non-controlling interests in providing for ECL prescribed by HKFRS 9. As at 30 June 2023, the Group has made provision of impairment for amounts due from non-controlling interests of approximately RMB13,070,000 (at 31 December 2022: RMB35,488,000).

18. INTEREST-BEARING BORROWINGS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Bank loans		
— Secured	9,398,568	15,111,662
— Unsecured	26,480,530	26,546,369
	35,879,098	41,658,031

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

18. INTEREST-BEARING BORROWINGS (Continued)

The Group's bank loans were repayable as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Carrying amount repayable		
Within one year or on demand	4,845,495	5,890,230
In the second year	12,520,137	14,217,673
In the third to fifth year	17,876,863	20,817,209
After the fifth year	636,603	732,919
	35,879,098	41,658,031
Less: Amounts shown under current liabilities	(4,845,495)	(5,890,230)
	31,033,603	35,767,801

As at 30 June 2023 and 31 December 2022, the Group's bank loans are secured by the legal charges over the Group's property, plant and equipment with carrying values of approximately RMB3,910,000 (31 December 2022: RMB3,942,000), properties under development with carrying value of approximately RMB34,974,738,000 (31 December 2022: RMB44,890,942,000) and investment properties with fair value of approximately RMB648,805,000 (31 December 2022: RMB652,656,000).

As at 30 June 2023 and 31 December 2022, the unsecured borrowings of RMB8,000,000 (31 December 2022: RMB44,664,000) were guaranteed by the subsidiaries of the Group, and the unsecured borrowings of RMB26,410,730,000 were guaranteed by C&D Real Estate, the intermediate holding company of the Group (31 December 2022: RMB26,501,705,000).

As at 30 June 2023 and 31 December 2022, the bank loans bear interest of effective interest rates ranging from 1.40% to 6.50% (31 December 2022: from 1.95% to 6.50%) per annum, except for bank loans of RMB51,800,000 (31 December 2022: RMB136,396,000) which bear interest of a fixed interest rate of 6.50% (31 December 2022: 2.60% to 6.50%) per annum.

As at 30 June 2023 and 31 December 2022, none of the bank loans (as at 31 December 2022: RMB44,664,000) was denominated in HK\$.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

19. SHARE CAPITAL

	Number of shares	Amount RMB'000
Ordinary shares of HK\$0.1 each		
Authorised:		
As at 31 December 2022 (audited) and 30 June 2023 (unaudited)	3,000,000,000	254,870
Issued and fully paid:		
As at 31 December 2022 (audited)/As at 30 June 2023 (unaudited)	1,738,020,891	148,689

20. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into following transactions with related parties:

Nature of transactions	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Intermediate holding company:		
Interest expenses on loans from intermediate holding company (note (a))	796,379	655,570
Associates:		
Interest income on loans to associates (note (b))	(27,935)	(65,886)
Joint Ventures:		
Interest income from loans to joint ventures (note (c))	(18,882)	–
Fellow subsidiaries:		
Construction management fee received (note (d))	20,042	17,071

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

20. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

- (a) During the six months ended 30 June 2023, the Group incurred loan interest expenses of RMB1,124,114,000 (corresponding period of the previous year: RMB655,570,000) to C&D Real Estate, the intermediate holding company pursuant to framework loan agreement with C&D Real Estate whereby C&D Real Estate agreed to grant RMB60,000 million (corresponding period of the previous year: RMB40,000 million) loan facilities to certain subsidiaries of the Company for their project development at loan interest rate of 4.53% (corresponding period of the previous year: 4.81%) per annum.
- (b) During the six months ended 30 June 2023, the Group earned interest income from associates by granting loans for their operations at loan interest rate of 3.65% to 10.00% (corresponding period of the previous year: 4.35% to 10.00%) per annum.
- (c) During the six months ended 30 June 2023, the Group earned interest income from the joint ventures by granting loans for their operations which is interest-bearing ranging from 6.00% to 10.00% (corresponding period of the previous year: Nil) per annum.
- (d) During the six months ended 30 June 2023, the Group earned construction management fee income by providing services ranging from design, construction and completion to delivery throughout the project construction process with companies controlled by Xiamen C&D.

Key management personnel remuneration

Key management of the Group are members of the Board of Directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Basic salaries and allowances (Note)	6,273	5,497
Retirement benefit scheme contributions	149	99
Share-based payments	4,548	1,211
	10,970	6,807

Note: Included the director's fees of four executive Directors for the six months ended 30 June 2023.

21. EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in this report, there were no significant events subsequent to 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Since the beginning of this year, in addition to the continuous reserve requirement ratio cuts and interest rate cuts for financial policy, we have also seen that the real estate industry continued a relatively loosening policy environment. In the first half of 2023, China's real estate market experienced continued decline after surging in the first quarter, showing a trend of "high-to-low sales". At present, China's real estate market has ushered in a new situation of "significant changes in the supply-demand relationship". From the perspective of the supply side, large-scale and nationalized central government-owned enterprises and local state-owned were mainly enterprises TOP100 real estate companies in terms of land acquisition in the first half of 2023 according to the public information; from the perspective of demand, with the gradual suppression of speculative housing demand, the livability of real estate had regained importance, and therefore customers' requirements for living quality have increased significantly, making demand for improved housing becoming an important factor in the current home ownership of the residents.

Therefore, against the backdrop of significant changes in the current industry structure and a new situation in the supply-demand relationship, real estate companies with advantages in product, service, operation and financing capabilities will be more competitive.

BUSINESS REVIEW

The Group is principally engaged in the business of property development, real estate industry chain investment services and emerging industry investment. During the Period, the main source of revenue for the Company was property development.

During the Period, the revenue of the Group was approximately RMB24,359.19 million, representing an increase by approximately RMB7,409.49 million (approximately 43.7%) as compared with the corresponding period of the previous year (corresponding period of the previous year: approximately RMB16,949.70 million). The gross profit of the Group amounted to approximately RMB3,714.44 million, representing an increase by approximately RMB1,162.87 million (approximately 45.6%) as compared with the corresponding period of the previous year (corresponding period of the previous year: approximately RMB2,551.57 million). The profit attributable to the equity holders of the Company amounted to approximately RMB1,284.14 million, representing an increase by approximately RMB442.07 million (approximately 52.5%) as compared with the corresponding period of the previous year (corresponding period of the previous year: approximately RMB842.07 million).

Property Development Business

During the Period, the Group's revenue from property development business was approximately RMB22,743.53 million, representing an increase of approximately RMB7,137.07 million as compared with the corresponding period of the previous year (corresponding period of the previous year: approximately RMB15,606.46 million) and accounting for approximately 93.37% of the Group's total revenue. During the Period, the gross floor area ("GFA") of the properties delivered was approximately 1,800,000 sq.m., representing an increase of approximately 1,060,000 sq.m. as compared with the corresponding period of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

The amount recognised for sales by city is set out in the following table:

City	For the six months ended 30 June	
	2023	2022
	Amount (RMB ten thousand)	
Nanning	432,539	15,819
Xiamen	346,577	897,914
Chengdu	341,742	–
Suzhou	228,622	51,901
Zhangzhou	198,148	7,888
Quanzhou	159,831	–
Longyan	117,253	160
Chongqing	83,287	–
Liuzhou	70,777	–
Wuxi	67,580	97
Zhuzhou	51,323	–
Nanping	49,961	10,591
Putian	38,928	271,926
Guangzhou	26,903	19,176
Zhuhai	14,830	37,114
Wuhan	11,136	71,494
Shanghai	9,074	–
Bengbu	7,123	–
Hangzhou	5,303	–
Changsha	4,920	164,522
Nanjing	2,550	850
Guiyang	2,236	–
Fuzhou	2,090	9,811
Ningde	1,620	804
Shenzhen	–	411
Sanming	–	168
Total	2,274,353	1,560,646

MANAGEMENT DISCUSSION AND ANALYSIS

Contracted Sales for the Period

During the Period, the Group, together with its joint ventures and associates, achieved the cumulative contracted sales attributable to the shareholders of the Company (the "Shareholders") amounted to approximately RMB74.73 billion, representing an increase of approximately 55.7% as compared with the corresponding period of the previous year. During the Period, the cumulative contracted sales GFA attributable to the Shareholders was approximately 3,338,000 sq.m., representing an increase of approximately 34.4% as compared with the corresponding period of the previous year.

The amount and GFA sold for contracted sales attributable to the Shareholders by city are set out in the following table:

City	2023		2022	
	Amount Sold (RMB ten thousand)	GFA Sold (sq.m.)	Amount Sold (RMB ten thousand)	GFA Sold (sq.m.)
Shanghai	1,225,963	211,205	427,810	50,004
Suzhou	851,894	236,848	171,023	112,077
Xiamen	737,861	184,588	553,805	152,452
Beijing	514,494	71,791	446,342	74,850
Chengdu	509,926	202,363	194,017	64,500
Fuzhou	367,339	128,380	181,585	94,169
Wuxi	324,494	203,478	209,463	101,750
Changsha	287,561	214,637	92,977	79,620
Ningbo	278,901	72,929	230,325	75,391
Nanning	196,511	166,026	157,288	126,257
Zhangzhou	174,497	173,727	219,353	225,967
Putian	172,347	125,714	92,274	56,031
Quanzhou	165,422	140,697	358,372	295,061
Hangzhou	143,927	35,886	93,659	33,312
Ningde	118,192	101,416	60,591	44,730
Nanjing	117,655	55,148	78,336	23,262
Guiyang	110,792	111,575	84,234	87,066
Longyan	96,119	86,082	106,725	88,601
Jinan	89,880	97,025	43,924	43,263
Nantong	82,309	48,514	76,006	41,425
Xuzhou	80,849	42,314	23,969	13,787
Foshan	75,720	55,089	115,741	62,236
Guangzhou	67,476	18,460	48,227	11,696
Nanchang	59,049	40,208	54,239	33,544
Wenzhou	58,387	21,321	51,739	21,208
Huai'an	53,451	30,414	24,993	12,599
Jiangmen	53,183	44,733	30,058	22,926
Suqian	51,650	33,743	16,226	11,510
Nanping	48,046	56,668	64,495	89,779
Bengbu	38,429	33,991	21,715	16,678

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June

City	2023		2022	
	Amount Sold (RMB ten thousand)	GFA Sold (sq.m.)	Amount Sold (RMB ten thousand)	GFA Sold (sq.m.)
Zhuzhou	36,908	53,240	36,286	51,180
Shaoxing	35,465	8,740	41,868	11,638
Shangrao	32,715	47,057	29,375	42,883
Chongqing	28,214	19,401	19,391	11,047
Jiujiang	26,828	35,543	7,882	9,953
Huangshi	22,467	28,935	24,042	28,290
Hefei	21,906	11,264	149,617	50,921
Taizhou	19,862	6,209	35,402	11,933
Yiyang	19,354	30,060	23,486	35,488
Lu'an	18,047	17,474	13,645	13,486
Yiwu	16,956	4,419	21,661	5,400
Wuhan	14,679	8,223	13,562	8,146
Liuzhou	12,398	11,710	23,011	20,600
Yancheng	5,211	5,610	4,733	4,404
Zhuhai	5,133	4,132	25,671	12,606
Shenzhen	4,604	1,136	1,271	295
Total	7,473,071	3,338,123	4,800,414	2,484,021

MANAGEMENT DISCUSSION AND ANALYSIS

Land Reserves

As at 30 June 2023, the Group had 298 projects in the PRC, and the aggregate saleable GFA of land reserves was approximately 17,110,000 sq.m..

The amount of saleable GFA and attributable GFA of land reserves by city are set out in the following table:

City	As at 30 June 2023		As at 31 December 2022	
	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)
Wuxi	1,090,356	702,938	1,157,541	715,071
Changsha	879,177	704,532	908,869	706,301
Hangzhou	869,539	445,838	166,745	93,884
Shanghai	840,145	543,061	568,964	510,148
Suzhou	826,822	647,354	628,977	464,122
Zhuzhou	726,489	726,489	779,729	779,729
Putian	719,385	409,977	792,105	427,361
Quanzhou	671,712	505,780	398,501	323,200
Guiyang	838,775	838,775	950,180	950,180
Nanchang	633,786	486,147	351,667	182,753
Xiamen	607,979	390,617	694,516	493,981
Zhangzhou	577,869	424,958	560,010	357,110
Suqian	518,202	518,202	551,944	551,944
Fuzhou	513,073	366,564	691,229	496,935
Huangshi	433,611	433,611	462,546	462,546
Chengdu	413,698	292,480	463,806	424,553
Longyan	407,753	343,133	305,125	254,111
Huai'an	403,290	322,632	441,307	353,046
Hefei	392,068	211,049	171,370	109,273
Nanjing	376,704	296,915	358,957	268,166
Wenzhou	374,389	133,423	428,276	154,532
Ningde	368,863	222,431	444,488	276,020
Taizhou	344,889	206,613	98,577	49,424
Nanning	309,250	266,668	419,308	387,616
Chongqing	278,978	183,049	263,536	173,635

MANAGEMENT DISCUSSION AND ANALYSIS

City	As at 30 June 2023		As at 31 December 2022	
	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)
Jiangmen	242,628	156,605	301,023	203,880
Yiyang	225,160	225,160	256,182	256,182
Jinan	213,291	213,291	322,325	322,325
Foshan	193,962	142,982	261,334	197,220
Guangzhou	193,214	156,355	153,583	132,694
Nanping	191,059	136,348	252,988	186,130
Xuzhou	156,897	84,595	70,093	70,093
Yancheng	153,917	75,420	165,366	81,029
Nantong	147,423	136,726	200,248	185,240
Beijing	139,368	111,968	240,161	187,098
Wuhan	126,824	109,030	143,796	117,451
Jiaxing	122,676	122,676	–	–
Bengbu	120,216	120,216	154,198	154,198
Shangrao	91,547	69,182	160,241	116,216
Yiwu	89,407	29,504	102,798	33,923
Ningbo	77,563	59,165	118,076	94,461
Lishui	59,207	59,207	–	–
Jiujiang	50,244	33,694	106,715	68,875
Shaoxing	46,908	24,432	63,784	33,172
Zhuhai	43,903	43,903	47,383	47,383
Liuzhou	7,155	7,155	18,862	18,862
Shenzhen	4,144	2,113	6,371	3,249
Total	17,113,515	12,742,963	16,203,800	12,475,322

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The following table sets out the Group's revenue from each of these segments and as a percentage of the total revenue for the relevant periods:

	For the six months ended 30 June 2023		For the six months ended 30 June 2022	
	RMB'000	%	RMB'000 (Restated)	%
Property development	22,743,526	93.37	15,606,461	92.08
Property management and other related services (Note)	1,615,664	6.63	1,343,238	7.92
Total	24,359,190	100.00	16,949,699	100.00

Note: Construction management income, entrusted construction services income and other income.

Property development

Revenue from property development increased by approximately RMB7,137.07 million from approximately RMB15,606.46 million in the corresponding period of the previous year to approximately RMB22,743.53 million for the Period. Saleable GFA delivered for the six months ended 30 June 2022 and 2023 were approximately 740,000 sq.m. and approximately 1,800,000 sq.m., respectively. The revenue derived from property development for the Period increased mainly due to the increase in saleable GFA sold and delivered in the Period as compared with the corresponding period of the previous year.

Property management and other related services

Revenue from property management and other related services increased by approximately RMB272.42 million from approximately RMB1,343.24 million for the corresponding period of the previous year to approximately RMB1,615.66 million for the Period. Such increase was mainly attributable to the increase in revenue from property management service as a result of the increase in the gross floor area under management.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

Cost of sales increased by approximately RMB6,246.62 million from approximately RMB14,398.13 million for the corresponding period of the previous year to approximately RMB20,644.75 million for the Period. It was primarily attributable to the increase in saleable GFA sold and delivered during the Period.

Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB2,551.57 million and RMB3,714.44 million for the six months ended 30 June 2022 and 2023, respectively, representing a gross profit margin of approximately 15.05% and 15.25% respectively, which represent an increase of approximately 0.20 percentage points as compared with the corresponding period of the previous year. The slight increase in gross profit margin was mainly due to the higher gross profit margin level of projects delivered with income carried forward during the Period as compared with those for the corresponding period of the previous year.

Other Income

Other income amounted to approximately RMB356.04 million and RMB641.89 million for the six months ended 30 June 2022 and 2023, respectively. The increase was mainly due to an increase in the interest income during the Period.

Borrowing Costs

Borrowing costs incurred for the construction projects under development were capitalised during the Period. Other borrowing costs were expensed when incurred.

Total borrowing costs (excluding the significant financing component of contract liabilities and the finance charges on lease liabilities) increased from approximately RMB1,864.06 million for the corresponding period of the previous year to approximately RMB2,043.95 million for the Period. The increase was mainly due to increase in loans to indirect controlling shareholders in the Period.

Changes in Fair Value of Investment Properties

The loss on changes in fair value of investment properties was approximately RMB5.75 million during the Period (corresponding period of the previous year: loss of approximately RMB10.28 million). The loss reflected the adjustments in value of investment properties during the Period.

Administrative Expenses

Administrative expenses increased by approximately RMB238.48 million to approximately RMB546.88 million for the Period from approximately RMB308.40 million for the corresponding period of the previous year. It was primarily due to the increase in labour cost and provision for inventories of properties during the Period.

Selling Expenses

Selling expenses increased by approximately RMB445.44 million to approximately RMB1,386.03 million for the Period from approximately RMB940.59 million for the corresponding period of the previous year. It was primarily due to the increase in labour cost and marketing expenses such as advertisement and business promotion during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit before Income Tax

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB1,891.48 million for the Period, representing an increase of approximately RMB281.25 million from approximately RMB1,610.23 million in the corresponding period of the previous year.

Income Tax Expense

Income tax expense increased from approximately RMB331.68 million in the corresponding period of the previous year to approximately RMB469.63 million for the Period. The increase in income tax expense was mainly due to the increase in income from property development during the Period.

Profit for the Period Attributable to the Equity Holders of the Company

The profit for the period attributable to the equity holders of the Company increased by approximately RMB442.07 million (an increase of approximately 52.5%) from approximately RMB842.07 million in the corresponding period of the previous year to approximately RMB1,284.14 million for the Period.

Liquidity and Financial Resources

The long-term funding and working capital required by the Group were primarily derived from income generated from core business operations, bank borrowings, loans from intermediate holding company and cash proceeds derived from receipt in advance from the pre-sale of properties, which were used to finance its business operations and investment in construction projects. The Group's liquidity position was well-managed during the Period.

The Group continued to adopt a prudent financing policy and sustained a sound capital structure with healthy cash flow. As at 30 June 2023, the Group's cash at banks and on hand amounted to approximately RMB60,738.50 million (as at 31 December 2022 : approximately RMB50,280.06 million) while total assets and net assets (after deducting non-controlling interests) were approximately RMB469,741.31 million (as at 31 December 2022 : approximately RMB393,463.17 million) and approximately RMB32,705.96 million (as at 31 December 2022 : approximately RMB31,637.22 million), respectively. As at 30 June 2023, the Group's working capital amounted to approximately RMB135,663.71 million (as at 31 December 2022 : approximately RMB133,157.79 million). As at 30 June 2023, the Group recorded net debt of approximately RMB28,945.09 million (as at 31 December 2022 : approximately RMB41,767.35 million) with net debt to equity ratio of approximately 32.01% (as at 31 December 2022 : approximately 52.59%).

As at 30 June 2023, the Group had (i) did not have any interest-bearing borrowings denominated in HK\$ (as at 31 December 2022: approximately RMB44.66 million which bore an interest rate at 6.49% per annum); and (ii) interest-bearing borrowings of approximately RMB35,879.10 million denominated in RMB which bore an interest rate ranging from 1.40% to 6.50% (as at 31 December 2022: approximately RMB41,613.37 million which bore an interest rate ranging from 1.95% to 6.50% per annum); and (iii) loans from intermediate holding company of approximately RMB49,744.97 million denominated in RMB which bore an interest rate at 4.53% (as at 31 December 2022: approximately RMB47,679.93 million which bore an interest rate at 4.81% per annum); and (iv) the amounts due to non-controlling shareholders of the Company of approximately RMB3,128.52 million denominated in RMB which bore an interest rate ranging from 3.65% to 10.00% (as at 31 December 2022: approximately RMB1,238.59 million which bore an interest rate ranging from 4.35% to 10.00% per annum); and (v) the amounts due to associates of the Company of approximately RMB931.00 million denominated in RMB which borne an interest rate ranging from 3.25% to 4.30% (as at 31 December 2022: approximately RMB1,470.86 million which bore an interest rate ranging from 3.43% to 4.75% per annum).

No particular trend of seasonality was observed for the Group's borrowing requirements for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's gearing ratio (total borrowings divided by total equity) decreased to approximately 99.18% as at 30 June 2023 (as at 31 December 2022 : approximately 115.90%) due to an increase in contribution from the non-controlling shareholders of the Company during the Period.

Of the total borrowings, approximately RMB8,905.02 million was repayable within one year while approximately RMB80,141.97 million was repayable after one year but within five years.

To manage liquidity risk, the Group monitored and maintained a level of cash and cash equivalents which the management considered to be adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The Group's management also monitored its net current assets/liabilities and the utilisation of borrowings to ensure efficient use of the available banking facilities and compliance with loan covenants.

Financial Guarantee Contracts

During the Period, the Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The balance was approximately RMB85,379.79 million as at 30 June 2023 (as at 31 December 2022: approximately RMB75,072.62 million). The increase was mainly attributable to the increase of real estate mortgage loan due to the increase of the sales of properties commenced to be sold in the Period.

Capital Commitments

Capital commitments were those contracts concluded but not provided for leasehold improvements, prepayments for intended cooperative projects concluded but not provided for allowance, nor for construction of properties under development. The balance of capital commitment was approximately RMB65,395.95 million as at 30 June 2023 (as at 31 December 2022: approximately RMB45,242.16 million). The increase was attributable to the increase in properties under development that concluded but not provided for allowance during the Period as compared to 2022.

Pledge of Assets

As at 30 June 2023, the Group's bank loan was secured by legal charges in respect of property, plant with carrying value of approximately RMB3.91 million (as at 31 December 2022: approximately RMB3.94 million), investment properties with a fair value of approximately RMB648.81 million (as at 31 December 2022: approximately RMB652.66 million) and properties under development with carrying value of approximately RMB34,974.74 million (as at 31 December 2022: approximately RMB44,890.94 million).

Capital Structure

As at 30 June 2023, the Company's issued share capital was HK\$173,802,089.1, divided into 1,738,020,891 ordinary shares (the "Shares") of HK\$0.1 each (as at 31 December 2022: HK\$173,802,089.1 divided into 1,738,020,891 Shares).

Foreign Currency Exposure

The business operations of the Company's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Company's subsidiaries denominated mainly in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

As the Directors considered the Group's foreign exchange risk to be insignificant, the Group did not use any financial instruments for hedging purposes during the Period.

Contingent Liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities (as at 31 December 2022: Nil).

Significant Investments

During the Period, the Group did not hold any significant investment or significant securities investment as part of its asset portfolio.

Employees and Emolument Policy

As at 30 June 2023, the Group employed a total of 19,795 full-time employees (as at 30 June 2022: 16,834 full-time employees). During the Period, total staff costs, including Directors' emoluments, of the Group were approximately RMB1,699.87 million (corresponding period of the previous year: approximately RMB1,363.9 million). The Group reviewed the remuneration policies and packages on a regular basis and made necessary adjustment that to commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses were offered to staff with outstanding performance. A share option scheme and a restricted share incentive scheme have been adopted to attract and retain eligible employees to contribute to the Group. The Group has established an online learning platform and provided various training courses to help employees enhance their work skills and competence and to accelerate their growth and development.

The aforementioned remuneration philosophy is applicable to the Directors. Apart from benchmarking against the market, the Company reviewed individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

Material Acquisitions and Disposals of Subsidiaries, Joint Ventures and Associates

During the Period, the Group had no material acquisition or disposal of subsidiaries, joint ventures and associates.

KEY RISK FACTORS AND UNCERTAINTIES

The property market in the PRC is affected by a number of factors, such as changes in social, political, economic and legal environment and the government's undertakings of fiscal, economic, monetary, industrial and environmental policies. Changes in macro-economic conditions, consumer confidence, consumption spending and consumption preferences may also affect the Group's business. As such, the Group, taking into account the market situations, implements locally differentiated investment and marketing strategies and nurtures a number of projects across different regional markets so as to reduce reliance on individual markets. The Group's operation is exposed to a variety of idiosyncratic risks in property development, property investment and property related businesses. Default by buyers and partners, manual and systematic negligence or mistake in internal processes and other external factors may have impact on operation. The Epidemic may also have negative influence on the property development industry's operations and consumers' preferences to properties. In addition to the aforesaid factors, other risk factors and uncertainties may also exist.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL CHANGES

Save as disclosed in this report, there have been no material changes in respect of matters relating to the business developments, financial position and future prospects, and important events affecting, the Group since the publication of the Company's 2022 Annual Report.

EVENTS AFTER REPORTING PERIOD

As at the date of this report, the Group did not have material subsequent events after the reporting period.

ADDITIONAL DISCLOSURES

Registration of lease agreements in the PRC

As disclosed in the prospectus of the Company dated 30 November 2012 (the "Prospectus"), some lease agreements in respect of certain investment properties in the PRC held or leased by the Group, which are required to be registered under the PRC laws, were not registered or registrable.

As at 30 June 2023, there were still 56 lease agreements pending to be registered due to the fact that the merchants shall bring their ID cards and go to the competent Real Estate Bureau together with relevant staff of the Group to complete the registration. However, the merchants did not actively assist the Company in completing such registration.

The Company will keep monitoring the registration status of these lease agreements with the aim of completing their registration as early as practicable.

Property ownership certificate of Wan Guo Plaza* (萬國廣場) (formerly named as Yu Feng High Street* (裕豐高街))

As disclosed in the Prospectus, following the refurbishment and renovation of Wan Guo Plaza* (萬國廣場), the property ownership certificate issued on 11 May 2012 in respect of the refurbished Wan Guo Plaza covered a GFA of 7,484 sq.m. It was later transpired that there was a shortfall in GFA of approximately 770 sq.m., which was yet to be covered under the property ownership certificate. The Group has delegated a senior management staff to keep liaising with the relevant PRC authorities and following up on the application procedure for a new property ownership certificate of Wan Guo Plaza.

As at 30 June 2023, the application process for the new property ownership certificate was still ongoing. Given that the application for a new property ownership certificate under the above special circumstance is not one which is usually taken out before the relevant PRC authorities, the Group expects that the processing time would be longer than normally required. There was no indication from the PRC authorities as to how long such process would take. The Group will maintain its communication with the relevant PRC authorities closely so as to obtain the up-to-date status of the application progress until the new property ownership certificate covering the abovementioned shortfall in GFA is issued.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND PROSPECT

Looking forward, in the face of a complex and ever-changing industry environment, the Company will continue to take advantage of its status as a state-owned enterprise and its market-oriented operation mechanism to continuously improve its management efficiency and market adaptability, while adapting to the situation and actively responding to:

1. Conduct in-depth and thorough urban research to capitalize on high-quality “spot” land expansion opportunities.

Under the current complicated market environment, the Company is required to be more precise in land acquisition and more comprehensive in market research. The Company will continue to conduct in-depth and thorough urban research and customer research, in order to capitalize on high-quality “spot” opportunities in core cities. While actively expanding with a long-term development mindset, the Company will balance the pace of land acquisition with market trends and sales conditions, and acquire land taking into account project liquidity, safety, and profitability.

2. Adhere to customer-centric and innovatively inherit Chinese-style buildings.

Adhering to the principal of satisfying customer needs, the Company will launch products in a more precise manner, so that product positioning, product space and functional design are more in line based on characteristics of the land with the needs and expectations of customers. The Company will also actively promote product innovation. While inheriting traditional Chinese culture and the essence of traditional architecture, it will utilize modern materials, technology and craftsmanship to create architectural spaces that meet contemporary aesthetics and lifestyles. In doing so, the Company will continue to enhance the competitiveness of its products.

3. Further improve management efficiency and empower the frontline to realize value creation.

In an ever-changing external environment full of uncertainties, the Company will further realize value creation through more efficient management. We will further review the implementation of systems and standards, clarify the management objectives and management directions at all levels, and enhance internal operation and management efficiency by empowering the frontline and activating the organization through the digital management platform of “system-standard-process-system”. We will also fully respect employees, value talents, and improve team building capabilities, providing cadres and employees with broader platforms and space for development.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long position in the shares of the Company

Name of Directors	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Ms. Zhao Chengmin	Founder of a discretionary trust	31,010,506 (note 2)	1.78%
	Beneficiary of a trust (other than a discretionary interest)	848,000 (note 3)	0.05%
	Beneficial owner	132,000 (note 4)	0.01%
Mr. Lin Weiguo	Interest of controlled corporation	31,010,506 (note 2)	1.78%
	Beneficiary of a trust (other than a discretionary interest)	774,000 (note 3)	0.04%
	Beneficial owner	116,000 (note 4)	0.01%
Mr. Peng Yong (note 5)	Interest of controlled corporation	31,010,506 (note 2)	1.78%
	Beneficiary of a trust (other than a discretionary interest)	774,000 (note 3)	0.04%
	Beneficial owner	116,000 (note 4)	0.01%
Mr. Tian Meitan	Beneficiary of a trust	303,934 (note 2)	0.02%
	Beneficiary of a trust (other than a discretionary interest)	698,000 (note 3)	0.04%
	Beneficial owner	112,000 (note 4)	0.01%

OTHER INFORMATION

Notes:

- 1 The percentage of shareholding was calculated based on the Company's total number of 1,738,020,891 shares in issue as at 30 June 2023.
- 2 These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Tricor Equity Trustee Limited ("Tricor Equity Trustee"). Tricor Equity Trustee is a trustee of a discretionary trust, while Ms. Zhao Chengmin is one of the founders of the said discretionary trust, each of Mr. Lin Weiguo and Mr. Peng Yong is one of the protectors of the said discretionary trust, and Mr. Tian Meitan is one of the beneficiaries of the said discretionary trust. Therefore, Ms. Zhao Chengmin, Mr. Lin Weiguo, Mr. Peng Yong, and Mr. Tian Meitan are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO.
- 3 35,300,000 Shares were allotted and issued to the trustee of the 2021 restricted share incentive scheme (the "2021 Incentive Scheme"), who held the Shares on behalf of the incentive recipients of the Incentive Scheme. Being the incentive recipients of the Incentive Scheme, each of Ms. Zhao Chengmin, Mr. Lin Weiguo, Mr. Peng Yong, and Mr. Tian Meitan is interested in 198,000 Shares, 174,000 Shares, 174,000 Shares, and 168,000 Shares held on trust by the trustee under the 2021 Incentive Scheme, respectively, which are subject to vesting. 100,000,000 Shares were allotted and issued to the trustee of the 2022 restricted share incentive scheme (the "2022 Incentive Scheme"), who held the Shares on behalf of the incentive recipients of the 2022 Incentive Scheme. Being the incentive recipients of the 2022 Incentive Scheme, each of Ms. Zhao Chengmin, Mr. Lin Weiguo, Mr. Peng Yong, and Mr. Tian Meitan is interested in 650,000 Shares, 600,000 Shares, 600,000 Shares, and 530,000 Shares held on trust by the trustee under the 2022 Incentive Scheme, respectively, which are subject to vesting.
- 4 In accordance with the 2021 Incentive Scheme, upon satisfaction of the vesting conditions, 132,000 Shares, 116,000 Shares, 116,000 Shares, and 112,000 Shares were vested to Ms. Zhao Chengmin, Mr. Lin Weiguo, Mr. Peng Yong, and Mr. Tian Meitan on 29 June 2023, respectively.
- 5 Mr. Peng Yong was appointed as an executive Director on 26 April 2023.

OTHER INFORMATION

Long positions in the shares of the Company's associated corporation

Name of Directors	Name of our associated corporation	Capacity/ Nature of interest	issued shares/ underlying shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Ms. Zhao Chengmin	C&D Property	Founder of a discretionary trust	52,412,000 (Note 2)	3.90%
Mr. Lin Weiguo	C&D Property	Interest of controlled corporation	52,412,000 (Note 2)	3.90%
Mr. Peng Yong	C&D Property	Interest of controlled corporation	52,412,000 (Note 2)	3.90%
Mr. Tian Meitan	C&D Property	Beneficiary of a trust	513,690 (Note 2)	0.04%

Notes:

1. The percentage of shareholding was calculated based on C&D Property's total number of 1,343,311,106 ordinary shares in issue as at 30 June 2023.
2. These ordinary shares of C&D Property were registered in the name of Diamond Firetail, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust, while Ms. Zhao Chengmin is one of the founders of the said discretionary trust, each of Mr. Lin Weiguo and Mr. Peng Yong is one of the protectors of the said discretionary trust, and Mr. Tian Meitan is one of the beneficiaries of the said discretionary trust. Therefore, Ms. Zhao Chengmin, Mr. Lin Weiguo, Mr. Peng Yong, and Mr. Tian Meitan are deemed to be interested in the ordinary shares of C&D Property held by Diamond Firetail by virtue of the SFO.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had any interest or short position 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 (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, so far as it was known to any Directors or the chief executive of the Company, the following parties (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares and underlying Shares:

Name of substantial Shareholders	Capacity/ Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Well Land	Beneficial owner	976,538,548	56.19%
Well Honour International Limited (益鴻國際有限公司) ("Well Honour")	Interest of controlled corporation	976,538,548 (Note 2)	56.19%
C&D Real Estate	Interest of controlled corporation	976,538,548 (Note 2)	56.19%
Xiamen C&D Inc. (廈門建發股份有限公司)	Interest of controlled corporation	976,538,548 (Note 2)	56.19%
Xiamen C&D	Interest of controlled corporation	976,538,548 (Note 2)	56.19%
OceanLink Partners Fund, LP	Beneficial owner	121,711,413	7.00%
Mr. Richard Li	Interest of controlled corporation	179,522,776 (Note 3)	10.33%
OLP Capital Management Limited	Investment manager	179,522,776 (Note 3)	10.33%
RCWL Inc.	Interest of controlled corporation	179,522,776 (Note 3)	10.33%
Mr. Shen Di Fan	Interest of controlled corporation	179,522,776 (Note 3)	10.33%

Notes:

- The percentage of shareholding was calculated based on the Company's total number of 1,738,020,891 shares in issue as at 30 June 2023.
- Well Land is a wholly-owned subsidiary of Well Honour. Well Honour is a wholly-owned subsidiary of C&D Real Estate. C&D Real Estate is owned as to 54.65% and 45.35% by Xiamen C&D Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153) and Xiamen C&D, a state-owned group of companies under the supervision of Xiamen State-owned Assets Supervision and Admission Commission of Xiamen Municipal People's Government, respectively. Xiamen C&D is interested in Xiamen C&D Inc. as to 45.15%. Therefore, Well Honour, C&D Real Estate, Xiamen C&D Inc. and Xiamen C&D are deemed to be interested in the Shares held by Well Land by virtue of the SFO.
- As at 30 June 2023, OceanLink Partners Fund, LP and Cassini Partners, L.P. were interested in 121,711,413 and 57,811,363 Shares, respectively. OLP Capital Management Limited is the investment manager of OceanLink Partners Fund, LP and Cassini Partners, L.P.. OLP Capital Management Limited is owned by Mr. Shen Di Fan and RCWL Inc. as to 65% and 35%, respectively. RCWL Inc. is a company wholly owned by Mr. Richard Li. Therefore, each of Mr. Shen Di Fan, Mr. Richard Li, RCWL Inc., and OLP Capital Management Limited is deemed to be interested in the Shares held by OceanLink Partners Fund, LP and Cassini Partners, L.P..

OTHER INFORMATION

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 30 November 2022, the Company, Well Land, China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Limited entered into a placing and subscription agreement in order to raise capital for the Company while broadening the shareholder base and capital base of the Company. The net proceeds from the placing of 45,000,000 new ordinary Shares (with an aggregate nominal value of HK\$4,500,000) to not less than six independent third parties under general mandate (as set out in the announcement of the Company dated 30 November 2022), after deducting the actual expenses relating to the placing, amounted to approximately HK\$800 million (representing a net placing price of approximately HK\$17.78 per placing Share) which was based on the placing price of HK\$17.98 per placing Share (the closing price of the Shares as quoted on the Stock Exchange as at 29 November 2022 was HK\$19.86 per Share). Such net proceeds were used according to the intention disclosed in the announcement of the Company dated 30 November 2022.

The table below sets out the planned applications of the net proceeds and actual usage up to 30 June 2023:

Use of proceeds	Planned applications (HK\$ million)	Percentage of total net proceeds from the Placing	Actual usage up to 30 June 2023 (HK\$ million)	Actual usage during the Period (HK\$ million)
Repayment of loans	640	80%	640	–
General working capital	160	20%	160	55
	800		800	55

OTHER INFORMATION

RESTRICTED SHARE INCENTIVE SCHEME

For the purpose of establishing and improving the Company's medium to long-term incentive mechanism to collectively integrate interests of the Shareholders, the Company and the Company's core team, fully motivate the management and core staff of the Company and achieve high-quality development of the Company, 35,300,000 restricted Shares were allotted and issued on 29 June 2021 in accordance with the 2021 Incentive Scheme, and 100,000,000 restricted Shares were allotted and issued on 29 December 2022 in accordance with the 2022 Incentive Scheme. The net proceeds received under the 2022 Incentive Scheme was approximately HK\$700 million (representing a net price of approximately HK\$7.00 per restricted Share). Such net proceeds were intended for general working capital and were fully used in accordance with the intention disclosed in the announcement of the Company dated 2 November 2022. As of 1 January 2023 and 30 June 2023, all shares that can be granted under the scheme mandate of the 2021 Incentive Scheme and the 2022 Incentive Scheme have been fully granted, and the Company currently has no plans or arrangements to further grant any shares to employees.

During the Period, details of the changes of restricted Shares are as follows:

Name of the incentive recipient	Position within the Group	Number of restricted Shares unvested as at 1 January 2023	Grant Price (Subscription price paid by the incentive recipient)	Date of grant (note 7)	Vested during the Period (note 4)	Cancelled during the Period	Lapsed during the Period (note 5)	Number of restricted Shares unvested as at 30 June 2023	Vesting Period
Ms. Zhao Chengmin	Executive Director	330,000	HK\$7.22 per Share	29 June 2021	132,000	-	-	198,000	Note 2
		650,000	HK\$7.01 per Share	29 December 2022	-	-	-	650,000	Note 3
Mr. Lin Weiguo	Executive Director and chief executive officer of the Company	290,000	HK\$7.22 per Share	29 June 2021	116,000	-	-	174,000	Note 2
		600,000	HK\$7.01 per Share	29 December 2022	-	-	-	600,000	Note 3
Mr. Peng Yong (note 1)	Executive Director	290,000	HK\$7.22 per Share	29 June 2021	116,000	-	-	174,000	Note 2
		600,000	HK\$7.01 per Share	29 December 2022	-	-	-	600,000	Note 3
Mr. Tian Meitan	Executive Director	280,000	HK\$7.22 per Share	29 June 2021	112,000	-	-	168,000	Note 2
		530,000	HK\$7.01 per Share	29 December 2022	-	-	-	530,000	Note 3
Sub-total		3,570,000			476,000			3,094,000	
Senior management of the Company, directors, former directors, supervisor and general managers of the Company's subsidiaries (note 6)		12,180,000	HK\$7.22 per Share	29 June 2021	4,872,000	-	-	7,308,000	Note 2
		28,310,000	HK\$7.01 per Share	29 December 2022	-	-	100,000	28,210,000	Note 3
Other employees of the Group		21,440,000	HK\$7.22 per Share	29 June 2021	8,356,000	-	220,000	12,864,000	Note 2
		69,310,000	HK\$7.01 per Share	29 December 2022	-	-	400,000	68,910,000	Note 3
Total		134,810,000			13,704,000	-	720,000	120,386,000	

OTHER INFORMATION

Notes:

1. Mr. Peng Yong was appointed as an executive Director on 26 April 2023.
2. These are restricted Shares issued by the Group on 29 June 2021 under the 2021 Incentive Scheme, which will be vested in three tranches with lock-up periods of 24 months, 36 months and 48 months from the issue date of the restricted Shares, and 40%, 30% and 30% of the restricted Shares will be released and vested in each tranche, respectively, subject to the fulfillment of the conditions (including the performance target of the Company and individual performance evaluation of the incentive recipients) pursuant to the terms of the 2021 Incentive Scheme. No additional exercise price shall be paid by the incentive recipients if the restricted Shares are released and vested.
3. These are restricted Shares issued by the Group on 29 December 2022 under the 2022 Incentive Scheme, which will be vested in three tranches with lock-up periods of 24 months, 36 months and 48 months from the issue date of the restricted Shares, and 40%, 30% and 30% of the restricted Shares will be released and vested in each tranche, respectively, subject to the fulfillment of the conditions (including the performance target of the Company and individual performance evaluation of the incentive recipients) pursuant to the terms of the 2022 Incentive Scheme. No additional exercise price shall be paid by the incentive recipients if the restricted Shares are released and vested.
4. Upon satisfaction of the unlocking (vesting) conditions of the relevant Shares, a total of 13,704,000 restricted Shares were vested to the incentive recipients on 29 June 2023 in accordance with the 2021 Incentive Scheme. No additional exercise price shall be paid by the incentive recipients in relation to the vested Restricted Shares. The closing price of the Shares immediately before the vesting date was HK\$17.90 per Share.
5. During the Period, a total of 720,000 restricted Shares expired due to the resignation or retirement of incentive recipients.
6. During the Period, the composition of this category of employees of the Group changed due to personnel adjustment of the Group. As such, apart from changes in the composition of the Board, the relevant composition presented above is with reference to the circulars of the Company dated 20 May 2021 and 6 December 2022, respectively.
7. Being the date when the restricted Shares are issued.

During the Period, the Company did not adopt any new share scheme or grant any options or awards under any share scheme.

CHANGE IN DIRECTORS' INFORMATION UNDER RULE 13.51(B)(1) OF THE LISTING RULES

From the date of the 2022 annual report of the Company to the date of this report, the changes in Director's information are as follows:

With effect from 26 April 2023, (i) Mr. Peng Yong has been appointed as an executive Director; and (ii) Mr. Dai Yiyi has been appointed as an independent non-executive Director and the member of each of the audit committee, the remuneration committee and the nomination committee of the Board. Please refer to the Company's announcement dated 26 April 2023 for details.

With effect from 10 May 2023, (i) Mr. Wang Wenhui has resigned as a non-executive Director; and (ii) Mr. Zheng Yongda has been appointed as a non-executive Director. Please refer to the Company's announcement dated 10 May 2023 for details.

With effect from 6 July 2023, Ms. Zhao Chengmin has been appointed as the vice-general manager of Xiamen C&D.

Save as disclosed above, since the date of the 2022 annual report of the Company, there was no other change to information which is required to be disclosed by Directors pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

RETIREMENT BENEFIT SCHEMES/PENSION SCHEME

Retirement benefits to employees are provided through defined contribution plans.

The retirement benefits costs charged in the income statement represent the contributions payable in respect of the Period to the retirement benefit schemes managed by respective local social security bureau in accordance with government regulations in different jurisdictions.

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

There were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for dealings in securities of the Company by its directors. The Company has made specific enquiries to all Directors and each of them confirmed that they have complied with the Model Code during the Period.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (corresponding period of the previous year: nil).

CORPORATE GOVERNANCE

The Company is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company had complied with all the code provisions as set out in Part 2 of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the Period.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Board has established an audit committee with written terms of reference in compliance with the CG Code. The primary duties of the audit committee are assisting the Board to review financial information and reporting process, risk management and internal control system, effectiveness of internal audit function, scope of audit and appointment of external auditors, and arrangements for complaints from employees of the Company on potential misconducts in financial reporting, internal control or any other issues of the Company. The audit committee consists of all the independent non-executive Directors, namely, Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul, Mr. Chan Chun Yee and Mr. Dai Yiji.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements of the Group for the Period and is of the opinion that such statements comply with the applicable accounting standards and requirements, and that adequate disclosure has been made.

OTHER INFORMATION

APPRECIATION

The Group would like to take this opportunity to express its sincere gratitude to the Shareholders for their continuing support, and its appreciation to all staff members for the dedication and loyalty to the Group.

By order of the Board
C&D International Investment Group Limited
Zhao Chengmin
Chairperson and executive Director

Hong Kong, 25 August 2023

This report is prepared in both English and Chinese. In the event of inconsistency, the English text of the report shall prevail over the Chinese text.

* *Denotes English translation of the name of a Chinese company, entity and place and is provided for identification purpose only.*